

FIFTEENTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

THIRD REGULAR SESSION, 2007

H. B. NO. 15-220

---

**A BILL FOR AN ACT**

TO INCREASE THE MINIMUM WAGE OF THE CNMI AND TO  
RE-ESTABLISH THE WAGE REVIEW COMMITTEE PURSUANT TO 4  
CMC § 9602; AND FOR OTHER PURPOSES.

**BE IT ENACTED BY THE FIFTEENTH NORTHERN MARIANAS  
COMMONWEALTH LEGISLATURE:**

1           **Section 1. Short Title.** This Act may be cited as the “Minimum Wage Reform  
2 Act of 2007.”

3           **Section 2. Findings.** The Legislature finds that the issue of minimum wage in  
4 the Commonwealth of the Northern Mariana Islands (“CNMI”) is of utmost importance  
5 to the CNMI’s internal need to promote a healthy, orderly and prosperous economy for  
6 all its people. The 110th United States Congress is contemplating enacting a law to  
7 increase the minimum wage of the CNMI without considering the economic dynamics of  
8 the CNMI. The Legislature finds that it would be in the best interest of the CNMI if the  
9 minimum wage is determined and established by the CNMI Legislature rather than the  
10 United States Congress because of the serious negative impact of increasing the  
11 minimum wage.

12           The Legislature further finds that the minimum wage of the CNMI has not  
13 increased since 1996. Public Law 10-13 rescinded the wage increases of 1996, 1997,  
14 1998 and 1999 as established by Public Law 8-21, which would have brought the CNMI  
15 minimum wage to \$4.25 an hour. The Legislature finds that the Ninth Northern Marianas  
16 Commonwealth Legislature, at the time, recognized that the raising of the minimum wage  
17 without justification by a wage review committee similar to the Federal Special Industry  
18 Committee that was created by federal law to determine American Samoa’s minimum  
19 wage, would not be in the best interest of the CNMI. However, the wage review

1 committee was never established and the CNMI’s minimum wage has been stagnant and  
2 remained the same for more than ten years.

3           Notwithstanding the need for a wage review committee, the Legislature finds that  
4 the present minimum wage of \$3.05 an hour is insufficient to sustain the livelihood of the  
5 wage earner in light of the increasing costs of goods and services, and fuel and utilities  
6 besieging the CNMI. The minimum wage should be increased to \$3.60 per hour to  
7 alleviate some of the financial burden of the CNMI residents. Increasing the minimum  
8 wage would also increase the buying power of the people; thus, stimulating the economy  
9 as a whole.

10           The Legislature further finds that increasing the minimum wage is the first step to  
11 addressing the issues with minimum wage. The next step is to establish a new wage  
12 review committee to determine if a special industry minimum wage is warranted and to  
13 determine the gradual increase amount of the minimum wage. American Samoa’s  
14 minimum wage varies by industry and ranges between \$2.70-\$4.09. This wage review  
15 committee must determine if it is necessary for the CNMI to have industry specific  
16 minimum wage. Such reports should be guidelines for the Legislature with respect to the  
17 minimum wage policy of the CNMI.

18           The Legislature believes that the implementation of a wage system matching  
19 closely to that of American Samoa will be in the best interest of the CNMI and that of the  
20 United States. The Legislature prays that the wishes of this body will be respected by  
21 United States Congress as we place in good faith out compromise to stave off a  
22 federalization of the minimum wages applicable to the CNMI thereby realizing our goal  
23 of self-governance in accordance with the Covenant between the CNMI and the United  
24 States.

25           **Section 3. Repeal and Reenactment.** Title 4, Division 9, Chapter 2, Article 2 of  
26 the Commonwealth code is repealed and reenacted as follows:

1                   **“Article 2. Minimum Wages and Maximum Hours.**

2                   **§ 9221. Minimum Wages.**

3                   (a) Every employer shall pay to each employee employed by him or her, a  
4                   minimum wage of \$3.60 per hour beginning on the 60th day after the enactment  
5                   of this Act.

