



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

Adopted - 12/30/2022 vV
STANDING COMMITTEE REPORT NO. 22-60
DATE: DECEMBER 15, 2022
RE: H.B. 22-83

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. 22-83:

“To enact a whistleblower protection provision for Commonwealth government employees reporting on prohibited personnel practices; and for other purpose.”

begs leave to report as follows:

I. RECOMMENDATION:

After considerable discussion, your Committee recommends that H. B. NO. 22-83 be passed by the House in the form of House Substitute 1.

HOUSE CLERK'S OFFICE
RECEIVED BY *[Signature]*
DATE *02/22* TIME *2:46 pm*

II. ANALYSIS:

A. Purpose:

The purpose of House Bill No. 22-83 is to enact a whistleblower protection provision for Commonwealth government employees reporting on prohibited personnel practices and for other purpose.

B. Committee Findings:

Your Committee finds that in many government agencies and entities, there are certain government employees/employers who engage in activities that constitute a violation of law, rules, or regulations. Such activities may lead to mismanagement, waste of funds, abuse of authority, or substantial and specific danger to public health or safety. In the event that a certain employee wishes to disclose information in regards to such illicit activities, many employers would engage in retaliatory personnel action against that employee. Such retaliatory actions include firing or laying off, demoting, denying overtime or promotion, or reducing pay hours. Your Committee finds that these retaliatory actions by government heads should not be condoned in any way, shape or form. When an employee's rights and well-being are being threatened at their respective government agency where they are employed, the overall working environment of such agency will be negatively impacted. As entities representing the government, all employees' rights should be respected especially when certain violations are taking place. Your Committee finds that it would be imperative to protect the integrity of all CNMI Government employees from such intimidation and retaliatory threats to promote a better and healthier working environment. The well-being of the CNMI Government is dependent on these employees for they carry out the services needed to assisting our people.

Your Committee finds that the Whistleblower Protection Act of 1989, as amended, and enacted as United States Public Law 101-12 (as amended), is a federal law that serves to protect all federal employees who wish to report to possible existence~~of~~ violations to law and/or regulations. Your Committee also finds that other U.S. jurisdictions, such as Hawaii, California, New York, Oregon, Ohio, etc., have enacted their own respective laws in regards to whistleblower protection.¹ As a territory of the United States, it is imperative that we acknowledge that illegal and/or unethical government activities have taken place. It is of utmost importance that we affirm to our government employees that they do have rights within their working environment and that they can report on any suspicious activity that may be taking place. Furthermore, we must enact protective measures that will allow for them to feel secured without fear of retaliatory actions. The livelihood of our current and future government workers is our topmost priority and your Committee deems that the proposed legislation aims to provide such protective measures to prevent future financial and/or authoritative distress on our government employees.

Therefore, it is the intent of your Committee to amend the Subject, Findings and Purpose Section, Section 3, and the addition of Section 4 to the proposed legislation to provide better

¹ <https://www.paycor.com/resource-center/articles/whistleblower-laws-by-state/>

clarity. Under Section 3, your Committee made necessary amendments by encompassing all necessary definitions (Section 102); include all forms of discrimination, including racial, gender, sexual orientation, age, etc., to the list of prohibited personnel practices (Section 103); establish responsibilities for agency heads (Section 104); amend the penalty section to make it a civil penalty instead of a criminal penalty and to penalize each infraction with a monetary fine(Section 105); and to establish promulgation authority for both the Office of Personnel Management and the Department of Finance to create necessary regulation to carry out the intent of this Act (Sections 105 and 106). Furthermore, your Committee further amended the proposed legislation by including a Section 4 to authorize the Department of Finance to issue rewards utilizing the funds recovered and collected from such heinous personnel acts. Therefore, your Committee agrees with the intent and purpose of House Bill No. 22-83 and recommends its passage in the form of House Substitute 1.

