



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

STANDING COMMITTEE REPORT NO. 24-58
Date: December 17, 2025
RE: House Bill No. 24-33

Honorable Karl R. King-Nabors
President of the Senate
Twenty-Fourth Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

Dear Mr. President:

Your Committee on Fiscal Affairs, to which House Bill No. 24-33 was referred, entitled:

“To statutorily define the scope of the Commonwealth’s annual General Revenues within the meaning of Article XV, Section 1(e) of the NMI Constitution,”

begs leave to report as follows:

I. RECOMMENDATION:

After considerable discussion and deliberation, your Committee recommends the passage of House Bill No. 24-33 in its current form.

II. ANALYSIS:

A. Purpose:

The purpose of House Bill No. 24-33 is to statutorily define the scope of the Commonwealth’s annual General Revenues within the meaning of Article XV, Section 1(e) of the NMI Constitution.

B. Committee Findings:

Your Committee finds that Article XV, Section 1(e) of the NMI Constitution provides that the CNMI Public School System “shall be guaranteed an annual budget of not less than twenty-five percent of the general revenues of the Commonwealth through an annual appropriation.” While there has been ongoing debate regarding the proper interpretation of this constitutional mandate, particularly as it relates to what constitutes as twenty-five percent of the general revenue, your Committee agrees that it is timely and necessary for the Legislature to address this issue.

Your Committee further finds that House Bill No. 24-33 provides fiscal justification to support the Legislature’s interpretation of “general revenue” in a manner that is consistent with ensuring a fiscally sustainable budget capable of adequately funding the personnel and operations of the Commonwealth government.

Your Committee met on December 17, 2025, to discuss the proposed legislation. It was noted that Public Law No. 24-14, the *Appropriations and Budget Authority Act of 2026*, was enacted with a definition of general revenues consistent with the definition reflected in the proposed legislation. It is for this reason that your Committee supports the intent of the proposed legislation and recommends the passage of House Bill No. 24-33 in its current form.

C. Legislative History:

House Bill No. 24-33 was formally introduced by Representative Roman C. Benavente on June 20, 2025, and was subsequently jointly referred to the House Standing Committees on Ways and Means (WM) and Education (ED) for disposition. On August 25, 2025, the House ED Committee adopted House Bill No. 24-33 in its current form, which was reported to the full body of the House of Representatives under House Standing Committee Report (SCR) No. 24-37. On October 9, 2025, during the Fifth Day, Second Regular Session of the House of Representatives, House SCR 24-37 was adopted. However, no action was made on the proposed legislation, which further remained on the House Session’s Bill Calendar pending legislative action during the Sixth Day, Second Regular Session of the House of Representatives held on October 24, 2025. On November 6, 2025, during the Seventh Day, Second Regular Session of the House of Representatives, House Bill No. 24-19 was passed in its current form. On November 7, 2025, House Bill No. 24-33 was transmitted to the Senate and was subsequently referred to the Senate Standing Committee on Fiscal Affairs for disposition.

D. Public Hearing and Comment:

1. Public Hearing. No public hearing was scheduled for House Bill No. 24-33. However, a committee meeting, which is open to the public, was held on December 17, 2025. See below for further details.

2. Committee Meeting. The proposed legislation made its first appearance during the scheduled committee meeting on Wednesday, December 17, 2025. The committee meeting notices and agenda were officially posted on December 13, 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 in opposition of House Bill No. 24-33 was presented before your Committee.
3. Written Comment. Your Committee agreed not solicit comments on the proposed legislation. Additionally, no written comment in support or in opposition of House Bill No. 24-33 was received by your Committee.

E. Estimated Fiscal Cost:

No fiscal analysis was prepared for the proposed legislation.

However, the enactment of House Bill No. 24-33 will not result in additional expenses to the Commonwealth government as the intent is to clarify specific terms referenced under Article XV of the NMI Constitution.

