



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

STANDING COMMITTEE REPORT NO. 24-21  
Date: July 09, 2025  
RE: House Bill No. 24-29

S- Adopted 7/14/25  
*[Signature]*

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

Dear Mister President:

Your Committee on Public Utilities, Transportation and Communications, to which was referred House Bill No. 24-29, entitled:

“To reconcile public utility accounts between CHCC and CUC by waiving intra-governmental penalties and preserving enforceable debt obligations; and for other purposes.”

begs leave to report as follows:

**I. RECOMMENDATION:**

After considerable discussion and deliberation, your Committee recommends passage of House Bill No. 24-29 in the form of Senate Draft 1.

**II. ANALYSIS:**

A) Purpose:

The purpose of House Bill No. 24-29 is to waive non-principal charges—specifically penalties, surcharges, and late fees—incurred by the Commonwealth Healthcare Corporation (CHCC) in its utility obligations to the Commonwealth Utilities Corporation (CUC). This measure aims to improve financial clarity, reduce artificial budgetary burdens between government agencies, and allow both CHCC and CUC to operate with greater fiscal stability.

B) Committee Findings:

Your Committee finds that the Commonwealth Healthcare Corporation, which was created through Public Law No. 16-51, inherited the core functions, roles and responsibilities of the former Department of Public Health and was classified as a government agency. This has resulted in the corporation being charged a higher government utility rate as compared to private healthcare providers. Your Committee finds that this classification has led to an abundant amount of unpaid utility charges, penalties, and fees which has severely impacted CHCC's operating budget and further hindering its ability to provide continuous health services to the Commonwealth.

Your Committee finds that as of April 25, 2025, CHCC and CUC reported a nearly \$4.9 million discrepancy in outstanding obligations, stemming primarily from accumulated non-principal charges such as penalties, surcharges, and late fees. Furthermore, the Committee finds that while CHCC reports \$65 million in liabilities; CUC reports over \$69 million in receivables. Your Committee finds that because of this, distinctions must be made between enforceable utility debts based on actual electricity consumed; and intra-government penalties, which do not generate revenue for the government as a whole.

Your Committee met on July 09, 2025 to discuss the provisions of the proposed legislation. The Committee raised concerns with the language outlined on page 3 lines 11-17, the Committee expresses that there is a need to provide more clarity on the mandate in this provision. The Committee finds that there is a need to include "interest" in the list of non-principal charges to be waived in order to reconcile the public utility accounts between CHCC and CUC, as well as to shorten the deadline for agreement from 90 days to 30 days as these are accounts that should have been reconciled already. The Committee went through the proposed amendments individually and the Committee agreed with the amendments, and no member objected to the passage of House Bill No. 24-29 in the form of Senate Draft 1.

C) Legislative History:

House Bill No. 24-29 was formally introduced by Representative Vincent R. Aldan on May 08, 2025. On May 15, 2025, during the First Day, Second Special Session of the House of Representatives, House Bill No. 24-29 was passed on first and final reading. On May 19, 2025, House Bill No. 24-29, was transmitted to the Senate and was subsequently referred to the Senate Standing Committee on Public Utilities, Transportation and Communications for disposition.

D) Public Hearing and Comment:

1. Public Hearing. No public hearing was scheduled for House Bill No. 24-29. However, a committee meeting, which is open to the public, was held to receive written and oral

testimonies on any proposed legislation appearing on the agenda. See below for further details.

2. Committee Meeting. The proposed legislation made its first appearance during the scheduled committee meeting on July 09, 2025 in which your Committee deliberated on the provisions stated in the proposed legislation and the comments provided to the Committee for review.

The respective Committee Meeting notices and agendas were officially posted on various legislative forums and social media sites in accordance with the Open Government Act to invite members of the general public to provide comments as indicated under Item No. III. Public Comment of the Committee Agenda. During the committee meeting, no public comments were provided on the proposed legislation.

3. Written Comment. No requests for comments were sent out regarding the proposed legislation. However, a committee meeting, which is open to the public, was held to receive written and oral testimonies on any proposed legislation appearing on the agenda. To date no written comments were officially received by the Committee.

E) Estimated Fiscal Cost:

The enactment of House Bill No. 24-29, Senate Draft 1 will not result in additional costs to the CNMI government as its intent is to reconcile intra-government accounting issues by waiving non-principal charges that are unrecoverable and fiscally unproductive as charges imposed from one government agency to another do not generate revenue for the government as a whole. The proposed legislation would provide clearer accounting and efficient use of public funds.

