

**TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH
LEGISLATURE**

IN THE HOUSE OF REPRESENTATIVES

_____ **Regular Session, 2025**

H. B. 24- 32

A BILL FOR AN ACT

To establish a tax on transient accommodations and to regulate the operation of short-term rentals in the Commonwealth; and for other purposes.

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

1 **Section 1. Findings and Purpose.** The proliferation of short-term rentals
2 involving nontraditional accommodations—such as houses, apartments, and
3 condominium units—has significantly altered the landscape of the
4 Commonwealth’s housing market. These rentals, often marketed to tourists and
5 transient occupants, have led to increased competition for housing, rising long-term
6 rental prices, and regulatory challenges in residentially zoned areas. Operators who
7 fail to comply with business licensing, zoning rules, and tax laws undermine the
8 integrity of the market and place law-abiding operators at a disadvantage.

9 Registration of all operators engaged in furnishing transient
10 accommodations is essential for effective regulation and tax enforcement. In a
11 sector where listings may involve a single room or an entire resort posted online
12 without direct oversight, the government faces serious challenges in identifying

1 operators and ensuring compliance. A centralized registry will improve
2 enforcement, promote transparency, and ensure a level playing field.

3 Authorizing certain private entities to serve as tax collection agents will ease
4 the burden of administration and improve tax compliance. In particular, online
5 hosting platforms that facilitate booking and payment services are in a strong
6 position to collect and remit taxes on behalf of their operators. Requiring
7 registration of such platforms as tax collection agents will streamline compliance
8 and level the playing field.

9 Noncompliance often stems from operators structuring rental contracts to
10 appear as long-term leases exceeding ninety days while in reality allowing
11 occupancy by individuals for shorter durations. The Legislature finds that an
12 accommodation is subject to tax under this Act if it is used or occupied for fewer
13 than ninety consecutive days, regardless of the stated term of the lease or
14 agreement. The factual use of the accommodation shall govern whether it is deemed
15 transient for taxation purposes.

16 Strengthening enforcement through fines, citations, registration mandates,
17 and platform-level accountability will modernize the Commonwealth's tax
18 framework and prevent further erosion of the tax base. This Act replaces the
19 outdated Hotel Occupancy Tax with a Transient Accommodations Tax that reflects
20 the realities of today's rental and tourism market. Therefore, the purpose of this
21 Act is to:

- 1 1. Repeal the Hotel Occupancy Tax and establish a Transient
2 Accommodations Tax;
- 3 2. Require persons to register prior to engaging or continuing in the business
4 of furnishing transient accommodations, which includes posting any
5 advertisement for furnishing a transient accommodation;
- 6 3. Make any person who fails to register prior to engaging or continuing in the
7 business of furnishing transient accommodations, which includes posting
8 any advertisement for furnishing a transient accommodation, subject to a
9 citation process and monetary fines;
- 10 4. Make any person who enters into an agreement to furnish transient
11 accommodations without registering subject to a citation process and
12 monetary fines;
- 13 5. Require a hosting platform that collects fees for booking services to register
14 as a tax collection agent on behalf of its operators for purposes of the
15 transient accommodations tax; and
- 16 6. Make any person who offers transient accommodations through a hosting
17 platform that is not registered as a tax collection agent subject to a citation
18 process and monetary fines.
- 19 7. Ensure that the revenues collected pursuant to the tax formerly known as
20 the Hotel Occupancy Tax, codified at Title 4 section 1502 as repealed and
21 re-enacted herein, shall continue to be distributed pursuant to Public Law

1 19-36, codified at 4 CMC § 1803, to wit, 80 percent to the Marianas Visitors
2 Authority and 20 percent to the Northern Marianas Retirement Fund.

3 **Section 2. Repeal and Re-enactment.** Title 4, Division 1, Revenue and
4 Taxation, section 1502, “Hotel Occupancy Tax,” of the Commonwealth Code is
5 hereby repealed and re-enacted to read as follows:

6 **“§1502. Transient Accommodations Tax.**

7 **(a) Short Title.** This Act may be cited as the “Transient Accommodations
8 Act of 2025.”