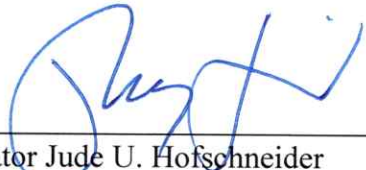
F. Summary of Committee Amendments:

Your Committee made no amendments to the proposed legislation.

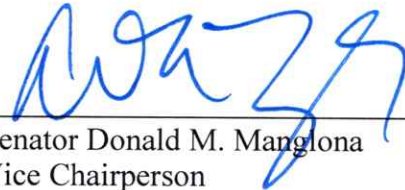
III. CONCLUSION:

Your Committee agrees with the intent and purpose of the proposed legislation and recommends the passage of House Bill No. 24-33 in its current form.

Respectfully submitted,




Senator Jude U. Hofschneider
Chairperson

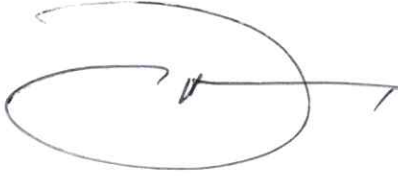


Senator Donald M. Mangiona
Vice Chairperson

Senator Ronnie M. Calvo
Member

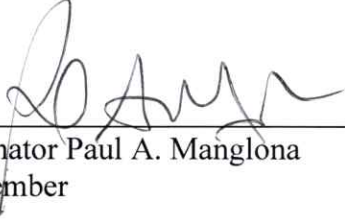


Senator Manny Gregory T. Castro
Member



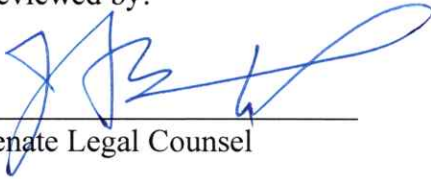
Senator Francisco Q. Cruz
Member

Senator Corina L. Magofna
Member



Senator Paul A. Manglona
Member

Reviewed by:



Senate Legal Counsel

**TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH
LEGISLATURE**

IN THE HOUSE OF REPRESENTATIVES

JUNE 20, 2025

Third Special Session, 2025

H. B. 24-33

A BILL FOR AN ACT

To statutorily define the scope of the Commonwealth's annual General Revenues within the meaning of Article XV, Section 1(e) of the NMI Constitution.

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

1 **Section 1. Findings and Purpose.** The CNMI Constitution mandates that
2 the Public School System (PSS) receive an annual budget of no less than 25% of
3 the Commonwealth's General Revenues. Article XV, Section 1(e) states in relevant
4 part, "[t]he public elementary and secondary education system shall be guaranteed
5 an annual budget of not less than twenty-five percent of the general revenues of the
6 Commonwealth through an annual appropriation." This constitutional guarantee
7 ensures two key principles: (1) a defined annual budget, allowing for consistent
8 yearly planning rather than uncertain quarterly appropriations; and (2) a fixed
9 minimum percentage allocation, ensuring PSS receives a portion of the
10 Commonwealth's available revenue. However, the precise definition of "General
11 Revenues" has been a subject of ongoing debate. This Act clarifies what constitutes
12 General Revenues and, just as importantly, what does not.

1 **Defining General Revenues as a Subset of Total Resources**

2 As a preliminary matter, General Revenues are defined as a subset of Total
3 Resources, a broader category used in the Governor's annual budget proposals and
4 House Concurrent Resolutions. While Total Resources include all CNMI revenues,
5 General Revenues refer only to funds available for discretionary appropriation.
6 In Fiscal Year 2024, Total Resources were reported as \$158 million in the
7 Governor's budget proposal and House Concurrent Resolution. However, this
8 figure included restricted funds such as earmarked special revenues that are not
9 freely available for appropriation.

