

HOUSE OF REPRESENTATIVES  
TWELFTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE  
SIXTH SPECIAL SESSION, 2000

FIRST DAY

May 30, 2000

The House of Representatives of the Twelfth Northern Marianas Commonwealth Legislature convened in its First Day, Sixth Special Session on Tuesday, May 30, 2000, at 3:26 p.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), seventeen members were present and Representative William S. Torres was excused.

Speaker Fitial: A quorum is duly constituted for the First Day of our Sixth Special Session. Representative William Torres is excused.

**ADOPTION OF JOURNALS**

The Chair recognized the Floor Leader.

Floor Leader Babauta: Mr. Speaker, last session Representative Attao requested that we suspend the adoption of the journal, I just would like to find out whether or not the good Representative have already corrected the journal?

Rep. Attao: Yes, Mr. Speaker. On page 15, all corrections have been made and I don't know whether the Clerk have distributed the corrected copy.

Speaker Fitial: Yes, this is corrected already.

Rep. Attao: The correction is okay, Mr. Speaker.

Floor Leader Babauta: So move, Mr. Speaker, for the adoption of the journal.

The motion was seconded.

### **1<sup>st</sup> Day, Third Special Session (5/8/00)**

There was no discussion raised. The motion to adopt the First Day, Third Special Session journal was carried by voice vote.

Speaker Fitial: The First Day, Third Special Session journal is adopted.

## **INTRODUCTION OF BILLS**

H. B. NO. 12-191: A Bill for an Act to establish and Office of Highways within the Department of Public Works; and for other purposes.

Offered by: Rep. Heinz S. Hofschneider and five others

Referred to: Committee on Judicial and Governmental Operations

H. B. NO. 12-192: A Bill for an Act to encourage the establishment of more postsecondary educational institutions in the Commonwealth; and for other purposes.

Offered by: Rep. Brigida DLG. Ichihara and one other

Referred to: Committee on Education

H. B. NO. 12-193: A Bill for an Act to amend 1 CMC Section 8341(a) to provide for an additional eighth Trustee to the Board of Trustees of the Retirement Fund; and for other purposes.

Offered by: Rep. Jesus T. Attao and two others

Referred to: Committee on Judicial and Governmental Operations

H. B. NO. 12-194: A Bill for an Act to provide for the appointment of individual members of the Youth Congress as non-voting honorary members of each Commonwealth Board and Commission; and for other purposes.

Offered by: Rep. Jesus T. Attao

Referred to: Committee on Judicial and Governmental Operations

H. B. NO. 12-195: A Bill for an Act to repeal Title 1 Division 8 Chapter 3 Section 8341 and 8344; and for other purposes.

Offered by: Rep. Jesus T. Attao and one other

Referred to: Committee on Judicial and Governmental Operations

H. B. NO. 12-196: A Bill for an Act to mandate the Commonwealth Office of Personnel Management to conduct a review of all Governor-appointed positions, which are subject to advise and consent of the Senate, and make recommendations for minimum qualifications for appointees; and for other purposes.

Offered by: Rep. Rosiky F. Camacho

Referred to: Committee on Judicial and Governmental Operations

H. B. NO. 12-197: A Bill for an Act to create a Civilian Volunteer Police Reserve, and to amend 3 CMC, Division 5 to add a new Chapter 7; and for other purposes.

Offered by: Rep. Rosiky F. Camacho and three others

Referred to: Committee on Judicial and Governmental Operations

H. B. NO. 12-198: A Bill for an Act to appropriate \$300,000 from the Managaha Landing Fees to purchase a hyperbaric chamber (decompression chamber) for the CHC; and for other purposes.

Offered by: Rep. Thomas B. Pangelinan and five others

Referred to: Committee on Ways and Means

H. B. NO. 12-199: A Bill for an Act to promote tourism in the Commonwealth by offering a limited number of hospitality oriented businesses tax abatement and/or rebate opportunities in exchange for the development of desirable hospitality oriented facilities or activities.

Offered by: Rep. Oscar M. Babauta and one other

Referred to: Committee on Commerce and Tourism

Speaker Fitial: When our legal counsel comes back with the amendment to Public Law 11-105, we will have that amendment introduced. At this time I'll recognize the Introduction of Resolutions.

