



## Senate president wants to impose fees on money transfers

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SENATE President Jude U. Hofschneider is asking the House of Representatives to introduce a bill that would impose fees on money transferred from the CNMI to other places.

This proposal was discussed during last year's fiscal summit, and according to a report on the summit proceedings, "it was determined that [remittance taxes] are generally unfair and difficult to enforce."

In the previous Legislature, Rep. Ivan Blanco introduced a similar measure, which the Saipan Chamber of Commerce said would disincentivize local commerce "at a time when we need to encourage business and the exchange of money for goods."

For his part, the assistant attorney general for the Division of Revenue and Taxation, Dustin Rollins said the bill would violate the Commerce Clause of the U.S. Constitution "because it discriminates against interstate commerce."

He said the proposed legislation "may [also] violate the Equal Protection Clause of the U.S. Constitution."

In a letter to Speaker Edmund S. Villagomez, Hofschneider said the bill, which must originate in the House, would apply to all transactions transferring funds outside of the Commonwealth.

The fee would be imposed "on the money to be transmitted, not the person transmitting the funds."

Amid an economic crisis, he said, the Senate and House must work together to enact revenue-generating legislation "to increase our CNMI general revenues to continue providing the necessary public services to the people."

Hofschneider said the fees that would be collected under the measures could be earmarked for a CNMI unemployment program for local residents.

He said, "The state of Oklahoma has enacted similar legislation and earmarked the fees collected to curb drug-criminal activities, while other states, such as Georgia, have also considered similar legislation."

According to the Cato Institute, however, Oklahoma labels this tax a fee because it's a fully refunded tax credit. The fee is aimed at illegal aliens who do not file tax returns.

The proposed CNMI legislation would impose a \$10 fee on transactions below \$250 and a 5% fee on transactions over \$250.

A year after its enactment, the secretary of Finance would be authorized to raise the fees by regulation.

The fees would be collected by the money transmitters and paid to the CNMI Treasury.

According to the draft of the proposed bill, “Money transmission does not include closed-loop transactions, nor does it include a bank, credit union, or brokerage engaging in the business of transmitting money or monetary value from an account or on behalf of a depositor.”

Hofschneider urged Speaker Villagomez and the House to consider the bill for introduction and passage.

“The Senate stands ready to discuss and work with the House on this bill,” the Senate president said.

He also urged the House to consider the introduction of other revenue-generating measures discussed in last year’s fiscal summit.