C. Public Comments:

The Committee received comments from the following:

- Ms. Frances Torres-Salas, Director, Office of Personnel Management

Ms. Torres-Salas is in support of the proposed legislation with amendments

- Ms. Ashley Kost, Legal Counsel, Office of the Public Auditor

Ms. Kost has indicated that the proposed legislation is unclear and recommends that the Committee reach out to the Department of Finance, specifically the Division of Revenue and Taxation, to seek their comments.

D. Legislative History:

House Bill No. 22-83 was introduced by Representative Leila H.F.C. Staffler on October 29, 2021 to the full body of the House and was referred to the House Standing Committee on Judiciary and Governmental Operations for disposition.

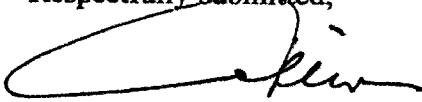
E. Cost Benefit:

The enactment of House Bill No. 22-83, HS1 will not result in additional costs to the CNMI government due to the fact that the rewards for reporting such illicit and unethical acts will be paid for utilizing the funds collected from the financial proceeds recovered from such acts.

III. CONCLUSION:

The Committee is in accord with the intent and purpose of H. B. NO. 22-83, and recommends its passage in the form of House Substitute 1.

Respectfully submitted,



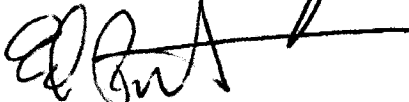
Rep. Celina R. Babauta, Chairperson



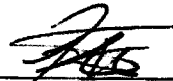
Rep. Vicente C. Camacho, Member



Rep. Donald M. Manglona, Member



Rep. Edwin K. Propst, Member



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

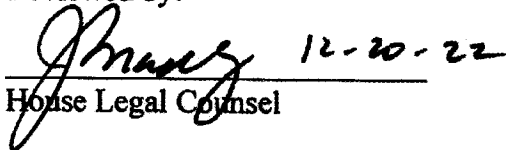


Rep. Richard T. Lizama, Member



Rep. Christina M.E. Sablan, Member

Reviewed by:



12-20-22

House Legal Counsel

Attachment:

- o A letter dated November 15, 2021 from the Director of the Office of Personnel Management; and
- o A letter dated February 25, 2022 from Legal Counsel of the Office of the Public Auditor



JAKE MARATITA
Chairperson, CSC

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

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FRANCES TORRES-SALAS
Director of Personnel

November 15, 2021

Representative Leila Staffler
Chairperson
Committee on Education and Workforce
22nd House of Representatives
Saipan, MP 96950

Subject: Comments on HB No. 22-

Dear Representative Staffler and Committee Members:

Thank you for the opportunity to provide comments on HB No. 22.

"To enact a whistleblower protection provision for Commonwealth government employees reporting on prohibited personnel practices; and for other purposes."

I am in favor of the overall intent of this House Bill. Subsection 7841 of the Commonwealth Code provides that the Office of the Public Auditor may receive and investigate complaints or concerns on the abuse of public funds and other illegal activities. This House Bill provides further protection to government employees who report any wrongdoing or any illegal acts in the workplace. It is imperative that government employees know their rights and protections, and understand that, if they report suspicion of a violation, that there shall be no repercussions after reporting such claims of abuse of public funds, fraud, or illegal activity.

It is equally important to address the issue of those individuals who report such violations knowing that the accusations are false. Individuals must act in good faith and have reasonable grounds to believe that the information they are providing indicates a violation. I propose that this House Bill also include provisions that impose a penalty on those individuals who maliciously or knowingly report such false violations. Disciplinary action up to removal from employment, inclusive of a fine, should also be considered.

In the event that this House Bill passes, the Office of Personnel Management shall inform the Civil Service Commission of its passage and advise that the Commission should consider the formulation and insertion of a regulatory provision that is in-line with this law. Such provision shall become a part of both the current Civil Service and Excepted Service Regulations.

Subsection 101 Prohibited practices, touches briefly on discrimination. It is equally important to address issues of discrimination. Both the Civil Service Personnel Service System Regulations and the Excepted Service Regulations include protection of government employees against discrimination. The Office of Personnel Management has a system in place that supports the Commonwealth's Equal Employment Opportunity program. OPM works closely with the various government departments and agencies to ensure that employees have the rights and protections provided by federal laws. Statements of the Commonwealth's policy of nondiscrimination can be found in Title 1, §8102 of the Commonwealth Code.