6                   (b) The minimum wage shall be increased on a gradual basis pursuant to  
7                   the recommendation of the Wage Review Committee.

8                   **§ 9222. Maximum Hours.**

9                   No employer shall employ any employee in excess of 40 hours a week,  
10                  unless the employee receives compensation for employment in excess of such  
11                  weekly hours at a rate not less than one and one-half times the regular rate at  
12                  which he is employed. “Regular rate” shall be defined according to the guidelines  
13                  set forth in the federal Fair Labor Standards Act at 29 U.S.C. § 207(e).

14                  **§ 9223. Exemptions.**

15                  (a) Exemption. The provisions of 4 CMC §§ 9221 and 9222 do not apply  
16                  with respect to:

17                         (1) A person employed by his son, daughter, spouse, or parents; or

18                         (2) A person employed as a seaman.

19                         (3) A person employed in domestic service in or about the home  
20                         of his or her employer, provided that the employee:

21                                 (i) Is employed on a casual basis to provide babysitting  
22                                 services;

23                                 (ii) Resides in the home of the employer and the employer  
24                                 has one or more children in his or her care under the age of 18  
25                                 years; or

26                                 (iii) Resides in the home of the employer and the employer  
27                                 has under his or her care an elderly person or handicapped person.  
28                                 For purposes of this subsection, an “elderly person” is any person  
29                                 who is at least 60 years old.

1 (b) Special Minimum Wage for Exempt Categories. Pursuant to  
2 the authority of the department to adopt rules and regulations under 4 CMC §  
3 9236, the director shall establish a special minimum wage for each exempt  
4 category of employment set forth in subsection (a) of this section. The special  
5 minimum wage shall be no less than 40 and no more than 60 percent of the  
6 statutory minimum wage prevailing at the time; provided, however, that any  
7 person employed in a job category pursuant to subsection (a) shall be paid not less  
8 than \$450 per month, and shall not be required to work more than 12 hours per  
9 day, or 72 hours per week, without overtime compensation.”

10 **Section 4. Amendment.** Title 4, Division 9, Chapter 6 of the Commonwealth  
11 Code is amended is amended to read as follows:

12 **“Chapter 6. Wage Review Committees.**

13 **§ 9601. Definitions.** [Unchanged].

14 **§ 9602. Special Industry Committees for the Commonwealth of the**  
15 **Northern Mariana Islands.**

16 (a) Establishment: basic committee requirements. The Governor, shall as  
17 ~~soon as practicable~~ within 30 days enactment of this Act:

18 (1) Appoint a special industry committee to recommend the  
19 minimum rate or rates of wages to be paid under the applicable provisions  
20 of the Commonwealth Wage and Hour Act, as amended (4 CMC § 9211 et  
21 seq.) to employees in the Commonwealth, or

22 (2) Appoint separate industry committees to recommend the  
23 minimum rate or rates of wages to be paid under said sections to  
24 employees in the Commonwealth employed in particular industries or  
25 types of employment in the Commonwealth.

26 The Governor may consult with the administrator in determining whether  
27 to appoint one committee or separate industry committees under this subsection.

1 (b) Composition of committees.

2 (1) Each industry committee shall be subject to the board  
3 composition requirements of 1 CMC § 2901(g) and shall consist of the  
4 following nine members:

5 (i) Three persons representing employers in the industry at  
6 least one of whom shall be resident of the Commonwealth,  
7 appointed by the Governor;

8 (ii) Three persons representing employees in the industry  
9 one of whom may be a nonresident worker as defined in 3 CMC §  
10 4412(i) and at least two of whom shall be resident workers as  
11 defined in 3 CMC § 4412(n), appointed by the Governor;

12 ~~(iii) One person appointed by the Speaker of the United  
13 States House of Representatives;~~

14 ~~(iv) One person appointed by the Majority Leader of the  
15 United States Senate; and~~

16 ~~(viii) One person appointed by the administrator.~~

17 (2) The chair of each industry committee shall be elected by the  
18 majority of all of its members.

