



HOUSE OF REPRESENTATIVES
TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH
LEGISLATURE

Vice Speaker Jesus P. Mafnas Memorial Building
Capitol Hill
Saipan, MP 96950
cnmileg.net

September 2, 2025

The Honorable Karl R. King-Nabors
President
The Senate
Twenty-Fourth Northern Marianas
Commonwealth Legislature
Capitol Hill
Saipan, MP 96950

HOUSE
FILE
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Dear Senate President King-Nabors:

I have the honor of transmitting herewith for Senate *action* **H. B. No. 24-38, HD1**, entitled: **“To establish a dedicated CNMI Emergency Reserve Fund (“Rainy Day Fund”) with annual mandatory deposits and procedures for fund disbursement in times of declared emergency, while ensuring fiscal accountability.”**, which was passed by the House of Representatives on First and Final Reading, by the majority vote of the members present, a quorum being present, during its Second Day, Second Regular Session on August 29, 2025.

Sincerely yours,


Linda B. Muña, MPA
House Clerk

Attachment

TRANSMITTAL TO THE SENATE

Received by: Chanele Borja

Date: 9/2/25

Time: 3:27pm

TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH

LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

JULY 14, 2025

Fourth Special Session, 2025

H. B. 24-38, HD1

A BILL FOR AN ACT

To establish a dedicated CNMI Emergency Reserve Fund (“Rainy Day Fund”) with annual mandatory deposits and procedures for fund disbursement in times of declared emergency, while ensuring fiscal accountability.

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

1 **Section 1. Short Title.** This Act may be cited as the “Rainy Day Fund Act of
2 2025.”

3 **Section 2. Findings and Purpose.** Securing long-term fiscal stability while
4 responding to short-term crises is a recurring challenge for the Commonwealth. The
5 Legislature finds that repeated natural disasters and economic shocks—including
6 Super Typhoons Soudelor, Mangkhut, and Yutu, followed by the COVID-19
7 pandemic—have exposed the limitations of reactive budgeting. In each instance,
8 the absence of a pre-committed emergency reserve delayed the government’s
9 response and placed undue strain on general operations. This Act corrects that
10 structural vulnerability by establishing a statutory Rainy Day Fund with annual
11 deposits of \$1,000,000 or one percent of General Revenues, whichever is greater,

1 beginning in Fiscal Year 2027. The term General Revenue shall be the same as the
2 definition set forth in the House Concurrent Resolution and the Annual Budget
3 Appropriation law—essentially the net amount of total resources available for
4 appropriation.

5 Acknowledging existing statutory measures, the Legislature affirms that this
6 Act supplements—not repeals—Public Law 20-82, codified at 4 CMC § 2308,
7 which established a Commonwealth Reserve Fund. While that law shares the same
8 general policy aim, it lacks an enforceable deposit mechanism, disbursement
9 controls, and protections against fund lapse. This law was also enacted during a
10 period of anticipated gaming revenues that have proven to be inconsistent.
11 Likewise, the contingency-based funding authority for mayors under 1 CMC §
12 5109 supports local flexibility but does not provide a centralized fiscal buffer for
13 Commonwealth-wide emergencies. This Act, however, enhances both efforts by
14 creating a durable, centralized reserve structure with automatic deposits and defined
15 access protocols.

16 Valid emergency declarations by the Governor shall serve as the sole basis
17 for initiating fund disbursement. The Governor’s role in identifying emergencies is
18 constitutionally grounded; however, fund release remains subject to a joint
19 resolution of the Legislature. This preserves clear lines of accountability between

1 the branches without inviting judicial second-guessing of political judgment calls
2 during times of crisis.

3 Ensuring transparency and trust in the use of these funds, the Secretary of
4 Finance is required to submit a detailed report to the Legislature 60 days before the
5 end of the fiscal year. This report must account for each disbursement and include
6 recommendations for future policy improvements. The Fund is hereby designated
7 as non-lapsing, shall remain segregated from the General Fund, and is classified as
8 a Special Revenue Fund not subject to the education set-aside under Article XV,
9 Section 1(e) of the CNMI Constitution.