## INTRODUCTION OF RESOLUTIONS

H. R. NO. 12-51: A House Resolution expressing the condolences of the Twelfth Northern Marianas Commonwealth House of Representatives on the passing of the former Japanese Prime Minister Keizo Obuchi.

Offered by: Rep. Maria “Malua” T. Peter

H. R. NO. 12-52: A House Resolution to express our concern regarding the United States policy of shipping toxic wastes to the Pacific region for storage, and to request that the United States Government find methods of disposing of these wastes that do not involve shipping through, and storage in the Pacific region.

Offered by: Rep. Dino M. Jones

Rep. Jones: Mr. Speaker and members, I would like to ask the indulgence of this House to please permit to Calendar this important Resolution on today’s Calendar. Thank you.

Speaker Fitial: If there’s no objection.

There was no objection raised.

Speaker Fitial: So ordered.

H. R. NO. 12-53: A House Resolution expressing gratitude to Mr. Raymond Paul Brown, Jr. for giving his time to conduct the CNMI’s first ever baseball clinic and certification for umpires and coaches; and for other purposes.

Offered by: Rep. Thomas B. Pangelinan and three others

Floor Leader Babauta: Mr. Speaker?

Speaker Fitial: Floor Leader?

Floor Leader Babauta: Mr. Speaker if there is no objection from the members, I would also like to request the indulgence and include the Resolutions offered by Representative's Malua Peter and Tom Pangelinan on today's Calendar for adoption.

There was no objection raised.

Speaker Fitial: So ordered. Any more resolutions for introduction? I have one and I'll leave this one up to the desire of the House whether it should be calendared for consideration for today or perhaps we should wait for few more days.

H. R. NO. 12-54: A House Resolution expressing a sense of the Legislature with respect to the activities of the Office of the Insular Affairs Field Representative to the Commonwealth of the Northern Mariana Islands, R. Jeffrey Shorr.

Offered by: Rep. Benigno R. Fitial

Referred to: Committee on Federal and Foreign Relations

Speaker Fitial: Maybe we should wait for few more days so we can conduct public hearing on this and invite Mr. Shorr to testify. If there is no objection, can we go back to the Introduction of Bills so that I can introduce one?

There was no objection raised.

## INTRODUCTION OF BILLS

H. B. NO. 12-200: A Bill for an Act to repeal certain sections of Public Law 11-105; and for other purposes.

Offered by: Rep. Benigno R. Fitial

Rep. Hofschneider: Mr. Speaker?

Speaker Fitial: Representative Hofschneider?

Rep. Hofschneider: Because of the urgency of that Bill may we also ask the indulgence of the members to put that on the Calendar so that we don't have to wait?

Speaker Fitial: Right. We have ten days in which both Houses must act in order to meet the deadline set my Judge Munson and that deadline expires this coming Sunday.

Rep. Hofschneider: Let us pass it and give it to the Senate.

Speaker Fitial: One and a half minute recess.

The House recessed at 3:39 p.m.

## RECESS

The House reconvened at 3:55 p.m.

Speaker Fitial: We were discussing what we wanted to do on the amendment. So, the amendment is now numbered House Bill No. 12-200. So because we have a deadline and we also have the other House to act on the same amendment. I think if there is no

objection we should place this Bill 12-200 on today's Calendar for action needing suspension of pertinent Rules.

There was no objection raised.

Speaker Fitial: Floor Leader would you like to effectuate a suspension motion to accomplish our intent?

Floor Leader Babauta: Mr. Speaker, unless the members have no objection, we wait until we come to the Bill Calendar.

Speaker Fitial: Okay. So, next Item on today's Calendar.

### **MESSAGES FROM THE GOVERNOR**

None

### **SENATE COMMUNICATIONS**

Sen. Com. 12-44: Transmitting Senate Resolution No. 12-10, entitled, "A Senate Resolution expressing the intent and sense of the Senate with regard to the hiring of lobbyist services in Washington, DC, and Section 532 of H.B. No. 12-1, CS2, HD3, SD2, Conf. CS1," which was adopted by the Senate on May 11, 2000. [For inf.]