9 **(b) Definitions.** As used in this chapter:

10 (1) “Booking service” means any reservation or payment service provided
11 by a person or entity that facilitates a transient accommodation transaction between
12 an operator and a prospective transient or occupant, and for which the person or
13 entity collects or receives, directly or indirectly, through an agent or intermediary,
14 a fee in connection with the reservation or payment services provided for the
15 transient accommodation transaction.

16 (2) “Division” means the Division of Revenue of Taxation of Department
17 of Finance of the Commonwealth of the Northern Mariana Islands.

18 (3) “Director” means the Director of the Division of Revenue of Taxation
19 of Department of Finance of the Commonwealth of the Northern Mariana Islands.

20 (4) “Gross rental” or “gross rental proceeds” means the gross receipts, cash
21 or accrued, of the taxpayer received as compensation for the furnishing of transient

1 accommodations or entering into arrangements to furnish transient
2 accommodations and the value proceeding or accruing from the furnishing of
3 transient accommodations or entering into arrangements to furnish transient
4 accommodations, including resort fees, without any deductions on account of the
5 cost of property or services sold, the cost of materials used, labor cost, taxes,
6 royalties, interest, discounts, or any other expenses whatsoever.

7 The words “gross rental” or “gross rental proceeds” shall not be construed
8 to include the amounts of taxes imposed by chapter 2 or this chapter on operators
9 of transient accommodations, transient accommodations brokers, travel agencies,
10 and tour packagers and passed on, collected, and received from the consumer as
11 part of the receipts received as compensation for the furnishing of transient
12 accommodations or entering into arrangements to furnish transient
13 accommodations.

14 Where transient accommodations are furnished through arrangements made
15 by a transient accommodations broker, travel agency, or tour packager at
16 noncommissionable negotiated contract rates and the gross income is divided
17 between the operator of transient accommodations on the one hand and the transient
18 accommodations broker, travel agency, or tour packager on the other hand, the tax
19 imposed by this chapter shall apply to each operator and transient accommodations
20 broker, travel agency, or tour packager with respect to that person’s respective
21 portion of the proceeds and no more. For purposes of this definition, where the

1 operator maintains a schedule of rates for identifiable groups of individuals, upon
2 which the accommodations are leased, let, or rented, gross rental or gross rental
3 proceeds means the receipts collected and received based upon the scheduled rates
4 and recorded as receipts in its books and records.

5 (5) "Hosting platform" means a person or entity that participates in the
6 transient accommodations business by providing, and collecting or receiving a fee
7 for, booking services through which an operator may offer a transient
8 accommodation. Hosting platforms usually, though not necessarily, provide
9 booking services through an online platform that allows an operator to advertise the
10 transient accommodations through a website provided by the hosting platform and
11 the hosting platform conducts a transaction by which potential renters arrange, use,
12 or pay, whether the renter pays rent directly to the operator or to the hosting
13 platform.

14 (6) "Lease", "let", or "rental" means the leasing or renting of living
15 quarters or sleeping or housekeeping accommodations in hotels, apartment hotels,
16 motels, condominiums or units, cooperative apartments, rooming houses, or other
17 places in which lodgings are regularly furnished to transients for a consideration,
18 without transfer of the title of such property.

19 (7) "Local contact" means an individual residing in the Commonwealth
20 or an entity with a place of business and at least one employee, officer, partner,

1 member, or other person working on behalf of the company who is residing in the
2 Commonwealth.

3 (8) "Operator" means any person operating a transient accommodation,
4 whether as owner or proprietor or as lessee, sublessee, mortgagee in possession,
5 licensee, or otherwise, or engaging or continuing in any service business which
6 involves the actual furnishing of transient accommodation.

