

TWENTY-SECOND NORTHERN MARIANAS COMMONWEALTH

LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

\_\_\_\_\_  
Session, 2022

H. B. 22- 106

**A BILL FOR AN ACT**

Relating to transient accommodations tax and regulation of short term rentals in the Commonwealth.

**BE IT ENACTED BY THE 22<sup>ND</sup> NORTHERN MARIANAS  
COMMONWEALTH LEGISLATURE:**

1           **Section 1. Findings and Purpose.** The Legislature finds that in recent  
2 years, short term rentals of untraditional accommodations, such as apartments and  
3 houses, to tourists and transient occupants has rapidly increased. This industry has  
4 disrupted the housing markets and led to increased prices for long term rentals for  
5 our residents. Furthermore, certain operator practices may be inconsistent with  
6 intended uses of property in residentially zoned areas and operators that do not  
7 comply with applicable regulations, business licensing requirements, and tax laws  
8 have an unfair advantage over operators of traditional lodging facilities and any  
9 compliant operators.

10           Due to the nature of this industry, where operator accommodations can  
11 range from one room in a house to entire condominium facilities, with transactions  
12 occurring almost exclusively electronically, the government cannot readily  
13 determine who is offering transient accommodations. Therefore, the legislature

1 finds that operators of transient accommodations should be required to register so  
2 that this industry may be properly regulated and taxed.

3 The legislature further finds, under certain circumstances, allowing a  
4 private person to act as a tax collection agent is likely to ease the burden of  
5 collecting taxes. The legislature also finds that in the transient accommodations  
6 industry there are entities that are well-placed to act as tax collection agents and  
7 ease the burden of collecting taxes.

8 The legislature further finds that requiring hosting platforms to collect  
9 transient accommodations taxes through hosting platforms and remit these taxes on  
10 the behalf of transient accommodations operators will increase compliance.

11 Therefore, the purpose of this Act is to:

12 (1) Repeal the Hotel Occupancy Tax and establish a Transient  
13 Accommodations Tax;

14 (2) Require persons to register prior to engaging or continuing in the  
15 business of furnishing transient accommodations, which includes posting any  
16 advertisement for furnishing a transient accommodation;

17 (3) Make any person who fails to register prior to engaging or  
18 continuing in the business of furnishing transient accommodations, which includes  
19 posting any advertisement for furnishing a transient accommodation, subject to a  
20 citation process and monetary fines;



1           (4) Make any person who enters into an agreement to furnish transient  
2 accommodations without registering subject to a citation process and monetary  
3 fines;

4           (5) Require a hosting platform that collects fees for booking services to  
5 register as a tax collection agent on behalf of its operators for purposes of the  
6 transient accommodations tax; and

7           (6) Make any person who offers transient accommodations through a  
8 hosting platform that is not registered as a tax collection agent subject to a citation  
9 process and monetary fines.

10           **Section 2. Amendment.** Subject to codification by the CNMI Law  
11 Revision Commission, Title 4, Division 1 of the Commonwealth Code is amended  
12 by adding a new Chapter 13 to read as follows:

13           **“CHAPTER 13. TRANSIENT ACCOMMODATIONS TAX**

14           **Section 101. Short Title.** This Act may be cited as the “Transient  
15 Accommodations Act of 2022.”

16           **Section 102. Definitions.** As used in this chapter:

17           (a) “Booking service” means any reservation or payment service provided  
18 by a person or entity that facilitates a transient accommodation transaction between  
19 an operator and a prospective transient or occupant, and for which the person or  
20 entity collects or receives, directly or indirectly, through an agent or intermediary,

1 a fee in connection with the reservation or payment services provided for the  
2 transient accommodation transaction.

3 (b) "Division" means the Division of Revenue of Taxation of Department  
4 of Finance of the Commonwealth of the Northern Mariana Islands.

5 (c) "Director" means the Director of the Division of Revenue of Taxation  
6 of Department of Finance of the Commonwealth of the Northern Mariana Islands.

