



TWENTY-THIRD LEGISLATURE
COMMONWEALTH OF THE NORTHERN MARIANAS COMMONWEALTH
LEGISLATURE

HOUSE OF REPRESENTATIVES
COMMITTEE ON JUDICIARY AND GOVERNMENTAL
OPERATIONS

P.O. BOX 500586 SAIPAN, MP 96950

MARISSA R. FLORES
CHAIRWOMAN

STANDING COMMITTEE REPORT NO. 23-86

DATE: October 17, 2024

RE: H. B. No. 23-107

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

Dear Mr. Speaker:

Your Committee on Judiciary and Governmental Operations to which House Bill No. 23-107 was referred, entitled:

“To repeal the salaries of the Commissioners of the Commonwealth Casino Commission and the CNMI Cannabis Commission and to require that these Commissioners receive compensation in accordance with 1 CMC § 8247.”

begs leave to report as follows:

I. RECOMMENDATION:

After considerable discussion, your Committee recommends that House Bill No. 23-107 be passed by the House in the form of House Draft 1.

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II. ANALYSIS:

A. Purpose:

The purpose of House Bill No. 23-107 is to repeal the salaries of the Commissioners of the Commonwealth Casino Commission and to require that these Commissioners receive compensation in accordance with 1 CMC § 8247.

B. Amendments:

In addition to non-substantive technical amendments, after considerable discussion the Committee decided to remove the CNMI Cannabis Commission from this Act, and only incorporate the Commissioners of the Commonwealth Casino Commission. The Committee made the following amendments to strengthen the intent of House Bill No. 23-107.

- Page 1 Title
 - After the word “Commission”:
 - **Delete** “and the CNMI Cannabis Commission”
- Page 1
 - Line 2, after the word “Commission”:
 - **Delete** “and the CNMI Cannabis Commission”
 - Line 8, after the word “thereafter.”:
 - **Delete** “The Legislature also finds that pursuant to 4 CMC § 53007(g), the Commissioners of the CNMI Cannabis Commission are”
- Page 2
 - Line 1:
 - **Delete** “compensated at a rate of \$55,000.00 per annum.”
 - Line 15, after the word “Commission”:
 - **Delete** “and the Commissioners of the CNMI Cannabis Commission”
 - Line 18, after the word “Commission”:
 - **Delete** “, the Commissioners of the CNMI Cannabis

Commission”

- Line 21, after the word “Commission”:
 - **Delete** “and the Commissioners of the CNMI”
- Page 3
 - Line 1:
 - **Delete** “Cannabis Commission”
 - Line 5, after the word “Casino”:
 - **Delete** “Commission and the CNMI Cannabis Commission”
 - Line 12, after the word “Commission”:
 - **Delete** “and members of the CNMI Cannabis Commission”
- Page 4
 - Line 2:
 - **Delete** “Section 4. Amendment. 4 CMC § 53007(g) of the Commonwealth Code is hereby amended to read as follows:” in its entirety, and all affected subsections shall be renumbered accordingly.

C. Committee Findings:

Your Committee finds that the Commonwealth of the Northern Mariana Islands Legislature has enacted legislation to address the disparities in compensation received by members of various government commissions and boards. This legislation specifically repeals the previously established salaries for the Commissioners of the Commonwealth Casino Commission, requiring instead that these Commissioners receive compensation under the provisions of 1 CMC § 8247. Your Committee's findings reveal that under the previous compensation structures, the Commissioners of the Commonwealth Casino Commission were entitled to \$40,000.00 for the first year of the Commission's existence and \$65,000.00 per annum for each year after that. A comparison of these salaries against the compensation received by other commissioners and board members, such as those of the Public Utilities Commission and the Commonwealth Economic Development Authority Board of Directors, who are compensated under 1 CMC § 8247 which limits compensation to no more than \$60 for a full day meeting and no more than \$30 for a half day or less meeting, with a maximum annual compensation of \$6,000, reveals a significant disparity.

Your Committee further finds that in light of the dire economic situation currently faced by the Government of the Commonwealth of the Northern Mariana Islands, the compensation received by the Commissioners of the Commonwealth Casino Commission is disproportionately high. This Act seeks to resolve this issue by aligning the compensation of these Commissioners with the more modest rates established for other government commissions and boards within the Commonwealth. The analysis of the compensation disparities between the Commonwealth Casino Commission and other government commissions and boards in the Northern Mariana Islands was conducted through a review of the relevant legislation and a comparison of the established compensation structures.

