



REPRESENTATIVE JOSEPH LEE T. GUERRERO

CHAIRMAN

House Standing Committee on Commerce and Tourism
Twentieth Northern Marianas Commonwealth Legislature

Rep. Ivan A. Blanco, Vice-Chairman
Rep. Glenn L. Maratita, Member
Rep. Edwin P. Aldan, Member

Rep. Alice S. Igitol, Member
Rep. Vinson F. Sablan, Member
Rep. Blas Jonathan "BJ" Attao, Member

STANDING COMMITTEE REPORT NO. 20- 12
DATE: MARCH 28, 2017
RE: H.B. NO. 20-26

The Honorable Rafael S. Demapan
Speaker of the House of Representatives
Twentieth Northern Marianas
Commonwealth Legislature
Capitol Hill
Saipan, MP 96950

Dear Mr. Speaker:

Your Committee on Commerce and Tourism, to which House Bill No. 20-26 was referred, entitled:

"To amend 6 CMC §2143 by adding a new subsection (c) to establish a penalty for businesses who engage in drug-related activities; and for other purposes."

begs leave to report as follows:

I. RECOMMENDATION:

After reasonable discussion and deliberation on the bill, the Committee recommends that the House pass House Bill No. 20-26 in its current form.

RECEIVED BY *Jay*
DATE 4/1/17 TIME 10:21 AM

II. ANALYSIS:

A. Purpose:

The purpose of House Bill No. 20-26 is to amend 6 CMC §2143 by adding a new subsection (c) to establish a penalty and regulation(s) for businesses who engage in drug-related activities.

B. Committee Findings:

Your Committee finds that certain businesses within the CNMI are engaging in drug-related activities. As a business license holder, it is expected that the holder and the business they are about to engage in is in compliance with the laws that govern our beloved Commonwealth. The engagement of conducting businesses related to ice, crystal methamphetamine, etc., is not only illegal but also impacts our beloved Commonwealth in a negative way. As a business, it is their duty to conduct themselves in a manner that is beneficial for the CNMI, both economically and socially. Engaging in business activities related to ice, crystal methamphetamine, and other harmful drugs does not benefit the CNMI in any way and only causes more problems that will affect us in the long run.

Your Committee also finds that according to the Director of the Division of Customs Service, in 2016, the Division has intercepted twenty-eight (28) pounds of crystal methamphetamine with an estimated amount of five million dollars (\$5,000,000.00) from China in containerized cargo that was brought in from China by a freight forwarding company. Based on the Committee's lengthy discussion, the freight forwarding company will be penalized for the same violation if the proposed legislation is signed into law. The allowance of such harmful drugs to enter within the borders of our beloved Commonwealth should not be condoned and should be handled accordingly as stated in the proposed legislation. The entrance of such a gargantuan amount of crystal methamphetamine would cause significant amounts of harm to our residents and portray a negative outlook of the CNMI as a whole.

Therefore, your Committee agrees with the intent and purpose of House Bill No. 20-26 and recommends its passage in its current form.

C. Public Comments:

Comment(s) were received from:

- Jose C. Mafnas, Director, Division of Customs Service

The Director of the Division of Customs Service is in support of the proposed legislation.

- Honorable David M. Apatang, Mayor, Municipality of Saipan

The Mayor of the Municipality of Saipan is in support of the proposed legislation with amendments.

- Honorable Efraim M. Atalig, Mayor, Municipality of Rota

The Mayor of the Municipality of Rota is in support of the proposed legislation with amendments.

- Velma M. Palacios, President, Saipan Chamber of Commerce (SCC) Board of Directors

The President of the SCC Board of Directors recommends amendments to the proposed legislation.

D. Legislative History:

House Bill No. 20-26 was formally introduced to the full body of the House on January 31, 2017 by Rep. Edwin K. Propst and was subsequently referred to your House Standing Committee on Commerce and Tourism for disposition.

