

TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH

LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

Regular Session, 2025

H. B.

24-4

A BILL FOR AN ACT

To amend the Investment Incentive Act of 2000 by refining eligibility criteria for Qualifying Certificates, strengthening procedural safeguards, mandating detailed reporting on investments and performance, and enhancing oversight mechanisms.

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

- 1 **Section 1. Short Title.** This Act may be cited as the “Investment Incentive
2 Act of 2025.”
- 3 **Section 2. Findings.** The Legislature finds that the Investment Incentive
4 Act of 2000 continues its purpose of providing incentives that stimulate new
5 investments in the Commonwealth. The Legislature also finds that the structure of
6 the program has not kept pace with an evolving competitive market for business
7 investments. Accordingly, to encourage the development of additional business
8 investments and increase diversification of the Commonwealth economy, this Act
9 expands and refines the scope of developments and projects eligible for Qualifying
10 Certificates (QCs) within the Commonwealth. By explicitly including nursing and

1 retirement homes and dialysis centers in Tinian and Rota as eligible projects, this
2 Act seeks to incentivize the development of these projects, which will contribute
3 significantly to welfare of the community.

4 This Act also excludes online casino gaming and any gaming-related
5 businesses from QC eligibility, reflecting a commitment to fostering sectors that
6 provide tangible community benefits. Additionally, it provides that QC holders
7 cannot obtain licenses for gaming activities, further reinforcing this policy
8 direction.

9 To ensure alignment with the Commonwealth's economic objectives, this
10 Act mandates that the Commonwealth Economic Development Authority
11 ("CEDA") produce "QC Minimum Investment Reports" that provide the
12 Legislature with annual updates on the issuance and interest in QCs. The reports
13 will inform the Legislature of the QCs that have been granted to developments or
14 projects and will also provide the Legislature with details regarding the minimum
15 investment required by CEDA for these projects. The reports will also identify any
16 interested investors and the types of developments or projects that attracted their
17 interest. Last, the reports are required to provide recommendations regarding
18 whether certain developments or projects should be explicitly included in 4 CMC
19 § 50202, along with proposed minimum investment amounts for these potential
20 inclusions.

1 This Act also requires CEDA to prepare an annual “QC Investment
2 Performance Evaluation Report.” This report will detail tax incentives applied,
3 assess economic benefits realized, and project anticipated economic impacts,
4 thereby enhancing transparency and accountability in QC administration.

5 This Act also amends the statute regarding fixed minimum capital
6 investment requirements by providing CEDA the authority to establish higher
7 capital investment thresholds through regulation. This aims to enhance strategic
8 oversight and ensure that investment requirements align with economic priorities.

9 This Act also requires QC applicants to submit a third-party due diligence
10 review from an entity certified through a vetting process established by CEDA.
11 This ensures that only credible assessments will inform CEDA’s decision-making.

12 Last, this Act improves the procedural requirement that CEDA forward
13 undecided QC applications to the Governor after 90 days. Should an application be
14 forwarded to the Governor due to delay, CEDA is now required to update applicants
15 on the status of their application and provide the Governor with a justification for
16 the delay. This provision seeks to improve the timely processing of applications
17 and enhances administrative efficiency.

18 By refining eligibility criteria for Qualifying Certificates, strengthening
19 procedural safeguards, mandating detailed reporting on investments and
20 performance, and enhancing oversight mechanisms, the Legislature finds that this

1 Act will attract diverse and impactful investments while also maintaining
2 transparency and accountability in the administration of development incentives.

3 **Section 3. Amendment.** 4 CMC § 50201 is hereby amended by adding
4 three new subsections that define the terms “CEDA,” “community development
5 projects,” and “due diligence review.” Pursuant to 1 CMC § 3806, the CNMI Law
6 Revision Commission shall codify this amendment and renumber the subsections
7 of 4 CMC § 50201 to ensure that all defined terms are placed in alphabetical order.
8 The CNMI Law Revision Commission shall also make conforming amendments to
9 any cross-referenced definitions. The new amendment, subject to re-codification,
10 shall read as follows:

11 “(h) “Commonwealth Economic Development Authority” or
12 “CEDA” shall mean the autonomous public agency of the Commonwealth
13 of the Northern Mariana Islands established under 4 CMC § 10201 and
14 tasked with the primary responsibility of developing the economy of the
15 CNMI.