It is the intent of your Committee to amend the proposed legislation to repeal the salaries of the Commissioners of the Commonwealth Casino Commission and to require that these Commissioners receive compensation in accordance with 1 CMC § 8247. Your Committee finds that such authority is necessary to effectively and efficiently carry out the intent of the proposed legislation. Therefore, your Committee agrees with the intent and purpose of House Bill No. 23-107 and recommends its passage in the form of House Draft 1.

D. Public Comments:

The Committee received written comments from the following:

- Mr. Henry S. Hofschneider, Chairman, Commonwealth Zoning Board. Comments dated May 24, 2024.

“From a fairness standpoint, I would consider increasing the rates of compensation in 1 CMC § 8247 to bring them current to today’s cost of operations, which is so much different from those of back in the day thirty-nine years ago.”

- Mr. Edward Manibusan, Attorney General, CNMI Office of the Attorney General. Comments dated May 29, 2024.

“The bill as written is constitutionally sufficient and I am in support of this bill.”

- Mr. Raymond M. Muna, Chairperson, Civil Service Commission. Comments dated May 29, 2024.

“I am writing on behalf of the Civil Service Commission to express our full support for House Bill 23-107, which aims to standardize the salaries of Commissioners within the Commonwealth Casino Commission and the CNMI Cannabis Commission, aligning them with the provisions of 1 CMC § 8247.”

- Mr. Edward C. Deleon Guerrero, Chairman, Commonwealth Casino Commission. Comments dated October 11, 2024.

“In summary, for the reasons stated above, the Commonwealth Casino Commission does NOT support H.B. 23-107.”

- CNMI Cannabis Commission. Comments dated October 11, 2024.

“Therefore, the Commission recommends against the passage of H.B. 23-107.”

E. Legislative History:

House Bill No. 23-107 was introduced by Representative Marissa R. Flores on May 10, 2024, to the full body of the House and was referred to the House Standing Committee on Judiciary and Governmental Operations for disposition.

F. Cost Benefit:

The implementation of House Bill No. 23-107, HD1, is anticipated to yield substantial cost savings for the CNMI Government, enabling the reallocation of resources to other urgent priorities and initiatives. Additionally, this adjustment in compensation will foster fairness and equity among government commissions and boards, thereby enhancing transparency within the public sector of the CNMI.

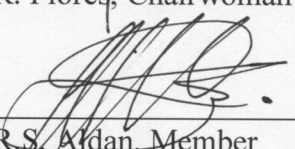
III. CONCLUSION:

The Committee is in accord with the intent and purpose of House Bill No. 23-107 and recommends its passage in the form of House Draft 1.

Respectfully submitted,



Rep. Marissa R. Flores, Chairwoman



Rep. Vincent R.S. Aidan, Member

Rep. Vicente C. Camacho, Member



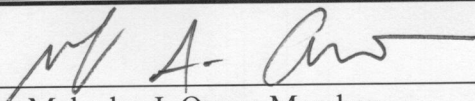
Rep. Joel C. Camacho, Vice Chair



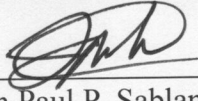
Rep. Blas Jonathan “BJ” T. Attao, Member




Rep. Manny G.T. Castro, Member



Rep. Malcolm J. Omar, Member

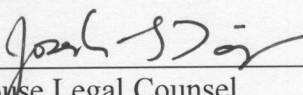


Rep. John Paul P. Sablan, Member



Rep. Ralph N. Yumul, Member

Reviewed by:



House Legal Counsel

Attachment:

- Letter dated May 24, 2024 from the Chairman of the Commonwealth Zoning Board.
- Letter dated May 29, 2024 from the Attorney General of the CNMI Office of the Attorney General.
- Letter dated May 29, 2024 from the Chairperson of the Civil Service Commission.
- Letter dated October 11, 2024 from the Chairman of the Commonwealth Casino Commission.
- Letter dated October 11, 2024 from the CNMI Cannabis Commission.



COMMONWEALTH ZONING BOARD
ZONING OFFICE

Caller Box 10007, Saipan, MP 96950
Tel. 670-234-9661/2/3, FAX 234-9666
zoningboard@cnmizoning.com



May 24, 2024

The Honorable Merissa R. Flores
Chairwoman
House Standing Committee on Judiciary and
Governmental Operations
The House of Representatives
Twenty-third Northern Marianas Commonwealth
Legislature
Capitol Hill, Saipan MP 96950
VIA EMAIL DELIVERY ONLY:

Re: Comments on House Bill No. 23-107

Dear Madam Chair:

Thank you for inviting me to comment on the above-referenced bill. I do really appreciate this opportunity to comment on your bill, and want to thank you for receiving my comments.

