

TWENTY-THIRD NORTHERN MARIANAS COMMONWEALTH

LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

Regular Session, 2023

H. B. 23- 53

A BILL FOR AN ACT

To reform the Investment Incentive Act of 2000 to promote economic development in the Commonwealth and increase competitiveness of the Commonwealth for private sector investment.

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

- 1 **Section 1. Short Title.** This Act may be cited as the “Investment Incentive
2 Act of 2023”.
- 3 **Section 2. Findings.** The Legislature finds that the Investment Incentive
4 Act of 2000 served the purpose of its time in providing incentives for the
5 development of new investment in the Commonwealth, however, the structure of
6 the program has not kept pace with an evolving competitive market for business
7 investments. Accordingly, to encourage the development of additional business
8 investments and increase economic diversification of the Commonwealth economy
9 the Commonwealth should offer new tax incentives to build, expand, and operate
10 projects.

1 **Section 3. Amendment.** Title 4, Division 5, Chapter 13, section 50202 is
2 hereby amended read as follows:

3 **“§ 50202. Eligibility.**

4 (a) Any business which is either a trust, a partnership, a sole proprietorship,
5 a corporation, a limited liability corporation or a limited liability partnership is
6 eligible to apply for a Qualifying Certificate in one or more of the following areas:

- 7 1. Franchise restaurants;
- 8 2. Water parks;
- 9 3. Aquariums;
- 10 4. Cultural centers;
- 11 5. Theme parks;
- 12 6. Resort hotels and condominiums;
- 13 7. Golf courses;
- 14 8. Convention centers;
- 15 9. Dinner theaters;
- 16 10. Special events such as conventions and sporting events;
- 17 11. CNMI based airlines and other aviation related activities;
- 18 12. Manufacturing or processing of high technology products;
- 19 13. Internet related businesses and/or businesses engaged in internet
20 commerce; or,
- 21 14. Agricultural and Aquaculture industries;

1 15. Nursing/Retirement homes;

2 16. Dialysis Center located in the senatorial districts of Tinian and Rota;

3 17. Any business engaged in casino conducted within its hotel-casino
4 premises located in the senatorial districts of Tinian and Rota; or

5 18. Any development or project beneficial to the economic development of
6 the Commonwealth not listed above.

7 (b) Ineligibility.

8 Any business engaged in gaming or gambling activity or the distribution,
9 sale, rental or providing of gambling equipment on Saipan shall not be eligible for
10 a Qualifying Certificate.

11 ~~(c) Any business engaged in casino gambling activities conducted within~~
12 ~~its hotel-casino premises located in the senatorial districts of Tinian and Rota may~~
13 ~~be eligible for a Qualifying Certificate~~

14 (c) Effect of Holding a Qualifying Certificate.

15 Any holder of a Qualifying Certificate shall not be eligible for a license to
16 engage in gaming or gambling activity on the premises covered by the Qualifying
17 Certificate if those premises are located on Saipan.

18 (d) The Commonwealth Economic Development Authority Board of
19 Directors shall produce a “Targeted Industry” listing, determining the industries
20 eligible to apply for a Qualifying Tax Certificate in line with the five-year economic
21 development goals of the Commonwealth developed by the Authority in

1 collaboration with other agencies.

2 (e) The Authority shall revisit the Target Industry listing at least once per
3 calendar year and publish the listing and any amendments, if any, once per calendar
4 year.”

5 **Section 4. Repeal and Re-Enactment.** Title 4, Division 5, Chapter 13,
6 section 50203 is hereby repealed and re-enacted to read as follows:

7 **“§50203. Minimum Capital Investment.**

8 (a) A baseline minimum capital investment, including public benefit
9 contributions, in a new business or expansion of an existing business of a
10 Qualifying Certificate applicant shall be developed and published by the
11 Commonwealth Economic Development Authority Board of Directors, for each
12 industry contained in the Targeted Industry list.

13 (b) At the determination of the Authority, specific Economic Development
14 Zones may require minimum capital investments below the baseline, should the
15 economic development goals of the Commonwealth justify a lower investment
16 threshold.

17 (c) Current businesses operating under the Investment Incentive Act of
18 2000 shall be maintained and not be affected by the adjusted minimum investment
19 requirement established under this Act. Should the industry remain on the
20 “Targeted Industry list”, the new minimum investment requirement shall only
21 apply to new applicants.”

1 **Section 5. Amendment.** Title 4, Division 5, Chapter 13, section 50206 is
2 amended to add a new subsection 8(a) to read as follows:

3 “8. Due Diligence review submitted by a third party may be accepted by the
4 Authority upon certifying the third party’s credibility through a vetting process
5 prescribed by the Authority.

6 (a) The Authority may assess reasonable fees to cover certification
7 costs.”

