

TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH

LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

June 11, 2025

Third Spc Regular Session, 2025

H. B. 24- 31

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A BILL FOR AN ACT

To repeal restrictions on the use of funds in accounts established under 4 CMC §§ 1215 and 53036(g).

**BE IT ENACTED BY THE 24<sup>TH</sup> NORTHERN MARIANAS COMMONWEALTH LEGISLATURE:**

1           **Section 1. Findings and Purpose.** The Legislature finds that the CNMI  
2 Cannabis Commission is currently facing significant challenges in securing funding  
3 for its core functions, including the payment of salaries and wages for  
4 Commissioners and staff. Although the Commission has access to two separate  
5 special revenue funding sources, existing statutory restrictions limit the  
6 Commission's ability to use those funds to meet its needs.

7           Specifically, 4 CMC § 1512 creates the Cannabis Tax Account (CTA) as a  
8 special account, separate and apart from the General Fund, to receive gross revenue  
9 taxes collected from licensees regulated by the Cannabis Commission. While these  
10 funds are subject to legislative appropriation and are ostensibly intended to support  
11 cannabis-related regulatory functions, current law mandates that 25% of all  
12 appropriations from the CTA be allocated to the Public School System (PSS).

13           The Legislature finds that this fixed percentage requirement reduces its

1 ability to respond to the evolving financial needs of the CNMI Cannabis  
2 Commission. Specifically, the inability to appropriate a larger portion of CTA funds  
3 to the Commission constrains the Legislature’s ability to address the Commission’s  
4 funding challenges.

5         The Legislature further finds that removing the 25% allocation to PSS from  
6 the CTA does not violate Article XV, Section 1(e) of the NMI Constitution, which  
7 guarantees the Public School System an annual budget of no less than twenty-five  
8 percent of the general revenues of the Commonwealth. As clarified by the CNMI  
9 Supreme Court in *In the Matter of a Petition for Certified Question*, 2020 MP 2,  
10 the constitutional guarantee under Article XV, Section 1(e) of the NMI  
11 Constitution, applies only to general revenues of the CNMI—not special revenues,  
12 which are revenues that have a direct connection between their source and their  
13 designated purpose. Because the CTA is funded exclusively through cannabis-  
14 related taxes and is intended to support cannabis regulation, it qualifies as a special  
15 revenue fund. Because the CTA is a special revenue fund, the constitutional  
16 requirement that PSS receive a portion of general revenues does not apply, meaning  
17 the 25% reserve requirement may lawfully be repealed.

18         The Legislature also finds that 4 CMC § 53036(g) provides that all license  
19 and application fees collected by the Commission must be deposited into a separate  
20 account to pay for the “operation” of the Commission, subject to legislative  
21 appropriation.

1           However, because 4 CMC § 53036(g) does not define the term “operation,”  
2 it is unclear whether the fund may be used for personnel costs, such as the salaries  
3 and wages of the Commission. It is unclear because the CNMI Government’s  
4 annual appropriation acts typically include a Schedule A that further divides each  
5 appropriation into three distinct categories: Personnel, Operations, and Utilities.  
6 Although § 53036(g) authorizes the use of these fees for the “operation” of the  
7 Commission, it is unclear whether the fees can only be used to supplement the  
8 “Operations” in Schedule A, which excludes personnel costs, or whether the fees  
9 can also be used to fund personnel salaries and wages. The amendment clarifies  
10 that funds collected under 4 CMC § 53036(g) are to be appropriated to and  
11 expended by the Cannabis Commission for any lawful purpose reasonably  
12 necessary to fulfill its mandate, including all expenses and costs related to the  
13 Commission’s personnel, operations, and utilities.

14           Thus, to address these limitations, this Act removes the requirement under  
15 4 CMC § 1512 that 25% of all appropriations from the CTA be allocated to PSS  
16 and amends 4 CMC § 53036(g) to clarify that license and application fees may be  
17 used for operations, personnel, utilities, and other reasonably necessary costs and  
18 expenses of the Cannabis Commission.

