
**HOUSE OF REPRESENTATIVES • THIRTEENTH LEGISLATURE • COMMONWEALTH OF THE
NORTHERN MARIANA ISLANDS**



House Journal
SECOND REGULAR SESSION, 2002

First Day

August 16, 2002

The House of Representatives of the Thirteenth Northern Marianas Commonwealth Legislature convened in its **First Day, Second Regular Session, on Friday, August 16, 2002, at 10:06 a.m.**, in the House Chamber, Capitol Hill, Saipan, Commonwealth of the Northern Mariana Islands.

The Honorable Heinz S. Hofschneider, Speaker of the House, presided.

A moment of silence was observed.

The Chair recognized the Vice Speaker.

Vice Speaker Tenorio: Thank you, Mr. Speaker. Mr. Speaker, I would like to request the indulgence of the members to remember our colleague, Representative Herman T. Palacios, in their moment of silence and to wish for his safe and speedy recovery.

In accordance with Rule XIII, § 2(a), all **eighteen** members were recorded present.

ADOPTION OF JOURNALS

Floor Leader Attao moved for the adoption of the Journal for the 1st Day, Sixth Special Session, 2002, was seconded and carried by voice vote.

PREFILED AND INTRODUCTION OF BILLS

H. B. NO. 13-162: A Bill for an Act to amend various sections of the Non-Resident Workers Act 3 CMC § 4411(b) and 3 CMC § 4436(a) to increase the percentage cap of required local resident hire; and for other purposes.

Offered by: Rep. Martin B. Ada
Referred to: Committee on Labor & Immigration

H. B. NO. 13-163: A Bill for an Act to establish a Police Reserve Unit within the Department of Public Safety; and for other purposes.

Offered by: Rep. Martin B. Ada
Referred to: Committee on Judicial & Governmental Operations

H. B. NO. 13-164: A Bill for an Act to add a new section to 1 CMC Div. 8, Chapter 2, of the CNMI Code to provide vesting service credit and benefits to members of the Government Boards and Commissions; and for other purposes.

Offered by: Rep. Martin B. Ada
Referred to: Committee on Judicial & Governmental Operations

H. B. NO. 13-165: A Bill for an Act to amend 4 CMC § 2111 to include the Commissioner of the Department of Public Safety as a non-voting, advisory member to the Marianas Visitors Authority Board of Directors.

Offered by: Rep. Arnold I. Palacios and four others
Referred to: Committee on Judicial & Governmental Operations

H. B. NO. 13-166: A Bill for an Act to provide benefits and exemptions for senior person by amending 2 CMC Section 5104(b)(7)(C); by adding a new subsection (c) to 9 CMC Section 2104; by amending 2201; and for other purposes.

Offered by: Rep. Andrew S. Salas
Referred to: Committee on Natural Resources

H. B. NO. 13-167: A Bill for an Act to reprogram funds from Public Laws 7-1, 7-5, 7-36 and 8-2 to the Typhoon Chata'an Emergency Fund; and for other purposes.

Offered by: Rep. Daniel O. Quitugua

H. B. NO. 13-168: A Bill for an Act to establish the Commonwealth Respite Services Program; and to provide for Community Respite Services Programs.

Offered by: Rep. Benjamin B. Seman
Referred to: Committee on Health and Welfare

H. B. NO. 13-169: A Bill for an Act to amend 1 CMC § 3411 (c) and (d) and § 3416 (a) of the Commonwealth Littering Control Act of 1989; and for other purposes.

Offered by: Rep. Benjamin B. Seman
Referred to: Committee on Judicial & Governmental Operations

H. B. NO. 13-170: A Bill for an Act to make appropriations for the operations and activities of the Government of the Commonwealth of the Northern Mariana Islands, its agencies, instrumentalities, and independent programs, and to provide budget authority for government corporations for Fiscal Year 2003; and for other purposes.

Offered by: Rep. Stanley T. Torres

H. B. NO. 13-171: A Bill for an Act to impose an Environmental Beautification Tax to provide financial support to the Commonwealth Solid Waste Management Systems; and for other purposes.

Offered by: Rep. Stanley T. Torres

H. B. NO. 13-172: A Bill for an Act to repeal 1 CMC 2553 (k) and to establish an effective mechanism for the CNMI government, including autonomous agencies to deal with delays in government payments to vendors, suppliers and individuals doing business with the CNMI government; and for other purposes.

Offered by: Rep. William S. Torres
Referred to: Committee on Ways and Means

H. B. NO. 13-173: A Bill for an Act to repeal P.L. 9-16, codified as 1 CMC, Part 1, Chapter 7, Article 4, § 2391 through 2394, to re-establish the Division of Veterans Affairs within the Department of Community and Cultural Affairs to the Office of the Governor and to rename it the Office of Military and Veterans Affairs; and for other purposes.

Offered by: Rep. Manuel A. Tenorio and twelve others
Referred to: Committee on Judicial & Governmental Operations

H. B. NO. 13-174: A Bill for an Act to amend 4 CMC, Div. 5, Chap.6 § 5611(d) and Div. 5, Chap. 12, § 50131(c); and for other purposes.

Offered by: Rep. Manuel A. Tenorio and eight others
Referred to: Committee on Commerce

H. B. NO. 13-175: A Bill for an Act to approve salaries of Executive Branch employees exceeding applicable salary ceilings and for other purposes.

Offered by: Rep. Heinz S. Hofschneider

H. L. B. NO. 13-032: A Local Bill for an Act to increase the local license fees for pachinko slot machines and poker machines in the First Senatorial District for the payment of PL 7-31 salary adjustments of government employees of the First Senatorial District; and for other purposes. [First Appearance]

Offered by: Rep. Daniel O. Quitugua

PREFILED AND INTRODUCTION OF RESOLUTIONS

H. C. R. NO. 13-001: A House Concurrent Resolution to approve revenues and resources of the Commonwealth of the Northern Mariana Islands, as identified by the Governor in compliance with Article III, Section 9(a) of the Constitution, as amended, and 1 CMC Division 7, for Fiscal year 2003 beginning October 1, 2002 and ending September 30, 2003.

Offered by: Rep. Stanley T. Torres

H. R. NO. 13-065: A House Resolution to congratulate the Junior All-Stars on their victory at the Little League Asia-Pacific Regional Tournament and to wish the Junior All-Stars good luck at the Junior League World Series.

Offered by: Rep. Francisco DLG. Aldan and four others

H. R. NO. 13-066: A House Resolution to recognize and congratulate Xenavee Pangelinan for her outstanding swimming performance at the 5th Micronesian Games.

Offered by: Rep. Ramon A. Tebuteb and three others

H. R. NO. 13-067: A House Resolution requesting the Marianas Public Lands Authority to designate the site of the former Samoan Housing in Garapan for the development of an attractively landscaped system of constructed ponds and wetlands; and for other purposes.

Offered by: Rep. Joseph P. Deleon Guerrero and nine others

H. R. NO. 13-068: A House Resolution to express our condolences to the Palauan community for the loss of Claudia Ngirrasob, Rita Garcia Sungio, and Bachungor Dawn Rechemanóall of the Palau Women's Slow Pitch Softball Team.