8 **Section 6. Amendment.** Title 4, Division 5, Chapter 13, section 50208 is
9 amended to read as follows:

10 “**§50208. Review.**

11 The application shall be reviewed and analyzed in detail by the
12 Commonwealth Economic Development Authority and such outside consultants as
13 may be necessary. When necessary, the Commonwealth Economic Development
14 Authority will meet with the applicant to discuss the terms of benefits provided by
15 the Commonwealth by 4 CMC §50202 (d) or to clarify or amplify representations
16 made in the application. Upon completion of the review, the Commonwealth
17 Economic Development Authority Board may either recommend the issuance of a
18 Qualifying Certificate to the Governor or disapproved the application. ~~If within~~
19 ~~ninety days of receipt of all items required by Section 50206, the Commonwealth~~
20 ~~Economic Development Authority Board fails to either disapprove the application~~
21 ~~or recommend that the application be granted, then the application shall be~~

1 ~~forwarded directly to the Governor for his consideration.~~ The Commonwealth
2 Economic Development Authority shall have 90 days, after receiving all items
3 required by section 50206, to review and make a final determination on
4 applications. Should the Authority fail to determine to recommend approval or
5 disapprove an application after 90 days, the Authority must notify the applicant of
6 the application status and give reasonable justification for the delay. After 120 days
7 without any decision from the Authority, the application shall be deemed
8 disapproved and the applicant must be notified in writing.”

9 **Section 7. Amendment.** Title 4, Division 5, Chapter 13, section 50211 is
10 hereby amended to add a new subsections (d) to read as follows:

11 **“§50211. Conditions of Benefits.**

12 In its recommendation of specific tax benefits, the Commonwealth
13 Economic Development Authority in consultation with the Division of Revenue
14 and Taxation shall consider the following as possible terms and conditions to such
15 benefits:

16 (a) Cap on Amount. Capping the tax benefits to a fixed dollar amount;

17 (b) Public Benefits and Contributions.

18 (i) conditioning the tax benefits on the Beneficiary’s investment or
19 investing in or creation of or creating public improvements separate from
20 its activities or proposed activities,

21 (ii) establishment of or establishing in-house training programs, or

1 (iii) contribution to or plans to make a contribution to an
2 independent training program or scholarship fund; and

3 (c) Local Purchaser. Requiring the Beneficiary to procure services or
4 products from CNMI-licensed vendors if the cost does not exceed one hundred five
5 percent of the cost of the same services or products available from off-island
6 vendors.

7 (d) Notwithstanding any provision of law to the contrary, a Qualifying
8 Certificate shall be valid and legally effective for a period not to exceed 25 years.
9 Any certificate that is effective for more than this period shall be void ab initio.”

10 **Section 8. Amendment.** Title 4, Division 5, Chapter 13, is amended to
11 add a new section 50225 to read as follows:

12 **“§ 50225. CNMI Strategic Investment Program.**

13 (a) In coordination with the Office of the Governor, applicable
14 departments and agencies, and the Governor’s Council of Economic Advisers, the
15 Commonwealth Economic Development Authority shall be the lead entity in
16 formulating and implementing the CNMI Strategic Investment Program to target
17 specific development, including agriculture and aquaculture, that will provide
18 benefits to the development of the CNM’s economy and advance the economic
19 opportunities within the Commonwealth.

20 (b) The Strategic Investment Program shall identify necessary
21 developments that do not exist in the CNMI and establish a plan for the

1 development of such an investment in line with the economic development goals
2 of the Commonwealth.

3 (c) The plans produced shall include feasible locations for the
4 development, cost of development, the economic potential of the development,
5 resources available to finance the development, and provide for a pre-approval of
6 the board on available tax incentives available through this Chapter for such a
7 development in line with the plan, among other necessary components. In the
8 selection of sites for the development, the Commonwealth Economic Development
9 Authority shall prioritize the use of Public Lands by the CNMI Public Land Use
10 Plan.

11 (d) The Commonwealth Economic Development Authority shall be tasked
12 with obtaining permitting authorization and associated land to develop the
13 necessary pre-development approvals for the development.

14 (e) Upon the development of a plan within this program, the
15 Commonwealth Economic Development Authority shall publicly announce and
16 market this investment to qualified investors and establish a framework to solicit
17 proposals for investors to implement the plan.

18 (f) For developments located on Public Lands, the Department of Public
19 Lands shall retain jurisdiction over the property on behalf of the Northern Marianas
20 Descendants, who are the collective owners of public lands in the Commonwealth,
21 and in coordination with the Commonwealth Economic Development Authority,

1 issue a Request for Proposals for the by the Department of Public Lands associated
2 laws and regulations.

3 (g) Upon the selection of an investor, approved permits obtained by the
4 Commonwealth Economic Development Authority shall be transferred to the
5 investor who will maintain responsibility for compliance and associated Qualifying
6 Certificate monitoring requirements contained in this Chapter.”

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

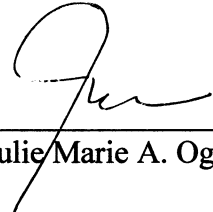
12 **Section 10. Savings Clause.** This Act and any repealer contained herein
13 shall not be construed as affecting any existing right acquired under contract or
14 acquired under statutes repealed or under any rule, regulation, or order adopted
15 under the statutes. Repealers contained in this Act shall not affect any proceeding
16 instituted under or pursuant to prior law. The enactment of the Act shall not have
17 the effect of terminating, or in any way modifying, any liability, civil or criminal,
18 which shall already be in existence on the date this Act becomes effective.

19 **Section 11. Effective Date.** This Act shall take effect upon its approval by
20 the Governor, or its becoming law without such approval.

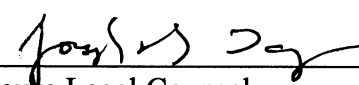
Prefiled: 5/17/2029

Date: _____

Introduced by: _____


Rep. Julie Marie A. Ogo

Reviewed for Legal Sufficiency by:


House Legal Counsel