

THE SENATE • TWENTIETH LEGISLATURE • COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS



Senate
SECOND REGULAR SESSION – 2017

SJ 20-15

First Special

Thursday, August 24, 2017

In compliance with the Open Government Act, Senate President, Arnold I. Palacios, issued a session call on August 22, 2017, that the Senate of the Twentieth Northern Marianas Commonwealth Legislature will convene this open and public session. The notice, the official session call, and the session agenda was filed in the Office of the Senate Clerk; released to the media; and posted at the Entrance Halls of the Office of the Governor, the Senate and the House of Representatives, posted on the Commonwealth Legislature's website at www.cnmileg.gov.mp.

The Senate of the Twentieth Northern Marianas Commonwealth Legislature convened its First Special, Second Regular Session, on August 24, 2017, at 10:00 a.m. in the Senate Chamber, Capitol Hill, Saipan, Commonwealth of the Northern Mariana Islands.

The Honorable Arnold I. Palacios, President of the Senate, presided.

A moment of silent prayer was observed.

The Clerk called the roll, all nine members are "present."

President Palacios: With all nine members present we've established a quorum to conduct today's session. We're down to agenda Item B, Public Comment.

PUBLIC COMMENT

President Palacios: Any member of the public present in the gallery would like to make any comment on the agenda items appearing on today's Order of Business? There being none. We move on to agenda Item C.

READING AND APPROVAL OF JOURNAL

President Palacios: Clerk, we don't have any?

CLERK: No, Mr. President, we don't have.

President Palacios: We go down to agenda Item D, Messages from the Governor. Clerk?

MESSAGES FROM THE GOVERNOR

The Clerk voiced Governors Messages Nos. 20-98 to 20-114.

President Palacios: Are there any member wants to make comments on any of the Governors Messages? Senator Hofschneider, recognized.

Senator Hofschneider: Thank you, Mr. President. Good morning, everyone. I just wish to direct the member's attention to Governor's Message No. 20-107, I wish to express an appreciation to the Governor for signing this much needed legislation in a very timely legislation as needed for the Second Senatorial District of Tinian. Furthermore, Mr. President, I also like to thank the Acting Governor, on Governor's Message No. 20-111, for signing into law Senate Bill No. 20-08, Senate Draft 1, entitled "To enable CNMI participants in the Western Interstate Commission for Higher Education's Professional Student Exchange Program; and for other purposes." The bill swiftly passed through the Legislature. I also express my appreciation to the members of the Senate, the Chairman of the Committee for supporting the bill and also the House members. *Si Yu'us ma'ase*.

President Palacios: Thank you, Senator Cruz, recognized.

Senator Cruz: Thank you, Mr. President. I would like to comment on Governor's Message Nos. 20-98 and 20-99. I would like to ask the Governor's legislative review under the appointments to advise the nominees to submit all required documents to the Senate or to my committee in order for the committee to schedule a public hearing. Also, on Governor's Message No. 20-112, I would like to extend my appreciation to the Governor for signing this legislation, Senate Bill No. 20-12, SD1, "To amend 2 CMC §§ 4308 and 4335(e), to authorize the Department of Public Lands to waive requirement that the homesteader must construct a home on the homestead upon showing that a construction permit cannot be obtained because of the lack of power, water or waste water infrastructure; and for the purposes." And it becomes Public Law No. 20-05. Thank you, Mr. President.

President Palacios: Thank you, Senator Cruz. Any other comment from the members? There being none. We go down to the Communications from the Judiciary, Clerk?

COMMUNICATIONS FROM THE JUDICIARY

CLERK: We have none, Mr. President.

President Palacios: Communications from the Heads of Executive Department.

COMMUNICATIONS FROM HEAD OF EXECUTIVE DEPARTMENT

The Clerk voiced Department Messages Nos. 20-32 to 20-35.

President Palacios: Are there any comments from any of these messages from the departments? There being none. We move to agenda Item G, Communications from the House.

COMMUNICATIONS FROM THE HOUSE

The Clerk voiced House Communications Nos. 20-75 to 20-85.

President Palacios: Thank you. Senator Quitugua, recognized.

