



# HOUSE OF REPRESENTATIVES

TWENTY-SECOND LEGISLATURE

COMMONWEALTH OF THE NORTHERN MARIANAS COMMONWEALTH

LEGISLATURE

P.O. BOX 500586 SAIPAN, MP 96950

**DENITA K. YANGETMAI**  
CHAIRPERSON  
COMMERCE AND TOURISM COMMITTEE

STANDING COMMITTEE REPORT NO. 22-13

DATE: MAY 14, 2021

RE: HOUSE BILL No. 22-12

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 Commerce and Tourism to which House Bill No. 22-12 was referred, entitled:

“To amend 4 CMC § 51420 (b) to authorize the Secretary of Commerce to establish and promulgate reasonable registration and permitting fees through adopted regulations; and for other purposes.”

begs leave to report as follows:

## **I. RECOMMENDATION:**

After considerable discussion, your Committee recommends that H. B. NO. 22-12 be passed by the House in its current form.

HOUSE CLERK'S OFFICE  
RECEIVED BY *[Signature]*  
DATE *060321* TIME *10:19am*

## II. ANALYSIS:

### A. Purpose:

The purpose of House Bill No. 22-12 is to amend 4 CMC § 51420 (b) to authorize the Secretary of Commerce to establish and promulgate reasonable registration and permitting fees through adopted regulations.

### B. Committee Findings:

Your Committee finds that pre-pandemic, a number of tour companies were maximizing their profits by registering only a few of their company vehicles yet utilizing more vehicles for services intended for profit. These tour companies were utilizing vehicles absent proper documentation to supplement their efforts in maximizing their profits. Public Law 19-28 was enacted to address such concerns and to require all tour company vehicles to register with the Department of Commerce and allow for the department to charge reasonable fees for each tour vehicle. However, Public Law 19-28 did not provide clarity as to how the fees would be assessed and the disposition of registration and permitting fees. The proposed legislation aims to address such concerns and allow for the fees to be deposited into a revolving fund account where the funds can be used by the Department of Commerce to effectively carry out the intent of Public Law 19-28.

Your Committee finds that in the Twenty-First Legislature, the House Standing Committee on Commerce and Tourism met with Mr. Mark Rabauliman, then Secretary of Commerce, along with Mr. David Palacios, Director of Enforcement and Compliance, under the Department of Commerce, to support the identical legislation. They further stated that once the legislation was signed into law, the Department of Commerce will be empowered to ensure proper accountability and compliance for companies who continue to violate Public Law 19-28. In addition, funds generated shall be used to fulfill the requirements set forth in Public Law 19-28 as well as the proposed intent in this current legislation. Your Committee finds it appropriate to provide sufficient funds to carry out the original intent of the enacted law.

Therefore, the Committee recommends that the House pass House Bill No. 22-12 in its current form.

C. Public Comments/Public Hearing:

Comments were received from the following:

- 1) Mr. Jesus M. Elameto, Manager, Elameto Translation & Education Services

“ My opinion on this House Bill 22-12 is positive but I have different concerns...”

- 2) Mrs. Kina Peter, Public Auditor, Office of the Public Auditor

“At this time OPA has no comments on H.B. 22-12.”

- 3) Mr. David DLG. Atalig, Secretary, Dept. of Finance

“... Department of Finance is pleased to extend its support to enable the Secretary of Commerce to promulgate regulations and reasonable permitting fees for vehicles operating for tours. Additionally, I commend the legislators for the inclusion of the outline identifying the authority and use of funds for accountability and enhanced internal control. However, as the Secretary of Finance, I am compelled to communicate the need to replenish the general fund.”

Comments have been attached as part of this committee report.

D. Legislative History:

House Bill No. 22-12 was formally introduced to the full body of the House on February 19, 2021 by Rep. Ivan A. Blanco and was subsequently referred to the House Standing Committee on Commerce and Tourism for disposition.

