

TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH

LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

_____ Session, 2025

H. B. 24-38

A BILL FOR AN ACT

To establish a dedicated CNMI Emergency Reserve Fund (“Rainy Day Fund”) with annual mandatory deposits and procedures for fund disbursement in times of declared emergency, while ensuring fiscal accountability.

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

1 **Section 1. Short Title.** This Act may be cited as the “Rainy Day Fund Act
2 of 2025.”

3 **Section 2. Findings and Purpose.** Securing long-term fiscal stability while
4 responding to short-term crises is a recurring challenge for the Commonwealth. The
5 Legislature finds that repeated natural disasters and economic shocks—including
6 Super Typhoons Soudelor, Mangkhut, and Yutu, followed by the COVID-19
7 pandemic—have exposed the limitations of reactive budgeting. In each instance,
8 the absence of a pre-committed emergency reserve delayed the government’s
9 response and placed undue strain on general operations. This Act corrects that
10 structural vulnerability by establishing a statutory Rainy Day Fund with annual
11 deposits of \$1,000,000 or one percent of General Revenues, whichever is greater,
12 beginning in Fiscal Year 2026.

1 Acknowledging existing statutory measures, the Legislature affirms that
2 this Act supplements—not repeals—Public Law 20-82, codified at 4 CMC § 2308,
3 which established a Commonwealth Reserves Fund. While that law shares the same
4 general policy aim, it lacks an enforceable deposit mechanism, disbursement
5 controls, and protections against fund lapse. This law was also enacted during a
6 period of anticipated gaming revenues that have proven to be inconsistent.
7 Likewise, the contingency-based funding authority for mayors under 1 CMC §
8 5109 supports local flexibility but does not provide a centralized fiscal buffer for
9 Commonwealth-wide emergencies. This Act, however, enhances both efforts by
10 creating a durable, centralized reserve structure with automatic deposits and defined
11 access protocols.

12 Valid emergency declarations by the Governor shall serve as the sole basis
13 for initiating fund disbursement. The Governor’s role in identifying emergencies is
14 constitutionally grounded; however, fund release remains subject to a joint
15 resolution of the Legislature. To preserve emergency responsiveness while
16 ensuring oversight, the joint resolution process under this Act operates outside of
17 budget legislation and is exempt from veto or override. This preserves clear lines
18 of accountability between the branches without inviting judicial second-guessing
19 of political judgment calls during times of crisis.

1 Ensuring transparency and trust in the use of these funds, the Secretary of
2 Finance is required to submit a detailed report to the Legislature no later than 180
3 days after the end of an emergency declaration—or 60 days before the end of the
4 fiscal year, whichever comes first. This report must account for each disbursement
5 and include recommendations for future policy improvements. The Fund is hereby
6 designated as non-lapsing, shall remain segregated from the General Fund, and is
7 classified as a Special Revenue Fund not subject to the education set-aside under
8 Article XV, Section 1(e) of the CNMI Constitution.

9 Strengthening the Commonwealth’s emergency posture without
10 undermining existing frameworks, this Act creates an enduring reserve mechanism
11 that aligns with best practices in fiscal governance. It prioritizes readiness over
12 reaction without displacing localized or prior statutory tools and establishes a
13 permanent fiscal safeguard aligned with best practices in public finance. By
14 separating emergency savings from political budgeting cycles and reinforcing—but
15 not supplanting—existing statutory tools, including 1 CMC § 5109 and 4 CMC §
16 2308, the Commonwealth SAVES: it Secures stability, Acknowledges gaps,
17 Validates separation of powers, Ensures accountability, and Strengthens resilience.

18 **Section 3. Enactment:** Subject to codification by the CNMI Law Revision
19 Commission, there is hereby enacted a new Chapter under Title 1, Division 7 of the
20 Commonwealth Code to read as follows:

1 **“Chapter ____ . CNMI Emergency Reserve Fund.**

2 **§ 101. Emergency Reserve Fund Established.**

3 (a) There is hereby established within the Commonwealth Treasury
4 a Special Revenue fund to be known as the CNMI Emergency
5 Reserve Fund (hereinafter also referred to as the “Fund”).

6 (b) Within 30 days of the effective date of the Commonwealth
7 annual budget appropriation, the Secretary of Finance shall
8 deposit \$1,000,000 or an amount equal to one percent of the
9 General Revenues, as defined herein in subsection (e),
10 whichever is greater, annually into the Fund, beginning Fiscal
11 Year 2026.

12 (c) Said revenues in the Fund shall not be subject to allocation under
13 Article XV, Section 1(e) of the Commonwealth Constitution.

14 (d) The Fund shall not lapse at the end of a fiscal year and shall not
15 be used for any purpose except as provided in this Chapter.

16 (e) For the purposes of this Chapter, term “General Revenues”
17 refers to Commonwealth revenue available for appropriation,
18 which includes all budgetary resources legally available for
19 appropriation in a given fiscal year, less those revenues defined
20 as “Special Revenues”, and less debt service, and mandatory
21 payments to the NMI Settlement Fund under the Settlement

1 Agreement. The Fund is expressly designated as Special
2 Revenue.

3 **§ 102. Executive Request for Disbursement.** The Governor or his
4 or her designee may, upon issuing a valid emergency declaration
5 pursuant to applicable law, submit a written request to the
6 Legislature for the use of the Fund. The request shall specify: (1)
7 The nature of the emergency; (2) The total amount of funds
8 requested; and (3) The purpose for which the funds will be used.

9 **§ 103. Legislative Appropriation by Joint Resolution.** The
10 Legislature may appropriate funds from the CNMI Emergency
11 Reserve Fund solely by joint resolution. The appropriation shall:

12 (a) Be limited to purposes directly related to the declared
13 emergency;

14 (b) Be enacted through a joint resolution and not be included
15 in any budget act, general appropriation bill, or committee report;

16 (c) Not be subject to veto or override procedures; and

17 (d) Be transmitted to the Governor for information purposes
18 only.

19 **§ 104. Reporting by Secretary of Finance.** No later than 180
20 calendar days after the termination of the applicable emergency
21 declaration, or not less than 60 days prior to the end of the fiscal

1 year, whichever is earlier as determined by the Secretary of Finance,
 2 the Secretary shall submit a report to the presiding officers of the
 3 Legislature on all expenditures made from the Fund. The report
 4 shall include:

- 5 (1) The amount disbursed;
- 6 (2) The specific use of each disbursement;
- 7 (3) The remaining balance; and
- 8 (4) Any recommendations for future improvement.

9 **§ 105. Nonjusticiability.** No court of the Commonwealth shall have
 10 jurisdiction to enjoin, review, or invalidate any provision of this
 11 Chapter or any action taken pursuant to it, including the validity of
 12 an emergency declaration, the Governor’s request, or a legislative
 13 appropriation under this Chapter.”

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

19 **Section 5. Savings Clause.** This Act and any repealer contained herein
 20 shall not be construed as affecting any existing right acquired under contract or
 21 acquired under statutes repealed or under any rule, regulation, or order adopted


1 under the statutes. Repealers contained in this Act shall not affect any proceeding
2 instituted under or pursuant to prior law. The enactment of the Act shall not have
3 the effect of terminating, or in any way modifying, any liability, civil or criminal,
4 which shall already be in existence on the date this Act becomes effective.

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

Prefiled: 7/10/2025

Date:

Introduced by:


Rep. Diego V.F. Camacho



Reviewed for legal sufficiency by:

Joseph L.G. Tajeron, Jr. 7/9/25
Joseph L.G. Tajeron, Jr., House Legal Counsel

Date: