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

CONFERENCE COMMITTEE REPORT NO. 24-5
Date: June 8, 2026
RE: House Bill No. 24-96, SD1

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

and

Honorable Karl R. King-Nabors
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. 24-96, SD1 was referred, entitled:

> "To appropriate $960,235.74 in Tobacco Settlement Funds, identified by the Governor as additional funds available for appropriation in Governor's Communication (House) 24-103~~, to the Marianas Visitors Authority for tourism recovery initiatives~~."

begs leave to report as follows:

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I. LEGISLATIVE HISTORY:

A. House Bill No. 24-96, "To appropriate $960,235.74 in Tobacco Settlement Funds, identified by the Governor as additional funds available for appropriation in Governors Communication (House) 24-103, to the Marianas Visitors Authority for tourism recovery initiatives." was introduced by Representative Marissa R. Flores and several others on February 25, 2026.

B. The House of Representatives passed House Bill No. 24-96 on First and Final Reading, by the majority vote of the members present, a quorum being present, during its Third Day, Third Regular Session on February 25, 2026.

C. The House of Representatives transmitted House Bill No. 24-96 to the Senate on February 27, 2026.

D. The Senate made amendments to House Bill No. 24-96 and passed the measure during its First Day, Third Special Session on May 01, 2026, in the form of House Bill No. 24-96, Senate Draft 1, entitled, "To appropriate $960,235.74 in Tobacco Settlement Funds, identified by the Governor as additional funds available for appropriation in Governor's Communication (House) 24-103~~, to the Marianas Visitors Authority for tourism recovery initiatives~~.".

E. The Senate transmitted House Bill No. 24-96, SD1, to the House of Representatives on May 06, 2026.

F. The House of Representatives rejected the Senate's amendments to House Bill No. 24-96, SD1, by the majority vote of the members, a quorum being present, during its First Day, Second Special Session on May 22, 2026. In accordance with the House's action, the Speaker appointed its Conferees.

G. The Senate was informed of the House rejection on May 22, 2026. The Senate President appointed its Conferees on May 29, 2026.

H. On June 8, 2026, 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. 24-96, the House version, and House Bill No. 24-96, SD1, the Senate version. During the Conference Committee meeting, the primary issues discussed included, but were not limited to, the following:

A. Title: Senate Draft 1 modified the Title to reflect the reallocation of the Tobacco Settlement Funds' total appropriation amount to be read as follows:

"To appropriate $960,235.74 in Tobacco Settlement Funds, identified by the Governor as additional funds available for appropriation in Governor's Communication (House) 24-103 ."

B. Section 1: Senate Draft 1 modified the "Findings and Purpose" to include justifications for funding reallocation inclusive of the Marianas Visitors Authority, typhoon support and recovery for the First, Second, and Third Senatorial Districts, and the Public School System to be read as follows:

"The Legislature finds that the Commonwealth is confronting urgent and competing priorities that require the immediate reallocation of public resources. Although tourism remains vital to the economy, the Legislature determines that disaster recovery and the restoration of essential government services must take precedence where communities have suffered widespread damage.

The Legislature finds that Super Typhoon Sinlaku caused significant destruction throughout the First, Second, and Third Senatorial Districts, disrupting municipal operations, damaging public infrastructure, and impairing local governments' ability to provide essential services. Without immediate financial assistance, recovery efforts will be delayed, prolonging hardship for affected residents.

The Legislature further finds that it is necessary and appropriate to redirect a portion of the funds previously identified for tourism-related purposes to address these urgent recovery needs. Such action reflects the Commonwealth's responsibility to prioritize public safety, community stability, and the restoration of government functions.

The Legislature additionally affirms its constitutional obligation under Article XV, Section 1(e) of the Constitution of the Commonwealth of the Northern Mariana Islands to provide funding to the Public School System, particularly in times when disaster impacts threaten the continuity of education.

