

TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH

LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

First Regular Session, 2025

H. B. 24- 7

A BILL FOR AN ACT

To ensure that the expenditure authority designated in the Annual Appropriation Act retains authority over all funds appropriated to it.

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

1 **Section 1. Findings.** The Separation of Powers doctrine mandates that the
2 Commonwealth government consists of three co-equal and independent branches:
3 the Legislature, which enacts laws; the Executive, which enforces laws; and the
4 Judiciary, which interprets laws. To function effectively and prevent undue
5 influence, each branch must maintain fiscal autonomy and control over its
6 appropriated funds.

7 To uphold this principle, this Act establishes the Legislature Operations
8 Fund and Judicial Operations Fund, ensuring financial independence for both
9 branches. The CNMI Constitution explicitly mandates a system of government
10 composed of three co-equal and independent branches—Legislative, Executive,
11 and Judicial—each with distinct responsibilities and powers. Articles II, III, and IV
12 of the Constitution enshrine this principle, preventing any one branch from exerting

1 undue control over another.

2 The Judiciary already exercises a degree of fiscal autonomy, as it has been
3 delegated authority by the Secretary of Finance to oversee its appropriations and
4 manage its expenditures. However, the Legislature has not been granted such
5 authority, leaving it reliant on the Executive Branch for financial control over its
6 operations.

7 This disparity creates an imbalance that this Act seeks to correct by ensuring
8 that both the Judiciary and the Legislature have full control over their respective
9 budgets. These funds will be managed separately, with independent financial
10 records and bank accounts, and appropriations will be allotted quarterly to maintain
11 stability and predictability. By maintaining financial independence, each branch
12 can effectively fulfill its constitutional responsibilities without reliance on, or
13 interference from, another branch.

14 Furthermore, this Act guarantees a minimum appropriation of 9% of
15 available funds for the Legislature and 7% for the Judiciary. Each branch will have
16 full expenditure authority over its respective fund, aligning with established fiscal
17 practices of autonomous agencies. While the Legislative Bureau and Judiciary will
18 manage their funds, they will also adhere to general accounting principles and
19 submit financial reports to the Department of Finance for transparency, ensuring
20 responsible financial oversight without undermining autonomy.

21 To prevent executive overreach, this Act prohibits unilateral

1 impoundments, budget reductions, or reallocations that could compromise the
2 financial independence of the Judiciary and Legislature. Any changes to
3 appropriations, including reductions, must be enacted through legislative
4 amendments rather than executive actions, ensuring that fiscal decision-making
5 remains a shared responsibility among co-equal branches of government.

6 **Background and Predecessor Legislation: House Bill 23-27**

7 House Bill 23-27 was introduced on March 9, 2023, by Representative
8 Joseph A. Flores in response to growing concerns that the Executive Branch had
9 overstepped its constitutional boundaries by exerting excessive control over
10 legislative and judicial appropriations. Historically, the Executive Branch has
11 exercised broad discretion over budget allocations, including the ability to withhold
12 or reprogram funds appropriated to the Judiciary and Legislature. This practice
13 raised constitutional concerns, as it effectively placed financial decision-making
14 authority in the hands of the Executive, undermining the independence of the other
15 two branches.

16 To address this imbalance, House Bill 23-27 explicitly prohibited the
17 Executive Branch from impounding, reprogramming, or otherwise restricting funds
18 already appropriated to the Judiciary and Legislature. By doing so, it sought to
19 reinforce the principle that each branch of government must have direct and
20 unimpeded access to the resources necessary to fulfill its constitutional duties.

21 Building upon this foundation, this Act strengthens and codifies these

1 protections to ensure that fiscal autonomy remains a permanent safeguard against
2 undue executive interference.

3 The Judiciary strongly supported HB 23-27, recognizing that financial
4 independence is essential to upholding its constitutional role and ensuring an
5 impartial and effective judicial system. In comments submitted by Chief Justice
6 Alexandro C. Castro and Presiding Judge Roberto C. Naraja, the Judiciary
7 emphasized:

8 "Under Article IV of the NMI Constitution, the Judiciary is unequivocally
9 acknowledged as a co-equal, independent branch of government. Sections 3, 4, 5,
10 and 6 of House Bill 23-27 recognize this independence, particularly as to the
11 Judiciary's fiscal authority. The ability to exercise independent fiscal decision-
12 making is a necessity to uphold the rule of law, maintain public confidence, and
13 prevent encroachment by another branch. For these reasons, the Judiciary fully
14 supports the passage of House Bill No. 23-27." (Judiciary Comments, April 13,
15 2023)

16 By codifying and strengthening these principles, this Act ensures that fiscal
17 autonomy remains protected as a cornerstone of government accountability and
18 separation of powers.

