

REFERRED TO: WM
(HOUSE)
6/24/2025

TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH

LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

June 20, 2025

Third SpC Session, 2025

H. B. 24-~~52~~53

A BILL FOR AN ACT

To statutorily define the scope of the Commonwealth's annual General Revenues within the meaning of Article XV, Section 1(e) of the NMI Constitution.

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

1 **Section 1. Findings and Purpose.** The CNMI Constitution mandates that
2 the Public School System (PSS) receive an annual budget of no less than 25% of
3 the Commonwealth's General Revenues. Article XV, Section 1(e) states in relevant
4 part, "[t]he public elementary and secondary education system shall be guaranteed
5 an annual budget of not less than twenty-five percent of the general revenues of the
6 Commonwealth through an annual appropriation." This constitutional guarantee
7 ensures two key principles: (1) a defined annual budget, allowing for consistent
8 yearly planning rather than uncertain quarterly appropriations; and (2) a fixed
9 minimum percentage allocation, ensuring PSS receives a portion of the
10 Commonwealth's available revenue. However, the precise definition of "General
11 Revenues" has been a subject of ongoing debate. This Act clarifies what constitutes
12 General Revenues and, just as importantly, what does not.

1 **Defining General Revenues as a Subset of Total Resources**

2 As a preliminary matter, General Revenues are defined as a subset of Total
3 Resources, a broader category used in the Governor’s annual budget proposals and
4 House Concurrent Resolutions. While Total Resources include all CNMI revenues,
5 General Revenues refer only to funds available for discretionary appropriation.
6 In Fiscal Year 2024, Total Resources were reported as \$158 million in the
7 Governor’s budget proposal and House Concurrent Resolution. However, this
8 figure included restricted funds such as earmarked special revenues that are not
9 freely available for appropriation.

10 To implement Article XV effectively, General Revenues must be clearly
11 defined. This prevents misunderstandings, legal disputes, and unintended
12 constitutional changes. Thus, this Act defines General Revenues as equivalent to
13 “Total Resources Available for Appropriation,” the portion of Total Resources not
14 defined as Special Resources, or earmarked, obligated, or restricted by law. Under
15 the current law and prevailing constitutional interpretation of “General Revenues,”
16 PSS’s minimum guaranteed annual budget would be approximately \$27 million or
17 25% of \$111 million.

18 **Earmarks and Transfers Out: Adjusting Total Resources**

19 To determine General Revenues each year, subtract the total earmarks and
20 transfers out from the projected Total Resources. For Fiscal Year 2025, with Total

1 Resources at \$158 million and earmarks and transfers out totaling \$47 million, the
2 General Revenue base is \$111 million.

3 While the budgetary amounts vary year to year, for FY 2025, the breakdown
4 of \$47,140,263 in earmarks and transfers out includes:

- 5 • Marianas Visitors Authority (MVA) - Hotel Occupancy Tax (80%) –
6 (\$4,412,374)
- 7 • Debt Service Obligations:
 - 8 ○ 2007 A Refunding Bond Payment – (\$3,618,500)
 - 9 ○ 2007 B Refunding Bond Payment – (\$3,391,750)
 - 10 ○ Settlement Fund Bond Payment (PL 20-33) – (\$32,000,000)
 - 11 ○ 2020 Pension Obligation Note Payment – (\$2,886,600)
 - 12 ○ MPLT 2019 Loan Payment – (\$831,039)

13 **Why General Revenues Cannot Equate to Gross Revenues**

14 General Revenues are not synonymous with Gross Revenues or Total
15 Resources. If General Revenues included all \$158 million of Commonwealth
16 revenues, it would:

- 17 • Create an inflated budget base for PSS, potentially diverting funds from
18 critical public services such as healthcare, public safety, and infrastructure.
- 19 • Strain the government's ability to maintain a balanced budget that ensures
20 adequate funding across all sectors.

1 Without deducting any financial obligations, \$158 million in “General
2 Revenues” would result in a minimum PSS annual budget of approximately \$39
3 million. The difference between 25% of gross revenues and 25% of revenues net
4 of earmarks, obligatory Settlement Fund payments, and debt service is
5 approximately \$12 million dollars—or roughly one million dollars per month each
6 fiscal year.

7 **Legal and Fiscal Justifications for This Definition**

8 In 2020, the CNMI Supreme Court issued an opinion that clearly supports
9 the Legislature’s interpretation of Article XV that General Revenues must exclude
10 restricted and earmarked funds. The Court held, *In the Matter of a Petition for*
11 *Certified Question*, 2020 MP 2, that,

12 First, general and special revenue fall under the broader category of
13 revenue, thereby precluding general revenue from meaning all
14 revenue. Second, special revenue includes those revenues generated
15 for a particular purpose which is related to the revenue’s source. All
16 revenues not designated as special under this standard are general
17 revenues in which PSS is entitled twenty-five percent. *Id.* at ¶ 2.

18
19 Consistent with the Supreme Court opinion, the CNMI Attorney General
20 stated, “General Revenues refer only to revenues deposited into the General Fund
21 and do not include special revenues earmarked for designated purposes.” (CNMI
22 AG Legal Opinion, March 15, 2021) The AG Opinion also stated,

23 Limiting General Revenues to discretionary funds ensures financial
24 integrity and preserves the government’s ability to fund essential
25 public services. Including earmarked funds in General Revenues
26 would create a structural imbalance, forcing the redirection of funds
27 meant for legally mandated programs.

