

SAIPAN CHAMBER OF COMMERCE

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January 23, 2009

The Honorable Ray N. Yumul
Chair, House Standing Committee on Ways and Means
House of Representatives
16th Northern Marianas Commonwealth Legislature
Saipan, MP 96950

Re: House Bill No. 16-203

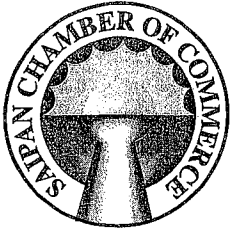
Dear Mr. Chairman:

Thank you for the opportunity to comment on House Bill 16-203, to allow automobile dealers to pay excise taxes on the importation of new vehicles upon first sale or distribution in the CNMI. The Saipan Chamber of Commerce's Government Relations Committee, co-chaired by Alex Sablan and Mike Johnson, has reviewed and discussed the bill.

While we would not otherwise have particular concerns about the concept proposed by this legislation, aside from questioning whether the legislature intends to provide the cash-flow benefit envisioned to other business sectors as well, we have serious concerns about this proposal in light of currently pending legislation. This bill would, by definition, negatively impact the government's cash flow. We cannot endorse a bill that would benefit three businesses in the Commonwealth at the same time that there are at least two bills pending that propose to raise taxes on all businesses and individuals in the islands.

If the legislature were to make assurances that there will be no tax increases and that it is prepared to live within its financial means, the Chamber would support this bill, with the recommendation that the deferment of such excise tax payments be limited to a finite period of time, such as for no longer than six months after the date of entry.

We take this opportunity to remind you that while "automobile dealers continue to experience difficulties due to the worsening economic conditions of the Commonwealth," so does each and every other business in our community.



The Honorable Ray N. Yumul
January 23, 2009
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I would be happy to answer any questions you have or provide any information your committee may need with regard to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "JTA", with a long, sweeping horizontal stroke extending to the right.

James T. Arenovski
President