



COPY

THE SENATE
Twenty-Fourth Northern Marianas Commonwealth Legislature
P. O. Box 500129
Saipan, MP 96950

February 17, 2026

The Honorable Edmund S. Villagomez
Speaker
House of Representatives
24th Northern Marianas Commonwealth Legislature
Saipan, MP 96950

Dear Speaker Villagomez:

I have the honor of returning without amendments House Bill No. 24-63, entitled, "To amend Title 4 sections 1991 to 1995 relating to the 3% construction tax on gross revenues derived from certain non-residential construction projects and to enact a new section 1996 pertaining to Applicability; and for other purposes. The Senate passed on Final Reading H.B. No. 24-63, by the unanimous vote, in its 3rd Day, Third Regular Session on February 13, 2026.

Sincerely,

A handwritten signature in blue ink, appearing to read "D. Bermudes".

Dolores S. Bermudes
Senate Clerk

Attachment

Transmitted to HOUSE:

Received by: BSB Date: 02-17-2026 Time: 11:00 PM



The Senate
NORTHERN MARIANAS COMMONWEALTH LEGISLATURE
P.O. BOX 500129
SAIPAN, MP 96950

STANDING COMMITTEE REPORT NO. 24-59
Date: December 17, 2025
RE: House Bill No. 24-63

Honorable Karl R. King-Nabors
President of the Senate
Twenty-Fourth Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

Dear Mr. President:

Your Committee on Fiscal Affairs, to which House Bill No. 24-63 was referred, entitled:

“To amend Title 4 sections 1991 to 1995 relating to the 3% construction tax on gross revenues derived from certain non-residential construction projects and to enact a new section 1996 pertaining to Applicability; and for other purposes,”

begs leave to report as follows:

I. RECOMMENDATION:

After considerable discussion and deliberation, your Committee recommends the passage of House Bill No. 24-63 in its current form.

II. ANALYSIS:

A. Purpose:

The purpose of House Bill No. 24-63 is to amend the Non-Residential Construction Surtax codified under 4 CMC § 1991 *et seq.* to clarify the intended revenues to be collected and to insert a new section for its applicability.

B. Committee Findings:

Your Committee finds that Public Law 23-31, codified under 4 CMC § 1991 *et seq.*, established the Non-Residential Construction Surtax, which imposes a 3% surtax on gross revenues derived from non-residential construction projects with costs of \$350,000.00 or more. However, the Department of Finance has reported that no collections from this construction tax have been made for the fiscal year 2025, as originally intended.

Your Committee further finds that despite outreach efforts by the Division of Revenue and Taxation, certain provisions of the Non-Residential Construction Surtax require amendments to clarify the payment and collection process for this new tax.

Your Committee met on December 17, 2025, to discuss the proposed legislation. After thoughtful consideration, your Committee unanimously supports the intent of House Bill No. 24-63 to amend the Non-Residential Construction Surtax, ensuring greater clarity in the enforcement of its collection. It is for these reasons that your Committee recommends the passage of House Bill No. 24-63 in its current form.

C. Legislative History:

House Bill No. 24-63 was formally introduced by Representative John Paul P. Sablan on October 9, 2025, and was passed on First and Final Reading, during the Fifth Day, Second Regular Session of the House of Representatives in its current form. On October 9, 2025, House Bill No. 24-63 was transmitted to the Senate and was subsequently referred to the Senate Standing Committee on Fiscal Affairs for disposition.

D. Public Hearing and Comment:

1. Public Hearing. No public hearing was scheduled for House Bill No. 24-63. However, a committee meeting, which is open to the public, was held on December 17, 2025. See below for further details.
2. Committee Meeting. The proposed legislation made its first appearance during the scheduled committee meeting on Wednesday, December 17, 2025. The committee meeting notices and agenda were officially posted on December 13, 2025, on various legislative forums and social media sites to invite members of the general public to provide comments as indicated under *Item No. IV. Public Comment* on the Committee Agenda. However, no oral testimony in support or in opposition of House Bill No. 24-63 was presented before your Committee.
3. Written Comment. Your Committee agreed not solicit comments on the proposed legislation. Additionally, no written comment in support or in opposition of House Bill No. 24-63 was received by your Committee.

E. Estimated Fiscal Cost:

No fiscal analysis was prepared for the proposed legislation.

