



Arnold I. Palacios
Governor

David M. Apatang
Lieutenant Governor

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
OFFICE OF THE GOVERNOR

31 JAN 2023

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

The Honorable Edith E. Deleon Guerrero
President of the Senate
Twenty-Third Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

Dear Mr. Speaker and Madam President:

This is to inform you that I have signed into law **House Bill No. 22-120** 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. 22-31**. Copies bearing my signature are forwarded for your reference.

Sincerely,


ARNOLD I. PALACIOS
Governor

cc: Lt. Governor; Attorney General's Office; Commonwealth Law Revision Commission; Public Auditor; Revenue and Taxation; Programs and Legislative Review Office



House of Representatives

NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

P.O. BOX 500586
SAIPAN, MP 96950

December 30, 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. 22-120**, 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

FOURTH REGULAR SESSION

DECEMBER 22, 2022

REPRESENTATIVE CHRISTINA M.E. SABLAN OF SAIPAN, PRECINCT 2 (*for herself*, Representatives Blas Jonathan "BJ" T. Attao, Celina R. Babauta, Sheila J. Babauta, Joel C. Camacho, Vicente C. Camacho, Richard T. Lizama, Corina L. Magofna, Donald M. Manglona, Edwin K. Propst, John Paul P. Sablan, Leila H.F.C. Staffler, Edmund S. Villagomez, 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. 22-120

AN ACT

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

IN THE HOUSE OF REPRESENTATIVES

The Bill was not referred to a House Committee.

**THE BILL WAS PASSED BY THE HOUSE OF REPRESENTATIVES ON
FIRST AND FINAL READING, DECEMBER 22, 2022;**

without amendments in the form of H. B. No. 22-120 and transmitted to **THE SENATE.**

IN THE SENATE

The Bill was not referred to a Senate Committee.

THE BILL WAS PASSED BY THE SENATE ON FIRST AND FINAL READING, DECEMBER 28, 2022;

without amendments and returned to **THE HOUSE OF REPRESENTATIVES.**

**H. B. NO. 22-120 IS DULY PASSED BY THE TWENTY-SECOND NORTHERN MARIANAS
COMMONWEALTH LEGISLATURE.**



Linda B. Muña, House Clerk



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

SEVENTH DAY, FOURTH REGULAR SESSION

DECEMBER 22, 2022

H. B. No. 22-120

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:**

1 **SECTION 1. FINDINGS AND PURPOSE.**

2 The Legislature finds that the Governor has established several plans to issue stimulus
3 payments. The purpose of each stimulus plan was to provide assistance to households impacted
4 by the negative economic effects of the COVID-19 pandemic.

5 The Legislature finds that payments under any stimulus plan would be subject to the
6 earnings tax, unless the applicable law is amended to exclude these payments. The Legislature
7 finds that taxing these payments is inconsistent with the underlying purpose of any stimulus
8 plan and would only create yet another burden on recipients. Therefore, it is the intent of the
9 Legislature to exclude from earnings tax, any stimulus payments received from the
10 Commonwealth.

HOUSE BILL 22-120

SECTION 2. AMENDMENT.

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

“(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. Provided, however, that the sale of private real property to the Commonwealth government for a public purpose shall not be deemed a sale of real property for the purposes of this subsection.

(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 subsection, “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) [Repealed.]

(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:

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

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

3 (iii) Unemployment compensation as defined under Section 85
4 of NMTIT.

5 (iv) Social security benefits as defined under Section 86 of
6 NMTIT.

7 (v) Distributive shares of partnerships and S corporations to
8 respective partners and shareholders.

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

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

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

18 (e) Stimulus payments received from the Commonwealth pursuant to the 2021
19 and 2022 ARPA Local Stimulus Plan, and any subsequent stimulus payments, are not
20 subject to the tax imposed under this section.”

21 **SECTION 3. SEVERABILITY.**

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

26 **SECTION 4. SAVINGS CLAUSE.**


27 This Act and any repealer contained herein shall not be construed as affecting any
28 existing right acquired under contract or acquired under statutes repealed or under any rule,
29 regulation, or order adopted under the statutes. Repealers contained in this Act shall not affect

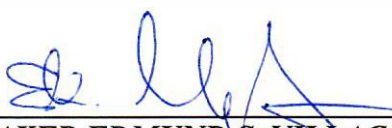
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1 any proceeding instituted under or pursuant to prior law. The enactment of the Act shall not
2 have the effect of terminating, or in any way modifying, any liability, civil or criminal, which
3 shall already be in existence on the date this Act becomes effective.


4 **SECTION 5. EFFECTIVE DATE.**

5 This Act shall take effect upon its approval by the Governor, or its becoming law
6 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 31st day of January, 2021³


ARNOLD I. PALACIOS
Governor
Commonwealth of the Northern Mariana Islands