7 (9) "Transient accommodations" means the furnishing of a room,
8 apartment, suite, single family dwelling, or the like to a transient for less than ninety
9 consecutive days for each letting in a hotel, apartment hotel, motel, condominium
10 or unit, cooperative apartment, dwelling unit, or rooming house that provides living
11 quarters, sleeping, or housekeeping accommodations, or other place in which
12 lodgings are regularly furnished to transients.

13 (10) "Transient accommodations broker" means any person or entity,
14 including but not limited to persons who operate online websites, online travel
15 agencies, or online booking agencies, that offers, lists, advertises, or accepts
16 reservations or collects whole or partial payment for transient accommodations.

17 **(c) Imposition of Tax and Rates.**

18 (1) There is levied and shall be assessed and collected each month a tax
19 of fifteen percent on the gross rental or gross rental proceeds derived from
20 furnishing transient accommodations.

1 (2) Every transient accommodations broker, travel agency, and tour
2 packager who arranges transient accommodations at noncommissioned negotiated
3 contract rates and every operator shall pay to the Commonwealth the tax imposed
4 by subsection (a) as provided in this chapter.

5 **(d) Exemptions.**

6 (1) Accommodations furnished to foreign diplomats and consular officials
7 who are holding cards issued or authorized by the United States Department of
8 State granting them an exemption from state taxes.

9 (2) Accommodations furnished to Commonwealth residents during a state
10 of major disaster declared by the Governor.

11 **(e) Certificate of Registration.**

12 (1) Each operator, as a condition precedent to engaging or continuing in the
13 business of furnishing transient accommodations, shall register with the Director
14 the name and location of each place of business within the Commonwealth subject
15 to this subsection. The operator shall make a one-time payment as follows:

16 (i) \$5 for each registration for transient accommodations consisting of one
17 to five units; and

18 (ii) \$15 for each registration for transient accommodations consisting of six
19 or more units;

20 Upon receipt of payment, the Director shall issue a certificate of registration
21 in such form as the Director determines, attesting that the registration has been

1 made. The registration shall not be transferable and shall be valid only for the
2 operator in whose name it is issued and for the transaction of business at the place
3 designated therein. Acquisition of additional transient accommodation units after
4 payment of the one-time fee shall not result in additional fees.

5 (2) The registration, or in lieu thereof a notice stating where the registration
6 may be inspected and examined, shall at all times be conspicuously displayed at the
7 place for which it is issued. The name, phone number, and electronic mail address
8 of the local contact shall also be conspicuously displayed in the same place. Failure
9 to meet the requirements of this subsection shall be unlawful. A citation issued
10 under this subsection for each transient accommodation in violation shall include a
11 monetary fine of not less than:

- 12 (i) \$500 per day, for a first violation;
- 13 (ii) \$1,000 per day, for a second violation; and
- 14 (iii) \$5,000 per day, for a third and any subsequent violation.

15 (3) Any advertisement, including online advertisements, for any transient
16 accommodation shall conspicuously include:

- 17 (i) The registration identification number or a link to the registration
18 identification number of the operator; and
- 19 (ii) The local contact's name, phone number, and email address. This
20 paragraph shall be considered satisfied if this information is provided to the
21 transient prior to the furnishing of the accommodation.

1 (4) Failure to meet the requirements of paragraph (3) shall be unlawful. The
2 Division may issue citations to any person, including operators, hosting platforms,
3 and brokers, who violate paragraph (3). A citation issued under this paragraph shall
4 include a monetary fine as follows:

- 5 (i) \$500 per day, for a first violation;
- 6 (ii) \$1,000 per day, for a second violation; and
- 7 (iii) \$5,000 per day, for a third and any subsequent violation.

8 (5) The registration shall remain effective until canceled in writing.
9 Reapplication following cancellation shall be treated as a new registration subject
10 to the one-time fee. The Director may revoke or cancel registration for cause as
11 provided under the Administrative Procedures Act.

12 (6) If the license fee is paid, the Division shall not refuse to issue a
13 registration or revoke it based on the exercise of rights protected by the First
14 Amendment or based on activities in interstate or foreign commerce. Section
15 1502(j) shall not be invoked to restrain such protected activity.

