



HOUSE OF REPRESENTATIVES

TWENTY-SECOND LEGISLATURE

COMMONWEALTH OF THE NORTHERN MARIANAS COMMONWEALTH

LEGISLATURE

P.O. BOX 500586 SAIPAN, MP 96950

DONALD M. MANGLONA
CHAIRPERSON
WAYS AND MEANS COMMITTEE

Adopted - 4/23/2021

STANDING COMMITTEE REPORT NO. 223

DATE: April 07, 2021

RE: House Bill No. 22-11

The Honorable Edmund S. Villagomez
Speaker of the House of Representatives
Twenty-Second Northern Marianas
Commonwealth Legislature
Capitol Hill
Saipan, MP 96950

Dear Mr. Speaker:

Your Committee on Ways and Means to which was referred:

H. B. NO. 22-11:

“To enact provisions to require all CNMI government agencies to prepare and submit a fiscal impact statement for related legislations to the Legislature when said agencies are affected and required to do so by law.”

begs leave to report as follows:

I. RECOMMENDATION:

After considerable discussion, your Committee recommends that H. B. NO. 22-11 be passed by the House in its current form.

II. ANALYSIS:

A. Purpose:

The purpose of House Bill No. 22-11 is to enact provision to require all CNMI government agencies to prepare and submit a fiscal impact statement and a fiscal revenue statement for

COMMITTEE ON WAYS AND MEANS
DONALD M. MANGLONA

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related legislations to the Legislature when said agencies are affected and required to do so by law.

B. Committee Findings:

Your Committee finds that legislators need accurate and useful information about the cost of spending and tax related proposals to make sound decisions about proposed legislations. This lack of information can cause legislators to enact legislations that can cause serious fiscal problems, harming the CNMI's ability to provide for quality education, roads, and other public investments that provide a foundation for strong economic growth. Your Committee further finds that this Act will require all government agencies, upon request of a legislative committee, to prepare fiscal impact and revenue impacts statements for legislations affecting state or local governments.

Your Committee finds that the National Conference of State Legislatures describes fiscal notes (cost estimate of bills) as:

“A fiscal note provides a reliable estimate of the impact a bill or resolution will have on state revenues and expenditures. A bill with a fiscal impact may increase or reduce expenditures; increase or decrease the revenues of an existing tax; change personnel requirements; affect level of service; impose or shift a tax to a new base; or change the funding of an existing program.”

Your Committee further finds, that in all those situations, legislators need fiscal and revenue impact statements to decide on a proposed legislation's merits, to assess its affordability and to plan for the future. The statements will also enable other interested parties to weigh in, in a more informed manner, on the legislative process.

Your Committee further finds that the preparation of fiscal impact and revenue impact statements for legislations affecting state of local governments will help legislators make more informed decisions, therefore your Committee agrees with the intent and purpose of House Bill No. 22-11 and recommends that the House pass the legislation in its current form.

C. Public Comments/Public Hearing:

Comments were received from the following:

- David DLG. Atalig, Secretary, Department of Finance

Comments were also solicited from the Office of the Attorney General. To date, no comments have been received from the Office of the Attorney General.

Comments received have been attached as part of this committee report.

D. Legislative History:

House Bill No. 22-11 was introduced by Representative Ivan A. Blanco on February 19, 2021 and was subsequently referred to the House Standing Committee on Ways and Means for disposition.

House Bill No. 22-11 was formerly introduced in the 21st Legislature by Representative Ivan A. Blanco as House Bill No. 21-34 on April 12, 2019 and was subsequently referred to the House Standing Committee on Ways and Means for disposition. On October 15, 2019, the House Standing Committee on Ways and Means then adopted the proposed legislation, in the form of House Draft 1, as reflected in Standing Committee Report No. 21-38. The House adopted the aforementioned Standing Committee Report, then subsequently passed House Bill No. 21-34 on October 28, 2019 in the form of House Draft 1. The Legislation was transmitted to the Senate and subsequently referred to the Senate Standing Committee on Fiscal Affairs, where no further action was taken.

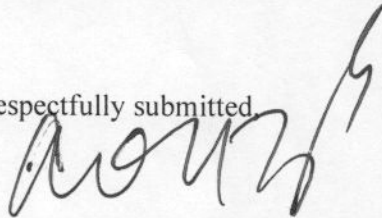
E. Cost Benefit:

The enactment of House Bill No. 22-11, will result in additional cost to the CNMI Government; either by hiring new employees or assigning additional workload to existing employees to implement the Act. However, the CNMI Legislature's ability to review a fiscal impact statement and a fiscal revenue statement will provide the necessary information to exercise better judgement.

