

NINTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

SIXTH SPECIAL SESSION, 1994

H. B. NO. 9-250, H. D. 4

AN ACT

To improve the tax administration by repealing and reenacting 4 CMC Division 1 (Revenue and Taxation); and for other purposes.

BE IT ENACTED BY THE NINTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE:

Section 1. Repealer and Reenactment. 4 CMC Division 1 Chapters 2 through 7 are hereby repealed and reenacted to read as follows:

"CHAPTER 2

WAGE AND SALARY AND EARNINGS TAXES

§ 1201.	Wage and Salary Tax
§ 1202.	Earnings Tax
§ 1203.	Exemptions
§ 1204.	Amount of Tax
§ 1205.	Non-refundable Credit
§ 1206.	Filing Returns

§ 1201. Wage and Salary Tax. There is imposed on every employee, a yearly tax on the employee's total wages and salaries.

§ 1202. Earnings Tax.

(a) There is imposed on every person a yearly tax on such person's total earnings.

(b) For purposes of this Chapter, 'earnings' shall mean:

(1) a gain as determined under NMTIT section 1001 received from the sale of personal property, tangible or intangible, by a resident that was not in the course of carrying on a business.

(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.

(3) one half of the net income received from leasing of real property located in the Commonwealth, including the assignment of any lease that was not in the course of carrying on a business. For purposes of this paragraph, "net income from leasing real property including the assignment of any lease", means the income less expenses from the rental of real property as determined under the NMTIT.

(4) interest, dividends, rents, royalties, or similar income earned in and derived from a person in the Commonwealth and received by a resident not in the course of carrying on a business.

(5) gross winnings received from any gaming, lottery, raffle or other gambling activity in the Commonwealth.

(6) all other types of income that a resident individual must report in determining his NMTIT, except

(A) payments received by an employee or his beneficiary from a retirement plan, including the CNMI retirement plan, or as unemployment compensation. For purposes of this paragraph, the term 'retirement plan', other than the CNMI retirement plan means a plan that qualifies under Subchapter D, Subtitle A of the NMTIT.

(B) amounts received as alimony or separate maintenance payments as defined under section 71 of NMTIT.

(C) unemployment compensation as defined under section 85 of NMTIT.

(D) social security benefits as defined under section 86 of NMTIT.

In addition to the items included within subparagraphs (A) -(D) of this paragraph, the Secretary by ruling or regulation may exempt other income when the Secretary determines that imposing the Earnings Tax would result

in excessive taxation.

(c) The tax imposed under this section shall not apply to earnings from a de minimis transaction. The Secretary shall prescribe regulations to determine whether a transaction is de minimis.

(d) In determining the total earnings, a person shall not reduce any earnings by any loss.

§ 1203. Exemptions. Section 1202 of this Act shall not apply to:

(a) A person exempt from the NMTIT, under NMTIT §§ 501(c)(3), 501(c)(4), 501(c)(5), 501(c)(6), 501(c)(8), 501(c)(10) or as a qualified plan under NMTIT § 401(a). This exemption, however, shall not apply to:

(1) earnings from any trade or business, the conduct of which is not substantially related (aside from the need of such organization for income or funds or the use it makes of the profits derived) to the exercise or performance by such organization of its charitable, educational, or other purpose or function constituting the basis for its exemption, except for trade or businesses carried on by the organization primarily for the convenience of its members, student, patients, officers, or employees, or

(2) a person who does not apply for exempt status and comply with the procedures prescribed by the Secretary for exemptions under this subsection.

The Secretary may prescribe by regulation that persons exempt under the Internal Revenue Code (IRC) §§ 501(c)(3), 501(c)(4), 501(c)(5), 501(c)(6), 501(c)(8), 501(c)(10) shall also be exempt under this section.

(b) Earnings to the extent that they are deemed to be from sources without the Commonwealth under Section 1712 of this Act.

§ 1204. Amount Of Tax. The amount of tax imposed by Sections 1201 and 1202 of this Act shall be determined in accordance with the following schedule:

If the total yearly wages
or total yearly earnings
are:

The tax on the total
yearly wages and salaries
or total yearly earnings is:

(a) \$0 to \$1,000	No tax
(b) \$1,001 to \$5,000	2% of the amount over \$0
(c) \$5,001 to \$7,000	3% of the amount over \$0
(d) \$7,001 to \$15,000	4% of the amount over \$0
(e) \$15,001 to \$22,000	5% of the amount over \$0
(f) \$22,001 to \$30,000	6% of the amount over \$0
(g) \$30,001 to \$40,000	7% of the amount over \$0
(h) \$40,001 to \$50,000	8% of the amount over \$0
((k) over \$50,000	9% of the amount over \$0

§ 1205. Non-refundable Credit.

(a) Except as provided in subsections(b) and (c) of this section, a person may take any NMTIT as a non-refundable credit against the tax imposed on wages and salaries or earnings, under this chapter before calculation of the rebate allowed under Section 1708 of this Act.

(b) The amount of the non-refundable credit shall be the lesser of:

(1) the amount of the NMTIT paid with respect to such wages and salaries or earnings and for which a rebate is allowed under this Act, or

(2) Earnings and Wage and Salary Taxes shown on the applicable tax return.

(c) A person may not take the credit allowed under this section if the person has deducted the Earnings and Wage and Salary Taxes in determining the taxable income under the NMTIT. The person may elect any deduction allowed under the NMTIT or the credit allowed under this section.

§ 1206. Filing Returns. All persons subject to tax under this Chapter shall file the appropriate return in the manner prescribed by the Secretary. The required filing date for such return shall be no later than the fifteenth day of the fourth month following the close of the tax year. The return shall include all information as the Secretary may require by regulation.

CHAPTER 3.
GROSS REVENUE TAX

- § 1301. Tax on Gross Revenue
- § 1302. Tax on Agricultural Producers and Fishing
- § 1303. Tax on Manufacturers or Wholesalers
- § 1304. Tax on Banks, Banking Institutions, Building and Loan Associations, and Other Financial Institutions
- § 1305. Exemptions
- §1306. Returns and Payments of Tax on Gross Revenue
- §1307. Gross Revenue Deduction

§ 1301. Tax on Gross Revenue.

(a) Except as otherwise provided, there is imposed on every person, a yearly tax on the person's total gross revenue. The tax shall be determined in accordance with the following schedule:

If the yearly total gross revenue is between:	The tax on the yearly total gross revenue is:
(1) \$0 to \$5,000,	No Tax
(2) \$5,001 to \$50,000 \$0,	1.5% of the amount over
(3) \$50,001 to \$100,000	2.0% of the amount over \$0,
(4) \$100,001 to \$250,000	2.5% of the amount over \$0,
(5) \$250,001 to \$500,000	3.0% of the amount over \$0,
(6) \$500,001 to \$750,000	4.0% of the amount over \$0
(7) \$750,001 and over	5.0% of the amount over \$0,

(b) A person who during the year conducts two or more separate and distinct businesses, sells more than one property or is entitled to distributive shares from more than one partnership, shall pay the yearly tax under this section on the combined total gross revenue of all the businesses, all sales of property or all the distributive shares that are otherwise subject to Gross Revenue Tax for the year.

§ 1302. Tax On Agriculture Producers And Fishing.

(a) In lieu of the tax rates of Section 1301(a), the tax imposed on persons

engaged in the business of producing agricultural products in the Commonwealth, or fishing in the Commonwealth, or its waters, for dietary consumption, shall be determined in accordance with the following schedule:

If the yearly total gross revenue is between:	The tax on the yearly total gross revenue is:
(A) \$0 to \$20,000,	no tax
(B) over \$20,000	1.0% of total gross revenues in excess of \$20,000.

(b) Subsection (b) of Section 1301 shall apply in determining the yearly total gross revenue of persons subject to subsection (a) of this section.

(c) All persons subject to this section shall file the returns required under Section 1306 of this Act whether or not any tax is due.

§ 1303. Tax On Manufacturers or Wholesalers.

(a) In lieu of the tax rates of Section 1301(a), the tax imposed on persons engaged in the business of manufacturing and selling of goods shall be in accordance with the following schedule:

If the yearly total gross revenue is between:	The tax on the yearly total gross revenue is:
(1) \$0 to \$5,000,	no tax.
(2) \$5,001 to \$50,000,	1.5% of total gross revenue in excess of \$0.
(3) \$50,001 and over,	2% of total gross revenue in excess of \$0.

(b) Subsections (b) of Section 1301 shall apply in determining the yearly total gross revenues of persons subject to subsection (a) of this section.

(c) All persons subject to this section shall maintain separate records and accounts, showing the gross revenue from manufacturing and selling, selling at wholesale, selling at retail, and other business activities.

§ 1304. Tax On Banks, Banking Institutions, Building and Loan Associations and Other Financial Institutions.

(a) In lieu of Section 1301(a), the tax imposed on persons operating any bank, banking

institution, building and loan association, or other financial institution shall be the greater of 5 percent of the net income earned by such institutions or 3 percent of the total gross revenue of such institutions.

(b) For purposes of this Section, 'net income' means gross revenue from all sources less the following deductions:

(1) Salaries or bonuses and other compensation paid for personal services;

(2) Interest or discount paid;

(3) Rents paid;

(4) Ordinary operating expenses such as supplies, utility services, insurance premiums other than for life insurance; Provided, that any deductible insurance expense shall be allowable only to the extent that such a premium is applicable to the tax period against which it is claimed;

(5) Loans or obligations charged off the books of the bank as losses unless charged against reserves then in existence;

(6) Losses other than loan losses, such as those occasioned by fire or other casualty, theft, embezzlement, and the like, but only to the extent not covered by insurance proceeds collected;

(7) Transfers from earnings to reserve for bad debts or other contingencies provided for to the extent allowable under the NMTIT;

(8) Miscellaneous direct expenses such as legal advertising, auditing, and the like; and

(9) Loss on property sold and depreciation on property owned.

