

Arnold I. Palacios
Governor



David M. Apatang
Lieutenant Governor

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
OFFICE OF THE GOVERNOR

September 20, 2024

GOV2024-663

The Honorable Edmund S. Villagomez
Speaker, House of Representatives
Twenty-Third Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

The Honorable Edith E. Deleon Guerrero
President of the Senate
Twenty-Third Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

Dear Mr. Speaker and Madame President:

This is to inform you that I have signed into law **House Bill No. 23-48, SS1**, entitled, "To amend Title 4, Division 9 of the Commonwealth Code to place the apprenticeship program within the Department of Labor and to repeal 3 CMC § 1351 through 1358 in their entirety; and for other purposes," which was passed by the House of Representatives and the Senate of the Twenty-Third Northern Marianas Commonwealth Legislature.

This bill becomes **Public Law No. 23-25**. Copies bearing my signature are forwarded for your reference.

Sincerely,

A handwritten signature in blue ink, appearing to read "Arnold I. Palacios".

ARNOLD I. PALACIOS
Governor

cc: Lieutenant Governor; Attorney General; Commonwealth Law Revision;
Public Auditor; Special Assistant for Administration; Secretary, Department of Labor;
Secretary, Department of Finance; Programs and Legislative Review Office



HOUSE OF REPRESENTATIVES

P.O. BOX 500586
SAIPAN, MP 96950
cnmileg.net

August 14, 2024

The Honorable Arnold I. Palacios
Governor
Commonwealth of the Northern
Mariana Islands
Capitol Hill
Saipan, MP 96950

Dear Governor Palacios:

I have the honor of transmitting herewith for your action **H. B. No. 23-48, SS1**, entitled: "To amend Title 4, Division 9 of the Commonwealth Code to place the apprenticeship program within the Department of Labor and to repeal 3 CMC §1351 through §1358 in their entirety; and for other purposes.", which was passed by the House of Representatives and the Senate of the Twenty-Third Northern Marianas Commonwealth Legislature.

Sincerely yours,


Linda B. Muña
House Clerk

Attachment





**TWENTY-THIRD NORTHERN MARIANA COMMONWEALTH LEGISLATURE
IN THE HOUSE OF REPRESENTATIVES**

SECOND SPECIAL SESSION

MAY 10, 2023

REPRESENTATIVE DENITA KAIPAT YANGETMAI OF SAIPAN, PRECINCT 3 (*for herself*) in an open and public meeting with an opportunity for the public to comment, introduced the following Bill:

H. B. No. 23-48, SS1

AN ACT

**TO AMEND TITLE 4, DIVISION 9 OF THE
COMMONWEALTH CODE TO PLACE THE
APPRENTICESHIP PROGRAM WITHIN THE DEPARTMENT
OF LABOR AND TO REPEAL 3 CMC §1351 THROUGH
§1358 IN THEIR ENTIRETY; AND FOR OTHER PURPOSES.**

IN THE HOUSE OF REPRESENTATIVES

The Bill was referred to the House Committee on Judiciary and Governmental Operations and to the House Committee on Education, which submitted Standing Committee Report 23-32 (JGO) adopted 7/28/2024.

**THE BILL WAS PASSED BY THE HOUSE OF REPRESENTATIVES ON
FIRST AND FINAL READING, JULY 28, 2023;
without amendments and transmitted to THE SENATE.**

IN THE SENATE

The Bill was referred to the Senate Committee on Health, Education and Welfare, which submitted Standing Committee Report 23-91 adopted 6/7/2024.

**THE BILL WAS PASSED BY THE SENATE ON FIRST AND FINAL READING, JUNE 7, 2024;
with amendments in the form of H. B. NO. 23-48, SS1 and returned to THE HOUSE OF
REPRESENTATIVES.**

The House of Representatives accepted the Senate amendments and passed H. B. No. 23-48, SS1 during its First Day, Fourth Regular Session on August 8, 2024.

**H. B. NO. 23-48, SS1 IS DULY PASSED BY THE TWENTY-THIRD NORTHERN MARIANAS
COMMONWEALTH LEGISLATURE.**


Linda B. Muña, House Clerk



TWENTY-THIRD NORTHERN MARIANAS COMMONWEALTH LEGISLATURE
IN THE HOUSE OF REPRESENTATIVES

FIRST DAY, FOURTH REGULAR SESSION

AUGUST 8, 2024

H. B. No. 23-48, SS1

AN ACT

TO AMEND TITLE 4, DIVISION 9 OF THE COMMONWEALTH CODE TO PLACE THE APPRENTICESHIP PROGRAM WITHIN THE DEPARTMENT OF LABOR AND TO REPEAL 3 CMC §1351 THROUGH §1358 IN THEIR ENTIRETY; AND FOR OTHER PURPOSES.

