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



Senate  
SECOND REGULAR SESSION – 2017

SJ 20-18

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Third Special

Saturday, September 16, 2017

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In compliance with the Open Government Act, Senate President, Arnold I. Palacios, issued a session call on September 14, 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](http://www.cnmileg.gov.mp).

The Senate of the Twentieth Northern Marianas Commonwealth Legislature convened its Third Special, Second Regular Session, on September 16, 2017, at 3:20 p.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:** There being no member of the public present this afternoon to make or submit any comment. We move on to the rest of the agenda Items. Since this is a Special Session to address the Conference Committee Report on the 2018 appropriation for our government, that is basically the only agenda item that we’re going to be taken up this afternoon. There being no other items on C, E, F, G, H up to M, we move to agenda Item N, Reports of Special/Conference Committee.

**READING AND APPROVAL OF JOURNAL**

None

**MESSAGES FROM THE GOVERNOR**

None

**COMMUNICATIONS FROM THE JUDICIARY**

None

**COMMUNICATIONS FROM HEAD OF EXECUTIVE DEPARTMENT**

None

**COMMUNICATIONS FROM THE HOUSE**

None

**COMMUNICATIONS FROM THE SENATE**

None

**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 COMMITTEE**

None

**REPORTS OF SPECIAL/CONFERENCE COMMITTEE**

**President Palacios:** We have one and I now recognize the Floor Leader to make the appropriate motion. Floor Leader?

**Floor Leader Borja:** Thank you, Mr. President. For the adoption of Conference Committee Report No. 20-01, a Joint Conference Committee reporting on House Bill No. 20-105, HD2, SD3, CCS1, “To make appropriation for the operation and activities of the Government of the Commonwealth of the Northern Mariana Islands, its agencies, instrumentalities, and independent programs, and to provide budget authority for government corporations for Fiscal Year 2018; and for other purposes,” so move.

The motion has been seconded.

**President Palacios:** The motion is for the adoption of the Conference Committee Report No. 20-01, it has been seconded, discussion on that motion? I now recognize the Chair of the Conference Committee. Senator Hofschneider?

**Senator Hofschneider:** Thank you, Mr. President, and good afternoon to everyone. Before I make a summary of the action of the Conference Committee which you created to address the issues that the difference between the House action and the Senate action on the budget for fiscal 2018, I would like to first, thank the members of the Conference Committee in the Senate and the alternate as well as the Conference Committee from the House and their alternate for jointly coming to an agreement and disposing of the differences in a rather quick fashion, 2 to 3 days, if I may, you know much have been done primarily on the provisions portion of the budget authority or the budget bill, and as indicated in the Conference Committee Report, these are the issues that we discussed overly during the course of the three days that we were meeting. Primarily, I am going to start with page 3, simply because that is the modification of the Marianas Visitors Authority provision. As everyone knows that we attempted to create some modification to fund needed or wish that we can fund some of the programs of the CNMI primarily on the Chamorro and Carolinian Culture Center the feasibility study of the museum of the Chamorro and Carolinian people, but after we discussed that we, the two Conferees decided to cancel those and omit that as we were able to figure out another avenue of which to fund these things by way of other appropriation so that amounts up to about \$550,000 was restored back. I do, however, want to report to everyone that the pumper trucks and the cooperative education for public school and the tractors for both Rota and Tinian were included. Also, on item (b), we instead remove the "reporting from the Secretary of Finance quarterly" and the other options, Mr. President and members, is the additional 50 vacant FTE's primarily for the Department of Public Safety for the entire Fiscal Year 2018 and that would encompass 30 DPS for Saipan, 10 for Rota and 10 for Tinian. What we've also omitted is the provision of restricting administrative and clerical positions on the set section of the budget. As we preceded onto the Conference Committee meetings, one of the most're contentious and critical discussion was that of the salary of the legislative members for Fiscal Year 2018, as everyone knows, the House include that and Senate omit that, simply because, not because we don't support it but because there's a certified question before the Supreme Court that we are waiting and that is the fair reason why that we considered in the Senate to use portion of that or if not all to fund other instrumentalities and municipalities in the services of the government. However, during the course of the discussion, we agreed to insert this provision as enumerated on page 6, of the Conference Committee, Section L, Section 703. Legislative Branch, and I'll read in verbatim: "In the event that the decision in the Certified Legal Question, Case No. 2017-SCC-0024-CQU finds that the salary increases for members of the Legislature provided for in PL 19-83 are unenforceable, \$334,937 of the appropriation for House Members' Salaries (BU1722) and \$150,722 of the appropriation for Senate Members' Salaries (BU 1762) shall be appropriated as follows: (A) \$104,759 Department of Public Works, Street Lights (BU1471A, Utilities); and (B) \$380,900 to Commonwealth Healthcare Corporation (BU1507 Operations)." These figures, Mr. President and members, it represents at least two quarters of the Fiscal year 2019. The reason why we arrive at that timetable is typical of inaction or a process of which the certified questions and that's been before the Supreme Court. The decision usually takes between 90 days to 120 days, but we decided and agreed that at least up to 2/4 so that we can give ample time for the issue to be flushed out and in the event that the certified questions arrives and is favorable to that of Public Law 19-83 it will use that provision set forth on items (A) and (B). That's one of the biggest discussion that took place between the Conferees and we arrive at this agreement to have this provision in the budget bill. Furthermore, Mr. President, under Section 710, Independent Programs, we amended the Group Health and Life Insurance to read as follows: as indicated, we reverted back to the current provision of 2017 to be deposited into a non-lapsing account to be used to reduce the premium of the government group and health insurance for active employees

and retirees, and so forth. One of the major reason why it's because there are some of the active employees right now in the government that opt-in in the middle of fiscal year on the defined contribution plan and has somehow we don't necessarily budget those actions, Mr. President, and therefore, this flexibility is needed by the administration in order for them to be able to capture some of the fiscal needs for that particular proportion. It is for that reason that we reconsider this provision and restored what is recommended under this Section of the budget bill. At this time, Mr. President, I would like to go ahead and yield for now and allow other members of the Conference Committee if they solely decide to comment on some of the work that the Conferees have discussed and arrived in those meetings that took place. Thank you.