Offered by: Rep. Andrew S. Salas

H. R. NO. 13-069: A House Resolution to congratulate the CNMI athletes who participated in the 5th Micronesian Games.

Offered by: Rep. Francisco DLG. Aldan

H. R. NO. 13-070: A House Resolution to request the Secretary of the U. S. Department of Interior, the Honorable Gale Norton, through the Deputy Assistant Secretary for the Office of Insular Affairs (OIA), the Honorable David B. Cohen, to continue funding OIA's survey of Federal Grants Review by FEDFACTS for the U. S. insular territories of the Commonwealth of the Northern Mariana Islands (CNMI), Guam, American Samoa and the U. S. Virgin Islands for the current fiscal year and subsequent fiscal years; and for other purposes.

Offered by: Rep. William S. Torres and seventeen others

Rep. W. Torres: If there's no objection, Mr. Speaker, I would like to have H. R. NO. 13-070 placed on today's Resolution Calendar.

Speaker Hofschneider: Thank you. Floor Leader, with the members' consent we go down to Resolution Calendar and we dispose of the resolution for the official presentation this morning.

There being no objection, the House went down to Resolution Calendar.

MESSAGES FROM THE GOVERNOR

GOV. COMM. 13-238 – July 15, 2002 – Regarding the plan for the 60th Commemoration of the Battle of Saipan on June 12, 2004; formation of the 60th Commemoration Steering Committee.

GOV. COMM. 13-239 – July 23, 2002 – Informing the Legislature that he signed H. B. NO. 13-001, HS1, HD1, SD1, the “Land Compensation Act of 2002,” into **Public Law No. 12-17**.

GOV. COMM. 13-240 – July 24, 2002 – Certification of vacant positions at DPW.

GOV. COMM. 13-241 – July 24, 2002 – Certification for a vacant position at the Division of Veterans Affairs, DCCA.

GOV. COMM. 13-242 – July 24, 2002 – Certification for a vacant position at the Office of Language Commission, DCCA.

GOV. COMM. 13-243 – July 24, 2002 – Certification of vacant positions at DOLI.

GOV. COMM. 13-244 – July 24, 2002 – Certification of a vacant position at WIA.

GOV. COMM. 13-245 – July 24, 2002 – Certification of vacant positions for Accounting Technician I, replacements.

GOV. COMM. 13-246 – July 24, 2002 – Certification for a vacant position at DYS, DCCA.

GOV. COMM. 13-247 – July 25, 2002 – Certification of vacant positions at the Office of the Mayor of Rota.

GOV. COMM. 13-248 – July 25, 2002 – Inviting the Presiding Officers as part of the official delegation to meet with Philippine President Gloria Macabagal-Arroyo.

GOV. COMM. 13-249 – July 29, 2002 – P.L. 11-6 notification of exemption for Architects Pacific, Inc.

GOV. COMM. 13-250 – July 29, 2002 – P.L. 11-6 notification of exemption for Mugen Corporation dba Dive Collection MUGEN.

GOV. COMM. 13-251 – July 29, 2002 – P.L. 11-6 notification of exemption for Younis Art Studio, Inc.

GOV. COMM. 13-252 – July 30, 2002 – Proposing that the legislature enact a bill that would suspend, for the balance of the fiscal year, the penalties provisions of the Planning and Budgeting Act.

GOV. COMM. 13-253 – July 31, 2002 – Informing the Legislature that the signed H. B. NO. 13-111, (\$2 Million Appropriation for Tinian and Rota Dialysis Treatment Centers) into **Public Law No. 13-18**.

GOV. COMM. 13-254 – August 2, 2002 – Message to Exercise Emergency Impoundment under 1 CMC 7605(a) for Deferral of Budgetary Authority and Notice of Extreme Fiscal Measures to avoid \$18 Million Shortfall for FY 2002.

GOV. COMM. 13-255 – August 5, 2002 – P.L. 11-6 notification of exemption for Sandcastle, Inc. dba Sandcastle Saipan.

GOV. COMM. 13-256 – August 5, 2002 – P.L. 11-6 notification of exemption for WDI Saipan, Inc. dba Tony Roman's & Capriciosa Restaurant.

GOV. COMM. 13-257 – August 5, 2002 – P.L. 11-6 notification of exemption for Mandara Spa (Saipan) Inc. dba Mandara Spa.

GOV. COMM. 13-258 – August 5, 2002 – P.L. 11-6 notification of exemption for CTSI Logistics.

GOV. COMM. 13-259 – August 5, 2002 – P.L. 11-6 notification of exemption for VM Sablan & Associates Real Estate Appraisers/Consultants.

GOV. COMM. 13-260 – August 5, 2002 – P.L. 11-6 notification of exemption for Telesource NMI, Inc.

GOV. COMM. 13-261 – August 5, 2002 – P.L. 11-6 notification of exemption for Saipan Sea Ventures, Inc.

GOV. COMM. 13-262 – August 5, 2002 – P.L. 11-6 notification of exemption for GTM Enterprises.

GOV. COMM. 13-263 – August 5, 2002 – P.L. 11-6 notification of exemption for Marianas Health Services, Inc. dba MHS.

GOV. COMM. 13-264 – August 5, 2002 – P.L. 11-6 notification of exemption for the Department of Public Health.

GOV. COMM. 13-265 – August 5, 2002 – P.L. 11-6 notification of exemption for Pacific Island Aviation, Inc.

GOV. COMM. 13-266 – August 6, 2002 – Certification for a vacant position at the Office of the Lt. Governor.

GOV. COMM. 13-267 – August 7, 2002 – P.L. 11-6 notification of exemption for Trendex (CNMI), Inc.

GOV. COMM. 13-268 – August 7, 2002 – P.L. 11-6 notification of exemption for GTS, Enterprises, Inc.

GOV. COMM. 13-269 – August 8, 2002 – Certification for a vacant position at the Office of the Lt. Governor.

GOV. COMM. 13-270 – August 8, 2002 – Certification for a vacant position at the Department of Public Health.

GOV. COMM. 13-271 – August 9, 2002 – Certification of annual salaries in excess of \$50,000 for certain positions.

GOV. COMM. 13-272 – August 9, 2002 – P.L. 11-6 notification of exemption for Micronesial Appraisal Associates Saipan Inc.

GOV. COMM. 13-273 – August 9, 2002 – P.L. 11-6 notification of exemption for Ocra Dive Corporation.

GOV. COMM. 13-274 – August 9, 2002 – P.L. 11-6 notification of exemption for Interpacific Resorts (Saipan) corp. dba Pacific Islands Club.

GOV. COMM. 13-275 – August 9, 2002 – P.L. 11-6 notification of exemption for John L. Scott dba AMPARO.

GOV. COMM. 13-276 – August 9, 2002 – Requesting to meet with the members of the Legislature on Friday, August 15, 2002 at 2:00 p.m.

GOV. COMM. 13-277 – August 8, 2002 – Memo to the Secretary of Finance for the reassignment of Mr. Hemley.

GOV. COMM. 13-278 – August 12, 2002 – Memo delegating the Secretary of Finance to sign for the Governor with respect to certification and spending due to the emergency impoundment.

