



The Senate
NORTHERN MARIANAS COMMONWEALTH LEGISLATURE
P.O. BOX 500129
SAIPAN, MP 96950

STANDING COMMITTEE REPORT NO. 24-05
Date: April 9, 2025
RE: Senate Bill No. 24-32

Honorable Dennis James C. Mendiola
President of the Senate
Twenty-Fourth Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

Dear Mr. President:

Your Committee on Fiscal Affairs, to which Senate Bill No. 24-32 was referred, entitled:

“To amend 2 CMC § 3551 to change the expenditure authority, management, and control of the solid waste sub-accounts for the First and Second Senatorial Districts to the mayor of each respective municipality; and for other purposes”,

begs leave to report as follows:

I. RECOMMENDATION:

After considerable discussion and deliberation, your Committee recommends the passage of the proposed legislation in the form of Senate Bill No. 24-32, Senate Draft 1.

II. ANALYSIS:

A. Purpose:

The purpose of Senate Bill No. 24-32 is to change the expenditure authority, management, and control of the solid waste sub-accounts for the First and Second Senatorial Districts to the mayor of each respective municipality by amending 2 CMC § 3551.

B. Committee Findings:

Your Committee finds that the Secretary of the Department of Public Works (DPW) is currently the designated expenditure authority of the Solid Waste Management Revolving Fund (SWMRF), to include the sub-accounts for the First and Second Senatorial Districts. Recognizing the geographic separation of the senatorial districts and potential unfamiliarity of the day to day operations of the municipalities, the respective mayors of the First and Second Senatorial District have had to play a more critical role in ensuring that the daily operations of its solid waste program are performed expeditiously for the safety and wellbeing of the residents and visitors to the islands of Rota and Tinian, to include approving expenditure of funds outside the SWMRF sub-accounts that have hampered other programs and services under the purview of the respective mayors.

Your Committee further finds that the disconnect in operations between the separate entities dramatically affects the progress of addressing the solid waste operations on the islands of Rota and Tinian. Through numerous experiences, a delay in approving the expenditure of funds allocated to the respective SWMRF sub-accounts to mitigate the needs of the solid waste program has often times placed the respective municipal DPW solid waste personnel and communities of Rota and Tinian in a hazardous state. For the safety and well-being of the community, such practices must end.

Your Committee finds that Senate Bill No. 24-32 intends to bridge the inequality and enable prompt decisions to meet the needs on Rota and Tinian. Additionally, the proposed legislation seeks to support the respective municipal solid waste personnel by authorizing the mayors of the First and Second Senatorial Districts to serve as the expenditure authority of their SWMRF sub-accounts. Additionally, Senate Bill No. 24-32 incorporates amendments proposed under 2 CMC § 3551(b), which were previously approved by the Senate during the Twenty-Second Northern Marianas Commonwealth Legislature to ensure that tipping fees collected throughout the Commonwealth remain within their respective senatorial districts pursuant to NMIAC 155-30.1-201.

Your Committee met on April 9, 2025, to review the proposed legislation and comments officially received by the Committee. During the discussion, your Committee agreed to address the concerns raised by Department of Finance Secretary Tracy B. Norita. Your Committee adopted several amendments to clarify that the mayors of the First and Second Senatorial District would serve as the expenditure authority of their SWMRF sub-accounts and that the respective Resident Department Heads would be responsible for the management of these funds specifically to carry out the solid waste operations on Rota and Tinian. Accordingly, your Committee agreed that the DPW Secretary and the Resident Department Heads of Rota and Tinian shall be required to submit an annual report of the management of the SWMRF account and sub-accounts, as established, to the legislature within 30 days after each fiscal year. It is for these reasons that your Committee supports the intent of the proposed legislation, as amended, and recommends its passage in the form of Senate Bill No. 24-32, Senate Draft 1.

C. Legislative History:

Senate Bill No. 24-32 was formally introduced by Senator Jude U. Hofschneider on March 7, 2025, and was subsequently referred to the Senate Standing Committee on Fiscal Affairs for disposition.

During the Twenty-Third Northern Marianas Commonwealth Legislature, a similar legislation, Senate Bill No. 23-08 was formally introduced by Senator Jude U. Hofschneider on January 12, 2023, and was subsequently referred to the Senate Standing Committee on Fiscal Affairs for disposition. On September 10, 2024, the Senate FA Committee agreed to merge the provisions under Senate Bill No. 23-08 with House Bill No. 23-26, as amended, and adopted the proposed legislation in the form of House Bill No. 23-26, Senate Draft 1, which was reported to the full body of the Senate, under Senate Standing Committee Report No. 23-119. On November 19, 2024, the Senate passed House Bill No. 23-26, Senate Draft 1 during its 6th Day, Fourth Regular Session. House Bill No. 23-26, Senate Draft 1 was transmitted to the House of Representatives on November 20, 2024 and referred to the House Standing Committee on Ways and Means for disposition. On January 7, 2025, the House of Representatives convened its 7th Day, Fourth Regular Session and a motion was made and seconded to file all remaining bills, resolutions, reports and other assignments given to committees, to include Senate Communications that require House action. Accordingly, House Bill No. 23-26, Senate Draft 1 was filed, and the House of Representatives of the Twenty-Third Northern Marianas Commonwealth Legislature adjourned *sine die*.

