



COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Ralph DLG. Torres
Governor

Victor B. Hocog
Lieutenant Governor

30 MAY 2016

Honorable Rafael S. Demapan
Speaker, House of Representatives
Nineteenth Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

Honorable Francisco M. Borja
Senate President, The Senate
Nineteenth Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

Dear Mr. Speaker and Mr. President:

This is to inform you that I have signed into law House Bill No. 19-115, entitled, "To amend 4 CMC § 1402(c) (7) thru (13) to remove an unnecessary provision and to grant the Secretary of Finance the authority to classify new products for taxation purposes; and for other purposes.", which was passed by the House of Representatives and the Senate of the Nineteenth Northern Marianas Commonwealth Legislature.

This bill becomes **Public Law No. 19-46**. Copies bearing my signature are forwarded for your reference.

Sincerely,

A handwritten signature in black ink, appearing to read "Ralph DLG. Torres".

RALPH DLG. TORRES

cc: Lt. Governor; Attorney General's Office; Secretary Finance; Public Auditor; Special Assistant for Administration; Special Assistant for Programs and Legislative Review



House of Representatives

19th NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

P.O. BOX 500586
SAIPAN, MP 96950

April 21, 2016

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. 19-115**, entitled: "To amend 4 CMC § 1402(c) (7) thru (13) to remove an unnecessary provision and to grant the Secretary of Finance the authority to classify new products for taxation purposes; and for other purposes.", which was passed by the House of Representatives and the Senate of the Nineteenth Northern Marianas Commonwealth Legislature.

Sincerely yours,



Linda B. Muña
House Clerk

Attachment



*Nineteenth Legislature
of the
Commonwealth of the Northern Mariana Islands*
IN THE HOUSE OF REPRESENTATIVES

Second Regular Session

December 16, 2015

Representative George N. Camacho, of Saipan, Precinct 4 (*for himself*, Representatives Blas Jonathan "BJ" T. Attao, Angel A. Demapan, and John Paul P. Sablan) in an open and public meeting with an opportunity for the public to comment, introduced the following Bill:

H. B. No. 19-115

AN ACT

TO AMEND 4 CMC § 1402(C) (7) THRU (13) TO REMOVE AN UNNECESSARY PROVISION AND TO GRANT THE SECRETARY OF FINANCE THE AUTHORITY TO CLASSIFY NEW PRODUCTS FOR TAXATION PURPOSES; AND FOR OTHER PURPOSES.

The Bill was not referred to a House Committee.

**THE BILL WAS PASSED BY THE HOUSE OF REPRESENTATIVES ON
FIRST AND FINAL READING, DECEMBER 17, 2015;**
without amendments and transmitted to the
THE SENATE.

The Bill was referred to the Senate Committee on Fiscal Affairs, which submitted Standing Committee Report 19-69; adopted March 11, 2016.

THE BILL WAS PASSED BY THE SENATE ON FIRST AND FINAL READING, APRIL 5, 2016;
without amendments and was returned to
THE HOUSE OF REPRESENTATIVES.

THE BILL WAS FINALLY PASSED ON DECEMBER 17, 2016.



Linda B. Muña, House Clerk



*Nineteenth Legislature
of the
Commonwealth of the Northern Mariana Islands*
IN THE HOUSE OF REPRESENTATIVES

Tenth Day, Second Regular Session
December 17, 2015

H. B. No. 19-115

AN ACT

TO AMEND 4 CMC § 1402(C) (7) THRU (13) TO REMOVE AN UNNECESSARY PROVISION AND TO GRANT THE SECRETARY OF FINANCE THE AUTHORITY TO CLASSIFY NEW PRODUCTS FOR TAXATION PURPOSES; AND FOR OTHER PURPOSES.

Be it enacted by the Nineteenth Northern Marianas Commonwealth Legislature:

1 **Section 1. Findings and Purpose.** The Commonwealth Legislature finds that goods,
2 commodities, or merchandise entering the Commonwealth requires inspection and clearance
3 by the Division of Customs of the Department of Finance for taxation purposes. Through
4 consultation with the Division of Customs, the Commonwealth Legislature finds it necessary
5 to make amendments to the existing statute pertaining to exemptions from excise taxes and to
6 authorize the Secretary of Finance or his or her designee to classify new products for taxation
7 purposes.

8 The Commonwealth Legislature further finds that the current tax exemption for
9 personal and office computer equipment was originally intended to keep the prices of such
10 items at an affordable rate for consumers. However, the daily use of computers have become
11 a part of our daily lives, but most importantly the abundance of such technology has allowed
12 a significant reduction in costs compared to what it used to be. Therefore, such a tax
13 exemption on these items has exceeded its need and further prevents the Commonwealth
14 from collecting much needed revenue generated from these sales.

HOUSE BILL 19-115

1 It is therefore the purpose of this Act to amend 4 CMC § 1402 to remove the excise
2 tax exemption for personal and office computer equipment and to authorize the Secretary of
3 Finance to classify new products for taxation purposes.