Responding to these conditions, the purpose of this Act is to appropriate

$960,235.74 in Tobacco Settlement Funds, identified by the Governor as additional funds available for appropriation from outside sources, in Governor's Communication (House) 24-103, to the Marianas Visitors Authority for tourism recovery efforts, to support the recovery and operational needs of the First, Second, and Third Senatorial Districts, and to allocate twenty-five percent (25%) of the total appropriation to the Public School System in accordance with constitutional requirements."

C. Section 2: Senate Draft 1 amended the Appropriation section regarding the allocation of the Tobacco Settlement Funds in the amount of $960,235.74 to read as follows:

"(a) $240,058.94 to the CNMI Public School System (PSS). The expenditure authority shall be the PSS Commissioner. The PSS Commissioner shall be responsible for reporting all expenses to the Presiding Officers of the Legislature upon the exhaustion of the funds appropriated under this Act.

(b) $100,000.00 for activities and programs in the First Senatorial District, according to an adopted resolution by the Rota Legislative Delegation.

(c) $100,000.00 for personnel and operations of the Office of the Mayor of Tinian and Aguiguan, according to an adopted resolution by the Tinian and Aguiguan Legislative Delegation.

(d) $100,000.00 for personnel and operations of the Office of the Mayor of Saipan, according to an adopted resolution by the Saipan and Northern Islands Legislative Delegation.

(e) $50,000.00 for the operations of the Legislative Bureau (LB) of the Northern Marianas Commonwealth Legislature. The expenditure authority shall be the LB Director. The LB Director shall be responsible for reporting all expenses to the Presiding Officers of the Legislature upon the exhaustion of the funds appropriated under this Act.

(f) ~~$960,235.74~~ $370,176.80 shall be allocated to the Marianas Visitors Authority for tourism recovery efforts. The expenditure authority shall be the Chairperson of the Board of Directors of the Marianas Visitors Authority. The MVA Board of Directors Chairperson shall be responsible for reporting all expenses to the Presiding Officers of the Legislature upon the exhaustion of the funds appropriated under this Act.

D. Section 3: Senate Draft 1 inserted a new "Section 3. No Fiscal Limitation" to read as follows:

"Section 3. No Fiscal Limitation. The funds appropriated under Section 2 shall be without fiscal year limitation."

E. All subsequent sections were re-numbered accordingly.

The Conference Committee plays a critical role in reconciling differences between the House and Senate versions of House Bill No. 24-96. The House Conferees proposed amendments to House Bill 24-96, SD1, to address issues raised by the Senate's amendments.

The primary difference between House Bill 24-96 and House Bill 24-96, SD1, is the allocation of funds derived from the Tobacco Settlement Fund. House Bill 24-96 allocated the entire amount of $960,235.74 to the Marianas Visitors Authority while House Bill 24-96, SD1, appropriates the funds as follows: $240,058.94 for the Public School System; $100,000.00 for activities and programs in the First Senatorial District; $100,000.00 for personnel and operations of the Office of the Mayor of Tinian and Aguiguan; $100,000.00 for personnel and operations of the Office of the Mayor of Saipan; $50,000.00 for the operations of the Legislative Bureau (LB) of the Northern Marianas Commonwealth Legislature; and $370,176.80 shall be allocated to the Marianas Visitors Authority for tourism recovery efforts.

The Acting Executive Director of the Marianas Visitors Authority testified before the Committee and stated that the original appropriated amount of $960,235.74 will address two immediate and critical priorities: airline service stabilization and the continued expansion of the Marianas' newly launched destination brand, "Far From Ordinary". These investments are essential to preserving existing air access, maintaining destination visibility in an increasingly competitive environment, protecting tourism-related employment, and pro-actively positioning the Marianas for long-term recovery and growth. Overall, this leads to essential government revenue that helps fund public services, including education, public safety, infrastructure, and other functions.