III. CONCLUSION:

The Committee is in accord with the intent and purpose of H. B. NO. 22-11, and recommends its passage of this Legislation in its current form.

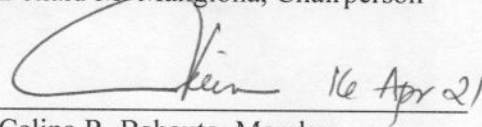
Respectfully submitted,



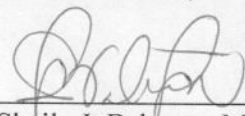
Rep. Donald M. Manglona, Chairperson



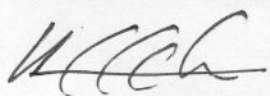
Rep., Ivan A. Blanco, Vice Chair




Rep. Celina R. Babauta, Member



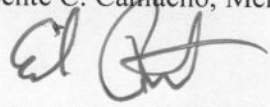
Rep. Sheila J. Babauta, Member



Rep. Vicente C. Camacho, Member



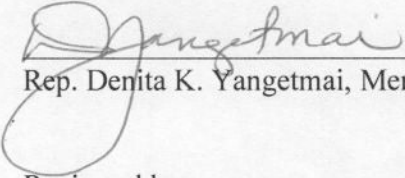
Rep. Richard T. Lizama, Member



Rep. Edwin K. Propst, Member

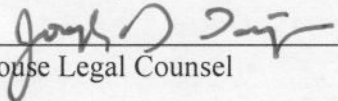
Rep. Christina Marie E. Sablan, Member

Rep. Patrick H. San Nicolas, Member

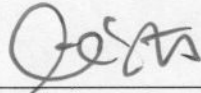


Rep. Denita K. Yangetmai, Member


Reviewed by:



House Legal Counsel



Rep. Leila C. Staffler, Member



Rep. Ralph N. Yumul, Member

Attachment:

- Letter dated March 25, 2021 from the David DLG. Atalig, Secretary, Department of Finance



Office of the Secretary
Department of Finance



P. O. Box 5234 CHRB SAIPAN, MP 96950

TEL.: (670) 664-1100 FAX: (670) 664-1115

March 25, 2021

SFL 2021-093

Hon. Donald Manglona
Chairman
Committee on Ways & Means
22nd Commonwealth Legislature
P.O. Box 500586, Saipan, MP 96950
Tel: 1-(670) 664-8950

Subject: Department of Finance Comments and Recommendations on House Bill 22-11, To enact a provision to require all CNMI government agencies to prepare and submit a fiscal impact statement and a fiscal revenue statement for related legislation to the Legislature when said agencies are affected and required to do so by law.

Dear Chairman Manglona:

On behalf of the Commonwealth of the Northern Mariana Islands (CNMI) Department of Finance, I thank you for the opportunity to provide our comments and recommendations on House Bill 22-11.

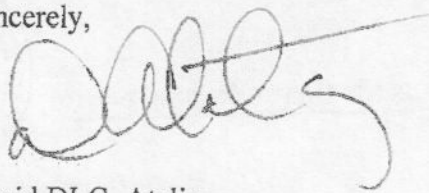
Through our findings and further review, we have found that in past legislation, agencies included in proposed bills have not been made aware of how a bill will affect their budgets, in part, resulting in agencies not implementing and carrying out the tasks mandated by the respective statute. With this bill, it will allow for agencies to formally comment on all bills affecting their offices, such as the necessity of additional staff when necessary, and other factors needed to carry out the new law.

In accordance with House Bill 22-11, the Central Government will be able to identify if enacted legislation are being appropriately inclusive of the CNMI Budget and better account for expenditures.

For these reasons, the Department of Finance would like to extend support on this legislation to require all CNMI government agencies to prepare and submit a fiscal impact statement and a fiscal revenue statement for related legislation to the Legislature, when said agencies are affected and required to do so by law.

If you have any questions or need additional information regarding this letter, please do not hesitate to contact us at 1-670-664-1100.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Atalig', with a long horizontal stroke extending to the right.

David DLG. Atalig
Secretary of Finance
Department of Finance

TWENTY-SECOND NORTHERN MARIANAS COMMONWEALTH

LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 19, 2021

First Regular Session, 2021

H. B. 22-11

A BILL FOR AN ACT

To enact a provision to require all CNMI government agencies to prepare and submit a fiscal impact statement and a fiscal revenue statement for related legislations to the Legislature when said agencies are affected and required to do so by law.