BE IT ENACTED BY THE TWENTY-THIRD NORTHERN MARIANAS COMMONWEALTH LEGISLATURE:

SECTION 1. SHORT TITLE.

This Act shall be cited as the “Commonwealth Apprenticeship Program Act of 2024”.

SECTION 2. FINDINGS AND PURPOSES.

The Legislature finds that pursuant to the Northern Mariana Islands US Workforce Act of 2018, the CNMI was given a period, slated to end 31 December 2029, to transition towards the employment of U.S. eligible workers, especially in the field of skilled labor. Cognizant of such a transition requirement, the Legislature finds it highly pertinent to establish and invest in programs that are intended to develop a local skilled workforce. With the development of a U.S.-based workforce, the CNMI will cease to rely exclusively on non-U.S. workers.

The Legislature also finds apprenticeship programs are a system for training new generations of practitioners for trades and/or professions with On-the-Job Learning and Related

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1 Training Instruction. Within these programs, a practitioner can be licensed to practice in their
2 respective craft to gain employment in an Apprentice occupation. Other United States
3 jurisdictions, such as Guam, Hawaii, Alabama, and so forth, have implemented necessary laws
4 and registered apprenticeship programs that aim to develop their respective U.S.-based, local
5 workforce. As a Commonwealth of the United States, it is imperative to mirror these programs
6 to provide our people in the CNMI with access to education and training for the necessary skills
7 they need to obtain employment, become financially self-sufficient, to support their respective
8 families, and to contribute to the CNMI economy.

9 The Legislature further finds CNMI Public Law 15-5, codified as 3 CMC §1351 et.
10 seq., authorized the Northern Marianas College to establish the United State Registered
11 Apprenticeship Program. Despite this authorization, the Legislature finds its implementation
12 has been troublesome due to a lack of a specified funding source to administer the program.
13 Furthermore, the specified CNMI Public Law does not require the collaboration of the CNMI
14 Department of Labor, a department within the CNMI Government that is tasked to handle
15 private sector labor issues within the CNMI. Mindful of the labor shortages that we are
16 currently facing, it is highly pertinent to allow for the appropriate agency to collaborate with
17 the respective institutions to administer its implementation. As it stands, the CNMI Department
18 of Labor Workforce Investment Agency has been administering a U.S. DOL Registered
19 Apprenticeship Program (RAP) as an approved work-based strategy since 2019 when they
20 received an Apprenticeship State Expansion grant. The grant's purpose was to promote the U.S.
21 Department of Labor (US DOL) Registered Apprenticeship Programs (RAP) as a significant
22 workforce solution. The program was designed to up-skill incumbent workers in demand-
23 driven occupations in the CNMI.

24 Therefore, the purpose of this Act is to amend Title 4, Division 9 of the Commonwealth
25 Code by adding a new Chapter 9 to re-establish an apprenticeship program within the CNMI
26 and to repeal 3 CMC §1351 through §1358 in its entirety and for other purposes. In doing so,
27 this legislation will reestablish a CNMI Registered Apprenticeship Program within the
28 Department of Labor that is designed to: increase local US highly skilled workers; establish
29 systems for employers to hire and train apprentices; authorize tax deductions for eligible costs
30 directly associated with an approved registered apprenticeship program.

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1 **SECTION 3. REPEALER.**

2 3 CMC §1351 through §1358 of the Commonwealth Code is hereby repealed in its
3 entirety.

4 **SECTION 4. AMENDMENT.**

5 Title 4, Division 9 of the Commonwealth Code is hereby amended by adding a new
6 Chapter 9 to read as follows:

7 **“CHAPTER 9. APPRENTICESHIP.**

8 **Article 1. CNMI Registered Apprenticeship Program.**

9 **§9901. Definitions. As used in this Article:**

10 (a) “Advisory Council” means the Advisory Council Under the CNMI State
11 Workforce Development Board (SWDB).

12 (b) “Apprentice” means a worker at least 16 years of age, except where a higher
13 minimum age standard is otherwise fixed by law, who is employed to learn an
14 apprentice occupation as provided in the Code Federal of Regulations (CFR) Title 29,
15 Subtitle A, part § 29.4 under standards of apprenticeship fulfilling the requirements of
16 part § 29.5.

