

TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH

LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

Regular Session, 2025

H. B. 24-

56

A BILL FOR AN ACT

To establish the CNMI Air Service Development Matching Fund to support federal air service development grants, such as the Small Community Air Service Development Program, and to provide procedures and responsibilities related to the use of the Fund.

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

1           **Section 1. Short Title.** This Act may be cited as the “Air Service  
2 Development Matching Fund Act of 2025.”

3           **Section 2. Findings and Purpose.** The Legislature finds that the  
4 Commonwealth’s geographic isolation and limited commercial air service create  
5 significant barriers to economic recovery, tourism development, and public access  
6 to essential services.

7           The Legislature also finds that the U.S. Department of Transportation  
8 administers the Small Community Air Service Development Program (SCASDP)  
9 under 49 U.S.C. § 41743 to help small communities improve their air service  
10 through flexible, community-designed projects that may include route subsidies,  
11 tourism marketing, and air service feasibility studies.

1           In Fiscal Year 2021, the Commonwealth Ports Authority (CPA) submitted  
2 a SCASDP application that sought \$1.9 million in funding. The application was not  
3 selected for award, primarily due to the absence of a clearly defined public-private  
4 partnership, the lack of a proposed non-airport local cost match, and the size of the  
5 funding request. The U.S. Department of Transportation advised CPA to  
6 collaborate more closely with local agencies and obtain letters of support from both  
7 public and private stakeholders to enhance the competitiveness of its future  
8 applications.

9           The Legislature also recognizes that federal air service development grant  
10 awards can be used to support broader public interests. For example, improvements  
11 to air service can promote access to healthcare and education and attract tourists  
12 from key markets. Additionally, federal air service development grant funds can  
13 also typically be used to assist with community-specific studies and other locally  
14 relevant initiatives that enhance the overall quality of life and economic resilience  
15 of the Commonwealth.

16           Thus, the purpose of this Act is to establish the CNMI Air Service  
17 Development Matching Fund, to provide a credible and organized mechanism for  
18 supporting federal air service development applications, and to ensure that the  
19 CNMI is prepared to submit competitive proposals that reflect community needs,  
20 demonstrate meaningful public-private cooperation, and align with federal  
21 priorities.

1           **Section 2. Enactment.** Division 2 of Title 4 of the Commonwealth Code  
2 is hereby amended by adding a new Chapter 4 to read as follows:

3           **“Chapter 4. Air Service Development**

4           **§ 2401. Definitions.**

5           For the purposes of this Chapter, unless the context clearly requires  
6 otherwise:

7           (a) “Air service development grant” means a federally administered grant  
8           program that provides funding to support the improvement,  
9           restoration, or expansion of commercial air service in small or  
10           underserved communities, including, but not limited to, the Small  
11           Community Air Service Development Program (SCASDP) under 49  
12           U.S.C. § 41743.

13           (b) “Commonwealth Ports Authority” or “CPA” means the autonomous  
14           public corporation established under 2 CMC § 2121 that is responsible  
15           for the operation and development of the Commonwealth’s ports.

16           (c) “Marianas Visitors Authority” or “MVA” means the public corporation  
17           established under 4 CMC § 2102 that is tasked with promoting tourism  
18           to the Commonwealth.

19           (d) “Non-airport local match” means the portion of a required grant  
20           matching contribution that originates from sources other than airport  
21           revenues, such as appropriations, private contributions, pledges, or

- 1 other non-aeronautical funds.
- 2 (e) “Public-private partnership” means a voluntary, cooperative  
3 arrangement between government and private-sector entities that  
4 includes financial contributions, in-kind support, or documented  
5 stakeholder participation in pursuit of a federal air service  
6 development grant.
- 7 (f) “Revenue guarantee” means a financial incentive offered to an air carrier  
8 under federal grant terms that cover a portion of revenue shortfall in  
9 air service operations.
- 10 (g) “Small Community Air Service Development Program” or “SCASDP”  
11 means the program administered by the United States Department of  
12 Transportation under 49 U.S.C. § 41743, which awards grants to small  
13 communities to support customized air service development  
14 initiatives.
- 15 (h) “The Fund” means the CNMI Air Service Development Matching Fund  
16 established under § 2402 of this Chapter.
- 17 (i) “Travel bank” means a fund or escrow account supported by voluntary  
18 deposits or pledges and to be used exclusively for the purchase of air  
19 travel on a specific route if the proposed service is established through  
20 a successful grant award.

