

FIRST SPECIAL SESSION, 1998

AN ACT

To amend 4 CMC § 1202 (b) (2) to exempt from taxation any gains on transactions involving the sale of private land to the Commonwealth Government for a public purpose.

BE IT ENACTED BY THE ELEVENTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE:

Section 1. Findings and Purpose. The Legislature finds that there is an inherent unfairness in the tax consequences of land exchanges versus land acquisitions for a public purpose. Land exchanges are not subject to taxation while purchases of private lands by the government are subject to earnings tax. It is the purpose of this legislation to remedy this unequal treatment and exempt from taxation all transactions involving the purchase of private lands for a public purpose by the Commonwealth government.

Section 2. Sale of Private Real Property to the Commonwealth Government. Amend 4 CMC § 1202 (b)(2) to read as follows:

“§1202. Earnings Tax.

(2) One half of the gain as determined under NMTIT section 1001 received from the sale of real property located in the Commonwealth that was not in the course of carrying on a business. Provided, however, that the sale of private real property to the Commonwealth government for a public purpose shall not be deemed a sale of real property for the purposes of this subsection.”

Section 3. Severability. If any provision of this Act or the application of any such provision to any person or circumstance should be held invalid by a court of competent jurisdiction, the remainder of this Act or the application of its provisions to persons or circumstances other than those to which it is held invalid shall not be affected thereby.

Section 4. Application. This Act shall apply to all sales of private property to the Commonwealth Government for a public purpose on or after January 1, 1994.

Section 5. Savings Clause. This Act and any repealer contained herein shall not be construed as affecting any existing right acquired under contract or acquired under statutes

repealed or under any rule, regulation or order adopted under the statutes. Repealers contained in this Act shall not affect any proceeding instituted under or pursuant to prior law. The enactment of this Act shall not have the effect of terminating, or in any way modifying, any liability, civil or criminal, which shall already be in existence at the date this Act becomes effective.

Section 6. Effective Date. This Act shall take effect upon its approval by the Governor or upon its becoming law without such approval.

CERTIFIED BY:

ATTESTED BY:

/s/ Diego T. Benavente
DIEGO T. BENAVENTE
Speaker
House of Representatives

/s/ Evelyn C. Fleming
EVELYN C. FLEMING
House Clerk

Approved this 14th day of September, 1998

/s/ Pedro P. Tenorio
PEDRO P. TENORIO
Governor
Commonwealth of the Northern Mariana Islands