Senator Quitugua: *Si Yu'us ma'ase, Mr. President.* Mr. President, I extend my sincere appreciation and thank you to the House members for accepting the amendments made by the Senate on House Bill No. 20-04, HD2, under House Communication No. 20-77. And likewise, for accepting the Senate amendments on House Bill No. 20-16 under House Communication No. 20-78. On number 6 of the House Communications, Mr. President, as the author of Senate Bill No. 20-45, I thank the House for passing this legislation with amendments and with that amendment, Mr. President, as the author, I accept the amendments. I request that the Floor Leader makes the proper motion for the acceptance of the amendments. Thank you.

President Palacios: Thank you. Any other? Likewise, I'd like to make a comment on one of the House Communications, specifically, House Communication No. 20-79 reference to Senate Bill No. 20-02, SD3. The House made an amendment, as the author of that legislation, I also accept to take a look at the amendments made by the House and I don't have any issues with it. I'd like to ask the Floor Leader also to effectuate a motion to accept these House amendments, and therefore, just move on with the legislation. Any other? Senator Quitugua, recognized.

Senator Quitugua: *Si Yu'us ma'ase, Mr. President.* Mr. President, continuing down on the House Communications, I extend my appreciation and thank you to the House members for passing Senate Bill No. 20-09, SD1, without amendments under House Communication No. 20-81; Senate Bill No. 20-10, SD1, under House Communication No. 20-82; Senate Bill No. 20-48 under House Communication No. 20-83; and Senate Bill No. 20-54 under House Communication No. 20-84. All these bills will be forwarded to the Governor, and hopefully the Governor will sign these Senate Bills. Thank you.

President Palacios: Thank you. Any other comments from members on any of these House Communications? Floor Leader, could I ask that we effectuate a motion to accept the amendments made relative to House Communication No. 20-79, Senate Bill No. 20-02, SD3, HD1, entertain a motion to accept so we can move on?

Floor Leader Borja: Thank you, Mr. President. a motion to accept the House amendments on Senate Bill No. 20-02, SD3, HD1, so move.

The motion has been seconded.

President Palacios: Motion is to accept the amendments made by the House on Senate Bill No. 20-02, SD3, HD1, discussion? There being none. Clerk, please call the roll.

CLERK called the roll:

Senator Francisco M. Borja	Yes
Senator Francisco Q. Cruz	Yes
Senator Jude U. Hofschneider	Hunggan (Yes)
Senator Sixto K. Igisomar	Yes
Senator Paul A. Mangloña	Yes
Senator Steve K. Mesngon	Hunggan (Yes)
Senator Justo S. Quitugua	Hunggan (Yes)
Senator Teresita A. Santos	Yes
President Arnold I. Palacios	Yes

CLERK: Mr. President, all nine (9) members voting “yes.”

President Palacios: With all nine members voting “yes” to accept House amendments on Senate Bill No. 20-02, SD3, HD1, the Senate hereby passes the amendments and therefore the legislation will now go to the Governor for his disposition. Floor Leader?

Floor Leader Borja: Thank you, Mr. President. Under House Communication No. 20-80, I move to accept the House amendments on Senate Bill No. 20-45, HD2, so move.

The motion has been seconded.

President Palacios: Motion is to accept the House amendments on Senate Bill 20-45 in the form of House Draft 2, it’s been made and seconded, discussion? Ready? Clerk, please call the roll.

CLERK called the roll:

Senator Francisco M. Borja	Yes
Senator Francisco Q. Cruz	Yes
Senator Jude U. Hofschneider	Hunggan (Yes)
Senator Sixto K. Igisomar	Yes
Senator Paul A. Mangloña	Yes
Senator Steve K. Mesngon	Hunggan (Yes)
Senator Justo S. Quitugua	Hunggan (Yes)
Senator Teresita A. Santos	Yes
President Arnold I. Palacios	Yes

CLERK: Mr. President, all nine (9) members voting “yes.”

President Palacios: With all nine members voting “yes” Senate Bill No. 20-45 hereby passes the Senate. Are there anymore comments under House Communications? Ready? We go down to agenda Item H, Communications from the Senate. Clerk?

COMMUNICATIONS FROM THE SENATE

The Clerk voiced Senate Communications Nos. 20-104 and 20-105.

President Palacios: Than you. Any comments on those two communications? There being none. There being no other items on agenda Items I through O, we are down to agenda Item P, Bill Calendar.