There was no discussion raised.

**HOUSE COMMUNICATIONS**

None

**COMMUNICATIONS FROM THE JUDICIAL BRANCH**

None

**COMMUNICATIONS FROM THE RESIDENT REPRESENTATIVE**

None

**COMMUNICATIONS FROM DEPARTMENTS & AGENCIES**

Dept./Agency Comm. 12-3: From Attorney General Herbert Soll with regard to Public Law 11-105 and Civil Action No. 00-0012, attaching the ruling of Judge Munson allowing the Legislature ten days to act on the matter.

There was no discussion raised.

**OTHER COMMUNICATIONS**

None

**REPORTS OF STANDING COMMITTEES**

The Chair recognized the Floor Leader.

Floor Leader Babauta: Mr. Speaker, at the request of the Chair and the members of the Committee, I move to refer back to the Committee Standing Committee Report No. 12-106 for further Committee deliberation.

The motion was seconded and carried by voice vote.

S. C. R. NO. 12-106: Reporting on House Bill No. 12-093, entitled, “To amend Public Law 7-38; and for other purposes. *Your Committee on Health and Welfare recommends that the House file the bill. (DEFERRED 5/19/00)*

Speaker Fitial: Standing Committee Report No. 12-106 is hereby referred and deferred.

Floor Leader: Mr. Speaker?

Speaker Fitial: Floor Leader?

Floor Leader Babauta: Mr. Speaker, earlier I asked the members to include on the following Standing Committee Reports on Item Number 12, which is, 12-112, 12-113, and 12-114 on today’s Order of Business.

There was no objection raised.

Speaker Fitial: If no objection, so ordered.

Floor Leader Babauta: Mr. Speaker?

Speaker Fitial: Floor Leader?

Floor Leader Babauta: I now move for the adoption of Standing Committee Report Nos. 12-109, 12-110, 12-111, 12-112, 12-113, and 12-114.

The motion was seconded.

S. C. R. NO. 12-109: Reporting on House Bill No. 12-006, entitled, “To create the Commonwealth Telecommunications Commission by amending 4 CMC, Div. 8, to add a new Chapter 2, Section 8211, et seq., the ‘Commonwealth Telecommunications Act of 2000’; and for other purposes.” *Your Committee on Public Utilities, Transportation, and Communications recommends that the House pass the bill in the form of H.B. 12-006, CSI.*

S. C. R. NO. 12-110: Reporting on House Resolution No. 12-48, entitled, “A House Resolution requesting the Board of Education and the commissioner of Education to promote and implement character education in every school in the Commonwealth of the Northern Mariana Islands. *Your Committee on Education recommends that the House adopt the resolution.*”

S. C. R. NO. 12-111: Reporting on House Resolution No. 12-49, entitled, “A House Resolution to support and endorse the student exchange program established by the Miyazawa Gakuen school in Japan with the Marianas High School in Saipan, and extend a sincere appreciation to the founder of the program, Mr. Yasuo Miyazawa. *Your Committee on Education recommends that the House adopt the resolution.*”

S. C. R. NO. 12-112: Reporting on House Bill No. 12-165, entitled, “To designate Bird Island and Forbidden Island as sanctuaries for the conservation of wildlife and marine life; and for other purposes.” *Your Committee on Natural Resources recommends that the Bill be passed by the House.*

S. C. R. NO. 12-113: Reporting on House Bill No. 12-176, entitled, “To amend 1 CMC 3711 by adding a new subsection (c); and for other purposes.” *Your Committee on Judicial and Governmental Operations recommends that the Bill be passed by the House.*

S. C. R. NO. 12-114: Reporting on House Bill No. 12-190, entitled, “To add a new Subsection 3311(d) to 4 CMC Chapter 3 Notaries Public; and for other purposes.” *Your Committee on Judicial and Governmental Operations recommends that the Bill be passed by the House.*

Speaker Fitial: Discussion? Representative Apatang?

Rep. Apatang: Thank you, Mr. Speaker. Just several question on Standing Committee Report No. 12-109.

Speaker Fitial: Proceed.