(c) All deductions allowed pursuant to subdivision (b) shall be limited to the portion attributable to gross revenue earned or accrued, whichever is earlier, within the Commonwealth.

§ 1305. Exemptions. Notwithstanding any other provision, Section 1301(a), § 1302, and § 1303 shall not apply to the gross revenue:

(a) derived solely from the export sales of goods, resources, food, fish or agricultural products produced or manufactured in the Commonwealth and delivered by the manufacturer or producer to the buyer outside the Commonwealth.

(b) from the sale of diesel fuel for use in any vessel's commercial operations that are primarily outside the territorial waters of the Commonwealth.

(c) earned by a Foreign Sales Corporation, from its operations.

(d) from de minimis transactions as determined by the Secretary by regulations.

(e) earned by off-shore banking corporations.

(f) to the extent that they are treated as sources from without the Commonwealth under Section 1712 of this Act.

(g) earned by a person exempt from the NMTIT under NMTIT §§ 501(c)(3), 501(c)(4), 501(c)(5), 501(c)(6), 501(c)(8), or 501(c)(10) or as a qualified plan under NMTIT § 401(a) and to the extent allowed under § 527 of the NMTIT. This exemption, however, does not apply:

(1) to gross revenue from any trade or business, the conduct of which is not substantially related (aside from the need of such organization for income or funds or the use it makes of the profits derived) to the exercise or performance by such organization of its charitable, educational, or other purpose or function constituting the basis for its exemption, except for trade or businesses carried on by the organization primarily for the convenience of its members, students, patients, officers, or employees, or

(2) to a person who does not apply for exempt status and comply with the procedures prescribed by the Secretary for the exemptions under this subsection.

The Secretary may prescribe by regulation that persons exempt under IRC §§ 501(c)(3), 501(c)(4), 501(c)(5), 501(c)(6), 501(c)(8), 501(c)(10) shall also be exempt under this section.

§ 1306. Returns and Payment of Tax on Gross Revenue.

(a) In General. Every person subject to this Chapter shall file a return and pay the tax, if any, on a quarterly basis. The Secretary shall by regulation prescribe quarterly rates necessary to carryout the intent and purpose of this section.

(b) Filing Returns and Payment. The quarterly returns and tax payments under subsection (a) shall be filed and the tax paid, if any, on or before the last day of the month following the close of each quarter, to wit: on or before April 30, July 31, October 31,

January 31. The payment shall be based on the payor's gross revenue of the preceding quarter, and the amount of tax imposed by Chapter 3 of this Act shall be paid to the Commonwealth Government through the Secretary or his appointee or appointees.

Each business shall, on or before the date provided for payment of tax under this section, make a full, true, and correct return showing all such gross revenue received, accrued, or earned, whichever is earlier, and the amounts deducted and set aside on account during the preceding quarter. This return shall be filed with the Secretary and include such other information as may be required or prescribed by the Secretary. The Secretary, for good cause, may extend the time for making payments and returns, but not beyond the last day of the first month succeeding the regular due date.

(c) Tax Returns of Transferor. The requirement to deduct, withhold and pay over tax for the account of the transferor shall not relieve the transferor from the duty to file any tax returns required by law.

(d) Penalty. Failure to comply with the provisions of this section shall be punishable under the penalties prescribed by this Act.

§ 1307. Non-refundable Credit.

(a) Except as provided in subsection (c) of this section, a person may take a non-refundable credit against the tax imposed on gross revenues under Section 1301 or any other Commonwealth tax or fee imposed in lieu of such tax (such as 4 CMC 2202(h)),

(b) For purposes of this section, the amount of the non-refundable credit shall be the lesser of:

(1) The amount of the NMTIT paid with respect to gross revenues from sources within the Commonwealth; or

(2) The Gross Revenue Tax shown on the return.

(c) A Person may not take the credit allowed under this section if the person has deducted the Gross Revenue Tax in determining taxable income under the NMTIT. The person may elect any deduction allowed under the NMTIT or the credit allowed under this section.

CHAPTER 4

ARTICLE I

EXCISE TAX

§ 1401.	Definitions
§ 1402.	Business Excise Tax
§ 1403.	Fuel Tax
§ 1404.	Fuel Tax Exemption
§ 1405.	Beverages Container Excise Tax
§ 1406.	Exemption
§ 1407.	Payment of Tax; Time; Release of Goods
§ 1408.	Refunds-Exports
§ 1409.	Refunds-Limitation Period
§ 1410.	Declaration Required
§ 1411.	Penalties

§ 1401. Definitions. For purposes of this Chapter:

(a) 'Ad valorem' means the value of goods, commodities, resources or merchandise.

(b) 'Alcoholic Beverage' means beer or other malt beverage, distilled alcoholic beverage, wine or sake and any other beverage, which contains at least one-half of one percent (0.5%) of alcohol by volume and which is fit for human consumption.

(c) 'Beer and other malt beverage' means any beverage made by the alcoholic fermentation of an infusion or decoction, or combination of both, in potable brewing water, of malted barley with hops, or their parts, or their products, and with or without other malted cereals, and with or without the addition of unmalted or prepared cereals, other carbohydrates or products prepared therefrom, and with or without the addition of carbon dioxide, and with or without other wholesome products suitable for human consumption.

(d) 'Cigarette' means and includes any preparation of finely cut tobacco or other smokable substance, material, or product rolled and enclosed so that it is held together for smoking.

(e) 'Construction material' means materials which are part of the basic components of a building structure. The basic components of a building structure include cement, gravel, lumber, nails, rebars, windows, doors, pipes, hollow blocks, electrical and plumbing supplies, door and window frames, doorknobs, ceramics, tiles, sinks, toilets, and paint.

(f) 'Distilled alcoholic beverage' means aggie, alcohol, brandy, whiskey, any liqueur or any substance known as ethyl alcohol or ethanol and every product of distillation or other process of any fermented liquid which is fit for human consumption.

(g) 'Foodstuff' means any food which has nutritional value, or is necessary for the sustenance of life, and suitable for human consumption including dairy products, bottled drinking water, 100% fruit or vegetable juices, and any ingredient primarily used in the preparation of food.

(h) 'Hygiene Products' means goods, merchandise or products necessary for the personal health, safety and cleanliness of an individual; except for child care products exempted under Section 1402(b)(5) of this Chapter.

(i) 'Jewelry' means all articles made of precious metal or precious or semi-precious stones and capable of being worn for personal adornment.

(j) 'Liquid fuel' means and includes all liquids ordinarily, practically and commercially usable in internal combustion for the generation of power and shall include all distillates of, and condensates from petroleum, natural gas, coal, coal tar and vegetable or plant ferments, such distillates and condensates being ordinarily designated as gasoline, butane, naphtha, benzol, benzene, kerosene and alcohol so usable but not restricted to such designation.

(k) 'Leather goods or related products' means articles made of fur on the hide, pelts, or any animal skin dressed for use or in which such article has as a component fur on the hide, pelts or any animal skin. Leather goods or related products does not include footwear.

(l) 'Passenger vehicle' means any vehicle of four wheels or more:

(1) which is manufactured primarily for use on public streets, roads, and highways, and

(2) which is rated at 2.5 ton (or its metric equivalent) gross vehicle weight or less.

(m) 'Sake' means an alcoholic beverage of fermented rice which is not a beer and does not contain malt.

(n) 'Soft Drink' means any readily drinkable carbonated or non-carbonated non-alcoholic beverage, other than drinkable dairy products, 100% fruit or vegetable juices, and bottled drinking water.

(o) 'Tobacco' or 'tobacco substitute' or 'chewable tobacco product' or other smokable, or snuffable substance other than cigarettes shall mean and include the product or manufacture of any tobacco substance, material or product capable of preparation for smoking or chewing or snuffing and the product or the manufacture of any non-tobacco substance, material or product capable of preparation for smoking or snuffing.

(p) 'Wine' shall mean a beverage for human consumption consisting of the product of the normal alcoholic fermentation of the juice of any fruit or any natural produce and not containing more than 24 percent (24%) alcohol by volume. Wine shall not include any beverage which contains distilled alcohol such as liqueurs, cordials and similar compounds. The Secretary may prescribe regulations which further define any of the above terms or define any other term necessary for the administration of this chapter.

§ 1402. Excise Tax.

(a) General. For the privilege of first sale, use, manufacture, lease or rental of goods, commodities, resources, or merchandise in the Commonwealth for business purposes or for personal use exceeding the value specified in subsection (c), there is imposed an excise tax as follows:

(1) Soft drinks, one-half of one cent (\$0.005) per fluid ounce or fractional equivalent thereof;

(2) Foodstuffs, one percent (1%) ad valorem;

(3) Commodities used in the production of agricultural products, including fertilizers, seed, animal feeds, pesticides and herbicides, agricultural equipment, machinery, tools, irrigation equipment and accessories intended specifically for agricultural use, one percent (1%) ad valorem.