**President Palacios:** Thank you, Senator Hofschneider. The Chair will now recognize Senator Mesngon who is the member of the Conference Committee please give us you take background.

**Senator Mesngon:** Thank you, Mr. President. And thank you members also as the head of our Chairman for the Fiscal Affairs. Yes, it is a smooth sailing for the Conference Committee during the deliberation of the two Houses during the deliberation. However, there is not much changes for the municipality and I really applaud the members of the Senate, and at the same time, also I thanked the House for considering also additional and maintaining at least 95% or 90% of the request for the operation for the municipalities. Most of the municipalities for Rota itself is really intact, as for you guys, probably, the member sees today on this Conference Committee Report before you guys at the same time it alleviates a lot of our segment of necessity of the island of Rota most of all the collateral equipment's that we really need. A lot of our equipment's in Rota is beyond usable or nonfunctional and I've seen the Committee that really put their effort also to assist the two municipalities especially also to Tinian at the same time Saipan. The win situation here in Saipan site we've seen a lot of activities going on of our economic infusion on the island and we need to prepare also. One of the major thing also, the Fire got their own equipment that is really needed here on the island so the two Houses also agreed to put that together also to assist the municipality of Saipan in the event we had a serious situation, you guys can see buildings coming up as high as 3 or 4 stories high now a day. Those are the issues that we really take into consideration to expound more into the equipment wise as well as personnel. With the administration request to have that additional personnel to have the DPS equipped in the event this infrastructure also took into serious operation especially the Casino facility. With that, again, the Conference Committee closed their chapter amongst majority of the amendments from the Senate was considered by the House as well. We had that consideration also both on the House side, consider what they need. I think Chairman Hofschneider echoed the salary for the Legislature so I believe we meet half way with the two Houses to agree upon what we'll going to put on which is what Senator Jude Hofschneider detailed it out earlier. So, with that again, I really appreciate the Conference Committee and the House for allowing Rota, itself, to brief little bit of what we really need for our community as well. I thank you and yield for now Mr. President. Thank you.

**President Palacios:** Thank you. I now recognize other Senate member of this Conference Committees, Senator Igisomar, can you give us a briefing on the Conference Committee Report?

**Senator Igisomar:** Thank you very much, Mr. President. I believe when the House sent over their version the Senate did put into the amendments strong positions on where we at least base of the Senate position as to how we should use the funding at least available as a result of the salary increase for the

legislators. I would say thankfully, the House was not able to consider much use of it, until we were able to receive a memo from Finance stating her position and as Senator Jude Hofschneider already elaborated. But, I wanted to state that I think in my observation, Mr. President, the lack of time for our review on the budget within the conference, I believe, was a benefit to us all. It forced us to be able to agree to disagree and come to an agreed budget for the Legislature. Also, in my observation, I believe the compromise is fair, it's fair to good, not excellent considering I know that there were other areas that the Senatorial Districts 1, 2 and 3, the entire CNMI government all would at least want to have the funding but we're compromised as per the Conference Committee. For example, funding for provisions to were compromise were not necessarily forgotten, it doesn't mean that we will not take care of them but at least it created a discussion amongst the conferees to find alternative ways to support these items that were at least agreed upon to be removed so as to carry forward the other items in the budget so we can have a balanced budget for Fiscal Year 2018. For example, the APC's that we had in there for MVA, I believe, we all agreed that some of those findings CPA should come into play and be the next entity to take care of the needed APC's at the Airport as MVA truly did their part by purchasing the first seven's. We also had cultural activities that we were hoping to have MVA to take care of, but we were assured amongst ourselves that most of those items we will find alternative sources through our local delegations to take care of those activities within our islands since they are specific, it's not an overall CNMI annual yearly, I would say, activities but it was on a specific and I believe the Senatorial Districts can look into their source of local funds to provide for as well as vehicles and funding's for other nonprofit organizations. I think in all, is fair to good in our deliberation on the Conference Committee for the budget and I thank our Chairman Jude Hofschneider, along with Chairman Angel Demapan from the House for having everybody come together and have a compromise and be agreed upon a balanced budget. Thank you, Mr. President.

