

TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH

LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

Regular Session, 2025

H. B. 24-81

A BILL FOR AN ACT

To establish a Non-Profit Organization Tax Credit to incentivize individual and corporate contributions, promote philanthropic engagement, and ensure the long-term viability of organizations that provide essential services and enhance the quality of life for the people of the CNMI.

BE IT ENACTED BY THE 24<sup>TH</sup> NORTHERN MARIANAS  
COMMONWEALTH LEGISLATURE:

1           **Section 1. Short Title.** This Act shall be known and may be cited as the  
2 "Non-Profit Organization Tax Credit Act of 2025."

3           **Section 2. Findings and Purpose.** The Legislature finds that non-profit  
4 organizations are the backbone of the social and economic fabric of the  
5 Commonwealth of the Northern Mariana Islands. These organizations provide  
6 indispensable services, address pressing community needs, and significantly  
7 enhance the overall quality of life for residents. Their dedicated efforts foster  
8 community development, create meaningful opportunities for advancement, and  
9 improve the well-being of all citizens, playing an indispensable role in supporting  
10 a thriving and resilient CNMI.

11           The Legislature finds that this Act is committed to cultivating a culture of

1 giving, strengthening local community services, and promoting the long-term  
2 sustainability of non-profits across the Commonwealth. By promoting a 25%  
3 increase in contributions, it will catalyze a transformative influx of resources for  
4 vital initiatives and ensure that these organizations can continue serving the public  
5 effectively.

6 To achieve these vital goals, the Legislature asserts that the Non-Profit  
7 Organization Tax Credit Act will not only promote philanthropy but will also  
8 enhance community services and secure the enduring viability of non-profits  
9 throughout the CNMI. This legislation is designed to empower both individuals and  
10 businesses to contribute generously to qualified non-profits, thereby significantly  
11 enhancing their capacity to address diverse community needs.

12 The Legislature further finds that this Act is essential for empowering  
13 organizations that uplift our society. By nurturing a culture of responsible giving  
14 and stewardship, the Act will inspire non-profits to expand their outreach, innovate  
15 in service delivery, and serve as catalysts for positive, lasting change, benefiting all  
16 residents and securing a prosperous future for the CNMI.

17 **Section 3. Enactment.** The following provisions are hereby enacted into  
18 law as a new Chapter 15, titled “Non-Profit Organization Tax Credit Act” of  
19 Division 1, Revenue and Taxation, Title 4: Economic Resources, of the  
20 Commonwealth Code:

21 **“Chapter 15. Non-Profit Organization Tax Credit Act**

1           **§ 100. Short Title.** This chapter may be cited as the Non-Profit  
2 Organization Tax Credit Act of 2025.

3           **§ 101. Definitions.**

4           (a) “Non-Profit Organization” means an organization that meets all of the  
5 following criteria:

6                   (1) Is exempt from federal income tax under section 501(c)(3) of the  
7 Internal Revenue Code.

8                   (2) Is registered and operating in the CNMI, in accordance with the  
9 requirements of Commonwealth Administrative Code, Title 20,  
10 Subchapter 20-50.2.

11                   (3) Any Non-Profit Organization located in the Commonwealth  
12 which has been issued a Letter of Determination granting tax-  
13 exempt status under Section 501(c)(3) of the IRC by the  
14 Division of Revenue and Taxation prior to the date of the  
15 donation for which the tax credit is taken.

16                   (4) Has obtained a charter from the Department of Commerce, as  
17 required by Commonwealth Administrative Code, Title 20,  
18 Subchapter 20-50.2, specifically outlined in § 20-50.2-101.

19                   (5) Is in good standing with the Department of Commerce, having  
20 fulfilled all filing and reporting requirements.

21           (b) “Qualifying Contribution” means a cash donation made to a qualifying

1 non-profit organization.

2 (c) "Taxpayer" means any individual or business entity subject to CNMI  
3 income tax.

4 **§102. Tax Credit.**

5 (a) A taxpayer shall be entitled to a credit against their CNMI income tax  
6 for qualifying contributions made to eligible non-profit organizations during the  
7 taxable year, where the amount of the credit shall be 50% of the qualifying  
8 contribution, not to exceed \$2,500 for individuals and \$5,000 for businesses.

9 (b) Taxpayers are eligible to claim the Non-Profit Tax Credit for  
10 contributions to 501(c)(3) registered organizations within the CNMI, provided they  
11 file all necessary forms and reports and fulfill all necessary requirements during the  
12 taxable year.

13 (c) To ensure transparency and accountability, non-profit organizations  
14 shall include their Non-Profit Tax Identification Number on all relevant forms, and  
15 each organization shall provide periodic reporting on received qualifying  
16 contributions and their utilization, in a manner and frequency prescribed by  
17 regulation, to promote public accessibility and oversight.

18 (d) The total amount of tax credits available under this Act shall be subject  
19 to an annual aggregate limit established by regulation. Any unused credit may be  
20 carried forward for up to five taxable years, with credits granted on a first-come,  
21 first-served basis.

1           **§103. Reporting Requirements.**

- 2           a. Taxpayers claiming the Non-Profit Tax Credit must promptly submit  
3           comprehensive documentation of their contributions, including official  
4           receipts from non-profit organizations and any other pertinent  
5           information as mandated by the Division of Revenue and Taxation.
- 6           b. Non-profit organizations must provide their donors with detailed  
7           receipts that include the organization’s name, registered address, tax  
8           identification number, date of contribution, and amount contributed.
- 9           c. All documentation must be submitted within 30 days following the end  
10          of the taxable year to ensure timely processing and compliance.

11          **§ 104. Rules and Regulations.**

12          The Department of Finance shall promulgate comprehensive rules and  
13          regulations necessary to effectively implement and administer this Act, in close  
14          coordination with the Department of Commerce, relevant non-profit organizations,  
15          and community stakeholders. These regulations shall be consistent with existing  
16          laws governing non-profit organizations in the CNMI, including but not limited to  
17          Commonwealth Administrative Code, Title 20, Subchapter 20-50.2. The  
18          Department of Finance shall finalize and publish these regulations within six  
19          months of the enactment of this Act, establishing a clear framework for  
20          accountability and responsiveness to the community’s needs.”

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

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

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

Prefiled: 12/18/2025

Date: \_\_\_\_\_

Introduced by: \_\_\_\_\_

Rep. Joseph A. Flores

Reviewed for Legal Sufficiency by:

Josh S. Day  
House Legal Counsel

Date: 12-18-25