

**TWENTY-THIRD NORTHERN MARIANAS COMMONWEALTH**

**LEGISLATURE**

**IN THE HOUSE OF REPRESENTATIVES**

\_\_\_\_\_ Session, 2023

H. B. 23- 29

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**A BILL FOR AN ACT**

To establish a reward for recovery of public funds and a mechanism for the payment of rewards for disclosures leading to the recovery of public funds; and for other purposes.

**BE IT ENACTED BY THE 23<sup>RD</sup> NORTHERN MARIANAS  
COMMONWEALTH LEGISLATURE:**

1           **Section 1. Findings and Purpose.** The Legislature finds that there is a need  
2 to encourage persons to report the violation of tax laws, thereby leading to the  
3 recovery of unpaid taxes. This bill authorizes the Secretary of Finance to pay a  
4 reward to such a whistleblower upon written approval of the Director of Division  
5 of Tax and Revenue and from the successful recovery of funds.

6           A similar reward has already been authorized for reports of fraud, waste or  
7 abuse of public funds to the Office of Public Auditor. CNMI Public Law 14-60  
8 established a monetary incentive for individuals who provide information leading

1 to the recovery of public funds. The mechanism for paying out such rewards,  
2 however, needs to be clarified.

3 Therefore, the purpose of this Act is to add a whistleblower reward for  
4 reporting tax violations and clarify the mechanism by which whistleblower rewards  
5 may be paid by OPA, and for other purposes.

6 **Section 2. Amendment.** In Title 1, Div. 2, Chapter 11, Article 3, Division  
7 of Revenue and Taxation, add a new section 2573:

8 **“§ 2573. Reward For Reporting Underpayment of Taxes.**

9 (a) The Director of the Division of Revenue and Taxation, upon  
10 successfully completing an administrative or judicial action against anyone  
11 for violating the tax laws enacted in the Commonwealth, may approve a  
12 reward to any individual, who is not an employee of the Division or a person  
13 who participated in the violation of the tax laws, for providing information  
14 that led to the successful action. A reward, if approved, shall be in the  
15 amount of \$500 or five percent of the total recovery, whichever is greater,  
16 but not more than \$10,000.

17 (b) The Secretary of Finance, if notified in writing by the Director of  
18 Division of Revenue and Taxation of the approval of a reward, is authorized  
19 to pay a reward from the proceeds of any funds collected through the  
20 successful administrative or judicial action. The written notification shall  
21 detail the facts justifying a reward.”

1           **Section 3. Amendment.** 1 CMC § 7841 shall be amended to reflect the  
2 following amendments to subsection (d) as follows.

3                   "~~(d) If the person comes forward with information leading to the~~  
4 ~~recovery of public funds, that person shall receive a \$500.00 reward or five~~  
5 ~~percent of the total recovery, whichever is greater.~~

6           The Office of Public Auditor may approve a reward to any person, who is  
7 not an employee of OPA or a person who caused the loss of funds, that  
8 makes a complaint or discloses information that leads to the recovery of  
9 public funds lost through fraud, waste or abuse. The reward, if approved,  
10 shall be in the amount of \$500 or five percent of the total recovery,  
11 whichever is greater, but not more than \$10,000. The Department of  
12 Finance, if notified in writing by the Public Auditor of an approved reward,  
13 is authorized to pay the reward only from any proceeds collected from the  
14 recovery of public funds. The written notification shall detail the facts  
15 justifying a reward."

16           **Section 4. Severability.** If any provisions of this Act or the application of  
17 any such provision to any person or circumstance should be held invalid by a court  
18 of competent jurisdiction, the remainder of this Act or the application of its  
19 provisions to persons or circumstances other than those to which it is held invalid  
20 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 it becoming law without such approval.

Prefiled: 3/8/2023

Date: 3-8-23

Introduced by: \_\_\_\_\_

Rep. Edwin K. Propst

Reviewed for Legal Sufficiency by:

J. Muly 3-8-23  
House Legal Counsel