

TWENTY-SECOND NORTHERN MARIANAS COMMONWEALTH

LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

Session, 2022

H. B. 22- 118

A BILL FOR AN ACT

To amend Title 4, Division 9 of the Commonwealth Code by adding a new Chapter 9 to establish an apprenticeship program within the CNMI and to repeal 3 CMC §1351 through §1358 in their entirety; and for other purposes.

**BE IT ENACTED BY THE 22ND NORTHERN MARIANAS
COMMONWEALTH LEGISLATURE:**

1 **Section 1. Short Title.** This Act shall be cited as the “Commonwealth
2 Apprenticeship Program Act of 2022”.

3 **Section 2. Findings and Purpose.** The Legislature finds that pursuant to
4 the Northern Mariana Islands US Workforce Act of 2018, the CNMI was given a
5 period, slated to end 31 December 2029, to transition towards the employment of
6 U.S. eligible workers, especially in the field of skilled labor. Cognizant of such a
7 transition requirement, the Legislature finds it highly pertinent to establish and
8 invest in programs that are intended to develop a local workforce skilled in the
9 trades. With the development of a U.S. based trades workforce, the CNMI will
10 cease to rely exclusively on a non-U.S. workers.

11 The Legislature also finds apprenticeship programs are a system for training

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

11 The Legislature further finds CNMI Public Law 15-5, codified as 3 CMC
12 §1351 et. seq., authorizes the Northern Marianas College to establish the United
13 State Registered Apprenticeship Program. Despite the creation of such a program,
14 the Legislature finds its implementation has been troublesome due to the lack of an
15 identified funding source. Furthermore, the specified CNMI Public Law does not
16 require the collaboration of the CNMI Department of Labor, a department within
17 the CNMI Government that is tasked to handle all labor issues within the CNMI.
18 Mindful of the labor issues that we are currently facing, it is highly pertinent to
19 allow for the appropriate agency to collaborate with the respective institutions to
20 ensure proper implementation. With this program, the input of the CNMI
21 Department of Labor will be an invaluable source to its implementation and

1 success.

2 Therefore, the purpose of this Act is to amend Title 4, Division 9 of the
 3 Commonwealth Code by adding a new Chapter 9 to establish an apprenticeship
 4 program within the CNMI and to repeal 3 CMC §1351 through §1358 in its entirety
 5 and for other purposes. In doing so, this legislation will establish a CNMI
 6 Registered Apprenticeship Program that is designed to: reduce the shortage of
 7 highly skilled workers; establish systems for employers to hire and train apprentices
 8 in highly skilled trades and occupations; authorize tax credits for certain long-term
 9 apprenticeship training expenses; and ensure that apprentices continue to pay
 10 income taxes and participate in the economy.

11 **Section 3. Repealer.** 3 CMC §1351 through §1358 is hereby repealed in
 12 their entirety.

13 **Section 4. Amendment.** Title 4, Division 9 of the Commonwealth Code is
 14 hereby amended by adding a new Chapter 9 to read as follows:

15 **“CHAPTER 9. APPRENTICESHIP.**

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

17 **§9901. Definitions.**

18 As used in this Article:

19 (a) “Apprentice” means an individual already employed with a
 20 registered apprenticeship program sponsor before program enrollment, but
 21 who needs training to upgrade their skills to secure full-time employment,

1 advance in their careers, or retain their current position in apprenticeship
2 occupations and industries.

3 (b) “Apprenticeship Program” or “Apprenticeship Training
4 Program” means a comprehensive training program designed to teach an
5 apprentice how to perform all duties in a recognized skilled craft or trade at
6 the journeyman level that is described by a plan containing all terms and
7 conditions for the qualification, recruitment, selection, employment, and
8 training of apprentices and a written apprenticeship agreement.

9 (c) “USDOL-OA” means the Office of Apprenticeship of the U.S.
10 Department of Labor.

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

15 (e) “DOL” means the Department of Labor of the CNMI
16 Government.

17 (f) “Director” means the Director of Revenue and Taxation.

18 (g) “Employer” means a business employing an apprentice whether
19 or not such business has an apprenticeship agreement with the apprentice.

20 (h) “Institution of higher education” means the Northern Marianas
21 College, Northern Marianas Technical Institute, licensed post-secondary

1 institutions, or licensed post-secondary training programs in the CNMI.

2 (i) "Occupational list" means a list of occupations prioritizing the
3 CNMI's needed trades that corresponds with a USDOL-OA apprenticeship
4 training program that lists the occupational trades approved for
5 apprenticeship training within the Program.