19 **Rebuttal to the Attorney General's Opinion on HB 23-27**

20 The CNMI Attorney General contended that HB 23-27 conflicts with
21 constitutional provisions related to budget ceilings and financial control under

1 Article X, Section 8. However, these claims misinterpret the intent of the
2 Constitution and the necessity of fiscal autonomy within a system of checks and
3 balances.

4 First, the claim that the legislative budget ceiling would be violated is
5 speculative. This Act does not automatically exceed the constitutional ceiling, as
6 any adjustments remain subject to the limitations of Article II, Section 16. The
7 Legislature retains the authority to amend budgetary frameworks within
8 constitutional constraints, making the concern unfounded.

9 Second, the assertion that Article X, Section 8 grants the Department of
10 Finance exclusive control over public funds is an overreach. The provision was
11 intended to ensure financial oversight, not to consolidate financial control under the
12 Executive Branch. If this interpretation were correct, existing statutory provisions
13 that grant expenditure authority to the Judiciary and Legislature would be
14 unconstitutional, which they are not.

15 The Second Constitutional Convention, which added Article X, Section 8,
16 aimed to promote financial accountability, not to subordinate the Judiciary and
17 Legislature to the Executive Branch. The Attorney General's interpretation
18 conflicts with statutory provisions that allow for separate branches to control their
19 budgets. Given its inconsistency with the Separation of Powers doctrine, it is clear
20 that the Attorney General Opinion does not directly contradict the intent of this bill.

21

1 Article X, Section 8 should be read and applied to better align with the
2 Constitution's foundational principles that allow for Legislative and Judicial
3 autonomy. The 1985 Second Constitutional Convention introduced Proposed
4 Amendment 31, which added Section 8 to Article X of the CNMI Constitution. The
5 primary intent of this amendment was to ensure financial accountability by
6 regulating specific expenditures, such as subsistence allowances for individual
7 legislators, which were capped at \$5,000 per member. The focus was on requiring
8 "full and reasonable documentation" for these particular expenses to confirm they
9 served a public purpose.

10 This targeted oversight was not intended to extend to the entire budgets of
11 the Legislative or Judicial branches. Therefore, interpreting Article X, Section 8 as
12 granting the Department of Finance broad authority over the overall budgets of
13 these co-equal branches conflicts with the original intent of the amendment. Such
14 an expansive interpretation could undermine the Separation of Powers doctrine by
15 subordinating the Legislature and Judiciary to the Executive Branch.
16 Consequently, it is essential to interpret Article X, Section 8 within the context of
17 its original purpose—ensuring accountability for specific individual
18 expenditures—rather than as a mechanism for overarching control of the
19 Legislative and Judicial budgets. This understanding supports the establishment of
20 the Legislature Operations Fund and Judicial Operations Fund, to maintain the
21 financial independence of these branches.

1 **Section 2. Enactment.** Title 1, Division 1 Legislative Branch, of the
2 Commonwealth Code is amended by adding a new Chapter 7, titled, “Legislative
3 Branch Funding,” that shall read as follows:

4 **“Chapter 7. Legislative Branch Funding.**

5 **Section 1701. Legislative Bureau.**

6 The Legislative Bureau is established by the N.M.I.
7 Constitution, Art. II, Sec. 17 to provide all required services to the
8 members of the legislature in connection with their duties and
9 responsibilities and to maintain all records, files, library and other
10 documents of the legislature.

11 **Section 1702. Legislature Operations Fund.**

12 (a) There is hereby established a fund to be known as the
13 “Legislature Operations Fund” (Fund) which shall be maintained
14 separate and apart from other funds of the Commonwealth
15 government. Independent records and accounts shall be maintained
16 for the Fund by the Legislative Bureau.

17 (b) Each annual appropriation act shall appropriate to the
18 Legislative Branch not less than 9% of the funds identified by the
19 Governor as available for appropriation, or the amount that was
20 appropriated to the Legislature in the previous annual appropriation,
21 whichever is greater, but in any event this appropriation shall not

1 exceed the limit set forth in Article II, section 16, of the CNMI
2 Constitution.

