

**SUBCHAPTER 80-20.10**  
**LONG-TERM DISABILITY EMPLOYMENT TAX CREDIT**  
**REGULATIONS**

**Part 001      General Provisions**

- § 80-20.10-001      Purpose
- § 80-20.10-005      Definitions

**Part 100      Eligibility**

- § 80-20.10-101      Eligibility Criteria
- § 80-20.10-105      Employee Eligibility Certification
- § 80-20.10-110      Annual Certification
- § 80-20.10-115      Compliance Letter

**Part 200      Required Documentation**

- § 80-20.10-201      Enforcement and Penalties

**Part 300      Workforce Participation by Aliens**

- § 80-20.10-301      Appeals Process

**Part 400      Miscellaneous Provisions**

- § 80-20.10-401      Severability

Subchapter Authority: Public Law 23-15.

Subchapter History: Adopted 46 Com. Reg. 51468 (Nov. 15, 2024); Proposed 46 Com. Reg. 51424 (Oct. 15, 2024).

**Part 001 -      General Provisions**

**§ 80-20.10-001      Purpose**

Tax incentives for employers hiring people with special needs are pivotal for fostering inclusivity and economic empowerment in the Commonwealth. Such incentives not only encourage job creation but also promote diversity in the workplace. By easing the financial burden on employers, these incentives facilitate opportunities for individuals with special needs to contribute their skills and talents to the workforce. Moreover, they help dismantle barriers to employment, fostering a more inclusive society where everyone has the chance to thrive. By incentivizing inclusive employment practices, this regulation promotes equality, diversity, and economic empowerment for individuals with disabilities.

The purpose of these regulations is to set forth the necessary procedures and requirements to implement Public Law 23-15, ““to enact a provision to provide tax incentives for employers who hire individuals with special needs.”“

## TITLE 80: DEPARTMENT OF LABOR

---

History: Adopted 46 Com. Reg. 51468 (Nov. 15, 2024); Proposed 46 Com. Reg. 51424 (Oct. 15, 2024).

### **§ 80-20.10-005 Definitions**

- (a) “Disabled Person” means an individual with a disability, as defined under the Americans with Disabilities Act of 1990, as amended (42 U.S.C. § 12101 et seq.).
- (b) “Compliance Letter” means a letter from a licensed medical doctor, doctor of osteopathy, or clinical psychologist verifying the disability status of an employee in accordance with § 80-20.10-201.
- (c) “Tax Credit” means the Long-Term Disability Employment Tax Credit as provided in 4 CMC § 1312.
- (d) “Qualifying Wages” means the wages paid or incurred by the employer during the taxable year to a Disabled Person.
- (e) “Secretary of Labor” means the Secretary of the Department of Labor

History: Adopted 46 Com. Reg. 51468 (Nov. 15, 2024); Proposed 46 Com. Reg. 51424 (Oct. 15, 2024).

### **Part 100 - Eligibility**

#### **§ 80-20.10-101 Eligibility Criteria**

- (a) In General. To be eligible for the Tax Credit, employers must demonstrate the following:
  - (1) Hiring of a Disabled Person on a part-time or full time basis on or after January 1, 2024; and
  - (2) The individual was continuously employed by the employer for at least nine (9) months.
- (b) Restrictions. The employer will not be eligible for a Tax Credit for an employee who was dismissed and rehired by the employer, unless there was a valid business reason, unrelated to the availability of the Tax Credit, for the dismissal and rehire.

History: Adopted 46 Com. Reg. 51468 (Nov. 15, 2024); Proposed 46 Com. Reg. 51424 (Oct. 15, 2024).

#### **§ 80-20.10-110 Annual Certification**

- (a) An employer may not claim a Tax Credit unless it has been issued an Annual Certification by the Secretary of Labor.
- (b) The Annual Certification shall be based on the employer's application and documentation verification that each eligible employee:
  - (1) Has been continuously employed for at least nine (9) months; and
  - (2) Received qualifying wages during the applicable tax year.

## TITLE 80: DEPARTMENT OF LABOR

---

(c) The application for Annual Certification shall be submitted on forms prescribed by the Secretary of Labor and must include:

- (1) A record of each employee's start date, employment duration, and total qualifying wages paid during the tax year;
- (2) A copy of the Compliance Letter issued in accordance with § 80-20.10-201; and
- (3) A payment in the amount of \$100 for the Annual Certification Fee.

(d) The employer must submit the request for Annual Certification to the Secretary of Labor no later than February 15<sup>th</sup> of the applicable tax year.

(e) The Secretary of Labor may request additional information or documentation if needed to verify compliance with the statutory and regulatory requirements.

(f) If the Secretary of Labor finds that the employer has met all necessary criteria, an Annual Certification will be issued within thirty (30) days of submission.

(g) If the employer fails to meet the requirements for the Annual Certification, the employer will not be eligible to claim the tax credit for the respective tax year.

(h) The employer shall retain all records related to the Annual Certification for a period of three (3) years and make them available for audit or inspection upon request by the Department of Labor or Division of Revenue and Taxation.

History: Adopted 46 Com. Reg. 51468 (Nov. 15, 2024); Proposed 46 Com. Reg. 51424 (Oct. 15, 2024).

