

**AN ACT**

To amend 4 CMC Division 4, Chapter 11, to correct technical deficiencies; and for other purposes.

**BE IT ENACTED BY THE ELEVENTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE:**

Section 1. Findings and Purpose. The Legislature finds that there are technical deficiencies in the enactment of Public Law 10-10. The correction of these deficiencies is necessary in order to achieve the intended purpose of Public Law 10-10, that is, to raise revenue.

Section 2. Repealer. 4 CMC Section 1961 is hereby repealed in its entirety.

Section 3. Amendment. 4 CMC Section 1962 is hereby renumbered to Section 1961 and amended to read as follows:

"Section 1961. Imposition of Tax. Whenever a federal estate tax is payable to the United States, there is hereby imposed a Commonwealth estate tax on the taxable estate equal to the amount, if any, of the maximum allowable credit for foreign death taxes pursuant to the United States Internal Revenue Code (26 U.S.C.) Section 2014, allowable under the applicable federal estate tax law, which is attributable to property situated in the Commonwealth. In no event, however, shall the estate tax hereby imposed result in a total estate tax liability to the Commonwealth and the United States in excess of the estate tax liability to the United States which would result if this section were not in effect. The term taxable means the taxable estate as that term is used in the United States Internal Revenue Code, (26 U.S.C.) for estate tax purposes."

Section 4. Amendment. 4 CMC Section 1962. Determination of Commonwealth Estate Tax Liability. The Commonwealth estate tax liability shall be determined in the following manner:

The lesser of

- (a) the foreign death tax credit allowable pursuant to IRC Section 2014, or
- (b) the product derived by dividing the value of the property situated in the Commonwealth by the value of the gross estate multiplied by the tax imposed under

IRC Section 2001 as reduced by the total credits allowable under sections 2010, 2011, and 2012.

Section 5. Amendment. 4 CMC Sections 1964 is hereby amended to read as follows:

"Section 1964. For purposes of this Act, property situated in the Commonwealth means property in the case where a decedent leaves property having situs in the Commonwealth."

Section 6. Amendment. All references to the renumbered sections shall be construed to refer to the section numbers as amended.

Section 7. 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 8. 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 14<sup>th</sup> day of January, 19989

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