(4) Perfumery, articles of perfumery including cologne and other fragrances whether in sachets or otherwise, thirty percent (30%) ad valorem for three years after the passage of this Act into law; thereafter twenty percent (20%);

(5) Cosmetics, including all preparations used as applications to the hair or skin, lipsticks, eye shadows, mascara, pomades, powders, makeup and other preparations not having medicinal properties or hygienic purposes, thirty percent (30%) ad valorem for three years after the passage of this Act into law; thereafter

fifteen percent (15%);

(6) Hygiene Products and Toiletries, one percent (1%) ad valorem;

(7) Prescription drugs and medicines, one percent (1%) ad valorem;

(8) Construction equipment, construction materials, and construction machinery, three percent (3%) ad valorem;

(9) Leather goods or related products, twenty-five percent (25%) ad valorem for three years after the passage of this Act into law; thereafter ten percent (10%);

(10) Jewelry, twenty five percent (25%) ad valorem for three years after the passage of this Act into law; thereafter ten percent (10%);

(11) Precious metals, precious or semi-precious stones or related commodities, twenty five percent (25%) ad valorem for three years after the passage of this Act into law; thereafter ten percent (10%);

(12) Passenger vehicle having a value not exceeding \$30,000 per unit, five percent (5%) ad valorem;

(13) Passenger vehicle having a value in excess of \$30,000 per unit, ten percent (10%) ad valorem for three years after the passage of this Act into law; thereafter five percent (5%);

(14) Boats and yachts, whether capable of being powered by sail or motor, and having a value not exceeding \$50,000 per unit, five percent (5%) ad valorem;

(15) Boats and yachts, whether capable of being powered by sail or motor, and having a value in excess of \$50,000 per unit, ten percent (10%) ad valorem for three years after the passage of this Act into law; thereafter five percent (5%);

(16) Goods, commodities, resources, or merchandise manufactured grown or entirely derived from sources within the Commonwealth, one percent (1%) of retail price, unless otherwise specified within this Chapter.

(17) Cigarettes, fifty (50) cents per every twenty (20) cigarettes or fractional equivalent thereof for three years after the passage of this Act into law; thereafter twenty-five (25) cents per every twenty (20) cigarettes or fractional equivalent thereof;

(18) Tobacco or tobacco substitute or chewable tobacco product, or other

smokable or snuffable substance, material or product, other than cigarettes, fifty percent (50%) of the invoice price;

(19) Beer and malt beverages 1.67 cents (\$0.0167) per fluid ounce or fractional equivalent thereof;

(20) Distilled alcoholic beverages, 12 cents per fluid ounce or fractional equivalent thereof;

(21) Wine and sake, 3 cents per fluid ounce or fractional equivalent thereof;

(22) All other goods, commodities, resources, or merchandise not otherwise provided by law, five percent (5%) ad valorem;

(b) Exemptions from Excise Tax. The following items shall be exempt from excise tax:

(1) Capital equipment and machinery used in businesses primarily engaged in manufacturing for export with a fair market value exceeding \$1,000 per unit and raw materials used in businesses primarily engaged in manufacturing for export.

(2) Sacramental wine for use in religious rites of a religious organization.

(3) Books and other educational materials purchased for non-business use by a public or private school or a library open to the public.

(4) Merchandise, equipment, devices, and other items, including wheelchairs, hearing aids, braille material, canes, walkers, prosthetic devices, braces, crutches, or prescription lenses and eye glasses brought in by persons to be used by handicapped individuals who are either residing or visiting in the Commonwealth, provided however, that such merchandise, equipment, devices and other items are not brought into the Commonwealth for sale, lease, or rent to the handicapped.

(5) Merchandise, equipment, devices, hygiene products, cribs, strollers, diapers, lotions, creams, powders, and other products primarily intended for use in the daily and ordinary care of children aged twenty-four months or less.

(6) solar panels and other such devices for the conversion of solar energy into heat or electricity.

(7) Personal and office computer equipment having a value of less than \$5,000, including CPUs, monitors, keyboards, and hard drives, but not including

accessories, floppy disks, or software.

(8) Goods, commodities, resources, or merchandise brought into the Commonwealth temporarily and solely for the purpose of display or demonstration and not for the purpose of sale. Any goods, commodities, resources, or merchandise temporarily imported under this subsection must be entered pursuant to a written application as prescribed by the Secretary and filed with the Secretary. The Secretary may by regulation place restrictions on any temporary importation free of tax under this section to ensure that all relevant goods, commodities, resources, or merchandise are in fact used only for temporary display or demonstration.

(6) The Secretary may prescribe regulations to exempt any other goods, commodities, resources, or merchandise from taxation under this Chapter.

(c) Non-business use exemption. Any person may bring for personal use and consumption exempt from excise tax imposed by this section the following goods, commodities, resources, or merchandise:

(1) any goods, commodities, resources or merchandise (including those exempt) that do not exceed a combined total value of \$1000, except as otherwise provided in this section. For purposes of ascertaining which goods, commodities, resources or merchandise equal the first \$1000 of exempted goods, commodities, resources or merchandise, the value of those goods, commodities, resources, or merchandise with the lowest excise rate shall be included first.

(2) An amount of cigarettes that are commercially packaged and that do not exceed 30 packages of 20 cigarettes per package.

(3) an amount of tobacco or tobacco substitute, or chewable tobacco product or other smokable or snuffable substance, material or product other than cigarettes, not to exceed one pound, provided that such substance, material or product is not contraband.

(4) an amount of distilled alcoholic beverages not to exceed seventy-seven (77) ounces.

(5) an amount of beer or other malt beverage not to exceed 288 fluid ounces.

(6) an amount of wine and sake not to exceed 128 ounces.

(d) Regulations. The Secretary may by regulation require that persons importing quantities of goods, commodities, resources, or merchandise in the Commonwealth which are not normally indicative of a non-business use must supply proof of the non-business nature of the use intended for the goods, commodities, resources, or merchandise in order to avoid taxation under this section. The Secretary shall prescribe by regulation the nature of the proof required to show the non-business purpose.

(e) Special Rule on Separate Purchases of Articles and Parts and Accessories. Under regulations prescribed by the Secretary:

(1) In General. Except as provided by paragraph (2) and (3), if:

(A) the owner, lessee, or operator of any passenger vehicle, boat or yacht taxable under Section 1402(a)(13) & (15), (determined without regard to price) installs (or causes to be installed) any part or accessory on such article, and

(B) such installation is not later than the date 6 months after the date the article was first placed in service,

then there is hereby imposed on such first sale or use a tax equal to the sum of:

(AA) 10 percent of the total price of such part or accessory, plus

(BB) 10 percent of the article taxable under this Chapter (determined without regard of price).

(2) Limitation. Where the article taxable under this section was previously taxed under subsection 1402(a), the tax imposed by paragraph (1) shall be reduced by that tax previously imposed and paid under subsection 1402(a).

(3) Exceptions. Paragraph (1) shall not apply if:

(A) the part or accessory installed is a replacement part or accessory,

or

(B) the aggregate price of the parts and accessories described in paragraph (1) with respect to the taxable article does not exceed \$200 (or such other amount or amounts as the Secretary may by regulation prescribe).

§ 1403. Fuel Tax.

(a) Liquid Fuel Tax. Except as provided in subsection (b) and (c), for the privilege

of first selling or distributing liquid fuel in the Commonwealth, there is imposed an excise tax at the rate of fifteen (15) cents per gallon for three years after the passage of this Act into law; thereafter ten (10) cents per gallon.

(b) Aviation Fuel Tax. For the privilege of first selling or distributing aviation gas or other aviation fuel in the Commonwealth, there is imposed an excise tax at the rate of three percent (3%) ad valorem.

§ 1404. Fuel Tax Exemption. The Secretary may by regulation reduce or waive the fuel tax imposed under § 1403 where:

(a) The price of aviation fuel without the aviation fuel tax would be more competitive than the price of aviation fuel elsewhere and the airline would purchase the aviation fuel in the Commonwealth.

(b) the sale of diesel fuel for use in any vessel's commercial operations that are primarily outside the territorial waters of the Commonwealth.

§ 1406. Beverage Container Tax.

(a) Soft Drink Beverage Containers. There is imposed a tax upon all soft drink beverage containers in the amount of five (5) cents per container.

(b) Alcoholic Beverage Containers. There is imposed a tax upon each container of any alcoholic beverage in the amount of five (5) cents per container.

§ 1406. Exemption. Any goods, commodities, resources, or merchandise subject to tax under this Chapter and requiring customs inspection and clearance may be exempted from such tax if such goods, commodities, resources, or merchandise is certified as damaged or not received by the carrier or his agent.

§ 1407. Payment of Tax; Time; Release of Goods; Container Tampering.

(a) Generally. All taxes required by this Chapter shall be paid within 30 calendar days after the first sale, use, completion of manufacture, lease or rental in the Commonwealth of goods, commodities, resources, or merchandise subject to excise tax.

(b) Customs Inspection and Clearance Required. In the case of those goods, commodities, resources, or merchandise whose first use in the Commonwealth requires customs inspection and clearance, payment shall be made within 30 days after entry. Such goods, commodities, resources, or merchandise may be released prior to payment of excise

tax and upon the submission of the Bill of Lading and/or Manifest or invoice or any other form prescribed by the Secretary. Where the actual amount of tax cannot be determined within 7 calendar days after the entry, an estimated tax shall be paid within 30 days after entry, subject to later adjustment.

(c) Release of Goods. No person is allowed to release or deliver goods, commodities, resources, or merchandise to any person without prior Customs clearance when required. Any person who releases or delivers any goods, commodities, resources, or merchandise without prior Customs clearance shall be subject to a civil penalty of no more than \$10,000 and any other applicable penalty under this Act.

(d) Tampering With Containerized Cargo. Pursuant to 6 CMC § 2305, no person is allowed to open or otherwise tamper with containerized cargo prior to customs clearance. Any person who opens or otherwise tampers with containerized cargo shall be subject to a civil penalty of no more than \$10,000 including any penalty under 6 CMC § 2301(b) and any other applicable penalty under this Act.

