

TWENTY-THIRD NORTHERN MARIANAS COMMONWEALTH

LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

Session, 2023

H. B. 23- **30**

A BILL FOR AN ACT

To impose an additional five percent (5%) on any licensed construction contractor that earns a yearly gross revenue of Two Hundred Fifty Thousand Dollars (\$250,000.00) or more for a period of three years.

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

1 **Section 1. Findings and Purpose.** The Legislature finds that in most recent
2 years, numerous construction projects have taken place within the CNMI.
3 Cognizant of such projects, certain licensed construction contractors have greatly
4 benefited from a financial aspect. However, despite such great financial benefit, the
5 Legislature finds that the specified contractors are only paying miniscule amounts
6 pursuant to the Gross Revenue Tax (4 CMC §1301). The Legislature finds that in
7 addition to the Gross Revenue Tax, it would be of great financial benefit to the
8 CNMI to impose an additional five percent (5%) tax on any licensed construction
9 contractor who has earned a yearly gross revenue of Two Hundred Fifty Thousand
10 Dollars (\$250,000.00) or more to provide better financial stability for future years
11 to come. Furthermore, the Legislature also finds it appropriate to establish a Sunset

1 Clause for a period of three years to lessen the financial burden imposed by such
2 additional tax. Upon expiration, these licensed construction contractors will be
3 relieved by this tax burden and will be given greater financial security to better
4 conduct their operations.

5 Therefore, the purpose of this Act is to amend Title 4, Division 1, Chapter
6 3 of the Commonwealth Code by adding a new provision to impose an additional
7 five percent (5%) on any licensed construction contractor that earns a yearly gross
8 revenue of Two Hundred Fifty Thousand Dollars (\$250,000.00) or more for a
9 period of three years.

10 **Section 2. Amendment.** Subject to codification by the CNMI Law Revision
11 Commission, Title 4, Division 1, Chapter 3 is hereby amended by adding a new
12 provision to read as follows:

13 **“§101. Additional Tax Imposition on Licensed Construction**
14 **Contractors.**

15 (a) In addition to the taxes imposed by 4 CMC §1301 (Tax on Gross
16 Revenue), a tax of five percent (5%) shall be imposed on any
17 construction contractor, as defined in 4 CMC §5801(i), that earns a
18 yearly total gross revenue of Two Hundred Fifty Thousand Dollars
19 (\$250,000.00) or more.

1 (b) For the purpose of this section, the yearly total gross revenue tax
2 shall not include revenue generated for residential housing
3 construction that is intended primarily for living purposes.”

4 **Section 3. Sunset Clause.** The Provisions of this Act Shall expire three
5 years after the effective date of this Act.

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


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

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

Prefiled: 3/10/2023


Date: _____

Introduced by: _____


Rep. Roman C. Benavente

R-1001

Reviewed for Legal Sufficiency by:


House Legal Counsel

