

HOUSE OF REPRESENTATIVES
TWELFTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE
FIRST REGULAR SESSION, 2000

SEVENTEENTH DAY

March 06, 2000

The House of Representatives of the Twelfth Northern Marianas Commonwealth Legislature convened in its Seventeenth Day, First Regular Session, on Monday, March 06, 2000, at 11:26 a.m. in the House Chamber, Capitol Hill, Saipan, Commonwealth of the Northern Mariana Islands.

The Honorable Benigno R. Fitial, Speaker of the House, presided.

A moment of silence was observed.

In accordance with Rule XIII, § 2(a), sixteen members were present and Representative's Heinz S. Hofschneider and Maria "Malua" T. Peter were excused.

Speaker Fitial: A quorum is duly constituted for the Seventeenth Day of our First Regular Session. Representative's Hofschneider and Peter are excused. Representative Hofschneider, maybe coming in late, he is attending the meeting on the Prison.

Floor Leader Babauta: Mr. Speaker?

Speaker Fitial: Floor Leader?

Floor Leader Babauta: Thank you. Mr. Speaker, I move to resolve into the Committee of the Whole so that Resolutions be presented this morning by this body initiated by Representative Lee Torres.

The motion was seconded and carried by voice vote.

The House resolved into the Committee of the Whole at 11:28 a.m.

COMMITTEE OF THE WHOLE

The House dissolved to plenary session at 11:38 a.m.

Speaker Fitial: We re now back to the plenary session.

ADOPTION OF JOURNALS

None

INTRODUCTION OF BILLS

H. B. NO. 12-128: A Bill for an Act to prohibit the use or application of insecticide, pesticide or any other form of chemical at least one thousand feet (1000') away within the perimeter of any water spring or water well being utilized for public purposes which might endanger the livelihood of the CNMI residents; and for other purposes.

Offered by: Rep. Dino M. Jones
Referred to: Committee on Health and Welfare

H. B. NO. 12-129: A Bill for an Act to amend 1 CMC, Section 8313 by providing for a new definition of “ha”dicapped class member”; to amend 1 CMC, Chapter 2 providing for new Section 8335; to amend 1 CMC, Section 8361; to amend 1 CMC, Section 8362 by adding a new subsection “(g)”; and for other purposes.

Offered by: Rep. Dino M. Jones
Referred to: Committee on Health and Welfare

INTRODUCTION OF RESOLUTIONS

H. R. NO. 12-30: A House Resolution urgently requesting the Honorable Pedro P. Tenorio, Governor of the Commonwealth Northern Mariana Islands; Mr. John B. Cepeda, Secretary of the Department of Public Works; Mr. Andy Smith, Director of DPW Technical Division, Ms. Virginia C. Villagomez, CIP Coordinator and Mr. Mike S. Sablan, Special Advisor to the Governor, to immediately reinstate the funding of \$2,218,000 for the Navy Hill reconstruction of the primary road as approved by OMIP CIP Task Force as one of the Top 50 CIP Project.

Offered by: Rep. Jesus T. Attao
Referred to: Committee on Ways and Means

MESSAGES FROM THE GOVERNOR

None

SENATE COMMUNICATIONS

None

HOUSE COMMUNICATIONS

None

COMMUNICATIONS FROM THE JUDICIAL BRANCH

None

COMMUNICATIONS FROM THE RESIDENT REPRESENTATIVE

None

COMMUNICATIONS FROM DEPARTMENTS & AGENCIES

None

OTHER COMMUNICATIONS

None

REPORTS OF STANDING COMMITTEES

The Chair recognized the Floor Leader.

Floor Leader Babauta: Mr. Speaker, I move for the adoption of Standing Committee Report No. 12-36, reference to House Resolution No. 12-27.

The motion was seconded.

S. C. R. NO. 12-36: Reporting on House Resolution No. 12-27, entitled, “To widen the road in San Vicente from PL’s Store to the Lau Lau Bay Market.” *Your Committee on Judiciary and Governmental Operations recommends its adoption.*

There was no discussion raised. The motion to adopt Standing Committee Report No. 12-36 was carried by voice vote.