1           **Section 2. Amendment.** Section 1512 of Chapter 5, Division 1, Title 4 of  
2 the Commonwealth Code is hereby amended to read as follows:

3           **“§ 1512. Disposition of Taxes.**

4           (a) The Secretary of Finance shall establish a special Cannabis Tax Account  
5           (CTA) separate from the general funds. The funds in the CTA Account  
6           shall not lapse and shall not be subject to fiscal year limitation. The taxes  
7           collected pursuant to 4 CMC § 1402(a)(21), 4 CMC § 1310, and any  
8           other gross revenue tax imposed under Title 4, Division 1, Chapter 3,  
9           generated from a licensee of the Cannabis Commission shall be  
10          deposited in the special CTA, for appropriation by the Legislature for  
11          the purpose of supporting cannabis regulation; ~~twenty five percent of~~  
12          ~~the appropriation provided under this subsection shall go to the Public~~  
13          ~~School System.~~

14          (b) Within 30 days after each quarter, the Secretary of Finance shall report  
15          to the presiding officers of the legislature describing the total funds in  
16          the CTA.”

17          **Section 3. Amendment.** Section 53036(d) and (g) of Chapter 21, Division  
18 5, Title 4 of the Commonwealth Code is hereby amended to read as follows:

19          **“§ 53036. Application for License; Rules; Fees.**

20          [ . . . ]

1 (d) The Commission shall assess annual nonrefundable license fees and  
 2 annual nonrefundable fees for processing a new or renewal application  
 3 for each license as set forth below:

License	Application Fee	License Fee
[ . . . ]		
<del>Section 128.*</del> Transfer of Ownership.	\$500	

4 [ . . . ]

5 (g) All license fees and application fees shall be placed in an account  
 6 separate from the general fund to pay the expenses necessary for the  
 7 operation ~~on~~ of the Commission, including, but not limited to, its  
 8 salaries and wages, utilities, and any other costs or expenses reasonably  
 9 necessary to fulfill the Commission's regulatory duties under this  
 10 Chapter, subject to appropriation by the legislature. The Chairman of  
 11 the Commission or his/her designee shall be the expenditure authority.

12 \*So in original.\*

13 **Section 4. Reversion of Public School System Allocation Within the**  
 14 **Cannabis Tax Account.**

15 If, prior to the effective date of this Act, an appropriation or other legislative  
 16 measure has directed the Secretary of Finance to establish a subaccount within the  
 17 Cannabis Tax Account (CTA) for the purpose of segregating or reserving funds for  
 18 the Public School System (PSS) pursuant to 4 CMC § 1512, such subaccount shall,  
 19 upon enactment of this Act, be dissolved. Any unappropriated funds segregated,

1 reserved, or allocated to PSS within the CTA shall revert to the general balance of  
2 the CTA and shall be available for appropriation and expenditure in accordance  
3 with the provisions of this Act and applicable law. Any funds that have been  
4 appropriated to PSS shall remain available to PSS for expenditure unless otherwise  
5 modified by law. The Secretary of Finance is hereby authorized to effectuate the  
6 foregoing by taking all necessary administrative actions to dissolve the subaccount  
7 and to reclassify or reallocate any funds previously segregated under the repealed  
8 25% allocation requirement in 4 CMC § 1512.

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

14       **Section 6. Savings Clause.** This Act and any repealer contained herein  
15 shall not be construed as affecting any existing right acquired under contract or  
16 acquired under statutes repealed or under any rule, regulation, or order adopted  
17 under the statutes. Repealers contained in this Act shall not affect any proceeding  
18 instituted under or pursuant to prior law. The enactment of the Act shall not have  
19 the effect of terminating, or in any way modifying, any liability, civil or criminal,  
20 which shall already be in existence on the date this Act becomes effective.

1           Section 7. **Effective Date.** This Act shall take effect upon its approval by  
2 the Governor, or it becoming law without such approval.

Prefiled: 6/11/2025

Date: \_\_\_\_\_

Introduced by: \_\_\_\_\_

  
Rep. Denita K Orangetma

Reviewed for Legal Sufficiency by:

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