3 (c) The expenditure authority over the funds in the
4 Legislature Account shall be the Director of the Legislative Bureau.
5 Consistent with Public Law 15-71 section 2, "Reprogramming
6 Authority," notwithstanding any provision of law to the contrary,
7 including, but not limited to, 1 CMC §§7205, 7402, 7403 and 7831,
8 the expenditure authorities listed herein shall have authority to
9 reprogram all or a portion of the funds under his or her expenditure
10 authority.

11 (d) The funds in the Legislative Account shall be expended
12 in accordance with the regulations of the Department of Finance for
13 the Control of Public Funds except where these regulations require
14 certification of funds or expenditure authority to be directly
15 controlled or regulated by the Department of Finance in a manner
16 expressly inconsistent with this Act.

17 (e) The Legislative Bureau shall establish such bank
18 accounts as are necessary for the Legislature Operations Fund in
19 banks qualified to hold government deposits.

20 (f) All moneys received by the Legislature from whatever
21 source shall be deposited in the Fund's bank accounts.

1 (g) All appropriations by the Commonwealth shall be
2 allotted and transferred to the Fund's bank account at the beginning
3 of each quarter.

4 (h) All debts, liabilities, obligations and operational
5 expenses of the Legislature and its members, the Legislative Bureau
6 and the Commonwealth of the Northern Mariana Islands Youth
7 Congress shall be paid from the Fund.

8 **Section 1703. Legislature Fund Sub Accounts.**

9 The following Sub Accounts are established within the
10 Legislature Fund:

11 (a) House of Representatives Members Personnel Account
12 to fund the salaries and benefits of the members of the House of
13 Representatives.

14 (b) Senate Members Personnel Account to fund the salaries
15 and benefits of the members of the Senate.

16 (c) House Members' Office Accounts. Funds allocated for
17 the operation of the member's office, including, but not limited to,
18 the personnel costs of the member's employees and expenditures as
19 authorized by the adopted rules of the House of Representatives.
20 Each Member may initiate a request for payment of the funds
21 allocated to their account.

1 (d) Senate Members' Office Accounts. Funds allocated for
2 the operation of the member's office, including, but not limited to,
3 the personnel costs of the member's employees and expenditures as
4 authorized by the adopted rules of the Senate. Each Member may
5 initiate a request for payment of the funds allocated to their account.

6 (e) House Leadership Account. The Speaker of the House, is
7 authorized to request such funds in support of the conduct of official
8 and representational duties to the district from which elected. The
9 Speaker of the House shall distribute a portion of the total
10 appropriation in equal amounts to each of the standing committees
11 in support of the conduct of official and representational duties to
12 the standing committee from which they preside as chairman.

13 (f) Senate Leadership Accounts. The President of the Senate,
14 is authorized to request such funds in support of the conduct of
15 official and representational duties to the district from which
16 elected. The Senate President shall distribute a portion of the total
17 appropriation in equal amounts to each of the standing committees
18 in support of the conduct of official and representational duties to
19 the standing committee from which they preside as chairman.

20 (g) Legislative Bureau. A request for payment may be
21 initiated by the Director of the Legislative Bureau.

1 (h) Northern Marianas Youth Congress. A request for
2 payment may be initiated by the Director of the Legislative Bureau.

3 Section 1704. Expenditure Ceilings.

4 (a) The N.M.I. Constitution, Art. II Sec. 16(e) of the
5 Commonwealth Constitution provides: "Beginning the second
6 Monday of January 1998, the amount of the ceiling and all other
7 dollar amounts stated in this section shall be adjusted every two
8 years by the same percentage as the percentage change in the United
9 States Department of Commerce composite price index during the
10 two preceding fiscal years using the beginning of fiscal year 1996
11 as the base."

12 (b) Consistent with N.M.I. Constitution, Art. II Sec. 16(e),
13 the annual fiscal year expenditure levels for the sub accounts listed
14 in §1703 shall be determined every two years by the Director of the
15 Legislative Bureau and adopted by joint resolution by both houses
16 of the Legislature.

17 **Section 1705. Reporting to the Department of Finance.**

18 Consistent with Article X, section 8, the Legislative Branch
19 must provide comprehensive financial reports that meet general
20 accounting principles to the Secretary of Finance on a quarterly
21 basis prior to expending funds for the next quarter."

1 **Section 3. Enactment.** Subject to codification by the CNMI Law Revision
2 Commission, Title 1, Government Division 3 Judicial Branch, of the
3 Commonwealth Code is hereby amended by adding a new Chapter titled, “Judicial
4 Branch Funding,” that shall read as follows:

5 **“Chapter XX. Judicial Branch Funding.**

6 **Section 101. Judicial Power.**

7 As set forth in N.M.I. Constitution, Art. IV, Sec. 1, the
8 judicial power of the Commonwealth shall be vested in a judiciary
9 of the Northern Mariana Islands which shall include one supreme
10 court and one superior court and such other inferior courts as
11 established by law. This Judicial branch shall be co-equal with and
12 independent of the executive and legislative branches.

