

TWENTY-THIRD NORTHERN MARIANAS COMMONWEALTH

LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

_____ Regular Session, 2023

H. B. 23- 62

A BILL FOR AN ACT

To amend 4 CMC § 1205 to include the CNMI Women's Association and the Northern Marianas Technical Institute as qualified educational institutions to benefit from the education tax credit.

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

1 **Section 1. Findings and Purpose.** The Legislature finds that the Education
2 Tax Credit was enacted to provide an incentive to private individuals and business
3 entities to make contributions to qualified educational institutions. The existing
4 statute lists the Public School System, the Northern Marianas College, educational
5 institutions which have been issued Letters of Determination granting tax exempt
6 status under Section 501(c)(3) of the Internal Revenue Code, the Commonwealth
7 Museum of History and Culture, the Northern Mariana Islands Council for the
8 Humanities, the Joeten-Kiyu Public Library, the Northern Marianas Trade Institute
9 and the Northern Marianas Sports Association as “qualified educational
10 institutions.”

1 The Legislature also finds that the CNMI Women’s Association (CWA) is
2 a federally recognized tax exempt 501(c)(3) non-profit Organization established in
3 2011 and is governed by a seven-member board of directors. The CNMI CWA’s
4 mission strives to empower women for leadership as guardians of our guinaha
5 (assets); both tangible and intangible to include political, economic, and social
6 leadership. The CWA provides education and training opportunities, mentorship,
7 advocacy, and information and referral services in a culturally competent and
8 nurturing way. It fosters konfiansia (self-confidence) and commitment in women
9 to maximize their potential to positively impact our families.

10 The Legislature also finds that the Northern Marianas Trade Institute, as a
11 private entity, is included in 4 CMC § 1205 as a qualified educational institute and
12 was able to benefit from the education tax credit. The Legislature however finds
13 that Public Law 20-92 established the Northern Marianas Technical Institute, as a
14 government entity, requires the need to specifically include the Northern Marianas
15 Technical Institute to qualify and benefit from the education tax credit.

16 Accordingly, the purpose of this legislation is to amend 4 CMC § 1205 to
17 include the CNMI Women’s Association and the Northern Marianas Technical
18 Institute as qualified educational institutions to benefit from the education tax
19 credit.

20 **Section 2. Amendment.** Title 4, Division 1, Chapter 2, Section 1205 of the
21 Commonwealth Code is hereby amended to read as follows:

1 **“§ 1205. Education Tax Credit.**

2 (a) A person may take cash contributions made during the tax year to
3 qualifying educational institutions as a nonrefundable credit against the tax
4 imposed by 4 CMC § 1201 and 4 CMC § 1202 to the extent provided by this section.
5 No such credit shall be allowed for any amount deducted in determining taxable
6 income under the NMTIT as shown on the taxpayer’s return. Amounts paid for
7 tuition or fees charged by an educational institution are not cash contributions
8 eligible for a credit within the meaning of this section. The “tax imposed on wages
9 and salaries or earnings” for purposes of computing the credit under 4 CMC § 1206
10 is the tax net of any credit taken pursuant to this section.

11 (b) The maximum credit available in any one year under this section and 4
12 CMC § 1306 combined shall be the lesser of the sum of the taxes imposed under 4
13 CMC §§ 1201, 1202 and 1301 through 1304, or \$5,000.

14 (c) A "qualified educational institution" under this section means:

15 (1) The Public School System (“PSS”);

16 (2) Northern Marianas College (“NMC”);

17 (3) An educational institution located in the Commonwealth which has
18 been issued a Letter of Determination granting tax-exempt status under
19 Section 501(c)(3) of the IRC by the Division of Revenue and Taxation prior
20 to the date of the donation for which the tax credit is taken;

21 (4) Commonwealth Museum of History and Culture;

- 1 (5) Northern Mariana Islands Council for the Humanities;
- 2 (6) Joeten-Kiyu Public Library;
- 3 (7) Northern Marianas Technical Trade Institute;
- 4 (8) The Northern Marianas Sports Association; and
- 5 (9) The CNMI Women's Association (CWA).

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

- 8 (1) A properly documented receipt issued by the recipient institution
9 which must include, at a minimum, the name and tax identification number
10 of the institution, the taxpayer's name and tax identification number, the
11 date of payment and the amount paid, and the purpose of the donation; and
- 12 (2) A copy of the Letter of Determination with respect to the tax-
13 exempt status of the recipient institution."

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

19 **Section 4. Savings Clause.** This Act and any repealer contained herein
20 shall not be construed as affecting any existing right acquired under contract or
21 acquired under statutes repealed or under any rule, regulation, or order adopted

1 under the statutes. Repealers contained in this Act shall not affect any proceeding
2 instituted under or pursuant to prior law. The enactment of the Act shall not have
3 the effect of terminating, or in any way modifying, any liability, civil or criminal,
4 which shall already be in existence on the date this Act becomes effective.

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

Prefiled: 7/3/2020

Date: _____ Introduced by: Denitmai
Rep. Denita Kaipat Yangetmai

Reviewed for Legal Sufficiency by:
J. M. Kelly 7-3-23
House Legal Counsel

[Handwritten signatures and initials]