Speaker Fitial: Standing Committee Report No. 12-36 is adopted.

REPORTS OF SPECIAL AND CONFERENCE COMMITTEES

None

UNFINISHED BUSINESS

None

RESOLUTION CALENDAR

The Chair recognized the Floor Leader.

Floor Leader Babauta: Mr. Speaker, I now move for the adoption of House Resolution No. 12-27.

The motion was seconded.

H. R. NO. 12-27: A HOUSE RESOLUTION TO WIDEN THE ROAD IN SAN VICENTE FROM PL'S STORE TO THE LAU LAU BAY MARKET.

There was no discussion raised. The motion to adopt House Resolution No. 12-27 was carried by voice vote.

Speaker Fitial: House Resolution No. 12-27 is adopted.

BILL CALENDAR

The Chair recognized the Floor Leader.

Floor Leader Babauta: Mr. Speaker, I move for the passage on First Reading House Bill No. 12-39, C. S. 1.

The motion was seconded.

Speaker Fitial: Discussion? Representative Benavente?

Rep. Benavente: Thank you, Mr. Speaker. First of all, I must say that the latest version of House Bill No. 12-39 is substantially different from the original version and it is getting to be more and more acceptable. But still at this time, Mr. Speaker, I think that there are several sections that we still need to look into. First, I would like to point out the repeal of Public Law 11-44 and basically repealing any restrictions on foreign investors. Again, as I have said in the past, I support the idea of removing the \$100,000 cash deposit as we have done so in the previous Legislature with the House, but we still need to provide a minimum investment, Mr. Speaker. As I have said during the Public Hearing, if those people that were here on this island – we are all legitimate businesses – I think that we can get rid of all the laws that restrict us from doing our business. But that is not the case here -- that is not the reality -- that is not the current situation. We have on many occasion's seen businesses that come in here for the purpose of circumventing our laws for the purpose of – well, just not legitimate businesses and we cannot just open our doors for those types of businesses. Public Law 11-44 had a provision that requires not only a \$100,000 cash deposit, but also had provision for minimum investment. I think that we have to amend this further, House Bill No. 12-39, to require that a minimum investment for foreign investor coming in to seek certificate must meet. I'm at this time having Commerce review that proposed amendment. Also, Mr. Speaker, the change from 20% U. S. to a 30% U. S. in the garment under management and supervisory level is – I'm not sure and I would like to see if anyone of the members can confirm that each one of the garment factories that are now operating on the island can meet that 30%, because I spoke with the President of the Association, Mr. Richard Pierce, and he in fact told me that he has no problem with the 30%, but with the 30% there might be a problem. So, I think that before we act on something like this, that we confirm with those garment factories and make sure that they can and if they can't then maybe we should provide for a grace period in this Bill that allows them to meet the 30% U. S. hire. Mr. Speaker, one of my biggest problem is still the repeal of the Moratorium Law. If I may be allow to just offer an observation, -- few year ago – and I was very fortunate to be part of the Seventh, Eighth, and Ninth Legislature when businesses was booming here on the island, and yes, we went from a