The Marianas' tourism industry is facing one of the most challenging operating environments in its history. Visitor arrivals remain well below the historical average, airline capacity remains constrained, and hotel occupancy continues to lag behind sustainable levels. These longstanding challenges have been further compounded by the impacts of Super Typhoon Sinlaku

The Conference Committee agreed that the entire amount, $960,235.74 will be allocated to the Marianas Visitors Authority for tourism stabilization efforts. Provided, however, that $70,000 each for the First and Second Senatorial Districts shall be used for stabilization efforts

such as providing subsidies for airline fares to make travel more affordable. These amendments addresses pressing concerns regarding our current economic condition. Investing in MVA is currently critical because tourism remains the primary economic engine for the CNMI, yet the industry is facing severe instability as of early 2026. The MVA requires funding for air service stabilization and expansion; for destination enhancement and preservation amid severe budgetary constraints.

Therefore, the following amendments were adopted:

A. Title: The Title was amended to read as follows:

"To appropriate $960,235.74 in Tobacco Settlement Funds, identified by the Governor as additional funds available for appropriation in Governor's Communication (House) 24-103, to the Marianas Visitors Authority for tourism stabilization initiatives."

B. Section 1. Findings and Purpose was amended, by removing the language inserted by the Senate, to read as follows:

"Tourism is the cornerstone of the Commonwealth's private-sector economy and remains directly dependent on sustained air access, destination competitiveness, and visitor demand. The Legislature finds that, despite stabilization efforts, the tourism sector continues to operate under severe constraints, including airline seat capacity well below pre-pandemic levels, reduced or suspended routes, historically low hotel occupancy outside limited peak periods, and declining visitor arrivals that closely track airlift availability.

Ongoing structural and external pressures have materially impeded stabilization, including unfavorable exchange rates in core source markets, global aircraft delivery delays, heightened regional competition driven by aggressive subsidy programs, and aviation market uncertainty affecting carrier deployment decisions. The Legislature further finds that existing hotel occupancy levels remain far below estimated break-even thresholds, locally generated revenues such as Hotel Occupancy Tax collections have declined sharply from pre-pandemic levels, and these revenue shortfalls have constrained the scale and timing of tourism stabilization efforts.

Uninterrupted and reliable air service is the most critical determinant of tourism performance in the Commonwealth, as evidenced by strong load factors despite overall capacity reductions. The Legislature finds that strategic airline incentive support, cooperative marketing programs, and sustained destination branding are necessary to retain existing service, stabilize frequencies, encourage seasonal and

future expansion, and signal to airline partners that the Commonwealth is committed to protecting and rebuilding its airlift in a highly competitive regional environment.

Responding to these conditions, the purpose of this Act is to appropriate $960,235.74 in Tobacco Settlement Funds, identified by the Governor as additional funds available for appropriation from outside sources, in Governor's Communication (House) 24-103, to the Marianas Visitors Authority for tourism stabilization efforts."

C. Section 2. Appropriation was amended to read as follows:

"(a) $960,235.74 shall be allocated to the Marianas Visitors Authority for tourism stabilization efforts. The expenditure authority shall be the Chairperson of the Board of Directors of the Marianas Visitors Authority. Provided however that $70,000.00 each for the First and Second Senatorial Districts shall be used for stabilization efforts."

D. Section 3. The "No Fiscal Limitation" remained to read as follows:

"**Section 3. No Fiscal Limitation**. The funds appropriated under Section 2 shall be without fiscal year limitation."

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. 24-96, SD1, in the form of House Bill No. 24-96, 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. 24-96, SD1, CCS1, by both the House of Representatives and the Senate.