Rep. Apatang: On page 4 on the Standing Committee Report, it was written down, “Funding for the Commission has been determined to be available via fees currently paid by companies. Presently these fees are paid to CUC through a franchise agreement.”, I would like to know what is the amount? What have the Committee done to secure the actual amount of funding to establish the commission? Also on the third paragraph, “For example, StartTec PCI, has informed the committee that in the past they had plans on opening up their business ventures in the CNMI but were unable to negotiate or were deterred from expanding their services knowing that the owner of the fiber optic cable, GTE Pacifica, essentially controlled their fate.”, I was just wondering if the Committee further review this and meet with the GTE Pacifica to see what is the actual problem to this issue? As we know that in the past during the Tenth Congress, we passed a legislation to give GTE Pacifica the fiber optic cable and they have spend millions and millions of dollars to put in the cable system. Now, it is up to GTE Pacifica to lease out whatever is available on the system this is not free. So, we can’t expect any business to come in and just ask for freebees. They have to pay something so GTE Pacifica can recover the expenses also this is business. On the forth paragraph, “It has been also brought to the Committees’ attention that a number of companies have disregarded the

CNMI as a potential area of investment because one company controls the telecommunication market.”, this is not true. When the Telecom Act of 1996 was passed into law, by the Federal Government all monopolies status of telephone companies ended. Any telecom business in the CNMI or anybody who wants to come in and open up a business is welcome to do so. You just go up and get your business license. That is the reason why the Telecom Act was passed so it will prevent all these monopolies, reduce regulations, reduce bureaucratic system. I think the Committee should take a look at this Bill again and reconsider the Committee’s report. Thank you, Mr. Speaker.

Speaker Fitial: Does the Committee Chair wishes to respond at this time to those three concerns raised by Representative Apatang?

Rep. Rosiky Camacho: Thank you, Mr. Speaker.

Speaker Fitial: Proceed.

Rep. Rosiky Camacho: I think the good colleague have read the report. I think the issue should be based on the content of the Bill rather than the content of the report. Thank you, Mr. Speaker.

Speaker Fitial: We are discussing the Committee Report.

Rep. Rosiky Camacho: Mr. Speaker, based on the funding itself, sure the sole source of our good company MTC have paid their dues in franchise fees and there’s sufficient amount of money or amount paid to CUC to run the commission.

Speaker Fitial: The specific question asked was, does the Committee have the information as to how much these fees are?

Rep. Rosiky Camacho: Yes, Mr. Speaker. The Committee have obtained that particular fees from CUC and the amount as for 1999 in the amount of \$591,643.00.

Speaker Fitial: \$591,643?

Rep. Rosiky Camacho: Five Hundred Ninety-One Thousand Six Hundred and Forty-Three U. S. Dollars.

Speaker Fitial: This amount, is this monthly or quarterly or yearly?

Rep. Rosiky Camacho: This is the total on yearly basis.

Speaker Fitial: So this amount covers what period from what month to what month?

Rep. Rosiky Camacho: From First quarter to Forth quarter, Mr. Speaker.

Speaker Fitial: 19?

Rep. Rosiky Camacho: 1999. I could read down the first quarter payment if the members want?

Speaker Fitial: Might as well provide everything you have now.

Rep. Rosiky Camacho: \$140,635.00 first quarter; second quarter \$144,816.00; third quarter \$144,193.00; and forth quarter \$163,199.00 if you add this up it will give you a sum of \$591,643.

Floor Leader Babauta: What is the first quarter?

Rep. Rosiky Camacho: \$140 thousands, all in a thousands.

Floor Leader Babauta: \$140 straight?

Speaker Fitial: \$140,635.00. The second question posted by Representative Apatang was regarding StartTec was there any indication provided the committee that this particular company was trying to come in to take advantage of the freebees, as Representative Apatang put it, when you say, “freebee” Representative Apatang, you mean they are coming in without having to invest substantial amount of money or can you clarify?

Rep. Apatang: Mr. Speaker, when I say, “freebee” that means, what do they want? Do they want a half price on the lease of the fiber optic line or they want to just join to come in and be afforded the opportunity to hook up on the fiber optic? What I am trying to get here is that this company have invest a lot of dollars, millions of dollars, over Sixteen Million Dollars to put in the fiber optic and I am sure that they will not deny any company who wants to come in and share and that is even covered under 1996 Telecom Act that they have to share, co-sharing. So, I just don’t see any rational behind this.

