



TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

HOUSE OF REPRESENTATIVES

COMMITTEE ON WAYS AND MEANS

P.O. BOX 500586 SAIPAN, MP 96950

JOHN PAUL P. SABLAN

CHAIRMAN

STANDING COMMITTEE REPORT NO. 24-48

DATE: January 15, 2026

RE: House Bill 24-72

The Honorable Edmund S. Villagomez
Speaker of the House of Representatives
Twenty-Fourth Northern Marianas
Commonwealth Legislature
Capitol Hill
Saipan, MP 96950

Dear Mr. Speaker:

Your Committee on Ways and Means to which was referred:

House Bill No. 24-72:

To impose a remittance transfer tax within the Commonwealth of the Northern Mariana Islands equivalent to the federal excise tax under 26 U.S.C. § 4475, to ensure equitable revenue capture from outbound remittances, to strengthen compliance with federal fiscal policy, and for other purposes.

begs leave to report as follows:

I. RECOMMENDATION:

After considerable discussion, your Committee recommends that House Bill No. 24-72 be passed by the House as House Bill No. 24-72, House Substitute 1.

TO THE CLERK'S OFFICE
RECEIVED BY *[Signature]*
DATE 3/13/2024 TIME 2:13 PM

II. ANALYSIS:

A. Purpose:

The purpose of this House Bill No. 24-72 is to impose a remittance transfer tax within the Commonwealth of the Northern Mariana Islands equivalent to the federal excise tax under 26 U.S.C. § 4475, to ensure equitable revenue capture from outbound remittances, to strengthen compliance with federal fiscal policy

B. Committee Substitute:

The Committee made the following amendments to strengthen the intent and purpose of House Bill No. 24-72.

1. Any reference made to “remittance transfer tax” was changed to “remittance transfer fee”.

2. Section 2. Findings and Purpose.

The findings and purpose has been refined for greater conciseness.

3. Page 3, Line 2:

Short Title was amended to reflect the current year “2026”.

4. Page 3, Line 3: A new § 102. Licensing. was inserted to read as follows and all subsequent subsections have been renumbered accordingly:

“§ 102. Licensing.

Notwithstanding any other provision of law, any person or entity engaging in money services business activities within the Commonwealth shall apply for, obtain, and maintain a separate and standalone MSB license. An MSB license shall not be issued as, attached to, or subsumed under any other business license, general business license, or permit.

(b) No Subsidiary or Piggyback Licensing. An MSB may not operate as a subsidiary, affiliate, division, or add-on activity of another licensed business unless the MSB itself is independently licensed under this Act and all applicable CNMI laws. Possession of any other license shall not satisfy MSB licensing requirements.

(c) Federal Harmonization. For purposes of this Act, “money services business” shall have the same meaning as provided under 31 U.S.C. § 5330 and 31 C.F.R. § 1010.100, as amended. All licensed MSBs shall maintain federal registration with the Financial Crimes Enforcement Network (FinCEN) and comply with applicable federal Bank Secrecy Act and anti-money laundering requirements.

(d) CNMI Business Licensing Consistency. This Section is intended to harmonize with existing CNMI business licensing laws. In the event of conflict, the provisions of this Act governing MSBs shall control with respect to licensing, compliance, supervision, examination, and enforcement of MSBs.

(e) Remittance Levy Enforcement. Only MSBs holding a valid standalone MSB license under this Act may conduct outbound remittance transfers subject to the remittance levy. Each licensed MSB shall:

- (1) Collect the remittance levy at the point of transfer;
- (2) Maintain auditable records of remittance transactions and levy collections;
- (3) Remit collected levies to the designated Commonwealth account in the manner prescribed by regulation; and
- (4) Submit to examination and enforcement by the designated Commonwealth regulatory authority.”

5. Page 5, Line 4: Beginning with number (2), the following was amended to read as follows and new definitions were added:

“(2) “Sender” means a person located in the Commonwealth who requests a remittance transfer.

(3) “Recipient” means a person or account located outside the Commonwealth designated to receive a remittance transfer.

(4) “Remittance transfer provider” means any person or entity engaged in the business of providing remittance transfers for compensation, including banks, money service businesses, foreign exchange dealers, agents, and local intermediaries.

(5) “Local Intermediary” means any person or business located in or operating from the Commonwealth that accepts funds, causes or facilitates a remittance transfer through any third-party payment platform, and receives compensation or economic benefit.

(6) “Bank-to-bank transfer” means a transfer of funds initiated and completed solely between federally regulated financial institutions, including transfers conducted through automated clearing house (ACH) networks or bank-integrated payment systems.

(7) “Third-party platform transfer” means a transfer of funds conducted through a digital wallet, peer-to-peer payment application, online payment processor, or similar platform not operated exclusively by a federally

regulated financial institution.

(8) “Cash-based remittance” means a remittance transfer funded by currency or cash equivalents accepted in person by a remittance transfer provider or local intermediary.

(9) “Account-funded remittance” means a remittance transfer funded by a bank account, prepaid account, debit card, or stored-value account.

(10) “Consumer remittance” means a remittance transfer initiated by an individual for personal, family, or household purposes.

(11) “Business remittance” means a remittance transfer initiated in the course of trade or business, including payments to vendors, contractors, or affiliates located outside the Commonwealth.

(12) “Compensation” means any direct or indirect fee, commission, markup, exchange differential, service charge, rebate, or other economic benefit derived from facilitating a remittance transfer.”

6. Page 6, Line 16: New § 105A. Exclusions.; § 105B. De Minimus Threshold.; and § 105C. Hardship and Humanitarian Exemptions. were inserted to read as follows:

“§ 105A. Exclusions.

The following transfers shall not constitute a “remittance transfer” for purposes of this Chapter and shall not be subject to the fee imposed herein:

(a) A transfer of funds conducted solely between accounts held at federally regulated financial institutions, where both the sender and recipient are the same legal person.

(b) A payroll payment, pension payment, or government benefit payment made by an employer or governmental entity to an employee or beneficiary located outside the Commonwealth, provided the payment is not structured to evade this Chapter.

(c) A transfer of funds made solely for the purchase of goods or services from a merchant, where the transfer represents payment for bona fide consideration and not the movement of funds on behalf of a third party.