§ 1408. Refunds - Exports. Upon application to the Secretary, any person who imports goods, commodities, resources, or merchandise into the customs territory of the Commonwealth for sale, use, lease or rental and exports them to a buyer outside of the customs territory of the Commonwealth shall be entitled to a refund of tax actually paid on those items, provided however, that such goods, commodities, resources, or merchandise exported were not used, sold, leased or rented within the Commonwealth prior to export.

§ 1409. Refunds-Limitation Period. Application for refund pursuant to § 1408 of this Chapter shall be filed with the Secretary within one year from the date the tax was paid or required to be paid or goods, commodities, resources, or merchandise entered the Commonwealth, whichever is earlier.

§ 1410. Declaration Required. Any person who imports any goods, commodities, resources, or merchandise from outside the Commonwealth and is subject to excise tax imposed on those goods, commodities, resources, or merchandise by this Chapter shall declare the entry of such goods, commodities, resources, or merchandise on a form prescribed by the Secretary.

§ 1411. Penalties. The following penalties for this Chapter are in addition to the other penalties provided by this Act:

(a) A penalty of 100% of the value of the goods commodities, resources, or merchandise shall be imposed on any person who imports any goods, commodities, resources, or merchandise subject to the excise taxation imposed by this Chapter and who files a false or misleading declaration, bill of lading, manifest, airway bill, invoices, and/or other documentation which fails to declare to the Secretary goods, commodities, resources, or merchandise subject to tax, or under-declares, or failed to declare their correct amount or value of such goods, commodities, resources, or merchandise;

(b) In the case of goods, commodities resources, or merchandise subject to excise tax in the Commonwealth for which penalties are assessed under this Act, the Secretary shall have the authority to withhold the release of any and all goods, commodities resources, or merchandise from the consignee or owner until settlement of the amount of excise tax and penalty due and payment is made or adequate bond is posted to guarantee such payment.

(c) Any tax, penalty, or interest charge imposed by this Chapter and unpaid, or any violation of any of the provisions of this Act may result in the Secretary forfeiting the affected goods, commodities, resources, or merchandise pursuant to 6 CMC §2150.

ARTICLE II

3.5 PERCENT CUSTOMS SERVICE CERTIFICATION.

§ 1421. User Fees

§ 1422. Authorization

§ 1423. Penalty

§ 1421. User Fees. Any person requiring the certification of the Department of Finance for country of origin or other purposes relating to exports from the Commonwealth shall be charged a user fee. The user fee shall be three and one half percent (3.5%) of the gross value of the merchandise to be certified which shall become due and payable to the Commonwealth Treasury upon certification. No less than five percent (5%) of the amount collected shall be reserved for use by the Division of Customs Services without further appropriation. The Secretary shall impose the interest charge imposed by Section 1819 of this Act on all user fees not paid when due.

§ 1422. Authorization. The Secretary or his designee is hereby authorized to collect the fees provided in Section 1421 of this Chapter when due and collectible.

§ 1423. Penalty. Any failure to comply with the provisions of this Article shall be subject to a civil penalty not to exceed \$10,000 as may be determined by the Secretary. This penalty is in addition to the other penalties provided by this Act, and is not an assessable penalty subject to the deficiency procedures of the Act.

CHAPTER 5

MISCELLANEOUS TAXES AND LICENSE FEES

§ 1501.	Bar Tax
§ 1502.	Hotel Occupancy Tax
§ 1503.	Amusement Machines
§ 1504.	Limitation on Number of Poker Machine Licenses Issued
§ 1505.	Gaming Machine Jackpot Tax
§ 1506.	Criminal Penalty
§ 1507.	Regulation
§ 1508.	Reservation of License Revenue

§ 1501. Bar Tax.

(a) There is imposed upon any person doing business in any establishment located in the Commonwealth which is licensed to serve alcoholic beverages for consumption on the premises of the establishment, a tax in the amount of ten percent (10%) of the total charge for any beverage sold or consumed at the establishment. After three years have passed from the effective date of this Act, this tax shall be in the amount of six percent (6%).

(b) Every person subject to the tax imposed by this section shall make a monthly return to the Secretary of all amounts received from the sale of beverages and shall pay the taxes required to be paid on or before the 20th day of the succeeding month.

§ 1502. Hotel Occupancy Tax.

(a) An occupancy tax is imposed upon transient occupants of a room or rooms in a hotel, lodging house, or similar facility located in the Commonwealth. The tax shall be ten percent (10%) of the amount charged or paid for the accommodations.

(b) The tax imposed by this section shall be collected by the person who operates, owns or manages a hotel, lodging house or similar facility as and when paid or charged to the

hotel, lodging house or similar facility.

(c) Every person required to collect the tax imposed by this section shall, on or before the 20th day of the succeeding month make a monthly return to the Secretary and pay over the taxes required to be collected for the previous month.

§ 1503. Amusement Machines.

(a) There is imposed the following annual license fees for the commercial operation of amusement machines in the Commonwealth as follows:

(1) For amusement machines (other than poker or similar amusement machines) whose major element is skill and whose only reward or prize is limited to additional games or other use of the machine (e.g., video games, pinball machines, pool tables, etc.), \$150 per machine.

(2) For amusement machines whose major element is chance which provides a reward or prize of value or for poker machines or similar amusement machines the fee is \$7,500 per machine. After three years have passed from the effective date of this Act, this fee shall be \$6,000 per year.

(3) For all jukeboxes, coin-activated phonographs CD players or other coin-activated music producing machines, \$150 per machine.

(4) For all coin-activated kiddie ride machines, designated for children under the age of 16, \$25 per machine.

(b) The fee imposed by this section shall be the liability of any owner or lessee of the amusement device, or any person operating or managing any business at which such amusement machine is offered for patronage.

(c) License fees shall be paid in full prior to the issuance of a license.

(d) Every poker machine owner and operator as a condition of any license issued shall maintain and operate poker machines in a separate room. No minor shall be permitted to enter this room and no alcoholic beverages or other intoxicants shall be allowed in this room. An owner or operator who violates this subsection or who allows it to be violated and who knew or should have known that a violation was taking place shall be guilty of a misdemeanor punishable by up to \$500 fine and thirty days imprisonment, and further shall be liable to the revocation of the licenses of all poker machines that he may own, operate, or control.

§ 1504. Limitation on Number of Poker Machine Licenses Issued.

(a) Except as provided in subsection (c) or (d), the total number of poker machine licenses issued under this Chapter shall not exceed 200 per each senatorial district.

(b) A license application shall designate the senatorial district in which the machine shall be operated. No machine shall be operated in more than one district, and no machine shall be operated in a district other than the one designated on the license.

(c) Notwithstanding any other provision of this section, a senatorial district may by initiative, pursuant to the Commonwealth Northern Mariana Islands' Constitution, legalize gambling in that district, thus the number of poker machines in that district will not be restricted by subsection (a).

(d) No additional poker machine licenses shall be issued in Senatorial District No. 3, unless the total number of existing licenses is less than that specified in subsection (a).

(e) The renewal of a license existing prior to the effective date of this Act shall not be limited by subsection (a).

Upon the failure of any person to renew a license, that license shall not be reissued to any other person if it will cause the number of such licenses to exceed that amount provided for in subsection (a).

§ 1505. Gaming Machine Jackpot Tax. A tax of 10% is hereby levied on all jackpot winnings from poker machines, pachinko machines, slot machines, pachinko slot machines, and similar gaming devices.

(a) 'Jackpot winnings' are defined as winnings where the machine pays back \$1,000.00 and over.

(b) The operator of the machine shall be responsible for collecting this tax and for keeping all applicable records, and may be held liable for all uncollected taxes.

(c) The Secretary may promulgate appropriate regulations to enforce this section.

§ 1505. Criminal Penalty.

(a) A person commits a criminal offense when he places or causes to be placed into operation an unlicensed poker machine and, upon conviction, shall be punished by a fine not to exceed five thousand dollars (\$5,000) or six months imprisonment, or both.

(b) A person, including an owner, or operator of a poker machine, a parent or a legal

guardian, commits a criminal offense when he assists, encourages or allows another person who is less than 18 years old to use a poker machine and upon conviction, shall be punished by a fine not to exceed five thousand dollars (\$5,000) or one year imprisonment, or both.

§ 1506. Regulation.

(a) The Secretary of Finance shall promulgate reasonable rules and regulations which shall provide for, inter alia, the issuance of licenses, relocation of amusement machines, temporary suspension or permanent revocation of licenses, seizure of amusement machines, to prohibit the transfer of a license to a replacement machine in the event a licensed machine is defective or malfunctioning, and regarding machines which are operated on premises on which any other business activity is carried on.

(b) The Secretary may by regulation provide that he shall be present at all times when monies are withdrawn from amusement machines.

§ 1507. Reservation of License Revenue.

(a) The Secretary of Finance shall deposit 10% of all revenues raised from the licensing of amusement machines under Section 1503(a)(2) in a separate trust account in the General Fund to be known as the Human Resources Development Trust Fund. The revenues deposited in this account shall be reserved for the Job Training Partnership Act Program.

(b) The Secretary of Finance shall reserve 90% of all revenues raised from the licensing of amusement machines under Section 1503(a)(2) for the Northern Mariana Islands Retirement Fund and shall promptly deposit such revenues with the Commonwealth Treasury without further appropriation.

CHAPTER 6.

FOREIGN SALES TAX INCENTIVES

- § 1601. Definitions
- § 1602. Tax Exemptions
- § 1603. FSC License
- § 1604. Informational Returns
- § 1605. License Revocation or Cancellation
- § 1606. Rebate
- § 1607. Regulations

§ 1601. Definitions. For the purpose of this Chapter:

(a) A 'foreign sales corporation' or 'FSC' means a Commonwealth domestic corporation which is:

- (1) a FSC or small FSC as defined in Section 922 of the United States Internal Revenue Code of 1986, as the same may be amended from time to time, and
- (2) the holder of a valid FSC business license.