16 (i) “Community development projects” shall mean projects or
17 initiatives that provide a measurable benefit to the public, including but not
18 limited to the construction, improvement, or maintenance of public

1 infrastructure (e.g., roads, utilities, parks), social programs, educational
2 initiatives, or other activities that enhance the welfare of the community.

3 (j) “Due diligence review” shall mean a comprehensive process of
4 gathering and evaluating detailed information about an entity to assess its
5 financial, legal, and operational aspects to ensure all relevant factors are
6 considered before a Qualifying Certificate is issued. The review shall
7 culminate in a report that summarizes its findings.”

8 **Section 4. Amendment.** Title 4, Division 5, Chapter 13, Section 50202 of
9 the Commonwealth Code is hereby amended to read as follows:

10 **“§ 50202. Eligibility.**

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

- 15 1. Franchise restaurants;
- 16 2. Water parks;
- 17 3. Aquariums;
- 18 4. Cultural centers;
- 19 5. Theme parks;
- 20 6. Resort hotels and condominiums;
- 21 7. Golf courses;

- 1 8. Convention centers;
- 2 9. Dinner theaters;
- 3 10. Special events such as conventions and sporting events;
- 4 11. CNMI based airlines and other aviation related activities;
- 5 12. Manufacturing or processing of high technology
- 6 products;
- 7 13. Internet related businesses and/or businesses engaged in
- 8 internet commerce, excluding online casino gaming; ~~or~~;
- 9 14. ~~Any development or project beneficial to the economic~~
- 10 ~~development of the Commonwealth not listed above.~~
- 11 Nursing/Retirement homes;
- 12 15. Dialysis centers located in Tinian and Rota; or
- 13 16. Any development or project beneficial to the economic
- 14 development of the Commonwealth, including those in the
- 15 agriculture or aquaculture industries, subject to the approval of the
- 16 Board.
- 17 (b) Ineligibility.
- 18 (1) Any business engaged in gaming or gambling activity or
- 19 the distribution, sale, rental or providing of gambling equipment ~~on~~
- 20 ~~Saipan~~ in the CNMI shall not be eligible for a Qualifying Certificate.

1	condominium	\$5,000,000	2,500,000
2	7. Golf course	\$10,000,000	5,000,000
3	8. Convention center	\$1,000,000	500,000
4	9. Dinner theater	\$1,000,000	500,000
5	10. Special event	\$500,000	250,000
6	11. CNMI based airlines or		
7	other aviation related activity	\$1,000,000	500,000
8	12. Manufacturing or processing		
9	of high technology product	\$1,000,000	500,000
10	13. Internet related businesses and/or		
11	businesses engaged in internet commerce,		
12	excluding online casino gaming	\$100,000	50,000
13	14. Any development or project not		
14	listed above that is approved		
15	pursuant to this Chapter		
16	<u>Nursing and retirement homes</u>	\$1,000,000	500,000
17	15. <u>Dialysis centers located</u>		
18	<u>in Tinian and Rota</u>	<u>\$1,000,000</u>	<u>500,000</u>
19	16. <u>Any development or project not</u>		
20	<u>listed above that is approved pursuant</u>		
21	<u>to this Chapter</u>	<u>\$1,000,000</u>	<u>500,000</u>

1 (b) Provided that for the islands of Rota and Tinian, the minimum
2 capital investment, including public benefit contributions, shall be sixty
3 percent of the corresponding figures listed above, except for developments
4 and projects explicitly listed as specific to Rota and Tinian in this Section,
5 for which the full minimum capital investment requirements shall apply
6 without discount.