(d) An intercompany transfer between affiliated entities for internal accounting, capital allocation, or operational purposes, where no fee or compensation is charged for the transfer.

(e) A transfer of funds incident to a court order, judgement, or legally mandated obligation.

(f) A transfer of funds conducted by or on behalf of a federally regulated financial institution acting solely in its capacity as a bank, except to the extent expressly provided by law.

(g) Any transaction or class of transactions exempted by regulation of the Secretary of Finance, where necessary to ensure consistency with federal law or to avoid duplicative taxation.

§ 105B. De Minimis Threshold.

(a) The fee imposed under this Chapter shall not apply to any individual remittance transfer in an amount less than fifty dollars (\$50.00).

(b) The Secretary of Finance may adjust the de minimis threshold by regulation to account for inflation, administrative efficiency, or consistency with federal law, provided that any adjustment shall be applied prospectively.

(c) Transfers structured or aggregated for the purpose of avoiding the fee imposed under this Chapter shall not qualify for the de minimis exemption.

§ 105C. Hardship and Humanitarian Exemptions.

(a) The Secretary of Finance shall, by regulation, establish procedures under which a sender may apply for an exemption from the fee imposed under this Chapter on the basis of demonstrated hardship or humanitarian necessity.

(b) Hardship or humanitarian exemptions may be granted for remittance transfers made for:

- (1) Emergency medical expenses;
- (2) Disaster relief or recovery;
- (3) Funeral or burial expenses;
- (4) Other extraordinary circumstances as determined by the Secretary.

(c) Exemptions under this section may be granted on a transaction-specific or time-limited basis and shall be subject to reasonable documentation and verification requirements.

(d) Nothing in this section shall be construed to permit blanket or automatic exemptions that would materially undermine the revenue or enforcement purposes of this Chapter.”

7. Page 9, Line 4. § 106. Administration; § 107. CNMI Financial Literacy and Economic Resilience Fund; and § 108. Administration was amended to read as follows:

“§ 106. Administration.

(a) The Secretary of Finance shall administer, and enforce this Chapter and may promulgate rules and regulations necessary for its implementation.

§ 107. CNMI Financial Literacy and Economic Resilience Fund.

(a) There is established a special revenue fund to be known as the CNMI Financial Literacy and Economic Resilience Fund.

(b) All revenues collected under this Chapter shall be deposited into the Fund and shall be considered General Revenues

(c) Funds shall be used for financial literacy, workforce readiness, and consumer education programs.

§ 108. Coordination with Federal Law.

The Department of Finance shall coordinate with federal agencies to ensure consistent administration and prevent duplicative taxation.”

8. Page 9, Line 17. New subsections 109, § 110, § 111, § 112, § 113, § 114, § 115, and § 116 were inserted to read as follows:

“§ 109. Federal Alignment; Credit and Exemption to Prevent Double Taxation.

(a) A remittance transfer provider that has collected and remitted the federal excise tax imposed under 26 U.S.C. § 4475 on a remittance transfer originating in the Commonwealth shall be eligible for a credit against, or exemption from, the fee imposed under this Chapter for the same transaction.

(b) The Secretary shall establish certification and documentation requirements by regulation.

(c) No credit or exemption shall be allowed unless the provider is in full compliance with this Chapter.

§ 110. Registration and Reporting Requirements.

(a) Remittance transfer providers shall register annually with the Department of Finance.

(b) Providers shall maintain records for not less than five (5) years and

file quarterly returns as prescribed by regulation.

§ 111. Enforcement Authority.

The Secretary may audit, subpoena records, compel testimony, and coordinate with federal authorities to enforce this Chapter.

§ 112. Civil Penalties and Interest.

- (a) Failure to comply shall result in liability for unpaid fee plus interest.
- (b) Civil penalties may be assessed up to twenty-five percent (25%) for negligence and up to one hundred percent (100%) for willful violations.

§ 113. Unlicensed Money Transmission.

Engaging in money transmission without required registration or licensure constitutes a violation, and each transaction shall be treated as a separate offense.

§ 114. Criminal Records.

Nothing in this Chapter limits prosecution under existing criminal laws.

§ 115. Legislative Reporting Requirement.

- (a) The Secretary of Finance shall submit an annual written report to the Northern Mariana Islands Commonwealth Legislature no later than ninety (90) days after the close of each fiscal year regarding the administration and performance of this Chapter.
- (b) The report shall include, at a minimum:
 - (1) Total remittance transfer fee revenues collected during the fiscal year;
 - (2) The number and aggregate value of taxable remittance transfers;
 - (3) The number and value of transfers exempted under §§ 103A, 103B, 103C of this Chapter;
 - (4) Administrative and enforcement actions taken, including audit conducted and penalties assessed;
 - (5) Coordination efforts with federal agencies; and
 - (6) Recommendations for statutory or regulatory amendments, if any.
- (c) The report shall be transmitted to the Speaker of the House of Representatives, the President of the Senate, and the Chairs of the standing committees with jurisdiction over finance and taxation.

§ 116. Establishment of Special CNMI Remittance Transfer Fee Reserve Fund Account.

The Secretary of Finance shall establish a Special CNMI Remittance Transfer Fee Reserve Fund Account. The Secretary of Finance shall deposit any and all fees collected from this Act into this account. All fee's collected is separate from the general fund and shall be allocated as follows: 60% shall be allocated to the CNMI Scholarship and Financial Assistance Office for student financial assistance; 25% shall be allocated to the Northern Marianas Technical Institute for student instruction and support; 10% shall be dedicated to Financial Literacy Programs; and 5% shall be allocated to the Commonwealth Healthcare Corporation for the Health Network Program.

Notwithstanding any other provision of law, all fees collected from this Act for the purposes provided herein shall be available without further appropriation and without fiscal year limitation.”

C. Committee Findings:

Your Committee finds that passed as part of the “One Big Beautiful Bill Act,” signed in July 2025 and having taken effect on January 1, 2026, 26 USC §4475 grants the federal government the power to impose a 1% excise tax on certain remittances sent abroad from the United States. Unlike earlier proposals that targeted only non-U.S. citizens, the final version applies broadly to all senders and focuses primarily on cash-based or physical transfers, while exempting most bank- and card-based digital services.