17 (c) “Apprenticeship Program” means a plan containing all terms and conditions
18 for the qualification, recruitment, selection, employment, and training of apprentices,
19 as required under this part and CFR part 30, including such matters as the requirement
20 for a written apprenticeship agreement.

21 (d) “Business” means a professional group, association, corporation,
22 partnership, sole proprietorship, trust, foundation, or any other individual or
23 organization with good standing with the CNMI DOL and carrying on any business
24 whether or not operated for profit.

25 (e) “Cancellation” means the termination of the registration or approval status
26 of an apprenticeship program at the request of the sponsor or termination of an
27 Apprenticeship Agreement at the request of the apprentice.

28 (f) “CNMI Office of Apprenticeship” shall consist of full-time employees of the
29 CNMI Department of Labor and shall manage registered and potential Business
30 Employers and Apprentices.

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1 (g) “DOL” means the Department of Labor of the CNMI Government.

2 (h) “Director” means the Director of Revenue and Taxation.

3 (i) “Eligible Training Provider List (ETPL) Institutions” means institutions or
4 entities with job training programs approved by the State Workforce Development
5 Board.

6 (j) “Eligible Training Costs” means the direct costs incurred for training a
7 registered apprenticeship; including wages, instructional expenses, and supportive
8 services.

9 (k) “Employer” means any person or organization employing an apprentice
10 whether or not such person or organization is a party to an apprenticeship agreement
11 with the apprentice.

12 (l) “Institution of higher education” means the Northern Marianas College,
13 Northern Marianas Technical Institute, licensed post-secondary institutions, or licensed
14 post-secondary training programs approved by the USDOL OA.

15 (m) “Occupation List” means a list of occupations prioritizing the CNMI’s
16 needed trades that corresponds with a USDOL-OA apprenticeship training program
17 that lists the occupational trades approved for apprenticeship training within the
18 Program.

19 (n) “Program” means the Commonwealth Registered Apprenticeship Program,
20 an occupationally driven apprenticeship training program meeting the standards of the
21 U.S. Department of Labor, Office of Apprenticeship, that is recognized and approved
22 as an occupational priority by DOL to which this Article applies.

23 (o) “Program Provider” means a business or institution of higher education that
24 conducts a registered apprenticeship program recognized by the United States
25 Department of Labor (USDOL), Office of Apprenticeship (OA). A business with a
26 registered apprenticeship program may be both a program participant and a program
27 provider.

28 (p) “Program sponsor” means an employer that employs apprentices who
29 receive training through a program provider of a registered apprenticeship program.

30 (q) “Secretary” means the Secretary of the CNMI Department of Labor.

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1 (r) “Skilled trainer” means a journeyman or journey-worker.

2 (s) “State Workforce Development Board” means the board is a formal body of
3 volunteers with the majority representing the business community, local elected
4 officials (Senate and House), and other required members of government and
5 workforce/labor organizations. Members of the board are appointed and serve at the
6 pleasure of the Governor. Additionally, the CNMI State Workforce Development
7 Board assists the Governor with administrative, fiscal, and policy oversight of the
8 Workforce Innovation and Opportunity Act (WIOA) Title I programs and services.

9 (t) “Tax deduction” means a reduction in business gross revenue (BGR) that is
10 subject to tax equal to one hundred percent (100%) of remaining eligible training costs
11 paid or incurred by a program participant to train an apprentice.

12 (u) “Trade” means the skilled practice of an occupation.

13 (v) “USDOL” means the United States Department of Labor.

14 (w) “USDOL-OA” means the Office of Apprenticeship of the U.S. Department
15 of Labor.

16 **§9902. CNMI Registered Apprenticeship Program.**

17 The Secretary of Labor shall:

18 (a) administer the Commonwealth Registered Apprenticeship Program and
19 coordinate with the Advisory Council;

20 (b) ensure proper educational accreditation standards are met and maintained
21 by program providers, using educational classes provided by an institution of higher
22 education or approved educational learning resources identified in the standards;

23 (c) shall develop standards for apprenticeship agreements in conformity with
24 this Chapter;

25 (d) hire the staff needed for the CNMI Registered Apprenticeship Program;

26 (e) Certify all participating businesses are in good standing pursuant to NMIC
27 Title 80 Department of Labor Subchapter 80-20.1 Employment Rules and Regulations;

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1 (f) Collaborate with the CNMI Public School System to assist in their alignment
2 of Career Technical Education programs with Registered Apprenticeships in an effort
3 to:

4 (1) Enhance the quality of CTE program outcomes by aligning CTE
5 programs with industries;

6 (2) Expand post-program opportunities; and

7 (3) Increase the number of qualified apprentices for high-demand, high-
8 wage, and high-skill careers;

9 (g) Certify eligible training costs paid or incurred pursuant to the Program; and

10 (h) Perform other duties as are necessary to carry out the intent and purpose of
11 this Chapter.

