

Twenty-Second Northern Marianas Commonwealth Legislature

IN THE HOUSE OF REPRESENTATIVES

Session, 2022

H. B. 22- 57

A BILL FOR AN ACT

To provide a tax credit for business entities that hire United States citizens or residents of the CNMI whose employment was affected by the Covid-19 pandemic.

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

1 **Section 1. Findings and purpose.** The Commonwealth Legislature finds
2 it reasonable and appropriate to provide incentives, through tax credits, for CNMI
3 businesses to hire United States citizens or residents of the CNMI. A similar tax
4 deduction, known as the Hiring Incentives to Restore Employment (HIRE) Act,
5 was signed into law by President Obama on March 18, 2010, and provided tax
6 benefits to employers who hire previously unemployed workers. It is the intent of
7 the Legislature to provide a local tax incentive by providing for a tax credit
8 against the NMTIT, excise taxes, or the Business Gross Revenue Tax. This
9 incentive will also help bridge the economic gaps that may occur when the
10 Pandemic Unemployment Assistance Program and other federal assistance
11 programs expire.

1 **Section 2. Amendment.** Subject to codification by the Law Revision
2 Commission, Title 4, Division 1, Chapter 7 of the Commonwealth Code is
3 amended to add the following new section:

4 **“101. Employment Tax Credit.**

5 (a) Any employer who hires a United States citizen or United
6 States permanent resident who is unemployed may qualify for a
7 nonrefundable credit of \$2,500.00 per worker against the tax
8 imposed on Commonwealth-sourced income by 4 CMC §1701, et
9 seq., the excise tax codified in Title 4 Section 1402 et seq., and the
10 Business Gross Receipts Tax codified in Title 4 Section 1301 et
11 seq.

12 (b) To qualify for this tax credit, the employee hired must have
13 been unemployed for a period of at least 6 months. The term
14 “unemployed” for purposes of this subsection shall mean that the
15 claimed employee did not work for more than 480 hours over a
16 period of 180 days from the date of employment by the claiming
17 employer or that the employee was furloughed or terminated
18 between March 2020 and the effective date of this provision.

19 (c) In order to qualify for the tax credit provided for in
20 §101(a), the employee hired must be continuously employed by the
21 employer who claims the credit for at least six consecutive months
22 within the immediate preceding tax year.

1 (d) To obtain the nonrefundable credit, the employer who
2 claims the credit must furnish to the Division of Revenue and
3 Taxation a properly documented compliance letter for each
4 employee issued by the Department of Labor certifying that such
5 employer complies with the provisions of this Act. The
6 Department of Labor may impose a reasonable fee for the issuance
7 of the compliance letter pursuant to their rules and regulations.

8 **102. Sunset Clause.**

9 The tax credit provided for under §101 of this Act shall expire on
10 December 31, 2023.”

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

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

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

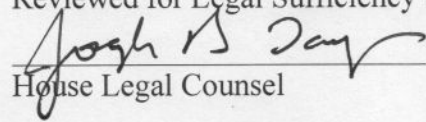
Prefiled: 4/22/2021

Date: 4/22/2021 Introduced By: _____



Rep. Ralph N. Yumul

Reviewed for Legal Sufficiency by:


House Legal Counsel