Your Committee finds that the CNMI’s current fiscal environment is characterized by tightening revenues and escalating service costs, placing a significant strain on the broader economy. A critical factor in this landscape is the high volume of outbound capital; in 2024, licensed money-service providers recorded nearly \$100 million in remittances, which is equivalent to over 50% of the total gross revenue identified for the FY 2026 budget. Although these remittances fulfill important personal obligations, the resulting capital flight limits the multiplier effect of local earnings, as income frequently leaves the jurisdiction before it can contribute to domestic economic development.

Your Committee further finds that the implementation of a modest, well-structured remittance transfer fee ensures that a portion of outbound capital remains within the CNMI economy, thereby stimulating local commerce and preserving the economic multiplier effect of domestic earnings. Aligning local regulations with emerging federal standards—specifically 26 U.S.C. § 4475, which established a one-percent excise tax effective January 1, 2026—promotes consistency, equity, and operational efficiency. By adopting a mirrored framework

tailored to the Commonwealth's unique economic landscape, the CNMI can harmonize compliance for financial institutions and money-service businesses while effectively mitigating revenue leakage. The proposed measure is not intended to restrict outbound remittances; instead, it establishes a modest fiscal mechanism to retain a fraction of these funds within the CNMI. By recapturing a portion of expatriated capital, the Commonwealth can fund critical public interest programs. Specifically, revenues will be dedicated to advancing financial education and workforce readiness, thereby maximizing the domestic utility of locally earned income and fostering long-term economic resilience. Finally yet significantly, remittance transfers in an amount less than fifty dollars (\$50.00) shall be exempt from the fee imposed under this Act. Furthermore, the Secretary of Finance is authorized to promulgate regulations establishing an application process for fee exemptions based upon demonstrated financial hardship or humanitarian necessity. Therefore, your Committee supports the intent and purpose of House Bill No. 24-72 and recommends its passage in the form of House Bill No. 24-72, House Substitute 1.

D. Public Comments/Public Hearing:

Public comments were received from the following:

1. Maryann Borja-Arriola, Acting Banking Administrator, Office of the Director of Banking, Department of Commerce.

"I am attaching supporting documents summarizing my findings, analysis, and recommendations based on the 2018-2022 data. These material explain the economic impact of these outflows and outline actions that may help strengthen reporting standards, improve coordination between agencies, and encourage more local financial activity."

2. Remedio C. Mafnas, Secretary, Department of Commerce.

"I submit these comments in support of House Bill No. 24-72 based on my review of the measure from a banking and regulatory perspective."

3. Derek T. Sasamoto, Executive Director, Commonwealth Economic Development Authority.

"26 U.S.C. § 4475 establishes a 1% excise tax on certain remittance transfers, specifically targeting cash-based international money transfers effective after December 31, 2025, applicable in all US jurisdictions including the CNMI. It is applicable to transfers funded with cash, money orders, cashier's checks, or similar physical instruments. It is not applicable to bank transfers or debit or credit card transfers."

HB 24-72, on the other hand, proposes to impose a 1% tax on all remittance transfers (not just those funded with cash, money orders, cashier's checks, or similar physical instruments). The bill refers to US Section 920(g) of the Electronic Fund Transfer Act, for the definition of "remittance transfer" as "United States dollar amount being transferred to a recipient located outside the U.S."

Will there be exceptions for medical or educational related remittance transfers?"

Comments have been attached as part of this committee report.

E. Legislative History:

House Bill No. 24-72 was introduced by Representative Marissa R. Flores on November 6, 2025. On November 12, 2025, it was referred to the House Standing Committee on Ways and Means for disposition.

F. Cost Benefit:

The enactment of House Bill No. 24-72, as revised in HS1, will not impose significant additional costs on the CNMI Government. The bill primarily establishes a modest, well-administered remittance-transfer fee that ensures that a small portion of these funds circulates within the CNMI economy before leaving, strengthening local commerce and preserving the multiplier effect of every dollar earned here. A dedicated revolving account funded from any and all fees collected from this Act will directly fund the CNMI Scholarship and Financial Assistance Office, the Northern Marianas Technical Institute, Financial Literary Programs and the Health Network Program.

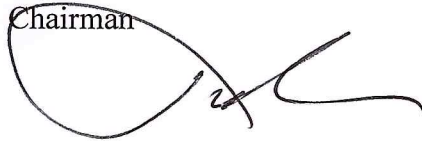
III. CONCLUSION:

The Committee is in accord with the intent and purpose of House Bill No. 24-72 and recommends its passage in the form of House Bill No. 24-72, House Substitute 1.

Respectfully submitted,



Rep. John Paul P. Sablan
Chairman



Rep. Roy A. Ada, Member

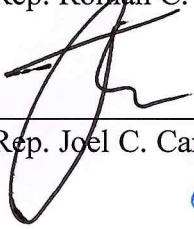


Rep. Blas Jonathan "BJ" T. Attao
Vice Chairman

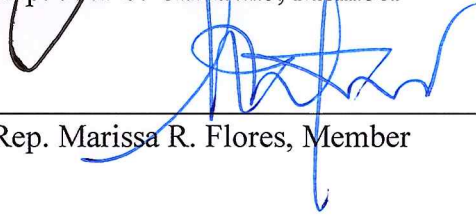


Rep. Vincent R. Aldan., Member

Rep. Roman C. Benavente, Member



Rep. Joel C. Camacho, Member



Rep. Marissa R. Flores, Member

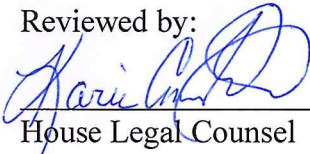
Rep. Julie Marie A. Ogo, Member

Rep. Patrick H. San Nicolas, Member



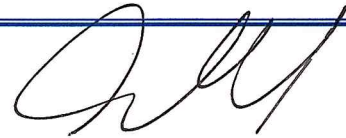
Rep. Ralph N. Yumul, Member

Reviewed by:



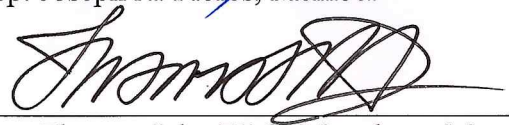
House Legal Counsel

Date: 3-13-26



Rep. Angelo A. Camacho, Member

Rep. Joseph A. Flores, Member



Rep. Thomas John DLC. Manglona, Member

Rep. Malcolm J. Omar, Member

Rep. Denita Kaipat Yangetmai, Member

Attachment: Maryann Borja-Arriola, Acting Bank Administrator, Dept. of Commerce
Remedio C. Mafnas, Secretary, Dept. of Commerce
Derek T. Sasamoto, Executive Director, CEDA
House Bill No. 24-72, House Substitute 1



David M. Apatang, Governor
Dennis James C. Mendiola, Lt. Governor

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Remedio C. Mafnas, Secretary

October 27, 2025

Honorable Marissa Renee Flores
Representative
House of Representatives
24th Commonwealth Legislature
P.O. Box 500586
Saipan MP 96950

SUBJECT: *Remittance and Foreign Exchange Overview, 2018-2022 Findings, Recommendations, and Ongoing Assessment*

Dear Representative Flores:

After reviewing the remittance and foreign exchange data under the Department of Commerce covering the years 2018 to 2022, I was truly taken aback by the steady and significant outflow of funds from our local economy. The figures show that more than half a billion dollars were sent off-island within that five-year period. These outflows even increased during the COVID-19 pandemic, a time when most businesses and households were struggling to recover and sustain daily operations.

This trend could have been addressed earlier through closer coordination and more consistent tracking of remittance and exchange activities. While it is understandable that workers continue to send money to their families abroad, the large volume of funds leaving the CNMI limits the amount of cash that circulates locally, affecting small businesses, employment, and overall economic activity.

As the Acting Banking Administrator, I view this as both a challenge and an opportunity to strengthen our internal systems and bring more clarity to how these transactions were being recorded and reported. The Division is now taking steps to ensure complete and timely submissions from all licensed remittance and foreign exchange operators, improve the accuracy of collected data, and promote open communication regarding service charges, exchange rates, and transaction volumes. I will also be working closely with the Central Statistics Division (Commerce CSD) to align reporting formats so the CNMI can maintain a clear and reliable picture of its financial movements.

I am attaching supporting documents summarizing my findings, analysis, and recommendations based on the 2018–2022 data. These materials explain the economic impact of these outflows and outline actions that may help strengthen reporting standards, improve coordination between agencies, and encourage more local financial activity.

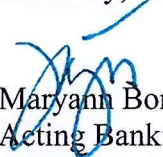
Additionally, upon review of the published CSD remittance indicator series for 2018-2022, I found no publicly available breakdown for remittance inflows to the CNMI. The current series appears to record only outflows. This gap limits our ability to fully assess the net international remittance position of the CNMI economy, namely, how much is sent abroad versus how much is received back. As Acting Banking Administrator, I will investigate whether inbound flows are being captured internally and recommend establishing a publicly-released inbound remittance indicator if none currently exists.

I will also be reviewing the reports submitted by licensed institutions and remittance operators to confirm the actual figures for inbound remittances. Once verified, I will provide your office with the official data for proper reference and inclusion in future reports.

Please be informed that I will keep your office updated once the 2023 remittance and foreign exchange reports are finalized and reviewed. The Banking Division remains committed to working with your committee in promoting better financial management practices and ensuring that future policies are guided by accurate information and sound analysis.

Thank you for your continued support and leadership.

Sincerely,



Maryann Borja-Arriola
Acting Banking Administrator

cc: OBD File



David M. Apatang, Governor
Dennis James C. Mendiola, Lt. Governor

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Remedio C. Mafnas, Secretary

**CNMI Remittances & Foreign Exchange
2018–2022 Trends, COVID Effects, and Legislative Actions**

What the official numbers show (remittances out of CNMI)

Remittances are funds sent from workers in the CNMI to families overseas through licensed transmitters. The Central Statistics Division table reports the following annual outflows:

- 2018: \$94.98M remitted out.
- 2019: \$96.76M remitted out.
- 2020: \$100.28M remitted out during COVID.
- 2021: \$126.69M remitted out at recovery peak.
- 2022: \$117.13M remitted out, still elevated.

Year	Q1	Q2	Q3	Q4	Annual	% Change
2018	\$19.79M	\$22.54M	\$27.11M	\$25.55M	\$94.98M	-1.90%
2019	\$24.43M	\$23.82M	\$24.98M	\$23.53M	\$97.76M	1.87%
2020	\$21.08M	\$20.85M	\$28.69M	\$29.66M	\$100.28M	3.64%
2021	\$28.30M	\$35.76M	\$31.18M	\$31.46M	\$126.69M	26.34%
2022	\$30.91M	\$30.47M	\$28.75M	\$27.00M	\$117.13M	-7.54%
Total Cash Outflow					\$535.84M	

Five-year grand total (2018–2022): \$535.84 million exited the local economy via remittances.

About foreign exchange (FX)

The Banking Annual Report (2022) states that Commerce compiles remittance and foreign exchange reports for the same period. The public PDF summarizes bank conditions and notes these datasets; Banking can furnish the FX totals (currency conversions) to the Legislature as an exhibit.

How the pattern evolved through the years

- 2018-2019: Outflows hover around \$95-97 million as pre-COVID tourism and construction support steady employment.
- 2020 (COVID shock): Despite shutdowns, outflows rise to \$100.28M. Workers continued sending support abroad even as local spending fell. This shows remittances are a household obligation first, not a discretionary expense.
- 2021 (early recovery): Outflows jump to \$126.69M, the five-year high. As earnings resumed, backlogged family needs overseas were funded. At the same time, the economy rebounded from the 2020 collapse.

- 2022: Outflows ease to \$117.13M yet remain historically high. GDP continued to recover, but remittance behavior stayed strong.

Overall trend

Across the five-year period, remittance flows remained consistently high and resilient, fluctuating mainly with economic cycles and workforce shifts. The notable rebound in 2021 reflects strong recovery momentum, while the 2022 decline represents market stabilization rather than structural weakness. The pattern indicates that remittance behavior is closely tied to employment opportunities, GDP, growth, and household income levels within the CNMI.