(b) 'Foreign Trade Income' means income which is foreign trade income as defined in Section 923 of the United States Internal Revenue Code of 1986, as the same may be amended from time to time.

§ 1602. Tax Exemptions.

(a) In accordance with Section 927(e)(5) of the United States Internal Revenue Code of 1986, as amended, and notwithstanding any other law to the contrary, no tax shall be imposed by the Commonwealth on any foreign trade income derived before January 1, 1987.

(b) Notwithstanding any other provision of law, a FSC which qualifies under subsection (c) of this section shall be exempt from the following taxes and fees:

(1) Any and all tax on its business gross revenue under Chapter 3 of this Act, as the same may from time to time be amended.

(2) Any and all license fees except the FSC license fee as provided in Section 1603 of this Chapter.

(3) Any tax on any income under the Covenant Section 601 mirror image Northern Marianas Territorial Income Tax including but not limited to all interest, dividends, royalties, and other investment income, and all carrying charges, received or accrued by a FSC, as defined in Sections 921(d)(2) & (3) and 927(c) & (d) of the U.S. Internal Revenue Code of 1986 as amended.

(c) A FSC qualifies for the exemptions under subsection (b) of this Section only if it satisfies all of the following conditions:

(1) the FSC has obtained a FSC business license required under Section 1603 of this Chapter;

(2) the FSC files the information returns required under Section 1604 of this Chapter;

(3) the FSC is incorporated in the Commonwealth;

(4) the FSC maintains, whether directly or through an independent agent, an office in the Commonwealth; and

(5) at least one of its directors resides in the Commonwealth.

(d) The exemption provided in subsection (b) of this Section shall remain in effect for so long as foreign sales corporations receive a tax exemption for foreign trade income under the United States Internal Revenue Code of 1986, as amended.

§ 1603. FSC License. In order to qualify for the tax exemptions of Section 1602(b), a FSC shall first obtain a license from the Secretary of Finance. The FSC license shall be issued upon application by the FSC and payment of the annual license fee of \$500. The initial application to the Secretary shall be accompanied by:

(a) A copy of its articles of incorporation and bylaws (A license shall not be delayed to a newly-organized FSC, not yet chartered, if its articles have been filed with the Registrar of Corporations).

(b) A copy of its most recent election under the United States Internal Revenue Code of 1986, as amended, to be treated as a FSC and, if applicable, to be treated as a small FSC; or if the applicant has not yet made an election it shall pledge to furnish the Secretary a copy of its election within 90 days after making the election.

(c) Information identifying its resident director and the location of its Commonwealth office.

The FSC license shall be renewed upon application and payment of the annual license fee. The FSC license may be revoked or suspended in accordance with the procedures of Section 1605.

No other business license shall be required of a FSC license holder if the activities undertaken by the licensee or its agents in the Commonwealth are related to the earning of foreign trade income. A FSC shall be required to obtain business licenses for conducting activities not related to earning foreign trade income and to pay all applicable taxes in the same manner as any other corporation doing business in the Commonwealth.

§ 1604. Informational Returns. Even if no tax is due, a FSC shall file an informational tax return with the Chief of the Division of Revenue and Taxation, Department of Finance. The

informational tax returns shall be filed at the same time the FSC's tax returns shall be filed with the United States Internal Revenue Service. The informational return shall consist of a copy of the Form 1120 and all schedules and worksheets attached which are filed or to be filed by the FSC with the United States Internal Revenue Service, together with a Form 1120 CM. The Chief may require any FSC to submit additional information substantiating its qualification for tax exemption of this Chapter or for FSC treatment under the United States Internal Revenue Code.

The administrative provisions of this Act, and of the Internal Revenue Code as it applies to the Commonwealth pursuant to Covenant Section 601 as a Territorial Income Tax shall apply to FSCs.

§ 1605. License Revocation or Cancellation.

(a) So long as a licensed FSC pays its annual license fee and otherwise complies with Section 1603, a FSC shall be presumed to be validly licensed.

(b) In the event the Secretary of Finance has any cause to believe any FSC license was invalidly issued or that any FSC license is subject to revocation or cancellation because the holder is not in compliance with applicable Commonwealth law, then the Secretary shall provide written notice to the FSC, specifying the grounds for revocation or cancellation of the FSC license. The FSC shall then have a period of 90 days to correct any deficiencies and bring itself into compliance with the Commonwealth law and cure any grounds for revocation or cancellation. In the event the Secretary of Finance after such 90 day period believes the FSC is still not in compliance with the applicable Commonwealth law or otherwise has not cured the grounds for revocation or cancellation, the Secretary shall have the right upon not less than 30 days written notice to the FSC to conduct a hearing and thereafter, if the cause be found, to revoke or cancel the FSC license.

(c) Any cancellation or revocation order issued by the Secretary of Finance shall be subject to judicial review in the Commonwealth Superior Court pursuant to the Administrative Procedure Act (1 CMC, Division 9).

§ 1606. 100% Rebate of Mirror Tax Procedure.

(a) Rebate. To the extent any foreign trade income, or interest, dividends, royalties and other investment income and carrying charges, received or accrued by a FSC, as defined in Sections 921(d)(2) & (3) and 927(c) & (d) of the U.S. Internal Revenue Code of 1986, as

amended, should at anytime now or hereafter become includable within the gross income of a FSC because of the Northern Marianas Territorial Income Tax, a rebate of 100% of the foreign sale corporate income tax shall be allowed to the extent authorized by Section 602 of the Covenant.

(b) Tax Return Filing Procedures.

(1) A true copy of the FSC business license shall be attached to any income tax return of the FSC and the amount of tax due prior to rebate shall be paid by a FSC. The amount paid shall not be placed in the General Fund or commingled with other funds, but shall be deposited by the Secretary of Finance in special purpose trust accounts in one or more FDIC insured or collateralized deposit banks with offices within the Commonwealth and shall be withdrawn from such accounts only for the purpose of:

(A) making rebates as provided herein, or

(B) payment into the General Fund after a final determination, including a judicial determination if requested by the FSC taxpayer, that taxes are validly due and payable and that the FSC is not entitled to any rebate.

(2) Upon filing by a FSC of any tax return, the Secretary of Finance shall immediately thereafter cause the return to be reviewed, and, if the rebate appears to be in order shall cause the amount of tax paid by the FSC to be returned to the FSC within 45 days from the date the return is required to be filed. If for any reason the amount to be rebated is not returned to the FSC within 45 days from the date the return is required to be filed, the unreturned amount shall bear interest at the rate determined under Section 6611 of the United States Internal Revenue Code of 1986, as amended, from the date of payment of the tax until the date of return to the FSC of the money due to it.

(3) In the event of any failure to make the rebate provided for herein within 90 days from the date of payment of the tax by a FSC of the taxes due prior to rebate, the Government of the Commonwealth consents to suit and consents to a decree of specific performance being entered against it for payments found to be lawfully due. The 45 day review by the Secretary of Finance of a tax return of a FSC shall not

constitute an audit or final determination by the Secretary of taxes due, but the rebate provided for herein shall be made notwithstanding that an audit or final determination of taxes due has not been completed with the 45 day period. Amounts rebated to a FSC as provided herein shall not constitute income to such FSC and shall not be included within the gross income of the FSC for tax purposes.

§ 1607. Regulations. The Secretary or his designee may issue regulations consistent with the purposes of this Chapter.

CHAPTER 7.

NORTHERN MARIANAS TERRITORIAL INCOME TAX.

§ 1701.	Application of the Internal Revenue Code
§ 1702.	Internal Revenue Code Adopted
§ 1703.	Non-Retroactivity
§ 1704.	Anti-Avoidance
§ 1705.	Clarifying Provisions
§ 1706.	Disincentives to Off-island Investment
§ 1707.	Private Letter Ruling Procedures
§ 1708.	Tax Relief
§ 1709.	Tax on Overpayments
§ 1710.	Foreign Sales Corporations
§ 1711.	Rebate Procedure
§ 1712.	Special Sourcing Rules of United States Persons
§ 1713.	Interest on Overpayments

§ 1701. Application of the Internal Revenue Code, In General.

(a) The United States Internal Revenue Code ('Internal Revenue Code' or 'IRC'), made applicable by this Chapter, is a statute adopted as a local territorial income tax. The IRC as herein incorporated is made a part of Commonwealth law and may be cited, as the 'Northern Marianas Territorial Income Tax' ('NMTIT').

(b) The administration and enforcement of the NMTIT shall be performed by or under the supervision of the Governor. Any function needful to the administration and enforcement of the NMTIT shall be performed by any officer or employee of the Government of the

Commonwealth duly authorized by the Governor (either directly, or indirectly by one or more redelegations of authority) to perform such function.

(c) The Governor or his delegate shall have the same administrative and enforcement powers with regard to the NMTIT as the Secretary of the Treasury and other United States officials of the executive branch have with respect to the United States income tax. Needful rules and regulations for enforcement of the NMTIT shall be prescribed by the Governor or his delegate pursuant to Section 1820 of this Act. The Governor or his delegate shall have authority to issue, from time to time, in whole or in part, the text of the income tax laws in force in the Commonwealth pursuant to this Chapter.

(d) Confidentiality, Disclosure, and Coordination.