GOV. COMM. 13-279 – August 14, 2002 – Amending the emergency impoundment powers invoked August 2, 2002.

COMMUNICATIONS FROM THE JUDICIAL BRANCH

None

COMMUNICATIONS FROM THE RESIDENT REPRESENTATIVE

WASH. REP. COMM. 13-9 – July 11, 2002 – Providing an update of the minimum wage legislation in the US Congress.

WASH. REP. COMM. 13-10 – July 16, 2002 – Requesting the Legislature to reinstate his budget request of \$400,000 for professional services.

COMMUNICATIONS FROM DEPARTMENTS & AGENCIES

DEPT. & AGENCY COMM. 13-50 – July 15, 2002 – From Mr. Nace Soalablai, Acting SAPLR, acknowledging receipt of H. R. NO. 13-057, H. R. NO. 13-058, H. R. NO. 13-059 and H. R. NO. 13-060.

DEPT. & AGENCY COMM. 13-51 – July 17, 2002 – From Mr. Nace Soalablai, Acting SAPLR, acknowledging receipt of H. J. R. NO. 13-013.

DEPT. & AGENCY COMM. 13-52 – July 17, 2002 – From Chairman Vicente M. Sablan, CSC, commenting on S. B. NO. 13-42.

DEPT. & AGENCY COMM. 13-53 – July 17, 2002 – From Secretary Tom Pangelinan, DLNR, regarding the mitigation and sightings of brown tree snakes in the CNMI.

DEPT. & AGENCY COMM. 13-54 – July 17, 2002 – From Dr. Hofschneider, Secretary of Public Health and Dr. Richard Brostrom, DPH Medical Director, regarding the groundwater contamination.

DEPT. & AGENCY COMM. 13-55 – July 22, 2002 – From Mr. Joseph P. Rosario, Acting DPW Secretary, requesting that the House consider changing the date from 9/30/03 to 9/30/05 in H. B. NO. 13-118.

DEPT. & AGENCY COMM. 13-56 – July 23, 2002 – From Special Assistant Edward Tenorio, OMB, forwarding for review and consideration a Federal Grant Application for Solid Waste Management Assistance.

DEPT. & AGENCY COMM. 13-57 – July 24, 2002 – From Interim President Barbara Moir, NMC, relative to H. J. R. NO. 13-012.

DEPT. & AGENCY COMM. 13-58 – July 24, 2002 – From Acting Chairperson Ana Demapan-Castro, MPLA, acknowledging receipt of H. R. NO. 13-059.

DEPT. & AGENCY COMM. 13-59 – July 24, 2002 – From Acting Chairperson Ana Demapan-Castro submitting a copy of MPLA's Annual Report.

DEPT. & AGENCY COMM. 13-60 – July 25, 2002 – From Administrator Joaquin D. Salas, CRMO, providing a copy of the Coastal States Organization Fact Sheet update.

DEPT. & AGENCY COMM. 13-61 – July 31, 2002 – From Administrator Joaquin D. Salas, CRMO, requesting to use of the House Chamber for an official meeting on August 15, 2002.

DEPT. & AGENCY COMM. 13-62 – July 31, 2002 – From Assistant AG Joseph L.G. Taijeron, Jr., regarding the case of *US v. Mayor Francisco M. Borja*, Civil Case No. 02-015.

DEPT. & AGENCY COMM. 13-63 – August 1, 2002 – From Acting Executive Director Bernard Villagomez, CUC, submitting the agency's report in compliance with PL 12-34.

DEPT. & AGENCY COMM. 13-64 – August 1, 2002 – From Managing Director Jonas F. Ogren, MVA, submitting the report in compliance with PL 12-34.

DEPT. & AGENCY COMM. 13-65 – August 2, 2002 – From Special Assistant Edward Tenorio, OMB, forwarding for review and consideration a Federal Grant Application for Cooperative Endangered Species Conservation Fund.

DEPT. & AGENCY COMM. 13-66 – August 6, 2002 – From Acting Managing Director Vicky Benavente, MVA, provides a copy of MVA’s FY 2002 Annual Report.

DEPT. & AGENCY COMM. 13-67 – August 7, 2002 – From Assistant AG Andrew Clayton regarding PL 13-5 and PL 12-34 Plan for MVA.

OTHER COMMUNICATIONS

MISC. COMM. 13-64 – July 29, 2002 – From Ms. Frances Muña, Seventh SNIMC, transmitting certified copies of resolutions 7SMC-3RS-06 thru 7SMC-3RS-13.

REPORTS OF STANDING COMMITTEES

S. C. R. NO. 13-043: Reporting on S. B. NO. 13-11, entitled, “To create a National Guard for the Commonwealth of the Northern Mariana Islands.” *Your Committee on JGO recommends that the House pass the bill.*

S. C. R. NO. 13-044: Reporting on H. B. NO. 13-033, CS2, entitled, “To amend 4 CMC section 8327(b), crated by Public Law 12-39, to correct the Local Exchange Carrier contribution to the Commonwealth Telecommunications Commission; and for other purposes.” *Your Committee on PUTC recommends passage of the bill, as substituted.*

REPORTS OF SPECIAL AND CONFERENCE COMMITTEES

None

UNFINISHED BUSINESS

None

RESOLUTION CALENDAR

The Chair recognized the Floor Leader.

Floor Leader Attao: Thank you, Mr. Speaker. Mr. Speaker, I move for the suspension of Rule VII, Section 10, Rule IX, Sections 9, 10 and 11 for the adoption of the following resolutions: H. R. NO. 13-065, H. R. NO. 13-066, H. R. NO. 13-067, H. R. NO. 13-068, H. R. NO. 13-069, H. R. NO. 13-070, H. J. R. NO. 13-001 and H. C. R. 13-001.

The motion was seconded and carried by voice vote.

Speaker Hofschneider: Motion carried. Floor Leader?

Floor Leader Attao: Thank you, Mr. Speaker. I move for the adoption H. R. NO. 13-066.

The motion was seconded.

H. R. NO. 13-066: A HOUSE RESOLUTION TO RECOGNIZE AND CONGRATULATE XENAVEE PANGELINAN FOR HER OUTSTANDING SWIMMING PERFORMANCE AT THE 5TH MICRONESIAN GAMES.

There was no discussion, and the motion to adopt H. R. NO. 13-066 was carried by voice vote.

At this time, the Chair declared the House recessed at 10:24 a.m.

RECESS

The House reconvened at 10:38 a.m.

The Chair recognized the Floor Leader.

Floor Leader Attao: Thank you, Mr. Speaker. Mr. Speaker, I move for the adoption of H. C. R. 13-001.

The motion was seconded.

H. C. R. 13-001: TO APPROVE REVENUES AND RESOURCES OF THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS, AS IDENTIFIED BY THE GOVERNOR IN COMPLIANCE WITH ARTICLE III, SECTION 9(a) OF THE CONSTITUTION, AS AMENDED, AND 1 CMC DIVISION 7, FOR FISCAL YEAR 2003 BEGINNING OCTOBER 1, 2002 AND ENDING ON SEPTEMBER 30, 2003.

Speaker Hofschneider: The floor is open for discussion on the Concurrent Resolution?