\$70 Million budget to a \$140 Million within a year, and yes, we saw some of our people became rich, as a matter of fact became millionaires during that period. But with all that also came all of the problems that I am sure none of us here would deny that happens. A lot of the current situation that we're facing now is a result of the uncontrolled growth during that time. Mr. Speaker, that is the reason why we had to put this control measures in the books. That is why we have to impose restrictions on the kind of investors that we want in here. That is why we had to impose restrictions on the amount of nonresident workers that we bring into the Commonwealth because of all the problems that we faced at the time. Now, I realize that we're in a different situation right now. We are in a situation where we need to invite investors, but I don't think that we should go back – earlier when we're inviting investors without concerns for the local people or for the problems that that type of open environment had on the island of Saipan, most especially. We continue to need this control mechanism maybe more flexible, I agree, or I agree right now, that we can be more flexible. As a matter of fact, I believe that rather than to repeal the Moratorium Law, let us allow the Governor to certify to the Legislature and allow the exemptions for other types of businesses. But we can't afford at this time to just open it up again, that together with the uncontrolled type of investors that are coming in to the Commonwealth. Open up again the uncontrolled growth of nonresident workers because we are going back to the problems that we faced not too long ago. I, at this time, have this very moment having further amendments to be made on this Bill, Mr. Speaker, and I'm glad that we are entertaining this for First Reading. But that will still mean that we will be voting on something that is not right. I would later ask for further deferment rather than to vote on First Reading, unless we can get those amendments in place. Mr. Speaker, finally the amendment that I want to offer at this time is, to allow other industries, most importantly the hotel and the construction industry, the opportunity to use temporary workers from the same industry as we provided in this bill, which I believe it is a good idea and good proposal. But I would like to see that the hotel association, which I believe at this time is asking for such provision to be allowed and I think we should also carry that on to the construction industry. Again, I supported the idea of providing flexibility, but members we can't forget who we represent here, and that is the people that put us in this office. And the people right now, although I know, once development. I'll tell you, they do not want development at their expense. They do not want development that takes us back to just a few years ago when we see the kind of problems that uncontrolled growth did to our island. And to this present language right now will still provide for uncontrolled growth. I would like to ask that further amendments be made and the time be given so that we incorporate those amendments. Thank you, Mr. Speaker.

Speaker Fitial: Further deliberation? Representative Attao?

Rep. Attao: Mr. Speaker, I totally agree with Representative Benavente regarding the Committee Substitute 1, it has more flexibility than the original Bill. However, Mr. Speaker, looking at page 4, subsection (f), this is regarding the percentage of U. S. citizens who are also residents of the CNMI holding management and supervisory position. Mr. Speaker, first of all, I would like to find out from the Chair or maybe from the Committee the rationale of changing 20% to 30%. Second, the reason for deleting the citizens of the Federated State of Micronesia, the Republic of Palau, and the Republic of Marshall, those are my two questions on this subsection of the Bill, Mr. Speaker. If the Committee can enlighten the House as to the change on the change on the percentage and also the elimination of the Federated States of Micronesia. Or maybe the legal counsel –

Speaker Fitial: Any member of the Committee wishes to respond? Floor Leader?

Floor Leader Babauta: Mr. Speaker, I hope my respond can satisfy Representative Attao. On the 30% change from the 20% mechanism aside from the 20% that is allowable on the present law, we also increase that to 30% and another 30% on the managerial level. The reason behind the change on percentage is, the Committee felt that on subsequent legislations that are forthcoming in primarily down sizing the Commonwealth Government because of the economic conditions and the revenues that we have not seen generated for the last several years, for the last three years to match what has been raised years prior to that. This would allow employers to absorb more local residents into the various private sectors and that is the reason why the Committee come up with the 30% increase. On the FSM languages as it applies for the purpose of maintaining the 20% or 30%. Our legal counsel advises citizenship in the plain language, as to me, anyone that is covered whether through the compact of the Republic of Palau, the Federated States of Micronesia, the Republic of Marshall, or for that matter the Commonwealth, so U. S. citizenship that covers the entire region that is associated with the Federal Government. Mr. Speaker, I see the counsel wishes to further enlighten the body. If there is no objection, we resolve into the Committee of the Whole so the counsel can –

Speaker Fitial: If there is no objection from the members, I would like to provide the enlightenment.

There was no objection raised.

Speaker Fitial: First on the 30%, this percentage only applies to the managerial and supervisory positions in the garment factories. It does not apply to any industry other than the garment. In other words, if the particular garment factory has ten managerial and supervisory positions then they only need to train – because there is also position here about training – they only need to train three locals and place them in managerial and supervisory positions. It is 30% of whatever the number of their managerial and supervisory positions it is not 30% of their total workforce. So, as I said, if they only have ten managerial and supervisory positions the requirement would be to have three locals train and then eventually placed in managerial and supervisory positions. So, this is in line with what the resident managers in the garment association in the garment industry are telling the Legislature, this body. Some of them would prefer to require for every nonresident manager and supervisor that there would be a local manager and supervisor, one-to-one. But in the garment industry it is very difficult to train a local to man the floor, the production in the garment because you need to learn how to speak, Chinese, or Korean, besides learning the technical aspect of the garment production. So, that is why 30% is what the resident managers in the garment factories are asking for us to require that at least 30% of the managers and supervisors be occupied or filled with locals.