7 (c) CEDA may adjust the minimum capital investment requirements
8 specified in this Section upwards through regulations promulgated in
9 accordance with the Administrative Procedure Act [1 CMC §§ 9101 et.
10 seq.]. Until such regulations are duly promulgated and take effect, the
11 minimum capital investment amounts listed in this Section shall remain in
12 full force and effect. Entities holding Qualifying Certificates issued prior to
13 the effective date of this Act shall remain unaffected by the adjusted
14 minimum investment requirements. The adjusted minimum investment
15 requirements shall apply only prospectively to new applicants.

16 (d) Each Fiscal Year, within three months of its conclusion, CEDA
17 shall submit to the Legislature a QC Minimum Investment Report, which
18 shall include the following information:

19 (1) whether any Qualifying Certificates have been issued to
20 any development or project not enumerated in the statute, along with
21 the minimum investment required by CEDA;

1 (2) whether there were any interested investors and the types
2 of developments or projects that garnered interest; and

3 (3) recommendations, with supporting rationale, on whether
4 certain developments or projects should be explicitly included in
5 subsection (a) of Section 50202 of this Chapter, along with proposed
6 minimum investment amounts for such developments or projects.”

7 **Section 6. Amendment.** Title 4, Division 5, Chapter 13, Section 50206 of
8 the Commonwealth Code is amended to add a new subsection 8 to read as follows:

9 **“§ 50206. Requirements.**

10 (a) Each applicant for a Qualifying Certificate must submit the
11 following to the Commonwealth Economic Development Authority:

12 (1) A completed Qualifying Certificate application together with the
13 applicable filing fee;

14 (2) Financial plan for financing the project, if appropriate;

15 (3) Certified copies of articles of incorporation, partnership
16 agreement, or trust agreement as filed with the Government of the CNMI;

17 (4) Names of owners, to include addresses, percentages of
18 ownership, and the amount invested or to be invested;

19 (5) Business plan;

20 (6) Description of the land on which applicant's project is to be
21 located or is located, applicant's title thereto, and any recorded maps

1 thereof; ~~and~~

2 (7) A Certificate of Tax Compliance from Division of Revenue and
3 Taxation; and

4 (8) A due diligence review conducted by a third party that has been
5 certified by CEDA.”

6 **Section 7. Amendment.** Title 4, Division 5, Chapter 13, Section 50208 of
7 the Commonwealth Code is amended to read as follows:

8 “**§ 50208. Review.**

9 (a) The application shall be reviewed and analyzed in detail by the
10 Commonwealth Economic Development Authority and such outside
11 consultants as may be necessary. Upon completion of the review, the
12 Commonwealth Economic Development Authority Board may either
13 recommend the issuance of a Qualifying Certificate to the Governor or
14 disapprove the application.

15 (b) The Commonwealth Economic Development Authority shall
16 have 90 days, after receiving all items required under Section 50206 of this
17 Chapter, to review the application and decide whether it recommends that
18 the application be approved by the Governor. Should CEDA fail to render
19 a decision within 90 days, CEDA shall forward the application directly to
20 the Governor for his consideration, provide the Governor reasonable

1 justification for the delay, and notify the applicant of the status of the
 2 application.

3 (c) When necessary, the Commonwealth Economic Development
 4 Authority ~~will~~ may meet with the applicant to discuss the terms of the
 5 benefits provided by the Commonwealth or to clarify or amplify
 6 representations made in the application. ~~Upon completion of the review, the~~
 7 ~~Commonwealth Economic Development Authority Board may either~~
 8 ~~recommend the issuance of a Qualifying Certificate to the Governor or~~
 9 ~~disapprove the application. If within ninety days of receipt of all items~~
 10 ~~required by Section 50206, the Commonwealth Economic Development~~
 11 ~~Authority Board fails to either disapprove the application or recommend~~
 12 ~~that the application be granted, then the application shall be forwarded~~
 13 ~~directly to the Governor for his consideration.”~~