### **§ 80-20.10-115 Compliance Letter**

(a) A Compliance Letter must be issued by a medical doctor, doctor of osteopathy, or clinical psychologist licensed to practice in the United States, including the U.S. territories of the Commonwealth of the Northern Mariana Islands, Guam, Puerto Rico, American Samoa, and the Virgin Islands. A Compliance Letter must be submitted on forms prescribed by the Secretary of Labor or include the following information:

- (1) Employee's name and date of birth;
- (2) Medical professional's name, business address, contact information, and professional licensure information;
- (3) Date of last examination;
- (4) A statement under the pains and penalties of perjury that:
  - (i) The employee/patient has been last examined on the date identified in (a)(3);
  - (ii) The employee/patient's identity has been verified using a United States or State government-issued photographic identity document, along with the identity document type and ID number; and
  - (iii) Based on examination of the employee/patient and review of any relevant medical information, the employee/patient has been determined to be disabled within the meaning of the Americans with Disabilities Act of 1990, as amended.

History: Adopted 46 Com. Reg. 51468 (Nov. 15, 2024); Proposed 46 Com. Reg. 51424 (Oct. 15, 2024).

## TITLE 80: DEPARTMENT OF LABOR

---

### Part 200 - Enforcement and Penalties

#### § 80-20.10-201 Enforcement and Penalties

(a) Non-Compliance Penalties. Employers who fail to comply with the requirements outlined in these regulations may be subject to the following penalties:

(1) Fines. The Department of Labor Administrative Hearing Office may impose a fine up to \$2000 for non-compliance, including failure to maintain required records, submit necessary documentation, or misrepresentations related to tax credit claims.

(2) Revocation of Tax Credit. If an employer is found to have falsely claimed a tax credit or failed to meet the eligibility and certification requirements, the Department of Labor or Division of Revenue and Taxation may revoke the tax credit for the applicable tax year(s).

(3) Disqualification from Future Tax Credits. Repeated or egregious violations of these regulations may result in the disqualification of the employer from claiming the Tax Credit in future tax years.

(b) Audit and Inspection. Employers claiming the Tax Credit must retain all supporting documentation, including employee eligibility and annual certification records, for a period of at least three (3) years following the tax year in which the credit was claimed. The Department of Labor reserves the right to audit or inspect such records at any time during this period to verify compliance with the requirements of these regulations. Failure to provide adequate documentation upon request may result in penalties as outlined in subsection (a).

(c) Cooperation in Investigations. Employers are required to cooperate fully with any investigation or audit conducted by the Department of Labor or Division of Revenue and Taxation related to the tax credit claim. Failure to do so may result in additional penalties, including the immediate disqualification from the tax credit program, revocation of previously claimed credits, and potential fines.

(d) Repayment of Improperly Claimed Credits. If an audit or investigation reveals that an employer improperly claimed the tax credit, the employer shall be required to repay the full amount of any improperly claimed credit, along with applicable interest and penalties as determined by the Division of Revenue and Taxation.

History: Adopted 46 Com. Reg. 51468 (Nov. 15, 2024); Proposed 46 Com. Reg. 51424 (Oct. 15, 2024).

### Part 300 - Appeals

#### § 80-20.10-301 Appeals Process

(a) Request for Administrative Review. An employer may request an administrative review of any denial or penalty imposed under these regulations. The request must be submitted in writing to the Secretary within thirty (15)\* days of the date on the notice of

## TITLE 80: DEPARTMENT OF LABOR

---

denial or penalty. The request should include a detailed explanation of the grounds for appeal, along with any supporting documentation.

(b) **Decision on Administrative Review.** Upon receipt of a timely request for administrative review, the Secretary or his/her designee shall conduct a review of the employer's submission. The Secretary or his/her designee may request additional documentation or clarification from the employer as necessary. A written decision will be issued within thirty (30) days of receipt of all relevant materials. The employer will be notified of the decision in writing.

(c) **Administrative Appeal.** An employer may appeal a decision rendered in the administrative review by the employer may request a formal hearing. Notice of appeal must be submitted in writing to the Secretary within fifteen (15) days of the date of the decision from the administrative review. The request must clearly state the grounds for the hearing and include any additional evidence the employer intends to present.

(d) **Hearing Process.** Upon receipt of a timely request for a hearing, a formal hearing shall be scheduled. The employer will be provided with notice of the hearing date, time, and location at least ten (10) days prior to the hearing. The employer may present evidence, call witnesses, and be represented by legal counsel at the hearing. Hearings shall be conducted in accordance with the Administrative Procedure Act, 1 CMC §§ 9101 et seq.

(e) **Final Decision.** Following the hearing, the Secretary or a designated hearing officer shall issue a final written decision within thirty (30) days. The decision will include findings of fact, conclusions of law, and any applicable penalties or remedies. A copy of the decision will be sent to the employer or certified mail or other appropriate means.

\*So in original.

History: Adopted 46 Com. Reg. 51468 (Nov. 15, 2024); Proposed 46 Com. Reg. 51424 (Oct. 15, 2024).

### **Part 400 - Miscellaneous Provisions**

#### **§ 80-20.10-401 Severability**

If any provision of the regulations in this subchapter or the application of such regulations to any person or circumstance shall be held invalid by a court of competent jurisdiction, the remainder of such regulations or the application of such regulations to persons or circumstances other than those as to which it was held invalid shall not be affected thereby.

History: Adopted 46 Com. Reg. 51468 (Nov. 15, 2024); Proposed 46 Com. Reg. 51424 (Oct. 15, 2024).