I would like to further provide comment on subsection 102, Penalties. It is my opinion that the current penalty of \$500 is sufficient. This penalty amount should also apply to individuals that report false information. This House Bill proposes to impose a penalty ranging from \$1,000 to \$10,000. My concerns on the matter are: who shall determine the actual amount of the penalty, and by what guidance shall they gauge the severity of the violation?

Overall, I agree with the intent of this House Bill to provide a strong base for the protection of whistleblowers.

Thank you for the opportunity to comment on this bill.



FRANCES TORRES-SALAS

Director

Office of Personnel Management

cc: Chairman, Civil Service Commission
Chiefs, OPM



Office of the Public Auditor

Commonwealth of the Northern Mariana Islands

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February 25, 2022

VIA EMAIL

Chairwoman Celina Babauta
The House of Representatives Committee on Judiciary and Governmental Operations
22nd Northern Marianas Commonwealth Legislature
Honorable Jesus P. Mafnas Memorial Building
P.O. Box 500586
Saipan, MP 96950

RE: OPA additional comments regarding House Bill No. 22-83

Dear Chairwoman Babauta:

The Office of the Public Auditor (OPA) will take this opportunity to comment on House Bill 22-83 (H.B. 22-83). The current whistleblower statute, 1 CMC § 7841, does not specifically address the mechanism for paying out whistleblower rewards. H.B. 22-83 adds a mechanism, 1 CMC § 7841(e). While this mechanism might seem fair for tax-related whistleblowers because Revenue and Tax would receive the recovered money, the mechanism may prove difficult for situations of theft or fraud within other areas of the government. If there was a large amount of money recovered (presumably deposited to the General Fund) and tangentially, a sizable award was owed to the whistleblower, Revenue and Taxation will be required to disburse the award from their appropriated money for that fiscal year according to H.B. 22-83. Revenue and Taxation may have a difficult time planning for unknown sums of money disbursing out of their budget every year. Additionally, having two separate mechanisms for paying potential whistleblowers, one for tax-related whistleblowers and one for all other whistleblowers, may be confusing.

H.B. 22-83 is unclear on whether employees of Revenue and Taxation can receive whistleblower awards for detecting under payments of taxes during the course of their regular employment. Are the employees of Revenue and Taxation going to be eligible for receiving essentially a bonus for the work they are already paid to do as CNMI government employees?

We would suggest reaching out to the Department of Finance and specifically, Revenue and Taxation, to seek their comments on both types of awards mechanisms set up for whistleblowers.

If you have any questions about OPA's comments, please do not hesitate to contact our office.

Sincerely,


Ashley Kost
Legal Counsel

cc: Kina Peter, Public Auditor

**HOUSE STANDING COMMITTEE ON JUDICIARY & GOVERNMENTAL
OPERATIONS
HOUSE OF REPRESENTATIVES
TWENTY-SECOND CNMI LEGISLATURE**

VOICE/ROLL CALL VOTE

DATE: 12/15/22

MOTION: TO PASS HOUSE BILL 22-83 IN THE FORM OF HOUSE SUBSTITUTE 1
AND TO PRODUCE A COMMITTEE REPORT.

MOTION OFFERED BY: Rep. Christina M.E. Sablan

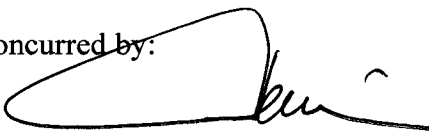
MOTION SECONDED BY: Rep. Richard T. Lizama

NAME			YES	NO	OTHER
1	Chair	Celina R. Babauta	X		
2	Vice Chair	Blas Jonathan "BJ" T. Attao	X		
3	Representative	Vicente C. Camacho	X		
4	Representative	Richard T. Lizama	X		
5	Representative	Donald M. Manglona	X		
6	Representative	Christina M.E. Sablan	X		
7	Representative	Edwin K. Propst	X		
TOTAL			7		

(ROLL CALL) ACTION TAKEN: Chair declares that all 7 Members present voted yes (will be reflected in the voting box above) and the motion is carried.


