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46th CONSTITUTIONAL REGULAR SESSION 2025 (PART I)

NITIJELA STANDING COMMITTEE ON WAYS & MEANS (W&M)

1. *Senator Stephen Phillip*	*Chairman (Majuro)*
2. Senator Bruce J. Loeak	Member (Ailinglaplap)
3. Senator Bruce Bilimon	Member (Maloelap)
4. Minister Bremity Lakjohn	Member (Ujae)
5. Minister Thomas Heine	Member (Lae)
6. Minister Hilton Kendall	Member (Rongelap)
7. Minister Ota Kisino	Member (Wotje)
8. Senator Mike Halferty	Member (Arno)
9. Senator Dennis Momotaro	Member (Mejit)

Wednesday February 5, 2025

MEMORANDUM:

To: Senator Sonny Milne
Senator Marie Milne
Minister Tony Muller
Senator Wallace Peter
Senator Bruce Bilimon
Senator Kessai H. Note
Attorney General Office
Public Defender's Office
Micronesian Legal Services Corp (MLSC)
Ministry of Finance
Division of Customs, Revenue & Quarantine
Marshall Islands Mayors Association
Majuro Atoll Local Government
Marshall Islands Police Department
Attorney General Office
Public Defender's Office
Betelnut Users Association
Marshall Islands Chamber of Commerce
General Public

From: Clerk of Nitijela

Subject: Public Hearing on NB #31 – Betelnut Regulations (Amendment) Act, 2025

Emoj kur tok iok bwe kwon jedre imaan committee eo an Nitijela nan am kwalok am lemnak ikijen **NB #31**, eo im ej read einwot in:

> "**NB No. 31**" ej juon Bill nan juon Kien nan ukotlok title in Kakien eo ikijen Betelnut, bwe en erom Betelnut Regulation Act, im bar Kakien eo ikijen Import Duties eo an Republic eo an Marshall Islands, nan kejbarok lok wawen kadrelontok Betelnut ilo aelon kein, wawen an ajedeed, im wia-kake; nan kalikar lok eddo im bunten ko nan kolla tax ko ikijen kadrelon tok, ekoba licensing requirements ko; im nan kalikar kaje ko ikijen jab loori ak bokake kakien in; im lelok juon tore (period) nan kojelaik Business im karon aolep armij (public); ekoba wawen ko nan kakijneneiklok jerbal in lorlorjake Regulations ko ikijen Betelnut.

You are hereby requested to appear to testify before the Nitijela Standing Committee on Ways & Means on **NB No. 31,** which reads as follows:

> **"NB No. 31"** - is to amend the Betelnut Prohibition Act, Renaming it as the Betelnut Regulation Act, and the Import Duties Act of the Republic of the Marshall Islands to ensure the Proper Regulation of Betelnut Importation, Distribution, and Sale; to establish clear Obligations Regarding the Payment of Import Tax and Business Licensing Requirements for Betelnut Imports; to Provide for Penalties for Non-Compliance; to Implement a Transition Period for Public Awareness and Business Adjustment; and for Other Purposes Related to the enforcement and Administration of Betelnut Regulations.

Date: Friday, February 7, 2024

Time: 2:00PM

Venue: Nitijela Conference Room

2/5/2025

Morean S. Watak, Clerk
Ilo etan Chairman eo an Committee eo an Ways & Means, Senator Stephen Phillip.

Cc: Office of the Speaker
Office of the Vice Speaker
Legislative Counsel, Nitijela
Translation Division, Nitijela
V7AB
NTA
File

NITIJELA OF THE REPUBLIC OF THE MARSHALL ISLANDS
46TH CONSTITUTIONAL REGULAR SESSION, 2025

Republic of the Marshall Islands
Jepilpilin Ke Ejukaan

BETELNUT ~~PROHIBTION~~ REGULATIONS (AMENDMENT) ACT 2025

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NITIJELA OF THE REPUBLIC OF THE MARSHALL ISLANDS
46TH CONSTITUTIONAL REGULAR SESSION, 2025

Republic of the Marshall Islands
Jepilpilin Ke Ejukaan

BETELNUT ~~PROHIBTION~~ REGULATIONS (AMENDMENT) ACT 2025

A BILL FOR AN ACT to amend the Betelnut Prohibition Act, Renaming it as the Betelnut Regulation Act, and the Import Duties Act of the Republic of the Marshall Islands to Ensure the Proper Regulation of Betelnut Importation, Distribution, and Sale; to Establish Clear Obligations Regarding the Payment of Import Tax and Business Licensing Requirements for Betelnut Imports; to Provide for Penalties for Non-Compliance; to Implement a Transition Period for Public Awareness and Business Adjustment; and for Other Purposes Related to the Enforcement and Administration of Betelnut Regulations.