The enactment of House Bill No. 24-63 may incur minimal expenses for the Commonwealth government, primarily related to the collection and enforcement of the tax. However, the potential increase in tax revenue for the current fiscal year could help offset these costs, with the additional collections supporting the government's operational needs and obligations.


F. Summary of Committee Amendments:

Your Committee made no amendments to the proposed legislation.

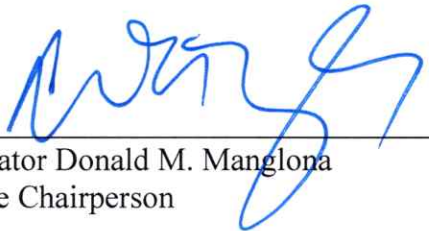
III. CONCLUSION:

Your Committee agrees with the intent and purpose of the proposed legislation and recommends the passage of House Bill No. 24-63 in its current form.

Respectfully submitted,




Senator Jude U. Hofschneider
Chairperson

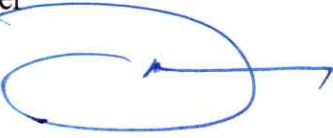


Senator Donald M. Manglona
Vice Chairperson

Senator Ronnie M. Calvo
Member




Senator Manny Gregory T. Castro
Member



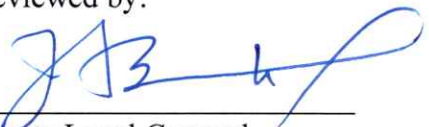
Senator Francisco Q. Cruz
Member

Senator Corina L. Magofna
Member



Senator Paul A. Manglona
Member

Reviewed by:



Senate Legal Counsel

TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH

LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 9, 2025

Second Regular Session, 2025

H. B. 24-63

A BILL FOR AN ACT

To amend Title 4 sections 1991 to 1995 relating to the 3% construction tax on gross revenues derived from certain non-residential construction projects and to enact a new section 1996 pertaining to Applicability; and for other purposes.

**BE IT ENACTED BY THE 24TH NORTHERN MARIANAS
COMMONWEALTH LEGISLATURE:**

1 **Section 1. Findings and Purpose.** The Legislature finds that Public Law 23-
2 31 established a 3% construction tax. However, the scope and parameters for this
3 tax need to be further clarified for clear enforcement. Therefore, it is the purpose
4 of this Act to amend Public Law 23-31, codified as 4 CMC § 1991 et seq., to clearly
5 impose the construction tax on all revenues received or accrued by General
6 Contractors beginning on the first day of the following calendar month in which
7 this Act becomes law.

8 **Section 2. Amendment.** The title of Title 4. Economic Resources, Division
9 1. Revenue and Taxation, Chapter 14. "Non-Residential Construction Surtax," is
10 hereby amended to read: "Non-Residential Construction Surtax Tax".

1 **Section 3. Amendment.** Title 4. Economic Resources, Division 1. Revenue
2 and Taxation, Chapter 14. Non-Residential Construction Surtax, Section 1991 is
3 hereby amended to add a new subsection (a), "Construction" and delete subsection
4 (b) "Qualification Construction Project". The amended statute shall read as
5 follows:

6 **"§ 1991. Definitions.**

7 For the purposes of this Chapter:

8 (a) "Construction" means any activity that creates, installs, alters,
9 repairs, improves, maintains, or demolishes any building, structure, facility,
10 infrastructure, system, or other improvement to real property, including,
11 without limitation, all related site work, temporary works, mobilization,
12 testing, commissioning, and change orders; the leveling or clearing of land;
13 the excavating of earth; and the drilling of wells of any type, including
14 seismograph shot holes or core drilling.

15 ~~(b) "Qualifying Construction Project" means any construction project,~~
16 ~~other than construction of Residential Housing, with a total project cost of~~
17 ~~three hundred fifty thousand dollars (\$350,000.00) or more, inclusive of~~
18 ~~executed change orders, amendments, and modifications. A construction~~
19 ~~project is a Qualifying Construction Project if any additions or modifications~~
20 ~~resulting in changes to the total project cost cause that cost to meet or exceed~~
21 ~~the threshold of three hundred fifty thousand dollars (\$350,000.00).~~

1 (b) “General Contractor” means the primary entity that contracts for the
2 completion of an entire construction project and is typically responsible for
3 the hiring and coordinating the work of subcontractors; ensuring that the
4 project is completed on time, within budget, and according to the agreed-upon
5 specifications; acting as the main point of contact between the client and the
6 various subcontractors; purchasing of materials; and ensuring that the project
7 adheres to all applicable local and federal laws.