The Chair recognized Rep. Babauta.

Rep. Babauta: Thank you, Mr. Speaker. Mr. Speaker, I was looking at the front page of the Concurrent Resolution. There's a footnote there that says inclusive of beautification tax on consumer goods. Is this relevant to H. B. NO. 13-171?

Speaker Hofschneider: Correct.

Rep. Babauta: Mr. Speaker, can any member of the Committee on Ways and Means enlighten me as to the dollar figure that would contribute to the overall appropriations for Fiscal Year 2003 if we are to pass H. B. NO. 13-171?

The Chair recognized the Floor Leader.

Floor Leader Attao: Mr. Speaker, first of all, the consumer goods is not part of the bill that we'll be passing this morning. The food items have been exempted. Secondly, Mr. Speaker, based on the

submission by the Governor, the Beautification Tax will generate about three point some million dollars. This three point some million dollars is incorporated in the Fiscal Year 2003 appropriations.

Speaker Hofschneider: Representative Babauta, you may continue.

Rep. Babauta: Thank you, Mr. Speaker. If that is the case of adopting the Concurrent Resolution that would apply the impending passage of H. B. NO. 13-171 and that is the raising of the excess tax on a certain category. I would yield for now, Mr. Speaker, until we get to the appropriation measure. Thank you.

Speaker Hofschneider: Thank you. Is there any further discussion on the House Concurrent Resolution? Vice Speaker? Ready?

Several members voiced, "ready."

Speaker Hofschneider: Clerk, roll call.

The roll called on the motion to adopt H. C. R. 13-001 is as follows:

Rep. Martin B. Ada	yes
Rep. Francisco DLG. Aldan	yes
Rep. Jesus T. Attao	yes
Rep. Oscar M. Babauta	yes
Rep. Gloria DLC. Cabrera	yes
Rep. Pedro P. Castro	yes
Rep. Joseph P. Deleon Guerrero	yes
Rep. Arnold I. Palacios	yes
Rep. Herman T. Palacios	excused
Rep. Norman S. Palacios	yes
Rep. Daniel O. Quitugua	yes
Rep. Andrew S. Salas	yes
Rep. Benjamin B. Seman	yes
Rep. Ramon A. Tebuteb	yes
Rep. Manuel A. Tenorio	yes
Rep. Stanley T. Torres	yes
Rep. William S. Torres	yes
Rep. Heinz S. Hofschneider	yes

Speaker Hofschneider: The House hereby adopts H. C. R. 13-001. Floor Leader?

Floor Leader Attao: Thank you, Mr. Speaker. I move for the adoption of H. R. NO. 13-065, H. R. NO. 13-067 and H. R. NO. 13-068.

Seconded by Rep. Babauta.

H. R. NO. 13-065: A HOUSE RESOLUTION TO CONGRATULATE THE JUNIOR ALL-STARS ON THEIR VICTORY AT THE LITTLE LEAGUE ASIA-PACIFIC REGIONAL TOURNAMENT

AND TO WISH THE JUNIOR ALL-STARS GOOD LUCK AT THE JUNIOR LEAGUE WORLD SERIES.

H. R. NO. 13-067: A HOUSE RESOLUTION REQUESTING THE MARIANAS PUBLIC LANDS AUTHORITY TO DESIGNATE THE SITE OF THE FORMER SAMOAN HOUSING IN GARAPAN FOR THE DEVELOPMENT OF AN ATTRACTIVELY LANDSCAPED SYSTEM OF CONSTRUCTED PONDS AND WETLANDS; AND FOR OTHER PURPOSES.

H. R. NO. 13-068: A HOUSE RESOLUTION TO EXPRESS OUR CONDOLENCES TO THE PALAUAN COMMUNITY FOR THE LOSS OF CLAUDIA NGIRASOB, RITA GARCIA SUNGIO, AND BACHUNGOR DAWN REMECHEMANÓALL OF THE PALAU WOMEN'S SLOW PITCH SOFTBALL TEAM.

There was no discussion on the resolutions, and motion to adopt H. R. NO. 13-056, H. R. NO. 13-067 and H. R. NO. 13-068 was carried by voice vote.

Speaker Hofschneider: Motion carried. Floor Leader?

Floor Leader Attao: Thank you, Mr. Speaker. I now move for the adoption of H. J. R. NO. 13-001, H. R. NO. 13-069 and H. R. NO. 13-070.

The motion was seconded.

H. J. R. NO. 13-001: A HOUSE JOINT RESOLUTION TO ENDORSE AND SUPPORT THE DEBT RESTRUCTURING BY THE COMMONWEALTH PUBLIC SCHOOL SYSTEM IN EXERCISING ITS OPTION TO PURCHASE THE TWELVE (12) 66 PASSENGER BUSES UNDER LEASE SINCE 1995 IN ADDITION TO ENGAGING IN ANOTHER LEASE OPTION AGREEMENT FOR THE ACQUISITION OF FORTY (40) NEW FLEETS OF SCHOOL BUSES THAT MEET THE US FEDERAL HIGHWAY SAFETY STANDARD FOR USE BY OVER 4000 BUS RIDING STUDENTS THROUGHOUT THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS; AND FOR OTHER PURPOSES.

H. R. NO. 13-069: A HOUSE RESOLUTION TO CONGRATULATE THE CNMI ATHLETES WHO PARTICIPATED IN THE 5TH MICRONESIAN GAMES.

H. R. NO. 13-070: A HOUSE RESOLUTION TO REQUEST THE SECRETARY OF THE U.S. DEPARTMENT OF INTERIOR, THE HONORABLE GALE NORTON, THROUGH THE DEPUTY ASSISTANT SECRETARY FOR THE OFFICE OF INSULAR AFFAIRS (OIA), THE HONORABLE DAVID B. COHEN, TO CONTINUE FUNDING OIA'S SURVEY OF FEDERAL GRANTS REVIEW BY FEDFACTS FOR THE U.S. INSULAR TERRITORIES OF THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS (CNMI), GUAM, AMERICAN SAMOA AND THE U.S. VIRGIN ISLANDS FOR THE CURRENT FISCAL YEAR AND SUBSEQUENT FISCAL YEARS; AND FOR OTHER PURPOSES.

Speaker Hofschneider: Motion for the adoption of H. J. R. NO. 13-001, H. R. NO. 13-069 and H. R. NO. 13-070 has been seconded. Is there any discussion on any of the Resolutions?

The Chair recognized Representative William Torres.

Rep. W. Torres: If there's no objection on H. R. NO. 13-070, I'd like to request that it be a Committee of the Whole Resolution.

Rep. Babauta: No objection, Mr. Speaker.

Speaker Hofschneider: For the purposes of legislative history on H. J. R. NO. 13-001, this is for the school buses; it is the intent of the House to authorize PSS to get into this endeavor. Normally, we would have a legislation authorizing such an endeavor. Be it as it may, to get the ball rolling with PSS and the Administration for the procurement of these buses, it is the intent of the House through this House Joint Resolution to authorize such procurement.

There was no further discussion, and the motion to adopt H. R. NO. 13-069, H. R. NO. 13-070 and H. J. R. NO. 13-001 was carried by voice vote.