The provision in our CNMI Code under Compensation of Board Members of Government Corporations and Councils, codified at 1 CMC § 8247, has been on the books for thirty-nine long years. The law setting compensation for members of government corporations, councils, commissions, agencies, and boards was enacted on March 11, 1985. The law has been amended a few times after its enactment in 1985 to add elected municipal councils and autonomous agencies and boards.

Since March 11, 1985 to present, compensation for those members listed in 1 CMC § 8247 have been static: \$60 for attending a published meeting for four or more hours and \$30 for not less than two and not more than four hours. This schedule of compensation has remained the same for thirty-nine years.

Later members of government boards and others, after 1 CMC § 8247 became law, have matured and you can say have become more sophisticated than earlier ones (or maybe some of them just paid more attention than others), as time allowed observant board members to learn from past experiences of other board members. Members serving on boards and others also became daring and took opportunities as ways to raise issues about the autonomy of boards to decide matters that they saw were within their jurisdictional realm.

Before the most recent amendments to 1 CMC § 8247, sophisticated boards took for granted perceived loopholes in the law to established their own board compensation schedules that conceivably were not contrary to law. Alarmed at the exorbitant compensation schedules that allegedly were draining agencies of their limited funds, 1 CMC § 8247 was again amended to plug the loopholes.

When boards are established by statutes, the composition of their memberships, for many boards, include representation from the private and public sectors. While members coming from the public sector do not actually lose their pay for attending board meetings (as their time away from their jobs are eligible for administrative time off and compensation at their regular salaries), some members from the private sector actually do. Members representing the private sector have a lot to sacrifice when their time off from their work reduces their daily earning by the number of hours spent away from their work to attend board meetings. And, they are compensated almost nothing at the statutory 1 CMC § 8247 board compensation rate compare to their fulltime job compensation rate. This, I can say, was one of the likely reasons for boards and others to establish their compensation rates before 1 CMC § 8247 was amended to bring all boards and others into the fold provided by law.

Your bill proposes to change the compensation rates for two statutorily established commissions – the Cannabis Commission and the Commonwealth Casino Commission – and bring them into the fold of 1 CMC § 8247. Your bill has merits, when view from a pragmatic sense of how these two commissions operate and how they are each distinctly set up as a governing body separate from its administrative offices but having an indistinct relationship with each other.

Take for example the cannabis commission.¹ The law that established the commission provided for administrative staff, headed by a fulltime managing director who hires his support staff. Annual salaries of some the cannabis commission support staff are much lower than the annual compensation for the commission commissioners. It is unclear to me whether the commissioners follow the same work schedule as the administrative staff and actually perform work following an eight-hour workday, although the law that established it expressly identifies it as a working commission. Without clearly defining the term working commission, I would find it unfair to exclude other commissions and boards as not working boards and commissions. Were the sole purpose of compensating cannabis commissioners at the rate set in the law to safeguard them from falling vulnerable of being influenced, then all board and commission members must deserve equal protection and incentivization.

As a working cannabis commission, it made sense, in my opinion, to compensate the commissioners in the initial period after the enactment of the law that established the cannabis commission, as presumably all the necessary administrative set up of its offices and promulgating regulations had to get done as soon as possible. But five years after its establishment, it should be safe to say that the commission should have a less loaded and busy schedule than it did the first to four years after its inception.

From a management point of view, a working commission like the cannabis commission whose work schedule might follow a five-day, eight-hour workweek raises the question of whether the commissioners are fulltime employees and that it is responsible for the daily operations of the commission. This perceived fulltime function of the commission also raises the question of whether the responsibilities of the managing director are merely ministerial or are duplicative of the commission. These and other like concerns are more than just simple reasons to consider whether the commissioners' rate of compensation justifies its daily responsibilities and status as a working, fulltime, or parttime commission and whether the commissioners should be considered employees if they are working commissioners. (Because it is a working commission,

¹ No intent to pick on the cannabis commission and not on the casino commission in this commentary. My comments here looks at both commissions since they are the subject of your bill.

it raises the question of whether it has to comply with the open government act requirement for holding meetings and how it complies with that law if the commissioners follow a daily, eight-hour work schedule.)

Concluding the discussions above, you have a couple of options to consider before finalizing your bill and recommending its passage as the only solution to curbing the exorbitant rate of compensation for the two commissions (and maybe others that have similar jaw-dropping compensation rates). I offer alternatives below.

There is no dispute that the two board meeting compensations in 1 CMC § 8247, i.e., \$30.00 and \$60.00, have been on the books for thirty-nine years. Maybe it is high time those rates are changed and brought current, if inflation has anything to do with it. While prices of goods, materials, and services, (in the private and public sectors) have increased since the enactment of 1 CMC § 8247 thirty-nine years ago, it is surprising that the compensation rates for boards in 1 CMC § 8247 has remained frozen, as if they were sacredly cast in stone in some ancient time. What gives, might be a likely question.