8 (c) “Residential Housing” means single-family homes or other
9 standalone dwellings designed for individual households and excludes multi-
10 family units, such as apartments, condominium complexes, commercial
11 residential developments, or other similar shared living structures.

12 (d) “Subcontractor” means a person or company hired by a General
13 Contractor to perform tasks or services as part of a larger construction project.
14 “Subcontractors” operate under a separate contract from the one between the
15 General Contractor and the client.”

16 **Section 4. Amendment.** Title 4. Economic Resources, Division 1. Revenue
17 and Taxation, Chapter 14. Non-Residential Construction Surtax, Section 1992 is
18 hereby amended to read as follows:

19 “(a) In addition to the tax imposed under Chapter 3 of Division 1 of
20 Title 4 of the Commonwealth Code, and unless expressly exempted herein, a
21 tax of 3% shall be imposed on the gross revenues of a General Contractor that

1 are directly attributed to or derived from a ~~Qualifying Construction Project~~
2 Construction that, in the aggregate, exceed \$350,000 in a taxable year.

3 (b) For the purposes of subsection (a), the gross revenue ~~surtax~~ shall
4 exclude revenues generated by or derived from construction of Residential
5 Housing.

6 (c) Revenues of a Subcontractor that are derived from Construction
7 performed ~~on a Qualifying Construction Project~~ for a General Contractor
8 subject to the tax imposed by this Section are exempt ~~from the tax imposed~~
9 ~~by this Section.~~

10 (d) ~~Revenues from construction activities derived from Qualifying~~
11 ~~Construction Projects arising from contracts awarded on or before January~~
12 ~~15, 2025, are exempt from the tax imposed by this Section. The tax imposed~~
13 ~~by this Section shall apply to any and all Qualifying Construction Projects~~
14 ~~arising from contracts awarded or executed on or after January 16, 2025.~~

15 ~~Provided further that any change orders or modifications initiated,~~
16 ~~executed, or effective after January 16, 2025 shall subject the amended or~~
17 ~~modified contracts to this provision if the change order or modification brings~~
18 ~~the contract within the scope of the Qualifying Construction Project,~~
19 ~~including but not limited to retroactively applying to all contracts initiated,~~
20 ~~executed, or effective prior to January 16, 2025 that did not originally fall~~

1 ~~within the definition and scope of the Qualifying Construction Project absent~~
2 ~~the change order or modification.~~

3 **Section 5. Amendment.** Title 4. Economic Resources, Division 1. Revenue
4 and Taxation, Chapter 14. Non-Residential Construction Surtax, Section 1993
5 subsection (a) is hereby amended to read as follows:

6 “(a) A person may take the surtax imposed on gross revenue under
7 Section 1992 as a non-refundable tax credit against any taxes imposed on
8 Commonwealth source income under Subtitle A of the NMTIT pursuant to
9 Chapter 7 of Division 1 of Title 4 of the Commonwealth Code (4 CMC §§
10 1701 et seq.). No such credit shall be allowed for any amount deducted in
11 determining taxable income under the NMTIT as shown on the taxpayer’s
12 return.”

13 [no changes to subsections (b) and (c)]

14 **Section 6. Amendment.** Title 4. Economic Resources, Division 1. Revenue
15 and Taxation, Chapter 14. Section 1994 subsection (b) is hereby amended to read
16 as follows:

17 “(b) Filing Returns and Payment. The monthly returns and tax payments
18 under subsection (a) of this Section shall be filed and the tax paid, if any, on
19 or before the last day of the month following the close of each month, to wit:
20 on or before February 28, March 31, April 30, May 31, June 30, July 31,
21 August 31, September 30, October 31, November 30, December 31, and

1 January 31. The payment shall be based on the payors gross revenue derived
2 ~~from Qualifying Construction Projects~~ in the preceding month, and the
3 amount of tax imposed by this Chapter shall be paid to the Commonwealth
4 government through the secretary or his appointee or appointees. Each
5 business shall, on or before the date provided for payment of tax under this
6 Section, make a full, true, and correct return showing all such gross revenue
7 ~~derived from Qualifying Construction Projects~~ that are received, accrued, or
8 earned, whichever is earlier, and the amounts deducted and set aside on
9 account during the preceding month. This return shall be filed with the
10 secretary and include such other information as may be required or prescribed
11 by the secretary. The secretary for good cause, may extend the time for
12 making payments and returns, but not beyond the last day of the first month
13 succeeding the regular due date.”