**President Palacios:** Thank you. I now recognized, Senator Quitugua, who is the alternate.

**Senator Quitugua:** Thank you, Mr. President. I am not going to say much because as an alternate you are not allowed to participate in the discussions unless during recess. However, one of the contentions that the House wanted to reinstate from the House version is the generator for the Legislature under the Legislative Bureau. However, with the discussion that took place in the Fiscal Affairs Committee meetings, the Delegations from Rota and Tinian agreed that the generator will be purchased by the respective Delegations, agreeing to chip-in for the two hundred plus thousand dollars that is needed and the House agreed to that. Fortunately, all the Chairs of the Local Delegations are in the Conference Committee and they all shook hands that they will each remember that an appropriate is from the respective Delegations to purchase the generator was a good deal between the Conferees and the Delegation Chairs. Another, is on Section 608, page 5, on the Tobacco Control Fund, this was taken out with the understanding from the members of the House Conferees that the House will appropriate the Tobacco Control Funds as a standalone legislation, so we agreed to take that out from the appropriation bill for Fiscal Year 2018; and that will be done separately. I have no further comments, Mr. President.

**President Palacios:** Thank you. Are there any other members? Senator Mangloña, recognized.

**Senator Mangloña:** I will yield to other members who have particular concerns with regards to the bill. Are there other members who wants to talk more about particular provisions? If none, Mr.

President, I ask the Chair, if they can grant me ten minutes without interruption? I have a long statement, hopefully, it's less than 10 minutes.

**President Palacios:** Hopefully, the Chair will do that.

**Senator Mangloña:** First, I want to recognize the hard work of our Chairman and the members of the Senate Conference Committee, Committee members, for really working hard in trying to get a budget deal before us which is here in front of us for consideration. I have always believed that there's no greater work by any Legislature than the work of passing a budget because a budget bill after all, is the plan for our government for this fiscal year how are we going to spend our limited resources. There is no greater task by any Legislature then the budget bill. As far as this particular House Bill No. 20-105, I really don't have any specific concern, except that I just noticed just now, that those bold letters pertaining to the Secretary of Finance reporting on the expenditure of funds revenue generation have been deleted. I just wish that they were still there so we highlight the important of receiving information here in the Legislature from other branches of government and along that line is the reason that I want to speak today for about eight minutes. The Legislative Initiative 18-12, we all know, was passed in 2014 General Election, to increase the minimum annual guaranteed funding for Public School System from 15% to 25% of the General Fund according to the Legislatures findings in the Initiative, "this 25% level of funding is similar to other jurisdictions in the United States." The definition of General Fund as using this budget bill concerns me, even if we applied the legal interpretation of our Attorney General's, June 10, 2015 legal opinion, I am afraid that if taken to court we will be forced to pay 25% of all those General Funds that we have excluded from this minimal PSS funding percentage calculation. We have disallowed more than \$46,000,000 from this 25% formula this action is very questionable even based on the AG's legal opinion. Just because the Legislature conveniently classified a particular budget item as "earmark doesn't make it a special fund reserved for specific purpose" and thus become excludable from the 25% computation this is what we did in some cases. Furthermore, in several special accounts identified by the AG as separate from the general fund, we budgeted an amount more than what the particular earmarking law authorized. In doing so, our action today in excluding more than \$46,000,000 from what is considered the general fund could mean an approximately \$11,000,000 shortfall for PSS this coming Fiscal Year alone. What about Fiscal Year's 2015, 2016 and 2017 since the initiative was passed? Not only are we depriving PSS students of these critical funding we all be putting ourselves in a very difficult financial dilemma in the near future we're compelled by the courts to make good on the 25% calculation. Last week, we discussed extensively the settlement funds demand to pay an additional \$7.1 million in Fiscal Year 2014 and 2015 based on the government's agreement with the settlement fund to pay annually a minimum of 17% of the audited fiscal year annual revenue. Similarly, PSS can demand an adjustment under 25% guaranteed annual funding after the audited financial reports are completed. For instance, and I might be wrong on this, last fiscal year we saw an additional \$20,000,000 in revenue that was not included in the budget and yet was expended. Don't you agree that PSS should have gotten their 25% share of the additional \$20,000,000 revenue? This is a significant discrepancy that if we must address today because we continue to appropriate less than what the government estimates to collect in a given year and allow itself to spend more than what was authorize under the budget law were essentially short funding PSS of their guaranteed 25% every fiscal year. It is estimated that this year's revenue from the casino gross receipts tax is approximately \$58,000,000. Howe much of these amount is PSS entitled to? I say, 25% of the total casino gross receipt tax that is PSS should receive \$14.5.