Respectfully submitted,

House of Representatives Conferees:

Representative John Paul P. Sablan
Chairman

Senate Conferees:

Senator Jude U. Hofschneider
Chairman

Representative Blas Jonathan "BJ" T. Attao
Member

Senator Donald M. Manglona
Member

Representative Ralph N. Yumul
Member

Senator Francisco Q. Cruz
Member

Representative Marissa R. Flores
Alternate Member

Senator Corina L. Magofna
Alternate Member

Reviewed by Legal Counsels:

Karie Comstock
House Legal Counsel

Jose A. Bermudes
Senate Legal Counsel

TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 25, 2026

Third Regular Session, 2026 **H. B. 24-96, SD1, CCS1**

A BILL FOR AN ACT

To appropriate $960,235.74 in Tobacco Settlement Funds, identified by the Governor as additional funds available for appropriation in Governor's Communication (House) 24-103, to the Marianas Visitors Authority for tourism stabilization initiatives.

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

Section 1. Findings and Purpose. Tourism is the cornerstone of the Commonwealth's private-sector economy and remains directly dependent on sustained air access, destination competitiveness, and visitor demand. The Legislature finds that, despite stabilization efforts, the tourism sector continues to operate under severe constraints, including airline seat capacity well below pre-pandemic levels, reduced or suspended routes, historically low hotel occupancy outside limited peak periods, and declining visitor arrivals that closely track airlift availability.

Ongoing structural and external pressures have materially impeded stabilization, including unfavorable exchange rates in core source markets, global aircraft delivery delays, heightened regional competition driven by aggressive

subsidy programs, and aviation market uncertainty affecting carrier deployment decisions. The Legislature further finds that existing hotel occupancy levels remain far below estimated break-even thresholds, locally generated revenues such as Hotel Occupancy Tax collections have declined sharply from pre-pandemic levels, and these revenue shortfalls have constrained the scale and timing of tourism stabilization efforts.

Uninterrupted and reliable air service is the most critical determinant of tourism performance in the Commonwealth, as evidenced by strong load factors despite overall capacity reductions. The Legislature finds that strategic airline incentive support, cooperative marketing programs, and sustained destination branding are necessary to retain existing service, stabilize frequencies, encourage seasonal and future expansion, and signal to airline partners that the Commonwealth is committed to protecting and rebuilding its airlift in a highly competitive regional environment.

Responding to these conditions, the purpose of this Act is to appropriate $960,235.74 in Tobacco Settlement Funds, identified by the Governor as additional funds available for appropriation from outside sources, in Governor's Communication (House) 24-103, to the Marianas Visitors Authority for tourism stabilization efforts.

Section 2. Appropriation. Notwithstanding any laws, rules, or regulations to the contrary, the Tobacco Settlement Funds in the amount of $960,235.74 is

hereby appropriated as follows:

(a) $960,235.74 shall be allocated to the Marianas Visitors Authority for tourism stabilization efforts. The expenditure authority shall be the Chairperson of the Board of Directors of the Marianas Visitors Authority. Provided however that $70,000.00 each for the First and Second Senatorial Districts shall be used for stabilization efforts.

Section 3. No Fiscal Limitation. The funds appropriated under Section 2 shall be without fiscal year limitation.

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

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

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

Prefiled: 2/13/2026

Date: 2/13/2026

Introduced by: /s/ Rep. Marissa R. Flores
/s/ Rep. Diego V. F. Camacho
/s/ Rep. Thomas J. DLC. Manglona
/s/ Rep. Elias J.M. Rangamar
/s/ Rep. Edmund S. Villagomez
/s/ Rep. Vincent R. Aldan
/s/ Rep. Daniel I. Aquino Jr.
/s/ Rep. Blas Jonathan "BJ" T. Attao
/s/ Rep. Roman C. Benavente
/s/ Rep. Angelo A. Camacho
/s/ Rep. Joel C. Camacho
/s/ Rep. Joseph A. Flores
/s/ Rep. Malcolm J. Omar
/s/ Rep. Raymond U. Palacios
/s/ Rep. John Paul P. Sablan
/s/ Rep. Patrick H. San Nicolas
/s/ Rep. Ralph N. Yumul
/s/ Rep. Julie M.A. Ogo

Reviewed for legal sufficiency by:

/s/ Karie Comstock
House Legal Counsel

Date:2/12/2026