



Republic of the Marshall Islands
Jepilpilin Ke Ejukaan

IMPORT DUTIES (FUNDING SUPPLEMENT AMENDMENT) ACT 2016

Sponsored by:

HON. MINISTER BRENSON S. WASE

Approved:

HON. SPEAKER KENNETH A. KEDI /s/

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**NITIJELA OF THE REPUBLIC OF THE MARSHALL ISLANDS
37TH CONSTITUTIONAL REGULAR SESSION, 2016**



3
4

Republic of the Marshall Islands
Jepilpilin Ke Ejukaan

**IMPORT DUTIES (FUNDING SUPPLEMENT
AMENDMENT) ACT 2016**

5

Index

6

Section

Page

7

IMPORT DUTIES (FUNDING SUPPLEMENT AMENDMENT) ACT 2016

1

8

BILL NO.32

ERROR! BOOKMARK NOT DEFINED.

9

§1. Short title5

10

§2. Amendments.....5

11

§3. Effective Date8

12

SCHEDULE 1

9

13

(SECTION 204)

9

14

RATES OF IMPORT DUTY

9

15

AD VALOREM, SPECIFIC OR UNIT TAXES

9

16

Product Current.....9

17

18

19

20

21

22

23

24

25

26

27

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29
- 30
- 31
- 32
- 33
- 34
- 35
- 36
- 37
- 38
- 39
- 40
- 41
- 42
- 43
- 44
- 45
- 46

1
2

NITIJELA OF THE REPUBLIC OF THE MARSHALL ISLANDS
37TH CONSTITUTIONAL REGULAR SESSION, 2016



3
4

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IMPORT DUTIES (FUNDING SUPPLEMENT
AMENDMENT) ACT 2016

5
6

A BILL FOR AN ACT to amend the *Import Duties Act 1989* (48 MIRC Ch. 2) for tax purposes.

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BE IT ENACTED BY THE NITIJELA OF THE REPUBLIC OF THE MARSHALL ISLANDS

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§1. Short title

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This Act may be cited as the Import Duties (Amendment) Act 2016.

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§2. Amendments

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(1) Section 227 of the Import Duties Act is amended as follows:

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§227. Funding Supplement for CMI

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(2) The items affected and the percentages and amounts deductible pursuant to subsection (1) above are as follows:

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(a) Tobacco, and cigarettes.....\$ 0.91 ~~25~~per pack of 20 rolls;

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(b) Cigars.....~~1~~ 23.222%

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(c) Other tobacco (Copenhagen).....\$2.08 ~~0.25~~ per 34.2 grams or 1.2 oz

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(d) Beer.....\$0.48 ~~25cents~~ per can or 12 oz. unit

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(e) Wine.....\$3.46 ~~1.63~~ per gallon

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(f) Spirits.....\$12.00 ~~2.00~~ per gallon

- (g) Mixed drink.....1 23.222%
- (h) sweetened sugary beverages “soft drinks”
 - (i) carbonated beverages.....\$0.008333 per 10z
 - (ii) non-carbonated and artificially flavored/powdered beverages.....5%

(2) A new Section 227A of the Import Duties Act is hereby inserted as follows:

§227A. Funding Supplement for Marshall Islands Scholarship Grant and Loan Office.

(1) Notwithstanding the provisions of any Act to the contrary, the Secretary of Finance is hereby authorized to deduct a certain percentage or amount from the import tax collected on the items listed below to supplement funding for the Marshall Islands Scholarship Grant and Loan Office.

(2) The items affected and the percentages and amounts deductible pursuant to subsection (1) above are as follows:

- (a) Tobacco, and cigarettes.....\$0.66 per pack of 20 rolls;
- (b) Cigars.....22.222%
- (c) Other tobacco (Copenhagen).....\$1.83 per 34.2 grams or 1.2 oz
- (d) Beer.....\$0.2333cents per can or 12 oz. unit
- (e) Wine.....\$1.83per gallon
- (f) Spirits.....\$10.00per gallon
- (g) Mixed drink.....22.222%

(3) The Secretary of Finance shall record and withhold these deductions and shall devise a procedure or method by which these funds may be paid to the Marshall Islands Scholarship Grant and Loan Office.

(4) Any such procedure or method must be in conformity with the provisions of the Financial Management Act, 1990.

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(3) A new Section 227B of the Import Duties Act is hereby inserted as follows:

§227B.Funding Supplement for the Ministry of Health

(1) Notwithstanding the provisions of any Act to the contrary, the Secretary of Finance is hereby authorized to deduct a certain percentage or amount from the import tax collected on the items listed below to supplement funding for the Ministry of Health’s non-communicable diseases program(s).