A similar legislation, namely House Bill No. 19-120, was introduced in the Nineteenth Northern Mariana Islands Commonwealth Legislature by Rep. Edwin K. Propst and was subsequently referred to the House Standing Committee on Judiciary and Government Operations. The Committee passed the legislation in the form of House Draft 1 on March, 29, 2016 under House Standing Committee Report 19-91. The House passed the legislation in the form of House Draft 2 on March 31, 2016. The legislation was transmitted to the Senate on April 7, 2016 and subsequently referred to the Senate Standing Committee on Judiciary, Government & Law. No further action was taken.

E. Cost Benefit:

The enactment of House Bill No. 20-26 will result in additional costs to the CNMI Government for it will require additional staffing and resources to carry out the intent of the proposed legislation. However, the benefits of ensuring safety to the communities throughout the CNMI heavily outweigh the costs.

III. CONCLUSION:

The Committee is in full accord with the provisions of House Bill No. 20-26 and recommends the passage of this legislation in its current form.

Respectfully submitted,



Rep. Joseph Lee Pan T. Guerrero
Chairman

Rep. Ivan A. Blanco
Vice Chairman



Rep. Edwin P. Aldan
Member



Rep. Blas Jonathan "BJ" T. Attao
Member

Rep. Alice S. Igitol
Member



Rep. Glenn L. Maratita
Member

Rep. Vinson F. Sablan
Member

Reviewed By:



House Legal Counsel

Attachment:

Letter dated February 8, 2017 from the Director of the Division of Customs Service;
Letter dated February 10, 2017 from the Mayor of the Municipality of Saipan;
Letter dated February 13, 2017 from the Mayor of the Municipality of Rota; and
Letter dated February 15, 2017 from the President of the SCC Board of Directors;



Division of Customs Service
Department of Finance

P.O. BOX 5234 CHR, SAIPAN, MP 96950 TEL. (670) 664-1601/664-1610 FAX (670) 664-1615



February 8, 2017
CSL17-029

2/13/17 am
AM

Representative Joseph Lee T. Guerrero
Chairman, Committee on Commerce and Tourism
Twentieth Northern Marianas Commonwealth Legislature
Saipan MP 96950

Dear Congressman Guerrero:

Ref.: Comments on H.B. 20-26

Tirowami.

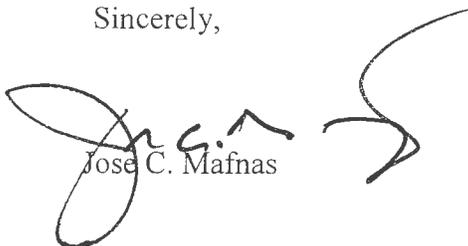
Here are my comments on H.B. 20-26

My name is Jose C. Mafnas. I am the Director of the Division of Customs Service. I am writing in support of H.B.20-26, "to establish a penalty for businesses who engage in drug-related activities; and for other purpose." I have carefully read the proposed bill, and I hope with its current language it would deter those businesses who contemplate in engaging in illicit drug trade.

In 2016, the Division of Customs Service intercepted twenty-eight (28) pounds of crystal methamphetamines estimated at over five (5) million dollars in a containerized cargo from China brought in by a freight forwarding company. Imagine how much destruction the 28 lbs of crystal meth would do to our community if it had passed our ports.

Thank you and I hope H.B. 20-26 is enacted into law.

Sincerely,


Jose C. Mafnas



COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
OFFICE OF THE MAYOR
MUNICIPALITY OF SAIPAN
Ladera Center Building, Beach Road, Oleai
P.O. Box 501457
Saipan, MP 96950



David M. Apatang
Mayor of Saipan

Tel: (670) 234-6208 Fax: (670) 234-1190

Email: saipanmayoroffice@gmail.com

February 10, 2017

The Honorable Joseph T. Guerrero
Chairman
House Standing Committee on Commerce and Tourism
Twentieth Northern Marianas Commonwealth
Legislature
Capitol Hill, Saipan MP 96950
VIA PERSONAL DELIVERY

2/14/17 am

Re: Comments on House Bill No. 20-26

Dear Mr. Chairman:

In your letter of February 01, 2017, which we received on February 03, 2017, you requested us to submit our comments on House Bill No. 20-26. We are pleased to offer our comments on the bill.