During the Twenty-Second Northern Marianas Commonwealth Legislature, a similar legislation, Senate Bill No. 22-04, was formally introduced by Senator Jude U. Hofschneider on January 26, 2021, and was subsequently referred to the Senate Standing Committee on Fiscal Affairs for disposition. On October 15, 2021, during the 4th Day, Second Regular Session of the Senate, a motion was made and seconded to suspend pertinent rules of the Senate to include Senate Bill No. 22-04 under the Bill Calendar for action. The proposed legislation was passed by the Senate in the form of Senate Bill No. 22-04, Senate Draft 1. Senate Bill No. 22-04, Senate Draft 1, was transmitted to the House of Representatives on October 18, 2021, and referred to the House Standing Committee on Judiciary and Governmental Operations for disposition. On January 5, 2023, the House of Representatives convened its Ninth Day, Fourth Regular Session, and a motion was made and seconded to file all remaining bills, resolutions, reports, and other assignments given to committees, to include Senate Communications that require House action. Accordingly, Senate Bill No. 22-04, Senate Draft 1 was filed, and the House of Representatives of the Twenty-Second Northern Marianas Commonwealth Legislature adjourned *sine die*.

During the Twenty-First Northern Marianas Commonwealth Legislature, a similar legislation, Senate Bill No. 21-05, SD1, was formally introduced by Senator Jude U. Hofschneider on January 31, 2019, and was subsequently referred to the Senate Standing Committee on Fiscal Affairs (FA) for disposition. On July 9, 2019, the Senate FA Committee adopted the proposed legislation in the form of Senate Bill No. 21-05, Senate Draft 1, which was reported to the full body of the Senate under Senate Standing Committee Report No. 21-25. On July 18, 2019, the Senate passed Senate Bill No. 21-05,

Senate Draft 1 during its 1st Day, Sixth Special Session. Senate Bill No. 21-05, Senate Draft 1 was transmitted to the House of Representatives on July 19, 2019, and referred to the House Standing Committee on Ways and Means for disposition. On January 6, 2021, the House of Representatives convened its 12th Day, Fourth Regular Session, and a motion was made and seconded to file all remaining bills, resolutions, reports, and other assignments given to committees, to include Senate Communications that require House action. Accordingly, Senate Bill No. 21-05, Senate Draft 1 was filed, and the House of Representatives of the Twenty-First Northern Marianas Commonwealth Legislature adjourned *sine die*.

D. Public Hearing and Comment:

1. Public Hearing. No public hearing was scheduled for Senate Bill No. 24-32. However, a committee meeting, which is open to the public, was held on April 9, 2025. See below for further details.
2. Committee Meeting. The proposed legislation made its first appearance during the scheduled committee meeting on Wednesday, April 9, 2025. The committee meeting notices and agenda were officially posted on April 4, 2025, on various legislative forums and social media sites to invite members of the general public to provide comments as indicated under *Item No. IV. Public Comment* on the Committee Agenda. However, no oral testimony in support or opposition of Senate Bill No. 24-32 was stated before your Committee.
3. Written Comment. Your Committee requested comments with a deadline to respond by March 25, 2025, and March 26, 2025. To date, the status of comments received from the following government and private entities is as follows:
 - a. *Honorable Ramon B. Camacho, Mayor of the Municipality of Saipan- Received: April 1, March 26, 2025*
 - b. *Honorable Aubry M. Hocog, Mayor of the Municipality of Rota- Received: April 1, March 27, 2025*
 - c. *Tracy B. Norita, Secretary, Department of Finance- Received: April 1, March 27, 2025*
 - d. *Mayor of the Municipality of Tinian and Aguiguan, no comment received*
 - e. *Office of Grants Management & State Clearinghouse, no comment received*

E. Estimated Fiscal Cost:

The enactment of Senate Bill No. 24-32, as amended, will not result in any additional costs to the CNMI Government. The proposed legislation intends to change the expenditure authority of the Solid Waste Management Revolving Fund from the Secretary of the Department of Public Works to the respective mayors of Rota and Tinian for the sub-accounts of funds allocated to the First and Second Senatorial District. Additionally, the

respective Resident Department Heads would be responsible for the management of these funds to facilitate solid waste operations on Rota and Tinian.

F. Summary of Committee Amendments:

For reference purposes, single underlines and ~~single strikethroughs~~ are the original amendments proposed; double underlines and ~~double strikethroughs~~ are amendments adopted by the Committee. Therefore, your Committee agreed to the following amendments:

1. Title. Amended the title to reflect the amendments adopted by the Committee, to read:

“To amend 2 CMC § 3551 to change the expenditure authority, management, and control of the solid waste sub-accounts for the First and Second Senatorial Districts ~~to the mayor of each respective municipality~~; and for other purposes.”

2. Section 1. Findings and Purpose. Inserted language to reflect the amendments adopted by the Committee, beginning on page 1, lines 1-9, to read:

“The Legislature finds that the expenditure authority of the solid waste sub-accounts for the First and Second Senatorial Districts should be vested in the mayor of each respective municipality in order to expedite the disbursement of funds, and procurement of services and equipment for each municipality. The Legislature further finds that the mayors of each municipality have firsthand knowledge of the solid waste needs and requirements of their municipalities and should prioritize the sub-account funding for those purposes. Accordingly, the purpose of this legislation is to change the expenditure authority and management of the solid waste sub-accounts for the First and Second Senatorial Districts.”