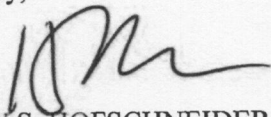
Rather than paying board and council members and commissioners a fixed, annual salary-like compensation, maybe do away with that and compensate them using rates like \$200.00 for four or more hours or \$100.00 for more than two but less than four hours of attending published board and commission meetings, including announced committee meetings. Although these dollar figures seem steep, they have to be higher than the current rates as set out in 1 CMC § 8247, as most board members are employed in the private sector and maybe earn high salaries.

The other proposal is to apply the same method of compensation that you are trying to change for the two commissions to all boards, councils, and commissions. There has to be some sense of fairness to other boards and commissions since many of them, if not all, have the same or greater fiduciary duty and responsibility as the two commissions. To give you an example, the Commonwealth Zoning Board is charged with quasi-adjudicatory responsibilities and it is held to a higher standard of fiduciary duty and responsibility. Because of that status, its members must be compensated more than a measly \$60.00 or \$30.00.

From a fairness standpoint, I would consider increasing the rates of compensation in 1 CMC § 8247 to bring them current to today's cost of operations, which is so much different from those of back in the day thirty-nine years ago.

Thank you for receiving and considering my comments on House Bill No. 23-107.

Sincerely,

A handwritten signature in black ink, appearing to read 'H. Hofschneider', written over a horizontal line.

HENRY S. HOFSCHEIDER
Chairman, Commonwealth Zoning Board



Commonwealth of the Northern Mariana Islands
Office of the Attorney General

2nd Floor Hon. Juan A. Sablan Memorial Bldg.
Caller Box 10007, Capitol Hill
Saipan, MP 96950

EDWARD MANIBUSAN
Attorney General

LILLIAN A. TENORIO
Deputy Attorney General

VIA EMAIL: rep.floresm@cnmileg.net

May 29, 2024

OAGHOR: 2024-028
LSR No. 24-316

Hon. Marissa Flores
Chairperson, House Committee on
Judicial and Governmental Operations
House of Representatives
23rd Northern Mariana Islands Legislature
Saipan, MP 96950

Re: House Bill No. 23-107: "To repeal the salaries of the Commissioners of the Commonwealth Casino Commission and the CNMI Cannabis Commission and to require that these Commissioners receive compensation in accordance with 1 CMC § 8247"

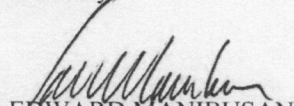
Dear Chairperson Flores:

Thank you for requesting the comments of the Office of the Attorney General on House Bill 23-107. The bill proposes to repeal the salaries of the CNMI Cannabis Commission and the CNMI Casino Commission, and to bring the two Commissions in line with other regulatory agencies.

The bill as written is constitutionally sufficient and I am in support of this bill. Currently, boards and agencies of the Commonwealth are compensated for their meetings in accordance with 1 CMC § 8247. This bill will bring the two commissions in line with other boards and commissions who meet regularly and are paid at the 1 CMC § 8247 rate. These rates for the Commissioners were originally envisioned to be paid by the funds raised by the Commissions, however, it is not clear this goal is being met.

I am available to discuss further the issues raised in HB 23-107. Please feel free to contact me at (670) 237-7500 or email at attorney_general@cnmioag.org.

Sincerely,


EDWARD MANIBUSAN
Attorney General

cc: All Members, House Standing Committee on
Judiciary and Governmental Operations

Civil Division
Telephone: (670) 237-7500
Facsimile: (670) 664-2349

Criminal Division
Telephone: (670) 237-7600
Facsimile: (670) 234-7016

Attorney General Investigation Division
Telephone: (670) 237-7628
Facsimile: (670) 234-7016

Victim Witness Advocacy Unit
Telephone: (670) 237-7602
Facsimile: (670) 234-7016



RAYMOND M. MUÑA
Chairperson, CSC

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
CIVIL SERVICE COMMISSION
OFFICE OF PERSONNEL MANAGEMENT

P.O. BOX 5153 CHR, SAIPAN, MP 96950-5153
CSC TEL NO: (670) 233-1606
OPM TEL. NO: (670) 234-6925 / 6958 | FAX NO. (670) 234-1013
CSC website: <http://www.cnmicsc.net> | OPM website: <http://www.cnmiopm.net>



JOSEPH M. PANGELINAN
Acting Director of Personnel

May 29, 2024

OUT-2024-024

Marissa R. Flores
Chairwoman
House Standing Committee on Judiciary and Governmental Operations
23rd Commonwealth Legislature
Honorable Jesus P. Mafnas Memorial Bldg
P.O. Box 500586
Saipan, MP 96950

Re: Support for House Bill 23-107: Addressing Commissioners Salary Disparities

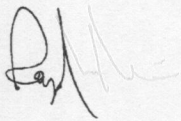
I am writing on behalf of the Civil Service Commission to express our full support for House Bill 23-107, which aims to standardize the salaries of Commissioners within the Commonwealth Casino Commission and the CNMI Cannabis Commission, aligning them with the provisions of 1 CMC § 8247.

