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THE SENATE
Twenty-Fourth Northern Marianas Commonwealth Legislature
P. O. Box 500129
Saipan, MP 96950


May 12, 2025

The Honorable Edmund S. Villagomez
Speaker
House of Representatives
24th Northern Marianas Commonwealth Legislature
Saipan, MP 96950


Dear Speaker Villagomez:

I have the honor of returning with amendments House Bill No. 24-17, SD1, entitled, "To amend 2 CMC § 2174 to provide the Commonwealth Ports Authority greater autonomy in managing its finances." The Senate passed with the unanimous vote of the members present H.B. No. 24-17, SD1 in its 1st Day, Second Special Session on May 09, 2025.

Sincerely,


Dolores S. Bermudes
Senate Clerk

Transmitted to HOUSE:

Received by:  Date: 5/12/2025 Time: 9:47 AM

TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH

LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

MARCH 21, 2025

First Regular Session, 2025

H. B. 24-17, SD1

A BILL FOR AN ACT

To amend 2 CMC § 2174 to provide the Commonwealth Ports Authority greater autonomy in managing its finances.

**BE IT ENACTED BY THE 24TH NORTHERN MARIANAS
COMMONWEALTH LEGISLATURE:**

1 **Section 1. Findings and Purpose.** This Act amends 2 CMC § 2174 by
2 suspending the requirement that all revenue generated from airport operations be
3 used exclusively for airport-related activities and that all revenue from seaport
4 operations be used exclusively for seaport-related activities, with no cross-
5 subsidization between the two.

6 Although this Act suspends the CNMI's statutory restriction on the use of
7 airport and seaport funds, the Legislature acknowledges that the Act does not
8 supersede other potential sources of authority that may require the segregation of
9 such funds. For example, 49 U.S.C. § 47107 states that the United States Secretary
10 of Transportation may only approve an airport development project grant
11 application if written assurances are provided that revenues generated by a public
12 airport will be used exclusively for the capital or operating costs of the airport, the

1 local airport system, or other local facilities owned or operated by the airport owner
2 or operator that are directly and substantially related to the air transportation of
3 passengers or property. Compliance with this federal provision will remain a
4 requirement notwithstanding the suspension of the Commonwealth's statutory
5 prohibition.

6 Additionally, the Legislature recognizes that bond indentures, lease
7 agreements, and other contractual obligations may impose requirements that call
8 for the segregation of airport and seaport funds. The suspension of 2 CMC §
9 2174(c) does not modify or affect such agreements or obligations, and the
10 Commonwealth Ports Authority (CPA) remains bound by any other applicable
11 financial and legal restrictions governing its funding sources.

12 Last, the Legislature finds that the ability to use airport and seaport funds
13 interchangeably will allow CPA to supplement revenue shortfalls between its port
14 facilities, ensuring continuity in operations and financial stability.

15 Thus, this Act increases CPA's financial autonomy in managing its
16 operations, allowing it to reallocate funds for five years between port facilities as
17 needed, provided CPA maintains compliance with all applicable federal grant
18 assurances, bond indentures, and other binding legal obligations. Provided further,
19 that any reallocation of funds of the airport and seaport shall be first used to restore
20 the work hours of the employees to 40 hours per week.

1 **Section 2. Amendment.** 2 CMC § 2174 of the Commonwealth Code is
2 hereby amended to read as follows:

3 **“§ 2174. Commonwealth Ports Authority Fund.**

4 (a) There is hereby established a fund that shall be known as the
5 “Commonwealth Ports Authority Fund,” to be maintained separate and
6 apart from other funds of the Commonwealth by the authority, and
7 independent records and accounts shall be maintained in connection
8 therewith.

9 (b) All monies received by the authority from whatever source
10 derived shall be deposited in said fund, or in such funds as may be
11 established pursuant to the provisions of this article (commencing with
12 *2 CMC § 2171*), in eligible banks as defined in this chapter.

13 (c) All income, revenue, or funds of whatever nature arising out of
14 or derived from activities in connection with or from the use of the airports
15 under the control of the authority shall be specifically designated for and
16 restricted to use for airport related activities and shall not be expended for
17 seaport related activities; likewise, all income, revenue, or funds of
18 whatever nature arising out of or derived from activities in connection with
19 or from the use of seaports under the control of the authority shall be
20 specifically designated for and restricted to use for seaport related activities
21 and shall not be expended for airport related activities;

1 (d) As necessary to comply with applicable federal grant assurances,
2 bond indentures, or other binding legal obligations. The ~~the~~ authority shall
3 keep books of account showing those funds specifically designated for and
4 restricted to airport use; and those funds specifically designated for and
5 restricted to seaport use.

6 (e) For a period of five years after the enactment of this Act, all
7 income, revenue, or funds of whatever nature arising out of or derived from
8 activities in connection with or from the use of the airports and seaports
9 under the control of the authority may be reallocated and expended for
10 airport and/or seaport related activities; provided that any reallocation of
11 airport and seaport funds shall be first used to restore the work hours of the
12 employees to 40 hours per week.

13 (e~~f~~) All expenditures, except as otherwise provided by law, shall be
14 made from said Commonwealth Ports Authority Fund.”

15 **Section 3. Suspension Clause.** 4 CMC § 2174(c) is suspended for five
16 years after the enactment of this Act.

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

1 **Section 4 5. Savings Clause.** This Act and any repealer contained herein
2 shall not be construed as affecting any existing right acquired under contract or
3 acquired under statutes repealed or under any rule, regulation, or order adopted
4 under the statutes. Repealers contained in this Act shall not affect any proceeding
5 instituted under or pursuant to prior law. The enactment of the Act shall not have
6 the effect of terminating, or in any way modifying, any liability, civil or criminal,
7 which shall already be in existence on the date this Act becomes effective.

8 **Section 5 6. Effective Date.** This Act shall take effect upon its approval by
9 the Governor, or it becoming law without such approval.

Prefiled: 3/20/20254

Date: _____

Introduced by: /s/ Rep. Edmund S. Villagomez
/s/ Rep. Diego V. F. Camacho
/s/ Rep. Joel C. Camacho
/s/ Rep. Marissa R. Flores
/s/ Rep. Vincent R. Aldan
/s/ Rep. Blas Jonathan "BJ" T. Attao
/s/ Rep. Roman C. Benavente
/s/ Rep. Angelo A. Camacho
/s/ Rep. Malcolm J. Omar
/s/ Rep. John Paul P. Sablan
/s/ Rep. Denita Kaipat Yangetmai
/s/ Rep. Julie M.A. Ogo

Reviewed for legal sufficiency by:

/s/ Joseph M. Hallahan
House Legal Counsel

Date: 3/20/2025