7 (c) "Gross rental" or "gross rental proceeds" means the gross receipts, cash  
8 or accrued, of the taxpayer received as compensation for the furnishing of transient  
9 accommodations or entering into arrangements to furnish transient  
10 accommodations and the value proceeding or accruing from the furnishing of  
11 transient accommodations or entering into arrangements to furnish transient  
12 accommodations, including resort fees, without any deductions on account of the  
13 cost of property or services sold, the cost of materials used, labor cost, taxes,  
14 royalties, interest, discounts, or any other expenses whatsoever.

15 The words "gross rental" or "gross rental proceeds" shall not be construed  
16 to include the amounts of taxes imposed by chapter 2 or this chapter on operators  
17 of transient accommodations, transient accommodations brokers, travel agencies,  
18 and tour packagers and passed on, collected, and received from the consumer as  
19 part of the receipts received as compensation for the furnishing of transient  
20 accommodations or entering into arrangements to furnish transient  
21 accommodations.



1           Where transient accommodations are furnished through arrangements made  
2 by a transient accommodations broker, travel agency, or tour packager at  
3 noncommissionable negotiated contract rates and the gross income is divided  
4 between the operator of transient accommodations on the one hand and the transient  
5 accommodations broker, travel agency, or tour packager on the other hand, the tax  
6 imposed by this chapter shall apply to each operator and transient accommodations  
7 broker, travel agency, or tour packager with respect to that person's respective  
8 portion of the proceeds and no more. For purposes of this definition, where the  
9 operator maintains a schedule of rates for identifiable groups of individuals, upon  
10 which the accommodations are leased, let, or rented, gross rental or gross rental  
11 proceeds means the receipts collected and received based upon the scheduled rates  
12 and recorded as receipts in its books and records.

13           (d) "Hosting platform" means a person or entity that participates in the  
14 transient accommodations business by providing, and collecting or receiving a fee  
15 for, booking services through which an operator may offer a transient  
16 accommodation. Hosting platforms usually, though not necessarily, provide  
17 booking services through an online platform that allows an operator to advertise the  
18 transient accommodations through a website provided by the hosting platform and  
19 the hosting platform conducts a transaction by which potential renters arrange, use,  
20 or pay, whether the renter pays rent directly to the operator or to the hosting  
21 platform.

1           (e)     “Lease”, “let”, or “rental” means the leasing or renting of living  
2 quarters or sleeping or housekeeping accommodations in hotels, apartment hotels,  
3 motels, condominiums or units, cooperative apartments, rooming houses, or other  
4 places in which lodgings are regularly furnished to transients for a consideration,  
5 without transfer of the title of such property.

6           (f)     “Local contact” means an individual residing in the Commonwealth  
7 or an entity with a place of business and at least one employee, officer, partner,  
8 member, or other person working on behalf of the company who is residing in the  
9 Commonwealth.

10          (g)     “Operator” means any person operating a transient accommodation,  
11 whether as owner or proprietor or as lessee, sublessee, mortgagee in possession,  
12 licensee, or otherwise, or engaging or continuing in any service business which  
13 involves the actual furnishing of transient accommodation.

14          (h)     "Transient accommodations" means the furnishing of a room,  
15 apartment, suite, single family dwelling, or the like to a transient for less than ninety  
16 consecutive days for each letting in a hotel, apartment hotel, motel, condominium  
17 or unit, cooperative apartment, dwelling unit, or rooming house that provides living  
18 quarters, sleeping, or housekeeping accommodations, or other place in which  
19 lodgings are regularly furnished to transients.

20          (i)     “Transient accommodations broker” means any person or entity,  
21 including but not limited to persons who operate online websites, online travel



1 agencies, or online booking agencies, that offers, lists, advertises, or accepts  
2 reservations or collects whole or partial payment for transient accommodations.

3 **Section 103. Imposition of Tax and Rates.**

4 (a) There is levied and shall be assessed and collected each month a tax  
5 of fifteen percent on the gross rental or gross rental proceeds derived from  
6 furnishing transient accommodations.

7 (b) Every transient accommodations broker, travel agency, and tour  
8 packager who arranges transient accommodations at noncommissioned negotiated  
9 contract rates and every operator shall pay to the Commonwealth the tax imposed  
10 by subsection (a) as provided in this chapter.

11 **Section 104. Exemptions.**

12 (a) Accommodations furnished to foreign diplomats and consular  
13 officials who are holding cards issued or authorized by the United States  
14 Department of State granting them an exemption from state taxes.