10 To implement Article XV effectively, General Revenues must be clearly
11 defined. This prevents misunderstandings, legal disputes, and unintended
12 constitutional changes. Thus, this Act defines General Revenues as equivalent to
13 "Total Resources Available for Appropriation," the portion of Total Resources not
14 defined as Special Resources, or earmarked, obligated, or restricted by law. Under
15 the current law and prevailing constitutional interpretation of "General Revenues,"
16 PSS's minimum guaranteed annual budget would be approximately \$27 million or
17 25% of \$111 million.

18 **Earmarks and Transfers Out: Adjusting Total Resources**

19 To determine General Revenues each year, subtract the total earmarks and
20 transfers out from the projected Total Resources. For Fiscal Year 2025, with Total

1 Resources at \$158 million and earmarks and transfers out totaling \$47 million, the
2 General Revenue base is \$111 million.

3 While the budgetary amounts vary year to year, for FY 2025, the breakdown
4 of \$47,140,263 in earmarks and transfers out includes:

- 5 • Marianas Visitors Authority (MVA) - Hotel Occupancy Tax (80%) –
6 (\$4,412,374)
- 7 • Debt Service Obligations:
 - 8 ○ 2007 A Refunding Bond Payment – (\$3,618,500)
 - 9 ○ 2007 B Refunding Bond Payment – (\$3,391,750)
 - 10 ○ Settlement Fund Bond Payment (PL 20-33) – (\$32,000,000)
 - 11 ○ 2020 Pension Obligation Note Payment – (\$2,886,600)
 - 12 ○ MPLT 2019 Loan Payment – (\$831,039)

13 **Why General Revenues Cannot Equate to Gross Revenues**

14 General Revenues are not synonymous with Gross Revenues or Total
15 Resources. If General Revenues included all \$158 million of Commonwealth
16 revenues, it would:

- 17 • Create an inflated budget base for PSS, potentially diverting funds from
18 critical public services such as healthcare, public safety, and infrastructure.
- 19 • Strain the government’s ability to maintain a balanced budget that ensures
20 adequate funding across all sectors.

1 Without deducting any financial obligations, \$158 million in “General
2 Revenues” would result in a minimum PSS annual budget of approximately \$39
3 million. The difference between 25% of gross revenues and 25% of revenues net
4 of earmarks, obligatory Settlement Fund payments, and debt service is
5 approximately \$12 million dollars—or roughly one million dollars per month each
6 fiscal year.

7 **Legal and Fiscal Justifications for This Definition**

8 In 2020, the CNMI Supreme Court issued an opinion that clearly supports
9 the Legislature’s interpretation of Article XV that General Revenues must exclude
10 restricted and earmarked funds. The Court held, *In the Matter of a Petition for*
11 *Certified Question*, 2020 MP 2, that,

12 First, general and special revenue fall under the broader category of
13 revenue, thereby precluding general revenue from meaning all
14 revenue. Second, special revenue includes those revenues generated
15 for a particular purpose which is related to the revenue’s source. All
16 revenues not designated as special under this standard are general
17 revenues in which PSS is entitled twenty-five percent. *Id.* at ¶ 2.

18 Consistent with the Supreme Court opinion, the CNMI Attorney General
19 stated, “General Revenues refer only to revenues deposited into the General Fund
20 and do not include special revenues earmarked for designated purposes.” (CNMI
21 AG Legal Opinion, March 15, 2021) The AG Opinion also stated,

22 Limiting General Revenues to discretionary funds ensures financial
23 integrity and preserves the government’s ability to fund essential
24 public services. Including earmarked funds in General Revenues
25 would create a structural imbalance, forcing the redirection of funds
26 meant for legally mandated programs.

1 **Ensuring Fiscal Responsibility and Fairness**

2 The Legislature notes the volatility of the CNMI Constitution with respect
3 to this issue. In 1985, ten years after the original Constitution was enacted without
4 a guarantee with respect to education financing, it was amended to include a 15
5 percent guaranteed budgetary floor for public education. In 1995, the very next
6 opportunity to address the CNMI Constitution, members of the Third Constitutional
7 Convention suggested removing Section 1(e) in its entirety, reporting that the
8 Judiciary Committee:

9 does not believe that earmarking has produced a higher quality of
10 education over the past 10 years. The school system should have to
11 justify its budget to the legislature just like any other agency. There
12 are competing interests such as the health care system
13 Earmarking revenues introduces an inflexibility into the system that
14 may prevent the legislature from making the best choices in the
15 interest of all the people.”