Speaker Hofschneider: Motion carried. Short recess.

The House recessed at 10:45 a.m.

RECESS

The House reconvened at 10:46 a.m.

Speaker Hofschneider: We're back to our session and I recognize the Floor Leader.

Floor Leader Attao: Thank you, Mr. Speaker. I now move for the adoption of H. J. R. NO. 13-001.

The motion was seconded by Rep. Babauta.

Speaker Hofschneider: Could you rephrase your motion? We were on recess when you made that motion to reconsider.

Floor Leader Attao: Thank you, Mr. Speaker. I move for reconsideration of the House action of H. J. R. NO. 13-001.

The motion was seconded.

There was no discussion, and the motion to reconsider House action on H. J. R. NO. 13-001 was carried by voice vote.

Speaker Hofschneider: Motion carried. Floor Leader?

Floor Leader Attao: Thank you, Mr. Speaker. I now move for the adoption of H. J. R. NO. 13-001.

The motion was seconded.

H. J. R. NO. 13-001: A HOUSE JOINT RESOLUTION TO ENDORSE AND SUPPORT THE DEBT RESTRUCTURING BY THE COMMONWEALTH PUBLIC SCHOOL SYSTEM IN EXERCISING ITS OPTION TO PURCHASE THE TWELVE (12) 66 PASSENGER BUSES UNDER LEASE SINCE 1995 IN ADDITION TO ENGAGING IN ANOTHER LEASE OPTION AGREEMENT FOR THE ACQUISITION OF FORTY (40) NEW FLEETS OF SCHOOL BUSES THAT MEET THE US FEDERAL HIGHWAY SAFETY STANDARD FOR USE BY OVER 4000 BUS RIDING STUDENTS THROUGHOUT THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS; AND FOR OTHER PURPOSES.

There was no discussion on the motion to adopt H. J. R. NO. 13-001.

The roll called on the motion to adopt H. J. R. NO. 13-001 is as follows:

Rep. Martin B. Ada	yes
Rep. Francisco DLG. Aldan	yes
Rep. Jesus T. Attao	yes
Rep. Oscar M. Babauta	yes
Rep. Gloria DLC. Cabrera	yes
Rep. Pedro P. Castro	yes
Rep. Joseph P. Deleon Guerrero	yes
Rep. Arnold I. Palacios	yes
Rep. Herman T. Palacios	excused
Rep. Norman S. Palacios	yes
Rep. Daniel O. Quitugua	yes
Rep. Andrew S. Salas	yes
Rep. Benjamin B. Seman	yes
Rep. Ramon A. Tebuteb	yes
Rep. Manuel A. Tenorio	yes
Rep. Stanley T. Torres	yes
Rep. William S. Torres	yes
Rep. Heinz S. Hofschneider	yes

Speaker Hofschneider: H. J. R. NO. 13-001 is hereby adopted by the House. Floor Leader?

Floor Leader Attao: Thank you, Mr. Speaker. Mr. Speaker, if there's no objection, I would like to move back to Item 6, Senate Communications.

There was no objection and the House went to Item 6, Senate Communications.

SENATE COMMUNICATIONS

The Chair recognized the Floor Leader.

Floor Leader Attao: Thank you, Mr. Speaker. I move for the House to accept SEN. COMM. 13-062 through SEN. COMM. 13-75.

The motion was seconded.

SEN. COMM. 13-62: Transmittal of S. B. NO. 13-79, entitled, "A Bill for an Act to help reduce inhalant abuse of toxic fumes and vapors by children by amending the Inhalant Abuse Prevention Act of 1985 (Public Law 9-65); and for other purposes," which the Senate passed on August 5, 2002. [For action]

SEN. COMM. 13-63: Transmittal of S. B. NO. 13-84, SD1, entitled, "A Bill for an Act to waive the applicability of 1 CMC §§ 7701, 7702, 7706, 7707 and 7709 for the balance of Fiscal Year 2002 and to amend 1CMC § 7604; and for other purposes," which the Senate passed on August 5, 2002. [For action]

SEN. COMM. 13-64: Return of H. B. NO. 13-156, Gaming Device Jackpot Tax Increase, which the Senate passed without amendment on August 5, 2002. [Before the Governor]

SEN. COMM. 13-65: Transmittal of S. J. R. NO. 13-6, entitled, "A Senate Joint Resolution requesting that the Northern Marianas College and its Board of Regents acknowledge and implement the mandate of Public Law 9-53, Section 4 part 2, '...to establish a vocational, occupational and technical, training center and professional development institute (hereinafter referred to as "institute") within the Northern Marianas College;' and for other purposes," which the Senate adopted on August 8, 2002. [For action]

SEN. COMM. 13-66: Transmittal of S. J. R. NO. 13-7, entitled, "A Senate Joint Resolution to sanction salaries received by government employees since October 1, 1999 in excess of the Commonwealth Salary Act, as amended by Public Laws 7-31, 8-6, 9-25, 10-35, and 10-85 in compliance with Public Law 11-41, § 526; and for other purposes," which the Senate adopted on August 8, 2002. [For action]

SEN. COMM. 13-67: Transmittal of S. B. NO. 13-45, SD1, entitled, "A Bill for an Act to amend 9 CMC § 5101 to ensure that persons driving a government vehicle abide by the mandates of the Vehicle Code set forth at 9 CMC § 1101 et seq., and to give Department of Public Safety Officers the authority to issue traffic citations to persons driving a government vehicle who violate certain enumerated subsections of the Vehicle Code; to amend 9 CMC § 7114 to authorize the temporary impoundment of such vehicles; and for other purposes," which the Senate passed on August 8, 2002. [For action]

SEN. COMM. 13-68: Transmittal of S. B. NO. 13-62, entitled, "A Bill for an Act to authorize the Youth Congress to meet in session more frequently," which the Senate passed on August 8, 2002. [For action]

SEN. COMM. 13-69: Transmittal of S. B. NO. 13-65, entitled, "A Bill for an Act to amend Public Law 3-71, § 1 (§ 1117) as amended by Public Law 3-72, § 2 (§ 1102) and Public Law 6-44, § 2 to exempt from forfeiture, property used in the commission of a criminal act by someone other than the owner without the knowledge, consent or willful blindness of the owner," which the Senate passed on August 8, 2002. [For action]

SEN. COMM. 13-70: Transmittal of S. B. NO. 13-77, entitled, "A Bill for an Act to amend 1 CMC § 2153 to provide that the Attorney General shall have sixty (60) calendar days from the date a local initiative petition is filed pursuant to Article IX, Section 1(b), of the Constitution, to certify or

not certify, as warranted, that the local initiative petition meets or does not meet the requirements of Article IX, Section 1(a) of the Constitution,” which the Senate passed on August 8, 2002. [For action]

SEN. COMM. 13-71: Transmittal of S. B. NO. 13-31, SD2, entitled, “A Bill for an Act to amend 1 CMC regarding electoral candidates who are Commonwealth government employees; and for other purposes,” which the Senate passed on August 8, 2002. [For action]