1 **Ensuring Fiscal Responsibility and Fairness**

2 The Legislature notes the volatility of the CNMI Constitution with respect
3 to this issue. In 1985, ten years after the original Constitution was enacted without
4 a guarantee with respect to education financing, it was amended to include a 15
5 percent guaranteed budgetary floor for public education. In 1995, the very next
6 opportunity to address the CNMI Constitution, members of the Third Constitutional
7 Convention suggested removing Section 1(e) in its entirety, reporting that the
8 Judiciary Committee:

9 does not believe that earmarking has produced a higher quality of
10 education over the past 10 years. The school system should have to
11 justify its budget to the legislature just like any other agency. There
12 are competing interests such as the health care system
13 Earmarking revenues introduces an inflexibility into the system that
14 may prevent the legislature from making the best choices in the
15 interest of all the people.”

16
17 Committee Report No. 5 at 15, Committee on Judiciary and Other Elected Offices
18 (July 18, 1995).

19 This Act avoids unpredictable courses of action, be it in the courts or in the
20 ballot box that may adversely affect PSS, by statutorily establishing clear
21 definitions. This will ensure greater budgetary transparency, reduce the risk of
22 legal disputes that can lead to unintended consequences, and uphold the
23 commitment to a well-funded and sustainable Public School System.

1 **Section 2. Enactment.** A new Chapter 8, titled, “CNMI Constitution Art.
2 XV Definitions.” is added to Title 1, Division 7, “Planning, Budgeting, and
3 Auditing,” of the Commonwealth Code that provides as follows:

4 **“CNMI Constitution Art. XV Definitions.**

5 **§ 101. General Revenues.**

6 Notwithstanding any CNMI law, regulation, or rule to the contrary,
7 for the purposes of this Title, and in any context involving the
8 mandatory appropriation of revenues for public education, the term
9 General Revenues refers to Commonwealth revenue available for
10 appropriation, which includes all budgetary resources legally
11 available for appropriation in a given fiscal year, less those revenues
12 defined as Special Revenues in this Chapter and less debt service
13 and mandatory payments to the NMI Settlement Fund under the
14 Settlement Agreement.

15 **§ 102. Special Revenues**

16 Notwithstanding any CNMI law, regulation, or rule to the contrary,
17 for the purposes of this Title, and in any context involving the
18 mandatory appropriation of revenues for public education, the term
19 Special Revenues refers to any revenue that meets all of the
20 following criteria:

1 1. The revenue is derived from a constitutionally or statutorily
2 identified source;

3 2. It is deposited into an account separate from the General
4 Fund; and

5 3. It is earmarked or dedicated to a specific constitutionally or
6 statutorily defined purpose.

7 **§ 103. Annual Budget**

8 Notwithstanding any CNMI law, regulation, or rule to the contrary,
9 for the purposes of this Chapter, and in any context involving the
10 mandatory appropriation of revenues for public education, the term
11 “Annual Budget” refers to the financial plan approved by the
12 Legislature for a specific fiscal year, which includes the
13 appropriation of no less than 25% of General Revenues to the Public
14 School System, as required by Article XV, Section 1(e) of the CNMI
15 Constitution and consistent with sections 101 and 102 of this
16 Chapter.”

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


1 **Section 4. 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 5. Effective Date.** This Act shall take effect upon its approval by
9 the Governor, or it becoming law without such approval.


Prefiled: 6/20/2025



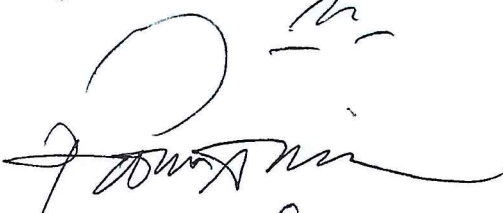


Date: 6-20-25

Introduced by:


Rep. Roman C. Benavente

Reviewed for Legal Sufficiency by:

 6/20/25
House Legal Counsel






R. [unclear]



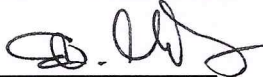
HOUSE OF REPRESENTATIVES
TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH
LEGISLATURE

EDMUND S. VILLAGOMEZ
SPEAKER

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

Rep. JP Sablan
RECEIVED
6/24/25 AM

MEMORANDUM

DATE : June 24, 2025
TO : CHAIRMAN JOHN PAUL P. SABLAN, WM COMMITTEE
FROM : SPEAKER EDMUND S. VILLAGOMEZ 
SUBJECT : Referral of Legislation

In accordance with Rule IX, Section 8, I hereby refer the following measure for the Ways and Means Committee's review:

H. B. No. 24-33: To statutorily define the scope of the Commonwealth's annual General Revenues within the meaning of Article XV, Section 1(e) of the NMI Constitution. Introduced by Rep. Roman C. Benavente of Saipan, Precinct 1 (for himself, Representatives Blas Jonathan "BJ" T. Attao, Angelo A. Camacho, Joseph A. Flores, Marissa R. Flores, Thomas J. DIC. Manglona, Julie M. A. Ogo, John Paul P. Sablan, Patrick H. San Nicolas, Denita Kaipat Yangetmai, and Ralph N. Yumul) on June 20, 2025.

The Committee has 60 days to submit a written report on the legislation; therefore, I urge the Committee to review promptly the aforementioned legislation.

cc: Senate President
House Members
LB Director
House Clerk



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SPEAKER


Honorable Jesus P. Mafnas Memorial Building
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cnmileg.net

RECEIVED
R. C. Benavente

MEMORANDUM

DATE : June 24, 2025

TO : CHAIRMAN ROMAN C. BENAVENTE, EDUCATION
COMMITTEE

FROM : SPEAKER EDMUND S. VILLAGOMEZ 

SUBJECT : Referral of Legislation

In accordance with Rule IX, Section 8, I hereby refer the following measure for the Education Committee's review:

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Rep. Roman C. Benavente

Reviewed for Legal Sufficiency by:

 6/20/25
House Legal Counsel