Why that money doesn't circulate locally first

1. Household duty to support families abroad: Many workers in the CNMI have dependents off-island. A fixed portion of pay is sent home before local purchases. This is structural in a labor market with a large non-resident segment. GAO's 2018-2022 worker mix reviews help explain the persistence of outflows.
2. Limited local substitutes: For some goods, services, and savings options, families choose to support needs in their home country rather than spend or save in the CNMI.
3. Fee structures and FX frictions: Transfers often involve FX and per-transaction fees. Even small fees on large volumes remove additional dollars from local circulation. Banking regulates and receives these reports.
4. COVID dynamics: In 2020, local spending fell while remittances did not; in 2021-2022, earnings returned and families caught up on overseas obligations. GDP rose +5.1% (2021) and +16.7% (2022), yet outflows stayed high, showing growth alone doesn't "plug the leak."

What this means for the CNMI economy

- Lower local multiplier: Dollars sent off-island don't get re-spent at local groceries, clinics, utilities, or contractors. Over time, this weakens sales volumes and tax collections.
- Thin markets: Retailers and service providers struggle to reach scale when a big slice of household income leaves the islands each pay cycle.
- Fiscal planning issues: Consumption-linked revenues underperform just when the government needs stability.

Legislative actions, with rationale

1. Require an annual "Remittance & FX Transparency Table."
Action: Commerce (Banking + CSD) to publish one consolidated table each year: total remittances by year, number of transactions, estimated average fees, top corridors, and FX volumes (aggregated).

Why: Clear visibility supports informed policy and consumer education without adding burdensome reporting. The data already exists inside Commerce; this mandates standardized public release.

2. Lower the cost of sending money (fee competition).

Action: Empower Banking to publish a simple quarterly fee and FX-rate comparison across licensed providers. Encourage partnerships between banks/credit unions and regulated digital remitters to reduce costs.

Why: Even a 1-2 percentage-point reduction in average fees keeps millions with residents each year while preserving the ability to support families abroad.

3. Promote “earn-and-spend-once locally” before remittance.

Action: Pilot voluntary employer programs that route a small portion of pay into local essentials first (e.g., utility credits or grocery vouchers usable at CNMI merchants), with no interference in workers’ right to remit.

Why: Nudges a first round of spending on-island, raising the multiplier at the margin without restricting personal transfers.

4. Modernize the licensing framework for remitters and FX dealers.

Action: Update licensing conditions to include consumer disclosures on total cost (fees + FX spread), fast complaint channels, and data-sharing (aggregated) to CSD.

Why: Transparent pricing and cleaner data protect consumers and sharpen oversight, especially important after the COVID period exposed household vulnerabilities.

5. Data access for lawmakers (nonpublic, aggregated).

Action: Require Commerce (Banking) to provide the House and Senate fiscal committees with an annual confidential annex of remittance and FX aggregates by corridor and provider.

Why: Lets committees test fee trends, volume spikes, and corridor risks while protecting individual privacy.

6. Targeted financial literacy tied to remitting.

Action: Fund short workshops at large employers on budgeting, fee comparison, and safe digital remittance options.

Why: Household choices drive the flow. Information is the lowest-cost lever to improve outcomes without limiting transfers.

GDP context (for framing, if asked): real GDP +5.1% (2021), +16.7% (2022) after -29.1% (2020). Remittances remained high through the rebound.

I will be providing the updated reports for inbound remittances along with the 2023 report once we finalize and close-out the 5-year (2018-2022) report. This will ensure that all the data are properly verified, consistent, and accurately reflected in the final compilation.

References

- CSD Remittance Table (official): annual series used above.
- Banking Annual Report 2022: confirms availability of remittance and FX reports; request FX totals from Banking for the committee file.

- Banking Division page: describes remit/FX reporting scope and licensing.
- BEA GDP releases: used for macro context during COVID and recovery.



David M. Apatang, Governor
Dennis James C. Mendiola, Lt. Governor

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Remedio C. Mafnas
Secretary

January 12, 2026

Marissa R. Flores
Representative
House of Representatives
24th NMC Legislature

SUBJECT: *Comments on HB 24-072 – Remittance Transfer Tax*

Dear Representative Flores:

I submit these comments in support of House Bill 24-072 based on my review of the measure from a banking and regulatory perspective.

The bill is workable because it relies on remittance channels and financial institutions that already operate under established reporting and compliance systems. It does not change how remittance services are offered, nor does it impose new regulatory structures. That approach is appropriate for the Commonwealth and avoids unnecessary disruption to banks and licensed money service businesses.

At the same time, it is important to recognize that outbound remittance activity is significant, and any measure tied to these transactions will require coordination across agencies. The Banking Division operates with limited staff, and even when enforcement authority is not expanded in statute, implementation can still create indirect supervisory demands. Clear roles, realistic expectations, and careful rulemaking will be necessary to ensure this measure can be carried out without affecting core safety and soundness responsibilities.

I also note that the bill does not rely on punitive enforcement mechanisms. Instead, it assumes compliance through existing systems. While this restraint is appropriate, its success will depend on clear guidance and consistent administration so that providers and the public understand what is expected.

Overall, I believe the bill reflects a reasonable policy choice that fits within current financial operations in the Commonwealth. With careful implementation and coordination, it can be administered without placing undue strain on regulators or financial institutions.

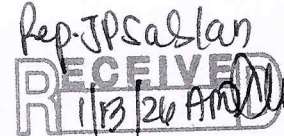
Sincerely,

Remedio C. Mafnas
Secretary
CNMI Department of Commerce



January 12, 2026

Honorable John Paul P. Sablan
Chairman, Committee on Ways & Means
House of Representatives
24th Northern Marianas Commonwealth Legislature
Commonwealth of the Northern Mariana Islands
P.O. Box 500586
Saipan, MP 96950



RE: January 7, 2026 - Letter Request for Comments on Certain House Bills

Dear Chairman Sablan:

Thank you for providing the Commonwealth Economic Development Authority (CEDA) with the opportunity to comment on the House Bills listed in your letter of January 7, 2026. The House Bills are listed below and CEDA's comments and recommendations are shown after each item.

- **HB 24-48:** *"to adjust the 1992 salary cap of executive directors to a 2025 inflation equivalent amount."*

CEDA supports the general intent of this bill and hopes the CNMI considers a consistent pay scale for the entire government. Moreover, we appreciate that bill indicating that, for example, boards, are not required to meet this level of compensation, but that it is a possibility that can be considered when taking into account executive performance, responsibilities, and budget.

