

RALPH DLG. TORRES
Governor



COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
OFFICE OF THE GOVERNOR

18 MAR 2022

The Honorable Edmund S. Villagomez
Speaker, House of Representatives
Twenty-Second Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

The Honorable Jude U. Hofschneider
President of the Senate
Twenty-Second Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

Dear Mr. Speaker and Mr. President:

This is to inform you that I have signed into law **House Bill No. 22-81, HD1** entitled, "To amend 4 CMC § 1202, to exclude local stimulus payments from taxation.", which was passed by the House of Representatives and the Senate of the Twenty-Second Northern Marianas Commonwealth Legislature.

This bill becomes **Public Law No. 22-15**. Copies bearing my signature are forwarded for your reference.

Sincerely,

A handwritten signature in black ink, appearing to read "Ralph DLG. Torres", enclosed within a circular flourish.

RALPH DLG. TORRES
Governor

cc: Acting Press Secretary; Attorney General's Office; Department of Finance; Revenue and Taxation; Commonwealth Law Revision Commission; Public Auditor; Special Assistant for Administration; Special Assistant for Programs and Legislative Review



House of Representatives

Public Law No. 22-15

NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

P.O. BOX 500586
SAIPAN, MP 96950

February 7, 2022

The Honorable Ralph DLG. Torres
Governor
Commonwealth of the Northern
Mariana Islands
Capitol Hill
Saipan, MP 96950

Dear Governor Torres:

I have the honor of transmitting herewith for your action **H. B. No. 22-81, HD1**, entitled: "To amend 4 CMC § 1202, to exclude local stimulus payments from taxation.", which was passed by the House of Representatives and the Senate of the Twenty-Second Northern Marianas Commonwealth Legislature.

Sincerely yours,


Linda B. Muña
House Clerk

Attachment



Twenty-Second Legislature
of the
Commonwealth of the Northern Mariana Islands

IN THE HOUSE OF REPRESENTATIVES

SECOND REGULAR SESSION

OCTOBER 1, 2021

REPRESENTATIVE ANGEL A. DEMAPAN OF SAIPAN, PRECINCT 1 (*for himself*, Representative Roy C.A. Ada, Blas Jonathan "BJ" T. Attao, Joel C. Camacho, Joseph A. Flores, Joseph Leepan T. Guerrero, John Paul P. Sabla, Patrick H. San Nicolas, and Ralph N. Yumul,) in an open and public meeting with an opportunity for the public to comment, introduced the following Bill:

H. B. No. 22-81, HD1

AN ACT

TO AMEND 4 CMC § 1202, TO EXCLUDE LOCAL STIMULUS PAYMENTS FROM TAXATION.

The Bill was referred to the House Committee on Ways and Means, which submitted Standing Committee Report 22-81; adopted 12/20/2021.

THE BILL WAS PASSED BY THE HOUSE OF REPRESENTATIVES ON FIRST AND FINAL READING, DECEMBER 20, 2021;
with amendments in the form of H. B. No. 22-81, HD1 and transmitted to **THE SENATE.**

The Bill was referred to the Senate Committee on Fiscal Affairs.
THE BILL WAS PASSED BY THE SENATE ON FEBRUARY 3, 2022, FIRST AND FINAL READING;
without amendments and returned to **THE HOUSE OF REPRESENTATIVES.**

THE BILL WAS FINALLY PASSED ON DECEMBER 20, 2021.



Linda B. Muña, House Clerk



Twenty-Second Legislature
of the
Commonwealth of the Northern Mariana Islands
IN THE HOUSE OF REPRESENTATIVES

SIXTH DAY, SECOND REGULAR SESSION

DECEMBER 20, 2021

H. B. No. 22-81, HD1

AN ACT

**TO AMEND 4 CMC § 1202, TO EXCLUDE LOCAL STIMULUS
PAYMENTS FROM TAXATION.**

**BE IT ENACTED BY THE TWENTY-SECOND NORTHERN
MARIANAS COMMONWEALTH LEGISLATURE:**

SECTION 1. FINDINGS AND PURPOSES.