16 (7) Any fine assessed under this subsection shall be due and payable thirty
17 days after the citation is issued, subject to appeal rights. Appeals may be made to
18 the Director or the Director's designee.

19 (8) Any person required to register under this subsection who fails to do so
20 shall be subject to the citation and monetary fines described in paragraph (4).

1 (9) For purposes of this subsection, "engaging or continuing in the business
2 of furnishing transient accommodations" includes posting any advertisement for
3 such accommodations.

4 (10) Only one citation under paragraph (2) may be issued per transient
5 accommodation in a thirty-day period. Additional citations may be issued for other
6 accommodations. After the thirty-day period, citations may be reissued if the
7 violation continues. Subsequent citations shall not include fines for days already
8 penalized in prior citations for the same unit.

9 (11) Only one citation under paragraph (3) may be issued per transient
10 accommodation in a thirty-day period. Additional citations may be issued for other
11 accommodations. Subsequent citations shall not include fines for days already
12 penalized in prior citations for the same unit.

13 (12) In lieu of a first citation under paragraph (3), the Division shall issue a
14 written warning if the violator has no prior warning. The warning provides a 15-
15 day cure period. If violations are not cured within that period, citations shall issue
16 for all days in violation. Only one written warning may be issued per person.

17 **(f) Certificate of registration for transient accommodations broker,**
18 **travel agency, and tour packager.**

19 (1) Each transient accommodations broker, travel agency, or tour packager,
20 as a condition precedent to entering into an arrangement to furnish transient
21 accommodations at noncommissioned negotiated contract rates, shall register with

1 the Director. The transient accommodations broker, travel agency, or tour
2 packager shall make a one-time payment of \$15 for each registration, upon receipt
3 of which the Director shall issue a certificate of registration in a form as the Director
4 determines, attesting that the registration has been made. The registration shall not
5 be transferable and shall be valid only for the transient accommodations broker,
6 travel agency, or tour packager in whose name it is issued.

7 The registration shall be effective until canceled in writing. Any
8 application for the reissuance of a previously canceled registration identification
9 number shall be regarded as a new application for registration and shall be subject
10 to the payment of the one-time registration fee. The Director may revoke or cancel
11 any registration issued under this section for cause as provided by rule under the
12 Administrative Procedures Act.

13 (2) Any person who enters into an agreement to furnish transient
14 accommodations without registering in conformity with this subsection shall be
15 subject to the citation process and monetary fines under subsection (e).

16 **(g) Return and payments; penalties.**

17 (1) Every person subject to this chapter shall file a return and pay the tax,
18 if any, on a monthly basis.

19 (2) The monthly returns and payments required under paragraph (1) of this
20 subsection shall be filed, and any tax due shall be paid, on or before the last day of
21 the month following the close of the taxable month, as follows:

1 Returns for January shall be filed by February 28;
2 Returns for February shall be filed by March 31;
3 Returns for March shall be filed by April 30;
4 Returns for April shall be filed by May 31;
5 Returns for May shall be filed by June 30;
6 Returns for June shall be filed by July 31;
7 Returns for July shall be filed by August 31;
8 Returns for August shall be filed by September 30;
9 Returns for September shall be filed by October 31;
10 Returns for October shall be filed by November 30;
11 Returns for November shall be filed by December 31; and
12 Returns for December shall be filed by January 31.

13 (3) Failure to comply with the provisions of this subsection shall be
14 punishable under the penalties prescribed by this division.

15 **(h) Hosting platform as tax collection agent; operator.**

16 (1) A hosting platform that collects fees for booking services shall register
17 as a tax collection agent on behalf of all of its operators.

18 (2) A tax collection agent shall be issued a separate certificate of
19 registration under this chapter with respect to taxes due on behalf of its operators
20 in its capacity as a tax collection agent and, if applicable, with respect to any taxes
21 payable under this chapter for its own business activities.