**BE IT ENACTED BY THE 22ND NORTHERN MARIANAS
COMMONWEALTH LEGISLATURE:**

1 **Section 1. Findings and Purpose.** The Legislature finds that the Northern
2 Marianas Commonwealth Legislature, representing the citizens of our great
3 Commonwealth, was established as its own respective branch of the CNMI
4 Government. Inclusive of such a wide array of duties and responsibilities, the
5 Legislature is entitled to introduce legislations and/or amend existing laws provided
6 that such legislation and/or amendment is for the betterment of our entire
7 Commonwealth as a whole. Before any legislation is enacted, it is the duty of the
8 Legislature to thoroughly examine and deliberate on all respective legislations as it
9 follows the legislative process. Such scrutiny is necessary in order to enhance the
10 legislation (if applicable) for proper implementation.

1 The Legislature further finds that many legislations introduced by any
2 respective member of the Northern Marianas Commonwealth Legislature have a
3 direct fiscal impact on one or more government agencies. Given our
4 Commonwealth's current financial state for the current fiscal year, it is of utmost
5 importance to ensure that tax payer dollars are used properly in carrying out the
6 intent of each respective legislation. Furthermore, preparing a fiscal impact
7 statement and a fiscal revenue statement will provide a clearer picture from a
8 financial standpoint for the respective committees to consider while under
9 deliberation.

10 Therefore, the purpose of this Act is to enact a provision to require all CNMI
11 government agencies to prepare and submit a fiscal impact statement and a fiscal
12 revenue statement for related legislations to the Legislature when said agencies are
13 affected and required to do so by law.

14 **Section 2. Enactment.** Notwithstanding any laws or regulations to the
15 contrary and subject to codification by the CNMI Law Revision Commission, the
16 following provision is hereby enacted:

17 **“§101. Preparation of fiscal impact and revenue impact**
18 **statements for legislation affecting state or local governments.**

19 (1) All government agencies, both autonomous and non-
20 autonomous, shall, upon request of a legislative committee, prepare and
21 submit a fiscal impact statement to the Legislature for each legislation that

1 could have an effect on expenditures of the respective autonomous/non-
2 autonomous government agency.

3 (2) All government agencies shall prepare and submit a revenue
4 impact statement to the Legislature for each legislation to be reported out of
5 a committee that could have any effect on revenues of the respective
6 autonomous/non-autonomous government agency when said agencies are
7 affected and are required by the Legislature to do so pursuant to this Act.

8 (3) (a) As used in this subsection, "tax expenditure" has the meaning
9 given that term pursuant to 1 CMC §7103(cc).

10 (b) If a revenue impact statement is prepared pursuant to
11 subsection (2) of this section on a measure that creates a tax
12 expenditure, the revenue impact statement must include the revenue
13 impact of the measure for at least three consecutive fiscal years,
14 beginning with the current fiscal year.

15 (c) If a revenue impact statement is prepared pursuant to
16 subsection (2) of this section on a measure that creates or extends a
17 tax expenditure, the revenue impact statement must include a
18 statement describing the public policy purpose of the tax
19 expenditure. The public policy purpose statement is subject to
20 review by the committee recommending passage of the measure."

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

6 **Section 4. Savings Clause.** This Act and any repealer contained herein shall
7 not be construed as affecting any existing right acquired under contract or acquired
8 under statutes repealed or under any rule, regulation or order adopted under the
9 statutes. Repealers contained in this Act shall not affect any proceeding instituted
10 under or pursuant to prior law. The enactment of this Act shall not have the effect
11 of terminating, or in any way modifying, any liability civil or criminal, which shall
12 already be in existence at the date this Act becomes effective.

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

Prefiled: 1/27/2021

Date: 1/27/2021

Introduced by: /s/ Rep. Ivan A. Blanco
/s/ Rep. Roy C.A. Ada
/s/ Rep. Blas Jonathan "BJ" T. Attao
/s/ Rep. Joel C. Camacho
/s/ Rep. Angel A. Demapan
/s/ Rep. Joseph A. Flores
/s/ Rep. Joseph Leepan T. Guerrero
/s/ Rep. John Paul P. Sablan

Reviewed for Legal Sufficiency by:

/s/ John F. Cool
House Legal Counsel