

TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH

LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

_____, 2025

_____, 2025

H. B. 24- 17

A BILL FOR AN ACT

To amend 2 CMC § 2174 to provide the Commonwealth Ports Authority greater autonomy in managing its finances.

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

1 **Section 1. Findings and Purpose.** This Act amends 2 CMC § 2174 by
2 removing the requirement that all revenue generated from airport operations be
3 used exclusively for airport-related activities and that all revenue from seaport
4 operations be used exclusively for seaport-related activities, with no cross-
5 subsidization between the two.

6 Although this Act removes the CNMI's statutory restriction on the use of
7 airport and seaport funds, the Legislature acknowledges that the Act does not
8 supersede other potential sources of authority that may require the segregation of
9 such funds. For example, 49 U.S.C. § 47107 states that the United States Secretary
10 of Transportation may only approve an airport development project grant
11 application if written assurances are provided that revenues generated by a public
12 airport will be used exclusively for the capital or operating costs of the airport, the
13 local airport system, or other local facilities owned or operated by the airport owner

1 or operator that are directly and substantially related to the air transportation of
2 passengers or property. Compliance with this federal provision will remain a
3 requirement notwithstanding the repeal of the Commonwealth's statutory
4 prohibition.

5 Additionally, the Legislature recognizes that bond indentures, lease
6 agreements, and other contractual obligations may impose requirements that call
7 for the segregation of airport and seaport funds. The repeal of 2 CMC § 2174(c)
8 does not modify or affect such agreements or obligations, and the Commonwealth
9 Ports Authority (CPA) remains bound by any other applicable financial and legal
10 restrictions governing its funding sources.

11 Last, the Legislature finds that the ability to use airport and seaport funds
12 interchangeably will allow CPA to supplement revenue shortfalls between its port
13 facilities, ensuring continuity in operations and financial stability.

14 Thus, this Act increases CPA's financial autonomy in managing its
15 operations, allowing it to reallocate funds between port facilities as needed;
16 provided, CPA maintains compliance with all applicable federal grant assurances,
17 bond indentures, and other binding legal obligations.

18 **Section 2. Amendment.** 2 CMC § 2174 is hereby amended to read as
19 follows:

20 **"§ 2174. Commonwealth Ports Authority Fund.**

21 (a) There is hereby established a fund that shall be known as the

1 “Commonwealth Ports Authority Fund,” to be maintained separate and apart
2 from other funds of the Commonwealth by the authority, and independent
3 records and accounts shall be maintained in connection therewith.

4 (b) All monies received by the authority from whatever source derived shall
5 be deposited in said fund, or in such funds as may be established pursuant to
6 the provisions of this article (commencing with 2 CMC § 2171), in eligible
7 banks as defined in this chapter.

8 ~~(c) All income, revenue, or funds of whatever nature arising out of or derived
9 from activities in connection with or from the use of the airports under the
10 control of the authority shall be specifically designated for and restricted to
11 use for airport related activities and shall not be expended for seaport related
12 activities; likewise, all income, revenue, or funds of whatever nature arising
13 out of or derived from activities in connection with or from the use of
14 seaports under the control of the authority shall be specifically designated
15 for and restricted to use for seaport related activities and shall not be
16 expended for airport related activities.~~

17 (dc) As necessary to comply with applicable federal grant assurances, bond
18 indentures, or other binding legal obligations, The the authority shall keep
19 books of account showing those funds specifically designated for and
20 restricted to airport use; and those funds specifically designated for and
21 restricted to seaport use.

1 (ed) All expenditures, except as otherwise provided by law, shall be made
2 from said Commonwealth Ports Authority Fund.”

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

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


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

Prefiled: 3/20/2025

Date: _____

Introduced by: /s/ Rep. Edmund S. Villagomez

Reviewed for Legal Sufficiency by:

 3/20/25
House Legal Counsel