SEN. COMM. 13-72: Transmittal of S. B. NO. 13-89, SD2, entitled, “A Bill for an Act to amend Public Law 13-17, the ‘Land Compensation Act of 2002,’” which the Senate passed on August 8, 2002. [For action]

SEN. COMM. 13-73: Return of H. B. NO. 13-118, Nonresident Worker Hiring Exemption for DPW, which the Senate passed without amendment on August 8, 2002. [Before the Governor]

SEN. COMM. 13-74: Return of H. B. NO. 13-161, HD1, Land Compensation Act Amendment, which the Senate passed without amendment on August 8, 2002. [Before the Governor]

SEN. COMM. 13-75: Transmittal of Senate Resolution No. 13-18, entitled, “A Senate Resolution requesting the Commonwealth Telecommunication Commission to institute legal action against the Micronesian Telecommunications Corporation for breach of the conditions set forth at 2 CMC § 1222(b)(2) of the Submerged Lands Act ... requesting that the Office of the Attorney General further pursue and prosecute Civil Action No. 97-1098 ... requesting that the Commonwealth Telecommunications Commission condition the approval of the proposed transfer of Verizon Pacifica’s assets to Pacific Telecommunications Inc. on Pacific Telecommunications Inc.’s agreement to eliminate inter-island toll charges,” which the Senate adopted on August 8, 2002. [Certified copy for information]

There was no discussion, and the motion to accept the Senate communications was carried by voice vote.

Speaker Hofschneider: Motion carried. If there’s no objection, we’ll finish off the Prefiled and Introduction Bills under House Legislative Initiatives and House Local Bills.

The House went to Item 3, Prefiled and Introduction Bills.

PREFILED AND INTRODUCTION OF BILLS

The Chair recognized Representative Ada.

Rep. Ada: Thank you, Mr. Speaker.

H. L. I. NO. 13-007: A Legislative Initiative to amend Article XV, Sections 2(a) and (b) of the Constitution of the Northern Mariana Islands.

Offered by: Rep. Martin B. Ada

Referred to: Committee on Labor & Immigration

Speaker Hofschneider: Thank you. We go back to Bill Calendar.

BILL CALENDAR

The Chair recognized the Floor Leader.

Floor Leader Attao: Two minutes recess, Mr. Speaker.

Speaker Hofschneider: Two minutes recess.

The House recessed at 10:50 a.m.

RECESS

The House reconvened at 11:02 a.m.

Speaker Hofschneider: We're back to our session. We're under Bill Calendar and I recognize the Floor Leader. Representative Torres?

Rep. S. Torres: With the indulgence of the members can we go back to House Communications?

Floor Leader Attao: No objection.

There was no objection from the floor and the House went to Item 7, House Communications.

HOUSE COMMUNICATIONS

HSE. COMM. 13-14: Representative Seman's trip report for the period of June 19-20, 2002 and June 24-28, 2002.

HSE. COMM. 13-15: Representative Seman's trip report for May 22, 2002.

HSE. COMM. 13-16: Representative Seman's trip report for the period of June 12-13, 2002.

HSE. COMM. 13-17: Representative Seman's trip report for May 24, 2002.

HSE. COMM. 13-18: Representative Ada's trip report for the period of June 13-21, 2002.

HSE. COMM. 13-19: Vice Speaker Tenorio's trip report for the period of June 12-13, 2002.

Speaker Hofschneider: We're under Item 7, House Communications. I recognize the Chairman of the Committee on Ways and Means, Representative Stanley Torres.

Rep. S. Torres: Mr. Speaker and members, before I begin, I'd like to say that what I'm about to say will relieve me from carrying a load in my chest and release the monkey off my back. Unfortunately, none of the garment representatives are in the chamber. Mr. Speaker and members, during your leadership meeting on Monday, August 12, 2002, I requested for an extension for another week or two in order to allow your Committee on Ways and Means to report on H. B. NO. 13-158, the proposed increase of 1.3% for the garments user's fee. Your Committee is still reviewing the compiled data and information submitted to the Committee on the night of the public hearing on August 1, 2002. During our review, we have come across some issues that require much further scrutiny. We are starting to scratch beneath the surface and have come up with some possible improprieties ... that would have far reaching effects. These improprieties could bring in the United States Navy's Seventh Fleet. Personally, I do not want the federal government to do it for us. This is why I am taking a stand. Recently, the local media asked if I wanted to over regulate the garment industry. My response was, "h--- no!" My concern was that there should not have been a federal oversight and possible intervention had we policed our own house. We have good laws in our books to ensure that this and any other business establishment play by the rules. However, the lack of enforcement on our part is why the federal government is watching us like a hawk. I hope that Governor Juan N. Babauta is true in his word that Senators Akaka and Murkowski are satisfied with what we are doing. If he is not, this Administration will be yelling: "Where's Preston Gates or Greenberg Taurig! Get them on the hotline." The recent lawsuit brought against the garment industry could have been avoided, if we had enforced the law. The industries are the sole responsible party. If they had been responsible corporate citizens, they would not have received so much bad publicity. They are their own worst enemy. I say this because, during the public hearing, all of the representatives from the garment manufactures went on-and-on about how much havoc this increase in the user's fee would cause and that many are losing money. I say baloney! If these garment corporations are really losing their shirts off their backs, why are they still sewing and packing? I say they are in the wrong kind of business. Also during this hearing, the president, owner, director and one of the stockholders of the Advance Textile garment, Mr. Paul Zack, made a presentation. "We're losing money. And if you increase the user's fee again, this will surely run us out of business." He even told the Committee that their corporation's equity position was negative and amounted to over one \$1 million in red and that they had yet to declare a dividend. Mr. Speaker and members, if this is true, why haven't they declared bankruptcy. Mr. Paul Zack went on to tell the Committee that he has resided in Saipan for ten years that his business is located in Precinct III and that he votes in Precinct I. To me he is a better campaigner than a businessman. There is one problem. He committed an act of perjury during his presentation and this was recorded. I found out he is actually registered to vote in Precinct IV-C. I think Representatives Gloria Cabrera and Frank Aldan should check him to clarify as to the validity of his voting precinct. Mr. Speaker, these types of statements from a reputable businessman bother me. If he can't tell the truth as to where he votes, what makes him think that I will honor his presentation. Many feel that I am anti-garment -- I am not! All I ask is that they be honest with us and comply with the laws and become better corporate citizens. There is nothing wrong with making a profit, but don't do it at the expense of the CNMI people. We might be a young commonwealth, but we are neither naive nor ignorant. The garment industry has been making billions for many years, and they still want us to think that they are not. I say b---s---! They have taken the b--- and have only left us with their s---. As Mr. Paul Zack would say in garment jargon, the bottom line is this: The hotel industry is hurting, but they are required by law to pay a 10% room tax and 5% Business Gross Receipts Tax. Other businesses must pay excise taxes, and their BGR ... but this industry only pays 3.7% of their exported sales. I admit that I am not a math scientist, but as a graduate of Mount Carmel High School, who I have the honor of being tutored by Sister Mary Louis, Fathers Anthony and Arnold, and I am pretty sure that 10% is greater