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

§101. Short title.

This Act may be cited as the Betelnut ~~Prohibtion~~ (Amendment) Act 2025.

§102. Amendments.

1. Section 2003 is hereby amended to read as follows:

§2003. ~~Importation, distribution or selling of betelnut prohibited~~ Regulation of Importation, Distribution, and Selling of Betelnut.

~~(1) No person shall import betelnut for sell or distribution in the Republic.~~

~~(2) Nothing in this section may prohibit the importation of betelnut purposely for personal consumption unless a local government has elected by ordinance to ban the importation, sale, distribution and~~

~~consumption of betelnut on that particular atoll pursuant to Section 2003A.~~

(1) The Importation, distribution, and sale of betelnut are permitted in the Republic, subject to conditions provided in this Act.

(2) Any person or entity importing betelnut for sale must possess a valid business license issued by the Division of Quarantine. Failure to obtain a license will result in penalties under Section 2005.

(3) Betelnut may not be sold or distributed to minors. Violations will incur maximum fines as specified in Section 2005.

(4) Local governments may enact ordinances governing betelnut within their jurisdiction but cannot prohibit its importation.

(5) Repeated offenses may result in the revocation of the offender's business license.

2. Section 2003A is hereby deleted in its entirety.

~~**§2003A.Local jurisdiction to enforce.**~~

~~Each municipality or local government in the Republic, whether chartered or not, may enact by ordinance or in any other authorized manner, rules and regulations to ban the importation, sale, distribution and consumption of betelnut in accordance with the circumstances of that particular atoll. Such ordinance, rule or regulation shall be effective only within the jurisdiction of such local municipality or local government atoll.~~

3. Section 2003C is hereby inserted as new to read as follows:

§2003C. Import Tax on Betelnut.

(1) All imported betelnut products are subject to an import tax, with rates determined by the Division of Customs in consultation with the Division of Quarantine in accordance with this Chapter and Import Duties Act.

(2) The Division of Customs in consultation with the Division of Quarantine shall establish regulations to determine the appropriate tax rate based on weight, volume, or market value of the imported betelnut.

(3) The import tax shall be collected at the Ministry of Finance, Banking and Postal Services, and non-payment will result in penalties as per customs laws.

(4) The Division of Customs in consultation with the Division of Quarantine shall periodically review and update the tax rate to reflect market conditions and public policy considerations.

4. *Section 2005 is hereby amended to read as follows:*

§2005. Offense and Penalties.

~~(1) Any person who violates Section 2003 of this Chapter shall be guilty of an offense and upon conviction:~~

~~(a) for a first offender, liable to thirty (30) days imprisonment or two hundred dollars ($200) fine or both.~~

~~(b) for a repeated offender, liable to 3 months imprisonment or five hundred dollars ($500) fine or both.~~

~~(2) Any person who violates Section 2004 shall be guilty of an offense and upon conviction:~~

~~(a) for first offender, liable to 5 days community service or fine two hundred dollars ($200);~~

~~(b) for repeated offender, liable to 10 days community service or fine five hundred dollars~~

(1) Violations of Section 2003:

(a) First offense: 30 days imprisonment or a $200 fine, or both.

(b) Repeat offenses: 3 months imprisonment or a $500 fine, or both.

(2) Selling betelnut without a business license:

(a) First offense: $1,000 fine or 60 days imprisonment, or both.

(b) Repeat offenses: $2,000 fine or 6 months imprisonment, or both, with possible license revocation.

(3) Selling or distributing betelnut to minors:

(a) First offense: $1,000 fine or 60 days imprisonment, or both.

(b) Repeat offenses: $2,000 fine or 6 months imprisonment, or both, with possible license revocation.

5. Section 2006 is hereby amended to read as follows:

§2006. Seizure, Forfeiture and Destruction.

(1) Any amount of betelnut imported, or distributed in violation of Section 2003, shall be seized and destroyed by an officer.

(2) Any proceeds realized from the unlawful sale of betelnut shall be deposited into the ~~Ministry of Justice Special Revenue~~ Betelnut Revenue Fund, and shall be used for the purposes of that Fund.

6. Section 2008 is hereby amended to read as follows:

§2008. Issuance of citation notice.

(1) A police officer, or a peace officer appointed under Section 151(1) of the *Local Government Act 1980* may issue a citation to a person that has or is committing an offence under this Chapter.

(2) The officer must inform the person to whom the notice has been issued that he or she may elect to pay the fine or go to court in the usual manner.

(3) The Court shall ensure that all fines imposed and collected under this Chapter shall be deposited into the ~~Ministry of Justice Special~~ Betelnut Revenue Fund, and to be utilized for the purposes of that Fund.