A similar legislation, namely House Bill 21-70, was introduced in the House and subsequently referred to the House Standing Committee on Commerce and Tourism. After further deliberation, the House passed the legislation in its current form on September 10, 2019 and was subsequently transmitted to the Senate soon after. House Bill 21-70 was referred to the Senate Standing Committee on Fiscal Affairs. It was passed by the Senate on July 16, 2020 in the form of House Bill 21-70, Senate Substitute 1. House Bill 21-70, SS1 was transmitted back to the House for action. No further action was taken.

Another similar legislation, namely House Bill 20-40, was introduced in the House and subsequently referred to the House Standing Committee on Commerce and Tourism. After further deliberation, the House passed the legislation in its current form on April 21, 2017 and was subsequently transmitted to the Senate soon after. Upon transmittal, the legislation was referred to the Senate Standing Committee on Fiscal Affairs for deliberation. Upon such deliberation, the Senate passed House Bill No. 20-40 in the form of Senate Draft 1. The legislation was transmitted to the House for action. No further action was taken.

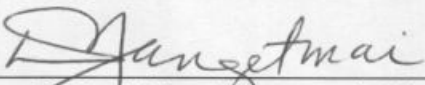
E. Cost Benefit:

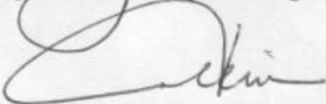
The enactment of House Bill No. 22-12 will result in minimal costs to the CNMI Government in the form of additional staffing and other resources for enforcement purposes. However, the proposed legislation aims to generate additional revenues to offset any cost that may incur.


**III. CONCLUSION:**

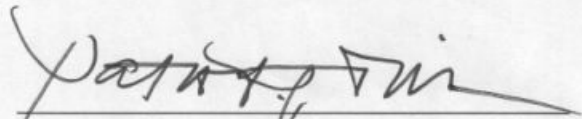
The Committee is in accord with the intent and purpose of H. B. NO. 22-12, and recommends its passage in its current form.


Respectfully submitted,


  
\_\_\_\_\_  
Rep. Denita Kaipat Yangetmai, Chairperson

  
\_\_\_\_\_  
Rep. Celina R. Babauta, Member

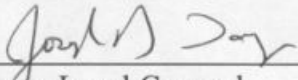
  
\_\_\_\_\_  
Rep. Richard T. Lizama, Member

  
\_\_\_\_\_  
Rep. Patrick H. San Nicolas, Vice Chair

  
\_\_\_\_\_  
Rep. Vicente C. Camacho, Member

  
\_\_\_\_\_  
Rep. Ralph N. Yumul, Member

Reviewed by:

  
\_\_\_\_\_  
House Legal Counsel

Attachment: Comments dated April 30, 2021: Mr. Jesus M. Elameto, Manager, ETES  
Comments dated May 3, 2021: Mrs. Kina Peter, Public Auditor, OPA  
Comments dated May 3, 2021: Mr. David Atalig, SOF

***(ETES) ELAMETO TRANSLATION  
& EDUCATION SERVICES***

Promote the indigenous Languages  
(Carolinian and Chamorro)

***ETES***

Jesus M. Elameto  
P.O. Box 506203  
Saipan, MP 96950  
Telephone: 670-989-9464 or  
670-235-4661  
E-mail Address:

April 30, 2021

RECEIVED  
DATE: 05/02/21

My opinion on this House Bill 22-12 is positive but I have different concerns:

1. Can the Secretary of Commerce set up the registration of vehicle and permitting fees for these tour operators at the present with the same promulgating power without amending the present Public Law 19-28.
2. Would the setting up of a revolving account may hamper other government agencies in accessing funding in reduce general fund because a revolving is established separately?
3. Would the CNMI legislature access this revolving in the future if in case of emergency of funding?

I want our system in the government to be improve, but I also cautious in making sure that the identified funding or revolving funds is not being abused.

I also concern in line 10 where it reads, ...permitting fees, and for other purposes. What other purposes?