For this year, so far, we have not given PSS a single dollar, yet, we have passed several casino gross receipts tax piecemeal legislation totaling more than \$28,000,000. Last July, I attended a STEM workshop focusing on exposing causes under representation of native Hawaiian and Pacific islanders in college STEM majors and STEM careers. The workshop revealed problems vote on by the separation of many island communities from centers of education, the observation cost to travel and study abroad, the adequacy of teacher training in math and science and various apparent island cultural barriers. Devoting more funding to PSS can allow to develop more island relevant curricular materials including readings and story based on island culture and geography and expand on our teacher training program in math and science base on a local culture to stimulate student interest in STEM at an early age only by investing more money in PSS can we truly develop a STEM literate Commonwealth. Also, this significant increase in PSS funding from Legislative Initiative 18-12 together with a strong business community effort to encourage vocational education will make institutional education reforms possible in PSS. We all know, that the demand for skilled labor in various required expertise for available jobs in the CNMI will continue to outpace the labor pool in the years ahead. We're now hearing more often talks about career and technical education as a way to reform our schools once considered by some as good only for underachievers vocational education is completely different now because it offers many opportunities today. The goal, is to ensure that the high school student graduates with a career, students not only obtain the work base experience, they learn the soft skills such as teamwork, communication and organization for employer ability. Students can choose from various vocational programs including health care and social assistance, automotive technology, construction, bookkeeping, hotel restaurant management, computer support, sports and entertainment, engineering technology and agriculture among many others. Needless to say, if implemented effectively unsuccessfully vocational training programs in our high schools and postsecondary schools will go a long way in helping our Commonwealth alleviate its current and future demand of workers. So, one might ask, why do we still need more funding for PSS? I am sure there many reasons that we can all provide, but just the great benefit, potential benefit in establishing vocational education and STEM career programs in our high schools to work alongside our post-secondary institution is enough reason for me to keep pushing for the correct and strict interpretation of Legislative Initiatives 18-12. Another question one might ask, what about funding for Public Health and Public Safety? My dear colleagues, giving more money to PSS does not necessarily mean less money for CHC, DPS and infrastructure development. These two departments, as well as other public services, are very critical also and they must be properly funded. We just have to prioritize our resources, for example, the fund set aside by the administrative provision in legislative salary increase of 1.2 million dollars. This amount could have immediately gone to CHC, DPS and other programs as originally proposed by the Senate, we hold it in abeyance until after the courts have made a decision on the legislative salary increase lawsuit, which by the way, could take several months, may be up to a year. Why not at least include a provision that as funds laps and salary case remains pending transfer these funds immediately to CHCC and DPS. Second, casino gross receipt taxes in our Senate sessions, and more recently, in our last three sessions, I continuously emphasize the need to provide additional funding for Commonwealth Health Care Corporation and PSS from the casino gross receipt tax. From the casino gross receipt tax, so far identified by Governor Ralph DLG. Torres, since March of this year, I understand, approximately seven million dollars still sit unused and unappropriated. This funding, if given six months ago to CHCC, DPS or DPW for basic infrastructure improvements would have gone a long way. Finally, I am concern about our newly disclosed substantial additional financial obligation to the Settlement Fund, its trusty Attorney Joyce Tan, demands prompt payments of

additional amounts in the minimum annual payments based on audited annual government revenue. As I mentioned earlier, for Fiscal Years 2014 and 2015, this comes out approximately seven million dollars, considering that our annual revenue continues to rise each year, these additional this additional payment could reach as high as six million dollars per year. I was just told this morning that, actually, for 2016 its \$11,000,000 for one year. Before this significant additional payment obligation in the Settlement Fund agreement was revealed to the Legislature, it appeared that the payment for the 25% reduction in retirement pensions was no longer at risk. Now, with this new obligation it is incumbent upon us as lawmakers to do a diligent analysis of the annual government resources to verify the accuracy of a financial projections in this way, we can already incorporate these additional Settlement Fund payment amount in its Fiscal Year Budget Law such action would have been put into take in this Fiscal Year 2018 appropriation measure. Mr. President and members, I am convinced that in this Fiscal Year 2018 Budget Bill we owe PSS \$11,000,000 more in funding pursuant to Legislative Initiative 18-02, and Settlement Fund approximately \$16,000,000 more in adjusted annual minimum revenue pursuant to the Settlement Fund agreement, for a combined total of \$17,000,000. This does not include the \$14,000,000 shortfall from the CGRT that the Legislature failed to incorporate as such, I would respectfully, cast a vote “no” today. Thank you, *Si Yu’us ma’ase* for the opportunity to speak today and for your indulgence and patients.

**President Palacios:** Thank you for that long summary of what you thinking. Let me ask the Chairman, if there is no objection, is Senator Mangloña a member of the Senate Fiscal Affairs, Mr. Chairman?

**Senator Hofschneider:** That's correct.

**President Mangloña:** Thank you. Senator Santos, recognized.

**Senator Santos:** Thank you, Mr. President. Like the rest of the members, I too, would like to applaud to both the House and Senate Conferees and alternates, for expeditiously reaching a compromise on the Fiscal Year 2018 Budget which is now before us for our action. I would also like to extend gratitude to our legal counsels, fiscal analyst, legislative assistants, Clerks, and all those involved during the budget process for without them we would not have a finish product. As we all know, there's no such thing as a perfect budget, but what we have is perhaps a budget that is doable or workable for our departments, agencies and entities. I observed that most of the Senate version remain untouched or unchanged except for a few, for instance, reducing First Senatorial District Budget, Rota, of about more than \$100,000. I have also noticed that in the compromised budget the controversial salary increases for legislators and other elected officials were restored by 50% such that in the event the court ruled otherwise the funding will be diverted to DPW and CHCC. I was hoping that the Senate version will struck out the controversial salary increases stands, but it is not the case in the compromise budget. And for that reason, I am voting on this budget with reservation, and I pray that the court with divine intervention will render a decision as to the salary increases at the soonest so if it rules, that the salary increases is not enforceable the funds can then be release immediately to keep the DPW and CHCC for their intended purposes. With the House passing the compromise budget yesterday and the Senate taking action today, I hope that the administration reviews and take action on the Fiscal Year 2018 Budget so to avert a government shutdown. Thank you, Mr. President.