Rep. Attao: In that case, Mr. Speaker, you mean to say, that the Federated State of Micronesia, the Republic of Marshall, the Republic of Palau are not part of the competition when computing for the 20% or 30%?

Speaker Fitial: This is strictly for U. S. citizen. So, if these other citizens from FSM or Micronesia wanted to become managers and supervisors they will be construed and considered non U. S. citizens.

Rep. Attao: Assuming that majority of them are U. S. citizens, would them be part of the 20% with calculated supervisors –

Speaker Fitial: If they are U. S. citizens and a lot of them are U. S. citizens residing here, then they will be part of the 30%.

Rep. Attao: Part of the 30%, thank you.

Speaker Fitial: It is not written in the Bill, but this is an objective that this Bill plus other Bills are trying to accomplish. This objective is to reduce the size of our government by moving government workers who are not productive in government, moving them in the private sectors where they can be more productive. If you take 15,000 the cap of garment workers today, 15,700, but let us just round it to 15,000 for that matter, so, let us say, 5% of the 15,000 are in the managerial and supervisors positions in garment, 5% of 15,000 is 750 positions, 30% locals would be 225. So, we are looking at creating 225 local positions in the garment industry by law. That is the objective right there.

Rep. Attao: You mentioned earlier, Mr. Speaker, that if the Republic of Palau, the Federated States of Micronesia, and the Republic of the Marshall are U. S. citizens, they are part of the 20%, the question is, why are we deleting the subsection here?

Speaker Fitial: No, if they are U. S. citizens then they are part of this 30% and if they are not U. S. citizens then they are not part of the 30%. This 30% requirement is only targeted at U. S. citizens, local.

Rep. Attao: On the same page, page 4 of 8, subsection (b), maybe you can enlighten us on the elimination on line item 25 through 29.

Speaker Fitial: Because there is a training requirement. Before any U. S. citizen, local, assume managerial or supervisor positions in garment, they need to be train. So, this training requirement is not applicable to FSM or under Micronesian workers.

Rep. Attao: Do you foresee any problem in the future -- if the Federated States of Micronesia, or the Republic of Palau, or Republic of Marshall, since they are part of the 20% and they would like to have training -- to deprive these people once they elect to have training in the garment factories?

Speaker Fitial: The current statutes required 20% of locals in companies. This 20% requirement is subject to exemption. The 30% requirement of managers and supervisors do not have exemptions, these are mandatory. So, the 20% with exemption is applicable to FSM and Micronesian workers. So, we have two separate percentage requirement, one from the bottom and one from the top. So the one from the top is strictly for U. S. citizens while the one from the bottom is open to all.

Rep. Attao: I think that is a clear answer to my question. Thank you, Mr. Speaker.

Speaker Fitial: Further deliberation? This is only a motion to pass this Bill on First Reading. If there is no objection, I would like to ask the Clerk to call the roll.

The Clerk called the roll on the motion to pass House Bill No. 12-39, C. S. 1, on First Reading as follows:

Rep. Martin B. Ada	yes
Rep. David M. Apatang	yes

Rep. Attao: Mr. Speaker, on First Reading, I still have an amendment to offer – I’m going to cast my vote “no” at this point in time – however on the Second Reading once my amendment is pass then I’ll make that decision on the Second Reading. Thank you.