14 **Section 8. Amendment.** Title 4, Division 5, Chapter 13, Section 50209 of
 15 the Commonwealth Code is hereby amended to read as follows:

16 “**§ 50209. Nature and Duration of ~~Tax Benefits~~ Qualifying**
 17 **Certificates.**

18 (a) A Qualifying Certificate, once issued, shall be a contract between
 19 the Government of the Northern Mariana Islands and the Beneficiary, and
 20 the tax rebates or abatements or both set out in the Qualifying Certificate
 21 may not be curtailed, limited or impaired without the consent of both parties

1 by any subsequent act, except as provided herein. Once issued and unless
2 suspended or revoked, a Qualifying Certificate shall constitute conclusive
3 evidence of entitlement to the tax rebates or abatements or both set out on
4 its face.

5 (b) A properly issued Qualifying Certificate shall be valid and
6 legally effective for a period not to exceed 25 years. Any Qualifying
7 Certificate that purports to exceed a 25-year term shall be void ab initio, and
8 all tax benefits received by the Beneficiary under such Qualifying
9 Certificate shall be reimbursed to the General Fund of the CNMI
10 Government, with interest accruing at an annual rate of 8% and
11 compounding annually from the date the benefits were received.”

12 **Section 9. Amendment.** Title 4, Division 5, Chapter 13, Section 50211 of
13 the Commonwealth Code is hereby amended to read as follows:

14 **“§ 50211. Conditions of Benefits.**

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

19 (a) Cap on Amount. Whether to cap ~~Capping~~ the tax benefits to a
20 fixed dollar amount.;

21 (b) Public Benefits and Contributions.

1 (i) Whether to conditioning the tax benefits on the Beneficiary's
2 investment in community development projects or investing in or creation
3 of or creating public improvements separate from its activities or proposed
4 activities. If the Commonwealth Economic Development Authority
5 conditions the tax benefits on such an investment, then that investment must
6 have a total dollar value equal to at least 10% of the value of the estimated
7 tax benefit.

8 (ii) Whether to condition the tax benefits on the Beneficiary's
9 establishment of or establishing in-house training programs, or

10 (iii) Whether to condition the tax benefits on the Beneficiary's
11 contribution to or plans to make a contribution to an independent training
12 program or scholarship fund. If the Commonwealth Economic
13 Development Authority conditions the tax benefits on contributions to
14 scholarship funds, the contributions shall be allocated as follows: 80% for
15 scholarships administered by the local municipalities, 10% for scholarships
16 administered by the CNMI Scholarship Office, and 10% for scholarships
17 administered by the Northern Marianas College,; and

18 (c) Local Purchaser. Whether to require Requiring the Beneficiary
19 to procure services or products from CNMI-licensed vendors, if the cost
20 does not exceed one hundred five percent of the cost of the same services
21 or products available from off-island vendors.”

1 **Section 10. Amendment.** Title 4, Division 5, Chapter 13, Section 50219 of
2 the Commonwealth Code is hereby amended to read as follows:

3 **“§ 50219. Certificate of Compliance.**

4 (a) The Commonwealth Economic Development Authority shall monitor
5 the activities of the Beneficiary and its compliance with all of the terms and
6 conditions of the Qualifying Certificate and this Chapter. The Beneficiary shall
7 accommodate and cooperate with the Commonwealth Economic Development
8 Authority in its compliance inspection. The Commonwealth Economic
9 Development Authority shall, unless unjustified, issue annually, and not later than
10 January 31st of each year, a Certificate of Compliance for the Beneficiary. Benefits
11 for rebated taxes may be revoked retroactive to the date of the Beneficiary's failure
12 to comply with the terms and conditions of its Qualifying Certificate. No rebate or
13 abatement of any tax shall occur unless the Beneficiary has received a Certificate
14 of Compliance for the applicable year. A Certificate of Compliance shall only be
15 issued to entities that are regularly conducting their core operations as specified in
16 their Qualifying Certificate.