1           **§ 2402. CNMI Air Service Development Matching Fund.**

2           (a) There is hereby established the CNMI Air Service Development  
3           Matching Fund, a special fund within the Commonwealth Treasury, to  
4           be administered by the Commonwealth Ports Authority, in  
5           coordination with the Marianas Visitors Authority and the CNMI  
6           Department of Finance.

7           (b) The Fund shall be used exclusively to support activities authorized  
8           under, or undertaken in connection with, federally administered air  
9           service development grant programs, including but not limited to the  
10          United States Department of Transportation Small Community Air  
11          Service Development Program. Eligible uses of the Fund include:

- 12          (1) Providing the non-airport local match for federal air service  
13          development grants;
- 14          (2) Paying for associated grant development or technical assistance  
15          costs;
- 16          (3) Funding marketing, promotion, or route guarantee expenses as  
17          authorized by federal grant terms;
- 18          (4) Providing financial incentives to air carriers consistent with federal  
19          law, including revenue guarantees and travel banks;
- 20          (5) Defraying the cost of facility upgrades or ground handling  
21          agreements necessary for new air service;

- 1           (6) Conducting market or noise mitigation studies related to air service  
2                    viability or expansion;
- 3           (7) Supporting tourism-focused air service marketing or public  
4                    awareness efforts; and
- 5           (8) Enhancing community resilience and connectivity through all non-  
6                    subsidy air service development activities authorized under any air  
7                    service development grant.

8           **§ 2403. Sources of Funding.**

- 9           (a) The Fund may consist of:
- 10                   (1) Legislative appropriations;
- 11                   (2) Donations, pledges, contributions, and grants from private  
12                    businesses, nonprofit organizations, individuals, or foundations;
- 13                   (3) Funds allocated by the Marianas Visitors Authority for air service  
14                    marketing or tourism promotion; and
- 15                   (4) Voluntary travel bank pledges or deposits, provided that all such  
16                    pledges and deposits are used exclusively for ticket purchases on  
17                    supported routes.

18           **§ 2404. Designation of Lead Grant Applicant and Administrator.**

- 19           (a) The Commonwealth Ports Authority (CPA) is hereby designated as the  
20                    official grant sponsor for the purpose of applying for, receiving, and  
21                    administering federal funds awarded under any air service

1 development grant, including the U.S. Department of Transportation's  
2 Small Community Air Service Development Program and other similar  
3 programs.

4 (b) CPA shall administer the CNMI Air Service Development Matching  
5 Fund established by this Chapter. CPA is authorized to:

6 (1) Coordinate the submission of any air service development grant  
7 application;

8 (2) Enter into grant agreements with the federal government;

9 (3) Receive and disburse funds in accordance with federal and local law;  
10 and

11 (4) Monitor and report on the use of funds consistent with grant terms  
12 and applicable regulations.

13 (c) CPA shall consult and coordinate with the Marianas Visitors Authority,  
14 the CNMI Department of Commerce, and the Office of the Governor  
15 in identifying eligible projects and preparing any application for air  
16 service development grant funding. CPA shall convene an interagency  
17 working group to guide the identification and development of such  
18 projects.

19 **§ 2405. Roles and Responsibilities of Supporting Agencies.**

20 (a) The Marianas Visitors Authority (MVA), the CNMI Department of  
21 Commerce, and the Office of the Governor shall support the

1 Commonwealth Ports Authority in developing, applying for, and  
2 implementing any federal air service development grant projects  
3 supported by the CNMI Air Service Development Matching Fund  
4 established by this Chapter.

