

TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

SECOND REGULAR SESSION, 2025

S. L.I. NO. 24- 03

A SENATE LEGISLATIVE INITIATIVE

To amend Article XII of the Northern Mariana Islands Constitution to increase the term of private land leases from 55 years up to 99 years and to require that private land leases include financial clauses that protect persons of Northern Marianas Descent from exploitation and ensure a fair share of potential upside gains.

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

1 **Section 1. Findings and Purpose.** The Legislature finds that Article VIII, Section
2 805(a) of the Covenant provides that “the Government of the Northern Mariana Islands, in
3 view of the importance of the ownership of land for the culture and tradition of the people
4 of the Northern Mariana Islands, and in order to protect them against exploitation and to
5 promote their economic advancement and self-sufficiency: (a) will until twenty-five years
6 after the termination of the Trusteeship Agreement, and may thereafter, regulate the
7 alienation of permanent and long-term interests in real property so as to restrict the
8 acquisition of such interests to persons of Northern Marianas descent.”

9 The Legislature reaffirms the significance and ultimate goal of Article XII of the
10 Northern Mariana Islands Constitution to protect private landownership among the persons
11 of Northern Marianas Descent (NMD), who are indigenous inhabitants of the Northern
12 Mariana Islands. However, the current maximum private land lease term of fifty-five (55)
13 years may discourage long-term investment required for economic growth and
14 infrastructure development in the Commonwealth.

15 The Legislature finds that Article XII of the NMI Constitution can be modified to
16 protect the landownership interests of indigenous residents while encouraging long-term
17 economic investments. One way to encourage and new attract investors to the CNMI is by

1 changing the private land lease term set forth in Article XII, Section 3 of the NMI
2 Constitution from fifty-five (55) to ninety-nine (99) year leaseholds for non-Northern
3 Marianas Descent investors and residents. Increasing the private land leasehold term to
4 ninety-nine (99) years will entice new investors to the CNMI, encourage more long-term
5 investments, promote economic stability, and enhance infrastructure development.
6 Provided that any change of law clauses in existing leaseholds are invalid and no existing
7 leasehold shall be automatically extended to ninety-nine years.

8 The Legislature further finds that while the CNMI's economic situation warrants a
9 change in the term of private land leases, Article XII must also be amended to require that
10 private land leases include financial clauses that protect persons of Northern Marianas
11 Descent from exploitation and ensure a fair share of potential upside gains. NMDs, who
12 retain the constitutional right to own private land in the CNMI, often enter into lease
13 agreements that do not provide adequate financial protection or allow them to benefit from
14 the increased value generated through the commercial use of their land. Many NMD
15 landowners have been exploited by unscrupulous foreign investors as well as U.S. citizen
16 and NMD unregulated real estate brokers, attorneys, businesses and so-called middlemen
17 involved in land transactions. Many poor and uneducated NMD landowners have been
18 deceived or tricked into selling or leasing their land for less than the fair market value and
19 without any provision for potential financial upside economic benefits for the landowners
20 within the 55-year lease. In addition, NMD middlemen are used to divest fee simple interest
21 from landowners or divert the reversionary interest of a leasehold interest from the
22 landowner to the middlemen. Therefore, in order to prevent economic exploitation and
23 ensure that NMD landowners share in long-term economic benefits, all private land lease
24 agreements involving their land must include both: (i) fixed, stable income component
25 (such as base annual rent), and (ii) performance-based component (such as profit sharing
26 or a percentage of revenue).

27 The Legislature finds that the CNMI's current economic situation warrants
28 extending private land leases to ninety-nine (99) years to encourage sustainable long-term

1 investment and development in the CNMI; provided that financial protections for
2 landowners are constitutionally mandated. Extending the private land lease term will make
3 Article XII more flexible to carry the CNMI through its current economic depression and
4 into a prosperously thriving economy. Accordingly, the purpose of this legislative initiative
5 is to amend Article XII, Section 3 of the NMI Constitution to increase the term of leasehold
6 interest in private lands from 55 years up to 99 years and to establish a new section in
7 Article XII to mandate fair, enforceable financial clauses in private land lease agreements
8 to protect NMD landowners and ensure they benefit from upside economic potential.

9 **Section 2. Legislative Initiative.** The Twenty-Fourth Northern Marianas
10 Commonwealth Legislature, by the affirmative vote of three-fourths of the members of
11 each house present and voting, hereby proposes the following amendment to Article XII of
12 the Constitution to be placed before the people for ratification:

13 **“PROPOSED CONSTITUTIONAL AMENDMENT”**

14 To amend Article XII of the Northern Mariana Islands Constitution by amending
15 Section 3 to increase the leasehold interest from 55 years to 99 years and to add a new
16 Section 7 to mandate that private land leases include financial clauses that protect persons
17 of Northern Marianas Descent from exploitation and ensure a fair share of potential upside
18 gains.

19 **(A) Amendment.** CNMI Constitution Article XII, Section 3 is hereby amended
20 to read as follows:

21 **Section 3: Permanent and Long-Term Interests in Real Property.** The term
22 permanent and long-term interests in real property used in Section 1 includes freehold
23 interests and leasehold interests of more than ~~fifty-five~~ ninety-nine years including renewal
24 rights, except an interest acquired above the first floor of a condominium building. Any
25 interests acquired above the first floor of a condominium building is restricted to private
26 lands. Any land transaction in violation of this provision shall be void. This amendment
27 does not apply to existing leasehold agreements.

1 **(B) Amendment.** CNMI Constitution, Article XII is amended by adding a new
2 Section 7 to read as follows:

3 **Section 7. Leasehold Interests.**

4 (a) A leasehold interest in real property used in Section 1 may be acquired for a
5 maximum term of ninety-nine (99) years, inclusive of any extensions or renewals. All lease
6 agreements involving real property owned by persons of Northern Marianas Descent shall
7 include financial clauses that meet the following criteria:

8 (1) A provision for the payment of a fixed annual rent to the landowner,
9 ensuring a predictable and stable income;

10 (2) A provision for the landowner to receive a percentage of the gross
11 revenues or net profits generated from the use, development, or commercialization
12 of the land, ensuring participation in the financial success of the project;

13 (3) The financial terms shall be fair, transparent, and enforceable, designed
14 to protect landowners from economic exploitation while allowing for reasonable
15 investor returns;

16 (4) The financial clauses must be subject to review and renegotiation at
17 intervals not exceeding twenty (20) years, to account for economic changes and
18 land use development; and

19 (5) All lease agreements shall be filed with the appropriate Commonwealth
20 agency and made accessible for review to ensure compliance and transparency.

21 (b) The Legislature shall enact implementing laws to (1) establish minimum base
22 rent standards and profit/revenue sharing thresholds; (2) provide definitions, valuation
23 methodologies, and adjustment procedures; and (3) enforce compliance and resolve
24 disputes arising under such lease agreements.”

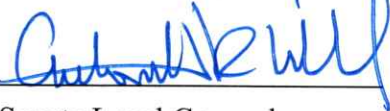
25 **Section 3. Adoption and Transmittal.** The President of the Senate and the
26 Speaker of the House shall certify and the Senate Legislative Secretary and House Clerk
27 shall attest to the adoption of this Legislative Initiative. The Senate Clerk shall then cause
28 the Initiative to be transmitted to the Governor and the Board of Elections with instructions

1 that the Board place it before the people of the Commonwealth for a ratification vote, in
2 conformance with Article XVIII, Section 5 of the Commonwealth Constitution.

Dated: 10/02/25

By: 
Sen. Manny Gregory T. Castro

Reviewed for Legal Sufficiency by:



Senate Legal Counsel