The bill, if enacted into law, would penalize a business that engages in illicit drug trafficking, sales, manufacture, possession, shipment, or distribution, in dollar amounts we believe are sufficient to deter commission of such crimes. Even greater, the bill would authorize suspension of a business license for a period of one year or permanent revocation, depending whether the violation is a first offense or second. We believe the bill will serve a great purpose in deterring commission of crimes involving controlled drugs and substances, and for that reason we support the intent of the bill.

But we think the bill should provide for covering loopholes, legitimate ways for drug traffickers to circumvent the law once caught. The bill should provide for suspension or permanent prohibition from registering another business under a different name by the same owner of the business found to have committed a violation of the law. And, to take it further, the same prohibition should apply to any owner of a corporation that operated the suspended or revoked business, no matter the corporate interest any owner has in the corporation. One owner of a corporation should be enough to prohibit other owners from registering and operating another business, regardless of fault or not fault of other owners of a business. If the legislature desired to put a stop to the cancer that is and will continue to destroy families, cause property losses, contribute to youth delinquency, health risks, etc., then the bill should cover all grounds for potential loopholes. Make the bill as tight sealed as possible.

The allocation of fines generated and collected from enforcing the law on drugs, as set out in section 3 of the bill, should be reconsidered. We believe the bulk of distribution of the fines should be at the prevention stage, i.e., first, Division of Customs, and second, Department of Public Safety. These two agencies are at the frontline in the battle to intercept shipments and when a shipment reaches the streets for distribution. We want to recommend that the bill proposes a greater percentage of the fines be allocated to the Division of Customs and Department of Public Safety, rather than equally as currently proposed in the bill.

We support the intent of the bill and encourage you and your committee to pass it with revisions that take into account the above concerns.

Sincerely,



DAVID M. APATANG
Mayor, Municipality of Saipan



COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

OFFICE OF THE MAYOR

THE HONORABLE EFRAIM M. ATALIG

Mayor of the Municipality of Rota

Mailing Address: Post Office Box 537 Rota, MP 96951

Phone: 670.532.9451/9452 * Fax No.: 670.532.9454 * Email: mayorefraimatalig@gmail.com



February 13, 2017

2/15/17 am

Representative Lee Pan T Guerrero
Chairman, Committee on Commerce & Tourism
Nineteenth Northern Marianas Comm. Legislature
P.O. Box 500586, Saipan MP 96950

Dear Mr. Chairman:

Thank you for requesting for my comments on the following bills:

H.B. No. 20-04

This Bill would be a big boost in our efforts to increase tourist arrivals in the Municipalities of Rota and Tinian. It is ironic that people complain that on Saipan tourists are subjected to three hours to wait in line to be processed, while on the two islands, the silence at their airports is deafening. The passage of this bill would indicate that CNMI officials are not merely paying lip service in their pronouncements to bring economic recovery for those people living on those islands. We hope that there are other more tangible effort to make all people enjoy the benefits that tourism brings to Saipan. With the present economic surge that we are now experiencing, it does not make sense to place a cap on the amount of funds allotted to Tinian and Rota. While we understand that Saipan would get the lion share of the money generated by MVA Tourist fund, but Tinian and Rota need to be promoted in the International Tourism market. Four hundred thousand dollars (\$400,000) is a mere drop in the bucket considering that Guam our nearest neighbor and unfortunately our competitor spend tens of millions of dollars promoting their island. In addition to allotting more money into off-island promotion, we will put more efforts into diversifying our islands tourist attractions.

H.B. No. 20-18

Shooting galleries and shooting ranges add diversity of activities that tourists may engage in among the hundreds of thousands of tourists that pay to come to our island, there are those who want to amuse themselves with shooting guns. With this activity come inconvenience, especially for the surrounding residential areas. It is a must that we mitigate any inconvenience that our people may encounter, and gunshots are more than just mere inconvenience.