COMMUNICATIONS FROM THE WASHINGTON DELEGATE

None

UNFINISHED BUSINESS

None

PRE-FILED BILLS, INITIATIVES, LOCAL BILLS AND RESOLUTIONS

None

INTRODUCTION OF BILLS, INITIATIVES, LOCAL BILLS AND RESOLUTIONS

None

REPORTS OF STANDING COMMITTEES

None

REPORTS OF SPECIAL/CONFERENCE COMMITTEES

None

RESOLUTION CALENDAR

None

BILL CALENDAR

President Palacios: Floor Leader?

Floor Leader Borja: Thank you, Mr. President. We do have one on the Bill Calendar for Final Reading. I move for the passages of House Bill No. 20-99, “To amend for 4 CMC §2308 to clarify that the casino gross revenue tax funds are separate from the general fund; and for other purposes,” so move.

The motion has been seconded.

President Palacios: Motion is for the passage of House Bill No. 20-99, discussion on that motion? Senator Hofschneider, recognized.

Senator Hofschneider: Thank you, Mr. President. I have an amendment to House Bill No. 20-99 that I would like to offer, so move.

The motion has been seconded.

President Palacios: Thank you. There’s an amendment motion made by Senator Hofschneider to House Bill No. 20-99 in the form of Senate Substitute 1, is that correct?

Senator Hofschneider: That is correct. Mr. President, I believe everybody have a copy.

President Palacios: In the form of Senate Substitute 1.

Senator Hofschneider: That’s correct.

President Palacios: Motion is made and seconded, discussion? Senator Quitugua? No. *Senator Paul Mangloña, maolek-ha?* There’s no discussion? Ready? Clerk, please call the roll.

CLERK called the roll:

Senator Francisco M. Borja	Yes
Senator Francisco Q. Cruz	Yes
Senator Jude U. Hofschneider	Yes
Senator Sixto K. Igisomar	Yes
Senator Paul A. Mangloña	Aweer (Yes)
Senator Steve K. Mesngon	Hunggan (Yes)
Senator Justo S. Quitugua	Hunggan (Yes)
Senator Teresita A. Santos	Yes
President Arnold I. Palacios	Yes

CLERK: Mr. President, all nine (9) members voting “yes.”

President Palacios: With all nine members voting “yes” House Bill No. 20-99, Senate Substitute 1, hereby passes the Senate. Floor Leader?

Floor Leader Borja: That’s it, Mr. President, on the calendar.

President Palacios: We are down to agenda Item Q, Petitions, Memorials and Miscellaneous Communications.

PETITIONS, MEMORIALS AND MISCELLANEOUS COMMUNICATIONS

The Clerk voiced Miscellaneous Communications Nos. 20-165 to 20-172.

Senator Santos stepped out at 10:18 a.m.

President Palacios: Thank you. Senator Igisomar, comments on the communications.

Senator Igisomar: Thank you, Mr. President. My comment will be on communication No. 20-8 which is Miscellaneous Communication No. 20-172. I just wanted to inform the members that CPA is requesting for an audience with the Legislature and I assume this is for the PUTC Committee. I will be scheduling this within their timeframe they're asking for some times before September 18. I'll take a look at our schedules with respect to committee meetings for the budget and sessions and I hope the members will at least be available for whatever date I may would have pick in between. Thank you, Mr. President.

President Palacios: Thank you. I will also ask that you ensure that all the pertinent information that CPA is going to be submitting to the Senate make sure that all the members get a copy of all those.

Senator Igisomar: Thank you, Mr. President. I just wanted to add that members, please make a copy of Miscellaneous Communication No. 20-172. Thank you.

MISCELLANEOUS BUSINESS

President Palacios: Thank you. I have a very minor miscellaneous. I understand the Standing Committee on Gaming would have been engaging fairly soon with the commission on some of the revenues and make up of how they do regulations. I hope that the members of the Senate make sure that they engage and schedule those meetings accordingly. Senator Mangloña?

Senator Mangloña: On miscellaneous?

President Palacios: Yes.