Cameron Nicholas, House Legislative Assistant

Date: 12/20/22

Concurred by:

Rep. Celina R. Babauta, Chair

Date: 12/21/22

TWENTY-SECOND NORTHERN MARIANAS COMMONWEALTH

LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 29, 2021

Second Regular Session, 2021

H. B. 22-83, HS1

A BILL FOR AN ACT

To enact a whistleblower protection provision for Commonwealth government employees reporting on prohibited personnel practices; to provide whistleblower rewards for individuals who report underpayments of taxes; to clarify the mechanism for the payment of rewards for disclosures leading to the recovery of public funds; and for other purposes.

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

1 **Section 1. Short Title.** This Act shall be cited as the “Commonwealth-Wide
2 Whistleblower Protection Act of 2021”.

3 **Section 2. Findings and Purpose.** The Legislature finds that illegal or
4 unethical activities can and do occur within many organizations. The Legislature
5 also finds that within these organizations, courageous individuals known as
6 “whistleblowers” provide an important function in holding organizations
7 accountable by disclosing illegal or unethical activities to the appropriate
8 authorities. Cognizant of the threats or intimidation tactics that these individuals

1 may face, the Legislature finds that this Act is necessary to establish stronger
2 whistleblower protections in the law.

3 The Legislature also finds that pursuant to 1 CMC §7841, the Public Auditor
4 may receive complaints or information concerning any activity constituting fraud,
5 waste, or abuse in the collection and expenditure of public funds. This statute was
6 initially enacted by CNMI Public Law 3-91 and amended by CNMI Public Law 14-
7 60, which established a monetary incentive for individuals who provide
8 information leading to the recovery of public funds; however, the mechanism for
9 paying out such rewards must be clarified. The Legislature also finds that
10 whistleblowers may report other types of unethical or illegal activities that warrant
11 statutory protections, including prohibited personnel practices within the
12 government. Additionally, whistleblowers who report underpayments of taxes that
13 lead to the recovery of public funds may also merit rewards.

14 Therefore, the purpose of this Act is to enact a whistleblower protection
15 provision for Commonwealth government employees who report prohibited
16 personnel practices, to extend whistleblower rewards to individuals who report
17 underpayment of taxes, to clarify the mechanism by which whistleblower rewards
18 may be paid, and for other purposes.

19 **Section 3. Enactment.** Notwithstanding any laws or regulations to the
20 contrary, the following is hereby enacted subject to codification by the
21 Commonwealth Law Revision Commission:

1 **“101. Short Title.**

2 This Act shall be cited as the “Commonwealth-Wide Whistleblower
3 Protection Act of 2021”.

4 **§ 102. Government Personnel Practices: Definitions.**

5 For the purposes of this Act:

6 (a) "agency" means any entity of the Commonwealth government;

7 (b) “disability” means a physical or mental impairment that substantially
8 limits one or more major life activities of an individual or a record of such
9 an impairment;

10 (c) "disclosure" means a formal or informal communication or transmission,
11 of information that the individual providing the disclosure reasonably
12 believes evidences -

13 (1) any violation of any law, rule, or regulation; or

14 (2) gross mismanagement, a gross waste of funds, an abuse of
15 authority, or a substantial and specific danger to public health or
16 safety.