**President Palacios:** Thank you. Senator Cruz, recognized.

**Senator Cruz:** Thank you, Mr. President. First of all, I would like to acknowledge and thank the House Conferees under the leadership of Chairman Angel Demapan, for agreeing with the Conferees of the Senate, and mostly for approving the Senate amendment on the House Bill No. 20-105, House Draft 2, most especially, I would like to commend the Senate Conferees under leadership of Chairman Hofschneider, for defending the Senate version and judiciously coming to expedition's compromise with the House Conferees. I know that there's a lot that we need to work on with other issues that was stated in regards to CHCC and PSS. But we know also that, with our limited CNMI budget we cannot do that much to accommodate what was stated earlier, but perhaps, as the economy here in the Commonwealth progress and receive additional revenue than, I believe that we can subsidize or accommodate the concern of those entities. Again, I would like to congratulate and commend both Houses for expeditions process in coming with a final product, so we can move on this 2018 budget. Thank you. Thank you, Mr. President.

**President Palacios:** Thank you. Senator Borja, would you like to give us your thoughts?

**Floor Leader Borja:** Thank you, Mr. President. I think all the comments are similar, but since you wanted me to express my sentiments on the budget, I thank you for that. First, Mr. President, I would like to, like the rest, express appreciation for both Conferees for coming up with a product in a short time, I know everybody was pressed for time. I think looking at the overall budget, I think every agency or department should be happy with their budget, I believe every agency or department receive an increase in their budget, so this is a good budget. However, there is still an extended programs mentioning PSS and all those things, you know, if you look at PSS requests, I think we come very close aside from the supposedly under the initiative the 25% and that is still up in the air where I think the court will finally make decision on that as to which law stands on the definition of the total budget. Like I said, thanks to the House under the leadership of Representative Angel Demapan for a good compromise and especially for the people of Tinian, they should be happy because most of the requests budget from Tinian is kept intact and I am happy for that. Like I said, since in the beginning of this project process during the public hearing in Rota and Tinian, I always tell them that everybody should receive at least a little increase because of the overall increase in the estimated budget projections. I guess, everybody should be happy. And again, thank you, Chairman Jude Hofschneider, too for doing a great job. I know most of the budget meetings I wasn't able to attend because you know, I have good faith in the Senators and especially Chairman Jude Hofschneider. So, I only come when I wanted something to make sure that it is considered in budget request and thank you for those recommendations that I made that were left intact. This is an everyday and every year exercised, and some are satisfied and some are not, it is a good budget, and we should be proud and the CNMI should be proud. Our economy's rebounding very fast so I think there's still another supplemental appropriation that is coming up and hopefully, we can address a lot of the concerns from the other agencies that were not accommodated on this CNMI appropriation bill. Thank you, Mr. President and again, thank you too for the House members for the support, it is very weird that you get the both House members in approving the budget. Again, congratulations to both Committees for a successful budget Conferee. Thank you, Mr. President.

**President Palacios:** Thank you, Senator Borja. I was going to say a few words but sine the Chairman of the Senate Conference Committee worked very hard with his members, and he is asking to be recognize, I am going to give him one last crack. Senator Hofschneider, recognized.

**Senator Hofschneider:** Thank you, Mr. President. For the purpose of public agency employees, especially, in the civil service and some division employees that we're pleased to note also that there is an appropriation that was requested and recommended by the administration in the amount of 2.8 million dollars that will allow the provisions of Public Law 19-83, aka the new salary scale that will take effect, come one October or once the new fiscal year kicks in, so, I wanted to point that out, Mr. President, because I think it's important that to note since 2015, when we assume office, there was an unprecedented action by the government leaders of providing for salary adjustments by way of increasing salary of public and its employees who have been waiting for the longest time. I think this would have been the fourth time or if not the third time that we are going to do this in as many years. It does not occur often so you know these are indication of healthier economy and a collective in harmonies working relational amongst the decision makers both from the administration executive branch and the Legislature and others that are involved. I think it's highly commendable for a lot of us here that we are just finally retiring a lot of public debts that it's been in the books for the longest time, Mr. President, many of us know that. I don't need to go into detail, but I'm very pleased that we're part of that solution to finally put that to rest. I also want to point out the Section 606 under the Solid Waste Revolving Fund. For the first time in a long time, we authorized the provision to allow for the Solid Waste employees that are designated to the landfills, the public dumps transfer station and other designated areas to be paid 25% of their base salary for every time that they set foot in that. This is, Mr. President, is monumental simply because, not only that they do get exposed. Number 2, there is a source of fund that would service this particular provision here. So again, this is a very critical and a very forward movement by everyone here in this Chamber that supported this, and I am going to continue asking that we continue this trend as we move forward as some of us, the work is not done yet, this is only for Fiscal Year 2018, and I am sure there's other legislations that is coming before us to address. And finally, Mr. President, as you've passionately said, "no" to every time the Chair of Fiscal Affairs say, "yes" you said, "no" is the one million dollar's allocation for the judgment and settlement fund. To be honest, the members contemplated of looking into that to service some of the needs of the agencies, but you've been very adamant that you probably not going to support the budget bill if that one touched. I want to let you know that that is intact and we are very pleased with the products that we have before us. *Si Yu'us ma'ase, Mr. President.*