12 **§9903. Apprenticeship Program Occupations Approved for the Commonwealth**
13 **Registered Apprenticeship Program.**

14 Annually, the Secretary shall:

15 (a) Establish a list of skilled occupations and trades approved for the program
16 based on JVA data collected from the Division of Employment services.

17 (b) Amend the list of skilled occupations as necessary. Provided, however, that
18 all occupations listed are eligible under the USDOL-OA apprentice occupations.

19 (c) Consider new program participant applications and agreements as they are
20 submitted for review.

21 **§9904. Authorization to Enter into Apprenticeship Agreements.**

22 The SWDB Advisory Council, with the approval of the Secretary, may contract
23 with program providers to prescribe the manner, terms, and conditions of DOL
24 cooperation with the provider in meeting the Program's objectives. The contracts shall
25 be with program providers having a registered and approved apprenticeship training
26 program that complies with applicable laws.

27 **§9905. Eligibility.**

28 An apprentice must:

29 (a) Be a paid employee of RAP Sponsor. To qualify as an apprentice, an
30 individual must have an established and documented employment history with the

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1 employer for three months or more;

2 (b) Be a citizen or non-citizen authorized to work in the United States;

3 (c) Be at least 16 years of age or older; and

4 (d) Agree to the terms and conditions of the Program and § 9909 of this Article.

5 **§9906. Participation Requirements for Apprentices.**

6 An apprentice shall sign an agreement with the respective employer and DOL
7 that stipulates that, in exchange for the training, the apprentice will remain and work in
8 the CNMI for a period of one year for each year of participation in the Program.

9 **§9907. Administration of the Commonwealth Registered Apprenticeship**
10 **Program.**

11 (a) The CNMI State Workforce Development Board shall:

12 (1) Establish an Advisory Council to provide leadership and guidance
13 to promote and expand apprenticeship in new high-growth industries; build and
14 maintain partnerships with stakeholders; and coordinate resources that support
15 apprenticeship opportunities;

16 (2) Resolve differences arising out of the apprenticeship agreements
17 where the differences cannot be otherwise adjusted locally;

18 (3) Submit all proposed modifications in legislation, regulations,
19 policies and/or operation procedures planned or anticipated by the Advisory
20 Council, either at the time of application for recognition or subsequently, to the
21 Department for review and obtain the Secretary's concurrence prior to
22 implementation;

23 (4) Perform other duties as are necessary to carry out the intent and
24 purpose of this Chapter;

25 (b) The CNMI Registered Apprenticeship Program duties and responsibilities
26 shall include, but are not limited, to the following:

27 (1) Assist in the development of on-the-job learning programs in
28 national apprentice occupations or local apprentice occupations;

29 (2) Register such apprenticeship agreements as are in the best interest of
30 apprenticeship, and which conform to the standards established by this Chapter;

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1 (3) Keep a record of apprenticeship agreements and upon determination
2 thereof issue either an interim credential or a certificate of completion of
3 apprenticeship;

4 (4) Terminate or cancel any apprenticeship agreements in accordance
5 with the agreements or at the request of the sponsor, or termination of an
6 Apprenticeship Agreement at the request of the apprentice;

7 (5) Keep a record of program participants and program provider
8 processing fees and finances; and

9 (6) Establish contracts with government agencies, departments and
10 instrumentalities, public or private organizations, firms, companies, businesses,
11 program providers, or individuals to provide technical or skilled training
12 programs. Said contracts shall provide for specialized training in needed skills
13 not otherwise available through the Program. If this specialized training is not
14 part of an accessory CNMI Government or federally funded program, the
15 program participant shall pay the training cost.

16 (c) Program sponsors having apprentices in training shall adopt and register
17 with the Secretary a written Affirmative Action Plan and Selection Procedure according
18 to Title 29 C.F.R. Part 30. Program sponsors may set their own minimum requirements,
19 qualifications, and credentials for apprentices in compliance with all applicable
20 Program requirements of USDOL-OA standards; and

21 (d) DOL is authorized to collect an Eligible Costs Tax Deduction Certification
22 processing fee in order to defray the cost of administering the Program and shall be due
23 upon release of the certification.

