



Twenty-Fourth

NORTHERN MARIANAS COMMONWEALTH LEGISLATURE
Honorable Jesus P. Mafnas Memorial Building
P.O. BOX 500586
SAIPAN, MP 96950

ADOPTED 06/10/2025 (16-0)
CONFERENCE COMMITTEE REPORT NO. 24-1
Date: June 10, 2025
RE: House Bill No. 24-17, SD1

Honorable Edmund S. Villagomez
Speaker of the House
Twenty-Fourth Northern Marianas
Commonwealth Legislature
Capitol Hill
Saipan, MP 96950

and

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

Dear Mr. Speaker and Mr. President:

The Conference Committee to which House Bill No. 24-17, SD1 was referred, entitled:

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

begs leave to report as follows:

TO THE CLERK'S OFFICE
RECEIVED BY *PS*
DATE 06/10/25 TIME 11:30 pm

I. LEGISLATIVE HISTORY:

- A. House Bill No. 24-17, “To amend 2 CMC § 2174 to provide the Commonwealth Ports Authority greater autonomy in managing its finances,” was introduced by Representative Edmund S. Villagomez on March 21, 2025.
- B. The House of Representatives passed House Bill No. 24-17 on First and Final Reading, by the majority vote of the members present, a quorum being present, during its Fifth Day, First Regular Session on March 25, 2025.
- C. The House of Representatives transmitted House Bill No. 24-17 to the Senate on March 25, 2025.
- D. The Senate made amendments to House Bill No. 24-17 and passed the measure during its 1st Day, Second Special Session on May 9, 2025, in the form of House Bill No. 24-17, Senate Draft 1.
- E. The Senate transmitted House Bill No. 24-17, SD1, to the House of Representatives on May 12, 2025, and it was received by the House on that same day.
- F. The House of Representatives rejected the Senate’s amendments to House Bill No. 24-17, SD1, by the majority vote of the members, a quorum being present, during its First Day, Second Special Session on May 15, 2025. In accordance with the House’s action, the Speaker appointed its conferees.
- G. The Senate was informed of the House rejection on May 16, 2025. The Senate President appointed its conferees on May 19, 2025.
- H. On June 10, 2025, a Conference Committee Meeting was held in the House Chamber of the Honorable Jesus P. Mafnas Memorial Building, Capitol Hill, Saipan. The Conferees present deliberated and spoke to issues as reflected in this report.

II. RECOMMENDATION:

The Committee deliberated and focused its effort on major differences between House Bill No. 24-17, the House version, and House Bill No. 24-17, SD1, the Senate version. During the Conference Committee meeting, the primary issues discussed included, but were not limited to, the following:

- A. Section 1: Senate Draft 1 amended the last paragraph of the Findings and Purpose Section as follows:

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

- B. Section 2: Senate Draft 1 inserted a new § 2174(e) to read as follows:

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

- C. Senate Draft 1 inserted a new “Section 3. Suspension Clause” to read as follows:

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

The Conference Committee plays a critical role in reconciling differences between the House and Senate versions of House Bill No. 24-17. The House Conferees proposed amendments to House Bill 24-17, SD1, to address issues raised by the Senate’s amendments.

The primary difference between HB 24-17, SD1, and HB 24-17, SD1, CCS1, is the scope of funding flexibility granted to the Commonwealth Ports Authority. While HB 24-17, SD1, allows both airport and seaport revenues to be used interchangeably to support operations at either port facility, the Conference Committee’s version restricts this authority to seaport revenues only. This change addresses concerns regarding the federal prohibition on diverting airport-generated revenues, as required under applicable grant assurances. By explicitly limiting transfer and expenditure authority to seaport funds, the amendments aim to ensure compliance with federal grant assurances, bond covenants, and other legal obligations, while still providing CPA with financial flexibility to maintain operations and restore employee work hours. Therefore, the following amendments were adopted:

- A. Page 2, Lines 15-20, was amended to read as follows:

“Thus, this Act increases CPA’s financial autonomy in managing its operations,

allowing it to ~~reallocate~~ transfer and expend seaport funds for five years between port facilities as needed, provided CPA maintains compliance with all applicable federal grant assurances, bond indentures, and other binding legal obligations. ~~Provided further, that any reallocation~~ Any such transfer or expenditure of funds of the airport and seaport funds shall be first be used to restore CPA employee the work hours, subject of the employees to the same compliance requirements 40 hours per week.