15 (b) Accommodations furnished to Commonwealth residents during a  
16 state of major disaster declared by the Governor.

17 **Section 105. Certificate of Registration.**

18 (a) Each operator as a condition precedent to engaging or continuing in the  
19 business of furnishing transient accommodations shall register with the Director the  
20 name and location of each place of business within the Commonwealth subject to  
21 this chapter. The operator shall make a one-time payment as follows:

1                   (1) \$5 for each registration for transient accommodations consisting  
2                   of one to five units; and

3                   (2) \$15 for each registration for transient accommodations  
4                   consisting of six or more units;  
5                   upon receipt of which the Director shall issue a certificate of registration in such  
6                   form as the Director determines, attesting that the registration has been made. The  
7                   registration shall not be transferable and shall be valid only for the operator in  
8                   whose name it is issued and for the transaction of business at the place designated  
9                   therein. Acquisition of additional transient accommodation units after payment of  
10                  the one-time fee shall not result in additional fees.

11                  (b) The registration, or in lieu thereof a notice stating where the registration  
12                  may be inspected and examined, shall at all times be conspicuously displayed at the  
13                  place for which it is issued. The name, phone number, and electronic mail address  
14                  of the local contact shall at all times be conspicuously displayed in the same place  
15                  as the registration or the same place as the notice stating where the registration may  
16                  be inspected and examined. Failure to meet the requirements of this subsection  
17                  shall be unlawful. The Division may issue citations to any person who fails to  
18                  conspicuously display the registration or notice, or the local contact's name, phone  
19                  number, or electronic mail address as required by this subsection. A citation issued  
20                  pursuant to this subsection for each transient accommodation in violation of this  
21                  subsection shall include a monetary fine of not less than:



1 (1) \$500 per day, for a first violation for which a citation is issued;

2 (2) \$1,000 per day, for a second violation for which a citation is  
3 issued; and

4 (3) \$5,000 per day, for a third and any subsequent violation for  
5 which a citation is issued.

6 (c) Any advertisement, including an online advertisement, for any transient  
7 accommodation shall conspicuously provide:

8 (1) The registration identification number or an electronic link to  
9 the registration identification number of the operator issued pursuant to this  
10 section; and

11 (2) The local contact's name, phone number, and electronic mail  
12 address, provided that this paragraph shall be considered satisfied if this  
13 information is provided to the transient prior to the furnishing of the  
14 transient accommodation.

15 (d) Failure to meet the requirements of subsection (c) shall be  
16 unlawful. The Division may issue citations to any person, including operators,  
17 hosting platforms, and transient accommodations brokers, who violates subsection

18 (c). A citation issued pursuant to this subsection for each transient accommodation  
19 in violation of subsection (c) shall include a monetary fine of not less than:

20 (1) \$500 per day, for a first violation for which a citation is issued;

1                   (2) \$1,000 per day, for a second violation for which a citation is  
2                   issued; and

3                   (3) \$5,000 per day, for a third and any subsequent violation for  
4                   which a citation is issued.

5                   (e) The registration provided for by this section shall be effective until  
6                   canceled in writing. Any application for the reissuance of a previously canceled  
7                   registration identification number shall be regarded as a new registration  
8                   application and shall be subject to the payment of the one-time registration fee. The  
9                   Director may revoke or cancel any license issued under this chapter for cause as  
10                  provided by rule under the Administrative Procedures Act.

11                  (f) If the license fee is paid, the Division shall not refuse to issue a  
12                  registration or revoke or cancel a registration for the exercise of a privilege  
13                  protected by the First Amendment of the Constitution of the United States, or for  
14                  the carrying on of interstate or foreign commerce, or for any privilege the exercise  
15                  of which, under the Constitution and laws of the United States, cannot be restrained  
16                  on account of nonpayment of taxes, nor shall section 110 be invoked to restrain the  
17                  exercise of such a privilege, or the carrying on of such commerce.

18                  (g) Any monetary fine assessed under this section shall be due and payable  
19                  thirty days after issuance of the citation, subject to appeal rights provided under this  
20                  subsection. Citations may be appealed to the Director or the Director's designee.