For House Bill 22-9, I fully endorse the intended action for the House Bill. I personal feel that we need this bill now. Thank you.

Jesus M. Elameto

General Manager of ETES



# Office of the Public Auditor

Commonwealth of the Northern Mariana Islands

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May 3, 2021

ELECTRONIC MAIL

Honorable Denita K. Yangetmai, Chairwoman  
House Standing Committee on Commerce & Tourism  
22<sup>nd</sup> Northern Marianas Commonwealth Legislature  
Honorable Jesus P. Mafnas Memorial Building  
P.O. Box 500129  
Saipan, MP 96950

RECEIVED  
DATE: 05/03/21

**RE: Comments on H.B. 22-12**

Dear Honorable Chairwoman Yangetmai:

The Office of the Public Auditor (OPA) appreciates the opportunity to comment on House Bill 22-12 (H.B. 22-12). At this time OPA has no comments on the H.B. 22-12. Thank you for your consideration.

Sincerely,

Kina Peter, CPA  
Public Auditor

cc: Ashley Kost, OPA Legal Counsel



Office of the Secretary  
Department of Finance



P. O. Box 5234 CHRB SAIPAN, MP 96950

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

May 3, 2021

SFL 2021-116

Rep. Denita Yangetmai  
Chairwoman  
Committee on Commerce & Tourism  
22nd Commonwealth Legislature  
P.O. Box 500586, Saipan, MP 96950  
Tel: (670) 664-8965

RECEIVED  
DATE: 5/3/21

**Subject:** Commonwealth of the Northern Mariana Islands (CNMI) Department of Finance Comments and Recommendations on House Bill 22-12, "To amend 4 CMC § 51420(b) to authorize the Secretary of Commerce to establish and promulgate reasonable registration and permitting fees through adopted regulations; and for other purposes."

Dear Chairwoman Yangetmai:

On behalf of the CNMI Department of Finance, I thank you for the opportunity to provide comments and recommendations on House Bill 22-12, to amend 4 CMC § 51420(b) to authorize the Secretary of Commerce to establish and promulgate reasonable registration and permitting fees through adopted regulations; and for other purposes.

Registration of vehicles belonging to tour operators allows the Commonwealth to establish accountability, provide additional revenue to the Department of Commerce operations, and most importantly safeguard our tourism industry. The Commonwealth should have the ability to ensure those who are operating businesses in the tourism sector are properly regulated and have applied for appropriate permits and licenses.

Upon review of this proposed legislation, the Department of Finance is pleased to extend its support to enable the Secretary of Commerce to promulgate regulations and reasonable permitting fees for vehicles operating for tours. Additionally, I commend the legislators for the inclusion of the outline identifying the authority and use of funds for accountability and enhanced internal control. However, as the Secretary of Finance, I am compelled to communicate the need to replenish the general fund. As important as it is to ensure use of funds are properly regulated, the continued earmarks of potential revenues pose a concern with regards to the Commonwealth's



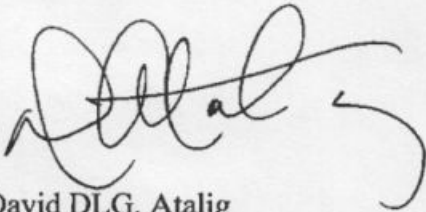
ability to provide for administrative obligations levied against the account most especially in anticipation of the Fiscal Year 2022 Budget due on October 1, 2021.

The fiscal rigidities that result in the application of legislated earmarks on government revenue sources create constraints to the ability of the government to respond to changing circumstances in the community, establish new methods for addressing urgent policy objectives, and hinders the ability of the government to sufficiently address circumstances of revenue shortfalls. As you are aware, the CNMI is presently experiencing its worst economic contraction in its history as a result of the COVID-19 pandemic. As we continue to respond to this crisis, flexibility in the allocation of funds through regular appropriation cycles, allows for the prudent prioritization of limited government resources to ensure the health and safety of the population.

