

**TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH
LEGISLATURE**

IN THE HOUSE OF REPRESENTATIVES

Session, 2025

H. B. 24- 29

A BILL FOR AN ACT

To reconcile public utility accounts between CHCC and CUC by waiving intra-governmental penalties and preserving enforceable debt obligations; and for other purposes.

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

1 **Section 1. Findings and Purpose.** At the time of its creation under Public
2 Law 16-51, the Commonwealth Healthcare Corporation (CHCC) assumed the
3 responsibilities of the former Department of Public Health. CHCC was treated as a
4 government agency and charged the government rate—subjecting it to higher
5 charges than those assessed to similarly situated private healthcare providers. This
6 classification led millions of dollars in unpaid utility charges and penalties. The
7 resulting liability has impaired CHCC’s operating budget and constrained its ability
8 to provide uninterrupted public health services.

9 Liabilities resulting from the government rate have imposed financial
10 pressure on CHCC’s limited fiscal capacity. As of April 25, 2025, CHCC lists
11 approximately \$65 million in outstanding obligations; CUC reports more than \$69
12 million in receivables. There is a \$4.9 million discrepancy—primarily due to the
13 accumulation of penalties, surcharges, and late fees.

1 Distinctions must therefore be made between enforceable utility debts—
2 based on actual electricity consumed—and intra-governmental penalties, which
3 serve no constructive fiscal purpose. Charges imposed by one public agency upon
4 another do not generate revenue for the government as a whole. Instead, they
5 artificially overstate account balances, complicate audits and financial reporting,
6 and misrepresent the real obligations between departments. Left unaddressed, they
7 obscure institutional performance and obstruct responsible budgeting. In addition,
8 the mere inability to agree on the amount owed has strained their respective
9 operating budgets and distorted the financial posture of both agencies.

10 Acknowledging the need for financial clarity and institutional stability, the
11 Legislature finds that waiving these non-principal charges—specifically penalties,
12 surcharges, and late fees—allows both CHCC and CUC to move forward on
13 stronger financial footing. CHCC gains budgetary clarity and the ability to redirect
14 limited funds toward patient services such as off-island medical referrals,
15 preventive care, and other health priorities. CUC, meanwhile, benefits by removing
16 unrecoverable receivables from its books, stabilizing its accounts, and refocusing
17 on critical infrastructure improvements and capital needs.

18 No portion of CHCC’s principal debt is forgiven under this Act. The waiver
19 applies only to administrative penalties and is consistent with the corrective
20 classification enacted in Public Law 23-30.

1 **Section 2. Authority.** This Act is enacted pursuant to the authority vested
2 in the Legislature by Article II of the Constitution of the Northern Mariana Islands.

3 **Section 3. Waiver of Penalties; Principal Debt Preserved.**

4 (a) All outstanding penalties, surcharges, and late fees owed by the
5 Commonwealth Healthcare Corporation (CHCC) to the Commonwealth Utilities
6 Corporation (CUC), as of the effective date of this Act, are hereby deemed satisfied
7 in full.

8 (b) CUC shall remove the above-referenced obligations from its receivables
9 ledger and financial statements in a manner consistent with applicable audit
10 standards.

11 (c) CHCC and CUC shall reach agreement as to:
12 (1) the principal amount owed, which shall remain due and payable; and
13 (2) the amount to be discharged, consisting of penalties, surcharges, and late
14 fees.

15 If an amount cannot be agreed upon within ninety (90) days of this Act's
16 effective date, the disputed amount shall be settled by averaging the respective
17 totals reported by CHCC and CUC as of April 25, 2025.

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

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

Prefiled: 5/8/2025

Date: _____

Introduced by: _____

Rep. Vincent S. Aldan

Reviewed for Legal Sufficiency by:

Joseph S. Payne 5/7/25
House Legal Counsel