

TITLE 4: ECONOMIC RESOURCES
DIVISION 5: BUSINESS REGULATION

§ 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 Finance a license to engage in or conduct that business.

(b) A business shall be required to purchase one general business license for each line of business for each location in the Commonwealth.

(c) *Terms.* Licenses issued under this section are valid for one year and are not transferable. Provided, however, the Department of Finance may transfer a business license to an applicant for garment manufacturing if a license is:

- (1) Revoked; or
- (2) Not renewed; or
- (3) Otherwise permitted to lapse; or

(4) If the Department of Finance, in consultation with the Department of Labor, finds that a garment manufacturer has ceased operation; under the following conditions:

(i) Upon a written finding from the Secretary of Finance that the conditions set forth in [4 CMC § 5701\(b\)\(2\)-\(3\)](#) are satisfied; and upon

(ii) Posting of a cash bond, irrevocable letter of credit or other form of financial assurances in an amount of, and for the purposes set forth, in regulations jointly promulgated by the Department of Finance and Department of Labor; in no event shall the amount be less than the aggregate cost for repatriation of the workers employed by the license holder.

The amendment set forth in this section shall not apply to any business license held by garment manufacturers listed in Schedule A of P.L. 11-76, as amended, which ceased operations prior to January 1, 2005.

(d) *Fees.* The following annual fees shall be paid to the Secretary of the Department of Finance 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, per separate line of business.

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

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(f) All businesses licensed under this section shall only do business under the name duly licensed and shall advertise this name in romanized lettering in addition to any other lettering.

(g) *Conditions for Revocation or Suspension.*

(1) The Secretary of the Department of Finance 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:

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

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

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

(iv) The licensee violated subsection (f) of this section; or

(v) The licensee violated any provision of Commonwealth law, including but not limited to non-compliance with the tax laws, 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](#).

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

(i) There is hereby established a revolving account for the Department of Commerce for which the Secretary of Commerce shall have expenditure authority. The account shall be established by the Department of Finance and the account shall serve strictly to pay for the Department of Commerce's annual membership dues to the National Association of Insurance Commissioners. Fees collected under subsection (d)(4) above shall be deposited into the revolving account to accumulate enough funds to cover for the annual membership dues. Any funding lapses from this account shall be transferred to the CNMI general fund.

Source: PL 9-22, § 3, modified; amended by PL 11-29, §§ 2 and 3; subsection (a) amended by PL 11-65, § 3; entire section amended by PL 11-73, § 4, modified; (c) added by PL 14-82, § 2; (i) added by PL 17-28 § 3 (Jan. 28, 2011); subsection (b) amended by PL 18-70 § 2 (Dec. 16, 2014).

Commission Comment: With respect to the references to the “Secretary of the Department of Commerce” and the “Department of Finance,” see Executive Order 94-3 (effective Aug. 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](#).

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PL 11-29, § 2 added a new subsection (f) and relettered all subsequent subsections. PL 11-29, § 3 added a new subsection (g)(1)(iv) and renumbered all subsequent subsections. PL 11-29 took effect on August 14, 1998.

PL 11-29, § 1 set forth findings as follows:

Section 1. Findings. The Legislature finds that many businesses in the Commonwealth presently advertise under names in lettering which is not comprehensible to most CNMI residents. The Legislature also finds that businesses should advertise under the name that they are officially listed under and licensed by in order for the Department of Commerce to more efficiently carry out its duty to regulate businesses.

PL 11-65, that amended subsection (a), took effect on February 19, 1999. PL 11-65 also created new 4 CMC, Division 5, Chapter 6, Article 3 on Pawnbroker Licenses, Fees and Related Matters [[4 CMC §§ 5641 et seq.](#)].

PL 11-73, which amended this section took effect on March 19, 1999. PL 11-73 contained short title, findings and purpose, transfer of full-time equivalents, severability and savings clauses as follows:

Section 1. Short Title. This Act shall be referred to as the “Business Licensing Processing Act of 1998”.