4 **Section 2. Amendments.**

5 a. 4 CMC § 1402(c) (7) thru (13) is hereby amended to read as follows:

6 **“1402. Excise Tax.**

7 (c) *Exemptions from Excise Tax.* The following items shall be exempt from
8 excise tax:

9 (7) Goods, commodities, resources, or merchandise brought into the
10 Commonwealth temporarily and solely for the purpose of display or
11 demonstration and not for the purpose of sale. Any goods, commodities,
12 resources, or merchandise temporarily imported under this subsection must be
13 entered pursuant to a written application as prescribed by the secretary and
14 filed with the secretary. The secretary may by regulation place restrictions on
15 any temporary importation free of tax under this section to ensure that all
16 relevant goods, commodities, resources, or merchandise are in fact used only
17 for temporary display or demonstration.

18 (8) Capital equipment, machinery, spare parts, and other items
19 brought into a Commonwealth Free Trade Zone and used to operate facilities
20 located within the Zone(s) pursuant to an exemption duly granted by the Free
21 Trade Zone Authority, to the extent (amount and duration, which shall not
22 exceed 20 years) prescribed by such exemption.

23 (9) Raw material and other goods, except if they enter the CNMI
24 Customs Territory, brought into a Commonwealth Free Trade Zone for
25 incorporation into products produced or assembled within the Free Trade
26 Zone(s), to the extent (amount, and duration, which shall not exceed 20 years)
27 of an exemption duly granted by the Commonwealth Free Trade Zone
28 Authority. This exemption shall not apply to consumable supplies used in the
29 course of ordinary business operations or to construction materials.

30 (10) Domestic articles on which an excise tax has previously been
31 paid, reentering the CNMI Customs Territory from a Commonwealth Free
32 Trade Zone, to the extent of the tax previously paid; provided that, no
33 exemption shall be allowed if, in the opinion of the secretary, the domestic
34 articles have lost their identity.

35 (11) The secretary may prescribe regulations to exempt any other
36 goods, commodities, resources, or merchandise from taxation under this

HOUSE BILL 19-115

1 chapter. The secretary may also prescribe regulations for the supervision and
2 identification of goods sent into the Commonwealth Free Trade Zone(s) from
3 the Customs Territory of the CNMI. For purposes of this section, Customs
4 Territory of the CNMI or CNMI Customs Territory means the territory of the
5 Commonwealth of the Northern Mariana Islands with the exclusion of Free
6 Trade Zones established by or pursuant to law.

7 (12) Refrigerators, stoves, ovens, and other devices for preserving or
8 cooking food, which are certified ENERGY STAR by the U.S. Environmental
9 Protection Agency and the U.S. Department of Energy.

10 b. 4 CMC § 1402(e) is hereby amended to read as follows:

11 **“1402. Excise Tax.**

12 (e) *Regulations.* The secretary may by regulation require that persons
13 importing quantities of goods, commodities, resources, or merchandise in the
14 Commonwealth which are not normally indicative of a nonbusiness use must supply
15 proof of the nonbusiness nature of the use intended for the goods, commodities,
16 resources, or merchandise in order to avoid taxation under this section. The secretary
17 shall prescribe by regulation the nature of the proof required to show the nonbusiness
18 purpose. The Secretary of Finance is further authorized to classify new products for
19 taxation purposes as necessary through rules and regulations promulgated under the
20 Administrative Procedure Act.”

21 **Section 3. Severability.** If any provisions of this Act or the application of any such
22 provision to any person or circumstance should be held invalid by a court of competent
23 jurisdiction, the remainder of this Act or the application of its provisions to persons or
24 circumstances other than those to which it is held invalid shall not be affected thereby.

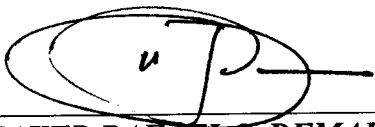
25 **Section 4. Savings Clause.** This Act and any repealer contained herein shall not be
26 construed as affecting any existing right acquired under contract or acquired under statutes
27 repealed or under any rule, regulation or order adopted under the statutes. Repealers
28 contained in this Act shall not affect any proceeding instituted under or pursuant to prior law.
29 The enactment of the Act shall not have the effect of terminating, or in any way modifying,
30 any liability, civil or criminal, which shall already be in existence on the date this Act
31 becomes effective.

HOUSE BILL 19-115

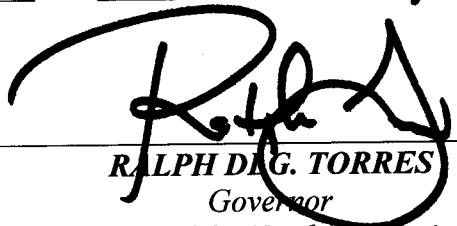
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Section 5. Effective Date. This Act shall take effect upon its approval by the Governor, or its becoming law without such approval.

Attested to by: 
Linda B. Muña, House Clerk

Certified by: 
SPEAKER RAFAEL S. DEMAPAN
House of Representatives
19th Northern Marianas Commonwealth Legislature

Approved this 30th day of MAY, 2016


RALPH D.G. TORRES
Governor
Commonwealth of the Northern Mariana Islands