**President Palacios:** Thank you. Senator Quitugua?

**Senator Quitugua:** *Si Yu'us ma'ase, Mr. President.* During the deliberation of our FY 2018 Budget that came from the House, everyone has the opportunity to express who are the priorities in the budget. There was \$1.4 million from the salaries available, but I didn't hear arguments saying, let's give it to PSS, let's give it to CHCC. They want to split the money and give it to other agencies and the municipalities. Mr. President, I want to make this really clear, I looked through the budget and I try to take money from earmarks for PSS that's what I did, because I understand the needs of PSS. Yes, some of the members, but not all the members, even wanted to trim the land compensation and also the solid waste and even the utilities, so they can budget other agencies. But I didn't hear any arguments that let us give it to PSS or CHCC or any other agencies. This is the final product on the

budget and I just wish that during the deliberation here in the Senate, that each member in the Fiscal Affairs Committee will speak on behalf of the PSS and CHCC, and other agencies. You can look through the budget and see where the money goes for other agencies that we had to take out, and you can ask who propose those changes in the budget. It is really in my opinion, that the members of the Senate, each of us here, we must be honest and let us tell the public how we did during the Senate Fiscal Affairs Budget Committee meeting. Who are we trying to fund? Which agencies, which municipalities we are trying to fund and who we kept quiet. Since, I came in the Senate in the Nineteenth, Legislature, Mr. President, and all of us are here, I always speak on behalf of the kids and I even pushed for the 25% on the \$40.9 million that we appropriated from the 5% BGRT; and I was very thankful that the members of the Senate supported that and also the House accepted the amendment from the Senate. And again, I am really advocating and I've been letting the members of the Senate hear that the next 5% BGRT, 25% will go to PSS, and I even mentioned this to the Conferees from the House that PSS should get at least \$15,000,000.00 from the next BGRT. So, Mr. President, in spite, I thank the members for really working hard to try to get the budget to the Governor so that we can avoid the shutdown. I am a retiree, I don't get paid from legislative salaries, I can vote, "no" for the budget, but I don't want the government to shut down and the people will suffer. The salaries for the Legislature, although I am a retiree, I am not going to get an increase in my salary because my salary comes from the Settlement Fund. I wish that the everybody agreed in the Fiscal Affairs Committee that the \$1.4 million will go to PSS and CHCC and I will be more than happy to go along that decision. Thank you, Mr. President.

**President Palacios:** Thank you. To wrap it up, I take this opportunity to thank the member of the Senate Conference Committee, Senator Hofschneider and the other members, also the legal counsels and the staffs, the fiscal analysts and other staff that had to go back and forth with the several drafts until we finally come to a consensus on the final product that is before us now. The issue with PSS and the hospital and other obligation of this government have to be address. The Fiscal Affairs, I believe have been instructed several times to ensure that the additional funding coming of the BGRT addresses the needs if even the fundamental instruction and mandate of the constitutional mandate requiring 25% to PSS has to be addressed I believe in the 2016t BGRT at the insistence of Senator Quitugua, we set aside a significant amount to PSS and also to CHCC. There is also a significant amount of earmarks that we have set aside over the years from many revenue streams that have been set aside, whether its Tobacco Control Fund, container tax and other revenues, PSS have been also a recipient to some of these earmarks. So, I believe that the members of the Fiscal Affairs Committee, our committee should begin to take a look at quantifying the actual figures, the actual resources that this other resource are contributing to the overall funding for PSS. I had made several request to ensure that the funds for CUC be not touched. I have also insisted to the Committee during their budget deliberations that funds for the one million dollar which is actually to me, is that all configure, in terms of the land compensation of a \$1,000,000 be left intact and that the Senate initially that was passed out of the Senate distributed the \$1.4 million that was initially funded for the elected official salary. I am glad that there is a provision in this draft now that actually appropriated and allocated has a distinct or a clear instruction of where the remaining funds will go to in the event that the court decides or makes a decision that the salary increases for the Legislature and other elected official is unconstitutional. That is a very unique provision and I thank the members of both the Conference Committees for that provision. There's a lot of things that we as member of the Senate need to do. Perhaps, the last few years four years ago, the question was who to cut and who not to cut? The

question last year and this year is, what is the priority to be funded? I agree that we need to work together with a common mission and common goal to set those priorities. We also need to do a lot better work, a lot better in working with our Department of Finance and OMB and our counterpart across the street, the Governor and the Lieutenant Governor office, to accurately make projections, entrance maps, transparently make projections of all the resources for the Commonwealth, so that we can begin to address the major obligations of this government. There are certain provisions in this draft that I have reservation on, but I will not jeopardize because of my objection to certain provision of this present bill jeopardize the operation of this government. With that, I would like to ask the Clerk to please call the roll.

**Senator Mangloña**: Mr. President, I have been raising my hands.

**President Palacios**: I will give you two minutes.

**Senator Mangloña**: Thank you. Same, Mr. President, that while the revenues are going up, also PSS 25% proportionally goes up as well as the retirement funds 17% adjustments for the annual minimum payment goes up. So, this is the challenge that the message that I am sending today, I preface my statement today by saying, I do not have any particular comment with regards to the bill, I in way intent to be little the efforts of our Chairman Senator Jude Hofschneider and the Committee as well as the Conference Committee, my message is that, as the leaders of the Commonwealth this Legislature should also take the lead as well as work with the new administration in getting an accurate verification of the resources of our government and putting a control on operation. Just last week, for the first time we heard about the 17% requirement for the retirees. Joyce Tan, the trustee is insisting that we pay \$7.1 million and the answer that we have is the gross receipt tax from the casino. It seems like every time we have a substantial payment to make, we just say, oh, just put that aside and go to the casino gross receipt tax. But when you add up all these obligations the \$7.1 for 2014 and 2015, I heard this morning, the \$10,000,000 for 2016, who knows another \$10,000,000 for 2017.

