

REFERRED To: WJM 10/1/2021
(HOUSE)

TWENTY-SECOND NORTHERN MARIANAS COMMONWEALTH

LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

October 1, 2021

Sec. Regular Session, 2021

H. B. 22- 81

A BILL FOR AN ACT

To amend 4 CMC § 1202, to exclude local stimulus payments from taxation.

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

1 **Section 1. Findings and Purpose.**

2 The Legislature finds that the Governor established the 2021 ARPA Local
3 Stimulus Plan (the “Stimulus Plan”), which provides for payments in the amount
4 of \$500 for each eligible individual and \$500 for each dependent of an eligible
5 individual. The purpose of the Stimulus Plan was to provide assistance to
6 households impacted by the negative economic effects of the COVID-19 pandemic.

7 The Legislature finds that payments under the Stimulus Plan would be
8 subject to the earnings tax unless applicable law is amended to specifically exclude
9 these payments. The Legislature finds that taxing these payments is inconsistent
10 with the underlying purpose of the Stimulus Plan and would only create yet another
11 burden on recipients. Therefore, it is the intent of the Legislature to exclude from
12 earnings tax, the stimulus payments received from the Commonwealth pursuant to
13 the 2021 ARPA Local Stimulus Plan.

1 **Section 2. Amendment.**

2 4 CMC § 1202 is hereby amended to read as follows:

3 “(a) There is imposed on every person a yearly tax on such person’s total earnings.

4 (b) For purposes of this chapter, “earnings” shall mean:

5 (1) A gain as determined under NMTIT Section 1001 received from the sale
6 of personal property, tangible or intangible, by a resident that was not in the
7 course of carrying on a business.

8 (2) One half of the gain as determined under NMTIT section 1001 received
9 from the sale of real property located in the Commonwealth that was not in
10 the course of carrying on a business. Provided, however, that the sale of
11 private real property to the Commonwealth government for a public purpose
12 shall not be deemed a sale of real property for the purposes of this
13 subsection.

14 (3) One half of the net income received from leasing of real property located
15 in the Commonwealth, including the assignment of any lease that was not
16 in the course of carrying on a business. For purposes of this subsection, “net
17 income from leasing real property including the assignment of any lease,”
18 means the income less expenses from the rental of real property as
19 determined under the NMTIT.

20 (4) [Repealed.]

1 (5) Gross winnings received from any gaming, lottery, raffle or other
2 gambling activity in the Commonwealth.

3 (6) All other types of income that a resident individual must report in
4 determining his NMTIT, except:

5 (i) Payments received by an employee or his beneficiary from a
6 retirement plan, including the Commonwealth retirement plan, or as
7 unemployment compensation. For purposes of this subsection, the
8 term "retirement plan," other than the Commonwealth retirement
9 plan means a plan that qualifies under Subchapter D, Subtitle A of
10 the NMTIT.

11 (ii) Amounts received as alimony or separate maintenance payments
12 as defined under Section 71 of NMTIT.

13 (iii) Unemployment compensation as defined under Section 85 of
14 NMTIT.

15 (iv) Social security benefits as defined under Section 86 of NMTIT.

16 (v) Distributive shares of partnerships and S corporations to
17 respective partners and shareholders.

18 In addition to the items included within subsections (i)-(v)
19 of this subsection, the secretary by ruling or regulation may exempt
20 other income when the secretary determines that imposing the
21 earnings tax would result in excessive taxation.

1 (c) The tax imposed under this section shall not apply to earnings from a de
2 minimis transaction. The secretary shall prescribe regulations to determine
3 whether a transaction is de minimis.

4 (d) In determining the total earnings, a person shall not reduce any earnings by
5 any loss.

6 (e) Stimulus payments received from the Commonwealth pursuant to the 2021
7 ARPA Local Stimulus Plan are not subject to the tax imposed under this
8 section and do not constitute income for the purpose of determining the
9 NMTIT.”

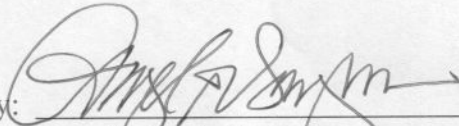
10 **Section 3. Severability.** If any provision of this Act or the application of
11 any such provision to any person or circumstance should be held invalid by a court
12 of competent jurisdiction, the remainder of this Act or the application of its
13 provisions to persons or circumstances other than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

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

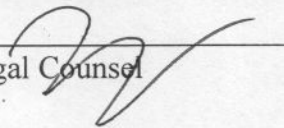
1 **Section 5. Effective Date.** This Act shall take effect upon its approval by
2 the Governor or upon its becoming law without such approval.

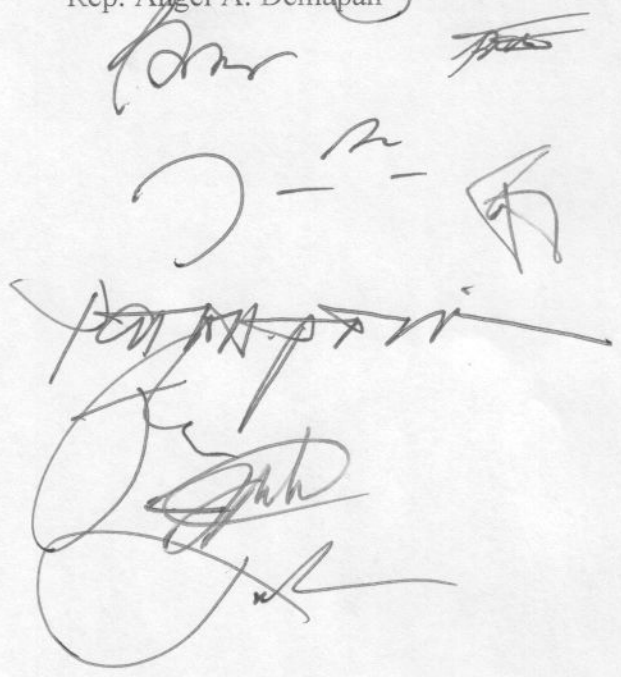
Prefiled: 10/1/2021

Date: 9/30/21

Introduced by: 
Rep. Angel A. Demapan

Reviewed for Legal Sufficiency by:


House Legal Counsel

Handwritten notes and signatures, including a large signature that appears to be "Hon. [Name]" and other illegible scribbles.