While we endorse the pursuit of equitable compensation across government entities, we also recognize the necessity of reevaluating 1 CMC § 8247. It may be beneficial to extend fair compensation practices to board and commission committees, considering the substantial responsibilities they often undertake before presenting matters to the full board or commission for approval. We acknowledge that further deliberation will be required for this aspect.

Nevertheless, House Bill 23-107 presents a balanced approach to addressing salary disparities. By bringing Commissioner compensation in line with the limits outlined in 1 CMC § 8247, the bill not only ensures fairness but also relieves financial burdens on the CNMI Government.

Thank you for your attention to this matter. Should you have any inquiries or require additional information, please feel free to reach out to me.

Sincerely,

A handwritten signature in black ink, appearing to read "Ray M. Muña". The signature is fluid and cursive, with the first name "Ray" being more prominent.

Raymond M. Muña
Chairperson, Civil Service Commission



COMMONWEALTH CASINO COMMISSION
Commonwealth of the Northern Mariana Islands
Unit 13 & 14, Springs Plaza, Chalan Pale Arnold, Gualo Rai
P.O. Box 500237, Saipan, MP 96950
E-mail: commissioner.edlg@gmail.com



Edward C. DeLeon Guerrero, Chairman
Ralph S. Demapan, Vice Chairman/Public Affairs
Mariano Taitano, Secretary/Treasurer

October 11, 2024

Representative Marissa R. Flores
Chairwoman, House Standing Committee on Judiciary
And Governmental Operations
House of Representatives
23rd CNMI Legislature
P.O. Box 500586
Saipan, MP 96950

Re: Comments on House Bill No. 23-107

Dear Chairwoman Flores:

Greetings from the Commonwealth Casino Commission ("Commission or CCC")!

The Commission is in receipt of your letter, dated October 8, 2024, requesting for our comments in reference to House Bill 23-107, *"To repeal the salaries of the Commissioners of the Commonwealth Casino Commission and the CNMI Cannabis Commission and to require that these Commissioners receive compensation in accordance with 1 CMC 58247"*.

The Commission has completed its review of H.B. 23-107 and provides our comments below. Please note that our comments will be specifically as they affect the Commonwealth Casino Commission and not necessarily the Cannabis Commission:

1. Section 1. Findings and Purpose.

- The CCC Commissioners do not received any "salaries". P.L. 18-56, P.L. 19-24 and P.L. 21-38 clearly provide that the Commissioners are NOT employees of the government. Thus, the Commissioners do not have withholding for taxes, social security, and other benefits through the payroll systems. The taxes on the compensation are paid by the Commissioners and the Department of Finance issues the 1099 at the end of the year.
- It appears that the H.B. 23-107 attempts to standardize compensation amongst all boards and commissions and to reduce the costs to the local government. In reference to the Commonwealth Casino Commission, the Commonwealth government has only been appropriating between \$1.00 to \$2.00 dollars per annum since the Casino Commission was established. In effect, the **Casino Commission never spent a penny**

of Commonwealth funds. H.B. 23-107 does not have much substance in addressing our dismal financial conditions. **H.B. 23-107 will not reduce the costs to the government.**

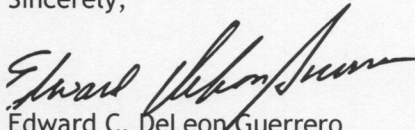
2. Sections 3 & 4. Amendments.

- o Sections 3 and 4 propose to amend the current rate of Commissioner's compensation and apply 1 CMC §8247. This proposal contradicts P.L. 18-56, P.L. 19-24, and P.L. 21-38. The Casino Commission, as noted earlier, receives only between \$1.00 to \$2.00 per year appropriations from the local government. The personnel and operations costs of the Casino Commission, the regulatory body for the sole casino operator, was designed to be paid entirely by the casino licensee. **Thus, there is no costs to the local government.** Transferring the compensation from its current arrangement and subjecting the compensation to 1 CMC §8247 will require that the Casino Commissioners be paid by the local government. This is contrary to the intent of the Bill, reducing the costs to the local government. There is an old saying, "don't try to fix something that is not broken". It applies here!