F) Summary of Committee Amendments:

Your Committee agreed to the following amendments:

1. Section 1. Findings and Purpose. The fourth paragraph of the findings and purpose was amended to insert the word “interest” to the list non-principal charges to be consistent with amendments in Section 3. The amendment is on page 2, line 14 to read:

**Section 1. Findings and Purpose.**

...

...

...

Acknowledging the need for financial clarity and institutional stability, the Legislature finds that waiving these non-principal charges—specifically penalties, surcharges, interest and late fees—allows both CHCC and CUC to move forward on stronger financial footing. CHCC gains budgetary clarity and the ability to redirect limited funds toward patient services such as off-island medical referrals,

preventive care, and other health priorities. CUC, meanwhile, benefits by removing unrecoverable receivables from its books, stabilizing its accounts, and refocusing on critical infrastructure improvements and capital needs.

No portion of CHCC's principal debt is forgiven under this Act. The waiver applies only to administrative penalties and is consistent with the corrective classification enacted in Public Law 23-30.

2. Section 3. Waiver of Penalties; Principal Debt Preserved. Language was included to include interest in the outstanding penalties to be satisfied in full. Additionally, language was deleted and inserted to change the deadline for an amount to be agreed upon from 90 days to 30 days, beginning on page 3 line 4-17 to read:

**“Section 3. Waiver of Penalties; Principal Debt Preserved.**

(a) All outstanding penalties, surcharges, interest, and late fees owed by the Commonwealth Healthcare Corporation (CHCC) to the Commonwealth Utilities Corporation (CUC), as of the effective date of this Act, are hereby deemed satisfied in full.

(b) CUC shall remove the above-referenced obligations from its receivables ledger and financial statements in a manner consistent with applicable audit standards.

(c) CHCC and CUC shall reach agreement as to:

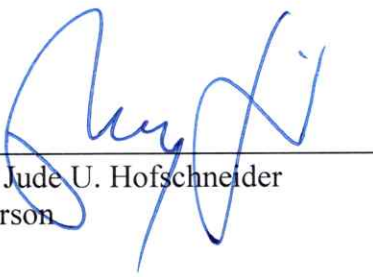
- (1) the principal amount owed, which shall remain due and payable; and
- (2) the amount to be discharged, consisting of penalties, surcharges, interest, and late fees.


If an amount cannot be agreed upon within ninety (~~90~~ 30) days of this Act's effective date, the disputed amount shall be settled by averaging the respective totals reported by CHCC and CUC as of April 25, 2025.”

**III. CONCLUSION:**

Your Committee agrees with the intent and purpose of the proposed legislation and recommends passage in the form of House Bill No. 24-29 in the form of Senate Draft 1.

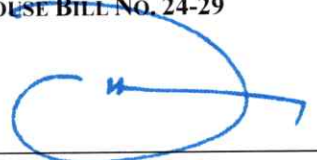
Respectfully submitted,

  
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Senator Jude U. Hofschneider  
Chairperson

  
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Senator Ronnie M. Calvo  
Vice Chairperson



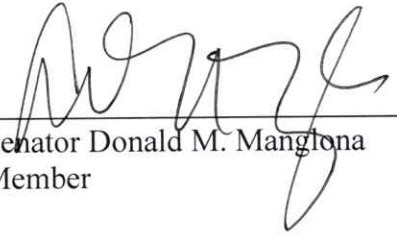
\_\_\_\_\_  
Senator Manny Gregory T. Castro  
Member



\_\_\_\_\_  
Senator Francisco Q. Cruz  
Member



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Senator Corina L. Magofna  
Member



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Senator Donald M. Mangiona  
Member

Reviewed by:



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Senate Legal Counsel

**TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH**

**LEGISLATURE**

**IN THE HOUSE OF REPRESENTATIVES**

**MAY 15, 2025**

**Second Special Session, 2025**

**H. B. 24-29, SD1**

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**A BILL FOR AN ACT**

To reconcile public utility accounts between CHCC and CUC by waiving intra-governmental penalties and preserving enforceable debt obligations; and for other purposes.