7. Section 2009 is hereby repealed in its entirety.

~~**§2009 Incentive fee for reporting**~~

~~(1) Any person who reports any violation of the provisions of this Act or has reported officer who fails to enforce the provision of this Act, if such matter results in the successful conviction of the offender, he or she shall be entitled to an incentive fee in an amount equal to fifty percent (50%) of the fines payable under Section 2005 of this Act. Such incentive fee shall be payable from the proceeds realized from under provisions of Section 2005.~~

8. Section 2010 is hereby inserted as new Section to read as follows:

§2009. Betelnut Revenue Fund.

(1) A fund to be known as the "Betelnut Revenue Fund" is hereby established for the purpose of managing revenue collections from the importation, distribution, and sale of betelnut in the Republic.

(2) All revenues collected from betelnut-related taxes, fines, and licensing fees shall be deposited into the Betelnut Revenue Fund.

(3) The Fund shall be managed by the Ministry of Finance, in coordination with the Division of Quarantine and the Ministry of Justice.

8. Section 2011 is hereby inserted as new Section to read as follows:

§2010. Revenue Sharing Scheme.

(1) The Betelnut Revenue Fund shall ensure a transparent and equitable revenue-sharing scheme between the National Government and Local Governments.

(2) The revenue collected shall be divided as follows:

(a) National Government Share: 80% of the total revenue collected shall be retained by the Ministry of Finance and coordination with Division of Quarantine to support their administrative initiatives related to betelnut regulation.

(b) Local Government Share: 20% of the total revenue collected shall be distributed to Local Governments.

(3) The Local Government share shall be allocated in proportion to the number of active betelnut business licenses within each local jurisdiction.

(4) The Local Governments must use the revenue for the following purposes:

(a) Public health programs to address the impact of betelnut use;

(b) Community development projects;

(c) Enforcement of betelnut-related rules within their jurisdiction.

(5) The Ministry of Finance shall provide quarterly reports on the revenue collected and distributed under this scheme, ensuring accountability and transparency.

§103. Consequential Amendments.

(1) Amendment to the Import Duties Act is hereby inserted to clarify of import tax and Business License Obligations to read as follows:

(o) **Betelnut** refers to the fruit or nut of any variety of the palm *Areca catechu*, which is subject to both import tax under the provisions of the Import Duties Act and Betelnut Regulation Act.

(2) Section 229 of the Import Duties Act is hereby inserted to clarify the relationship between the import tax and business license as new to read as follows:

§229. Relationship Between Import Tax and Business License.

(1) Obligation to Pay Import Tax.

No business or individual may import betelnut into the Republic of the Marshall Islands without paying the applicable **import tax** as prescribed in this Act, regardless of whether the importer holds a valid business license. The business license issued by the **Division of Quarantine** authorizes the importation and sale of betelnut but does not relieve the license holder from the obligation to pay import taxes to the **Divison of Customs**upon entry of goods into the Republic.

(2) Business License Requirement.

Any person or entity seeking to import and distribute betelnut for commercial purposes must possess a valid **business license** issued by the **Division of Quarantine** in accordance with the Betelnut Regulation Act. A business license does not authorize the importation of betelnut without the simultaneous payment of the applicable import tax.

Section 230 of the Import Duties is hereby inserted as new to read as follows:

§230. Penalties for Non-Compliance.

(1) Penalties for Non-Payment of Import Tax.

If an importer with a valid business license fails to pay the applicable import tax upon entry of betelnut into the Republic, they shall be subject to the following penalties:

(a) A fine not exceeding $500 or

(b) imprisonment for up to 3 months, or both.

(2) **Penalties for Non-Compliance with Business License Requirement.** If a person or entity fails to obtain a valid business license for the importation and sale of betelnut, they shall be subject to the following penalties:

(a) Fine of up to $1,000, or

(b) Imprisonment for up to 60 days, or both.

(3) **Overlap in Penalties**

In cases where both the failure to pay import tax and failure to obtain a valid business license occur, the penalties for each violation shall be assessed separately, and both sets of penalties may apply. The imposition of penalties for one violation does not preclude penalties for the other.

Section 231 of the Import Duties is hereby inserted as new to read as follows:

§231. Coordination Between Agencies.

(1) **Coordination Between Division of Customs and Division of Quarantine.**

The Division of Customs and the Division of Quarantine shall coordinate to ensure the proper enforcement of both import tax and business license obligations. The Division of Customs will be responsible for the collection of import taxes, while the Division of Quarantine will ensure that all importers possess valid business licenses in accordance with the Betelnut Regulation Act.

