

**TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH
LEGISLATURE**

IN THE HOUSE OF REPRESENTATIVES

Session, 2025

H. B. 24-53

A BILL FOR AN ACT

To amend 1 CMC § 7831 to exempt the Commonwealth Utilities Corporation (CUC) from the mandatory one percent (1%) Public Auditor Fee, forgive all arrears related to such fee, and establish a cost-based audit recovery system with mandatory reporting and penalties for noncompliance; and for other purposes.

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

1 **Section 1. Findings and Purpose.** Fairness requires that ratepayers bear
2 only the true cost of utility service. While the Office of the Public Auditor (OPA)
3 fulfills a constitutional mandate to ensure accountability, the statutory one percent
4 (1%) Public Auditor Fee imposed on the Commonwealth Utilities Corporation
5 (CUC) is passed through to consumers and often exceeds the actual value of
6 services received.

7 Under prior laws, exemptions have been granted where equity and
8 compliance so required. Public Law 15-107 exempted the Public School System,
9 and Public Law 22-18 exempted the Commonwealth Ports Authority's airport
10 revenues. This Act applies the same principle of consistent treatment to CUC.

11 Notwithstanding OPA's vital role, CUC already undergoes federally
12 mandated independent audits as a condition of its grants and loans. Layering the

1 statutory fee on top of these obligations results in duplication, inefficiency, and
2 unnecessary financial strain on the public.

3 Directing a balanced solution, this Act exempts CUC from the 1% Public
4 Auditor Fee, forgives all arrears owed under that fee, and establishes a cost-based
5 system under which OPA may recover only for services actually provided. It further
6 requires timely completion and full public disclosure of independent audits,
7 mandates submission of reports to oversight authorities, and imposes penalties for
8 noncompliance. Nothing in this Act reduces OPA's constitutionally guaranteed
9 \$500,000 annual appropriation.

10 **Section 2. Amendment.** Commonwealth Code Title 1, Government,
11 Division 7. Planning, Budgeting and Auditing, Part 3. Auditing Act, Chapter 3.
12 Budgeting and Funding for the Public Auditor, Section 7831. Authorization for
13 Funding by Commonwealth Agencies, subsections (d), (e), and (f) are hereby
14 amended to read as follows. Provided further that a new subsection (g) is hereby
15 enacted to read as follows:

16 “(d) Exemption: CNMI Legislature. The legislature shall be
17 exempt from the requirement of one percent contribution of
18 legislative funds to the office of the Public Auditor.

19 (e) Exemption: PSS. The Public School System (PSS) shall
20 be exempt from the withholding and payment requirements of
21 subsections (a) and (b) of this section; provided that one percent of
22 the budget appropriated to PSS shall be used exclusively for the

1 purchase of textbooks and shall not be reprogrammed for any other
2 purpose. The Commissioner of Education shall establish a Textbook
3 Account into which funds realized by operation of this subsection
4 shall be deposited. These funds shall not be commingled with other
5 PSS accounts and shall be used solely for the purposes of this
6 subsection. The Commissioner of Education shall be the
7 expenditure authority for funds deposited into the Textbook
8 Account.

9 (f) Exemption: CPA. The Commonwealth Ports Authority
10 (CPA) shall be exempt from the withholding and payment
11 requirements of subsections (a) and (b) as to CPA's airport revenues
12 only. This exemption does not apply to CPA's seaport revenues or
13 any other non-airport related funding sources of CPA. Provided, that
14 the Office of the Public Auditor (OPA) may charge the
15 Commonwealth Ports Authority a reasonable rate for any services
16 rendered to CPA, including services related in whole or in part to
17 CPA's airport operations and funding, and CPA shall pay OPA for
18 these services no later than the end of the fiscal year following the
19 year in which such service was requested or performed.

20 (g) Exemption: CUC. The Commonwealth Utilities
21 Corporation (CUC) shall be exempt from the withholding and
22 payment requirements of subsections (a) and (b) of this section.

1 CUC shall instead procure the services of an independent certified
2 public accountant or auditing firm for all required annual financial
3 audits and reviews, using competitive procurement and based on
4 prevailing market rates.

5 The Office of the Public Auditor (OPA) may charge CUC a
6 reasonable cost-based rate for any services actually rendered to
7 CUC, including but not limited to investigations, special audits, or
8 compliance reviews. CUC shall pay such charges no later than the
9 end of the fiscal year following the year in which services were
10 rendered.

11 The Commonwealth Public Utilities Commission (CPUC)
12 shall review CUC's non-fuel rates to ensure that only actual audit
13 costs are recovered from ratepayers.”

14 **Section 3. Forgiveness of Arrears.** All outstanding arrears owed by CUC
15 to OPA as of the effective date of this Act are forgiven and discharged in full, and
16 shall not be reimposed or reassessed.

17 **Section 4. Mandatory Audit and Reporting Requirement.**

18 (a) CUC shall complete and publish its independent annual financial audit
19 no later than one hundred twenty (120) days after the start of each new
20 fiscal year, which begins on October 1.

21 (b) The final audit report shall be:

22 1. Posted on CUC's official website,

- 1 2. Submitted to the CPUC for regulatory oversight,
- 2 3. Submitted to the Governor for informational purposes, and
- 3 4. Submitted to the Presiding Officers of the Legislature for public
- 4 accountability.

5 (c) Audit reports shall be available to the public upon request at no cost.

6 **Section 5. Penalties for Noncompliance.**

7 (a) Failure to submit the required audit report by the deadline shall result in:

- 8 1. An administrative fine of \$500 for the initial month of noncompliance;
- 9 and
- 10 2. An additional \$1,000 for each subsequent month until compliance is
- 11 achieved.

12 (b) Fines shall be deposited into the CNMI General Fund.

13 (c) Penalties shall not apply if CUC demonstrates that delay was due to

14 causes beyond its control and despite the exercise of due diligence.

15 (d) The penalties and fines provided in this section shall be assessed and

16 collected by the Commonwealth Public Utilities Commission, notwithstanding any

17 other provision of CNMI law to the contrary.”

18 **Section 6. 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

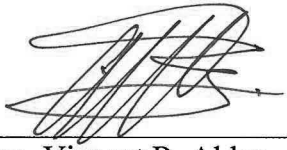
22 shall not be affected thereby.

1 **Section 7. 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.

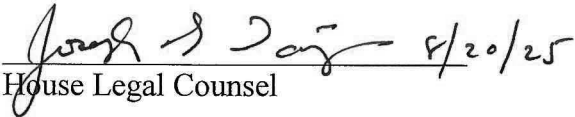
8 **Section 8. Effective Date.** This Act shall take effect upon its approval by
9 the Governor, or its becoming law without such approval.

Prefiled: 8/20/2025

Date: _____

Introduced by:  _____
Rep. Vincent R. Aldan

Reviewed for Legal Sufficiency by:


House Legal Counsel