6 (j) "Program" means the Commonwealth Registered Apprenticeship
7 Program, an occupationally driven apprenticeship training program meeting
8 the standards of the U.S. Department of Labor, Office of Apprenticeship,
9 that is recognized and approved as an occupational priority by DOL to
10 which this Article applies.

11 (k) "Program participant" means an employer that employs
12 apprentices who receive training through a program provider of a registered
13 apprenticeship program.

14 (l) "Program Provider" means a business or institution of higher
15 education that conducts a registered apprenticeship program recognized by
16 the United States Department of Labor (USDOL), Office of Apprenticeship
17 (OA). A business with a registered apprenticeship program may be both a
18 program participant and a program provider.

19 (m) "Secretary" means the Secretary of the CNMI Department of
20 Labor.

21 (n) "Tax credit" means an offset to business privilege tax owed by a

1 business equal to fifty percent (50%) of all eligible costs paid or incurred
2 by a program participant to train an apprentice.

3 (o) "Trade" means the skilled practice of an occupation.

4 (p) "USDOL" means the United States Department of Labor.

5 (q) "Skilled trainer" means a journeyman or journeyworker.

6 (r) "ETC" means Education Tax Credit

7 (s) "Cancelation" means the termination of the registration or
8 approval status of an apprenticeship program at the request of the sponsor,
9 or termination of an Apprenticeship Agreement at the request of the
10 apprentice.

11 (t) "Eligible Training Provider List (ETPL) Institutions" means
12 institutions or entities with job training programs approved by US
13 Department of Labor (DOL).

14 (u) "Sub-Committee" means the Sub-Committee Under the CNMI
15 State Workforce Development Board.

16 (v) "CNMI Office of Apprenticeship" shall consist of full-time
17 employees of the CNMI Department of Labor and shall manage registered
18 and potential Business Employers and Apprentices.

19 **§9902. Commonwealth Registered Apprenticeship Program.**

20 The Secretary of Labor:

21 (a) Shall administer the Commonwealth Registered Apprenticeship

1 Program in conjunction with the locally-funded sub-committee.

2 (b) Shall ensure proper educational accreditation standards are met
3 and maintained by program providers, using educational classes provided
4 by an institution of higher education or approved educational learning
5 resources identified in the standards.

6 **§9903. Apprenticeship Program Occupations Approved for the**
7 **Commonwealth Registered Apprenticeship Program.**

8 Each year, the Secretary, in consultation with the Division of
9 Revenue and Tax, shall establish:

10 (a) A list of skilled occupations and trades approved for the program.

11 (b) The Secretary shall be given the authority to amend the list as
12 he/she sees necessary. Provided, however, that all occupations listed in the
13 USDOL-OA listing are eligible apprentice occupations for the program.

14 (c) The Secretary may conduct a public hearing, from time to time,
15 to receive opinions and recommendations from local businesses and the
16 general public to determine other areas needing additional professional and
17 skilled technical trade workers.

18 (d) Regardless of whether a public hearing is conducted, the
19 Secretary shall also consider new program participant applications and
20 agreements as they are submitted for review, and shall emphasize
21 occupations in the fields of Chamorro/Carolinian cultural practices, human

1 resources development, office technology, medical coding and billing,
2 information technology, website coding and development, finance and
3 accounting, cosmetology, automotive, engineering, agriculture, and
4 aquaculture, as well as industrial work, construction, and technical trades.

5 **§9904. Authorization to Enter into Apprenticeship Agreements.**

6 The locally-funded sub-committee under the State Workforce
7 Development Board, with the approval of the Secretary, may contract with
8 program providers to prescribe the manner, terms, and conditions of DOL
9 cooperation with the provider in meeting the Program's objectives. The
10 contracts shall be with program providers having a registered and approved
11 apprenticeship training program that complies with applicable laws.

12 **§9905. Eligibility.**

13 (a) An apprentice must be an incumbent worker. To qualify as an
14 incumbent worker, an individual must have an established and documented
15 employment history with the employer for six months or more.

16 (b) An apprentice must be a United States citizen or a permanent
17 resident alien.

18 (c) An apprentice must agree to the terms and conditions of the
19 Program and § 9909 of this Article.

20 **§9906. Participation Requirements for Apprentices.**

21 An apprentice shall sign an agreement with the respective employer

1 and DOL that stipulates that, in exchange for the training, the apprentice
2 will remain and work in the CNMI for a period of one (1) year for each year
3 of participation in the Program.