Speaker Fitial: The Committee Report did not give any indication what StartTec PCI plans to do with respect to investment, but does the Committee have any information what kind of investment plan does StartTec PCI have?

Rep. Rosiky Camacho: Yes, Mr. Speaker. I don’t have the specific name of the individual of this company that came in and present their view to the Committee, but there is one that we have to be aware of, is the cable fiber optic itself and the facility where this fiber cable optic is located. The reason why and it is recommend by this company and many others, I don’t want to talk about, is that it is important that a commission will look at this particular industry to foresee in the future that there is a third individual and a third party will come to play so that the fair ground will be fairly establish that is the whole purpose of this particular Bill, Mr. Speaker. And as far as their

intention to apply again, strictly they recommend that a commission should be establish. That is it, Mr. Speaker.

Rep. Hofschneider: Mr. Speaker?

Speaker Fitial: What was the third question? Was the third question relating to the second question, Representative Apatang or?

Rep. Apatang: The third question was the number of companies have been disregarded, “...have disregarded the CNMI as a potential area of investment because one company controls the telecommunication market.”, which is in my opinion it is not true at all. Because based on the 1996 Telecom Act it opens up the market to anybody, it deregulates monopoly so that means MTC has no control over anybody, or GTE Pacifica has no control over anybody coming into the CNMI who wants to invest. It is just because businesses are afraid of competition right now. And because we have a lot of regulations or laws that are restricting them and this is just one example again. Let us take care of our business that is currently doing us a favor here on the island paying their dues let us not regulate them again. In their statement it says they don’t have any objection about the regulation if the regulation is going to help everybody. Open competition, universal service reform, reservation of key consumer protections, these are all covered under Telecom Act of 1996. Why don’t we just create a simple commission instead of coming up with all these regulations?

Speaker Fitial: Chairman Rosiky?

Rep. Rosiky Camacho: Mr. Speaker, I think the basic foundation of what our good Representative is trying to allude to to this particular section. Let us look at the specific cable, and I think you cannot just transmit a signal in the air you have to transmit a signal in some form is what they call “cable”. If you do transmit through wireless you are not going to go any further. The reason that the commission needs to be establish so that

there is a monitoring system for the third party to be protected. We are not taking away the fiber optic from MTC the commission is not doing that. The Telecom Act of 1996 didn't say that they would take it away, what it really says, is that it opens up the market so that any telecom carrier can connect into that fiber optic. But where are you going to connect is the question and it is the issue you have to connect to the facility and the facility is down at MTC. For example IT&E, IT&E if you call from your phone line at home, you dial it goes down to MTC and from MTC monitoring system it distributes that signal or it sends that signal or it send that signal to the proper facility for a long distance purposes. And that is basically why it is important that any telecom carrier needs to have a third party to monitor and to foresee that their interest is protected. At this time, as you could see, they went in into the rate program they apply directly to FCC. The commission will do that so that there is a monitoring system that is basically what it is. The other thing is there is nothing magic about this particular Bill. If you do look at the table contents it is divided equally, it is divided equally from selecting the commission, from establishing the objectives of the commission to the regulatory provision of the Bill or the regulatory commission itself that is openly in there. The other provision that might be strict, it is up to the commission themselves, there is nothing to fear in this particular Bill, Mr. Speaker.

Speaker Fitial: Proceed, Representative Apatang.

Rep. Apatang: I am not saying about FCC taking away the fiber optic I never mention that. What I am saying is that the Committee should come out with the facts where "...number of companies have disregarding the CNMI as a potential area for investment because one company controls the telecommunication market." What I am saying is that is not necessarily true at all because the 1996 Telecom Act covers that already. So, let us not mislead anybody. Somebody has to read the regulation and come up with the exact facts because any business can come in now and apply to open up a telecom industry if they want to, if they want to take a risk. Thank you, Mr. Speaker.

Speaker Fitial: Representative Hofschneider?

