

Eighteenth Northern Marianas Commonwealth Legislature

IN THE HOUSE OF REPRESENTATIVES

Session, 2014

H. B. 18- 173

A BILL FOR AN ACT

To increase the Commonwealth Minimum Wage to match the Federal Minimum Wage applicable in the Commonwealth within 180 days.

BE IT ENACTED BY THE EIGHTEENTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE:

1 **Section 1. Short Title.** This Act shall be known as the “Minimum Wage
2 Increase Act of 2014.”

3 **Section 2. Findings.** “**The right thing to do**”.

4 The Legislature has been told that granting permanent or improved status
5 to long-term legal foreign national workers in the CNMI is the right thing to do.
6 We have been challenged to make concerted efforts toward educating and training
7 U.S. workers now that the tourism industry is on a two-year rebound “and headed
8 for bigger and brighter opportunities.” With this in mind, the Legislature finds
9 that a real living wage—one genuinely capable of supporting both the earner and
10 his or her family, is needed in the CNMI. \$5.55 per hour simply does not cut it.
11 To improve our economy and the well-being of its entire labor force, the CNMI
12 must implement the United States minimum wage of \$7.25 per hour immediately.

1 The Legislature has told repeatedly that foreign national workers would be
2 forced to exit the CNMI en masse if the transitional Commonwealth-only worker
3 program is not extended beyond Dec. 31, 2014. After decades of living in and
4 contributing to the CNMI, the business sector asserts that these foreign workers
5 should not be denied their opportunity to remain in the CNMI indefinitely so that
6 they can continue to work. “After decades contributing, many raising families,
7 possibly working alongside us and growing up side by side with many of our own
8 children, haven’t foreign national workers that have lived here a decade or more
9 earned a right to achieve that possible American dream under U.S. immigration
10 law that encompasses the 50 states and most of the insular territories?” asked
11 Saipan Chamber of Commerce President Alex Sablan.

12 We believe that the answer to this question is largely irrelevant in light of
13 the undisputed fact that the process by which United States citizenship is awarded
14 has never been under CNMI control. This point is underscored by national
15 immigration reform bills in Congress now that may provide a pathway to
16 improved status for long-term legal aliens in the CNMI as well as an estimated 11
17 million undocumented aliens in the United States. Clearly, the CNMI cannot
18 support nor obstruct legislation dealing with United States citizenship. However,
19 if such legislation should pass into law, local employers would be guaranteed
20 access to employees—a significant amount of them, each of them willing to work
21 for whatever salary is offered.

1 In order to have an improved status for long-term foreign workers, we need more
2 than efforts toward a truly viable workforce development policy. We need
3 concrete solutions that are a product of ongoing collaboration among agencies and
4 their leaders including CNMI Labor, the Chamber, and other public and private
5 entities. These proposed solutions must include action, not just words. We
6 continue to talk about keeping workers here by extending terms. What we should
7 be doing is raising salaries to the federal minimum wage so that if they are
8 allowed to stay, they can afford to live.

9 “The historical fact and until this day we would not have achieved and
10 will not achieve our economic vitality if not for the important role we all played,
11 but to be clear, to the many foreign national workers that contributed in one way
12 or another to most, if not all, our individual economic benefits derived in the
13 CNMI,” SCC President Alex Sablan said. We agree. Indeed, our sentiment is
14 that any delay in implementing the federal minimum wage in the CNMI—any
15 denial of benefits to foreign national workers, even benefits that they did not
16 contract for, would be irresponsible, possibly even racist.

17 **“Right here and right now”**

18 As the saying goes, “Put your money where our mouth is.”
19 If the CNMI is on the cusp of seeing hundreds of millions of dollars in
20 investments, more specifically on Saipan, the legislature and the administration’s
21 policies should help to support a business-friendly atmosphere.

1 However, pursuing an extension of the transitional CW program by five years to
2 2019 is self-serving, greedy, and ultimately self-defeating, in the absence of a
3 corresponding salary increase to \$7.25. Why? Because if it is true that the CNMI
4 lacks a U.S. worker populace that is sufficient to meet even current levels of
5 economic activity, “let alone the projected potential increase of 1,500 to 2,000
6 rooms coming online” in the tourism industry in the next two to three years, there
7 is no better way to entice more workers to enter the job force than to increase the
8 mandatory local salary. In a true open and fair market, all employees would be
9 able to demand market value. There would be competition for the best jobs and
10 employers could choose amongst qualified employees. What a novel concept.