17 (d) "new employee" means an individual appointed to a position as an
18 employee on or after the effective date of this Act, and who has not
19 previously served as an employee;

20 (e) “personnel action” means -

21 (1) an appointment;

- 1 (2) a promotion;
- 2 (3) a disciplinary or corrective action;
- 3 (4) a detail, transfer, or reassignment;
- 4 (5) a reinstatement;
- 5 (6) a restoration;
- 6 (7) a reemployment;
- 7 (8) a performance evaluation;
- 8 (9) a decision concerning pay, benefits, or awards, or concerning
- 9 education or training if the education or training may reasonably be
- 10 expected to lead to an appointment, promotion, performance
- 11 evaluation, or other personnel action described in this section;
- 12 (10) a decision to order psychiatric testing or examination;
- 13 (11) the implementation or enforcement of any nondisclosure
- 14 policy, form, or agreement; or
- 15 (12) any other significant change in duties, responsibilities, or
- 16 working conditions,
- 17 with respect to an employee in, or applicant for, a position in
- 18 Commonwealth agency;
- 19 (f) "relative" means, with respect to an individual, a person who is related
- 20 to the individual as father, mother, son, daughter, brother, sister, uncle, aunt,
- 21 first cousin, nephew (son of brother or sister), niece (daughter of brother or

1 sister), husband, wife, father-in-law, mother-in-law, son-in-law, daughter-
2 in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson,
3 stepdaughter, stepbrother, stepsister, half-brother, or half-sister; and

4 (g) "whistleblower protections" means the protections against and remedies
5 for a prohibited personnel practice as defined in this Act.

6 **§ 103. Prohibited Personnel Practices.** Any government employee or
7 official who has authority to take, direct others to take, recommend, or approve any
8 personnel action, shall not, with respect to such authority-

9 (a) discriminate for or against any employee or applicant for employment-

10 (1) on the basis of race, color, religion, sex, or national origin;

11 (2) on the basis of age;

12 (3) on the basis of sex, gender identity, or sexual orientation;

13 (4) on the basis of disability; or

14 (5) on the basis of marital status or political affiliation, as prohibited
15 under any law, rule, or regulation.

16 (b) solicit or consider any recommendation or statement, oral or written,
17 with respect to any individual who requests or is under consideration for
18 any personnel action unless such recommendation or statement is based on
19 the personal knowledge or records of the person furnishing it and consists
20 of-

- 1 (1) an evaluation of the work performance, ability, aptitude, or
2 general qualifications of such individual; or
3 (2) an evaluation of the character, loyalty, or suitability of such
4 individual.
- 5 (c) coerce the political activity of any person (including the providing of
6 any political contribution or service), or take any action against any
7 employee or applicant for employment as a reprisal for the refusal of any
8 person to engage in such political activity;
- 9 (d) deceive or willfully obstruct any person with respect to such person's
10 right to compete for employment;
- 11 (e) influence any person to withdraw from competition for any position for
12 the purpose of improving or injuring the prospects of any other person for
13 employment;
- 14 (f) grant any preference or advantage not authorized by law, rule, or
15 regulation to any employee or applicant for employment (including defining
16 the scope or manner of competition or the requirements for any position)
17 for the purpose of improving or injuring the prospects of any particular
18 person for employment;
- 19 (g) appoint, employ, promote, advance, or advocate for appointment,
20 employment, promotion, or advancement, in or to a civilian position any
21 individual who is a relative of such employee if such position is in the

- 1 agency in which such employee is serving as a public official or over which
2 such employee exercises jurisdiction or control as such an official;
- 3 (h) take or fail to take, or threaten to take or fail to take, a personnel action
4 with respect to any employee or applicant for employment because of any
5 disclosure by the employee or applicant to the Attorney General, the Public
6 Auditor, the Department of Public Safety, the Legislature, the Department
7 of Finance, any agency component responsible for internal review or
8 investigation, or any law enforcement authority, of information which the
9 employee or applicant reasonably believes evidences -
- 10 (1) any violation of any law, rule, or regulation, or
- 11 (2) gross mismanagement, a gross waste of funds, an abuse of
12 authority, or a substantial and specific danger to public health or
13 safety.
- 14 (i) take or fail to take, or threaten to take or fail to take, any personnel action
15 against any employee or applicant for employment because of-
- 16 (1) the exercise of any appeal, complaint, or grievance right granted
17 by any law, rule, or regulation, including testifying for otherwise
18 lawfully assisting any individual in the exercise of such right;
- 19 (2) the employee or applicant cooperating with or disclosing
20 information to the Public Auditor, the Attorney General, the
21 Legislature, any agency component responsible for internal