In summary, for the reasons stated above, the Commonwealth Casino Commission does NOT support H.B. 23-107. If you need additional information or want to discuss this matter further, please feel free to contact the Casino Commission at your convenience.

Thank you for the opportunity to comment on H.B. 23-107 and look forward to working with your Committee on other gaming legislation.

Sincerely,


Edward C. DeLeon Guerrero
Chairman

cc: Honorable Arnold I. Palacios, Governor, Office of the Governor
Honorable Edmund Villagomez, Speaker, House of Representatives
Honorable Ralph Yumul, Chairman, House Committee on Gaming
Commissioners, Commonwealth Casino Commission
File



COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
CANNABIS COMMISSION



BLDG., #1341, Asencion Ct., Capitol Hill
P.O. BOX 500135 Saipan, MP 96950
Email: compliance.cnmicc@gmail.com
Phone: (670) 488-0420

www.cnmicc.com

October 11, 2024

The Honorable Rep. Marissa R. Flores
Chairwoman
House Standing Committee on Judiciary
and Governmental Operations
House of Representatives
23rd Northern Marianas Commonwealth Legislature
P.O. Box 500586
Saipan, MP 96950

Re: Comments on House Bill 23-107

Dear Representative Flores,

Thank you for seeking the CNMI Cannabis Commission's (the "Commission") input on H.B. 23-107, titled, *"To repeal the salaries of the Commissioners of the Commonwealth Casino Commission and the CNMI Cannabis Commission and to require that these Commissioners receive compensation in accordance with 1 CMC § 8247."*

The Commission recently addressed this matter in its response, dated October 4, 2024, to the Office of the Governor regarding the 2022 Transition Team's list of recommendations for the Commission. We will reiterate the Commission's stance on this matter for itself only and not for the Commonwealth Casino Commission, as we are not well-versed in local and federal casino laws and regulations.

Commission members disagree with amending 4 CMC § 50037(g) of the Taulamwaar Sensible CNMI Cannabis Act of 2018 to repeal full-time salaried cannabis regulators and convert them to a part-time board with compensation of no more than \$30 for half-day meetings and \$60 for full-day meetings, as stipulated in 1 CMC § 8247. Therefore, the Commission recommends against the passage of H.B. 23-107.

We offer the following justification for your Committee's consideration regarding the importance of maintaining a full-time salaried cannabis board, which is about much more than just collecting an annual salary:

- A full-time, salaried Commission provides dedicated focus and continuous oversight, which is essential in the fast-changing cannabis industry. Full-time members gain in-depth knowledge of cannabis regulations and industry trends, enabling them to quickly address emerging issues, adapt regulations, tackle challenges, and ensure consistent decision-making and policy implementation.
- In contrast, a part-time commission board can encounter several challenges. These include members' limited availability to fully engage with the complexities of the cannabis industry, resulting in slower decision-making and potential delays in regulatory processes. There may be inconsistencies in oversight and enforcement of regulations, which could impact the industry's stability and compliance. Part-time members might lack the same level of expertise or up-to-date knowledge as full-time members, potentially affecting the quality of governance and strategic planning. Additionally, their other professional commitments could lead to conflicts of interest, compromising their impartiality and decision-making. Coordination among part-time members can also be more difficult, leading to inefficiencies and communication gaps.

Furthermore, maintaining a full-time salaried Commission ensures the implementation of strong and effective regulatory and enforcement systems, as intended by the U.S. Department of Justice for states or territories that have opted to legalize cannabis. These systems and guidance address potential threats to federal priorities, such as preventing distribution to minors, preventing revenue from going to criminal enterprises, and preventing diversion to neighboring island nation states where cannabis remains illegal. Additionally, they aim to prevent drugged driving and other adverse public health consequences, prevent the growing of cannabis on public lands, prevent cannabis possession or use on federal property, maintain accurate records, ensure product safety, and prevent illegal activities associated with cannabis. Please refer to the enclosed Department of Justice memorandum dated August 29, 2013, known as the Cole Memo, which emphasizes guidance on marijuana enforcement.

Your Committee may be aware that the U.S. Drug Enforcement Agency has proposed moving cannabis from Schedule I to Schedule III under the Controlled Substances Act. This change would recognize the medical use of cannabis and reduce some federal restrictions, but states and territories would still need to align their regulations with federal guidelines. If cannabis is rescheduled to Schedule III, it would still require regulation by a cannabis board or similar regulatory body. The rescheduling would change the legal status and some regulatory aspects, but the need for oversight remains crucial to ensure compliance with laws and regulations, manage licensing, and maintain public health and safety standards.

