

TITLE 4: ECONOMIC RESOURCES
DIVISION 1: REVENUE AND TAXATION

§ 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 0.5 percent 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 in paper and enclosed and packed so that it is held together for smoking. The term “cigarette” shall not include cigars.

(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) “Consumer goods” means all products, goods and materials entering the CNMI, including but not limited to vehicles, retail products, garment material, construction material and all goods that have any form of packaging that will be disposed of or that has a limited useful life after which it will be disposed; provided that this definition shall not include foodstuffs and medicine for sale or otherwise, and goods, products, and materials identified in 4 CMC § 1402 (c)(2), (c)(3), (c)(4) and (d).

(g) “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.

(h) “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 percent fruit or vegetable juices, and any ingredient primarily used in the preparation of food.

(i) “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 4 CMC § 1402(b)(5).

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

(k) “Liquid fuel” means and includes all liquids ordinarily, practically and commercially usable in internal combustion for the generation of power and shall

TITLE 4: ECONOMIC RESOURCES
DIVISION 1: REVENUE AND TAXATION

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.

(l) "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.

(m) "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.

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

(o) "Soft drink" means any readily drinkable carbonated or noncarbonated nonalcoholic beverage, other than water, milk, and 100% juice.

(p) "Tobacco" or "tobacco substitute" or "chewable tobacco product" or other smokable, or snuffable substance other than cigarettes shall mean all tobacco products other than cigarettes.

(q) "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 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.

Source: PL 9-22, § 1 (§ 1401) (repealing PL 3-11, § 401, as amended by PL 3-28, § 1; PL 3-37, §§ 12, 13); amended by PL 9-57, § 3; new subsection (f) added by PL 13-42, § 6, modified, following subsections (f) through (p) redesignated accordingly; (f) amended by PL 13-59, § 2, modified; (d), (o) and (p) amended by PL 17-64 § 2 (December 20, 2011)..

Commission Comment: With respect to the reference to the "secretary" of the Department of Finance, see Executive Order 94-3 (effective August 23, 1994), reorganizing the executive branch, changing agency names and official titles, and effecting other changes, set forth in the Commission comment to 1 CMC § 2001.

PL 13-42 became effective December 19, 2002 and established the Solid Waste Revolving Fund, codified as 2 CMC § 3551. PL 13-42 contained findings and purposes, severability, and savings clause provisions. The original text of PL 13-42, § 6 intended to add a new subsection (g), however, to maintain the alphabetical order of the definitions the Commission lettered the new subsection as (f) instead.

The actual text of PL 13-59 made outdated and thus incorrect references to Code sections which required the Commission to make the obvious and neces-

TITLE 4: ECONOMIC RESOURCES
DIVISION 1: REVENUE AND TAXATION

sary conforming changes to the above subsection (f). See 1 CMC § 3806. PL 13-59 was enacted on September 15, 2003 and contained findings and purpose, severability, and savings clause provisions. The findings and purpose stated:

Section 1. Findings and Purposes. The Legislature finds that the Environmental Beautification Tax imposed on all consumer goods is adversely impacting the ability of public and private schools in the CNMI to pay for educational materials and equipment, such as books, textbooks, and computers as well as assistive devices such as wheelchairs and hearing aids for students. As currently defined in 4 CMC § 1401(g) [sic], consumer goods includes educational materials, such as books and computers. The additional assessment of a .42 percent ad valorem on these types of educational materials will impede the ability of schools to purchase textbooks or other educational materials at a time when schools are struggling to meet the needs of students. Furthermore, the tax may also significantly increase the cost for the Public School System's Special Education Program to provide hearing aides, wheelchairs and braces. Therefore, the Legislature finds that an exemption must be provided for goods that are purchased for educational purposes.