1 The Legislature finds that the Governor established the 2021 ARPA Local Stimulus
2 Plan (the “Stimulus Plan”), which provides for payments in the amount of \$500 for each
3 eligible individual and \$500 for each dependent of an eligible individual. The purpose of the
4 Stimulus Plan was to provide assistance to households impacted by the negative economic
5 effects of the COVID-19 pandemic.
6

7 The Legislature finds that payments under the Stimulus Plan would be subject to the
8 earnings tax unless applicable law is amended to specifically exclude these payments. The
9 Legislature finds that taxing these payments is inconsistent with the underlying purpose of the

HOUSE BILL 22-81, HD1

1 Stimulus Plan and would only create yet another burden on recipients. Therefore, it is the intent
2 of the Legislature to exclude from earnings tax, the stimulus payments received from the
3 Commonwealth pursuant to the 2021 ARPA Local Stimulus Plan.

4 **SECTION 2. AMENDMENT.**

5 4 CMC § 1202 is hereby amended to read as follows:

6 “(a) There is imposed on every person a yearly tax on such person’s total
7 earnings.

8 (b) For purposes of this chapter, “earnings” shall mean:

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

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

17 (3) One half of the net income received from leasing of real property
18 located in the Commonwealth, including the assignment of any lease that was
19 not in the course of carrying on a business. For purposes of this subsection, “net
20 income from leasing real property including the assignment of any lease,”
21 means the income less expenses from the rental of real property as determined
22 under the NMTIT.

HOUSE BILL 22-81, HD1

1 (4) [Repealed.]

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

4 (6) All other types of income that a resident individual must report in
5 determining his NMTIT, except:

6 (i) Payments received by an employee or his beneficiary from a
7 retirement plan, including the Commonwealth retirement plan, or as
8 unemployment compensation. For purposes of this subsection, the term
9 “retirement plan,” other than the Commonwealth retirement plan means
10 a plan that qualifies under Subchapter D, Subtitle A of the NMTIT.

11 (ii) Amounts received as alimony or separate maintenance
12 payments as defined under Section 71 of NMTIT.

13 (iii) Unemployment compensation as defined under
14 Section 85 of NMTIT.

15 (iv) Social security benefits as defined under
16 Section 86 of NMTIT.

17 (v) Distributive shares of partnerships and S corporations to
18 respective partners and shareholders.

19 In addition to the items included within subsections (i)-(v) of this
20 subsection, the secretary by ruling or regulation may exempt other income when
21 the secretary determines that imposing the earnings tax would result in
22 excessive taxation.

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

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

6 (e) Stimulus payments received from the Commonwealth pursuant to the 2021
7 ARPA Local Stimulus Plan are not subject to the tax imposed under this section.”

8 **SECTION 3. SEVERABILITY.**

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


13 **SECTION 4. SAVINGS CLAUSE.**


14 This Act and any repealer contained herein shall not be construed as affecting any
15 existing right acquired under contract or acquired under statutes repealed or under any rule,
16 regulation, or order adopted under the statutes. Repealers contained in this Act shall not affect
17 any proceeding instituted under or pursuant to prior law. The enactment of the Act shall not
18 have the effect of terminating, or in any way modifying, any liability, civil or criminal, which
19 shall already be in existence on the date this Act becomes effective.

HOUSE BILL 22-81, HD1

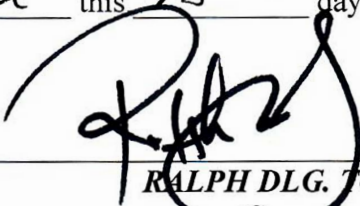
1 **SECTION 5. EFFECTIVE DATE.**

2 This Act shall take effect upon its approval by the Governor, or its becoming law
3 without such approval.

Attested to by: 
Linda B. Muña, House Clerk

Certified by: 
SPEAKER EDMUND S. VILLAGOMEZ
House of Representatives
22nd Northern Marianas Commonwealth Legislature

Approved this 18th day of March, 2022


RALPH DLG. TORRES
Governor
Commonwealth of the Northern Mariana Islands