(1) Returns and return information shall be confidential, and except as authorized by NMTIT Section 6103 and §1953(b) of this Act, no officer or employee of the Commonwealth shall disclose any return or return information obtained by him in any manner in connection with his services as such an officer or employee or otherwise. For purposes of this subsection, the term 'officer or employee' includes a former officer or employee.

(2) The Governor may enter into an agreement with the Secretary of the United States Treasury, the Governor of Guam or his delegate, or the Executive Head or his delegate of any state, possession or territory of the United States, to coordinate tax administration programs of the Commonwealth, the United States or any state, possession or territory thereof, and Guam, including provisions for exchanging information and protecting the confidentiality of returns and return information.

(e) In applying the NMTIT for any purpose contained within this Act, except where it is manifestly otherwise required, the applicable provisions of the IRC shall be read so as to substitute 'Commonwealth of the Northern Mariana Islands' for 'United States', 'Governor or his delegate' for 'Secretary or his delegate', 'Governor or his delegate' for 'Commissioner of Internal Revenue' and 'Collector of Internal Revenue', 'Superior Court of the Northern Mariana Islands' for 'district court', 'Supreme Court of the Northern Mariana Islands' for 'United States Courts of Appeal', 'Attorney General' for 'district counsel', 'Attorney General's

Office' for 'Department of Justice', and with other changes in nomenclature and other language, including the omission of inapplicable language, where necessary to effect the intent of this Chapter.

(f) All references in the IRC to 'Guam' shall be deemed likewise to refer to the Commonwealth of the Northern Mariana Islands.

(g) The NMTIT, as herein adopted, is to be applied and construed in all respects in conformity with the Covenant and this Chapter.

(h) The Governor or his delegate may by regulations interpret, modify, or suspend any provision of the NMTIT which is manifestly inapplicable or incompatible with the intent of Article VI of the Covenant or with the intent of this Chapter, so as to make the provision compatible therewith. Any such inapplicable or incompatible provisions shall be without force or effect.

(i) The Governor or his delegate may waive any additions to the tax, additional amounts, or penalties or any part thereof, attaching to acts performed or not performed by any taxpayer acting in reasonable reliance on this Chapter or on any rules and regulations promulgated hereunder.

(j) In addition to such other jurisdiction as the Superior Court of the Northern Mariana Islands has with respect to the NMTIT under this Chapter, it shall also have the same jurisdiction with regard to the NMTIT as the Tax Court of the United States has with respect to the United States Income Tax. The Superior Court of the Northern Mariana Islands shall implement this jurisdiction, as may be necessary, by adopting the United States Tax Court Rules of Practice and Procedure to the extent not inconsistent or incompatible with this Act. § 1702. Internal Revenue Code Adopted.

(a) Definitions; 'Internal Revenue Code'. 'Internal Revenue Code' means the following provisions of the Internal Revenue Code of 1986 as further amended as below specified, where not manifestly inapplicable or incompatible with the intent of the Covenant or this Chapter and to the extent the IRC of 1954 remains applicable as set forth in the provisions under Subtitle G of United States Public law 99-514: Subtitle A (26 U.S.C.A. sec. 1 et seq.)(not including Chapter 2 (26 U.S.C.A. sec. 1401 et seq.) and section 931 (26 U.S.C.A. sec. 931)); chapters 24 and 25 of subtitle C (26 U.S.C.A. secs. 2401 et seq. and 3501 et seq.)

with references to the collection of income tax at source on wages; and all provisions of Subtitle F (26 U.S.C.A. sec. 6001 et seq.) which apply to the income tax, including provisions as to crimes, other offenses, and forfeitures contained in Chapter 75 (26 U.S.C.A. sec. 7201 et seq.).

(b) Internal Revenue Code; Further Amendments Adopted.

All amendments to the Internal Revenue Code enacted into law after October 21, 1986 and before January 1, 1994 are adopted and incorporated by reference into this Chapter.

(c) Internal Revenue Code; Future Amendments Adopted.

Except as otherwise provided, all future amendments to the Internal Revenue Code (and the effective dates thereof) are adopted and incorporated by reference into this Chapter.

(d) The following authorities are to be treated by the Governor, when performing his duties under this Chapter, as authoritative interpretations of the NMTIT:

(1) all present and future US Federal court cases, including Tax Court cases, decided under the US income tax laws adopted by this Chapter to the extent consistent with this Chapter;

(2) all present and future Revenue Rulings, Revenue Procedures, and Treasury Decisions of the US Treasury Department, promulgated under US income tax laws adopted by this Chapter or regulations prescribed by the Governor, to the extent consistent with this Chapter, until such time as changed by the Governor pursuant to this Chapter;

(3) all present and future regulations under the Internal Revenue Code, promulgated under US income tax laws adopted by this Chapter, to the extent consistent with this Chapter, until such time as changed by the Governor pursuant to this Chapter.

§ 1703. Non-Retroactivity of Tax on CNMI Sourced Income. In regard to the taxation under the NMTIT of income accruing on or prior to January 1, 1985, the NMTIT shall in all cases be interpreted as subjecting to the NMTIT only that income which is not "CNMI Sourced Income".

(a) The introductory section of Section 61(a) of the NMTIT shall be construed as

though it read: "General Definition-- Except as otherwise provided in this subtitle, gross income means all income realized and received or accrued under the taxpayer's method of accounting except CNMI sourced income accruing on or before January 1, 1985, with respect to transactions, events, or from whatever conduct taking place after December 31, 1984, from whatever source derived, including (but not limited to) the following items:"

(b) Effective Date. Conforming Provisions.

(1) NMTIT Effective Date. Conforming Provisions. To the extent necessary to assure that 'CNMI Sourced Income' accruing prior to January 1, 1985, and after February 28, 1913, is not retroactively subject to the NMTIT and to the extent allowed by subsection (c) of this section, all Internal Revenue Code provisions drafted with reference to the inception date of a new tax and intended to assure that the IRC is not retroactively applied, and all authorities interpreting such provisions, shall be construed by replacing each reference to the inception date and the last day of the old U.S. tax regime with the words "January 1, 1985" and "December 31, 1984", appropriately.

(2) I.R.C. Effective Date. Conforming Provisions. To the extent necessary to assure that all sources of income accruing prior to February 28, 1913, are not retroactively subject to the NMTIT, all I.R.C. provisions drafted with reference to the inception date of a new tax and intended to assure that the I.R.C. is not retroactively applied to any source of income, and all authorities interpreting such provisions, shall be construed by utilizing the dates specified within the I.R.C. code provisions, i.e., March 1, 1913 and February 28, 1913.

(3) I.R.C. Subpart F Effective Date. Conforming Provisions. To the extent necessary to assure taxes imposed by subpart F and related taxes on US owners of certain controlled foreign corporations accruing prior to January 1, 1962, are not retroactively subject to the NMTIT, all I.R.C. provisions drafted with reference to the inception date of taxes imposed by subpart F and related taxes on US owners of certain controlled foreign corporations and intended to assure that taxes imposed by subpart F and related taxes on US owners of certain controlled foreign corporations are not retroactively applied to any source of income, and all authorities interpreting

such provisions, shall be construed by utilizing the dates specified within the I.R.C. code provisions, i.e., December 31, 1984 and January 1, 1985.

(c) Basis Limitation; Qualified Fresh-start Assets.

(1) The basis for purposes of determining gain and allowance for depreciation, amortization and like purposes, of all Qualified Fresh-Start Assets shall be the higher of their basis as determined under the NMTIT, or their fair market value on January 1, 1985.

(2) 'Qualified Fresh-start assets' means:

(A) all real property located in the CNMI;

(B) all personal property owned, directly or indirectly, immediately prior to and on January 1, 1985, by an individual bona fide resident of the CNMI immediately prior to and on January 1, 1985, the amount realized from the actual sale of which would have been CNMI Sourced Income as determined in subsection (d) and would not have been subject to income taxation on December 31, 1984 by any of the following jurisdictions: the United States, the Virgin Islands, American Samoa, Puerto Rico, and Guam; and

(C) all personal property owned, directly or indirectly immediately prior to and on January 1, 1985, by a corporation incorporated in or under the laws of the CNMI, the amount realized from the actual sale of which would have been CNMI Sourced Income as determined in subsection (d) and would not have been subject to income taxation on December 31, 1984 by any of the following jurisdictions: the United States, the Virgin Islands, American Samoa, Puerto Rico, and Guam.

(3) For purposes of this section, personal property means all personal property wheresoever located, whether tangible or intangible, (including, but not limited to, installment sales contracts, annuity contracts, interests in employee benefit plans, whether vested or unvested, and inventory items).

(4) The fair market value of any Qualified Fresh-Start Asset shall be established at the taxpayer's election by:

(A) independent appraisal;

(B) discounting its ultimate sales price back to the valuation date of January 1, 1985, using the appropriate discount factor, to be specified by the Governor, by regulation;

(C) a pro-rata allocation of the difference between its cost basis, as adjusted under NMTIT Sec. 1016, and its sales price, with respect to the periods it was held, before and after January 1, 1985, respectively; or

(D) any other method provided by the Governor by regulation.

(d) Recapture. If during any taxable year an asset is disposed of and a portion or all of the proceeds received from the disposition of the asset is not CNMI Sourced Income, the benefit of any deduction for depreciation, amortization, and like purposes previously claimed under this section attributable to such asset is to be recaptured and appropriately taxed. The Secretary shall prescribe by regulations the method and manner by which any such deductions are to be recaptured for purposes of this subsection.

§ 1704. Anti-Avoidance. Deductions and Credits. In order to prevent the mismatching of income and corresponding deductions and credits, which, in a start-up setting, would result in complete avoidance and not just deferral:

(a) NMTIT Section 161 shall be construed as though it contained the following second sentence: 'No deduction shall, however, be allowed for any expenditure with respect to any transaction, event or course of conduct taking place prior to January 1, 1985, unless it is established to the satisfaction of the Governor that such expenditure was not deferred into 1985 as part of a plan one of the principal purposes of which was the avoidance of income taxes under this Chapter.'