- B. Section 2: § 2174(e) was deleted in its entirety and moved to Section 3.

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

- C. “Section 3. Suspension Clause” was amended to read as follows:

“Section 3. Suspension Clause. The provisions of ~~4 CMC § 2174(e)~~ ~~2 CMC § 2174(c)~~ are hereby is suspended for a period of five years, effective upon after the enactment of this Act.

During the period of suspension, all income, revenue, or funds of whatever nature arising out of or derived from activities in connection with or from the use of the seaports under the control of the authority may be transferred and expended for airport related activities; provided that any transfer and expenditure of seaport funds shall first be used to restore the regular full-time work hours of all employees of the Commonwealth Ports Authority and that any transfer or expenditure is completed in accordance with all applicable federal grant assurances, bond indentures, and other binding legal obligations.”

The Members of the Conference Committee are in accord with all the amendments made. Therefore, the Conference Committee recommends that the House and Senate pass House Bill No. 24-17, SD1, in the form of House Bill No. 24-17, SD1, Conference Committee Substitute 1, upon the adoption and the acceptance of this Conference Committee Report.

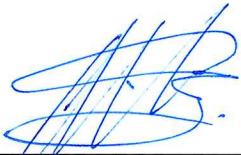
The Conference Committee shall dissolve upon the official adoption of House Bill No. 24-17, SD1, CCS1, by both the House of Representatives and the Senate.

Respectfully submitted,

House of Representatives Conferees:



Representative John Paul P. Sablan
Chairman



Representative Vincent R. S. Aldan
Member



Representative Blas Jonathan "BJ" T. Attao
Member



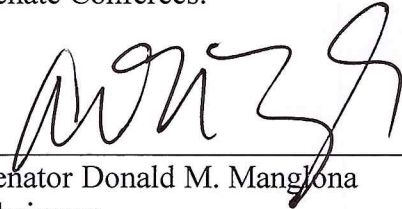
Representative Joel C. Camacho
Alternate Member

Reviewed by Legal Counsels:



Joseph M. Hallahan
House Legal Counsel

Senate Conferees:




Senator Donald M. Mangiona
Chairman

Senator Jude U. Hofschneider
Vice Chairman



Senator Karl R. King-Nabors
Member



Senator Manny Gregory T. Castro
Member



Jose A. Bermudes
Senate Legal Counsel

TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH

LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

MARCH 21, 2025

First Regular Session, 2025

H. B. 24-17, SD1, CCS1

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 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 transfer and expend seaport funds for five years between
17 port facilities as needed, provided CPA maintains compliance with all applicable
18 federal grant assurances, bond indentures, and other binding legal obligations. Any
19 such transfer or expenditure of seaport funds shall first be used to restore CPA
20 employee work hours, subject to the same compliance requirements.

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) All expenditures, except as otherwise provided by law, shall be
7 made from said Commonwealth Ports Authority Fund.”

8 **Section 3. Suspension Clause.** The provisions of 2 CMC § 2174(c) are
9 hereby suspended for a period of five years, effective upon the enactment of this
10 Act.

11 During the period of suspension, all income, revenue, or funds of whatever
12 nature arising out of or derived from activities in connection with or from the use
13 of the seaports under the control of the authority may be transferred and expended
14 for airport related activities; provided that any transfer and expenditure of seaport
15 funds shall first be used to restore the regular full-time work hours of all employees
16 of the Commonwealth Ports Authority and that any transfer or expenditure is
17 completed in accordance with all applicable federal grant assurances, bond
18 indentures, and other binding legal obligations.

19 **Section 4. Severability.** If any provisions of this Act or the application of
20 any such provision to any person or circumstance should be held invalid by a court
21 of competent jurisdiction, the remainder of this Act or the application of its

HOUSE BILL 24-17, SD1, CCS1

1 provisions to persons or circumstances other than those to which it is held invalid
2 shall not be affected thereby.

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

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

Prefiled: 3/20/2025

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