Overall, this program fits within the government's overall policy of developing a tourism market in which its stakeholders are responsible for the overall wellbeing of our visitors. I recommend, including coordinating measures to enhance this priority, by ensuring that tour operator registrations are tied to the existing tour guide certification processes codified under 4 CMC 2173.

On behalf of the Department of Finance, I thank you for the opportunity to provide these comments, if you have any questions or need additional information regarding this letter, please do not hesitate to contact me at 664-1100 or email via [david.atalig@dof.gov.mp](mailto:david.atalig@dof.gov.mp).

Respectfully,

A handwritten signature in black ink, appearing to read 'D. Atalig', with a stylized flourish extending to the right.

David DLG. Atalig  
*Secretary of Finance*

Twenty-Second Northern Marianas Commonwealth Legislature

IN THE HOUSE OF REPRESENTATIVES

Regular Session, 2021

H. B. 22-12

A BILL FOR AN ACT

To amend 4 CMC § 51420 (b) to authorize the Secretary of Commerce to establish and promulgate reasonable registration and permitting fees through adopted regulations; and for other purposes.

BE IT ENACTED BY THE 22<sup>nd</sup> NORTHERN MARIANAS  
COMMONWEALTH LEGISLATURE:

1           **Section 1. Findings and Purpose.** The Commonwealth Legislature finds  
2 that Public Law 19-28, § 2 (101)-(102) (Dec. 18, 2015), codified under  
3 4 CMC, § 51420, requires each vehicle belonging to tour companies be registered  
4 and issued a permit by the Department of Commerce so that they will be accounted  
5 for within the Commonwealth, most especially those that provide services for  
6 profit. However, Public Law 19-28 did not provide clarity with respect to how the  
7 Department of Commerce will establish reasonable registration and permitting fees.

8           Therefore, the purpose of this legislation is to amend 4 CMC, § 51420 (b),  
9 to empower the Secretary of Commerce to promulgate and establish through  
10 adopted regulations reasonable registration and permitting fees, and for other  
11 purposes.

1           **Section 2. Amendment.** 4 CMC § 51420 (b) is hereby amended to read as  
2 follows:

3                   ~~“(b) The Secretary of Commerce shall promulgate rules and~~  
4 ~~regulations consistent with this section.~~ Consistent with this Section, the  
5 Secretary of Commerce shall have the authority to promulgate and establish  
6 reasonable registration and permitting fees through adopted regulations for  
7 the following vehicles belonging to tour operators:

8                                 (1) Any vehicle registered under the tour operator that  
9                                 provides services for profit.

10                   (c) Disposition of Registration and Permitting Fees. The Secretary  
11 of Finance shall establish a Commerce Revolving Fund Account which  
12 shall be accounted for separately from the General Fund. The funds  
13 deposited into the revolving account shall be exclusively used for the  
14 purpose of the administration of tour operator registration and permitting  
15 program, enforcement, training and outreach programs, and shall also be  
16 administered for personnel compensation such as overtime and night  
17 differential during special inspection assignments issued by the Secretary  
18 of Commerce.

19                   The expenditure authority over the revolving account pursuant to  
20 this Act is vested in the Secretary of Commerce. The funds deposited in the

1        revolving account shall be available for expenditure without further  
2        appropriation and without fiscal year limitations.

3                (d) The Secretary of Commerce shall submit a report describing the  
4        account status, deposits and detail expenditure of the revolving account  
5        established under subsection (c) of this section. The report shall be  
6        submitted not later than 30 days after June 30<sup>th</sup> of each year to the  
7        chairpersons of the House Standing Committee on Ways and Means and the  
8        Senate Standing Committee on Fiscal Affairs.”


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

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

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

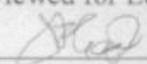
Prefiled: 1/27/2021

Date: 1/27/2021

Introduced by: 

Rep. Ivan A. Blanco

Reviewed for Legal Sufficiency by:

  
House Legal Counsel

