

# HOUSE OF REPRESENTATIVES

TWENTY-SECOND LEGISLATURE

COMMONWEALTH OF THE NORTHERN MARIANAS COMMONWEALTH

LEGISLATURE

P.O. BOX 500586 SAIPAN, MP 96950

**CELINA R. BABAUTA**

CHAIRPERSON

JUDICIARY AND GOVERNMENTAL OPERATIONS COMMITTEE

STANDING COMMITTEE REPORT NO. 22-55

DATE: JULY 27, 2022

RE: H.B. 22-62

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 Judiciary and Governmental Operations to which was referred:

H. B. No. 22-62:

“To repeal and re-enact 1 CMC §7407(f) to stiffen the penalty for anyone who violates the stated travel restriction; and for other purposes.”

begs leave to report as follows:

## I. RECOMMENDATION:

After considerable discussion, your Committee recommends that H. B. NO. 22-62 be passed by the House in its current form.

## II. ANALYSIS:

### A. Purpose:

The purpose of House Bill No. 22-62 to amend 1 CMC §7407(f) to stiffen the penalty for anyone who violates the stated travel restriction, and for other purposes. For purposes of this section, a ticket includes but shall not be limited to each individual travel segment regardless of whether there is only one collective fare or booking.

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DATE: 8/21/2022  
TIME: 9:00a  
HOUSE CLERK'S OFFICE  
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**B. Committee Findings:**

Your Committee finds that 1 CMC §7407(f) respectfully states “The Commonwealth Government shall not purchase or furnish for or reimburse to any employee, contractor, board member, or other person required to travel on behalf of the Government, its departments, divisions, agencies, and autonomous agencies, an airline ticket for travel in first class, business class, or any other premium class designation. Travel agents issuing tickets for government travel shall only be paid at the regular economy fare or its equivalent. Any government employee who causes an airline ticket to be issued in violation of this section shall pay a civil fine of one-thousand dollars.” Pursuant to this statute, no person traveling on behalf of the CNMI Government is allowed to travel in first class, business class, or any other premium class designation. Furthermore, it also states that issuance of tickets for government travel shall only be paid for regular economy fare or its equal. If a government employee were to violate this subsection, they shall pay a civil fine of one-thousand dollars (\$1,000.00). Your Committee finds that the intent of this statute is well-founded. However, your Committee also finds that this respective statute needs to be amended to provide better accountability especially when the Commonwealth is faced with several economic challenges.

Your Committee further finds that our great Commonwealth faced a severe economic crisis. This crisis included an \$8 million deficit for FY2017; \$25.8 million deficit in FY 2018; and an \$88 million deficit in FY 2019. Your Committee does acknowledge the occurrence of Super Typhoon Yutu touching down in the CNMI in October 2018, causing significant damages to the islands of Tinian and Saipan, there are absolute no justifiable reasons for deficit to occur in FY 2017 and FY 2018. The only logical reason must be government overspending and misuse of taxpayer funds. Furthermore, in the event of such reductions, many hardworking individuals either received a reduction of working hours or were released either through furlough or termination. Your Committee finds that we cannot allow innocent hardworking government employees to continue to suffer because of the negligent fiscal decisions made by a few, including, but not limited to, government travel. It is highly appropriate to stiffen the penalties for violation of 1 CMC §7407(f) to serve as a greater deterrence for such actions. Government travel should not be taken for granted and our newly proposed 1 CMC §7407(f) should serve as the proper measure to prevent such negligent acts. Therefore, your Committee agrees with the intent and purpose of House Bill No. 22-62 and recommends its passage in its current form.

**C. Public Comments/Public Hearing:**

The Committee received comments from the following:

- Mrs. Kina B. Peter, Public Auditor, CNMI Office of the Public Auditor

The Public Auditor proposes suggestions.

- Mr. David Atalig, Secretary, Department of Finance

The Secretary of the Department of Finance proposes recommendations.

D. Legislative History:

House Bill No. 22-62 was introduced by Representative Edwin K. Propst on May 28, 2021 to the full body of the House and was referred to the House Standing Committee on Judiciary and Governmental Operations for disposition.

A similar legislation, namely House Bill No. 21-110, was introduced on March 13, 2020 to the full body of the House. On that same day, the House passed the proposed and was subsequently sent to the Senate. No further action was taken.