than 3.7%. I understand that this is a very touchy subject, but we chose to be in this arena and our people expect us to vote with our conscience. I just want to make it clear: I haven't changed my mind! Mr. Speaker and members, I had requested all the garment owners to voluntarily provide the Committee with their latest Corporate Tax Return since August 7, 2002, this past Wednesday. However, I was told that some of the garment owners are saying, "my God, Congressman Stanley Torres also wants to enter our master bedroom." Up to this moment nobody is making a move. They are all in silent, mum, and I am sure that they all have buried their heads in the sand. Mr. Speaker and members, I am making a formal accusation against Mr. Paul Zack, the President, Director, and a stockholder of the Advance Textile garment located on Navy Hill (near Grace Christian Academy) in Heinz Hofschneider's, Jesus Attao's, Ray Tebuteb's, William Torres', Arnold Palacios', and Stanley Torres', that's me, in our election Precinct III that Paul Zack is a liar and a crook. His testimony is on tape that he has been a resident of Saipan for ten (10) years, and lived and voted in election Precinct I. He lied. All the time he's been residing in the Capitol Hill area and has been voting in Precinct IV-C since 1997, per his voter's registration record and affidavit no. 97-3069, dated October 1997. And to Paul Zack, I say you are a crook. You have been losing money for ten long years? What the h--- are you doing losing millions every year? Provide me your tax report and I will retract my accusation of you being a crook. If you, Paul Zack, do not want to provide me your tax report, I wonder what keeps you going on? Are you still growing marijuana to keep your business afloat? You (Paul Zack) had been busted for planting marijuana on top of your veranda on Capitol Hill, when you were living in one of Angie Rodeo's houses. That I know. I want to note that Paul Zack had the loudest mouth during the night of the public hearing on H. B. NO. 13-158. I don't believe a word of his testimony, he being a liar, a crook and a marijuana grower. Mr. Speaker and members, I will let your conscience vote on the user's fee bill. Mr. Speaker and members, I ask for a little more time until I receive a report from the U.S. Customs and several state auditors in the U.S. mainland reviewing all garment products arriving from the CNMI. In closing, Mr. Speaker and members, what I am doing will be a very detrimental to the entire garment industry. It will be a total close-down of every garment factory, which I don't want to happen. I am not threatening, nor extorting, nor blackmailing. If H. B. NO. 13-158 is not passed by both houses and signed by the Governor kiss all the garments goodbye. Adios amigos, thank you for your undivided attention. Yours truly, Representative Stanley T. Torres. [Stamped and numbered as HSE. COMM. 13-020]

Floor Leader Attao: Mr. Speaker, may I ask Chairman Torres to make that an official House Communication so that we can file that comment he just finished delivering. Thank you, Mr. Speaker.

Rep. S. Torres: May I ask the Assistant Sergeant-at-Arms to make copies for everybody please?

Speaker Hofschneider: With that, we go back to Bill Calendar and I recognize the Floor Leader.

BILL CALENDAR

Floor Leader Attao: Thank you, Mr. Speaker. Mr. Speaker, pursuant to Rule IX, Section 8, I move to withdraw from the Special Committee H. B. NO. 13-126, "A Bill for an Act to repeal Section 3 of Public Law 13-1; to repeal and re-enact 1 CMC § 2051, 2052, 2101, 2103, 8131 and §§ 8121 through 8125; and for other purposes," for action on today's session. Thank you.

The motion was seconded.

Speaker Hofschneider: Motion to withdraw from the special committee H. B. NO. 13-126 has been seconded. Discussion on the withdraw motion?

There was no discussion, and the motion to withdraw H. B. NO. 13-126 from the Special Committee was carried by voice vote.

Speaker Hofschneider: Motion carried. H. B. NO. 13-126 is hereby placed on the floor. Floor Leader.

Floor Leader Attao: Thank you, Mr. Speaker. I now move for the suspension of Rule VII, Section 10, Rule IX, Sections 9, 10 and 11 for the passage of H. B. NO. 13-126, H. B. NO. 13-167, H. B. NO. 13-170, H. B. NO. 13-171 and H. B. NO. 13-175.

The motion was seconded and carried by voice vote.

Speaker Hofschneider: Motion carried. Floor Leader.

Floor Leader Attao: Thank you, Mr. Speaker. I now move for the passage of H. B. NO. 13-171 on First and Final Reading.

The motion was seconded.

H. B. NO. 13-171: A BILL FOR AN ACT TO IMPOSE AN ENVIRONMENTAL BEAUTIFICATION TAX TO PROVIDE FINANCIAL SUPPORT TO THE COMMONWEALTH SOLID WASTE MANAGEMENT SYSTEMS; AND FOR OTHER PURPOSES.

Speaker Hofschneider: Motion for the passage on First and Final Reading H. B. NO. 13-171 has been seconded. The floor is open for discussion on the Bill. Representative Babauta?

Rep. Babauta: Thank you, Mr. Speaker. Mr. Speaker, I just like to ...

Speaker Hofschneider: Representative Babauta, could you please take the podium?

Rep. Babauta: Mr. Speaker, if there's no objection, can I just deliver it here? Unless overruled by the members, I would comply with the Chair's order.

Speaker Hofschneider: Be my guest.

Rep. Babauta: It's just a clarification.

Speaker Hofschneider: On clarification, you may.

Rep. Babauta: Thank you. I just want to clarify certain provisions of H. B. NO. 13-171. I support the Bill's intent, but would this include such consumer products that would benefit the children of the Commonwealth? And, if so, whether these consumer products would also include personal consumption while entering the Commonwealth?

The Chair recognized the Floor Leader.

Floor Leader Attao: Yes, Mr. Speaker, consumer goods is part of this. However, this Bill is crystal clear that the definitions shall not include food items. So, I am certain that what Congressman Babauta is raising is covered; it is going to be taxed, except for food items.

Speaker Hofschneider: You may continue.

Rep. Babauta: Again, if CNMI citizens are returning from abroad, taxable items such as children's clothing, pampers – other than edible products such as milk and food – are these provisions applicable to such taxes?

Floor Leader Attao: I don't think so, Mr. Speaker. There is a regulation that governs that upon entry. You are allowed a certain amount to have in your possession to bring into the Commonwealth, unless you're in business then you'll definitely be taxed.

Rep. Babauta: **Can we just clarify with the counsel, Mr. Speaker, on the existing provisions under P.L. 9-22?**

Speaker Hofschneider: Short recess.

The House recessed at 11:19 a.m.

RECESS

The House reconvened at 11:26 a.m.

Speaker Hofschneider: We're back to discussing H. B. NO. 13-171, Environmental Beautification Tax. For the members, this is a proposed bill by the Administration that is compliment to the budget itself. Representative Babauta, you still have the floor.