Senator Mangloña: Thank you, Mr. President. Along that line, I thank the Chairman for conducting that first hearing and also continuing to follow up on the issues that were brought up for documents and reports so that we can be provided. I just want to comment on the bill that we passed today, Mr. President, on House Bill No. 20-99, SS1. I hope that if the committee, I guess this will be task to the committee on gaming or maybe jointly with Fiscal Affairs, but I hope that, maybe in the future legislation we can address some language to ensure as this 20-99 states to ensure that even after we

established this special casino gross revenue tax account that maybe there has to be some kind of accountability here because as we see today, we don't even know how much is there in the account. Finance can fudge the numbers say, this is so far this is all we have. I'm just concerned that even though we establish this casino gross revenue tax account it might not be on a timely manner reported or the revenue be put in to the account, deposited in to the account. What happened if on a slow year they do not account for \$22,000,000.00? What do we do then at that point if there is no \$22,000,000.00? I guess something to just address that the Secretary of Finance shall within ninety days provide every ninety days an accounting of what's is the revenue in there so that we don't want them to just tell us at the end of the year and then what happens then the money will only be available at the end of the year? We cannot continuously appropriate the 25% for the retirement class members for the full benefit, we will then at the mercy of the Secretary of Finance to appropriate enough \$22,000,000.00 identified so that then we can pass the legislation. Can we just pass a legislation knowing that there is anticipated revenue just like we do with the general appropriation? If that's the case then maybe it's not as bad, but I think we need that language to specify such. Also, I am not sure exactly what the bill did with regards to the PSS 25% that's something that I should have ask. I am in support of the bill but that is something that we need to understand. Mr. President, I wish that we don't need to appropriate this \$22,000,000.00 every year, it could be automatic. I don't know if that's possible so we don't need to wait. *Enao-ha*, I hope the Committee on Fiscal Affairs and the Gaming Committee would look at the this in a meeting, also they ask for some changes to the casino law. As we heard the Chairman of the Gaming Senator Justo Quitugua, they mentioned that should there be another amendment that the lottery comes in again, that is something that we need to actually amendment. Because, I think if there's inform the body of what's going on with the casino activity here, it is the casino commission not the lottery. The lottery really just comes once every year, in a while, when they're needed to make some changes which we are doubtful that we can survive a test if we were to be taken to court. But, I think we should clarify that, that we give it to the casino commission and not the lottery anymore, should there be amendments in the future. I just want to state those points. Thank you, Mr. President.

President Palacios: Thank you. I know that the committee has set aside certain time to meet with the commission. I also understand that there is a meeting, a meeting of the commission which the Executive Director has extended an invitation to the members, I think all the members have received the email, so I encourage you to make time.

Senator Mangloña: Mr. President, point of information, I think that is on –going right now.

President Palacios: Okay, so we can do that after we're done. In regards to the revenue certainly, it is important that we at least get those report, you'll say ninety days, I would say maybe thirty days after payments are made. Those are certain issues we might want to tighten up in form of a legislation administrative requirement of the Department of Finance and the committee takes those into consideration or Fiscal Affairs Committee. Senator Hofschneider, recognized.

Senator Hofschneider: Mr. President, some of the clarification that Senator Mangloña was pointing out, I do want to mention that in the midst of all the activities of the gaming industry from IPI, this particular legislation should it become law, the first \$22,000,000.00 will be reserved and will not be accounted for available appropriation. Certainly, it's going to come to us to appropriate, but so that

everyone know that it satisfies number one; the twenty-five percent for full benefits of the class members of the settlement trust, the first, second and third Senatorial Districts and also the bonuses of these retirees. So, it is for that reason that not only although its \$50,000,000.00 the fee's being paid we went ahead and recognized the other needs and we reserved \$22,000,000.00. Furthermore, on page 5, line 18, there's a reporting requirement for the Secretary of Finance be reporting to your office's, presiding officers, at least 30 days after each quarter so those accounting provisions are in this bill. I hope that that clarify some of the questions.

President Palacios: Thank you. Some of those things are addressed. Senator Quitugua?

Senator Quitugua: Thank you, Mr. President. Just to further clarify Senator Mangloña's comment on House Bill No. 20-99, SS1, on page 4, starting on line 16, the \$22,000,000.00 according to this bill shall be earmarked and continuously appropriated and not subject to fiscal year limitation. So if this is sign into law, this \$22,000,000 is continuously appropriated. In other words, the Legislature appropriates these funds annually without further action.