- 1 investigation or review, or any other law enforcement authority, in
2 accordance with applicable provisions of law; or
3 (3) the employee or applicant refusing to obey an order that would
4 require the individual to violate a law, rule, or regulation.
5 (j) exclude or deprive any employee or applicant from protections under this
6 Act for making disclosures pursuant to subsections (h) and (i) on the basis
7 of –
8 (1) the motive of the employee or applicant in making the disclosure;
9 (2) the disclosure was not made in writing;
10 (3) the disclosure was made while the employee was off duty;
11 (4) the disclosure was made before the date on which the individual
12 was appointed or applied for appointment to a position; or
13 (5) the amount of time which has passed since the occurrence of the
14 events described in the disclosure.
15 (k) discriminate for or against any employee or applicant for employment
16 on the basis of conduct which does not adversely affect the performance of
17 the employee or applicant or the performance of others; except that nothing
18 in this paragraph shall prohibit an agency from taking into account in
19 determining suitability or fitness any conviction of the employee or
20 applicant for any crime under the laws of the Commonwealth;

1 (l) take or fail to take any other personnel action if the taking of or failure
2 to take such action violates any law, rule, or regulation implementing, or
3 directly concerning, the respective merit system principles;

4 (m) implement or enforce any nondisclosure policy, form, or agreement, if
5 such policy, form, or agreement-

6 (1) does not contain the following statement: "These provisions are
7 consistent with and do not supersede, conflict with, or otherwise
8 alter the employee obligations, rights, or liabilities created by
9 existing statute or executive order relating to: cooperating with or
10 disclosing information to the Office of the Public Auditor, the Office
11 of the Attorney General, the Legislature, any agency component
12 responsible for internal review or investigation, or any other law
13 enforcement authority, of a violation of any law, rule, or regulation,
14 or mismanagement, a gross waste of funds, an abuse of authority, or
15 a substantial and specific danger to public health or safety; any
16 whistleblower protection provided by statute or regulation; or
17 compliance with the public meetings and records requirements set
18 forth in 1 CMC sections 9901 et seq., the Open Government Act.
19 The definitions, requirements, obligations, rights, sanctions, and
20 liabilities created by existing statutory provisions and executive
21 orders are incorporated into this agreement and are controlling; or

1 (2) prohibits or restricts an employee or applicant for employment
2 from disclosing to the Office of the Public Auditor, the Attorney
3 General, the Legislature, any agency component responsible for
4 internal investigation or review, or any law enforcement authority
5 any information that relates to any violation of any law, rule, or
6 regulation, or gross mismanagement, a gross waste of funds, an
7 abuse of authority, or a substantial and specific danger to public
8 health or safety.

9 (n) access the medical record of another employee or an applicant for
10 employment as a part of, or otherwise in furtherance of, any prohibited
11 personnel practice.

12 **§ 104. Responsibilities of Agency Heads.** The head of each agency shall
13 be responsible for:

- 14 (a) preventing prohibited personnel practices;
- 15 (b) complying with and enforcing applicable civil service laws, rules, and
16 regulations and other aspects of personnel management;
- 17 (c) ensuring, in consultation with the Attorney General and the Office of the
18 Public Auditor, that employees of the agency are informed of the rights and
19 remedies available to them under Act, including the role of the Attorney
20 General with respect to enforcing whistleblower protections;

1 (d) ensuring that each new employee is informed of the rights and remedies
2 available to them under this Act not later than 180 days after the date on
3 which the new employee is appointed; and

4 (e) making information regarding whistleblower protections available on
5 the public website of the agency and on any online portal that is made
6 available only to employees of the agency, if such portal exists.

7 **§ 105. Penalties.** Any person found in violation of §103 shall be liable to
8 the Commonwealth government for a civil penalty up to \$10,000 per violation.
9 Furthermore, if a person is found in violation of §103, such person's employment
10 shall be terminated immediately. The Office of Personnel Management shall
11 promulgate regulations to establish procedures for determining violations of §103
12 and assessing civil penalties.