17 (b) Notwithstanding subsection (a), for each entity issued a Qualifying
18 Certificate, the following shall apply in the calendar year in which the Qualifying
19 Certificate is issued:

20 (1) If the Qualifying Certificate is issued on or before July 1 of a calendar
21 year, the entity in receipt of that Qualifying Certificate shall be required to obtain a

1 Certificate of Compliance for the following calendar year and every subsequent
2 year thereafter.

3 (2) If the Qualifying Certificate is issued after July 1 of a calendar year, the
4 entity in receipt of that Qualifying Certificate shall not be required to obtain a
5 Certificate of Compliance for the following calendar year but must obtain a
6 Certificate of Compliance for every subsequent year thereafter.”

7 **Section 11. Enactment.** Title 4, Division 5, Chapter 13, Section 50225 of
8 the Commonwealth Code is hereby enacted to read as follows:

9 **“§ 50225. Qualifying Certificate Investment Performance**
10 **Evaluation Report.**

11 (a) CEDA shall prepare and submit to the CNMI Legislature an
12 annual QC Investment Performance Evaluation Report that details the
13 performance of all QC investors and shall include, at a minimum, the
14 following information:

15 (1) A comprehensive account of all tax incentives applied, including
16 the total monetary value of each incentive;

17 (2) An analysis of the total tax incentive applied as compared to the
18 associated economic benefits realized by the CNMI and its municipalities;

19 (3) An assessment of the direct benefits to the community resulting
20 from the activities of Qualifying Certificate holders, including, but not

1 limited to, infrastructure improvements and contributions to local services
2 and programs;

3 (4) A projection of the anticipated economic impact for the
4 upcoming fiscal year, including expected changes in employment,
5 investment, and community development; and

6 (5) Other relevant information that CEDA deems necessary to
7 provide a comprehensive overview of the performance and impact of
8 Qualifying Certificate holders.”

9 **Section 12. Enactment.** A new Section 50226 is hereby added to Title 4,
10 Division 5, Chapter 13 of the Commonwealth Code to read as follows:

11 “§ 50226. **Third-party due diligence reviews; third-party**
12 **certification.**

13 (a) CEDA shall promulgate regulations that establish and
14 implement a third-party certification process for the due diligence reviews
15 required under Section 50206 of this Chapter. A third-party due diligence
16 certification serves as an official acknowledgment that the third-party is
17 competent and trustworthy to perform and submit a due diligence review
18 regarding a specific applicant.

19 (b) The third-party certification process shall evaluate the
20 qualifications, professional history, and impartiality of the third-party as it
21 relates to the applicant seeking certification. This evaluation may involve:

- 1 (1) Verifying professional credentials, licenses, or certifications;
- 2 (2) Reviewing prior performance in conducting similar due diligence
- 3 reviews;
- 4 (3) Assessing adherence to recognized ethical and professional
- 5 standards;
- 6 (4) Evaluating any conflicts of interest or biases that may
- 7 compromise impartiality; and
- 8 (5) Considering any other criteria deemed necessary by CEDA to
- 9 ensure the reliability, trustworthiness, and credibility of the third-party
- 10 conducting an applicant's due diligence review.
- 11 (c) Certified third-parties shall comply with all applicable
- 12 regulations and may be subject to periodic reevaluation or recertification to
- 13 ensure continued compliance with CEDA's standards. CEDA shall have the
- 14 discretion to revoke or suspend a third-party's certification if CEDA
- 15 determines that the certified party no longer meets the required standards or
- 16 has violated any applicable laws or regulation.
- 17 (d) CEDA may impose reasonable fees to cover the costs
- 18 associated with the certification process."

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

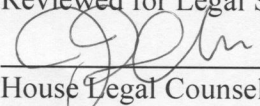
10 **Section 15. Effective Date.** This Act shall take effect upon its approval by
11 the Governor, or it becoming law without such approval.

Prefiled: 2/7/2025

Date: _____

Introduced by: /s/ Rep. Julie M. A. Ogo.

Reviewed for Legal Sufficiency by:

 1/29/25
House Legal Counsel