3. Section 2. Amendment. 2 CMC § 3551 (c). (1) Inserted language to clarify that the responsibility of fund allocations are performed by the Office of Management and Budget to be transferred on the first business day of each month; (2) technical amendment to delete language that is not reflected in the current statutory provision; and (3) amended the originally proposed language to authorize the Resident Department Heads of the First and Second Senatorial District to manage the SWMRF funds in their respective sub-accounts to address the concern raised by the Secretary of Finance, beginning on page 2, lines 6-16, to read:

“(c) The ~~Secretary of the Department of Finance~~ Special Assistant of the Office of Management and Budget shall allocate the Solid Waste Management Revolving Fund into four sub-accounts on the first business day of each month. Subject to the promulgation of appropriate rules and regulations prescribing CNMI-wide fees as described in

subsection (b), three sub-accounts shall be established with one for each of the respective Senatorial Districts. The fourth sub-account shall be for financial assurance requirements for permitting facilities within the Commonwealth. The sub-accounts of the First and Second senatorial districts shall be transferred to each respective local account and said funds shall not be reprogrammed for any other purpose. The mayor of each Resident Department Head of the Department of Public Works (DPW) of the respective municipality shall manage the funds in the their respective sub-accounts of the First and Second senatorial districts.”

4. Section 2. Amendment. 2 CMC § 3551 (d). Amended proposed language to address the concern raised by the Secretary of Finance authorizing the Resident Department Heads of the First and Second Senatorial District to manage the SWMRF funds in their respective sub-accounts, beginning on page 2, lines 17-25, to read:

“(d) Unless specifically exempted or otherwise required by law, any funds earmarked for deposit into the Solid Waste Management Revolving Fund shall be subject to the allocation provided under subsection (c) herein. Provided, however, that 10 percent of the total of any earmarked funds shall be allocated to the sub-account of the First Senatorial District and 10 percent of the total of any earmarked funds shall be allocated to the sub-account of the Second Senatorial District. The sub-accounts of the First and Second senatorial districts shall not be reprogrammed for any other purpose. The mayor DPW Resident Department Head of each respective municipality shall manage the funds in the their respective sub-accounts of First and Second senatorial districts.”


5. Section 2. Amendment. NEW 2 CMC § 3551 (f). Amended the newly proposed 2 CMC § 3551(f) to have the DPW Resident Department Heads of the First and Second Senatorial Districts to report jointly with the DPW Secretary on the use of SWMRF funds for consistency purposes, beginning on page 3, lines 1-5, to read:

“(f) The Secretary of the Department of Public Works and the mayors DPW Resident Department Head of the First and Second senatorial districts shall provide within 30 days after each fiscal year an annual report on the SWMRF account to the presiding officers of the legislature and the chairperson of the House of Representatives Committee on Ways and Means and the chairperson of the Senate Committee on Fiscal Affairs.”

III. CONCLUSION:

Your Committee agrees with the intent and purpose of the proposed legislation, as amended, and recommends its passage in the form of Senate Bill No. 24-32, Senate Draft 1.


Respectfully submitted,




Senator Jude U. Hofschneider
Chairperson



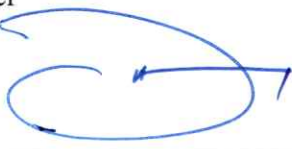
Senator Karl R. King-Nabors
Vice Chairperson



Senator Ronnie M. Calvo
Member



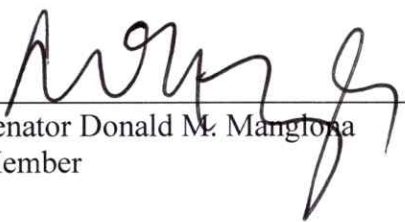
Senator Manny Gregory T. Castro
Member



Senator Francisco Q. Cruz
Member



Senator Corina L. Magofna
Member



Senator Donald M. Mangiona
Member

Reviewed by:



Senate Legal Counsel

Attachments:

1. *Written Comments Officially Received by the Committee*
 - a. *Honorable Ramon B. Camacho, Mayor of the Municipality of Saipan- Received: April 1, March 26, 2025*
 - b. *Honorable Aubry M. Hocog, Mayor of the Municipality of Rota- Received: April 1, March 27, 2025*
 - c. *Tracy B. Norita, Secretary, Department of Finance- Received: April 1, March 27, 2025*

TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

FIRST REGULAR SESSION, 2025

S.B. NO. 24-32, SD1

A BILL FOR AN ACT

To amend 2 CMC § 3551 to change the expenditure authority, management, and control of the solid waste sub-accounts for the First and Second Senatorial Districts ~~to the mayor of each respective municipality~~; and for other purposes.

BE IT ENACTED BY THE TWENTY-FOURTH NORTHERN MARIANAS
COMMONWEALTH LEGISLATURE:

1 **Section 1. Findings and Purpose.** The Legislature finds that the expenditure
2 authority of the solid waste sub-accounts for the First and Second Senatorial Districts
3 should be vested in the mayor of each respective municipality in order to expedite the
4 disbursement of funds, and procurement of services and equipment for each municipality.
5 The Legislature further finds that the mayors of each municipality have firsthand
6 knowledge of the solid waste needs and requirements of their municipalities and should
7 prioritize the sub-account funding for those purposes. Accordingly, the purpose of this
8 legislation is to change the expenditure authority and management of the solid waste sub-
9 accounts for the First and Second Senatorial Districts.

10 **Section 2. Amendment.** 2 CMC § 3551 is hereby amended to read as follows:

11 **“§ 3551. The Establishment of the Solid Waste Management Revolving Fund.**

12 (a) There is hereby established within the Commonwealth Treasury a Solid Waste
13 Management Revolving Fund (SWMRF) which shall be accounted for separately from the
14 General Fund. All funds collected pursuant to this chapter and the interest earned shall be
15 used exclusively for solid waste-related purposes.