Section 2. Findings and Purpose. Tax compliance has long been a challenge in the CNMI, due to a lack of central control and sharing of data between various entities. A great deal of inconsistencies will be resolved by centralizing the issuance of business licenses with the agency which issues CNMI Tax Identification Numbers. Such issues that will be resolved include, but are not limited to the following: detecting non-filers of tax returns; ascertaining whether taxes have been paid prior to the issuance of a renewal of business license; allowing the Department of Finance to close down a business if taxes are not paid, or using the same as a deterrent for avoiding payment of taxes; allowing the Department of Finance to verify that a business is engaged in the activity stated on the license by comparing it to the activity stated on the tax return; and assuring that a business which imports goods for sale has an active business license and all taxes have been paid before allowing importation of goods into the CNMI.

By allowing the Department of Finance, Division of Revenue and Taxation to issue a business license and at the same time issue the CNMI Taxpayer Identification Number, there will be a tracking mechanism established that will not only serve the Division of Revenue and Taxation, as the point of control, but the Division of Customs and the Department of Commerce as well. The integration of issuing business licenses into the Division of Revenue and Taxation is expected to result in collection of a significant amount of additional taxes that are not collected due to the lack of a single control point. This should provide the CNMI with much needed revenue without the need to raise taxes at this point in time.

If it is therefore the purpose of this legislation to transfer the function of issuing business licenses from the Department of Commerce to the De-

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partment of Finance in order to strengthen the Department of Finance's efforts to enforce tax compliance. The day-to-day function of issuing licenses within the Department of Finance shall be handled by the Division of Revenue and Taxation.

...

Section 11. Transfer of Full-time Equivalents. The Department of Commerce shall transfer two full-time equivalents (FTE) and the associated personnel funding as authorized by P.L. 11-41 to the Department of Finance for the purposes of administering the issuance of business licenses as agreed by the respective Secretaries.

Section 12. 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 13. 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.

PL 14-82 was enacted on August 2, 2005 and contained the following findings and purpose, compliance, and regulations provisions, in addition to severability and savings provisions and an amendment to [4 CMC § 5703](#):

Section 1. Findings and Purpose. The Legislature finds that the current period of adjustment within the garment industry in the CNMI presents a necessity for relaxing the wholesale prohibition on the transfer of business licenses under Title 4 of the Commonwealth Code. The Legislature, however, is mindful that strict criteria and conditions must be established to insure that only such relaxation does not result in the violation of the moratorium on the number of qualified garment manufacturers established in Public Law 11-76, as amended. The Legislature further recognizes the need to maintain compliance with the 15,727 ceiling on the number of garment workers within the CNMI. Therefore, the Department of Finance in consultation with the Office of Attorney General is instructed to establish criteria and conditions that implement the intent of this Act within 30 days of its effective date.

The purpose of this legislation is to stimulate economic growth by allowing the Department of Finance to transfer business licenses for purposes of garment manufacturing to new investors or existing garment manufacturers listed in Schedule A of Public Law 11-76 under certain conditions.

...

Section 4. Compliance. Nothing in this Act shall modify the requirement for strict adherence to [4 CMC § 5708](#), "Garment Manufacturing In-

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dustry Cap and Non-Resident Worker Quota.” [4 CMC § 5708\(c\)](#) shall be used to reallocate garment workers to a garment manufacturer licensed pursuant to [4 CMC § 5611\(c\)](#) and in accordance with rules and regulations promulgated by the Department of Labor.

Section 5. Regulations. The Department of Labor and Department of Finance shall promulgate emergency regulations for the implementation of this Act within 30 days of its effective date. The Attorney General shall provide legal assistance to accomplish this deadline.

PL 18-70 (effective Dec. 16, 2014) contained, in addition to savings and severability clauses, the following Findings and Purpose section:

Section 1. Findings and purpose. The Commonwealth Legislature finds that many businesses in the Commonwealth are opening shops in different locations within the Commonwealth, while only paying for one business license for multiple locations. The Legislature further finds that the Commonwealth can collect additional resources by charging businesses for all locations in which the same line of businesses is being offered. Additionally, the Legislature finds that many businesses are taking advantage of this incentive and over the years have made maximum profits with this loophole in the Commonwealth’s current statutes. Therefore, the intent of this Act is to require a business license for each business location regardless of the line of business.