



TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

# HOUSE OF REPRESENTATIVES

## COMMITTEE ON EDUCATION

P.O. BOX 500586 SAIPAN, MP 96950

ROMAN C. BENAVENTE  
CHAIRMAN

STANDING COMMITTEE REPORT NO. 24-37  
DATE: August 25, 2025  
RE: House Bill 24-33

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

Dear Mr. Speaker:

Your Committee on Education to which was referred:

### House Bill No. 24-33:

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, your Committee recommends that House Bill No. 24-33 be passed by the House in its current form.

### II. ANALYSIS:

#### A. Purpose:

The purpose of this Act is to clarify the calculation of PSS funds from the Commonwealth's annual General Revenue.

TO THE CLERK  
RECEIVED BY   
DATE 9/30/2025 TIME 10:18 AM

B. Committee Findings:

Your Committee finds that funding the Public School System (PSS) is of the utmost priority but requires further clarity. Article XV Section 1(e) of the CNMI Constitution explains that no less than 25% of the Commonwealth General Revenue must be allocated towards PSS. The Committee further finds that clearly defining and differentiating between the Total Resources or Gross Revenues and General Revenues used to calculate the 25% allocation for PSS will decrease ambiguity and confusion of the overall CNMI budget and its distribution.

Your Committee finds that 25% of the Commonwealth's Total Resources or Gross Revenues in the budget allocation for PSS would inflate PSS's budget, potentially diverting funds from critical public services and inadequately funding distribution to other important government sectors. Instead, defining the General Revenue to exclude Special Resources or earmarked, obligated or restricted funds from the Total Resources, would ensure fair, adequate government funding to all areas of government responsibility.

Your Committee also finds that this clearer definition of the General Revenue reflects the sentiments of other government agencies. The CNMI Supreme Court Opinion in 2020 in *In the Matter of a Petition for Certified Question* and Attorney General Legal Opinion in 2021 regarding Article XV Section 1(e) of the CNMI Constitution also contain similar conclusions about the exclusion of these earmarked and special funds from PSS's General Revenue allocation. Overall, this clearer definition and application will ensure funds are distributed fairly, accurately, and with transparency – not only to PSS but to other essential government agencies and public services. Therefore, your Committee supports the intent and purpose of House Bill 24-33 and recommends its passage in its current form.

C. Public Comments/Public Hearing:

Public comments were not solicited.

D. Legislative History:

On June 20, 2025, Representative Roman Benavente introduced House Bill No. 24-33, and was subsequently referred to the House Standing Committee on Education and Ways and Means for disposition.


E. Cost Benefit:

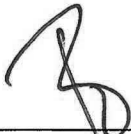
The enactment of House Bill 24-33, will not incur any additional costs to the government as delineating where funds are to be allocated does not require additional administrative or support staff or procedure. The clear definition of how the funds for PSS may be derived will only benefit the government and the general public by ensuring fiscal fairness, transparency, and responsibility.

**III. CONCLUSION:**

The committee is in accord with the intent and purpose of House Bill No. 24-33 and recommends its passage.

Respectfully submitted,

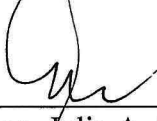
  
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Rep. Roman C. Benavente,  
Chairman

  
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Rep. Ralph N. Yumul,  
Vice Chairman

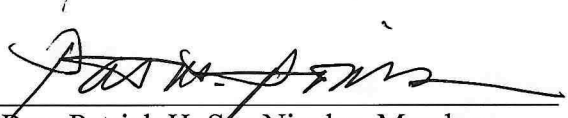
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Rep. Roy A. Ada, Member

  
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Rep. Daniel I. Aquino Jr., Member

  
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Rep. Joseph A. Flores, Member

  
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Rep. Julie A. Ogo, Member

  
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Rep. Malcolm J. Omar, Member

  
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Rep. Patrick H. San Nicolas, Member

Reviewed by:

  
\_\_\_\_\_  
House Legal Counsel

Date: 8-27-25

REFERRED TO: *WM and*  
(HOUSE)  
*ED*  
*6/24/2025*

**TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH**

**LEGISLATURE**

**IN THE HOUSE OF REPRESENTATIVES**

*June 20, 2025*

*Third SpC* Session, 2025

**H. B. 24-~~32~~**

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**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.

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

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

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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

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

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

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1           **Section 2. Enactment.** A new Chapter 8, titled, “CNMI Constitution Art.  
2 XV Definitions.” is added to Title 1, Division 7, “Planning, Budgeting, and  
3 Auditing,” 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,  
7 for the purposes of this Title, and in any context involving the  
8 mandatory appropriation of revenues for public education, the term  
9 General Revenues refers to Commonwealth revenue available for  
10 appropriation, which includes all budgetary resources legally  
11 available for appropriation in a given fiscal year, less those revenues  
12 defined as Special Revenues in this Chapter and less debt service  
13 and mandatory payments to the NMI Settlement Fund under the  
14 Settlement Agreement.

15           **§ 102. Special Revenues**

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

- 1           1.       The revenue is derived from a constitutionally or statutorily
- 2           identified source;
- 3           2.       It is deposited into an account separate from the General
- 4           Fund; and
- 5           3.       It is earmarked or dedicated to a specific constitutionally or
- 6           statutorily defined purpose.

7           **§ 103. Annual Budget**

8           Notwithstanding any CNMI law, regulation, or rule to the contrary,

9           for the purposes of this Chapter, and in any context involving the

10          mandatory appropriation of revenues for public education, the term

11          “Annual Budget” refers to the financial plan approved by the

12          Legislature for a specific fiscal year, which includes the

13          appropriation of no less than 25% of General Revenues to the Public

14          School System, as required by Article XV, Section 1(e) of the CNMI

15          Constitution and consistent with sections 101 and 102 of this

16          Chapter.”

17          **Section 3. 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

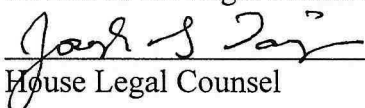
21          shall not be affected thereby.

1           **Section 4. 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. Effective Date.** This Act shall take effect upon its approval by  
9 the Governor, or it becoming law without such approval.

Prefiled: 6/24/2025

Date: 6-20-25           Introduced by:   
Rep. Roman C. Benavente

Reviewed for Legal Sufficiency by:  
 6/20/25  
House Legal Counsel