(2) The items affected and the percentages and amounts deductible pursuant to subsection (1) above are as follows:

- (a) Tobacco, and cigarettes.....\$0.66 per pack of 20 rolls;
- (b) Cigars.....22.222%
- (c) Other tobacco (Copenhagen).....\$1.83 per 34.2 grams or 1.2 oz
- (d) Beer.....\$0.2333 cents per can or 12 oz. unit
- (e) Wine.....\$1.83 per gallon
- (f) Spirits.....\$10.00 per gallon
- (g) Mixed drink.....22.222%
- (h) sweetened sugary beverages “soft drinks”
 - (i) carbonated beverages.....\$0.0014 per 10z
 - (ii) non-carbonated _____ and _____ artificially flavored/powdered beverages.....6.666%

(3) The Secretary of Finance shall record and withhold these deductions and shall devise a procedure or method by which these funds may be paid to the Ministry of Health.

(4) Any such procedure or method must be in conformity with the provisions of the Financial Management Act, 1990.

(4) A new Section 227C of the Import Duties Act is hereby inserted as follows:

§227C. Funding Supplement for the Public School System.

- (1) Notwithstanding the provisions of any Act to the contrary, the Secretary of Finance is hereby authorized to deduct a certain percentage or amount from the import tax collected on the items listed below to supplement funding after school sports programs for the Public School System.
- (2) The items affected and the percentages and amounts deductible pursuant to subsection(1) above are as follows:
 - (a) sweetened sugary beverages:
 - (i) carbonated beverages.....\$0.0028 per 10z
 - (ii) non-carbonated and artificially flavored/powdered beverages.....0
13.333%
- (3) The Secretary of Finance shall record and withhold these deductions and shall devise a procedure or method by which these funds may be paid to the Public School System.
- (4) Any such procedure or method must be in conformity with the provisions of the Financial Management Act, 1990.

§3. Effective Date

This Act shall take effect in accordance with the Constitution and the Rules of Procedures for the Nitijela. .

SCHEDULE 1

(SECTION 204)

Rates of Import Duty

General Note:

- (5) There shall be a uniform tax on all imports at an eight per cent (8%) rate except for the following:

AD VALOREM, SPECIFIC OR UNIT TAXES

| Product | Current |
|---|--|
| 8. Tobacco and cigarettes | \$1.00 <u>\$3.00</u> per pack of 20 rolls |
| 9. Cigars..... | 151% <u>453 %</u> |
| 10. Other tobacco (Copenhagen) | \$2.75 <u>\$8.25</u> per 34.2 grams or 1.2 oz |
| 11. Beer..... | \$0.35 <u>\$1.05</u> cents per can or 12 oz. unit |
| 12. Wine..... | \$2.75 <u>\$8.25</u> per gallon |
| 13. Spirits..... | \$15.00 <u>\$45.00</u> per gallon |
| 14. Mixed drink..... | 27% <u>78 %</u> |
| 15. <u>Sweetened, sugary beverages</u> Soft drinks: | |
| - (a) carbonated beverages..... | 0.01666 <u>0.020826</u> per 1 oz; |
| - (b) non-carbonated and artificially flavored/ <u>powered</u> beverages..... | 10% <u>30%</u> |
| 16. <u>Juice:</u> | |
| - (a)- 100% natural..... | <u>0%</u> |
| - (b) artificial..... | <u>30%</u> |

1 NITIJELA OF THE REPUBLIC OF THE MARSHALL ISLANDS
2 37TH CONSTITUTIONAL REGULAR SESSION, 2016

3
4
5
6
7
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12
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19
20
21
22
23

**IMPORT DUTIES (FUNDING SUPPLEMENT
AMENDMENT) ACT 2016**

BILL SUMMARY

This Bill proposes to (i) increase the import tax on sweetened, sugary beverages (carbonated and non-carbonated artificially flavored/powdered) sugar-added beverages including syrups and powders as well as on alcohol, alcoholic products, and tobacco products, (ii) slightly increase the import tax on 100% pure juice; and (iii) incorporate these tax increases into the Funds for the College of the Marshall Islands, Marshall Islands Scholarship Grant and Loan Office, Ministry of Health and the Public School System accordingly.

Studies have found that intake of sugar-sweetened beverages are associated with increase body weight, poor nutrition, obesity and diabetes. A large portion of the RMI's population is affected by these diseases. Children as young as 12 years and above are diagnosed with Type 2 diabetes, which shows a high risk and adverse long-term effect on the human and economic development for the country. The health care cost is already high and is increasing from 9 million to 22 million dollars just within a decade.

The Bill is meant to discourage consumers of sweetened, sugary beverages while encouraging the consummation of pure drinks, namely 100% naturally-made juice. At the same time, income from the tax increases will be placed into the above-mentioned institutions to augment delivery of basic services to the Marshallese people.

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2

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3

SIGNATURES

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DATE: *_AUG.15,2016_* **INTRODUCED BY** *_MIN. BRENSON S. WASE_* *___/S/_*