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**A BILL FOR AN ACT**

To establish the CNMI Fiscal impact of legislation; and  
for other purposes.

**BE IT ENACTED BY THE TWENTY-FOURTH NORTHERN MARIANAS  
COMMONWEALTH LEGISLATURE:**

1           **Section 1. Findings and Purpose.**

2           The Legislature of the Commonwealth of the Northern Mariana Islands (CNMI)  
3 finds the following:

4           a.     Lack of Comprehensive Fiscal Understanding in Past Legislation. In  
5 recent years, the CNMI has enacted many legislation that, although well-intentioned,  
6 lacked comprehensive fiscal impact analysis. These measures were later revised or  
7 repealed because they did not fully consider their long-term financial consequences. This  
8 oversight has led to unexpected budgetary pressures, mismanagement of public funds,  
9 and challenges in balancing the CNMI's fiscal health with its policy goals.

10          b.     Unrealistic Revenue Projections. Several past revenue-generating laws,  
11 including tax reforms and fee structures, failed to include realistic and data-driven  
12 revenue projections. This resulted in the CNMI government experiencing lower-than-  
13 expected revenues and growing budget deficits. These laws often overestimated the  
14 potential income generated; actual revenue fell short, leaving the government with  
15 financial shortfalls that impacted critical public services, infrastructure development, and  
16 the region's overall economic stability.

17          c.     Costly Implementation of Legislation. Previous legislation's lack of fiscal  
18 foresight also resulted in unintended and unanticipated implementation costs. In some  
19 cases, agencies responsible for enforcing or administering the law had to divert funds

1 from other programs, causing a ripple effect across the government's ability to carry out  
2 its operations and services effectively.

3 d. Financial Strain on Public Services. The absence of an accurate Fiscal  
4 Impact Analysis in prior legislation has contributed to increased financial strain on public  
5 services, including healthcare, education, and public safety. Inadequate funding for these  
6 essential services, caused by poor fiscal planning, has led to delays in service delivery  
7 and reduced quality of life for the people of the CNMI.

8 e. Need for Long-Term Fiscal Sustainability. To ensure that future legislative  
9 actions do not repeat the mistakes of the past, all proposed laws must be subject to a  
10 thorough Fiscal Impact Analysis. By requiring fiscal evaluations before enactment, the  
11 Legislature can ensure that new laws are financially sustainable, that their economic  
12 impact is understood, and that taxpayers' resources are managed efficiently and  
13 transparently.

14 f. Commitment to Responsible Governance. The CNMI Legislature is  
15 committed to advancing policies that improve the quality of life for its residents while  
16 maintaining fiscal responsibility. All legislative actions must be evaluated through a  
17 rigorous financial lens to ensure that the government does not overburden its budget or  
18 create long-term fiscal liabilities that cannot be met.

19 The Fiscal Impact Analysis will help ensure that the legislative body and the  
20 public fully understand the economic and financial consequences of proposed laws before  
21 they are enacted.

22 This Act requires a Fiscal Impact Analysis for any proposed legislation in the  
23 CNMI and aims to promote transparency, accountability, and sound Fiscal governance.

24 **Section 2. Enactment.** Subject to the codification by the Commonwealth Law  
25 Revision, the following is enacted to read:

26 "Section 101. Title.

27 This Act shall be known and may be cited as the "CNMI Fiscal Impact Analysis  
28 Act of 2025".

29 Section 102. Definitions.

1 For this Act:

2 (a) "Fiscal Impact Analysis" means a comprehensive assessment of the expected  
3 financial costs and benefits of a proposed legislative measure, including but not limited to  
4 the direct costs of implementation, long-term financial consequences, effects on revenue  
5 generation, projected savings or expenditures, and impact on the CNMI's budget.

6 (b) "Legislation" means any bill, resolution, or other proposed law that requires  
7 approval by the Legislature of the Commonwealth of the Northern Mariana Islands.

8 (c) "Legislative Body" means the Commonwealth Legislature of the Northern  
9 Mariana Islands, comprising the Senate and the House of Representatives.