5 (b) As the CNMI's lead tourism and destination marketing agency, MVA  
6 shall:

7 (1) Coordinate stakeholder outreach and the establishment of public-  
8 private partnerships in support of any federal air service  
9 development grant application;

10 (2) Prepare and distribute informational materials, contribution pledge  
11 forms, and promotional summaries for community participation;

12 (3) Collect and maintain documentation of local support and  
13 participation to be submitted as part of any federal air service  
14 development grant application; and

15 (4) Support implementation of marketing or route awareness  
16 campaigns, where applicable.

17 (c) As the agency responsible for economic development planning and data  
18 collection, the CNMI Department of Commerce shall:

19 (1) Provide relevant economic, business, and demographic data in  
20 support of air service feasibility and market justification;

21 (2) Assist in preparing economic impact narratives or statements; and

1           (3) Coordinate with CPA in identifying key industries and regional  
2           travel needs that the project may address.

3           (d) As the central executive coordinating authority, the Office of the  
4           Governor shall:

5           (1) Endorse and certify grant applications submitted under this Chapter  
6           where required;

7           (2) Provide letters of support and intergovernmental coordination to  
8           demonstrate executive commitment to the project; and

9           (3) Facilitate engagement with federal agencies or representatives to  
10          support the Commonwealth's applications for federal air service  
11          development grants.

12           **§ 2406. Public-Private Partnership Framework.**

13          (a) For any federal air service development grant pursued with support from  
14          the CNMI Air Service Development Matching Fund, the grant  
15          application shall strive to provide at least 20% of the total local match  
16          from non-airport, non-government sources, including but not limited  
17          to:

18          (1) Cash contributions from local businesses;

19          (2) In-kind contributions related to marketing or travel bank  
20          arrangements; and

21          (3) Direct sponsorships or cooperative advertising agreements.

- 1 (b) Only contributors to the CNMI Air Service Development Matching  
2 Fund shall be:
- 3 (1) Eligible for inclusion in government-led tourism marketing or co-  
4 branded airline promotions tied to the air service project;
- 5 (2) Recognized as participating stakeholders in official media, signage,  
6 press events; and
- 7 (3) Eligible for inclusion in travel packages, promotional deals, and  
8 other opportunities generated through the grant.
- 9 (c) Entities that decline to contribute may be excluded from promotions or  
10 partnerships associated with the grant-supported service.

11 **§ 2407. Reporting and Oversight.**

- 12 (a) CPA and MVA shall jointly:
- 13 (1) Publicly solicit contributions to the Fund within 45 days of the  
14 enactment of this Chapter; and
- 15 (2) Issue a written list of contributing stakeholders prior to each grant  
16 submission.
- 17 (b) The Office of the Public Auditor shall have oversight over the Fund  
18 pursuant to existing law.

19 **§ 2408. Rulemaking Authority.**

- 20 (a) The Commonwealth Ports Authority, in consultation with the Marianas  
21 Visitors Authority, the Department of Commerce, and the Department

1 of Finance, is authorized to adopt rules and regulations as may be  
2 necessary to implement this Chapter, including procedures for the  
3 administration of the CNMI Air Service Development Matching Fund,  
4 standards for verifying pledges or contributions, and requirements for  
5 stakeholder participation.”

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

11 **Section 5. Savings Clause.** This Act and any repealer contained herein  
12 shall not be construed as affecting any existing right acquired under contract or  
13 acquired under statutes repealed or under any rule, regulation, or order adopted  
14 under the statutes. Repealers contained in this Act shall not affect any proceeding  
15 instituted under or pursuant to prior law. The enactment of the Act shall not have  
16 the effect of terminating, or in any way modifying, any liability, civil or criminal,  
17 which shall already be in existence on the date this Act becomes effective.

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

Prefiled: 8/25/2025

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

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

Rep. Angelo A. Camacho

Reviewed for Legal Sufficiency by:  
[Signature] August 22, 2025  
House Legal Counsel

[Signature]

[Signature]  
[Signature] RB  
[Signature]