1           (h) Any person who is required by this section to register as a condition  
2 precedent to engaging or continuing in the business of furnishing transient  
3 accommodations subject to taxation under this chapter, who engages or continues  
4 in the business without registering in conformity with this section, shall be subject  
5 to the citation process and monetary fines under subsection (d).

6           (i) For purposes of this section, "engaging or continuing in the business of  
7 furnishing transient accommodations" includes posting any advertisement for the  
8 furnishing of a transient accommodation."

9           (j) Only one citation under subsection (b) may be issued to the person in  
10 any thirty-day period for any failure to display per transient accommodation. The  
11 same person may be issued additional citations under subsection (b) during the  
12 thirty-day period for any failure to display in other transient accommodations the  
13 person operates. Following the expiration of the thirty-day period, a citation may  
14 be issued for failure to display in connection with the same transient  
15 accommodation if it continues to be in violation. Citations issued for second  
16 violations shall not include fines for days of violation for which a fine was issued  
17 in the citation for first violation for the same transient accommodation. Citations  
18 issued for third violations shall not include fines for days of violation for which  
19 fines were issued in the citations for the first and second violations for the same  
20 transient accommodation.

1           (k) Only one citation under subsection (c) may be issued to the person in  
2 any thirty-day period for any failure to display per transient accommodation. The  
3 same person may be issued additional citations under subsection (c) during the  
4 thirty-day period for any failure to display related to other transient  
5 accommodations. Following the expiration of the thirty-day period, a citation may  
6 be issued for failure to display in connection with the same transient  
7 accommodation or for any other transient accommodation. Citations issued for  
8 second violations shall not include fines for days of violation for which a fine was  
9 issued in the citation for first violation for the same transient accommodation.  
10 Citations issued for third violations shall not include fines for days of violation for  
11 which fines were issued in the citations for first and second violations for the same  
12 transient accommodation. Similarly, all citations issued for subsequent violations  
13 shall not include fines for days of violation for which fines were issued in prior  
14 citations for the same transient accommodation.

15           (l) In lieu of issuing a person a first citation and fine for failure to display  
16 information on any advertisement required under subsection (c), the Division shall  
17 issue the violator a written warning if the person has never before received a written  
18 warning for any violation for any transient accommodation. The written warning  
19 shall grant the violator fifteen days to cure the violation. If, during the fifteen-day  
20 period, the Division discovers another transient accommodation operated by the  
21 violator for which a citation for a first violation may be issued, the Division shall



1 not issue such citation until the fifteen-day period has elapsed; provided that if the  
2 violator does not cure all of its violations during the fifteen-day period provided by  
3 the written warning, the Division shall issue citations for all transient  
4 accommodations in violation after the expiration for all days during which they  
5 were in violation. Only one written warning in lieu of a first violation of subsection  
6 (c) may be issued per person. For any subsequent first violations the person may  
7 commit under subsection (c), the Division shall issue a citation with a fine.

8 **Section 106. Certificate of registration for transient accommodations**  
9 **broker, travel agency, and tour packager.**

10 (a) Each transient accommodations broker, travel agency, or tour packager,  
11 as a condition precedent to entering into an arrangement to furnish transient  
12 accommodations at noncommissioned negotiated contract rates, shall register with  
13 the Director. The transient accommodations broker, travel agency, or tour  
14 packager shall make a one-time payment of \$15 for each registration, upon receipt  
15 of which the Director shall issue a certificate of registration in a form as the Director  
16 determines, attesting that the registration has been made. The registration shall not  
17 be transferable and shall be valid only for the transient accommodations broker,  
18 travel agency, or tour packager in whose name it is issued.

19 The registration shall be effective until canceled in writing. Any  
20 application for the reissuance of a previously canceled registration identification  
21 number shall be regarded as a new application for registration and shall be subject

1 to the payment of the one-time registration fee. The Director may revoke or cancel  
2 any registration issued under this section for cause as provided by rule under the  
3 Administrative Procedures Act.

4 (b) Any person who enters into an agreement to furnish transient  
5 accommodations without registering in conformity with this section shall be subject  
6 to the citation process and monetary fines under section 105(d).

7 **Section 107. Return and payments; penalties.**

8 (a) Every person subject to this chapter shall file a return and pay the tax,  
9 if any, on a monthly basis.

10 (b) The monthly returns and payments under subsection (a) of this section  
11 shall be filed and the tax paid, if any, on or before the last day of the month  
12 following the close of each month, to wit: on or before February 28, March 31,  
13 April 30, May 31, June 30, July 31, Aug 31, September 30, October 31, November  
14 30, December 31 and January 31.

15 (c) Failure to comply with the provisions of this section shall be punishable  
16 under the penalties prescribed by this division.

17 **Section 108. Hosting platform as tax collection agent; operator.**

18 (a) A hosting platform that collects fees for booking services shall register  
19 as a tax collection agent on behalf of all of its operators.

20 (b) A tax collection agent shall be issued a separate certificate of  
21 registration under this chapter with respect to taxes due on behalf of its operators



1 in its capacity as a tax collection agent and, if applicable, with respect to any taxes  
2 payable under this chapter for its own business activities.

3 (c) In addition to its own responsibilities under this chapter, a tax collection  
4 agent shall report, collect, and pay over the taxes due under this chapter on behalf  
5 of all of its operators or for whom booking services are provided; provided that the  
6 tax collection agent's obligation to report, collect, and pay taxes on behalf of all of  
7 its operators shall apply solely to transient accommodations in the Commonwealth  
8 for which booking services were provided by the tax collection agent.

9 (d) If the tax collection agent fails to pay the tax as required under  
10 subsection (c), the tax collection agent shall be liable to pay to the Commonwealth  
11 any unpaid portion of the amount of tax that was required to be paid under  
12 subsection (c).

13 (e) All returns and other information provided by a tax collection agent  
14 shall be confidential, and disclosure thereof shall be prohibited as provided in 4  
15 CMC §§ 18161-18163.

16 (f) A tax collection agent shall file periodic returns in accordance with  
17 section 107. The December return shall be accompanied by a cover sheet, in a form  
18 prescribed by the division, that includes the following information for each operator  
19 on whose behalf the tax collection agent is required to report, collect, and pay over  
20 taxes due under this chapter:

21 (1) Name;

- 1                   (2) Location of the transient accommodations;  
2                   (3) Transient accommodations tax identification number;  
3                   (4) The amounts of taxes paid for each transient accommodations  
4 tax identification number.

5           (g) Before collecting any fee for booking services, a tax collection agent  
6 shall notify each of its operators that it is a tax collection agent that it has remitted  
7 or will remit transient accommodation taxes to the Division pursuant to this chapter,  
8 and that the reporting and remittance of Commonwealth business gross revenue and  
9 income taxes is the responsibility of each operator.

10           (h) The Division may require any form or document required to be  
11 submitted under this section to be filed electronically.

12           **Section 109. Unregistered tax collection agents; penalties.**

13           (a) If an operator, transient accommodations broker, travel agency, or tour  
14 packager offers transient accommodations through a hosting platform that is not  
15 registered as required by section 108 of this chapter and the tax collection agent  
16 fails to pay the tax as required under this chapter, the tax collection agent and  
17 operator shall be jointly liable for paying to the Commonwealth any unpaid portion  
18 of the amount of tax required to be paid under this chapter.

19           (b) The Division may issue citations to any person who offers transient  
20 accommodations through a hosting platform that is not registered as required by  
21 section 108 of this chapter. A citation issued pursuant to this subsection for each



1 transient accommodation in violation of this subsection shall include a monetary  
2 fine of not less than:

3 (1) \$500 per day, for a first violation for which a citation is issued;

4 (2) \$1,000 per day, for a second violation for which a citation is  
5 issued; and

6 (3) \$5,000 per day, for a third and any subsequent violation for  
7 which a citation is issued.

8 (c) Only one citation under subsection (b) may be issued to a person in a  
9 thirty-day period per transient accommodation. The same person may be issued  
10 additional citations under subsection (b) during the thirty-day period for offering  
11 other transient accommodations the person operates through an unregistered  
12 hosting platform. Following the expiration of the thirty-day period, a citation may  
13 be issued under subsection (b) in connection with the same transient  
14 accommodation if it continues to be in violation. Citations issued for second  
15 violations shall not include fines for days of violation for which a fine was issued  
16 in the citation for first violation for the same transient accommodation. Citations  
17 issued for third violations shall not include fines for days of violation for which  
18 fines were issued in the citations for the first and second violations for the same  
19 transient accommodation.