13 **Section 102. Judicial Operations Fund.**

14 (a) There is hereby established a fund to be known as the
15 “Judicial Operations Fund” (Fund) which shall be maintained
16 separate and apart from other funds of the Commonwealth
17 government. Independent records and accounts shall be maintained
18 for the Fund by the Judicial Branch.

19 (b) Each annual appropriation act shall appropriate to the
20 Judicial Branch not less than 7% of the funds identified by the
21 Governor as available for appropriation, or the amount that was

1 appropriated to the Judicial Branch in the previous annual
2 appropriation, whichever is greater. Consistent with Public Law 15-
3 71 section 2, "Reprogramming Authority," notwithstanding any
4 provision of law to the contrary, including, but not limited to, 1
5 CMC §§7205, 7402, 7403 and 7831, as the expenditure authority of
6 the judicial branch, the Chief Justice shall have authority to
7 reprogram all or a portion of the funds under his or her expenditure
8 authority.

9 The expenditure authority over all other the funds
10 appropriated to or allocated within the Judiciary Branch shall be the
11 Chief Justice of the Supreme Court of the Commonwealth of the
12 Northern Mariana Islands.

13 (d) The funds in the Judicial Operations Fund Account shall
14 be expended in accordance with the regulations of the Department
15 of Finance for the Control of Public Funds except where these
16 regulations require certification of funds or expenditure authority to
17 be directly controlled or regulated by the Department of Finance in
18 a manner expressly inconsistent with this Act.

19 (e) The Judicial Branch shall establish such bank accounts
20 as are necessary for the Judicial Operations Fund in banks qualified
21 to hold government deposits.

1 (f) All moneys received by the Judicial Branch from
2 whatever source shall be deposited in the Fund's bank accounts.

3 (g) All appropriations by the Commonwealth shall be
4 allotted and transferred to the Fund's bank account at the beginning
5 of each quarter.

6 (h) All debts, liabilities, obligations and operational
7 expenses of the Judicial Branch shall be paid from the Fund.

8 **Section 103. Reporting to the Department of Finance.**

9 Consistent with Article X, section 8, the Judicial Branch
10 must provide comprehensive financial reports that meet general
11 accounting principles to the Secretary of Finance on a quarterly
12 basis prior to expending funds for the next quarter.”

13 **Section 4. Amendment.** Title 1, Division 7, section 7204 (e) of the
14 Commonwealth Code is hereby amended as follows:

15 “(e) Upon the effective date of the annual appropriation acts,
16 quarterly allotments shall be issued based on such acts. The
17 quarterly allotments shall be revised quarterly so as to be consistent
18 with projected changes in estimated revenue collections. Increases
19 or decreases in estimated revenues ~~may~~ shall be appropriated by
20 amendments to the annual appropriation acts. Pursuant to such
21 amendments, any ~~Decreases~~ changes in estimated revenues may be

1 absorbed proportionately by all branches, offices, departments, and
2 agencies of the Commonwealth provided that decreases to
3 appropriations shall not exceed the percentage of the total amount
4 identified for appropriation. Accordingly, for the CNMI Legislature
5 and for the Judicial Branch, any decrease cannot be more than 9 and
6 7 percent, respectively-unless their appropriations exceeded this
7 amount. The office of the Governor and ~~Director~~ Secretary of
8 Finance shall establish procedures to insure there is timely
9 compliance with the provisions of this subsection.”

10 **Section 5. Amendment.** Title 1, Division 7, section 7405 of the
11 Commonwealth Code is hereby amended as follows:

12 **§ 7405. Certification Required Before Appropriated**
13 **Funds May be Used for Salary Adjustments and**
14 **Reclassifications.** No person, including the Civil Service
15 Commission, may reclassify or adjust the salary of a government
16 employee whose salary is paid from appropriations from the general
17 funds without first receiving from the Office of Management and
18 Budget and the Department of Finance certification that lawful and
19 sufficient funds for that purpose are available. Likewise, no new or
20 vacant position may be filled without first receiving from the Office
21 of Management and Budget and the Department of Finance a

1 certification that a full-time employee (FTE) and personnel funds
 2 for that position are available. Notwithstanding the foregoing, this
 3 provision is inapplicable to (1) Northern Marianas Commonwealth
 4 Legislature, including the but not limited to the Legislative Bureau;
 5 and (2) the CNMI Judicial Branch.