16 (b) All monies received from direct appropriation, or as payment of fees pursuant
17 to this Act, any except tipping fees as provided in NMIAC 155-30.1-201, collected from
18 any Commonwealth solid waste management facility, solid waste user fees assessed
19 directly on residents and businesses, advance disposal fees and any other sources of solid
20 waste management funding, such as federal grants or loans, shall be deposited into the

1 ~~revolving fund SWMRF.~~ Expenditure authority over the revolving fund is vested in the
2 Secretary of the Department of Public Works; provided that the expenditure authority for
3 the sub-accounts of the First and Second senatorial districts shall be the mayor of the
4 respective municipality. Revolving fund monies shall be available for expenditure on solid
5 waste-related purposes without further appropriation and without fiscal year limitations.

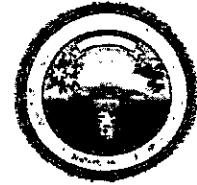
6 (c) ~~The Secretary of the Department of Finance~~ Special Assistant of the Office of
7 Management and Budget shall allocate the Solid Waste Management Revolving Fund into
8 four sub-accounts on the first business day of each month. Subject to the promulgation of
9 appropriate rules and regulations prescribing CNMI-wide fees as described in subsection
10 (b), three sub-accounts shall be established with one for each of the respective Senatorial
11 Districts. The fourth sub-account shall be for financial assurance requirements for
12 permitting facilities within the Commonwealth. The sub-accounts of the First and Second
13 senatorial districts shall be transferred to each respective local account and said funds shall
14 not be reprogrammed for any other purpose. The mayor of each Resident Department Head
15 of the Department of Public Works (DPW) of the respective municipality shall manage the
16 funds in the their respective sub-accounts of the First and Second senatorial districts.

17 (d) Unless specifically exempted or otherwise required by law, any funds
18 earmarked for deposit into the Solid Waste Management Revolving Fund shall be subject
19 to the allocation provided under subsection (c) herein. Provided, however, that 10 percent
20 of the total of any earmarked funds shall be allocated to the sub-account of the First
21 Senatorial District and 10 percent of the total of any earmarked funds shall be allocated to
22 the sub-account of the Second Senatorial District. The sub-accounts of the First and Second
23 senatorial districts shall not be reprogrammed for any other purpose. The mayor DPW
24 Resident Department Head of each respective municipality shall manage the funds in the
25 their respective sub-accounts of First and Second senatorial districts.

26 (e) The Solid Waste Revolving Fund and any sub-accounts thereof shall be audited
27 on an annual basis.



COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
OFFICE OF THE MAYOR
THE HONORABLE AUBRY MANGLONA HOCOG
 Mayor of the Municipality of Rota
 Mailing Address: Post Office Box 537 Rota, MP 96951
 Phone: 670.532.9451/9452 * Email: mayor.ahocog@gmail.com



MOR-2025-123

March 25, 2025

Senate Standing Committee on Fiscal Affairs
 24th CNMI Legislature
 Capitol Hill Saipan, MP 96950

RE: Support Letter for Senate Bill 24-32

J. S. I. S. A. M.
via email
 3/27/25
 THE OFFICE OF
 SENATOR JUDE U. HOFSCHEIDER
 TEL. NO. (670) 664-8868 / FAX NO. (670) 664-8908

Dear Honorable Members,

I am writing to express my full support for Senate Bill 24-32, which intends "To amend 2 CMC § 3551 to change the expenditure authority, management, and control of the solid waste sub-accounts for the First and Second Senatorial Districts to the mayor of each respective municipality; and for other purposes."

As the Mayor of Rota, I strongly believe this legislation will significantly improve solid waste management efficiency across our municipalities. The proposed amendment empowers local leadership by allowing mayors to directly manage and control solid waste sub-accounts, ensuring more responsive and targeted waste management strategies.

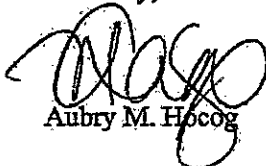
The bill's approach recognizes that municipal mayors have the most intimate understanding of their community's specific solid waste needs. By shifting expenditure authority directly to local leadership, we can:

- Accelerate decision-making processes
- Prioritize local waste management requirements
- Enhance fiscal responsibility at the municipal level

The continued requirements for annual audits and reporting provide necessary oversight, ensuring transparency and accountability in the use of these funds.

I urge the Committee to support and advance this important piece of legislation. It represents a meaningful step towards more efficient and localized public service delivery.

Sincerely,


 Aubry M. Hocog



Ramon "RB" Jose Blas Camacho
Mayor of Saipan

**COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
OFFICE OF THE MAYOR
MUNICIPALITY OF SAIPAN**

CTC Building, 2799 Teer Drive Suite A, Oleai
P.O. Box 501457 Saipan, MP 96950

(670) 234-6208 • Fax: (670) 234-1190 • Email: saipanmayor@mos.gov.mp



March 21, 2025

The Honorable Jude Hofschneider
Chairman
Senate Standing Committee on Fiscal Affairs
24th Northern Marianas Commonwealth Legislature
P.O. Box 500129
Saipan, MP 96950

3/24/25 12:50 PM via email
THE OFFICE OF
SENATOR JUDE U. HOFSCHEIDER
TEL. NO. (670) 664-8868/FAX NO. (670) 664-9908

Subject: Senate Bill 24-32, HS1: "To amend 2 CMC § 3551 to change the expenditure authority, management, and control of the solid waste sub-accounts for the First and Second Senatorial Districts to the mayor of each respective municipality; and for other purposes."