20 **Section 110. Collection by suit; injunction.**

1           The Division may collect unpaid taxes, together with all accrued penalties,  
2 and monetary fines under this chapter, by initiating proceedings with the superior  
3 court. If any person lawfully required to obtain a certificate under this chapter fails  
4 to apply for and secure a certificate as provided by this chapter for a period of sixty  
5 days after the first date when the person was required under this chapter to secure  
6 the certificate, the Division may proceed in the superior court to obtain an  
7 injunction restraining the further furnishing of transient accommodations until such  
8 certificate is secured.

9           **Section 111. Application of tax.**

10           (a) The tax imposed by this chapter shall be in addition to any other taxes  
11 imposed by any other laws of the Commonwealth, except as otherwise specifically  
12 provided in this chapter; provided that if it be held by any court of competent  
13 jurisdiction that the tax imposed by this chapter may not legally be imposed in  
14 addition to any other tax or taxes imposed by any other law or laws with respect to  
15 the same property or the use thereof, then this chapter shall be deemed not to apply  
16 to such property and the use thereof under the specific circumstances, but the other  
17 laws shall be given full effect with respect to such property and use.

18           (b) In order to determine if the tax under this chapter is to be levied,  
19 assessed, and collected upon transient accommodations the following presumptions  
20 shall control.



1           (1) If a person lets a transient accommodation for less than ninety  
2           consecutive days, it shall be presumed that the accommodation furnished is  
3           for a transient purpose.

4           (2) If a person lets a transient accommodation for ninety days or  
5           more, there is no presumption one way or another as to the purpose for  
6           which the accommodation is furnished. The operator shall have the burden  
7           of proving to the Division whether an accommodation is not being furnished  
8           for a transient purpose. If the Division is satisfied that an accommodation is  
9           not furnished for a transient purpose, then the Division shall not levy any  
10          tax under this chapter.

11          (c) Except as otherwise provided, this chapter shall apply to a transient  
12          accommodations broker, travel agency, or tour packager who enters into an  
13          agreement to furnish transient accommodations at noncommissioned negotiated  
14          contract rates in the same manner as it applies to an operator.

15                **Section 112. Regulations.**

16                The Secretary of the Department of Finance may adopt rules necessary to  
17          effectuate the purposes of this section.”

18                **Section 3. Repeal.**

19                Section 1502 of Title 4, Division 1, Chapter 5 of the Commonwealth Code  
20          is hereby repealed.

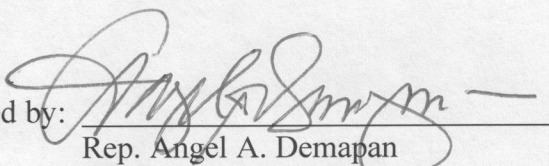
1           **Section 4. Severability.** If any provision of this Act or the application of  
2 any such provision to any person or circumstance should be held invalid by a court  
3 of competent jurisdiction, the remainder of this Act or the application of its  
4 provisions to persons or circumstances other than those to which it is held invalid  
5 shall not be affected thereby.

6           **Section 5. Savings Clause.** This Act and any repealer contained herein  
7 shall not be construed as affecting any existing right acquired under contract or  
8 acquired under statutes repealed or under any rule, regulation or order adopted  
9 under the statutes. Repealers contained in this Act shall not affect any proceeding  
10 instituted under or pursuant to prior law. The enactment of this Act shall not have  
11 the effect of terminating, or in any way modifying, any liability civil or criminal,  
12 which shall already be in existence at the date this Act becomes effective.

13           **Section 6. Effective Date.** Once law, either upon approval by the Governor  
14 or upon becoming law without such approval, this Act, including the repeal of  
15 Section 1502 of Title 4, Division 1, Chapter 5 of the Commonwealth Code, shall  
16 take effect sixty (60) days after regulations implementing the Act are promulgated  
17 by the Secretary of the Department of Finance.

Prefiled: 7/12/2022

Date: 07/12/2022

Introduced by:   
Rep. Angel A. Demapan



Reviewed for Legal Sufficiency by:

John D. Day  
House Legal Counsel