Rep. Jesus T. Attao	no
Rep. Oscar M. Babauta	yes
Rep. Diego T. Benavente	no
Rep. Antonio M. Camacho	yes
Rep. Rosiky F. Camacho	yes
Rep. Florencio T. Deleon Guerrero	yes
Rep. Heinz S. Hofschneider	excused
Rep. Brigida DLG. Ichihara	yes
Rep. Dino M. Jones	yes
Rep. Alejo M. Mendiola, Jr.	yes
Rep. Norman S. Palacios	yes
Rep. Thomas B. Pangelinan	no
Rep. Maria “Malua” T. Peter	excused
Rep. Stanley T. Torres	no
Rep. William S. Torres	yes
Speaker Benigno R. Fitial	yes

Speaker Fitial: House Bill No. 12-39, C. S. 1, passes the House on First Reading.

MISCELLANEOUS BUSINESS

The Chair recognized Rep. Stanley Torres.

Rep. S. Torres: Mr. Speaker, thank you. I would like to make a short statement, sending message to the Attorney General’s Office. Mr. Speaker and fellow colleagues, I am very disturbed to learn from the media last Friday that the Attorney General’s Office, thru Assistant General James Benedetto filed a criminal complaint against lawyer Joseph Arriola for allegedly engaging in sex with a minor. These allegations cover a period from January to July 1998. It took the Attorney General’s Office two years to file this case! Why? The timing is extremely suspicious. What happened almost two years after the fact to get the AG’s office moving? Did they decide to wait for Mr. Arriola to make another “wrong” move or do something to embarrass them? This case smacks of retaliation for his successes against the AG’s office. While he was just an intern, Mr. Arriola won a case defending an accused murderer. And he made the AG’s staff of lawyers, rookies and all, look like incompetent idiots in case CCN 99-421. Mr. Speaker and fellow colleagues, I am calling for a formal investigation by the FBI to look into the conduct of this case by the Attorney General Office lawyers and all parties. Why was there a two-year

delay if this case was so important? The alleged victim's parents and the minor deserve some explanation, even an apology for the delay if these allegations are true. Either there was a substantial evidence for them to move forward in 1998, or not. If there was, why didn't they prosecute then? The timing is indeed suspicious and once again calls into question the effectiveness of the Attorney General's Office. Thank you.

Speaker Fitial: Further Miscellaneous? Representative Palacios?

Chairman Palacios: Mr. Speaker distinguished colleagues, ladies and gentlemen: Since 1993, the first US Congressional Oversight of the Commonwealth of the Northern Mariana Islands, proponents of a federal takeover have used the number of guest workers here as a tool to justify their proposal. Indeed, it's an issue that we should tread with an open mind insofar as it relates to enabling our indigenous people to secure gainful employment in the local job market. However, it is interesting how our detractors have used this argument to justify their agenda. At the same time, I am puzzled by Federal Reserve Chairman, Mr. Alan Greenspan's statement, urging the US Congress to "let more foreign workers into the United States and guard against growing protectionism to keep the economic prosperity going." He sees such increase as a "safety valve" to keep economy from overheating. In fact, Mr. Greenspan endorsed a bill sponsored by Senator Phil Gramm, Republican from Texas and also Chairman of the Senate Banking Committee that would raise from 65,000 to 195,000 the number of high-tech workers who could immigrate to the United States annually. While Mr. Greenspan acknowledges that Congress must deal with the "sometimes strong sentiment against foreign workers and trade", he also told the Committee, that, "economists see only benefits from the 'internationalization' of the economy." He noted that the "benefits of bringing in people to do the work here, rather than doing the work elsewhere, should be pretty self evident" because the economy can keep growing only if American businesses have the workers they need to keep expanding. Shortages of skilled workers have been especially acute in rapidly growing hi-tech areas. Mr. Greenspan declared that the "forces against globalization can significantly undercut this remarkable surge in prosperity that we are observing" noting that the feelings of insecurity that prompt Americans to oppose increased trade and immigration are on the rise." He urged Congress to resist protectionist movement "because imports have been filling consumer demand for goods that American business do not have the resources to produce." In urging approval of increasing the cap on guest workers for hi-tech industries in the U. S. mainland he related that as the country creates "an even more complex, sophisticated, accelerating economy, the necessity to have the ability to bring in resources and people from abroad to keep it functioning in most effective manner increasingly strikes me as relevant policy." The Northern Mariana Islands, Mr. Speaker, has shifted from the regressive Coconut Economy to apparel manufacturing and tourism. And I couldn't agree more with Mr. Greenspan when he said that the "benefits of bringing in people to do the work here, rather than doing the work elsewhere... should be pretty self evident" because the "economy can keep growing only if American businesses have the workers they need to keep expanding." I further subscribe to his view that "We have a new economy. It is different. It has behaved differently, and it requires a different type of policy to maintain its stability of growth than we had in the past." The principle issue remains the same: The need for guest workers by both US mainland industries and the CNMI. Having said this, Mr. Speaker, I say that we should urge our detractors to veer from their shallow protectionist position. I also have a news article from the New York Times titled "Help Wanted Really Badly" which explains how unheard bonuses have been offered by industries to attract workers from a limited labor pool across United States. With your