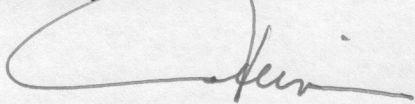
E. Cost Benefit:

The enactment of House Bill No. 22-62 will not result in additional cost to the CNMI government for the intent of the proposed legislation aims to stiffen the penalty for anyone who violates such travel restrictions. Further, the proposed legislation aims to promote cost reductions in terms of government travel. In return, any violations of the proposed legislation may result in additional funds for the CNMI Government.

**III. CONCLUSION:**

The Committee is in accord with the intent and purpose of H. B. NO. 22-62, and recommends its passage in its current form.

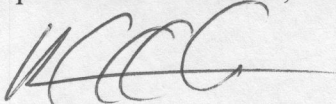
Respectfully submitted,



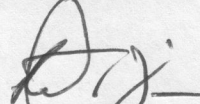
Rep. Celina R. Babauta, Chairperson



Rep. Blas Jonathan "BJ" T. Attao, Vice Chair



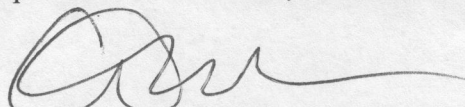
Rep. Vicente C. Camacho, Member



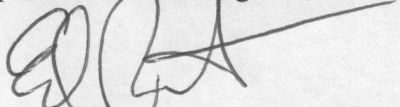
Rep. Richard T. Lizama, Member



Rep. Donald M. Manglona, Member

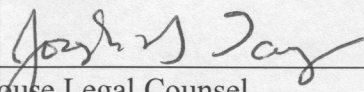


Rep. Christina M.E. Sablan, Member



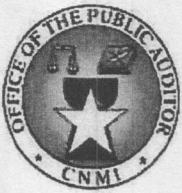
Rep. Edwin K. Propst, Member

Reviewed by:

  
House Legal Counsel

Attachment:

- Letter dated August 4, 2021 from the Public Auditor; and
- Letter dated August 4, 2021 from the Secretary of the Department of Finance.



# Office of the Public Auditor

Commonwealth of the Northern Mariana Islands

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August 4, 2021

VIA EMAIL

Chairwoman Celina Babauta  
The House of Representatives Committee on Ways and Means  
22<sup>nd</sup> Northern Marianas Commonwealth Legislature  
Honorable Jesus P. Mafnas Memorial Building  
P.O. Box 500586  
Saipan, MP 96950

**RE: Comments on H.B. 22-62**

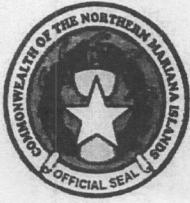
Dear Chairwoman:

The Office of the Public Auditor (OPA) appreciates the opportunity to comment on House Bill 22-62 (H.B. 22-62). OPA has been working with the Senate on a similar bill with additional provisions regarding uniform per diem rates throughout the government and political activity during government travel. We would suggest reaching out to the Senate to see their bill. 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

August 4, 2021

SFL 2021-206

Rep. Celina Babauta  
Chairman  
Judiciary and Government Operations Committee  
22<sup>nd</sup> Commonwealth Legislature  
P.O. Box 500586, Saipan, MP 96950  
Tel: 670-664-8899  
Fax: 670-664-8949

Subject: Commonwealth of the Northern Mariana Islands (CNMI) Department of Finance  
Comments and Recommendations on House Bill 22-62, "To repeal and re-enact 1  
CMC § 7407 (f) to stiffen the penalty for anyone who violates the stated travel  
restriction; and for other purposes."

Dear Rep. Babauta,

On behalf of the CNMI Department of Finance, it is our pleasure to provide our comments and recommendations on House Bill 22-62, to repeal and re-enact 1 CMC § 7407(f) to stiffen the penalty for anyone who violates the stated travel restriction; and for other purposes.

As witnessed by the surmounting costs incurred for the series of hearings held with regards to government travel, specifically targeting current Governor Ralph DLG. Torres, the Department of Finance understands the interest involved with the introduction of this legislation.

While I acknowledge the Legislature's authority to introduce legislation such as House Bill 22-62, I wish to raise to you a number of issues related to the intent of the bill, the current status of CNMI travel procedures, and the long-term implication of these proposals.