11 **“Change will not be easy”**

12 In effectuating this change, the Legislature is mindful that most if not all
13 local business will criticize the Legislature for increasing the costs of doing
14 business at this critical period of the economy. Self-proclaimed experts from the
15 “Classical” school to the “Keynesian” school of economics will find themselves
16 in rare agreement with mom and pop store owners and professional organizations
17 in their unified disdain for this Act. But as we acknowledge that the accepted
18 school of thought frowns upon even the slightest increase in the cost of doing
19 business we maintain the belief that continuing to pay our private sector
20 employees less than what they need is not a viable long term plan.

21

1 Critics of this increase will argue that the Legislature has once again failed
2 to consider all the relevant issues such as profit margins, the differences between
3 labor intensive v. capital intensive business, inflation, investment, total
4 consumption, the savings rate, and other related aspects of our local market
5 economy. Opponents will also argue that we have not conducted an impact
6 assessment or that we have not analyzed the issue long enough. This may well be
7 true, but the same can be said for them as well.

8 Again, if society has come to want certain expectations from public
9 service such as good public safety, good education, good health care and low cost
10 utilities, this will require a robust and viable economy. This is why we need to
11 take action now. However, the first step is not to maintain an underpaid
12 workforce by extending their underpaid terms a further 5 underpaid years.

13 **“Opportunity Costs”**

14 For too long we have waited and watched friends and co-workers leave the
15 Commonwealth to make a living elsewhere, anywhere. Our students abroad no
16 longer want to return to a home that cannot offer a salary that will cover a student
17 loan payment, much less compete with a mainland salary. Power costs have
18 reached the point where air conditioners and water heaters have become too
19 expensive to use. Without an increase in wages today, more and more families
20 will leave the Commonwealth in search of greener pastures. A five year extension
21 to provide cheap labor is not the solution. Better salaries—true living wages that
22 meet the bare federal minimums should not be too much to ask for.

1 Based on the foregoing, the need for this legislation and the risk associated
2 with not enacting it compels us to move forward. The Legislature thus finds that
3 this Act is needed now, not later.

4 **Section 3. Amendment.** 4 CMC Section 9221, Minimum Wages, is
5 amended to reflect the following changes to subsection (a) and to delete in it is
6 entirety subsection (b) as follows:

7 “(a) Every employer, ~~other than a garment or construction business, and~~
8 except as the secretary may provide under 4 CMC §9234, shall pay to
9 each employee employed by him or her, a minimum wage as follows:

10 (1) ~~Beginning January 1, 1995,~~ at the rate of ~~\$2.75~~ \$7.25 per hour.

11 (2). ~~Beginning July 1, 1996,~~ at the rate of \$3.05 per hour.

12 ~~(b) Every employer who qualifies as a garment or construction business,~~
13 ~~except as the secretary may provide under 4 CMC §9234, shall pay to~~
14 ~~each employee employed by him or her, a minimum wage as follows:~~

15 (1) ~~Beginning January 1, 1995, at the rate of \$2.75 per hour;~~

16 (2) ~~Beginning July 1, 1996, at the rate of \$2.90 per hour;~~

17 (3) ~~Beginning July 1, 1997, at the rate of \$3.05 per hour.”~~

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

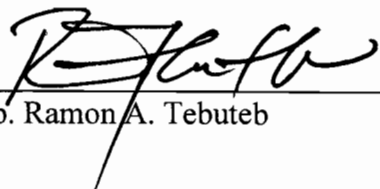
1 **Section 5. Savings Clause.** This Act and any repealer contained herein
2 shall not be construed as affecting any existing right acquired under contract or
3 acquired under statutes repealed or under any rule, regulation or order adopted
4 under the statutes. Repealers contained in this Act shall not affect any proceeding
5 instituted under or pursuant to prior law. The enactment of the Act shall not have
6 the effect of terminating, or in any way modifying, any liability, civil or criminal,
7 which shall already be in existence on the date this Act becomes effective.

8 **Section 6. Effective Date.** This Act shall take effect 180 days after either
9 its approval by the Governor or 180 days after its becoming law without such
10 approval.

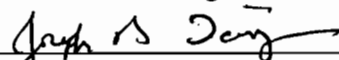
Prefiled: 1/27/14

Date: 1/27/14

Introduced By:


Rep. Ramon A. Tebuteb

Reviewed for Legal Sufficiency by:


House Legal Counsel