Rep. Hofschneider: Thank you, Mr. Speaker. This argument and debates on the merits of the Bill and the Committee Report in particular is like a daze able for some of the members here that were here during the Eight Legislature when MTC was applying for the fiber optic submerge land lease and the same issues has been brought up as to the revenues particularly on franchise fee itself. Fact the matter is you have to weight both sides. On one side, the original company of today, MTC or GTE was publicly owned was owned by the public, the government run it and couldn't invest, couldn't expand because we didn't have the resources. Out of privatizing that entity, we became in the region in the Pacific area, we became the model of telecommunication system because we privatize it, we were quite taken by the fact that this company in spite of the economies of scale in those days, they build the company up and borrowed, even though it is a federally subsidized loan through the Rural Electrification Program, it is now defunct, for the fiber optic under taken by MTC, but they stocked with us. We didn't have that much development, we didn't have that much utilization of telephones, but they saw a potential to invest. And out of that resulted in the upgrading of one of the best and most advanced telecommunication system in the Pacific. We were far more advanced than the State of Hawaii in those days. Now, because someone wants to come in, we have to cut some fingers of MTC, so that they also have the other companies that did not stay with us, did not look at the Commonwealth people as a place to proudly present themselves and be part of this community and invest millions of dollars in upgrading the system. Now, we are enjoying it, granted, Mr. Speaker, telephone is becoming one of those technology that is essential or could be determine as essential as suppose to being luxury. Cellular phone could in fact be still qualified as a luxury not essential. Home phones for instance the land line they call is, essential especially when you have an elder in the House. What I would prefer to look at in terms of the Committee Report, Mr. Speaker and members is that under Public Law 4-47, which created CUC, was given the authority to regulate telecommunication and that is the reason why the annual franchise fee is going to CUC and not going into the General Fund as it used to prior to the Eighth

Legislature. Now think about it for a moment, name a commission or a board in the Commonwealth that has a historical record of expanding investment? Name one? Name one institution in the Commonwealth Government that will look fairly at both sides? Yes, the reason for this Bill is because the individual charges that continually to show on their monthly billings have prompted the consumers to question the Legislature can you do something about the monthly charges? It continually rises or continually increased that is one of the impetus that gave birth to a commission concept, but in reality the commission concept can still work under P. L. 4-47 which created CUC maybe expanding the members of the board, I mean, look at what and where we have gotten with no additional regulation impost on a technology that continually advances itself on a daily basis if we are to retard, if we are to pass a commission. However, innocuous if you read the Bill, do we take a chance? Are we willing to take a chance to create a commission that will be a deterrent and an impetus to further reduce the ability of MTC or any cellular carrier, none land lines investor, in investing in a system that is progressive in technology improvement. I mean, whoever dream that without legislating internet is in most of the houses in Saipan and household, without intervening, the Legislature intervening legislatively speaking. Now to create a commission may in fact take care of one side of the equation that is the consumer side, but let us give a hypothetical case. Let us say that we do not care to look at a friend's number in the telephone book, the telephone book is for free it is being provided. But we are so intense in asking some one to do what is really takes a very little effort in our part. It is printed in certain pages your friend's number, but nevertheless, you dial 411, you didn't care to flip the page. Now, think of yourself, running a Mom and Pop Store, and every Tom, Dick and Harry wants to find out the direction stop by your store, instead of buying a soda or a cigarette or a candy -- hey, Mr. Palacios, can you tell me the direction to Speaker Fitial's house? It has nothing to do with your conduct of business, yet the commission is going to come in now and say, "Well, we can't allow you the increase, but nevertheless provide the service. I believe that was Representative Apatang's remark in saying, "there is no freebee". There is no freebee because it cost money to invest in modern technology, but at the same token, Mr. Speaker, I think that in all fairness to a lot of consumers, we need