14 **Section 7. Amendment.** Title 4. Economic Resources, Division 1. Revenue
15 and Taxation, Chapter 14. Non-Residential Construction Surtax, Section 1995 is
16 hereby amended to read as follows:

17 “Special Gross Revenues from Qualifying Construction Projects
18 ~~(GRQCP)~~ GRQC Account.

19 (a) The Secretary of Finance shall establish a special Gross Revenues
20 from Qualifying Construction Projects ~~(GRQCP)~~ (GRQC) account separate
21 from the General Fund. The funds in the ~~GRQCP~~ account shall not be

1 subject to fiscal year limitation and shall be used for the implementation and
2 enforcement of this Chapter.

3 (b) All revenues raised pursuant to this Chapter shall be deposited into
4 the General Fund, except:

5 (i) ten percent shall be deposited in the special (~~GRQCP~~) (GROC)
6 account established by this Section, for appropriation by the Legislature
7 as follows:

8 (1) twenty percent of the (~~GRQCP~~) (GROC) funds shall be
9 appropriated for implementation and enforcement of this Chapter
10 and customs activities as follows:

11 (A) 2.5% shall be appropriated each to the First and
12 Second Senatorial District to the municipal Department of
13 Finance, under the expenditure authority of the respective
14 Resident Department Head; and

15 (B) 15% shall be appropriated to the Third Senatorial
16 District to the CNMI Department of Finance, under the
17 expenditure authority of the Secretary of Finance.

18 (2) eighty percent of the (~~GRQCP~~) (GROC) funds shall be
19 appropriated for road maintenance, solid waste, and
20 environmental protection purposes in the First, Second and Third
21 Senatorial Districts as follows:

HOUSE BILL 24-63

1 (A) 15% shall be appropriated each to the First and
2 Second Senatorial District to the municipal Department of
3 Public Works, under the expenditure authority of the
4 respective Resident Department Head; and

5 (B) 50% shall be appropriated to the Third Senatorial
6 District to the CNMI Department of Public Works, under
7 the expenditure authority of the Secretary of Public
8 Works.”

9 **Section 8. Amendment.** Title 4. Economic Resources, Division 1. Revenue
10 and Taxation, Chapter 14. Non-Residential Construction Surtax, is hereby amended
11 by adding a new Section, 1996, titled, “Applicability; Transitional Rule,” that shall
12 read as follows:

13 (a) The tax imposed under Section 1992(a) applies beginning on the
14 first day of the following calendar month in which this Act becomes law. The
15 tax does not apply to gross revenues received or accrued in prior months;
16 however, for purposes of the \$350,000 annual threshold in Section 1992(a),
17 a General Contractor’s cumulative gross revenues from Construction for the
18 taxable year shall be taken into account.”

19 **Section 9. Severability.** If any provisions of this Act or the application of
20 any such provision to any person or circumstance should be held invalid by a court
21 of competent jurisdiction, the remainder of this Act or the application of its

1 provisions to persons or circumstances other than those to which it is held invalid
2 shall not be affected thereby.

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

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

Prefiled: 9/30/2025

Date: _____ Introduced by: /s/ Rep. John Paul P. Sablan
/s/ Rep. Roy C.A. Ada
/s/ Rep. Vincent R. Aldan
/s/ Rep. Daniel I. Aquino Jr.
/s/ Rep. Blas Jonathan "BJ" T. Attao
/s/ Rep. Roman C. Benavente
/s/ Rep. Angelo A. Camacho
/s/ Rep. Joel C. Camacho
/s/ Rep. Joseph A. Flores
/s/ Rep. Malcolm J. Omar
/s/ Rep. Raymond U. Palacios
/s/ Rep. Patrick H. San Nicolas
/s/ Rep. Denita Kaipat Yangetmai
/s/ Rep. Ralph N. Yumul

Reviewed for legal sufficiency by:

/s/ Joseph L.G. Tajjeron, Jr.
House Legal Counsel

Date: 9/27/2025