- **HB 24-58:** *"to amend 4 CMC § 1305 to exempt services and the sale or exchange of securities and other similar assets from gross revenue tax; to amend 4 CMC § 1708 to allow rebates for exempted activities; to repeal 4 CMC § 1712; and for other purposes."*

CEDA supports this bill because it aligns with the economic diversification the CNMI seeks, namely the following:

1. Amending 4 CMC §1305 to exempt exported services (professional, technical, digital) from BGRT encourages digital economy businesses (IT, consulting, remote services) to domicile in the CNMI thereby broadening our tax base.

The legislature may want to consider the unequal treatment of local service businesses serving CNMI continuing to be taxed, creating competitive imbalance. Additionally, it might be hard to verify "exported services" vs. local services so there is a risk of misclassification and tax avoidance.

Should exemptions be conditional (e.g., minimum local employment, investment thresholds)?

2. Amending 4 CMC §1305 to exempt the sale or exchange of securities, and similar assets from BGRT would encourage growth in the financial sector and position the CNMI as a potential hub for financial services firms (broker-dealers, investment banking, etc.).

Over time, potential revenue gains may result from income tax (NMTIT), payroll taxes, and local spending by new firms and employees. However, an immediate reduction in BGRT collections from service providers and financial transactions will result, and it is uncertain whether new industries will offset lost revenue quickly.

3. Repealing 4 CMC §1712 would likely result in an increase in in-migration which leads to expansion of the CNMI's tax base while stimulating local demand and improving the CNMI's competitiveness.

Interestingly, § 1712 is a CNMI choice, not a federal mandate. Which begs the question, for what reason did CNMI impose this restriction on itself in 1987?

4. Amend 4 CMC §1708 to allow rebates for income related to exported services under NMTIT. The government must design clear rules to prevent double-dipping (e.g., claiming rebates while also benefiting from other exemptions).

• **HB 24-72:** *"To impose a remittance transfer tax within the Commonwealth of the Northern Mariana Islands equivalent to the federal excise tax under 26 U.S.C. § 4775, to ensure equitable revenue capture from outbound remittances, to strengthen compliance with federal fiscal policy, and for other purposes."*

26 U.S.C. § 4475 establishes a 1% excise tax on certain remittance transfers, specifically targeting cash-based international money transfers effective after December 31, 2025, applicable in all US jurisdictions including the CNMI. It is applicable to transfers funded with cash, money orders, cashier's checks, or similar physical instruments. It is not applicable to bank transfers or debit or credit card transfers.

HB 24-72, on the other hand, proposes to impose a 1% tax on all remittance transfers (not just those funded with cash, money orders, cashier's checks, or similar physical instruments). The bill refers to US Section 920(g) of the Electronic Fund Transfer Act, for the definition of "remittance transfer" as "United States dollar amount being transferred to a recipient located outside the U.S."

Will there be exceptions for medical or educational related remittance transfers?

Comments on HBs 24-48, 24-58, 24-72 & 24-73
House Committee on Ways & Means
January 12, 2026
Page 3 of 3


• **HB 24-73:** *"To provide a nonrefundable tax credit to taxpayers who make donations of cash or food supplies to qualified community-based service organizations."*

CEDA supports the general intent of this bill and recommends its passage.

Should you have any questions or would like to discuss, please contact me.

Thank you for your continued support of CEDA.

Respectfully,



Derek T. Sasamoto
Executive Director

xc: CEDA Board of Directors
CEDA Executive Director
CEDA Economic Development Manager
CEDA Executive Assistant

TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH

LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 6, 2025

Second Regular Session, 2025

H. B. 24-72, HS1

A BILL FOR AN ACT

To impose a remittance transfer fee within the Commonwealth of the Northern Mariana Islands equivalent to the federal excise tax under 26 U.S.C. § 4475, to ensure equitable revenue capture from outbound remittances, to strengthen compliance with federal fiscal policy, and for other purposes.

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

1 **Section 1. Short Title.** This Act may be cited as the “CNMI Remittance
2 Transfer Fee Act of 2026.”

3 **Section 2. Findings and Purpose.** Fiscal conditions in the Commonwealth
4 continue to test the resilience of both government and households. Revenues remain
5 tight while the cost of essential services rises, placing pressure on the local
6 economy. In 2024, licensed money-service providers in the CNMI transmitted just
7 under one hundred million dollars abroad—more than half of the Commonwealth's
8 total gross revenue for Fiscal Year 2026. While these remittances reflect generosity
9 and familial duty, they also mean that income earned through local labor and local

1 customers often exits the islands without first contributing to the community that
2 made those earnings possible.

3 A modest, well-administered remittance-transfer fee ensures that a small
4 portion of these funds circulates within the CNMI economy before leaving,
5 strengthening local commerce and preserving the multiplier effect of every dollar
6 earned here. Local alignment with emerging federal policy provides consistency,
7 fairness, and efficiency. The United States enacted 26 U.S.C. § 4475, establishing
8 a one-percent excise fee on outbound remittance transfers beginning January 1,
9 2026. By mirroring that framework—but tailoring it to CNMI realities—the
10 Commonwealth harmonizes compliance expectations for banks and money-service
11 businesses while preventing revenue leakage.

12 This Act does not curtail the ability of residents to support families overseas.
13 Instead, it applies a small, transparent charge that converts a fraction of outward
14 flows into reinvestment at home. Revenues generated shall be dedicated to financial
15 literacy, workforce readiness, and consumer protection, ensuring that funds
16 collected directly benefit the people of the Commonwealth.

17 **Section 3. Enactment.** Subject to codification by the CNMI Law Revision
18 Commission, the following provision is hereby enacted into law as a new Chapter
19 15. “Remittance Transfer Fee” of Title 4 of the Commonwealth Code, Economic
20 Resources, Division 1, Revenue and Taxation, which shall read as follows:

21 **“Chapter 15. Remittance Transfer Fee.**

1 **§ 101. Short Title.**

2 This Chapter may be cited as the '*Remittance Transfer Fee Act of 2026.*'

3 **§ 102. Licensing.**

4 Notwithstanding any other provision of law, any person or entity
5 engaging in money services business activities within the Commonwealth
6 shall apply for, obtain, and maintain a separate and standalone MSB license.
7 An MSB license shall not be issued as, attached to, or subsumed under any
8 other business license, general business license, or permit.