**President Palacios**: It's \$11,000,000.00 for 2016.

**Senator Mangloña**: \$11 million for 2016 and then another \$12 million for 2017, you're talking right there, that's the whole balance of the gross receipt tax, we have not yet talk about the 25% for PSS. So, my message today is my vote is not going to make difference here, but I hope that it will put an emphasis on what we see that our revenues are going up we're actually still not over the bridge here because of this new obligation here that we just found out last week. We thought that we're okay, the retirees will get their 25% if we continue to pay the minimum annual payment, but we just found out that we're obligated for another \$10 million every year most slightly on the average and PSS their determined to take us to court. I don't know if they realize that are not, and that 25% of our total revenue. That is the message I've been sending and if other members do not see my commitment to this Legislative Initiative 18-12, I'm sorry but I try to emphasize that in the last three sessions, I voted "no" on this appropriation for casino gross receipt tax to make that emphasis as far as the budget discussion, again, yes, we could have talked more about this, but this is a bigger issue that the Legislature has to address.

**President Palacios:** Senator Mangloña, you know with all due respect, the Chair has allowed you to go discuss issues really outside of the bound of this Committee Report that we're entertaining. I know there are other issues office committee report that were into today I know there are other issuers with all due respect I don't mean to interject, we don't disagree with you that the \$11 million –

**Senator Mangloña:** Mr. President, I think you and I are both out of order and I still have the floor and I appreciate if you allow me to wrap it up.

**President Palacios:** Senator Mangloña, I have allowed you way beyond what I should. I give you two-minutes and you're repeating yourself is basically what I am saying. I think we maybe both out of order, but I think I should allow you to wrap it up.

**Senator Mangloña:** Mr. President, so again, I commend the members of the Fiscal Affairs, I just don't know how to over emphasize the importance of addressing the Settlement Funds demand for tens of millions of dollars that we owe today, as well as, the potentials lawsuit from PSS. Thank you, *si Yu'us ma'ase*.

**President Palacios:** Thank you. The Settlement Fund issue for everybody's information and Fiscal Affairs Chairman, is aware of this off this is based on the last audit and the audit report was just released for 2016. Senator Sixto Igisomar, you are the last and I will call

**Senator Igisomar:** Thank you very much, Senate President. I just wanted to state, so, I qualified myself the gospel last Sunday, is to listen, really. I had a lot of notes to make comments on our budget and to make some comments addition to honorable Senator Paul Mangloña. But I just want clarify to deviate away from listening and to state that Senator Paul Mangloña, I think, if I'm not out of order to say that, we all feel the same way Senator Paul Mangloña does, we all believe in all the same priorities. We discussed these items in the Fiscal Affairs Committee and I guess the initial statement our President stated, whether Senator Paul Mangloña is in the Committee or not? He is. And, we discussed those items, we can discuss those things in details, but Senator, I just wanted to make it clear, I know you've made a statement and it almost felt like nobody's listening and pushing. You know, we all feel the same way Senator Paul Mangloña, we all have the same priorities. For clarification, the additional funding for the Settlement, it's not the first time, that thing was in there since the Settlement agreement, I read it, it was there. I was just waiting for it to be transmitted so we can pay for it. I am very happy, I would like to also thanks Senator Paul Mangloña, for finally agreeing to me, Senator Paul Mangloña, I was hoping not to say this, but finally, agreeing to me. The retirees pension shall not be diminished or impaired. That statement was brought to the Legislature when I was the Chairman of the Retirement Fund, and then fired when I came here telling the Legislature, pay your employer contribution if you don't pay for it the ship is going to sink and once it sinks we will be underwater we will be drowning. Senator Paul Mangloña, right now we're not jumping with joy that we have revenue from the BGT. Right now, we're not even above the water, right now, we're not even snorkeling above the water. Right now, I believe if we are lucky, we have aqualung tank, *buseru*. I think we're all sharing this and we share the same sentiments, Senator Paul Mangloña, I feel you I hear you, because we are all sharing the same passion, our people needs our help. I am agreeing and I would just close it by saying that, I think, when I say, "fair to good" that's what I meant, it did not give everybody what they need, the budget. I think the Chairman was very strong fighting along

with the Chairman of the House and this is the result. And, yes, I am passionate for our people. I can say that a lot of things we proposed in the Senate there were a lot of things were removed, sacrificed, but we all agreed that we will come together after the budget and work in moving forward. I'd like to share, Mr. President, really, to Senator Paul Mangloña, thank you, I totally agreed with what you're saying. We have the same priorities and we'll be happy to work together in Committee to find the solutions for these. I am saying that, Senator Paul Mangloña, because somehow I have a feeling that I am a little bit left out that I'm not part it.

**President Palacios:** Senator Igisomar?

**Senator Igisomar:** Thank you very much, Mr. President. Thank you.

**President Palacios:** Thank you. We will have further miscellaneous discussion on the other issue, but the Chair will now exercise his authority and call for a vote. Clerk?