Senator Mangloña: Just a follow-up question, so we don't need to come in and appropriate it anymore?

Senator Quitugua: No, it says, "continuously appropriated and not subject to fiscal year limitation." This \$22,000,000.00 every year shall be made available and the Secretary of Finance is the expenditure authority, we don't have to act on it.

Senator Mangloña: We don't need a legislation to introduce and then go back and forth? That is a good point and I hope that it will legally muster the intent of the Legislature.

Senator Quitugua: This is a similar language to the application fee, the \$15,000,000 where it says, "continuously appropriated" that is why we never actually appropriate the 25% under the application fee. Automatically the Secretary – it's given by law.

President Palacios: Thank you for that clarification.

Senator Mangloña: Only if the Secretary of Finance do not identify then that's the only time we would have to –

President Palacios: She would have to identify. Proceed.

Senator Quitugua: And to further comment on your comment and Senator Paul Mangloña's comment on accounting of the 5% BGRT of the casino, all the members received a copy of the letter that I sent to the Secretary of Finance requesting to account in detail all the BGRT's from the casino that has been paid into the CNMI Treasury up-to-date, from 2015 to date. So, as soon as that information is received all the members will have the opportunity to see the information. The Committee, Mr. President, will continue to follow-up on the activities of the casino through the Commonwealth Casino Commission, and also a verification of funding through the Secretary of Finance. Thank you.

President Palacios: Thank you. Senator Igisomar, you're going to be the last to make comments.

Senator Igisomar: Thank you very much, Mr. President. I just wanted to write on the concerns brought forth by our good Senator Mangloña. I just wanted to state that 25% that were discussing is not a settlement obligation, but the obligation of the CNMI government and it's outside of the settlement agreement. The settlement agreement requires that there is a specific and clear source of funding, one of the benefits out of it is it removes any forms of ambiguity on the usage of the funds. Because currently, it's being used and source from the Senatorial Districts of 1, 2, and 3, so we are making it very clear where the source is coming from. And, since it's the commitment of the CNMI government per say, the 25% will always be a priority and I'm saying that almost be a priority for the CNMI government although it's not in the priority and interest of the settlement agreements. Why do I say that? Only because, we've actually done it in all the Senatorial Districts of 1, 2, and 3. We've actually tapped more into the funds that were actually allocated for the local delegations even Saipan and Northern Islands local delegations. We've given up the one million dollars that was given to us to use for our local usage. So, just to comfort our people and also our good Senator, that even though it states in here that we will have our source of funds for \$2,000,000.00 each for Tinian and Rota, \$11,000,000.00 for Saipan, that we will always make sure that that 25% is taken care off, for whatever reason in each future. Thank you, Mr. President.

President Palacios: Thank you. No more miscellaneous comments? Actually, those comments are not miscellaneous they are very substantives. Thank you.

ANNOUNCEMENTS

President Palacios: Are there any announcements? Senator Hofschneider?

Senator Hofschneider: Thank you, Mr. President. Just to inform the members on Fiscal Affairs Committee, we'll be reconvening again, on the 29th of August, at 1:30 p.m., in the Senate Chamber, so please make note of that. I believe the staff already sent the appropriate announcement on Tuesday the 29th.

President Palacios: Senator Hofschneider, the Chair would like to ask, how far along we are on the process?

Senator Hofschneider: Mr. President, you've asked that question, we want to guarantee a budget before the end of the month, but we're almost there. We're probably going to be finalizing at least the numbers for that matter, we've assigned the staff too.

President Palacios: Thank you. Any other announcements? There being none. Floor Leader, the Chair will entertain a motion for adjournment.

ADJOURNMENT

Floor Leader Borja: Thank you, Mr. President. I move to adjourn subject to the call of the Chair.

The motion has been seconded.

President Palacios: Motion is to adjourn subject to the call the Chair, it's been seconded. Discussion? There being none. Those in favor of the motion to adjourn please say, "Aye." Opposed say, "Nay."

All members voiced, "Aye."

President Palacios: Motion carries. The Senate hereby stands adjourned subject to call.

The Senate adjourned at 10:31 a.m.

Respectfully Submitted by:

/s/Frances Joan P. Kaipat
Senate Journal Clerk