Hafa Adai yan Tirow Chairman Hofschneider,

Thank you for providing the Office of the Mayor, Municipality of Saipan the opportunity to provide comments on the above subject.

I write to express my strong support for Senate Bill No. 24-32, which seeks to amend 2 CMC § 3551 to transfer expenditure authority, management, and control of the solid waste sub-accounts for the First and Second Senatorial Districts to the mayors of each respective municipality. This amendment is a necessary step in strengthening local governance and ensuring efficient, community-driven management of solid waste services.

Municipal mayors serve as the frontliners of local government, directly addressing the daily needs and concerns of residents. Our roles go beyond administrative functions—we are responsible for maintaining the health, safety, and environmental well-being of our communities. Waste management is a core municipal responsibility, and granting expenditure authority to the mayors will ensure timely decision-making, better resource allocation, and a more proactive approach to addressing solid waste issues.

As the Mayor of Saipan, I have firsthand experience in dealing with the challenges of solid waste management. Having local control over these funds would enable the senatorial districts to act immediately and effectively to meet the specific needs of our respective islands. This legislation will enhance local accountability and ensure that funds are used in the best interest of our communities.

I respectfully urge the Committee's favorable consideration and swift passage of Senate Bill No. 24-32. This amendment is a much-needed step toward empowering our municipalities to provide more efficient and responsive public services for the benefit of our residents.

If you have any questions, please do not hesitate to contact me at (670)234-6208 or via email at saipanmayor@mos.gov.mp.

Sincerely,

A handwritten signature in black ink, appearing to be 'RB' followed by a stylized flourish and a small number '6'.

RAMON "RB" JOSE BLAS CAMACHO
Mayor, Office of the Municipality of Saipan



Office of the Secretary
Department of Finance



P.O. Box 5234 CHR.B, Saipan MP 96950

TEL: (670) 664-1100 FAX: (670) 664-1115

March 25, 2025

SFL 2025-107

Senator Jude U. Hofschneider
Chairman
Senate Committee on Fiscal Affairs
P.O. Box 500586
Saipan, MP 96950

D.S. Nam
3/27/25 via email
THE OFFICE OF
SENATOR JUDE U. HOFSCHEIDER
TEL. NO. (670) 664-2868/FAX NO. (670) 664-2808

Subject: Commonwealth of the Northern Mariana Islands (CNMI) Department of Finance
Comments and Recommendations on the following Senate Bill(s) (S.B.) No. 24-18, 24-26, 24-27 and 24-32.

Dear Chairman Jude U. Hofschneider,

On behalf of the CNMI Department of Finance ("DOF"), I thank you for the opportunity to provide our comments and recommendations on the following Senate Bill(s):

Senate Bill(s):

- S.B. 24-18 – To amend 1 CMC § 2803 regarding the budget submission of the Department of Public Lands; and for other purposes. Please refer to the attached S.B. 24-18.
- S.B. 24-26 – To amend 1 CMC § 28933 (d) to give the mayors of the First and Second Senatorial District authority to concur on all OGM-SC applications, programs and funding for the First and Second Senatorial District; and for other purposes. Please refer to the attached S.B. 24-26.
- S.B. 24-27 – To amend 1 CMC § 8390 to allow the Settlement Fund to adjust benefit payments to reflect the correct calculation forward and authorize waivers of overpayments of retirement benefits; and for other purposes. Please refer to the attached S.B. 24-27.
- S.B. 24-32 – To amend 2 CMC § 3551 to change the expenditure authority, management, and control of the solid waste sub-accounts for the First and Second Senatorial Districts to the mayor of each respective municipality; and for other purposes. Please refer to the attached S.B. 24-32.

Again, on behalf of the CNMI Department of Finance, I thank you for the opportunity to provide comments with respect to the Bill(s). Should you have any questions or need any additional information, please do not hesitate to contact me at (670) 664-1100 or email me at T.Norita@dof.gov.mp.