1 (3) In addition to its own responsibilities under this chapter, a tax collection
2 agent shall report, collect, and pay over the taxes due under this chapter on behalf
3 of all of its operators or for whom booking services are provided; provided that the
4 tax collection agent's obligation to report, collect, and pay taxes on behalf of all of
5 its operators shall apply solely to transient accommodations in the Commonwealth
6 for which booking services were provided by the tax collection agent.

7 (4) If the tax collection agent fails to pay the tax as required under
8 subsection (c), the tax collection agent shall be liable to pay to the Commonwealth
9 any unpaid portion of the amount of tax that was required to be paid under
10 paragraph (4).

11 (5) All returns and other information provided by a tax collection agent
12 shall be confidential, and disclosure thereof shall be prohibited as provided in 4
13 CMC §§ 18161-18163.

14 (6) A tax collection agent shall file periodic returns in accordance with
15 subsection (g). The December return shall be accompanied by a cover sheet, in a
16 form prescribed by the division, that includes the following information for each
17 operator on whose behalf the tax collection agent is required to report, collect, and
18 pay over taxes due under this chapter:

- 19 (1) Name;
- 20 (2) Location of the transient accommodations;
- 21 (3) Transient accommodations tax identification number;

1 (4) The amounts of taxes paid for each transient accommodations
2 tax identification number.

3 (7) Before collecting any fee for booking services, a tax collection agent
4 shall notify each of its operators that it is a tax collection agent that it has remitted
5 or will remit transient accommodation taxes to the Division pursuant to this chapter,
6 and that the reporting and remittance of Commonwealth business gross revenue and
7 income taxes is the responsibility of each operator.

8 (8) The Division may require any form or document required to be
9 submitted under this subsection to be filed electronically.

10 **Subsection (i). Unregistered tax collection agents; penalties.**

11 (1) If an operator, transient accommodations broker, travel agency, or tour
12 packager offers transient accommodations through a hosting platform that is not
13 registered as required by subsection (h) of this chapter and the tax collection agent
14 fails to pay the tax as required under this chapter, the tax collection agent and
15 operator shall be jointly liable for paying to the Commonwealth any unpaid portion
16 of the amount of tax required to be paid under this chapter.

17 (2) The Division may issue citations to any person who offers transient
18 accommodations through a hosting platform that is not registered as required by
19 subsection (h) of this chapter. A citation issued pursuant to this subsection for each
20 transient accommodation in violation of this subsection shall include a monetary
21 fine of not less than:

- 1 (i) \$500 per day, for a first violation for which a citation is issued;
- 2 (ii) \$1,000 per day, for a second violation for which a citation is
- 3 issued; and
- 4 (ii) \$5,000 per day, for a third and any subsequent violation for
- 5 which a citation is issued.

6 (3) Only one citation under paragraph (2) may be issued to a person in a
7 thirty-day period per transient accommodation. The same person may be issued
8 additional citations under paragraph (2) during the thirty-day period for offering
9 other transient accommodations the person operates through an unregistered
10 hosting platform. Following the expiration of the thirty-day period, a citation may
11 be issued under paragraph (2) in connection with the same transient accommodation
12 if it continues to be in violation. Citations issued for second violations shall not
13 include fines for days of violation for which a fine was issued in the citation for
14 first violation for the same transient accommodation. Citations issued for third
15 violations shall not include fines for days of violation for which fines were issued
16 in the citations for the first and second violations for the same transient
17 accommodation.

18 **Subsection (j) Collection by suit; injunction.**

19 The Division may collect unpaid taxes, together with all accrued penalties,
20 and monetary fines under this chapter, by initiating proceedings with the superior
21 court. If any person lawfully required to obtain a certificate under this chapter fails

1 to apply for and secure a certificate as provided by this chapter for a period of sixty
2 days after the first date when the person was required under this chapter to secure
3 the certificate, the Division may proceed in the superior court to obtain an
4 injunction restraining the further furnishing of transient accommodations until such
5 certificate is secured.