24 **§9908. Tax Deduction for Apprenticeship Program Participants.**

25 (a) Any business that employs apprentices duly enrolled and registered under
26 the terms of the Program is entitled to a tax deduction on their BGR equal to one
27 hundred percent (100%) of remaining eligible costs paid or incurred by the business,
28 provided that:

29 (1) The apprenticeship training program teaches an approved occupation
30 under § 9903 of this Article;

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1 (2) The apprentice completes a training stage of an apprenticeship
2 program as determined by DOL, following USDOL-OA standards. No tax
3 deduction shall be claimed by a program participant for an apprentice unless the
4 apprentice completes at least fifty percent of the approved Work Process
5 Schedule;

6 (3) The eligible costs were paid or incurred during the apprentice's
7 participation in the Program;

8 (4) The eligible costs were paid or incurred within the previous three
9 calendar years from the date the costs were submitted to DOL for certification.
10 Costs paid or incurred earlier than the three calendar years preceding the date
11 the costs are submitted to DOL shall not be certified as eligible costs;

12 (5) No business or program participant holding a Qualifying Certificate
13 (QC) shall claim tax deductions pursuant to this Section. The Commonwealth
14 Economic Development Authority shall assist the Secretary in determining
15 whether a participant may claim the deduction;

16 (6) The apprentice must complete a minimum of 2,000 hours of On-the-
17 Job-Training per year unless otherwise required by USDOL standards;

18 (7) A "progressive wage scale" shall be approved to meet USDOL OA
19 standards. Paid wages must meet the federal minimum wage. There must be at
20 least one wage progression scale; and

21 (8) Apprenticeship training costs paid by Workforce Innovation and
22 Opportunity Act (WOIA) funds, Department of Labor CNMI Apprenticeship
23 Program funds, and any training costs paid by the Commonwealth Government
24 or federal funding shall not be eligible Program costs and shall not be applied
25 as a tax deduction.

26 (b) A program participant may only apply the tax deduction if allowed by the
27 CNMI Division of Revenue and Taxation procedures.

28 **§9909. Implementation of Tax Deduction by the Director of Revenue and**
29 **Taxation.**

30 The Director of Revenue and Taxation shall, no later than one hundred and

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1 twenty days after the enactment hereof, in cooperation with the Secretary, develop
2 procedures to implement the tax deduction authorized by this Article, and to that end
3 shall:

4 (a) enact such requirements for claimants as may be necessary to implement this
5 Article;

6 (b) promulgate forms and publications to assist eligible businesses claiming the
7 tax deduction;

8 (c) develop procedures to facilitate the tax deductions on BGR; and

9 (d) coordinate with the Secretary relative to verifying certified tax deductions.

10 **§9910. Reporting Requirements.**

11 (a) The Secretary shall include a summary report of this program in the Citizen
12 Centric Report due at the close of each fiscal year. The report shall include:

13 (1) List the number of Registered Apprentices for every corresponding
14 occupation;

15 (2) List the number of Registered Apprentices that completed their
16 training program; and

17 (3) List the total amount of tax deductions claimed by each program
18 sponsor in the preceding fiscal year;

19 (b) Program sponsors and program providers must report to an approved CNMI
20 DOL and US DOL program system.”

21 **SECTION 5. SEVERABILITY.**

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

26 **SECTION 6. SAVINGS CLAUSE.**

27 This Act and any repealer contained herein shall not be construed as affecting any
28 existing right acquired under contract or acquired under statutes repealed or under any rule,
29 regulation, or order adopted under the statutes. Repealers contained in this Act shall not affect
30 any proceeding instituted under or pursuant to prior law. The enactment of the Act shall not

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1 have the effect of terminating, or in any way modifying, any liability, civil or criminal, which
2 shall already be in existence on the date this Act becomes effective.

3 **SECTION 7. EFFECTIVE DATE.**


4 This Act shall take effect upon its approval by the Governor, or it becoming law without
5 such approval.

Attested to by:



Linda B. Muña, House Clerk

Certified by:



ACTING SPEAKER JOEL C. CAMACHO
House of Representatives
23rd Northern Marianas Commonwealth Legislature

Approved this *20th* day of *September*, 2024



ARNOLD I. PALACIOS
Governor
Commonwealth of the Northern Mariana Islands