Similarly, the upcoming 2024 Farm Bill has sparked significant debates and concerns regarding synthetic cannabinoid delta-8 THC and other intoxicating hemp-derived cannabinoids. Some states have already moved to ban or restrict delta-8 THC. The Farm Bill could further complicate this landscape by introducing new federal standards that might conflict with state laws. In the

CNMI's case, this could necessitate amending the CNMI Hemp Farming Industry Act of 2019 (Public Law 21-25) and adjusting the Commission's responsibilities to include the regulatory oversight of intoxicating hemp-derived products.

Finally, please note that the CNMI's cannabis industry is still in its infancy, having operated for only four years since August 4, 2020, when the Commission began accepting applications through its emergency regulations. The subsequent COVID-19 pandemic, including shutdowns, lockdowns, and vaccinations, severely slowed progression, although Commission members continued addressing cannabis matters during this period.

The initial Commission members were sworn in in September 2019 and had 180 days to develop emergency regulations, which were completed by March 2020. This led to the beginning of accepting applications in August 2020. Formal cannabis regulations were subsequently adopted; however, they require continual updates to meet CNMI's industry needs. Additional regulatory inclusions are required for medical marijuana, pesticide use, and cannabis tracking. Additionally, regulations will need further amendments to align with changes in federal standards, should marijuana be rescheduled, and potential changes to the 2024 Farm Bill that may require oversight over intoxicating hemp-derived products.

We hope the justifications given above are worthy of your Committee's reconsideration to maintain full-time salaried Commission board members and defer H.B. 23-107.

Should your Committee decide otherwise and pass H.B. 23-107, we would like to highlight the following points for the record:

- Three Commissioners resigned from their former employment to join the Commission. Two members were CNMI Government civil service employees: one was a permitting supervisor with the Saipan Zoning Office, and the other was an agriculturist with the Department of Lands and Natural Resources, Division of Agriculture, and a U.S. Marine Corps veteran. They were required to resign from their government positions to serve as Commission members. The third member resigned from the Liquor and Cannabis Regulation Branch in British Columbia, Canada, after being recruited to assist with the development of the CNMI's cannabis industry. Had it been known that H.B. 23-107, a reintroduction of H.B. 23-21, would be part of the CNMI Government's arrangement, these members might have made different decisions about joining the Commission.
- Unlike other CNMI Government entities with part-time or full-time boards and large teams of personnel, the Commission is a revenue-generating and self-sufficient entity. It does not require funding appropriations from the general fund and does not contribute to the depletion of the government's general fund.

Thank you again for the opportunity to comment. We hope your Committee reconsiders its decision. We are happy to answer any questions or provide further information to clarify our comments on H.B. 23-107.

Respectfully submitted by:

Juan T. Iguel
Chairman

Journie Hofschneider
Vice Chairwoman

/s/ Thomas L. Songsong
Thomas L. Songsong
Secretary

Jose B. Palacios
Member

Thank you again for the opportunity to comment. We hope your Committee reconsiders its decision. We are happy to answer any questions or provide further information to clarify our comments on H.B. 23-107.

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/s/ Thomas L. Songsong
Thomas L. Songsong
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Member

TWENTY-THIRD NORTHERN MARIANAS COMMONWEALTH

LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

MAY 10, 2024

Second Special Session, 2024

H. B. 23-107 HD1

A BILL FOR AN ACT

To repeal the salaries of the Commissioners of the Commonwealth Casino Commission ~~and the CNMI Cannabis Commission~~ and to require that these Commissioners receive compensation in accordance with 1 CMC § 8247.

BE IT ENACTED BY THE 23RD NORTHERN MARIANAS
COMMONWEALTH LEGISLATURE:

1 **Section 1. Findings and Purpose.** This legislation repeals the salaries of
2 the Commissioners of the Commonwealth Casino Commission ~~and the CNMI~~
3 ~~Cannabis Commission~~ and requires that these Commissioners receive
4 compensation in accordance with 1 CMC § 8247.

5 The Legislature finds that pursuant to 4 CMC § 2313(g), the Commissioners
6 of the Commonwealth Casino Commission were compensated at the rate of
7 \$40,000.00 for the first year of the Commission's existence and \$65,000.00 per
8 annum for each year thereafter. ~~The Legislature also finds that pursuant to 4 CMC~~
9 ~~§ 53007(g), the Commissioners of the CNMI Cannabis Commission are~~