19 ~~(3) If members are not appointed under subsections (b)(1)(iii),  
20 (b)(1)(iv), and/or (b)(1)(v) of this section the committee shall proceed and  
21 carry out its duties and powers under this chapter.~~

22 (c) Quorum: compensation: support staff. Two-thirds of the members of  
23 an industry committee shall constitute a quorum, and the decision of the  
24 committee shall require a vote of not less than a majority of all its members.  
25 Members of an industry committee shall not receive as compensation for their  
26 services a reasonable per diem, which the Governor shall by rules and regulations  
27 prescribe, for each day actually spent in the work of the committee, and shall in  
28 addition be reimbursed for their necessary traveling and other expenses.  
29 ~~Traveling and other related expenses incurred by the federally appointed members~~

1       ~~shall be funded by the United States government.~~ The Governor shall furnish the  
2       committee with adequate legal, stenographic, clerical, and other assistance, and  
3       shall by rules and regulations prescribe the procedure to be followed by the  
4       committee.

5               (d) [Unchanged.].

6               (e) Duties and responsibilities of committees. Each committee shall have  
7       the following powers, duties, and functions:

8                       (1)     (i) Based on a biennial written report submitted to  
9                               the legislature beginning ~~November 1, 1998~~ July 1, 2007,  
10                              recommend and advise the legislature as to the highest possible  
11                              minimum rate(s) of wages to be paid under 4 CMC §§ 9221 and  
12                              9223 (or successor law) throughout the Commonwealth or in each  
13                              industry, as appropriate, exemptions therefrom, if any, and other  
14                              matters affecting minimum wage in the Commonwealth.

15                             (ii) The minimum wage recommendation of any  
16                             committee shall not be lower than the relevant minimum wage  
17                             pursuant to 4 CMC § 9211 et seq. (or successor provisions)  
18                             applicable on the date of the recommendation or higher than the  
19                             then applicable federal minimum wage.

20                            (iii) In its written report, the committee shall  
21                            recommend the highest possible minimum wage rate for the  
22                            industry or classifications with due regard to economic and  
23                            competitive conditions, so that what is recommended would not  
24                            substantially curtail current or future economic activity or the  
25                            viability of any industry if adopted by the legislature as law. No  
26                            classification may be recommended on the basis of age, sex, race,  
27                            or national origin. Recommendations of the committee shall be  
28                            supported by evidence in the record which establishes that the  
29                            industry, or predominate portion thereof, is unable to pay a higher

- 1 wage (not to exceed the prevailing federal minimum wage) due to
- 2 prevailing economic and competitive conditions.
- 3 (2) [Unchanged.];
- 4 (3) [Unchanged.];
- 5 (4) [Unchanged.];
- 6 (5) [Unchanged.];
- 7 (6) [Unchanged.];
- 8 (7) [Unchanged.];
- 9 (8) [Unchanged.];
- 10 (9) [Unchanged.];
- 11 (10) [Unchanged.].
- 12 (f) [Unchanged.].

**§ 9603. Legislative Action Required.**

14 ~~The legislature shall act within 120 days upon receipt of a written report~~  
15 ~~from a wage review committee pursuant to 1 CMC § 2602(e)(1)(i); provided, that~~  
16 ~~any action taken by the legislature shall not decrease the minimum wage rate~~  
17 ~~recommended by the wage review committee. Upon the bi-annual submission of~~  
18 ~~the proposed wages by the wage review committee, the legislature shall have 30~~  
19 ~~days to review and comment on the report.~~

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

25 **Section 5. Savings Clause.** This Act and any repealer contained herein shall not  
26 be construed as affecting any existing right acquired under contract or acquired under  
27 statutes repealed or under any rule, regulation or order adopted under the statutes.  
28 Repealers contained in this Act shall not affect any proceeding instituted under or  
29 pursuant to prior law. The enactment of the Act shall not have the effect of terminating,

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

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

Date: January 25, 2007

Introduced By: /s/ Rep. Ray N. Yumul

Reviewed for Legal Sufficiency by:

/s/ Antonette R. Villagomez  
House Legal Counsel