

TWENTY-THIRD NORTHERN MARIANAS COMMONWEALTH

LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

_____ Session, 2023

_____ **H. B. 23- 19**

A BILL FOR AN ACT

To provide a tax credit for taxpayers who make donations of cash or food supplies to a qualified local food pantry, homeless shelter, or soup kitchen.

**BE IT ENACTED BY THE 23RD NORTHERN MARIANAS
COMMONWEALTH LEGISLATURE:**

1 **Section 1. Findings and Purpose.** The Legislature finds that business
2 closures and job disruptions cause by COVID-19, have created an urgent need for
3 the services of food pantries, homeless shelters, and soup kitchens in the
4 communities we serve. Given the current economic crisis, coupled with mass
5 unemployment there is no other governmental policy which deserves a higher
6 priority. Toward this end, this Act will provide incentives to private individuals and
7 business entities to contribute to a qualified local food pantry, homeless shelter, or
8 soup kitchen. Although a tax deduction is already available to CNMI taxpayers
9 under our mirror image application of the U.S. Internal Revenue Code ("IRC")
10 Section 501(c)(3), it is the intention of the Legislature to provide a further and more
11 meaningful tax incentive by providing for a tax credit against the local wage and
12 salary, gross receipts, and earnings taxes. Through this incentive taxpayers will be

1 able to make cash or food supply contributions to qualifying local food pantries,
2 homeless shelters, or soup kitchens, and receive a nonrefundable credit on their
3 primary local taxes.

4 **Section 2. Amendment.** Title 4, Division 1, Chapter 2, of the
5 Commonwealth Code is hereby amended by adding a new section 1207 to read as
6 follows, and the CNMI Law Revision Commission shall renumber all remaining
7 subsequent sections accordingly:

8 “§1207. Food Pantry Tax Credit.

9 (a) Any taxpayer (individual, corporation, or trust) that makes a
10 donation of cash or food supplies to a local food pantry, homeless shelter,
11 or soup kitchen may receive a nonrefundable credit against the tax imposed
12 by sections 1201 and 1202 of this Chapter to the extent provided by this
13 section. No such credit shall be allowed for any amount deducted in
14 determining taxable income under the NMTIT as shown on the taxpayer’s
15 return. The tax imposed on wages and salaries or earnings for purposes of
16 computing the credit under section 1206 of this Chapter is the tax net of any
17 credit taken pursuant to this section.

18 (b) The maximum credit available in any one year under this section
19 and section 1306 of this division combined shall be the lesser of the sum of
20 the taxes imposed under sections 1201, 1202 and 1301 through 1304 of this
21 division, or two thousand five hundred dollars (\$2,500).

1 (c) A "qualified local food pantry, homeless shelter, or soup kitchen"
2 under this section means:

3 (1) A local food pantry is defined as an organization that is exempt
4 from taxation under Section 501(c)(3) of the Internal Revenue Code of
5 1986, as amended and distributes emergency food supplies to low-income
6 people in the area the taxpayer claiming the tax credit resides.

7 (2) A local homeless shelter is defined as an organization that is
8 exempt from taxation under Section 501(c)(3) of the Internal Revenue Code
9 of 1986, as amended, and provides temporary living arrangements for
10 individuals and families who otherwise lack fixed, regular, and adequate
11 nighttime residence, and lack resources to support networks to obtain other
12 permanent housing, in the area in the taxpayer claiming the tax credit
13 resides.

14 (3) A local soup kitchen is defined as an organization that is exempt
15 from taxation under Section 501(c)(3) of the Internal Revenue Code of
16 1986, as amended, and provides prepared meals through an established
17 congregate feeding operation to needy, low-income persons including, but
18 not limited to, homeless persons in the area in which the taxpayer claiming
19 the tax credit under this section resides.

1 (4) A CNMI Government agency such as the Department of
2 Community and Cultural Affairs whose programs provide either food
3 pantry, homeless shelter, or soup kitchen services.

4 (d) To obtain the credit, the taxpayer must furnish the following to
5 the Division of Revenue and Taxation:

6 (1) a properly documented receipt issued by the recipient
7 organization which must include, at a minimum, the name and tax
8 identification number of the institution, the taxpayer's name and tax
9 identification number, the date of payment and the amount paid, and the
10 purpose of the donation; and

11 (2) a copy of the Letter of Determination with respect to the tax-
12 exempt status of the recipient organization.”

13 **Section 3. Amendment.** Title 4, Division 1, Chapter 3, of the Commonwealth
14 Code is hereby amended by adding a new section 1309 to read as follows, and the
15 CNMI Law Revision Commission shall renumber all remaining subsequent
16 sections accordingly:

17 “§1309. Food Pantry Tax Credit.

18 (a) person may take cash contributions made during the tax year to
19 qualifying educational institutions as a nonrefundable credit against the tax
20 imposed by sections 1301, 1302, 1303, and 1304 of this Chapter to the
21 extent provided by this section. No such credit shall be allowed for any

1 amount deducted in determining taxable income under the NMTIT as
2 shown on the taxpayer's return. Amounts paid for tuition or fees charged by
3 an educational institution are not cash contributions eligible for a credit
4 within the meaning of this section. The "tax imposed" for purposes of
5 computing the credit under Section 1308 of this Chapter is the tax net of
6 any credit taken pursuant to this section.

7 (b) The maximum credit available in any one year under this section
8 and section 1206 of this division combined shall be the lesser of the sum of
9 the taxes imposed under sections 1201, 1202, and 1301 through 1304 of this
10 division, or two thousand five hundred dollars (\$2,500).

11 (c) The term " qualified local food pantry, homeless shelter, or soup
12 kitchen " under this section has the same meaning as in section 1206 of this
13 division.

14 (d) To obtain the credit, the taxpayer must furnish to the Division of
15 Revenue and Taxation the information prescribed in section 1206(d) of this
16 division.”

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


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

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

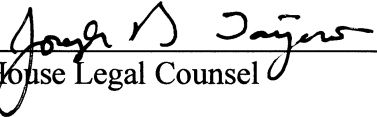
Prefiled: 3/1/2023

Date: 3/1/23

Introduced by:


Rep. Manny Gregory T. Castro

Reviewed for Legal Sufficiency by:


House Legal Counsel