1 ~~compensated at a rate of \$55,000.00 per annum.~~

2 A comparison of these salaries against compensation received by other
3 commissioners and board members of entities within the Commonwealth of the
4 Northern Mariana Islands Government reveals a significant disparity. For instance,
5 the Commissioners of the Public Utilities Commission and the Members of the
6 Commonwealth Economic Development Authority Board of Directors are
7 compensated in accordance with 1 CMC § 8247, which states “the rate of
8 compensation for meetings attended for members of all government corporations,
9 councils, commissions, [and] agencies . . . shall be no more than \$60 for a full day
10 meeting and no more than \$30 for a half day or less meeting; provided that the
11 compensation shall not exceed a maximum of \$6,000 per year”

12 In light of this disparity and the dire economic situation currently faced by
13 the Government of the Commonwealth of the Northern Mariana Islands, the
14 Legislature finds that the compensation received by the Commissioners of the
15 Commonwealth Casino Commission ~~and the Commissioners of the CNMI~~
16 ~~Cannabis Commission~~ are disproportionately high. This legislation rectifies the
17 disparity in compensation between the Commissioners of the CNMI Casino
18 Commission, ~~the Commissioners of the CNMI Cannabis Commission~~, and other
19 similarly-situated positions within the CNMI Government.

20 Further, this adjustment ensures that the Commissioners of the
21 Commonwealth Casino Commission ~~and the Commissioners of the CNMI~~

1 ~~Cannabis Commission~~ are fairly compensated for their contributions, brings the
2 Commissioners' compensation in line with compensation for comparable roles, and
3 lessens the financial burden on the CNMI Government.

4 Thus, the purpose of this legislation is to repeal the salaries of the
5 Commissioners of the Commonwealth Casino ~~Commission and the CNMI~~
6 ~~Cannabis Commission~~ and require that these Commissioners, like other similarly-
7 situated CNMI Government officials, receive compensation pursuant to 1 CMC
8 § 8247.

9 **Section 2. Amendment.** 1 CMC § 8247(k) of the Commonwealth Code is
10 hereby amended to read as follows:

11 “(k) This section shall ~~not~~ apply to members of the Commonwealth
12 Casino Commission and members of the CNMI Cannabis Commission.”

13 **Section 3. Amendment.** 4 CMC § 2313(g) of the Commonwealth Code is
14 hereby amended to read as follows:

15 “(g) Compensation. Members of the Commission shall ~~each~~ be
16 compensated in accordance with 1 CMC § 8247 ~~at the rate of \$ 40,000.00~~
17 ~~for the first year of the Commission's existence. After the first year of the~~
18 ~~Commission's existence, Commissioners shall be compensated at the rate~~
19 ~~of \$ 65,000.00 per annum; provided that each Commissioner must attend~~
20 ~~all scheduled meetings unless excused by the Chairperson of the~~

1 ~~Commission. All travel will be subject to 1 CMC § 7407.”~~

2 **Section 4. Amendment.** ~~4 CMC § 53007(g) of the Commonwealth Code is~~
3 hereby amended to read as follows:

4 ~~“(g) Compensation. The Commission shall be a working~~
5 ~~Commission and the m~~Members ~~of the Commission shall each be~~
6 ~~compensated in accordance with 1 CMC § 8247 at the rate of \$ 55,000 per~~
7 ~~annum; provided that each Commissioner must attend all scheduled~~
8 ~~meetings unless excused by the Chairperson of the Commission; provided~~
9 ~~further that if a Commissioner fails to attend three scheduled meetings~~
10 ~~without excuse, his or her salary shall be reduced and prorated accordingly.~~
11 ~~All travel will be subject to 1 CMC § 7407.”~~

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

17 **Section 6.5. Savings Clause.** This Act and any repealer contained herein
18 shall not be construed as affecting any existing right acquired under contract or
19 acquired under statutes repealed or under any rule, regulation, or order adopted
20 under the statutes. Repealers contained in this Act shall not affect any proceeding
21 instituted under or pursuant to prior law. The enactment of the Act shall not have

HOUSE BILL 23-107 HD1

1 the effect of terminating, or in any way modifying, any liability, civil or criminal,
2 which shall already be in existence on the date this Act becomes effective.

3 **Section 7. Effective Date.** This Act shall become effective on the first day
4 of the fiscal year immediately following the fiscal year in which it was approved
5 by the Governor or became law without his approval.

Prefiled: 5/9/2024

Date: _____ Introduced by: /s/ Rep. Marissa R. Flores
/s/ Rep. Roman C. Benavente
/s/ Rep. Julie M. A. Ogo
/s/ Rep. Edmund S. Villagomez
/s/ Rep. Ralph N. Yumul

Reviewed for Legal Sufficiency by:

/s/ Joseph M. Hallahan [5/8/2024]
House Legal Counsel

HB 23-107 HD1 Reviewed for Legal Sufficiency by:

/s/ Joseph L.G. Taijeron, Jr. [10/17/2024]
House Legal Counsel