(2) **Shared Database for Tracking Compliance.** The Ministry of Finance, Customs Department, and Division of Quarantine shall establish a shared database for tracking the issuance of business licenses and payment of import taxes on betelnut imports. This database shall enable real-time verification of compliance by businesses and facilitate enforcement actions when necessary.

Section 232 of the Import Duties is hereby inserted as new to read as follows:

§232. Import Tax and Revenue Allocation.

(1) All revenues collected from the import tax on betelnut shall be deposited into the Betelnut Revenue Fund as per the provisions of the Betelnut Regulation Act. The revenue from the business license fees shall be managed separately by the Division of Quarantine. Both revenue streams shall be tracked separately, and their allocation shall follow the procedures outlined in the Betelnut Revenue Fund provisions of the Betelnut Regulation Act.

Section 232 of the Import Duties is hereby inserted as new to read as follows:

§232. Grace Period Duration.

A grace period of six (6) months shall commence upon the enactment of the amendments to the Import Duties Act and the Betelnut Regulation Act. During this period, businesses and individuals engaged in the importation and sale of betelnut shall not be penalized for failure to meet the requirements related to import tax or the possession of a valid business license for betelnut importation, provided they make reasonable efforts to come into compliance.

§104. Effective Date.

This Act shall take effect on the date of certification in accordance with Article IV, Section 21 of the Constitution.

NITIJELA OF THE REPUBLIC OF THE MARSHALL ISLANDS
46TH CONSTITUTIONAL REGULAR SESSION, 2025

BETELNUT PROHIBTION (AMENDMENT) ACT 2025

BILL SUMMARY

The Betelnut Regulation Act Amendment Bill seeks to amend the Betelnut Prohibition Act, renaming it the Betelnut Regulation Act, and to make corresponding changes to the Import Duties Act of the Republic of the Marshall Islands. The purpose of this bill is to establish a clear structured for the importation, distribution, and sale of betelnut while safeguarding public health and safety.

The bill proposes that the importation, distribution, and sale of betelnut be permitted under strict regulation, replacing the previous prohibitionist approach. To ensure proper oversight, any business or individual engaged in the sale of betelnut must obtain a valid business license issued by the Division of Quarantine. Failure to do so will result in penalties, including fines or imprisonment.

Alongside the licensing requirements, the bill introduces an import tax on all betelnut imports. It establishes clear obligations for businesses to pay this tax through official customs channels, ensuring that the tax is properly collected. Only businesses with a valid business license will be allowed to engage in betelnut trade, and the issuance of licenses.

The bill also introduces significant penalties for non-compliance with these regulations. Individuals or businesses found guilty of selling betelnut without a valid business license or distributing it to minors will face substantial fines, imprisonment, or even the revocation of business licenses for repeat offenses.

To ease the transition into compliance, the bill includes a six-month grace period during which businesses and individuals will not be penalized for failing to meet the new import tax or business license requirements, as long as they demonstrate efforts to come into compliance. During this period, the government will launch a public awareness campaign to inform the public and businesses of the new regulations. This campaign will involve outreach through local media, social platforms, and community workshops to ensure widespread understanding.

Revenue generated from the import tax, business licenses, and fines will be collected into a Betelnut Revenue Fund. The fund will be managed by the Ministry of Finance and shared between the National Government and Local Governments. Local governments will receive 20% of the revenue, which will be used for public health programs, community development, and enforcement of betelnut-related regulations.

Finally, the bill grants authorities the power to seize and destroy illegally imported or distributed betelnut and deposit proceeds from unlawful sales into the Betelnut Revenue Fund Act. These measures ensure that illegal activities related to betelnut trade are effectively controlled.

In summary, the Betelnut Regulation (Amendment) Act aims to create a balanced and transparent system for the regulation of betelnut, protecting public health while enabling a responsible and regulated market for betelnut trade in the Republic of the Marshall Islands.

NITIJELA OF THE REPUBLIC OF THE MARSHALL ISLANDS
46TH CONSTITUTIONAL REGULAR SESSION, 2025

BETELNUT PROHIBTION (AMENDMENT) ACT 2025

SIGNATURES

DATE: 1/14/25 **INTRODUCED BY** Sanny Milne
Print Name *Signature*

DATE: 1/22/25 **INTRODUCED BY** MARIE MUNZ
Print Name *Signature*

DATE: 1/22/25 **INTRODUCED BY** Tony Muller
Print Name *Signature*

DATE: _____ **INTRODUCED BY** WALLACE PETER
Print Name *Signature*

DATE: _____ **INTRODUCED BY**
Print Name *Signature*

DATE: _____ **INTRODUCED BY** KESSAI H. NOTE
Print Name *Signature*

DATE:_____ **INTRODUCED BY** _____ _____

Print Name *Signature*