indulgence, may I ask that this be included in the journal, including today's Saipan Tribune editorial on "incoherent policies on flag territories." Thank you.

Speaker Fitial: Further Miscellaneous? Floor Leader Babauta?

Chairman Babauta: Just to echo with respect to the reform measure that we just passed on First Reading, and I called from Department of Commerce, written testimonies, its says, "further we believe that the decreases – and this the 2,000 thing that we took down – would spur further more serious consideration of investment in two protected industries of farming and fishing." It further says, "the proposal to repeal the section from the mentions and proceedings intent above..." and lastly, Commerce says, "hence if it is the intent of the propose Bill to restore the regulation to its proceedings stage, we support the intent of House Bill No. 12-39, Committee Substitute 1." There are other testimonies, Mr. Speaker, that probably the Committee can submit to the Clerk for the review of the entire members. Thank you.

Speaker Fitial: Further Miscellaneous? If no further Miscellaneous, Announcements.

ANNOUNCEMENTS

The Chair recognized Rep. Rosiky Camacho.

Chairman Rosiky Camacho: Thank you, Mr. Speaker. The Public Utilities, Transportation and Communications (PUTC) Committee have confirmed and decided that on Thursday of this week at 8:00 a.m. there will be a public hearing on House Bill No. 12-6 'Telecommunication' and on Friday, March 10, at 10:00 a.m., we will be having a public hearing down in Rota – within 30 minutes, we will confirm the specific place in Rota. On Monday, March 13, there will be a public hearing in Tinian at 10:00 a.m. on House Bill No. 12-6 'Telecommunications'. The session will be so decided.

Speaker Fitial: Further Announcement? Representative Ichihara ?

Chairwoman Ichihara: Education Committee will be meeting at 8:30 a.m. tomorrow and Health and Welfare Committee meeting at 1:30 p.m. in the Conference Room. Thank you.

Speaker Fitial: Rep. Jones?

Chairman Jones: Natural Resources Committee meeting at 3:30 p.m. and we postponed the Judiciary and Governmental Operations Committee meeting because all the Bills that are send to me have been send out for public comments. At 3:30 p.m., Natural Resources Committee meeting.

Speaker Fitial: Any further Announcement? I just want to remind all the members to please make the necessary arrangement for the session in Rota, on Friday and we may also have a session on Saturday, also in Rota.

Rep. Ada: Mr. Speaker?

Speaker Fitial: Representative Ada?

Rep. Ada: I just want to confirm with Chairman Jones, is that for today, Natural Resources?

Chairman Jones: Yes.

Rep. Ada: Thank you.

Speaker Fitial: Floor Leader?

Floor Leader Babauta: Thank you, Mr. Speaker. Mr. Speaker, because – I believe there is a funeral scheduled that most of the members would like to participate tomorrow – I move to recess until ten o'clock tomorrow morning.

Speaker Fitial: Can I ask what time is the funeral?

Floor Leader Babauta: I think it is at four o'clock, but the usual twelve noon rosary occurs. So, my motion is to move for recess until ten o'clock tomorrow morning. We have ample time for the --

The motion was seconded and carried by voice vote.

The House recessed at 12:25 p.m.

Respectfully Submitted,

Joan P. Kaipat, Journal Clerk
House of Representatives