4 **§9907. Administration of the Commonwealth Registered**
5 **Apprenticeship Program.**

6 (a) Locally-Funded Sub-Committee Under The CNMI State
7 Workforce Development Board:

8 (1) Shall oversee the CNMI Office of Apprenticeship and the
9 Commonwealth Registered Apprenticeship Program. The Sub-Committee
10 shall establish rules and regulations necessary to implement this Article
11 within ninety (90) days after the enactment hereof.

12 (2) Shall explore methods to establish a local fund to pay for this
13 entity as federal funds currently fund activities of such board. federal funds
14 are reserved for federally approved activities that may or may not include
15 activities considered a "local" action.

16 (3) Shall establish the CNMI Apprenticeship Committee to provide
17 leadership and guidance to promote and expand apprenticeship in new high-
18 growth industries; build and maintain partnerships with stakeholders; and
19 coordinate resources that support apprenticeship opportunities.

20 (b) The Locally-Funded Sub-committee under the CNMI State
21 Workforce Development Board duties include:

1 (1) Establish standards for apprenticeship agreements in conformity
2 with this Chapter;

3 (2) Encourage and promote the making of apprenticeship
4 agreements conforming to the standards established by this Chapter;

5 (3) Bring about the settlement of differences arising out of the
6 apprenticeship agreement where the differences cannot be otherwise
7 adjusted locally;

8 (4) Issue such rules and regulations as may be necessary to carry out
9 the intent and purpose of this Chapter;

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

12 (6) Submit all proposed modifications in legislation, regulations,
13 policies and/or operation procedures planned or anticipated by the Agency,
14 either at the time of application for recognition or subsequently, to the
15 Department for review and obtain the Department's concurrence prior to
16 implementation.

17 (c) The personnel of the CNMI Office of Apprenticeship shall be
18 full-time employees of CNMI DOL and be comprised of:

19 (1) One (1) full-time Program Manager to manage and oversee the
20 program goals, activities, progress, and required meetings, travel, and
21 reporting.

1 (2) Two (2) Program Coordinators to provide direct services to all
2 apprenticeship participants and employers.

3 (3) Two (2) Program Assistants to provide daily administrative tasks
4 of the apprenticeship program and assist the program coordinator and
5 program manager with apprenticeship processes.

6 (d) The CNMI Office of Apprenticeship duties and responsibilities
7 shall include, but not limited, to the following:

8 (1) Provide assistance for the development of on-the-job learning
9 programs in national apprenticeable occupations or local apprenticeable
10 occupations;

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

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

17 (4) Terminate or cancel any apprenticeship agreements in
18 accordance with the agreements or at the request of the sponsor, or
19 termination of an Apprenticeship Agreement at the request of the
20 apprentice.

21 (5) Appoint personnel as are necessary to execute the functions

1 required under this Chapter;

2 (6) Keep a record of program participants and program provider
3 processing fees and finances.

4 (e) Commonwealth Registered Apprenticeship Program:

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

13 (2) CNMI Government agencies, departments, and
14 instrumentalities, including autonomous agencies, shall provide to the
15 Program, on a timely basis, technical support and training required by the
16 Secretary to perform the duties under this Article.

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

1 requirements of USDOL-OA standards.

2 (4) DOL is authorized to collect a processing fee in order to defray
3 the cost of administering the Program. The fee shall be equal to one percent
4 (1%) of the amount of tax credit approved by the Secretary on each
5 application for certification of tax credit, and shall be due upon release of
6 the certification.

7 (5) Such fees shall be deposited in the CNMI Apprenticeship
8 Program Fund to be used exclusively for the operations of DOL's
9 apprenticeship activities and the sub-committee under the state workforce
10 development board.

11 **§9908. Tax Credit for Apprenticeship Program Participants.**

12 (a) Any business that employs apprentices duly enrolled and
13 registered under the terms of the Program is entitled to a tax credit against
14 its BGRT equal to fifty percent (50%) of the eligible costs paid or incurred
15 by the business, provided that:

16 (1) the apprenticeship training program teaches an approved
17 occupation under § 9903 of this Article;

18 (2) the apprentice completes a training stage of an apprenticeship
19 program as determined by DOL following USDOL-OA standards. No tax
20 credit shall be claimed by a program participant for an apprentice unless the
21 apprentice satisfactorily completes the current level of training;

1 (3) the eligible costs were paid or incurred during the apprentice's
2 participation in the Program;

3 (4) the eligible costs were paid or incurred within the previous three
4 (3) calendar years from the date the costs are submitted to DOL for
5 certification. Costs paid or incurred earlier than the three (3) calendar years
6 preceding the date the costs are submitted to DOL shall not be certified as
7 eligible costs;

8 (5) no business or program participant holding a Qualifying
9 Certificate (QC) shall claim tax credits pursuant to this Section. The
10 Commonwealth Economic Development Authority shall assist the
11 Secretary in determining whether a participant may claim the credit;

12 (6) The apprentice must work a minimum of 2,000 hours of On-the-
13 Job-Training per year, unless otherwise required by USDOL standards.