Sincerely,

Tracy B. Norita
Secretary of Finance



Office of the Secretary
Department of Finance

P.O. Box 5234 CHR, Saipan MP 96950 TEL: (670) 664-1100 FAX:
 (670) 664-1115



| Department of Finance Comments/Recommendations | LEGENDS: |
|---|---|
| Proposed Legislation: S.B. 24-18 | Strikethrough To eliminate from the "Bill" |
| Findings & Purpose | <u>Underline</u> To add to the "Bill" |
| <p>The Legislature finds that public land leases have been governed by the fundamental policies outlined in Section 5 of Article XI of the CNMI Constitution and Public Law 15-2. The Legislature, however, finds that based on the CNMI Supreme Court ruling in <i>DPL v. CNMI</i>, 2010 MP 14 (Oct. 4, 2010), Section 5 of Article XI of the CNMI Constitution is inoperative. Therefore, the Legislative and Executive Branches have the authority to establish the fundamental policies governing public lands. Specifically, the Supreme Court held that "the drafters of the NMI Constitution did not intend for the restrictions contained in Article XI § 5 to bind the Commonwealth Legislature in perpetuity. We further hold that the legislature possesses the constitutional authority under Article III § 15 to redefine the functions of executive branch departments including DPL. The legislature cannot, however, pass a law that infringes upon the functions of another constitutional entity." <i>Id.</i> at ¶12.</p> <p>The Legislature also finds that the Department of Public Lands must be more fiscally transparent and accountable for its reasonable administrative and management expenses. The legislature must clarify the reasonable administrative and management expenses. Moreover, to prevent DPL from inflating its annual budget and unduly withholding any surplus revenues from MPLT, the Legislature must approve DPL's annual Fiscal Year budget to ensure the DPL's annual budget complements the department's actual personnel and operation requirements each fiscal year. However, the Legislature finds it equally important to protect DPL revenues by prohibiting any reprogramming, except reprogramming authorized by law.</p> | |
| CMC | |
| To amend 1 CMC § 2803 regarding budget submission of the Department of Public Lands; and for other purposes. | |
| Section(s) Amendments | Feedbacks/Comments |
| <p>Section 2. Amendment: 1 CMC § 2803 is amended to read:</p> <p>"§ 2803. Powers and Duties of the Department of Public Lands. (a) The Department shall be responsible for the administration, use, leasing, development, and disposition of all those lands defined as public lands by N.M.I. Const. art. XI, § 1 or any other provision of law, subject to the provisions of this chapter and except as limited by transfers of freehold interests to individuals, entities, or other government agencies. The Department's authority does not extend to the issuance of land use permits and licenses, except as specifically provided for in this Act; and does not limit in any respect the authority of other Commonwealth agencies to issue permits and licenses pursuant to their respective enabling legislation.</p> | N/A |



Office of the Secretary
Department of Finance



P.O. Box 5234 CHR, Saipan MP 96950 TEL: (670) 864-1100 FAX:
 (670) 864-1115

| | |
|---|---|
| <p>Section 2. Amendment. 1 CMC §2803 is amended to read: "§ 2803. Powers and Duties of the Department of Public Lands. (b) The Department shall submit each year, for legislative approval, a proposed annual budget for the next fiscal year in accord with following the budgeting and planning procedures applicable to all departments of the Executive Branch. Within its proposed budget, the Department shall itemize all personnel, travel, and other expenses for the fiscal year in question; the sums required to be expended during the year with respect to for its leasing responsibilities and the homestead program, including homestead, road, power, and water infrastructure; sums required to be held in reserve for approved homesteads or other Department programs in the next two fiscal years; a detailed statement of all other Department assets, liabilities, revenues and expenditures; and the estimated sum to be transferred at the end of the fiscal year to the Marianas Public Land Trust.</p> | <p>DPL revenue forecast requirements must be specified by statute to appropriately determine the estimated or actual balance remaining at the end of the fiscal year to be transferred to MPLT. The DPL Secretary should be required to determine the available estimated balance and provide documentation to DOF for transfer of funds. Statute should consider an automatic enforcement of the transfer of funds by the Department of Finance by the transfer deadline. Upon submission of the 4th quarter report, DOF should ensure the timely transfer of funds. Penalty for the untimely transfer of funds should be considered in the legislation, such as suspension of available budget until funds transfer is completed.</p> <p>Suggest to include clear deadlines in the legislation for funds transferred to MPLT.</p> |
| <p>Section 2. Amendment. 1 CMC §2803 is amended to read: "§ 2803. Powers and Duties of the Department of Public Lands. (f) The effective date of this Act shall be retroactive to February 22, 2006. The DPL Secretary shall provide a detailed report of all the revenues collected and expenditures within 30 calendar days at the end of its quarter."</p> | <p>N/A</p> |



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| Department of Finance Comments/Recommendations | LEGENDS: |
|---|---|
| Proposed Legislation: S.B. 24-26 | Strikethrough To eliminate from the "Bill" |
| Findings & Purpose | <u>Underline</u> To add to the "Bill" |
| <p>The Legislature finds that, among other things, the Office of Grants Management and State Clearinghouse (OGM-SC) was created to establish a database of those federal grants currently received by the CNMI, and to research all federal grants which the CNMI is eligible to receive but has not applied for. These OGM-SC mandates apply to the First and Second Senatorial Districts as well. Since the creation of the OGM-SC office, the mayors of the respective First and Second Senatorial Districts have submitted to OGM-SC countless requests for assistance, funding, equipment and training for their municipalities and employees. Although OGM-SC has provided some assistance, funding, equipment and training to the First and Second Senatorial Districts, the equipment, programs, funding of recipients of such benefits were not always consistent with the mayor's policies. The Legislature finds that the mayor's municipal policies are paramount over any other policy because the mayor is the head of each municipality. The mayor is responsible for the health, welfare and safety of the people. The mayor has the ultimate responsibility to provide essential public services to the people in their municipalities. The mayor should determine what OGM-SC assistance is needed and where such assistance will go. Accordingly, the purpose of this legislation is to authorize the respective mayors of the First and Second Senatorial Districts to concur on all OGM-SC applications, programs and funding for the First and Second Senatorial Districts.</p> | |
| CMC | |
| <p>To amend 1 CMC § 2893 (d) to give the mayors of the First and Second Senatorial District authority to concur on all OGM-SC applications, programs and funding for the First and Second Senatorial Districts; and for other purposes.</p> | |



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| Section(s) Amendments | Feedbacks/Comments |
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| <p>Section 2. Amendment. 1 CMC § 2893 is amended to read as follows: <u>"(d) the Administrator of the CNMI OGM-SC shall have expenditure authority for all funds relating to CNMI OGM-SC; provided that the respective mayors of the First and Second Senatorial Districts shall concur on all OGM-SC applications, programs and grant funding for the First and Second Senatorial Districts. The Administrator shall also inform the respective mayors of the First and Second Senatorial Districts of the status of the submitted grant application; and"</u></p> | <p>Department of Finance is in support of the inclusion of the Mayors of the First and Second Senatorial Districts regarding grant writing objectives and management of grant funds awarded to the municipalities.</p> |