(b) No credit against the tax shall be allowed for any expenditure with respect to any transaction, event or course of conduct taking place prior to January 1, 1985, unless it is established to the satisfaction of the Governor that such expenditure was not deferred into 1985 as part of a plan one of the principal purposes of which was the avoidance of income taxes under this Chapter.

§ 1705. Clarifying Provisions.

(a) The Accelerated Cost Recovery System shall be applicable to all Qualified Fresh-

Start Assets, which shall be treated as used property for all NMTIT purposes.

(b) No credit under NMTIT Sec. 38, and no deduction under NMTIT Sec. 179, shall be allowed with respect to any Qualified Fresh-Start Asset.

(c) All forms, returns, statements or any other document required to be filed by reason of the NMTIT or Regulations thereunder, shall be filed with the Division of Revenue and Taxation. Any failure to file such forms, returns, statements, or other documents shall be subject to penalties as provided by the NMTIT.

§ 1706. Disincentives to Off-island Investment.

(a) The amount of any deduction allowed to any taxpayer under the NMTIT sections enumerated in subsection (d) of this section shall be deemed additional gross business revenues, and taxed accordingly under Chapter 3 of this Act.

(b) A tax is imposed on all taxpayers in the amount of any credit allowed to such taxpayer under the NMTIT sections enumerated in subsection (e) of this section.

(c) Limitations. Such tax will be waived with respect to any such deduction or credit under subsections (a) or (b) to the extent that it is established by rules and regulations that such deduction or credit resulted from an expenditure with respect to activities or assets used predominantly within the CNMI, or to the extent that the taxpayer receives no tax benefit from such deduction or credit.

(d) NMTIT sections subject to subsection (a) are:

(1) Sec. 169, amortization of pollution control facilities;

(2) Sec. 179, election to expense depreciable property;

(3) Sec. 181, farmers' fertilizer expenditures;

(4) Sec. 182, farmers' land clearing expenditures;

(5) Sec. 184, amortization of railroad rolling stock;

(6) Sec. 185, amortization of railroad grading and tunnel bores;

(7) Sec. 188, child care facilities, amortization;

(8) Sec. 189, amortization of real property construction period interest and taxes;

(9) Sec. 190, expensing of removing of barriers to handicapped and elderly;

(10) Sec. 193, tertiary injectants;

- (11) Sec. 194, reforestation expenditures;
- (12) Sec. 195, start-up expenditures;
- (13) Sec. 243, dividends received from domestic corporations;
- (14) Sec. 244, dividends received on public utility preferred stock;
- (15) Sec. 245, dividends from foreign corporations;
- (16) Sec. 248, organizational expenditures;
- (17) Sec. 263(c), expensing of intangible drilling costs, to the extent in excess of depreciation and amortization;
- (18) Sec. 613 and 613A, percentage depletion, to the extent in excess of cost depletion;
- (19) Sec. 616(a), expenses of mining development costs, to the extent in excess of the amount deductible under Sec. 616(b) as a deferred expense;
- (20) Sec. 617, mining exploration costs, to the extent in excess of the amount allowable as a deduction had the costs been capitalized and deducted ratably over 10 years; and
- (21) Sec. 631, special rules for timber, coal and iron ore.

(e) NMTIT sections subject to subsection (b) are:

- (1) Sec. 21, household and dependent care;
- (2) Sec. 38, ITC;
- (3) Sec. 39, gas and special fuels;
- (4) Sec. 40, work incentive programs;
- (5) Sec. 44C, residential energy credit;
- (6) Sec. 44D, nonconventional source fuel;
- (7) Sec. 44E, alcohol used as fuel;
- (8) Sec. 44F, increasing research activities;
- (9) Sec. 44G, employee stock ownership plan; and
- (10) Sec. 44H, clinical testing, rare disease drugs.

§ 1707. Private Letter Ruling Procedures.

(a) A ruling is a written statement issued to a taxpayer or his authorized representative by the Secretary of Finance which interprets and applies the tax law to a specific set of facts.

(b) A request for a ruling by a taxpayer or his authorized representative should be submitted to the Chief of the Division of Revenue and Taxation, Department of Finance. Each request for a ruling shall include:

(1) a complete statement of all relevant facts relating to the transaction, including the names, addresses, and taxpayer identification numbers of all interested parties;

(2) a complete statement of all the relevant laws and regulations relating to the transaction including the section numbers and relevant text that the taxpayer seeks to have applied to the transaction;

(3) a full and precise statement of the business reasons for the transaction;

(4) a detailed description of the transaction including true copies of all relevant documents relating to the entire transaction must be submitted;

(5) the text of the proposed ruling to be issued to the taxpayer by the Secretary of Finance that interprets and applies the tax laws to a specific set of facts.

The proposed text shall include:

(A) taxpayer's views on the results of the transaction and its supporting authority, and

(B) information and discussion of any contrary authority to the position advanced. If no contrary authority exists, a statement that none exists is required;

(6) Signature of taxpayer or authorized representative of taxpayer; and

(7) A statement attesting to the accuracy of the request or accuracy of any additional statement or statements or documents subsequently submitted which declares: 'Under the penalties of perjury, I declare that I have examined this request, including accompanying documents and to the best of my knowledge and belief, the facts presented in support of the requested ruling are true, correct and complete.' This declaration must be signed by the taxpayer, not the taxpayer's representative.

(c) Separate requests for rulings are required for issues under the NMTIT and for issues other than the NMTIT.

(d) If a request does not comply with all the requirements set forth herein, the request

will be acknowledged and requirements not met will be pointed out. The taxpayer will have 30 days in which to complete the request. Failure to complete the request closes the request. The late receipt after closing will reopen the request and the request shall be treated as a new request requiring payment of a fee.

(e) The Department of Finance shall not issue rulings in the following areas:

- (1) Completed transactions after the return has been filed;
- (2) The transaction is part of an integrated transaction;
- (3) Where there is not a bona fide business purpose for the transaction;
- (4) Where the matter involved hypothetical situations;
- (5) Where the request involves tax consequences of proposed legislation;
- (6) Any matter where the determination requested is primarily one of fact (e.g. market value of property);
- (7) Tax effect of any transaction to be consummated at some indefinite future.

(f) A taxpayer may not rely on a ruling in connection with another transaction.

(g) The Secretary of Finance shall determine all ruling requests as expeditiously as possible. A final determination shall be the binding position of the Department of Finance with respect to the tax treatment of the proposed transaction.

(h) The non-refundable application fee for a letter ruling shall be a minimum of \$500. The Secretary may by regulation prescribe a fee schedule which bears relationship to the nature and complexity of the issues. Upon payment of the application fee, the fee shall be credited to a special fund that the Secretary or his designee may expend without further appropriation solely for the purpose of effective administration and enforcement of tax laws applicable in the Commonwealth.

(i) Upon the deletion of the names of the taxpayers and any other personal facts that are not essential to an understanding of the ruling, the Department of Finance shall make public any private letter ruling that it issues. All rulings shall be filed with the Commonwealth Register within 60 days of the ruling's issuance.

(j) Request for a Conference. To request a conference on the issues involved, the taxpayer should indicate in writing at the time of filing the request or within 30 days of filing the request.

(k) Revocation and Withdrawal of a Private Letter Ruling

(1) A letter ruling may be revoked or modified by:

- (A) a notice to the taxpayer to whom the letter ruling was issued;
- (B) the enactment of legislation;
- (C) a decision of the Commonwealth Superior Court; or
- (D) the issuance of temporary or final regulations.

(2) Except in rare or unusual circumstances, the revocation or modification of a letter ruling will not be applied retroactively to the taxpayer for whom the letter ruling was issued or to a taxpayer whose tax liability was directly involved in the letter ruling provided that:

- (A) there has been no misstatement or omission of material facts;
 - (B) the facts at the time of the transaction are not materially different from the facts on which the letter ruling was based;
 - (C) there has been no change in the applicable law or regulations;
 - (D) the letter ruling was originally issued for a prospective transaction;
- and
- (E) the taxpayer directly involved in the letter ruling acted in good faith in relying on the letter ruling, and revoking the letter ruling retroactively would be to the taxpayer's detriment.

(3) **Withdrawal of Request by Taxpayer.** A taxpayer may withdraw a request for a letter ruling at any time before the letter of reply is signed by the Secretary. Correspondence and exhibits relating to a request that is withdrawn will not be returned to the taxpayer. The application fee will not be returned to the taxpayer.

(l) The Secretary may prescribe regulations to carry out the purpose and intent of this section.

§ 1708. Tax Relief.

(a) **General Rule.** Every person subject to the NMTIT shall be entitled to a rebate in the amount determined under subsection (b) of this section. Provided, however, that the taxpayer has paid the income tax reported on the return before any rebate is allowed.

(b) **Rebate Amount.**

(1) The rebate amount shall be:

(A) In the case of a taxpayer who is not a corporation:

If the rebate base is:	The rebate amount is:
not over \$1,000;	90% of the rebate base.
over \$1,000 but not over \$2,500;	\$900 plus 70% of the rebate base over \$1,000.
over \$2,500;	\$1,950 plus 50% of the rebate base over \$2,500

(B) In the case of a taxpayer who is a corporation:

If the rebate base is:	The rebate amount is:
not over \$20,000;	90% of the rebate base.
over \$20,000 but not over \$100,000;	\$18,000 plus 70% of the excess of the rebate base over \$20,000.
over \$100,000;	\$74,000 plus 50% of the excess of the rebate base over \$100,000.