First, the CNMI Constitution has empowered the Office of the Public Auditor with a vitally important responsibility to "audit the receipt, possession and disbursement of public funds by the executive, legislative and judicial branches of the government, an instrumentality of the Commonwealth or an agency of local government and shall perform other duties provided by law." This administration has respected the role of the Public Auditor and adhered to the findings OPA has produced with regard to these mandates.

One such report, the "Report on the Audit of the CNMI Government Travel Policy" (OPA Report No. 20-06) outlined the finding related to the long-standing practice within the CNMI government (a practice that predated the current administration) of providing first class accommodations on

flights. Again, in respecting the authority of OPA, the CNMI Department of Finance responded to this finding with the following statement contained in the report:

“The SOF [Secretary of Finance] agreed with OPA’s findings and stated that DOF is working diligently to adopt a uniform regulation by October 1, 2020. In addition, DOF has notified Travel Section employees and Department Heads regarding the current restrictions on the purchase of first-class travel. The SOF stated that any travel authorizations with premium class travel will be returned immediately.”

This process was governed by existing CNMI law and the Constitution, and resulted in the remedy of a decades-long inconsistency between travel policy and the law. With the issue finally resolved by the Department of Finance, the question arises as to whether this legislation intends to contain any goal not already fulfilled. Should the intent be to submit politically profitable statements to propel its current agenda, then this is outside of the CNMI Department of Finance’s jurisdiction to provide comment.

More broadly, I wish to once more stress the significance of the role of the Public Auditor in the process of auditing and enforcing CNMI law with relation to the expenditure of public funds. The present agenda undermines the role, expertise, and authority of the Public Auditor. Should the Legislature feel that the Public Auditor does not have the authority or the resources it needs to perform a role the Legislature expects of it, it is in the authority of the Legislature to empower the agency with funding, and functions to continue its important responsibilities to the CNMI people.

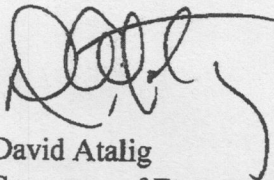
On the nature of this discussion, I asked that the committee thoroughly review the implication of this legislation not only on current Governor Ralph DLG. Torres, but to future government officials and dignitaries of the Commonwealth and their duties and responsibilities to the people.

As a remote island community located thousands of miles away from our federal counterparts, travel to places such as Washington, DC has always been a required and beneficial function of CNMI employees and of the chief executive. Travel is required to maintain compliance with federal grants, and to obtain training and development programs not available in the Commonwealth. In the frequent travel required of Governor Torres, he has successfully spoken before US Congress and with the White House on issues of paramount importance to the Commonwealth, such as Medicaid, labor, the economy, and recovery from natural disasters. These trips have all resulted in incalculable benefits for our islands. The Legislature’s agenda seeks to diminish the role of this Governor within the CNMI government, and in doing so, damages the importance of the position for all future governors to come.

We expect much from our chief executive. We expect prudent management of the CNMI government, timely and active responses to natural disasters, the provision of a comprehensive network of public safety, a collaborative and working relationship with the CNMI Legislature and Judiciary, and to foster stronger relationships between the CNMI government and the United States government in fulfillment of our Covenant. These expectations have been exceeded by the current administration, and further effort to ensure a more prosperous CNMI requires cost to be borne today.

On behalf of the CNMI Department of Finance-Office of the Secretary, I thank you for the opportunity to provide our response. If you have any questions or need further assistance regarding this letter, please do not hesitate to contact us at 1-(670)-664-1100 or email at [david.atalig@dof.gov.mp](mailto:david.atalig@dof.gov.mp) and we will be more than happy to help you.

Sincerely,

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

David Atalig  
*Secretary of Finance*



TWENTY-SECOND NORTHERN MARIANAS COMMONWEALTH

LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

\_\_\_\_\_ Session, 2021

H. B. 22- 62

A BILL FOR AN ACT

To repeal and re-enact 1 CMC §7407(f) to stiffen the penalty for anyone who violates the stated travel restriction; and for other purposes.