13 **§ 106. Whistleblower Rewards to Individuals Who Report**
14 **Underpayments of Taxes Levied Under the Laws of the Commonwealth.**

15 (a) The Secretary of Finance under regulations prescribed by the
16 Department of Finance, is authorized to pay such sums as necessary for
17 detecting underpayments of tax levied under the laws enacted in the
18 Commonwealth.

19 (b) Rewards to Whistleblowers. If the Director of the Division of Revenue
20 and Taxation proceeds with any administrative or judicial action to bring to
21 trial and punishment persons guilty of violating the tax laws enacted in the

1 Commonwealth, based on information brought to the Division's attention
2 by an individual, who is not an employee of the Division, such individual
3 shall receive a reward of at least \$500.00 or up to five percent of the
4 collected proceeds, whichever is greater, (including penalties, interest,
5 additions to tax, and any other additional amounts) resulting from the action
6 (including any related actions) or from any settlement in response to such
7 action, provided, that the total amount of the reward shall not exceed
8 \$10,000.00.

9 (c) Reduction in or Denial of Reward. If the Division of Revenue and
10 Taxation determines that the claim for a reward is brought by an individual
11 who planned and initiated the actions that led to the underpayment of tax or
12 to any administrative or judicial action to bring to trial and punishment
13 persons guilty of violating the tax laws of the Commonwealth, then the
14 Division may appropriately reduce such award.

15 (d) Appeal of Reward Determination. Any determination regarding a
16 reward may, within thirty (30) days of such determination, be appealed
17 through the process established by the Administrative Procedure Act
18 (codified as 1 CMC §9101 et seq.).

19 (e) Additional rules. No contract with the Division of Revenue and Taxation
20 is necessary for any individual to receive a reward under this section. Any
21 individual seeking a reward under this section may be represented by

1 counsel. No reward may be made under this section based on information
2 submitted to the Division unless such information is submitted under
3 penalty of perjury.”

4 **Section 4. Amendment.** 1 CMC § 7841 shall be amended to reflect the
5 following amendments to subsection (d) as follows.

6 ~~“(d) If the person comes forward with information leading to the~~
7 ~~recovery of public funds, that person shall receive a \$500.00 reward or five~~
8 ~~percent of the total recovery, whichever is greater.~~

9 Any person who makes a complaint or discloses information to the
10 Office of Public Auditor that leads to the recovery of public funds shall
11 receive a \$500.00 reward or five percent of the total recovery, whichever is
12 greater, but not more than \$10,000.00. The Department of Finance is
13 authorized to pay these rewards from any collected proceeds.”

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

19 **Section 6. Savings Clause.** This Act and any repealer contained herein
20 shall not be construed as affecting any existing right acquired under contract or
21 acquired under statutes repealed or under any rule, regulation, or order adopted

HOUSE BILL 22-83, HS1

1 under the statutes. Repealers contained in this Act shall not affect any proceeding
2 instituted under or pursuant to prior law. The enactment of the Act shall not have
3 the effect of terminating, or in any way modifying, any liability, civil or criminal,
4 which shall already be in existence on the date this Act becomes effective.

5 **Section 7. Effective Date.** This Act shall take effect upon its approval by
6 the Governor, or its becoming law without such approval.

Prefiled: 10/25/2021

Date: 10/25/2021

Introduced by: /s/ Rep. Leila H.F.C. Staffler
/s/ Rep. Celina R. Babauta
/s/ Rep. Sheila J. Babauta
/s/ Rep. Vicente C. Camacho
/s/ Rep. Richard T. Lizama
/s/ Rep. Corina L. Magofna
/s/ Rep. Donald M. Manglona
/s/ Rep. Edwin K. Propst
/s/ Rep. Christina M.E. Sablan
/s/ Rep. Edmund S. Villagomez
/s/ Rep. Denita Kaipat Yangetmai
/s/ Rep. Ralph N. Yumul

Reviewed for Legal Sufficiency by:

/s/ John B. Layde
House Legal Counsel