16 Committee Report No. 5 at 15, Committee on Judiciary and Other Elected Offices
17 (July 18, 1995).

18 This Act avoids unpredictable courses of action, be it in the courts or in the
19 ballot box that may adversely affect PSS, by statutorily establishing clear
20 definitions. This will ensure greater budgetary transparency, reduce the risk of
21 legal disputes that can lead to unintended consequences, and uphold the
22 commitment to a well-funded and sustainable Public School System.

1 **Section 2. Enactment.** A new Chapter 8, titled, “CNMI Constitution Art. XV
2 Definitions.” is added to Title 1, Division 7, “Planning, Budgeting, and Auditing,”
3 of the Commonwealth Code that provides as follows:

4 **“CNMI Constitution Art. XV Definitions.**

5 **§ 101. General Revenues.**

6 Notwithstanding any CNMI law, regulation, or rule to the contrary, for
7 the purposes of this Title, and in any context involving the mandatory
8 appropriation of revenues for public education, the term General Revenues
9 refers to Commonwealth revenue available for appropriation, which includes
10 all budgetary resources legally available for appropriation in a given fiscal
11 year, less those revenues defined as Special Revenues in this Chapter and less
12 debt service and mandatory payments to the NMI Settlement Fund under the
13 Settlement Agreement.

14 **§ 102. Special Revenues**

15 Notwithstanding any CNMI law, regulation, or rule to the contrary, for
16 the purposes of this Title, and in any context involving the mandatory
17 appropriation of revenues for public education, the term Special Revenues
18 refers to any revenue that meets all of the following criteria:

- 19 (1) The revenue is derived from a constitutionally or statutorily
20 identified source;

1 (2) It is deposited into an account separate from the General Fund;
2 and

3 (3) It is earmarked or dedicated to a specific constitutionally or
4 statutorily defined purpose.

5 **§ 103. Annual Budget**

6 Notwithstanding any CNMI law, regulation, or rule to the contrary, for
7 the purposes of this Chapter, and in any context involving the mandatory
8 appropriation of revenues for public education, the term “Annual Budget”
9 refers to the financial plan approved by the Legislature for a specific fiscal
10 year, which includes the appropriation of no less than 25% of General
11 Revenues to the Public School System, as required by Article XV, Section
12 1(e) of the CNMI Constitution and consistent with sections 101 and 102 of
13 this Chapter.”

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

19 **Section 4. Savings Clause.** This Act and any repealer contained herein
20 shall not be construed as affecting any existing right acquired under contract or
21 acquired under statutes repealed or under any rule, regulation, or order adopted

1 under the statutes. Repealers contained in this Act shall not affect any proceeding
2 instituted under or pursuant to prior law. The enactment of the Act shall not have
3 the effect of terminating, or in any way modifying, any liability, civil or criminal,
4 which shall already be in existence on the date this Act becomes effective.

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

Prefiled: 6/20/2025

Date: 6/20/2025

Introduced by: /s/ Rep. Roman C. Benavente

/s/ Rep. Blas Jonathan "BJ" T. Attao

/s/ Rep. Angelo A. Camacho

/s/ Rep. Joseph A. Flores

/s/ Rep. Marissa R. Flores

/s/ Rep. Thomas J. DLC. Manglona

/s/ Rep. Julie M. A. Ogo

/s/ Rep. John Paul P. Sablan

/s/ Rep. Patrick H. San Nicolas

/s/ Rep. Denita Kaipat Yangetmai

/s/ Rep. Ralph N. Yumul

Reviewed for Legal Sufficiency by:

/s/ Joseph L.G. Tajeron, Jr.(6/20/2025)

House Legal Counsel