(2) The rebate amount for any person who fails to timely file (determined with regard to any extensions of time for filing) a tax return for the taxable year shall be the rebate amount determined under subsection (b)(1) of this section minus ten percent of the rebate amount under subsection (b)(1) for each month or part of a month that the person has not filed the return. A person who has failed to file a tax return for more than 180 days from the date on which the return should have been filed shall not be entitled to any rebate under this section.

(3) Notwithstanding subsection (a), a person shall not be entitled to any rebate under this section with respect to:

(A) NMTIT taxes collected upon income effectively connected with the sale of diesel fuel for use in any vessel's commercial operations that are primarily outside the territorial waters of the Commonwealth;

(B) The amount of any underpayment of NMTIT taxes as defined in NMTIT § 6664, except that this subparagraph shall not apply to an

underpayment that does not exceed \$100 or 10 percent of the income tax imposed by Subtitle A of the NMTIT, whichever is greater.

(C) The amount of the total tax liability for such taxable year as stated in the taxpayer's return which was not paid by the date the tax was required to be paid.

(c) Rebate Base. The rebate base is:

(1) the income tax under Subtitle A of the NMTIT imposed on income derived from sources within the Commonwealth and paid by the person, less

(2) the amount of non-refundable credit allowable under Section 1205 of this Act.

(d) Limitations.

(1) Notwithstanding subsection (a) of this section,

(A) A person is not entitled to any rebate with respect to any accumulated earnings tax paid by the person pursuant to Section 531 of the NMTIT.

(B) a person, who has any income from sources within the Commonwealth that is not subject to any taxes under Chapter 2 or 3, shall not be entitled to any rebate under this section with respect to the tax on such income. This paragraph shall not apply to income:

(i) exempted from the definition of earnings under section 1103 (f)(8).

(ii) exempted from the Gross Revenues Tax under section 1305 (a) or (d) of this Act.

(iii) taxed under Article 2 of Chapter 4 of this Act.

(2) Notwithstanding paragraph (1)(B) of this subsection, a person, who has any income from sources within the Commonwealth that is not subject to any taxes under Chapter 2 or 3 of this Act, may elect to have that income taxed as if it were subject to the applicable tax under Chapter 2 or 3 of this Act. If a person so elects and pays the applicable tax, such person shall be entitled to the rebate allowed under subsection (a) of this section. A person shall make the election in a manner and on

a form prescribed by the Secretary. This paragraph shall not apply to income:

(A) exempted from the definition of Earnings under section 1103(f)(8).

(B) exempted from the Gross Revenue Tax under section 1305(a) or (d) of this Act.

(c) taxed under article 2 of Chapter 4 of this Act.

(3) No portion of the User Fee may be subject to credit, deduction or rebate.

(e) Sources within the Commonwealth. For purposes of determining the rebate, the term "Sources within the Commonwealth", except as provided in §1712 of this Act, shall be determined by Regulations prescribed by the Secretary. Such regulations prescribed shall be similar to those sourcing rules of the NMTIT in §861 et. seq.

(f) The rebate allowed under this section shall not be used as a credit against the income tax shown or required to be shown on an income tax return under the NMTIT.

§ 1709. Tax On Overpayments. There is imposed on every person who is subject to the NMTIT and who has an overpayment arising from any excessive credit, other than a credit relating to taxes withheld, estimated taxes paid or earned income credit claimed by individuals with qualifying children, a separate additional tax for such taxable year equal to the amount of the excess credit.

§ 1710. Foreign Sales Corporations Special Rule.

To the extent provided in Chapter 6 of this Act, a Foreign Sales Corporation is exempt from taxation under this Chapter.

§ 1711. Rebate Procedure.

(a) Amounts properly subject to rebate under Section 1708 of this Act, shall be rebated by filing a timely income tax return which includes the claim for rebate form for the taxable year to which the rebate relates. However, claims for rebate under this Act shall not be subject to 1 CMC § 2553(k).

(b) The amount of the rebate shall be made as soon as practicable, but no later than 6 months from the due date of the return or the date of filing, whichever is later.

§ 1712. Special Sourcing Rules of Certain United States Individual.

(a) For any United States individual moving to the Commonwealth from Guam, American Samoa, and/or the United States, irrespective of any other provision of law, the

following sourcing rule will apply if a United States individual was a resident of the United States, Guam, or American Samoa and then becomes a resident of the CNMI: the rules found in Internal Revenue Code Section 877(c) without regard to §877(a) or (b), shall apply to such a individual for a 10 year period beginning when such a person becomes a resident of Guam, American Samoa, or the Commonwealth.

(b) If such a individual during a 10 year period was a resident of the United States and/or Guam and/or American Samoa and then such individual thereafter moved to the CNMI and became a resident, the rules found in IRC Section 877(c) without regard to 877(a) or (b) will apply to both moves as follows:

(1) For ten years after leaving the United States for Guam or American Samoa, IRC Section 877(c) without regard to 877(a) or (b) will apply to all items of gross income.

(2) Ten years after leaving Guam or American Samoa, IRC Section 877(c) without regard to 877(a) or (b) will apply as amended, to mirror the term Guam or American Samoa where the term United States appears in that statute.

(c) Every taxpayer having income subject to these sourcing rules shall file and pay the appropriate tax pursuant to Section 935 of the Internal Revenue Code without a foreign tax credit.

(d) This Section shall apply to dispositions after December 31, 1985, in taxable years ending after such date.

§ 1713. Interest on Overpayments Interest as allowed by NMTIT §6611 on an overpayment shall be calculated only on the amount not already rebated.

Section 2. Tax Task Force. A special Tax Task Force is hereby created.

(a) Purpose. The purpose and function of this Tax Task Force will be to study existing tax law and tax regulations and to make recommendations to the Governor and the Commonwealth Legislature on ways such laws and regulations may be improved. The Task Force shall review the manner in which tax revenues are being spent, and shall consider the amount of revenues without significant adverse effects on businesses and individual taxpayers. The Task Force will recommend reforms after appraising and assessing how the proposed reforms will affect the economy. Due consideration will be given to different sectors of the economy and how reforms can be tailored to

be both fair and enforceable.

(b) Membership. The Tax Task Force shall be comprised of 13 members. 1 CMC Section 2901 shall not apply to the Task Force. Members shall hold three-year terms. The members shall be:

1. The Secretary of Finance,
2. The Governor's Special Assistant for Management and Budget,
3. A person appointed by the President of the Senate,
4. A person appointed by the Speaker of the House,
5. A person appointed by the Saipan Chamber of Commerce,
6. A person appointed by the Saipan Garment Manufacturer's Association,
7. A person appointed by the Hotel Association of the Northern Mariana Islands,
8. A person appointed by the CNMI Bar Association,
9. A person appointed by the CNMI Contractor's Association,

10. The following persons to be appointed by majority vote of the above nine members; a tax accountant; a person representing small businesses, and two persons from the previous CNMI Tax Task Force."

Section 3. Business License Fees. 4 CMC Division 5 is amended to add a new "Chapter 6" to read as follows:

"Chapter 6

Business License Fees

§ 5611. Business License Fees.

(a) Business License Required. Before engaging in or continuing in a business, a person shall first obtain from the Secretary of the Department of Commerce a license to engage in or conduct that business.

(b) In no event shall a business be required to purchase more than one general business license for the same line of business for any location or locations in the Commonwealth.

(c) Terms. Licenses issued under this section are valid for one year and are not transferable.

(d) Fees. The following annual fees shall be paid to the Secretary of the Department

of Commerce for the respective license at the time of issuance or renewal:

- (1) Banks, \$500;
- (2) Offshore banking corporations; \$1,000;
- (3) Securities dealers, \$300;
- (4) Insurance companies, \$300;
- (5) Insurance brokers, \$100;
- (6) Insurance agents, \$75;
- (7) Public utilities, \$300;
- (8) Manufacturers, \$50;
- (9) Wholesalers, \$50;
- (10) Roadside vendors selling local agricultural and fishery products, \$5;
- (11) Scuba instruction and scuba diving tour operations, \$100;
- (12) General business license covering all other businesses unless otherwise provided by this Act, \$50.

(e) Renewal. A licensee may renew a license upon its expiration by the payment of the annual license fee.

(f) Conditions for Revocation or Suspension.

(1) The Secretary of the Department of Commerce may revoke or suspend any license issued under this section upon finding after two weeks public notice and a hearing conducted pursuant to 1 CMC §§ 9108-9111 that:

(A) The application of the licensee contained false or fraudulent information;

(B) The licensee bribed or otherwise unlawfully influenced any person to issue the permit other than on the merits of the application;

(C) The licensee presented false or fraudulent information to any person in support of his application; or

(D) The licensee violated any provision of Commonwealth law or any rule or regulation issued thereunder.

(2) Any person aggrieved by a license suspension or revocation shall be entitled to a review of the same by the Commonwealth Superior Court upon written

appeal made within 30 days from the date the license suspension or revocation decision is issued. Such review shall be brought pursuant to 1 CMC § § 9112 and 9113.

(g) Upon request, the Secretary of the Department of Commerce shall transmit a listing, and monthly update, of all business licenses issued to the Department of Finance.

(h) Unless the Secretary of Commerce provides otherwise, this section shall not effect public health or alcoholic beverage control licensing."

Section 4. 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 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 on January 1, 1995 upon approval by the Governor or upon it 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 24th day of JANUARY, 1995

/s/ Jesus C. Borja
~~FROILAN C. TENORIO~~ JESUS C. BORJA
Acting Governor

Commonwealth of the Northern Mariana Islands