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| Department of Finance Comments/Recommendations | |
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| Proposed Legislation: S.B. 24-27 | |
| LEGENDS: | |
| | Strikethrough To eliminate from the "Bill" |
| | <u>Underline</u> To add to the "Bill" |
| <p align="center">Findings & Purpose</p> <p>The Legislature finds that the NMI Settlement Fund has served hundreds of retirees with notices of overpayments and retirement benefits adjustments after conducting a benefits audit. Some retirees have received the same benefits for ten years or more. Most, if not all, of the overpayment calculations were made by the former NMI Retirement Fund and through no fault of the retirees. Most retirees detrimentally rely on their monthly retirement benefits for their livelihood to pay for housing, food, debts, vehicles, medical expenses, and incidentals. Most retirees' income is their retirement pension, and any adjustments negatively affect their standard of living.</p> <p>The Legislature further finds that Settlement Fund's determination to recover overpayments of benefits has adversely shaken the lives of retirees subject to the overpayments. Retirees are bombarded with letters and notices about overpayments from the Settlement Fund. Retirees can't afford to pay back the overpayments, ranging from several thousand dollars to hundreds of thousands. The retirees are terrified of being sued in court to recover the overpayments. The retirees cannot afford to pay back the overpayments, let alone afford to pay for lawyers to defend them against recovery of such overpayments that were miscalculated through no fault of the retirees.</p> <p>The Legislature finds that it is unfair, unreasonable, and unconscionable for the retirees, who are not at fault, to be required to pay back the overpayments. The Settlement Fund should waive the recovery of overpayments based on fairness, equity, and good conscience. The laws of the United States government, as well as most states and territories, provide for waivers of overpayments of various benefits, including social security benefits, state retirement benefits, unemployment benefits, veteran's benefits, family and medical leave benefits. The general standard for waiver of recovery of overpayment of benefits is that the individual is not at fault and recovery or repayment is against equity and good conscience when the overpayment would cause financial hardship to the person for whom it is sought; or the recipient of the overpayment can show (regardless of their financial circumstances) that due to the notice that such payment would be made or because of the incorrect payment either they have relinquished a valuable right or changed positions for the worse; or recovery would be unconscionable, unreasonable, or unfair under the circumstances.</p> <p>Accordingly, the purpose of this Act is for the Settlement Fund to adjust retirement benefit payments to reflect the correct calculation and authorize waivers of recovery of overpayments of retirement benefits.</p> | |
| CMC | |
| To amend 1 CMC § 8390 to allow the Settlement Fund to adjust benefit payments to reflect the correct calculation forward and authorize waivers of overpayments of retirement benefits; and for other purposes. | |
| Section(s) Amendments | Feedbacks/Comments |
| Section 2: Amendment. 1 CMC § 8390 is hereby amended to read as follows: "§ 8390. Overpayment or Underpayment of Benefits. (a) Whenever the administrator finds that more or less than the correct amount of benefits have been paid with respect to any individual, proper adjustment or recovery shall be made by appropriate adjustments to future payments to the member or any survivors, or from the estate of any recipients of benefits. | N/A |



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| <p>Section 2. Amendment. 1 CMC § 8390 is hereby amended to read as follows: "§ 8390. Overpayment or Underpayment of Benefits. (b) Unless fraud, misrepresentations, pension miscalculation by the Settlement Fund or its predecessor, or concealment of material information was involved in connection with an overpayment, an amount of no more than 50 percent of any benefit to be paid in any benefit period may be withheld and offset against previous overpayments there shall be no recovery of overpayments by the NMI Settlement Fund from any member, any survivors, or from the estate of any recipient of benefits who is without fault and if such recovery would be against equity and good conscience. In his discretion, the administrator may authorize a lesser percent of annuity to be withheld, taking into consideration the financial condition of the annuitant, provided that such overpayment can be recovered within two years.</p> | <p>N/A</p> |
| <p>Section 2. Amendment. 1 CMC § 8390 is hereby amended to read as follows: "§ 8390. Overpayment or Underpayment of Benefits. (e) Notice of the overpayment or underpayment under this subsection shall include a statement that the affected member or beneficiary may appeal the overpayment or underpayment by notifying the Administrator, in writing, after receipt of notice of the overpayment or underpayment. A member or beneficiary who receives a notice of overpayment under this subsection may appeal to the Settlement Fund for a waiver of the overpayment following Sections 8390(b) and (f).</p> | <p>The Department of Finance supports the intention to lessen the burden placed on retirees to repay overpayments in the past, however the Legislature should be mindful of the Net Pension Liability and the actions taken to preserve the fund. Refer to the latest Actuarial Valuation by Milliman (NMISF website).</p> <p>Is the Legislature open to consider having a Tier system category in place to determine eligibility requirements for the waiver option on affected members.</p> |
| <p>Section 2. Amendment. 1 CMC § 8390 is hereby amended to read as follows: "§ 8390. Overpayment or Underpayment of Benefits. (f) Upon appeal to the NMI Settlement Fund by an affected member or beneficiary under this section, the Settlement Fund may waive an overpayment if, in the opinion of the Settlement Fund, the individual is without fault and recovery of an overpayment is against equity and good conscience. When assessing if recovery is against equity and good conscience, the Settlement Fund shall consider whether (1) the recovery of the overpayment would cause financial hardship to the person for whom it is sought; or (2) the recipient of the overpayment can show (regardless of their financial circumstances) that due to the notice that such payment would be made or because of the incorrect payment either they have relinquished a valuable right or changed positions for the worse; or (3) recovery would be unconscionable, unreasonable, or unfair under the circumstances. The Settlement Fund may conduct a hearing on an appeal under this Section."</p> | <p>N/A</p> |