14 (7) the apprentice must be paid the prevailing wage required by the
15 program, which shall be a graduated percentage of journeyman wages as
16 outlined in the apprenticeship standards;

17 (8) May provide, recommend, and/or approve "progressive wage
18 scales" to meet USDOL OA standards or standards approved by the SWDB.
19 Must meet federal minimum wage. Must commit to at least 3 wage
20 progression scales.

21 (9) apprenticeship training costs paid by Workforce Innovation and

1 Opportunity Act (WOIA) funds, Department of Labor CNMI
2 Apprenticeship Program funds, Hotel/Restaurant Industry Training
3 Program funds, and any training costs paid by the Commonwealth
4 Government or federal funding shall not be eligible Program costs and shall
5 not be applied as a tax credit.

6 (b) A program participant may only apply the tax credit if allowed
7 by the CNMI Division of Revenue and Taxation procedures.

8 **§9909. Implementation of Tax Credit by Director of Revenue**
9 **and Taxation.**

10 The Director of Revenue and Taxation shall, no later than ninety
11 (90) days after the enactment hereof, in cooperation with the Secretary,
12 develop procedures to implement the tax credit authorized by this Article,
13 and to that end shall:

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

16 (b) promulgate forms and publications to assist eligible businesses
17 claiming the tax credit;

18 (c) develop procedures to facilitate the off-set of tax credits against
19 business privilege tax liabilities; and

20 (d) coordinate with the Director relative to verifying eligible
21 business privilege tax credits. The Director shall certify eligible training

costs paid or incurred pursuant to the Program.

§9910. Reporting Requirements.

(a) The Secretary shall make a full written report to the CNMI Office of the Governor and the Legislature and post the report on the Department's website within thirty (30) days after the close of each fiscal year. The report shall:

(1) Describe accurately the names of all program participants;

(2) List the total amount of tax credits claimed by each program participant in the preceding fiscal year;

(3) List each apprentice in every program with each corresponding occupational trade;

(4) List the amount of tax credits claimed by every program participant for each apprentice during the preceding fiscal year;

(b) Program participants and program providers must report to an approved CNMI DOL and US DOL program system.

Section 5. Amendment. 1 CMC §1205(c) is hereby amended by adding a new subsection (9) to read as follows:

“§1205. Education Tax Credit.

(c) A "qualified educational institution" under this section means:

(1) The Public School System (“PSS”);

(2) Northern Marianas College (“NMC”);

- 1 (3) An educational institution located in the Commonwealth which
2 has
3 been issued a Letter of Determination granting tax exempt status
4 under Section 501(c) (3) of the IRC by the Division of Revenue and
5 Taxation prior to the date of the donation for which the tax credit is taken;
6 (4) Commonwealth Museum of History and Culture;
7 (5) Northern Mariana Islands Council for the Humanities;
8 (6) Joeten-Kiyu Public Library
9 (7) Northern Marianas Trade Institute.
10 (8) The Northern Marianas Sports Association.
11 (9) Commonwealth Registered Apprenticeship Program.”

12 **Section 6. Severability.** If any provisions of this Act or the application of
13 any such provision to any person or circumstance should be held invalid by a court
14 of competent jurisdiction, the remainder of this Act or the application of its
15 provisions to persons or circumstances other than those to which it is held invalid
16 shall not be affected thereby.

17 **Section 7. Savings Clause.** This Act and any repealer contained herein
18 shall not be construed as affecting any existing right acquired under contract or
19 acquired under statutes repealed or under any rule, regulation, or order adopted

1 under the statutes. Repealers contained in this Act shall not affect any proceeding
2 instituted under or pursuant to prior law. The enactment of the Act shall not have
3 the effect of terminating, or in any way modifying, any liability, civil or criminal,
4 which shall already be in existence on the date this Act becomes effective.

5 **Section 8. Effective Date.** This Act shall take effect upon its approval by
6 the Governor, or its becoming law without such approval.

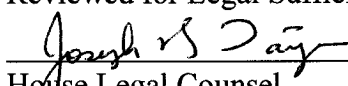
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Introduced by:


Rep. Leila H.F.C. Staffler

Reviewed for Legal Sufficiency by:


House Legal Counsel


Richard T. Liams