6 **Section 6. Amendment.** Title 1, Division 7, section 7604 (c) (4) of the
 7 Commonwealth Code is hereby amended as follows:

8 **§ 7604. Changes in Revenue Estimate.**

9 (c) (4) Transmit a special message under 1 CMC § 7204(e),
 10 mandating ~~an immediate~~ a legislative session within 10 business
 11 days to re-assess all budget authority and enact as provided by law
 12 and subject to the limitations set forth in that section, proportionate
 13 ~~reduction~~ an amendment to ~~in~~ the allotment authority of all
 14 branches, offices, departments, agencies, and instrumentalities of
 15 the Commonwealth which are subject to appropriations.

16 **Section 7. Amendment.** Title 1, Division 7, section 7605 (a) of the
 17 Commonwealth Code is hereby amended to read as follows:

18 **§ 7605. Emergency Impoundments.** (a) Notwithstanding
 19 any other provision of this chapter, ~~and pending legislative action~~
 20 ~~on any message transmitted under 1 CMC §§ 7604(e) or 7403,~~ the
 21 Governor, upon the advice of the ~~Director~~ Secretary of Finance that

1 continued obligation, pursuant to law, of funds in the
 2 Commonwealth Treasury will result, within the next 60 days, in a
 3 deficit in government operations accounts for the fiscal year or in a
 4 lack of sufficient fiscal resources to meet all outstanding obligations
 5 as they become due, may make any necessary deferral of budget
 6 authority, ~~regardless of the branch of government to which such~~
 7 ~~budget authority is provided~~ within the executive branch only;
 8 ~~provided, that no budget authority for any noncapital account in the~~
 9 ~~judicial or legislative branches shall be deferred in an amount~~
 10 ~~representing a percentage of such authority greater than the~~
 11 ~~percentage of total deferrals under this section of all General Fund,~~
 12 ~~noncapital accounts, outside the judicial and legislative branches.~~

13 **Section 8. Enactment.** Title 1, Division 7, Part 1, Planning and Budgeting
 14 Act, Chapter 1, “General Provisions” of the Commonwealth Code is hereby
 15 amended by adding a new section 7104, titled, “Autonomous Expenditure and
 16 Appropriations” that provides:

17 **“§ 7104. Autonomous and Expenditures and**
 18 **Appropriations.**

19 Notwithstanding any law to the contrary, the Northern
 20 Marianas Commonwealth Legislature inclusive of the Legislative
 21 Bureau and Youth Congress; and the CNMI Judicial Branch,

1 inclusive of all its divisions shall exercise complete control and
2 expenditure authority over all appropriated funds and manage and
3 control all aspects of procurement, travel, and other matters related
4 to the performance of their respective duties. To the extent that other
5 CNMI law, regulation, or policy authorizes emergency
6 impoundments, unilateral reprogramming or reductions in
7 appropriated funding, or requires the consent, action, or
8 authorization of other branches with respect to the use of
9 appropriated funds and any operations, those provisions, to the
10 extent that they are inconsistent with the foregoing are hereby
11 repealed, and this provision shall govern.”

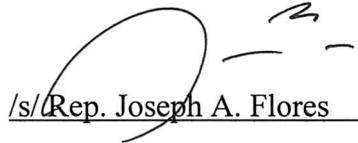
12 **Section 9. Severability.** If any provisions of this Act or the application of
13 any such provision to any person or circumstance should be held invalid by a court
14 of competent jurisdiction, the remainder of this Act or the application of its
15 provisions to persons or circumstances other than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

17 **Section 10. Savings Clause.** This Act and any repealer contained herein
18 shall not be construed as affecting any existing right acquired under contract or
19 acquired under statutes repealed or under any rule, regulation, or order adopted
20 under the statutes. Repealers contained in this Act shall not affect any proceeding
21 instituted under or pursuant to prior law. The enactment of the Act shall not have

1 the effect of terminating, or in any way modifying, any liability, civil or criminal,
2 which shall already be in existence on the date this Act becomes effective.

3 **Section 11. Effective Date.** This Act shall take effect upon its approval by
4 the Governor, or it becoming law without such approval.

Prefiled: 2/14/2025

Date: _____ Introduced by:  /s/ Rep. Joseph A. Flores _____

Reviewed for Legal Sufficiency by:
/s/ Joseph L.G. Tajeron, Jr. 2/14/2025
House Legal Counsel