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| Department of Finance Comments/Recommendations | |
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| Proposed Legislation: S.B. 24-32 | LEGENDS: |
| Findings & Purpose | Strikethrough To eliminate from the "Bill" |
| | <u>Underline</u> To add to the "Bill" |
| <p>The legislature finds that the expenditure authority of the solid waste sub-accounts for the First and Second Senatorial Districts should be vested in the mayor of each respective municipality in order to expedite the disbursement of funds, and procurement of services and equipment for each municipality. The legislature further finds that the mayors of each municipality have firsthand knowledge of the solid waste needs and requirements of their municipalities and should prioritize the sub-account funding for those purposes. Accordingly, the purpose of this legislation is to change the expenditure authority of the solid waste sub-accounts for the First and Second Senatorial Districts.</p> | |
| CMC | |
| To amend 1 CMC § 3551 to change the expenditure authority, management, and control of the solid waste sub-accounts for the First and Second Senatorial Districts to the mayor of each respective municipality; and for other purposes. | |
| Section(s) Amendments | Feedbacks/Comments |
| <p>Section 2. Amendment. 2 CMC § 3551 is hereby amended to read as follows: "§ 3551. The Establishment of the Solid Waste Management Revolving Fund. (a) There is hereby established within the Commonwealth Treasury a Solid Waste Management Revolving Fund [SWMRF] which shall be accounted for separately from the General Fund. <u>All funds collected pursuant to this chapter and the interest earned shall be used exclusively for solid waste-related purposes.</u></p> | N/A |
| <p>Section 2. Amendment. 2 CMC § 3551 is hereby amended to read as follows: "§ 3551. The Establishment of the Solid Waste Management Revolving Fund. (b) All monies received from direct appropriation, or as payment of fees pursuant to this Act, <u>any except tipping fees as provided in NMIAC 155-30.1-201</u>, collected from any Commonwealth solid waste management facility, solid waste user fees assessed directly on residents and businesses, advance disposal fees and any other sources of solid waste management funding, such as federal grants or loans, shall be deposited into the revolving fund SWMRF. Expenditure Authority over the revolving fund is vested in the Secretary of the Department of Public Works; <u>provided that the expenditure authority for the sub-accounts of the First and Second senatorial districts shall be the mayor of the respective municipality.</u> Revolving fund monies shall be available for expenditure on <u>solid waste-related purposes</u> without further appropriation and without fiscal year limitations.</p> | N/A |
| <p>Section 2. Amendment. 2 CMC § 3551 is hereby amended to read as follows: "§ 3551. The Establishment of the Solid Waste Management Revolving Fund. (c) The Secretary of the Department of Finance shall allocate the Solid Waste Management Revolving Fund into four sub-accounts. Subject to the promulgation of the appropriate rules and regulations prescribing CNMI-wide fees as described in subsection (b), three sub-accounts shall be established with one for each of the respective Senatorial Districts. The fourth sub-account shall be for the financial assurance requirements for permitting facilities within the Commonwealth. <u>The sub-accounts of the First and Second senatorial districts shall be transferred to each respective local account and said funds shall not be reprogrammed for any other purpose. The mayor of each respective municipality shall manage the funds in the sub-accounts of the First and Second senatorial districts.</u></p> | <p>Further clarification is needed on the definition of "manage" the funds allocated to the municipalities. The law should specify if the Municipal Treasurer is responsible or allowed to manage a separate bank account. If so, accounting responsibilities including bank reconciliation and reporting to the DOF is required for the Single Audit and preparation of financial statements.</p> |



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| <p>Section 2. Amendment. 2 CMC § 3551 is hereby amended to read as follows: <u>§ 3551. The Establishment of the Solid Waste Management Revolving Fund. (d)</u> Unless specifically exempted or otherwise required by law, any funds earmarked for deposit into the Solid Waste Management Revolving Fund shall be subject to the allocation provided under subsection (c) herein. Provided, however, that 10 percent of the total of any earmarked funds shall be allocated to the sub-account of the First Senatorial District and 10 percent of the total of any earmarked funds shall be allocated to the sub-account of the Second Senatorial District. <u>The sub-accounts of the First and Second senatorial districts shall not be reprogrammed for any other purpose. The mayor of each respective municipality shall manage the funds in the sub-accounts of First and Second senatorial districts.</u></p> | N/A |
| <p>Section 2. Amendment. 2 CMC § 3551 is hereby amended to read as follows: <u>§ 3551. The Establishment of the Solid Waste Management Revolving Fund. (f) The Secretary of the Department of Public Works and the mayors of the First and Second senatorial districts shall provide within 30 days after each fiscal year an annual report on the SWMRF account to the presiding officers of the legislature and the chairperson of the House of Representatives Committee on Ways and Means and the chairperson of the Senate Committee on Fiscal Affairs.</u></p> | At the municipality level, there is caution that DOF will not be responsible to monitor the transactions received and paid out by the municipality treasurer for the use of Solid Waste Funds. This will be at the responsibility of the Municipalities Mayors and treasurer. |