H.B. No. 20-22

In the past years facilities that provide accommodations have expanded beyond the traditional hotels, motels, and apartments. There are now facilities called bed and breakfast and such

facilities that generate income for the operators, but are not being taxed. We need to have such facilities put in their fair share in the costs of providing services for the community. Furthermore, the latter facilities are taking away business from the hotels, motels, apartments which are paying taxes. This situation is not fair for those facilities that pay taxes. I support the passage of this bill.

H.B. No. 20-25

The global demand for copper will continue to escalate while supplies are not as massive as iron, and by law of economics the price of this commodity will continue to rise. Because in our midst there are unscrupulous people, copper theft will continue to occur unabated if our government does not intervene. Therefore, I strongly support the passage of this will.

H.B. No. 20-26

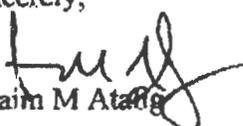
The privilege of doing business in the CNMI can be taken away from business establishments that engage in illegal drug related activities. I wholeheartly agree that business operator who engage in these activities should be held accountable beyond the usual punishment provided by 6 CMC 2143 as presently crafted. However, I strongly feel that giving businesses a second chance, we are essentially saying that one may continue to engage in such activity but at a price. I recommend that there should not be a second chance because those who engage in drug-related activities are usually very entrenched in such activities. The consumers of these activities are usually addicted and as we all know drug addicts need professional help to wean themselves from their habit. Further, federal laws do not give businesses a second chance when they are convicted of using their asset such as real estate in furtherance of their illicit activities. Perhaps it would be a good idea to be consistent with federal law.

H.B. No. 20-30

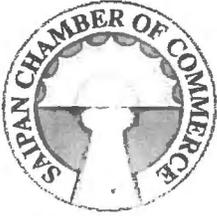
I agree that we need to be vigilant when it comes to the security of our people and this bill may enhance our concern for safety in our community. We may not be experiencing the violence that occur in airports around the world, but we need to be proactive in preventing violence from befalling our people. Obtaining a permit may be an inconvenience for companies that regularly use the airports and seaports facilities, but such inconvenience is miniscule if we are to experience violence. I would like to point out that CPA would not use this bill, if it becomes law, to charge exorbitantly in issuing the permits. The fee should only be to recover the cost of producing the permit.

Mr. Chairman, I hope that my comments would help in your committee's deliberations.

Sincerely,


Efraim M. Atafig

"Nature's Treasure Island"



SAIPAN CHAMBER OF COMMERCE

P.O. Box 500806 Saipan, MP 96950 • Tel: (670) 234-7150 • Fax: (670) 234-7151

www.saipanchamber.com

info@saipanchamber.com

2016

Board of Directors

February 15, 2017

Representative Edwin K. Propst
House of Representatives
PO Box 500586
Saipan, MP 96950

President

Velma M. Palacios

Vice President

Ron Smith

Secretary

Kevin McCale

Treasurer

Michael Johnson

Directors

Alex Sablan

Perry Inos, Jr.

Donna Krum

Tyrell Pauling

Alex K. Youn

Executive Director

Jill M. Arenovski

Administrator

Mercilynn K. Palec

Coordinators

Christine Tadeo

Lou Frances Pua

Dear Representative Propst,

The Governmental Relations Committee for the Saipan Chamber of Commerce (SCC) respectfully submits our position on the following bill:

HB 20-26- To amend 6 CMC subsection 2143 by adding a new subsection (c) to establish a penalty for businesses who engage in drug-related activities: and for other purposes

After considerable discussion, the SCC finds that this bill is not legally sufficient in its current form. The SCC respectfully submits the following revisions for your consideration:

- Clarification of terms "*illicit drug trade*", "*illegal activity*", "*drug-related activities*".
- Clarification on which entities would be subject to the fines entailed in this bill.
- Process of how it will be determined that the business is engaged and not the individual.
- Amendment to include a provision for the application of potential liabilities when third parties or outside parties are involved.