9 (b) No Subsidiary or Piggyback Licensing. An MSB may not operate
10 as a subsidiary, affiliate, division, or add-on activity of another licensed
11 business unless the MSB itself is independently licensed under this Act and
12 all applicable CNMI laws. Possession of any other license shall not satisfy
13 MSB licensing requirements.

14 (c) Federal Harmonization. For purposes of this Act, “money services
15 business” shall have the same meaning as provided under 31 U.S.C. § 5330
16 and 31 C.F.R. § 1010.100, as amended. All licensed MSBs shall maintain
17 federal registration with the Financial Crimes Enforcement Network
18 (FinCEN) and comply with applicable federal Bank Secrecy Act and anti-
19 money laundering requirements.

20 (d) CNMI Business Licensing Consistency. This Section is intended to
21 harmonize with existing CNMI business licensing laws. In the event of

1 conflict, the provisions of this Act governing MSBs shall control with respect
2 to licensing, compliance, supervision, examination, and enforcement of
3 MSBs.

4 (e) Remittance Levy Enforcement. Only MSBs holding a valid
5 standalone MSB license under this Act may conduct outbound remittance
6 transfers subject to the remittance levy. Each licensed MSB shall:

7 (1) Collect the remittance levy at the point of transfer;

8 (2) Maintain auditable records of remittance transactions and levy
9 collections;

10 (3) Remit collected levies to the designated Commonwealth account in
11 the manner prescribed by regulation; and

12 (4) Submit to examination and enforcement by the designated
13 Commonwealth regulatory authority.

14 **§ 103. Imposition of Fee.**

15 (a) There is hereby imposed a fee equal to one percent (1%) of the
16 amount of any remittance transfer initiated by a sender located in the
17 Commonwealth to a recipient located outside the Commonwealth.

18 (b) The fee shall be collected by the remittance transfer provider at the
19 time of the transaction and remitted to the Department of Finance in
20 accordance with this Chapter.

21 **§ 104. Definitions.**

1 For purposes of this Chapter—

2 (1) “Remittance transfer” has the meaning provided in 15 U.S.C. §
3 16930-1(g).

4 (2) “Sender” means a person located in the Commonwealth who
5 requests a remittance transfer.

6 (3) “Recipient” means a person or account located outside the
7 Commonwealth designated to receive a remittance transfer.

8 (4) “Remittance transfer provider” means any person or entity engaged
9 in the business of providing remittance transfers for compensation, including
10 banks, money service businesses, foreign exchange dealers, agents, and local
11 intermediaries.

12 (5) “Local Intermediary” means any person or business located in or
13 operating from the Commonwealth that accepts funds, causes or facilitates a
14 remittance transfer through any third-party payment platform, and receives
15 compensation or economic benefit.

16 (6) “Bank-to-bank transfer” means a transfer of funds initiated and
17 completed solely between federally regulated financial institutions, including
18 transfers conducted through automated clearing house (ACH) networks or
19 bank-integrated payment systems.

20 (7) “Third-party platform transfer” means a transfer of funds conducted
21 through a digital wallet, peer-to-peer payment application, online payment

1 processor, or similar platform not operated exclusively by a federally
2 regulated financial institution.

3 (8) “Cash-based remittance” means a remittance transfer funded by
4 currency or cash equivalents accepted in person by a remittance transfer
5 provider or local intermediary.

6 (9) “Account-funded remittance” means a remittance transfer funded
7 by a bank account, prepaid account, debit card, or stored-value account.

8 (10) “Consumer remittance” means a remittance transfer initiated by an
9 individual for personal, family, or household purposes.

10 (11) “Business remittance” means a remittance transfer initiated in the
11 course of trade or business, including payments to vendors, contractors, or
12 affiliates located outside the Commonwealth.

13 (12) “Compensation” means any direct or indirect fee, commission,
14 markup, exchange differential, service charge, rebate, or other economic
15 benefit derived from facilitating a remittance transfer.

16 **§ 105A. Exclusions.**

17 The following transfers shall not constitute a “remittance transfer” for
18 purposes of this Chapter and shall not be subject to the fee imposed herein:

19 (a) A transfer of funds conducted solely between accounts held at
20 federally regulated financial institutions, where both the sender and recipient
21 are the same legal person.

1 (b) A payroll payment, pension payment, or government benefit
2 payment made by an employer or governmental entity to an employee or
3 beneficiary located outside the Commonwealth, provided the payment is not
4 structured to evade this Chapter.

5 (c) A transfer of funds made solely for the purchase of goods or services
6 from a merchant, where the transfer represents payment for bona fide
7 consideration and not the movement of funds on behalf of a third party.

8 (d) An intercompany transfer between affiliated entities for internal
9 accounting, capital allocation, or operational purposes, where no fee or
10 compensation is charged for the transfer.

11 (e) A transfer of funds incident to a court order, judgement, or legally
12 mandated obligation.

13 (f) A transfer of funds conducted by or on behalf of a federally regulated
14 financial institution acting solely in its capacity as a bank, except to the extent
15 expressly provided by law.

16 (g) Any transaction or class of transactions exempted by regulation of
17 the Secretary of Finance, where necessary to ensure consistency with federal
18 law or to avoid duplicative taxation.

19 **§ 105B. De Minimis Threshold.**

20 (a) The fee imposed under this Chapter shall not apply to any individual
21 remittance transfer in an amount less than fifty dollars (\$50.00).

1 (b) The Secretary of Finance may adjust the de minimis threshold by
2 regulation to account for inflation, administrative efficiency, or consistency
3 with federal law, provided that any adjustment shall be applied prospectively.

4 (c) Transfers structured or aggregated for the purpose of avoiding the
5 fee imposed under this Chapter shall not qualify for the de minimis
6 exemption.

7 **§ 105C. Hardship and Humanitarian Exemptions.**

8 (a) The Secretary of Finance shall, by regulation, establish procedures
9 under which a sender may apply for an exemption from the fee imposed under
10 this Chapter on the basis of demonstrated hardship or humanitarian necessity.