to find an amicable venue or some way to achieve a workable business environment with the main provider. MTC is what we call the gatekeeper. They control the exchange mechanism. Now, the gatekeeper can only regulate as far as the rates are concern, but you have to work under a parameter, but it is not fair for \$20 Million to improve the fiber optic and we have a redundant system in Saipan, it cost money to have a redundant fiber optic. Now, we are enjoying and sometimes in life, you don't take a moment and see how far we have advance and someone had the decency to take the risk to spend million of dollars, yes, they are making profit, that is the bottom line, that is the essence of business. If you are not making profit, get out, you are wasting your time. But along the way, you admit to yourself that we have come a long way and enjoy what the fruits of those investments millions of dollars, a commission will not necessarily stop the ability of MTC to expand, but in fact a commission would be the extra tear of bureaucracy. Necessary, that is for time answer. Is it really a must that CUC cannot deal with these issues relating to as suppose to a commission being established that is an option not explored yet. Why can't the entire legislation be pattern towards P. L. 4-47 and expand the parameters of an existing board? Expanding the members of the board to suit a telecommunications experience or background individuals to oversee their concerns, Mr. Speaker, I've looked at all the documents in the past and every increase rate has been approved by the board of CUC. I think if we are subscribing to a superfluous of business presence in telecommunication, maybe a commission will be the answer, to try and put a break on it. If there were too many businesses in telecommunication out there then a commission would do right and do justice for consumers. On the other hand, if we are just beginning to nature and infant, than you know a strict father may not necessarily have well-healed children. In this sense, Mr. Speaker, we have to be very careful. Taking a franchise away from CUC of half a million dollars and creating a bureaucracy of commissions that -- you know honestly, I am so fearful of creating another commission in the Commonwealth -- we're so entrenching creating boards for this -- boards for that -- commission for this -- commission for that, but look at the businesses that thrive, look at the businesses that really accelerate in terms of expanding and introducing technologies and services that really improve the livelihood of people. Those

businesses are outside of the parameters of any commission controlling the activities. They are the ones that really thrive. And I believe, Milton Freedman, the great economist, simply put, “yes, you need some degree of strings to pull, but in general sense you let business thrive, competition thrive and that would be your commission. It will self check each other. If MTC offers a service that is two cents higher and another cellular company offers something better, you think consumers would still go with MTC? Fact the matter remains that it is a matter of your personal taste and necessity. There are some issues to be answered by MTC however, Mr. Speaker, but it doesn’t necessarily take a commission. I think it is the impetus when in 1996 the liberalization of monopoly by the federal law that drove the insistence of creating a commission in the Commonwealth, but have we really study the impact? And, I can honestly say in this room, unequivocally that we have not. In the absence of commissions and regulatory body for the last twenty years, it has brought us some of the best technologist in the Pacific if not in the world. Fiber optic was the linkage to greater business activity in the Asia Pacific ream. We have that. You don’t want maintenance to fall behind an expansion to fall behind that the rest of the world would become the envy and not the Commonwealth. Thank you.

Speaker Fitial: Representative Jones?

Rep. Jones: Thank you, Mr. Speaker. It is really good that we look back at the history of the CNMI from the 60’s up. As we may recall that when Saipan alone began its economic development studied out -- peoples choice of selecting another store because it was the only store available at that time so either we like the price or not, we had no choice but to buy it if we can afford. Number 2, because Joeten Enterprise was not a franchise, not a monopoly, Town House came in simply because there was no franchise that will prohibit Town House to enter the market place on Saipan. Then after that grew, people had two choices now that they can afford, not only the choices of price but also choices of color, sizes and varieties of choices, medium, large and extra large. Then we look at the other industry, which is the tourist industry – Royal Taga came in the first

hotel in Saipan. Again, it shows that because it was not a franchise hotel it permits other hotel to come in, but prior to that other hotels coming in, tourist had no choice, but to pay the price required by Royal Taga Hotel. When tourist became significant in the Northern Marianas, we were lucking because there was no franchise given to Royal Taga Hotel, so what happen? Rather than franchise or monopoly, it was a competition. Other hotels from abroad came in and not only that it gives more choice not only to the local, but from the tourist from abroad, it also brought so many tourists to Saipan and than provide Rota and Tinian the opportunity to venture into it. On the Telecommunication that we are not to pass, it has a very similar if not identical story. It is a story between should we limit ourselves to monopoly and restrict or limit our people to that and perhaps loose the available federal grants, which I believe we were not getting all the federal grants that we were suppose to, or pass this Bill and permit competition? Where Economist says, “When competition exist the consumers win, but when monopoly takes place the business won and the consumer takes place.” Thank you.