The SCC commends your efforts in assuring the safety of our business community and island. Thank you for considering our comments: we appreciate the opportunity to give our opinions on how this bill affects the business climate of our island.

Regards,

Velma M. Palacios
President, SCC Board of Directors

Twentieth Northern Marianas Commonwealth Legislature

IN THE HOUSE OF REPRESENTATIVES

Session, 2017

H. B. 20- **26**

A BILL FOR AN ACT

To amend 6 CMC §2143 by adding a new subsection (c) to establish a penalty for businesses who engage in drug-related activities; and for other purposes.

BE IT ENACTED BY THE TWENTIETH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE:

1 **Section 1. Short Title.** This Act shall be cited as the “Commercial
2 Business – Drug Control Act of 2017”.

3 **Section 2. Findings and Purpose.** The Legislature finds that certain
4 business establishments, both small and large, have engaged and/or are engaging
5 in illicit drug trade. This illegal activity continues to negatively affect our
6 residents and our great Commonwealth as a whole. Fortunately, due to the recent
7 events of drug busts occurring within the CNMI, the likelihood of assuring safety
8 among businesses and our citizens has increased. However, these businesses who
9 have been caught engaging in such activities continue to conduct businesses
10 operations within the CNMI. Therefore, appropriate measures must be taken to
11 penalize business establishments that continue to conduct their business
12 operations in such a heinous manner.

1 Therefore, the purpose of this Act is to amend 6 CMC §2143 by adding a
2 new subsection (c) to establish a penalty and regulation(s) for businesses who
3 engage in drug-related activities.

4 **Section 3. Amendment.** 6 CMC §2143 is hereby amended by adding a
5 new subsection (c) to read as follows:

6 **“§2143. Commercial Offenses; Penalties.**

7 (c) In addition to any criminal fees, fines, and penalties, any person
8 who has been issued a business license who violates any provision under
9 this Chapter shall be penalized by:

10 1st offense: a fine of no less than \$100,000.00 or an amount
11 equal to the street value, whichever is greater, and
12 revocation of license for up to one year;

13 2nd offense: a fine of no less than \$250,000.00 or an amount
14 equal to the street value, whichever is greater, and
15 permanent revocation of license.

16 Fines collected pursuant to subsection (c) shall be appropriated as follows:

17 (1) 25% to the Department of Public Safety for drug enforcement
18 purposes;

19 (2) 25% to the Division of Customs for drug enforcement
20 purposes;

21 (3) 25% to the CNMI Drug Court as established by Public Law 19-
22 14; and

1 (4) 25% to the Community Guidance Center for drug related
2 rehabilitation.”

3 **Section 4. Severability.** If any provisions of this Act or the application
4 of any such provision to any person or circumstance should be held invalid by a
5 court of competent jurisdiction, the remainder of this Act or the application of its
6 provisions to persons or circumstances other than those to which it is held invalid
7 shall not be affected thereby.

8 **Section 5. Savings Clause.** This Act and any repealer contained herein
9 shall not be construed as affecting any existing right acquired under contract or
10 acquired under statutes repealed or under any rule, regulation, or order adopted
11 under the statutes. Repealers contained in this Act shall not affect any proceeding
12 instituted under or pursuant to prior law. The enactment of the Act shall not have
13 the effect of terminating, or in any way modifying, any liability, civil or criminal,
14 which shall already be in existence on the date this Act becomes effective.

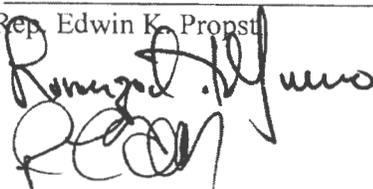
15 **Section 6. Effective Date.** This Act shall take effect upon its approval by
16 the Governor, or its becoming law without such approval.

Prefiled: 1/27/17

Date: 1/27/17

Introduced by:


Rep. Edwin K. Propst


Ronny J. Russo

Reviewed for Legal Sufficiency by:

Joseph D. Day
House Legal Counsel