10 Strengthening the Commonwealth’s emergency posture without undermining
11 existing frameworks, this Act creates an enduring reserve mechanism that aligns
12 with best practices in fiscal governance. It prioritizes readiness over reaction
13 without displacing localized or prior statutory tools and establishes a permanent
14 fiscal safeguard aligned with best practices in public finance. By separating
15 emergency savings from political budgeting cycles and reinforcing—but not
16 supplanting—existing statutory tools, including 1 CMC § 5109 and 4 CMC § 2308,
17 the Commonwealth SAVES: it Secures stability, Acknowledges gaps, Validates
18 separation of powers, Ensures accountability, and Strengthens resilience.

19 **Section 3. Enactment:** Subject to codification by the CNMI Law Revision
20 Commission, there is hereby enacted a new Chapter under Title 1, Division 7 of the
21 Commonwealth Code to read as follows:

1 **“Chapter ____ . CNMI Emergency Reserve Fund.**

2 **§ 101. Emergency Reserve Fund Established.**

3 (a) There is hereby established within the Commonwealth Treasury a
4 Special Revenue fund to be known as the CNMI Emergency Reserve Fund
5 (hereinafter also referred to as the “Fund”).

6 (b) Within 30 days of the effective date of the Commonwealth annual
7 budget appropriation, the Secretary of Finance shall deposit \$1,000,000 or
8 an amount equal to one percent of the General Revenues, as defined herein
9 in subsection (e), whichever is greater, annually into the Fund, beginning
10 Fiscal Year 2026.

11 (c) Said revenues in the Fund shall not be subject to allocation under
12 Article XV, Section 1(e) of the Commonwealth Constitution.

13 (d) The Fund shall not lapse at the end of a fiscal year and shall not be
14 used for any purpose except as provided in this Chapter.

15 (e) For the purposes of this Chapter, term “General Revenues” refers
16 to Commonwealth revenue available for appropriation, which includes all
17 budgetary resources legally available for appropriation in a given fiscal
18 year, less those revenues defined as “Special Revenues”, and less debt
19 service, and mandatory payments to the NMI Settlement Fund under the
20 Settlement Agreement. The Fund is expressly designated as Special
21 Revenue.

1 **§ 102. Executive Request for Disbursement.** The Governor or his or
2 her designee may, upon issuing a valid emergency declaration pursuant to
3 applicable law, submit a written request to the Legislature for the use of the
4 Fund. The request shall specify: (1) The nature of the emergency; (2) The
5 total amount of funds requested; and (3) The purpose for which the funds
6 will be used.

7 **§ 103. Legislative Appropriation by Joint Resolution.** The
8 Legislature may appropriate funds from the CNMI Emergency Reserve
9 Fund solely by joint resolution. The appropriation shall:

- 10 (a) Be limited to purposes directly related to the declared emergency;
11 (b) Be enacted through a joint resolution and not be included in any
12 budget act, general appropriation bill, or committee report;

13 **§ 104. Reporting by Secretary of Finance.** Not less than 60 days
14 prior to the end of the fiscal year, the Secretary shall submit a report to the
15 presiding officers of the Legislature on all expenditures made from the
16 Fund. The report shall include:

- 17 (1) The amount disbursed;
18 (2) The specific use of each disbursement;
19 (3) The remaining balance; and
20 (4) Any recommendations for future improvement.

21 **§ 105. Nonjusticiability.** No court of the Commonwealth shall have

1 jurisdiction to enjoin, review, or invalidate any provision of this Chapter or
2 any action taken pursuant to it, including the validity of an emergency
3 declaration, the Governor’s request, or a legislative appropriation under this
4 Chapter.”

5 **Section 4. Effective Date.** This provision shall take effect on
6 October 1, 2026 for the 2027 fiscal year.

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

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

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

Prefiled: 7/10/2025

HOUSE BILL 24-38, HD1

Date: Introduced by: /s/ Rep. Diego V.F. Camacho
/s/ Rep. Roman C. Benavente
/s/ Rep. Marissa R. Flores
/s/ Rep. Julie M. A. Ogo

Reviewed for legal sufficiency by:
/s/ Joseph L.G. Taijeron, Jr.
Joseph L.G. Taijeron, Jr., House Legal Counsel

Date: 7/9/2025

HB 24-38 HD1 Reviewed for legal sufficiency by:
/s/ Joseph L.G. Taijeron, Jr.
Joseph L.G. Taijeron, Jr., House Legal Counsel

Date: 8/19/2025