

TITLE 4: ECONOMIC RESOURCES
DIVISION 1: REVENUE AND TAXATION

§ 1706. Disincentives to Off-island Investment.

(a) The amount of any deduction allowed to any taxpayer under the NMTIT sections enumerated in subsection (d) of this section shall be deemed additional gross business revenues, and taxed accordingly under chapter 3 of this division [4 CMC § 1301 et seq.].

(b) A tax is imposed on all taxpayers in the amount of any credit allowed to such taxpayer under the NMTIT sections enumerated in subsection (e) of this section.

(c) Limitations. Such tax will be waived with respect to any such deduction or credit under subsections (a) or (b) of this section to the extent that it is established by rules and regulations that such deduction or credit resulted from an expenditure with respect to activities or assets used predominantly within the Commonwealth, or to the extent that the taxpayer receives no tax benefit from such deduction or credit.

(d) NMTIT sections subject to subsection (a) of this section are:

- (1) Section 169, amortization of pollution control facilities;
- (2) Section 179, election to expense depreciable property;
- (3) Section 181, farmers' fertilizer expenditures;
- (4) Section 182, farmers' land clearing expenditures;
- (5) Section 184, amortization of railroad rolling stock;
- (6) Section 185, amortization of railroad grading and tunnel bores;
- (7) Section 188, child care facilities, amortization;
- (8) Section 189, amortization of real property construction period interest and taxes;
- (9) Section 190, expensing of removing of barriers to handicapped and elderly;
- (10) Section 193, tertiary injectants;
- (11) Section 194, reforestation expenditures;
- (12) Section 195, start-up expenditures;
- (13) Section 243, dividends received from domestic corporations;
- (14) Section 244, dividends received on public utility preferred stock;
- (15) Section 245, dividends from foreign corporations;
- (16) Section 248, organizational expenditures;
- (17) Section 263(c), expensing of intangible drilling costs, to the extent in excess of depreciation and amortization;
- (18) Section 613 and 613A, percentage depletion, to the extent in excess of cost depletion;
- (19) Section 616(a), expenses of mining development costs, to the extent in excess of the amount deductible under Section 616(b) as a deferred expense;
- (20) Section 617, mining exploration costs, to the extent in excess of the amount allowable as a deduction had the costs been capitalized and deducted ratably over 10 years; and
- (21) Section 631, special rules for timber, coal and iron ore.

(e) NMTIT sections subject to subsection (b) of this section are:

- (1) Section 21, household and dependent care;

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- (2) Section 38, ITC;
- (3) Section 39, gas and special fuels;
- (4) Section 40, work incentive programs;
- (5) Section 44C, residential energy credit;
- (6) Section 44D, nonconventional source fuel;
- (7) Section 44E, alcohol used as fuel;
- (8) Section 44F, increasing research activities;
- (9) Section 44G, employee stock ownership plan; and
- (10) Section 44H, clinical testing, rare disease drugs.

Source: PL 9-22, § 1 (§ 1706).