11 (b) Hardship or humanitarian exemptions may be granted for
12 remittance transfers made for:

13 (1) Emergency medical expenses;

14 (2) Disaster relief or recovery;

15 (3) Funeral or burial expenses;

16 (4) Other extraordinary circumstances as determined by the
17 Secretary.

18 (c) Exemptions under this section may be granted on a transaction-
19 specific or time-limited basis and shall be subject to reasonable
20 documentation and verification requirements.

1 (d) Nothing in this section shall be construed to permit blanket or
2 automatic exemptions that would materially undermine the revenue or
3 enforcement purposes of this Chapter.

4 **§ 106. Administration.**

5 (a) The Secretary of Finance shall administer, and enforce this Chapter
6 and may promulgate rules and regulations necessary for its implementation.

7 **§ 107. CNMI Financial Literacy and Economic Resilience Fund.**

8 (a) There is established a special revenue fund to be known as the
9 CNMI Financial Literacy and Economic Resilience Fund.

10 (b) All revenues collected under this Chapter shall be deposited into the
11 Fund and shall be considered General Revenues

12 (c) Funds shall be used for financial literacy, workforce readiness, and
13 consumer education programs.

14 **§ 108. Coordination with Federal Law.**

15 The Department of Finance shall coordinate with federal agencies to
16 ensure consistent administration and prevent duplicative taxation.

17 **§ 109. Federal Alignment; Credit and Exemption to Prevent**
18 **Double Taxation.**

19 (a) A remittance transfer provider that has collected and remitted the
20 federal excise tax imposed under 26 U.S.C. § 4475 on a remittance transfer

1 originating in the Commonwealth shall be eligible for a credit against, or
2 exemption from, the fee imposed under this Chapter for the same transaction.

3 (b) The Secretary shall establish certification and documentation
4 requirements by regulation.

5 (c) No credit or exemption shall be allowed unless the provider is in full
6 compliance with this Chapter.

7 **§ 110. Registration and Reporting Requirements.**

8 (a) Remittance transfer providers shall register annually with the
9 Department of Finance.

10 (b) Providers shall maintain records for not less than five (5) years and
11 file quarterly returns as prescribed by regulation.

12 **§ 111. Enforcement Authority.**

13 The Secretary may audit, subpoena records, compel testimony, and
14 coordinate with federal authorities to enforce this Chapter.

15 **§ 112. Civil Penalties and Interest.**

16 (a) Failure to comply shall result in liability for unpaid fee plus interest.

17 (b) Civil penalties may be assessed up to twenty-five percent (25%) for
18 negligence and up to one hundred percent (100%) for willful violations.

19 **§ 113. Unlicensed Money Transmission.**

1 Engaging in money transmission without required registration or
2 licensure constitutes a violation, and each transaction shall be treated as a
3 separate offense.

4 **§ 114. Criminal Records.**

5 Nothing in this Chapter limits prosecution under existing criminal laws.

6 **§ 115. Legislative Reporting Requirement.**

7 (a) The Secretary of Finance shall submit an annual written report to the
8 Northern Mariana Islands Commonwealth Legislature no later than ninety
9 (90) days after the close of each fiscal year regarding the administration and
10 performance of this Chapter.

11 (b) The report shall include, at a minimum:

12 (1) Total remittance transfer fee revenues collected during
13 the fiscal year;

14 (2) The number and aggregate value of taxable remittance
15 transfers;

16 (3) The number and value of transfers exempted under §§
17 103A, 103B, 103C of this Chapter;

18 (4) Administrative and enforcement actions taken,
19 including audit conducted and penalties assessed;

20 (5) Coordination efforts with federal agencies; and

1 (6) Recommendations for statutory or regulatory
2 amendments, if any.

3 (c) The report shall be transmitted to the Speaker of the House of
4 Representatives, the President of the Senate, and the Chairs of the standing
5 committees with jurisdiction over finance and taxation.

6 **§ 116. Establishment of Special CNMI Remittance Transfer Fee**
7 **Reserve Fund Account.**

8 The Secretary of Finance shall establish a Special CNMI Remittance
9 Transfer Fee Reserve Fund Account. The Secretary of Finance shall deposit
10 any and all fees collected from this Act into this account. All fee's collected
11 is separate from the general fund and shall be allocated as follows: 60% shall
12 be allocated to the CNMI Scholarship and Financial Assistance Office for
13 student financial assistance; 25% shall be allocated to the Northern Marianas
14 Technical Institute for student instruction and support; 10% shall be
15 dedicated to Financial Literacy Programs; and 5% shall be allocated to the
16 Commonwealth Healthcare Corporation for the Health Network Program.

17 Notwithstanding any other provision of law, all fees collected from this
18 Act for the purposes provided herein shall be available without further
19 appropriation and without fiscal year limitation.

20 **§ 117. Effective Date of Fee.**

1 The fee imposed by this Chapter shall apply to remittance transfers
2 made on or after July 1, 2026.”

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

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

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

Prefiled: 11/6/2025

Date: _____ Introduced by: /s/ Rep. Marissa R. Flores

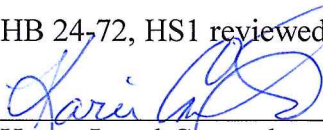
HOUSE BILL 24-72, HS1

- /s/ Rep. Roy C.A. Ada
- /s/ Rep. Vincent R. Aldan
- /s/ Rep. Blas Jonathan "BJ" T. Attao
- /s/ Rep. Roman C. Benavente
- /s/ Rep. Angelo A. Camacho
- /s/ Rep. Diego V. F. Camacho
- /s/ Rep. Joel C. Camacho
- /s/ Rep. Joseph A. Flores
- /s/ Rep. Thomas J. DLC. Manglona
- /s/ Rep. Raymond U. Palacios
- /s/ Rep. John Paul P. Sablan
- /s/ Rep. Denita Kaipat Yangetmai
- /s/ Rep. Ralph N. Yumul

Reviewed for legal sufficiency by:

/s/ Joseph L.G. Taijeron, Jr. Date: 11/5/2025
House Legal Counsel

HB 24-72, HS1 reviewed for legal sufficiency by:



House Legal Counsel

Date: 1-14-26