6 **Subsection (k). Application of tax.**

7 (a) The tax imposed by this chapter shall be in addition to any other taxes
8 imposed by any other laws of the Commonwealth, except as otherwise specifically
9 provided in this chapter; provided that if it be held by any court of competent
10 jurisdiction that the tax imposed by this chapter may not legally be imposed in
11 addition to any other tax or taxes imposed by any other law or laws with respect to
12 the same property or the use thereof, then this chapter shall be deemed not to apply
13 to such property and the use thereof under the specific circumstances, but the other
14 laws shall be given full effect with respect to such property and use.

15 (b) In order to determine if the tax under this chapter is to be levied,
16 assessed, and collected upon transient accommodations the following presumptions
17 shall control.

18 (1) If a person lets a transient accommodation for less than ninety
19 consecutive days, it shall be presumed that the accommodation furnished is
20 for a transient purpose.

1 (2) If a person lets a transient accommodation for ninety days or
2 more, there is no presumption one way or another as to the purpose for
3 which the accommodation is furnished. The operator shall have the burden
4 of proving to the Division whether an accommodation is not being furnished
5 for a transient purpose. If the Division is satisfied that an accommodation is
6 not furnished for a transient purpose, then the Division shall not levy any
7 tax under this chapter.

8 (3) An accommodation is presumed to be transient and subject to
9 taxation under this chapter, notwithstanding a lease, license, or contract
10 term of more than ninety (90) consecutive days, if the operator or lessor
11 permits the accommodation to be occupied by any person or persons for
12 fewer than ninety (90) consecutive days. The Division shall assess the tax
13 on the basis of actual occupancy rather than the duration or form of the
14 agreement under which the accommodation is furnished.

15 (c) Except as otherwise provided, this chapter shall apply to a transient
16 accommodations broker, travel agency, or tour packager who enters into an
17 agreement to furnish transient accommodations at noncommissioned negotiated
18 contract rates in the same manner as it applies to an operator.

19 **Subsection (l). Regulations.** The Secretary of the Department of Finance
20 may adopt rules necessary to effectuate the purposes of Title 4 section 1502.”

1 **Section 3. Distribution of Revenue Pursuant to 4 CMC 1803.** The
2 distribution of revenue derived from taxes imposed and collected pursuant to the
3 Hotel Occupancy Tax established by Public Law 3-11 as amended, and formerly
4 codified at Title 4 section 1502, as repealed and re-enacted herein, shall continue
5 pursuant to the statutory distribution set forth in Public Law 19-36, codified at 4
6 CMC § 1803 unless otherwise expressly provided for by law.”

7 **Section 4. Severability.** If any provision 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.

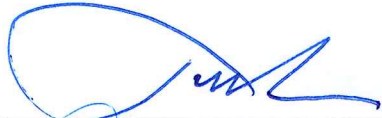
12 **Section 4. Savings Clause.** This Act and any repealer contained herein
13 shall not be construed as affecting any existing right acquired under contract or
14 acquired under statutes repealed or under any rule, regulation or order adopted
15 under the statutes. Repealers contained in this Act shall not affect any proceeding
16 instituted under or pursuant to prior law. The enactment of this 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 at the date this Act becomes effective.

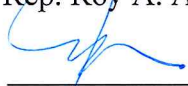
19 **Section 5. Effective Date.** Once law, either upon approval by the Governor
20 or upon becoming law without such approval, this Act, including the repeal of
21 Section 1502 of Title 4, Division 1, Chapter 5 of the Commonwealth Code, shall


- 1 take effect sixty (60) days after regulations implementing the Act are promulgated
- 2 by the Secretary of the Department of Finance.

Prefiled: 06-18-2025

Date: _____

Introduced by: 
Rep. Roy A. Ada

Co-authored by: 
Rep. Julie M. A. Ogo

Reviewed for Legal Sufficiency by:

House Legal Counsel