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

1           **Section 1. Findings and Purpose.** The Legislature finds that the CNMI is  
2 facing a severe economic crisis. In FY 2017, there was an \$8 million deficit; in FY  
3 2018, a \$25.8 million deficit; and in 2019, an \$88 million deficit. While there is no  
4 doubt that Super Typhoon Yutu played a large role in our deficit for FY 2019, there  
5 really is no valid excuse for deficit spending in FY 2017 and FY 2018, other than  
6 the fact that we had a government that failed to be fiscally conservative and to live  
7 within its means. The Legislature acknowledges that government overspending  
8 and the misuse of public taxpayer funds has contributed to our growing deficit. As  
9 CNMI government officials put austerity measures in place that include the  
10 reduction of work hours for hardworking front line employees, the Legislature  
11 affirms austerity measures must also include putting an end to illegal government

1 travel practices, such as illegally paying for first class tickets using government  
2 funds.

3       The Legislature acknowledges and supports 1 CMC §7407(f), which states,  
4 “The Commonwealth Government shall not purchase or furnish for or reimburse to  
5 any employee, contractor, board member, or other person required to travel on  
6 behalf of the Government, its departments, divisions, agencies, and autonomous  
7 agencies, an airline ticket for travel in first class, business class, or any other  
8 premium class designation. Travel agents issuing tickets for government travel  
9 shall only be paid at the regular economy fare or its equivalent. Any government  
10 employee who causes an airline ticket to be issued in violation of this section shall  
11 pay a civil fine of one-thousand dollars.”

12       Despite 1 CMC §7407(f) being very clear in its intent, which is to prohibit  
13 the Commonwealth Government from purchasing first class tickets for government  
14 or non-government employees and even including a \$1,000 civil fine for every  
15 violation, this law has been continually trampled on over recent years, resulting in  
16 hundreds of thousands of dollars wasted, and to add insult to CNMI taxpayers, no  
17 civil fines have ever been issued. No one is above the law, and there are certainly  
18 no exceptions to this law, yet it continues to be violated.

19       The Legislature finds that during this time of austerity and financial  
20 uncertainty, it is imperative that we protect our scarce financial resources,  
21 especially from those who violate Commonwealth laws they swore to uphold.

1 Therefore, the purpose of this Act is to amend 1 CMC §7407(f) to stiffen the penalty  
2 for anyone who violates the stated travel restriction, and for other purposes. For  
3 purposes of this section, a ticket includes but shall not be limited to each individual  
4 travel segment regardless of whether there is only one collective fare or booking.

5 **Section 2. Repeal and re-enact.** 1 CMC §7407(f) is hereby repealed and  
6 re-enacted to read as follows:

7 “(f) *Airfare restriction.* Notwithstanding any laws, statutes, rules or  
8 regulations or executive orders to the contrary the Commonwealth  
9 Government shall not purchase or furnish for or reimburse to any employee,  
10 contractor, board member, or other person required to travel on behalf of  
11 the Government, its departments, divisions, agencies, and autonomous  
12 agencies, an airline ticket for travel in first class, business class, or any other  
13 premium class designation. Travel agents issuing tickets for government  
14 travel shall only be paid at the regular economy fare or its equivalent. Any  
15 person traveling on behalf of the CNMI Government, the authorizing and  
16 required signatory, and travel agent who causes an airline ticket to be issued  
17 in violation of this section shall pay restitution as determined by the court  
18 in an amount equal to the difference between the first class fare or the  
19 prohibited fare and the regular economy full fare, pay a fine of one thousand  
20 five dollars, and be subject to imprisonment for up to one year per ticket.  
21 For purposes of this section, a ticket includes, but shall not be limited to,

1 each individual travel segment, regardless of whether there is only one  
2 collective fare or booking.”

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

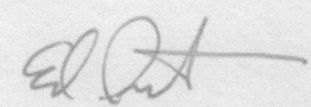
8 **Section 4. Savings Clause.** This Act and any repealer contained herein  
9 shall not be construed as affecting any existing right acquired under contract or  
10 acquired under statutes repealed or under any rule, regulation, or order adopted  
11 under the statutes. Repealers contained in this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

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

Prefiled: 5/13/2021

Date: 5-13-21

Introduced by:



Rep. Edwin K. Propst

*Danarajmai  
Dentak Yangtmai*

*[Signature]*  
Richard T. Lizama

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*[Signature]*

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Shila Babant  
*[Signature]*

*[Signature]*  
Christina Sablan

*[Signature]*  
Leila Staffer

Reviewed for Legal Sufficiency by:

John J. Jones  
House Legal Counsel