Rep. Apatang: Mr. Speaker?

Speaker Fitial: Can we hear from members who have not spoken for the first time before I allow repeaters?

Rep. Hofschneider: Just a clarification, Mr. Speaker, clarification.

Speaker Fitial: Are you clarifying –?

Rep. Hofschneider: I need a clarification on Representative Jones’ statement.

Speaker Fitial: You want to ask him a question?

Rep. Hofschneider: Yes.

Speaker Fitial: Proceed.

Rep. Hofschneider: In your deliberation you mentioned that there is a potential to loose or you're loosing federal grants, what specific federal grant are we talking about? You may change my mind and support the Bill.

Rep. Jones: I will not change your mind, but at least your vote.

Rep. Hofschneider: No. I need to be educated as to really the factual basis of supporting a bill. If there is in fact a potential to loose federal grants for the schools for instance. Because my knowledge tells me that we lost out on the federal grant in implementing computerized classrooms and American Samoa took it all because we failed to meet the deadline and we did a lousy job in packaging it. Now, I don't see loosing federal grant because of not passing a commission unless I can be corrected.

Speaker Fitial: Can you just specify what federal grant were you referring or alluding to during your deliberation?

Rep. Jones: It is a federal grant that was convey to us by the Telecommunication Specialist from the Administration, not only the Education, but Health the hospital. I can provide you that after the session and we can go together and see the Specialist at the Administration. But in deed, he had that in his message.

Rep. Hofschneider: Yes. But on the Telemedicine, Mr. Speaker, we could have applied directly with MTC's concurrence.

Speaker Fitial: Okay. Representative Tony Camacho?

Rep. A. Camacho: Thank you, Mr. Speaker. I think Representative Apatang is not questioning the Bill he is only questioning the straight forwardness of the report. I

understand his concern, but being straightforward from time to time is healthy. I think the Chairman of PUTC Committee have all the information on other companies that try to establish a business here, but they were discourage to establish a business here because of like a monopoly. But for me, we need a regulatory body to regulate all kinds of businesses that really deals with our consumer or local people. I need the indulgence of the members that we pass this Bill regardless of how straight forward the report. Thank you, Mr. Speaker.

Speaker Fitial: Representative Benavente?

Rep. Benavente: Mr. Speaker, it seems that we are now discussing at the very least the intent of the Bill and I think to allow this discussion should be on the Bill Calendar not in the Committee Report. So, we need to move.

Rep. Hofschneider: Second.

Speaker Fitial: I think we got carried away with the waves. So, can we comment or deliberation to the report as Representative Apatang started out.

Rep. Attao: Mr. Speaker?

Speaker Fitial: Representative Attao?

Rep. Attao: I think it is important that the Committee Report should reflect the Bill itself. If you take a look at the Committee Report, the title of the Bill, the title of the Bill in the Committee Report and Committee Substitute 1 is totally different. I think we have to correct either the Committee Report or the Bill itself for consistency.

Rep. Hofschneider: Chapter 3 or is that Chapter 2?

Rep. Attao: It states, “To create the Commonwealth Telecommunications Commission by amending 4 CMC, Div. 8, to add a new Chapter 2, Section 8211, et seq., the ‘Commonwealth Telecommunications Act of 2000’; and for other purposes.” Now the Bill, “To create the Commonwealth Telecommunications Commission by amending 4 CMC, Div. 8, to add a new Chapter 3, Section 8301, et seq., the “Commonwealth Telecommunications Act” and for other purposes.”

Rep. Rosiky Camacho: Mr. Speaker, can we call a recess for the legal counsel to review that particular section that the good Representative just --?

Speaker Fitial: Yes. He just explained to me so I would like him to –

Rep. Hofschneider: Before you hit for a recess, Mr. Speaker, may I also raise an issue for the legal counsel?

Speaker Fitial: So, can we recess and raise those legal issues with the legal counsel during recess? Short recess.

The Chair moved to recess until tomorrow Wednesday, May 31, 2000, at 10:00 a.m.

The House recessed at 4:40 p.m.

Respectfully submitted,

Joan P. Kaipat, Journal Clerk  
House Representatives