**BE IT ENACTED BY THE 24<sup>TH</sup> NORTHERN MARIANAS  
COMMONWEALTH LEGISLATURE:**

1           **Section 1. Findings and Purpose.** At the time of its creation under Public  
2 Law 16-51, the Commonwealth Healthcare Corporation (CHCC) assumed the  
3 responsibilities of the former Department of Public Health. CHCC was treated as a  
4 government agency and charged the government rate—subjecting it to higher  
5 charges than those assessed to similarly situated private healthcare providers. This  
6 classification led to tens of millions of dollars in unpaid utility charges and  
7 penalties. The resulting liability has impaired CHCC’s operating budget and  
8 constrained its ability to provide uninterrupted public health services.

9           Liabilities resulting from the government rate have imposed financial  
10 pressure on CHCC’s limited fiscal capacity—especially when compared to private  
11 providers charged lower commercial rates. As of April 25, 2025, CHCC and the  
12 Commonwealth Utilities Corporation (CUC) reported a nearly \$4.9 million

1 discrepancy—primarily due to the accumulation of penalties, surcharges, and late  
2 fees. CHCC lists approximately \$65 million in outstanding obligations; CUC  
3 reports more than \$69 million in receivables. These inconsistencies have strained  
4 CHCC's operating budget and distorted the financial posture of both agencies.

5 Distinctions must therefore be made between enforceable utility debts—  
6 based on actual electricity consumed—and intra-governmental penalties, which  
7 serve no constructive fiscal purpose. Charges imposed by one public agency upon  
8 another do not generate revenue for the government as a whole. Instead, they  
9 artificially overstate account balances, complicate audits and financial reporting,  
10 and misrepresent the real obligations between departments. Left unaddressed, they  
11 obscure institutional performance and obstruct responsible budgeting.

12 Acknowledging the need for financial clarity and institutional stability, the  
13 Legislature finds that waiving these non-principal charges—specifically penalties,  
14 surcharges, interest and late fees—allows both CHCC and CUC to move forward  
15 on stronger financial footing. CHCC gains budgetary clarity and the ability to  
16 redirect limited funds toward patient services such as off-island medical referrals,  
17 preventive care, and other health priorities. CUC, meanwhile, benefits by removing  
18 unrecoverable receivables from its books, stabilizing its accounts, and refocusing  
19 on critical infrastructure improvements and capital needs.

20 No portion of CHCC's principal debt is forgiven under this Act. The waiver  
21 applies only to administrative penalties and is consistent with the corrective  
22 classification enacted in Public Law 23-30.

1           **Section 2. Authority.** This Act is enacted pursuant to the authority vested in  
2 the Legislature by Article II of the Constitution of the Northern Mariana Islands.

3           **Section 3. Waiver of Penalties; Principal Debt Preserved.**

4           (a) All outstanding penalties, surcharges, interest, and late fees owed by the  
5 Commonwealth Healthcare Corporation (CHCC) to the Commonwealth Utilities  
6 Corporation (CUC), as of the effective date of this Act, are hereby deemed satisfied  
7 in full.

8           (b) CUC shall remove the above-referenced obligations from its receivables  
9 ledger and financial statements in a manner consistent with applicable audit  
10 standards.

11           (c) CHCC and CUC shall reach agreement as to:

12           (1) the principal amount owed, which shall remain due and payable; and

13           (2) the amount to be discharged, consisting of penalties, surcharges, interest,  
14 and late fees.

15           If an amount cannot be agreed upon within ninety (~~90~~ 30) days of this Act's  
16 effective date, the disputed amount shall be settled by averaging the respective  
17 totals reported by CHCC and CUC as of April 25, 2025.

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

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

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

Prefiled: 5/8/2025

Date: \_\_\_\_\_

Introduced by: /s/ Rep. Vincent S. Aldan  
/s/ Rep. Blas Jonathan "BJ" T. Attao  
/s/ Rep. Roman C. Benavente  
/s/ Rep. Angelo A. Camacho  
/s/ Rep. Diego V. F. Camacho  
/s/ Rep. Marissa R. Flores  
/s/ Rep. Malcolm J. Omar  
/s/ Rep. Edmund S. Villagomez  
/s/ Rep. Ralph N. Yumul

Reviewed for legal sufficiency by:

/s/ Joseph L.G. Taijeron, Jr.  
House Legal Counsel

Date: 5/7/2025