**CLERK** called the roll:

Senator Francisco M. Borja	Yes
Senator Francisco Q. Cruz	Yes
Senator Jude U. Hofschneider	Hunggan (Yes)
Senator Sixto K. Igisomar	Aweer (Yes)
Senator Paul A. Mangloña	Yes
Senator Steve K. Mesngon	Hunggan (Yes)
Senator Justo S. Quitugua	Hunggan (Yes)
Senator Teresita A. Santos	No
President Arnold I. Palacios	Yes

**CLERK:** Mr. President, all eight (8) members voting "yes."

**President Palacios:** With eight members voting, "yes" Conference Committee Report No. 20-01, affirming House Bill No. 20-105, House Draft 2, Senate Draft 3, Conference Committee Substitute 1, hereby passes the Senate. Thank you, members, and I again, I wish to take this opportunity to thank the staff for all their hard work throughout this project processed. I know that we have approached this issue up, the issue of the \$11 million spending and the issue of the share of PSS of the BGRT. And I know that Senator Quitugua, has insisted on many occasion that has to be address, eventually. I believe we will come through with that. Whether we initiate any amendments to any appropriation bill coming from the House is the day we're going to be waiting for. So please, Chairman of Fiscal Affairs Committee, take note of that and the Vice Chair of Fiscal Affairs Committee, Senator Quitugua, and all the members of Fiscal Affairs Committee, really, take a look at some of these issues and I know, we continue to requests for a very critical information from the Executive Branch, from Finance and OMB. It seems that some of those requests has not been submitted, and I would emphasize, again, to the Chair of Fiscal Affairs Committee, at the end of the day if necessary, please conduct a hearing to verify some of these figures and the resources and questions needs to be answered. Senator Hofschneider, we're on Miscellaneous.

**Senator Hofschneider:** Under Miscellaneous, Mr. President, thank you, for taking note of that. But before I answer to that assignment I would like to also thank the staff of the Bureau for all the time and the work that they've assisted the Committees during the budget process of the Senate and also the Conference Committee. I do see the legal counsels, the legislative assistance, I probably see earlier, and of course Dave, I asked Dave to be present today simply if there are any issues with the Schedule-A, but I am glad he is here, Mr. President, because we're actually talking numbers and he's taking note of that, Dave, please make note that we do need that report on the audit report based on the Settlement Trust request. I also know, Mr. President, that I made efforts even prior to the budget, the Fiscal Affairs acting on the budget that I've made a request to meet with the Secretary of Finance, along with Administrator of the Settlement Trust, and they have asked if we can wait until the hearing, which is about I think September 25<sup>th</sup> and then we'll schedule that particular meeting with them along with the Senate Committee members of the Senate Fiscal Affairs, and the reason why, is the very reason issues that we have before us today. I think it is important that we take that and see where the court's going to mediate or what course of action administration is going to take before they report back based on the Settlement Agreement that was executive back in 2014 or 2013, if I may. Again, Mr. President, the request and all the issues are well taken, I take note, I see the legal counsel here earlier, Clerk, please take note of this, as well as Dave, and all the staff that we are going to be calling the Fiscal Affairs Committee meetings as soon as they report back with the Settlement Trust, as well as the Administrations reports from the court in the next couple weeks.

**President Palacios:** Thank you. You know the Settlement trustee had made it known that we owe \$11 million, so aside from just the Senate counterparts and the Committee, I think it'll be advisable to also the discussed this issue with the Chairman of the Ways and Means Committee in the House and I will certainly, raise this issue with the Speaker. With that we move on to Announcements/

## ANNOUNCEMENTS

**President Palacios:** I do have some announcements. We are scheduled to have a session on Rota on Wednesday. We are also going to be attending the funeral for former Senator Ricardo Atalig, and I would like to ask the Vice President, whether he can give us details of the schedule for that day.

**Senator Mesngon** Thank you, Mr. President. The memorial mass will be on Tuesday and the time of the mass is at ten o'clock. However, before the closing of the cascade at I get arrangement with the family and we are going to present the Resolution. Before they close the cascade before nine o'clock, all the members are going up to have the last respect and we are going to do some pinning on his jacket from the Senate and then the wife will come in last to finally close casket. Upon closing of the casket and the arrangement is being done immediately we are going to present the Resolution. That follows with the Senate first, then the House Resolution, and then the Delegation. followed by the Mayor and Council will conclude the ceremony. Right after that ten o'clock, they gave us that 30 period window time to do the presentation so right after the presentation the arranged for the mass then after the mass, they will bring the body over to the San Jose cemetery for the burial. I am not sure, Mr. President, how do you want the attire for this day, it's your call, but I recommend to have the coat and tie, what we are using today, if there is no objection from the members. Thank you, Mr. President.

**President Palacios:** Sure enough I think we should wear the same attire as we normally wear in our sessions, if that is agreeable to everybody. We will have a leadership meeting prior to our session on Tuesday afternoon then you will be determined we will keep you advised. With that, I recognize Senator Quitugua.

**Senator Quitugua:** *Si Yu'us ma'ase, Mr. President.* Mr. President, this is information for the members of the Senate Gaming Committee, the Executive Director of the Casino Commission has requested for an additional two working days to complete the reports that the Committee has requested; and also reminder for those of us who would like to attend the Casino Commission's regular meeting at Joeten/Kiyu Public Library on the 21<sup>st</sup> at ten o'clock. And also the site visit that the members of the Casino Committee requested on the 22<sup>nd</sup> at 10:30, and there will be parking available for the members. Everyone is invited including those that are not members of the Committee. Thank you.

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

### ADJOURNMENT

**Floor Leader Borja:** Motion to adjourn subject to the call of the Chair.

The motion has been seconded.

**President Palacios:** Adjournment motion has been offered, discussion? Those in favor of that motion please say, "Aye." Opposed say, "Nay."

All members voiced, "Aye."

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

The Senate adjourned at 4:41 p.m.

Respectfully Submitted by:

/s/Frances Joan P. Kaipat  
Senate Journal Clerk