10 Section 103. Requirement for Fiscal Impact Analysis.

11 (a) Mandatory Fiscal Impact Analysis. A Fiscal Impact Analysis (FIA) shall be  
12 required for all proposed legislation, including bills, resolutions, and amendments to  
13 existing laws, that could have a direct fiscal impact on the Commonwealth of the  
14 Northern Mariana Islands. This includes any legislation that:

15 (1) Creates, eliminates, or alters government programs, services, or  
16 operations;

17 (2) Imposes new taxes or fees, alters existing tax rates, or changes revenue  
18 policies;

19 (3) Requires or affects public spending, including capital improvement  
20 projects; and

21 (4) Alters existing revenue or expenditure patterns of government agencies  
22 or departments.

23 (b) Preparation of Fiscal Impact Analysis. The Legislative Fiscal Analyst shall  
24 prepare the FIA and shall be based on available data, reasonable assumptions, and  
25 projections.

26 (c) Content of the Fiscal Impact Analysis. The FIA shall include, but is not  
27 limited to, the following components:

1 (1) Estimates of Revenue and Expenditure Impact. An assessment of the  
2 expected effect of the proposed legislation on government revenues, expenditures,  
3 and deficits over both the short-term (1-5 years) and long-term (5-10 years);

4 (2) Cost of Implementation: A breakdown of the costs associated with  
5 implementing the proposed legislation, including personnel, administrative, and  
6 operational costs for relevant government agencies;

7 (3) Economic Effects. An analysis of how the proposed legislation may  
8 affect the broader economy of the Commonwealth, including potential job  
9 creation, business activity, or economic growth;

10 (4) Cost-Benefit Analysis. A comparative evaluation of the costs and  
11 expected benefits of the proposed legislation provides lawmakers with a clear  
12 understanding of its fiscal feasibility and effectiveness.

13 (d) Deadline for Submission. The FIA shall be completed and submitted to the  
14 appropriate legislative committees no later than forty-five (45) days before the scheduled  
15 legislative committee meeting for the proposed legislation.

16 Section 104. Consideration of Fiscal Impact Analysis.

17 (a) Review by Legislative Committees. The FIA shall be reviewed by the  
18 appropriate legislative committee(s) in the Commonwealth Legislature before a vote is  
19 taken on the proposed legislation. The committee(s) shall consider the findings of the  
20 analysis when making recommendations regarding the proposed legislation.

21 (b) Transparency. The FIA shall be made publicly available through the official  
22 legislative website, and copies of the analysis shall be made available to the public,  
23 media, and interested stakeholders before any hearings or legislative votes, when  
24 requested.

25 Section 105. Exceptions.

26 (a) Emergency Legislation. In cases where legislation must be enacted urgently to  
27 address an immediate crisis or emergency, the requirement for an FIA may be waived by  
28 a majority vote of each house of the legislature. However, such an emergency bill must  
29 still undergo a post-enactment review within 90 days to assess its fiscal impact.

1 (b) Non-Fiscal Legislation. Legislation determined by the Legislative Fiscal  
2 Analyst to have no direct or indirect fiscal impact may be exempt from the FIA  
3 requirement. A written justification for such an exemption shall be provided to the  
4 presiding officers of the legislature.

5 Section 106. Fiscal Impact on Committee Report.

6 The Legislative Fiscal Analyst shall provide the FIA to the Legislative Assistants  
7 to be included in the Fiscal Impact provision in the Committee Report.”


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

13 **Section 4. Savings Clause.** This Act and any repealer contained herein shall not  
14 be construed as affecting any existing right acquired under contract or acquired under  
15 statutes repealed or under any rule, regulation, or order adopted under the statutes.  
16 Repealers contained in this Act shall not affect any proceeding instituted under or  
17 according to prior law. The enactment of the Act shall not have the effect of terminating,  
18 or in any way modifying, any liability, civil or criminal, which shall already be in  
19 existence on the date this Act becomes effective.

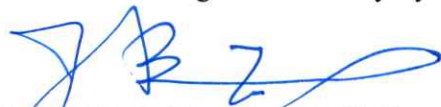
20 **Section 5. Effective Date.** This Act shall take effect upon its approval by the  
21 Governor or upon becoming law without such approval.

Date: 7/23/20

Introduced By:

  
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Senator Dennis Mendiola

Reviewed for Legal Sufficiency by:

  
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Senate Legal Counsel