Rep. Babauta: Thank you, Mr. Speaker. Mr. Speaker, while I share the Administration's request to the Legislature to increase certain taxes to meet the Administration's program such as the beautification I still cannot comprehend the mirror provisions of P. L. 9-22. In particular, Mr. Speaker, H. B. NO. 13-171, which, if enacted, would generalize across the board taxes to consumerable products for personal consumptions aside from by the last revenue code enacted which is P. L. 9-22. I would kindly urge my colleagues to look at that provision closely because, in fact, the Administration's proposal is increasing excise taxes to include personal consumptions other than food items. So my clarification, Mr. Speaker, is whether or not Tan Maria bringing in pampers for her granddaughters or grandsons going to be taxed at the airport upon entering? The answer is yes. Children of the Commonwealth with the economic problem now a days, Mr. Speaker, in most cases family members would send menial supplies to family members in the Commonwealth. Of course, some families cannot afford to continue paying taxes, and I hope that we can compromise on the language that would delineate such impending imposition taxes. I would then agree to the passage of H. B. NO. 13 171 but until then, Mr. Speaker, I just wish to put notice that the people of the Commonwealth would be suffering at the end by the enactment of this bill as part of the Administration's budget package. Thank you, Mr. Speaker.

The Chair recognized the Vice Speaker.

Vice Speaker Tenorio: Thank you, Mr. Speaker. Mr. Speaker, I just wanted to be more informed on some provisions of this Bill. If I understand correctly the purpose of this Bill is to assess a minimal tax to help minimize the cost of our dump, which is piling up everyday. I can understand the concern. Although, Mr. Speaker, if you read very carefully the form of packaging here based on the limited useful life after which it will be disposed. It means that the package or carton, may be the biodegradable package is what we're taxing. I think we should be taxing materials that come in the form of plastic, steel, aluminum or what we think is non-biodegradable because that is still at the dump. But biodegradable package, Mr. Speaker, has to be a soil structure and has to help the soil so I think we have work in the language of this particular Bill. I stand corrected, but that's my understanding.

Speaker Hofschneider: Any other comments?

Floor Leader Attao: Yes, Mr. Speaker.

The Chair recognized the Floor Leader.

Floor Leader Attao: Mr. Speaker, during the recess both the legal counsels clarified about the consumer goods entering the Commonwealth based on this amendment under 4 CMC § 1401. Adding subsection (g) is definitely taxing people coming into the Commonwealth. If you look at P. L. 9-22, it specifies as to what is taxable, item by item, under excise tax. So, Mr. Speaker, I for one would not allow products, goods or materials entering the Commonwealth considered as personal items to be taxed. This amendment under consumer goods doesn't say anything about it being non-taxable. It's taxable as long you're entering the Commonwealth. I think we need to amend this subsection to eliminate those products entering for personal usage.

Speaker Hofschneider: One bearing or potential complication of this legislation as proposed by the Administration is the usage of the words "A value-added tax of 0.34%" on page 1, line 17. *Value-added* of what? If you force an individual to declare at the point of entry for bringing in a toaster from Guam given as a gift or purchased, if you have the receipt, then the value-added tax will be on the receipt itself. But if it's a gift, then you must voluntarily declare on all goods that you are bringing in and therefore the 0.34% is assessed on the value that you declare are personal goods as we're discussing the personal goods issue. It's different with importation because the bill of lading will speak for the declared goods of a container load or particular items being brought in. But it complicates the interpretation of what a value-added tax is. If your bringing books, for instance, would that be considered taxable under this legislation proposed by the Administration? There has just got to be more specificity or clarity to the intention of what this tax is assessable on. In the absence of that clarity the only purpose of passing this Bill now would be to conform to a balanced budget that we will act on next. So with that, the recommended step would be to clarify the *value-added* language because it's going to be a nightmare for the Division of Customs at the port of entries to assess a person bringing in personal goods or any goods at all without receipts or bill of lading. We can't go further until we clarify that. The other suggestion on the floor would be to correct 0.34% value-added, ambiguous writing in format, upon passage because it complicates the interpretation of 0.34% meaning three-four tenths of 1%, or 0.34%. 0.34% in mathematics would mean three-four tenths of 1%. So is that the intention of imposing a value-added tax of three-four tenths of 1% of all goods? If that is the case, then it is quite light for three-four tenths of 1% to be imposed on any goods that you declare. It complicates the accounting of this proposal by the people

mandated by this Bill and that's the people of the Division of Customs. So, short recess. [*Emphasis added*]

The House recessed at 11:37 a.m.

RECESS

The House reconvened at 12:09 p.m.

Speaker Hofschneider: We're back to our session and we're discussing H. B. NO. 13-171. I recognize Representative Stanley Torres.

Rep. S. Torres: Mr. Speaker, I have a floor amendment on H. B. NO. 13-171. I've passed copies to all the members. Do you want me to read it?

Speaker Hofschneider: Make a motion.

Rep. S. Torres: I move to introduce a written floor amendment. H. B. NO. 13-171 is hereby amended as follows: First, on line 13 after the word "items" the following phrase is added "and medicine for sale or otherwise, and goods, products, and materials not for resale." Second, on line 17 and 19 the first full sentence is deleted and replaced by the following sentence: "On all consumer goods entering the Commonwealth as defined in section 3 herein, 0.34 percent (three-four tenths of one percent) ad valorem is hereby assessed."

Speaker Hofschneider: Any second?

The motion was seconded.

There was no discussion on the amendment, and the motion to amend H. B. NO. 13-171 offered by Representative Torres was carried by voice vote.

Speaker Hofschneider: The floor amendment is hereby adopted. Ready for the question?

Several members voiced, "ready."

Speaker Hofschneider: Ready. Clerk, roll call.

The roll called on the motion to pass H. B. NO. 13-171, HD1 on First and Final Reading is as follows:

Rep. Martin B. Ada	yes
Rep. Francisco DLG. Aldan	yes
Rep. Jesus T. Attao	yes
Rep. Oscar M. Babauta	no
Rep. Gloria DLC. Cabrera	yes
Rep. Pedro P. Castro	yes
Rep. Joseph P. Deleon Guerrero	yes
Rep. Arnold I. Palacios	yes

Rep. Herman T. Palacios	excused
Rep. Norman S. Palacios	yes
Rep. Daniel O. Quitugua	yes
Rep. Andrew S. Salas	yes
Rep. Benjamin B. Seman	yes
Rep. Ramon A. Tebuteb	yes
Rep. Manuel A. Tenorio	yes
Rep. Stanley T. Torres	yes
Rep. William S. Torres	yes
Rep. Heinz S. Hofschneider	yes

Speaker Hofschneider: With that vote, H. B. NO. 13-171 as amended is hereby passed by the House. Floor Leader?

Floor Leader Attao: Thank you, Mr. Speaker. Mr. Speaker, we have passed H. B. NO. 13-171, HD1. That particular Bill is part of H. B. NO. 13-170, the Appropriations Bill of Fiscal Year 2003. I now move for the passage of H. B. NO. 13-170 on First and Final Reading.

Speaker Hofschneider: Any second?

The motion was seconded.

Speaker Hofschneider: The motion for the passage of H. B. NO. 13-170, the Appropriations Act for 2003 for the Commonwealth has been seconded. Discussion on the proposed budget? Representative Babauta?

Rep. Babauta: Thank you, Mr. Speaker. Mr. Speaker, just a clarification. Earlier during recess I had the chance to discuss with the legal counsel the supplemental rights in the Bill. Pursuant to the counsel, there is a potential permanent amendment forthcoming on these provisions, Mr. Speaker?

Speaker Hofschneider: Yes.

Rep. Babauta: I hope it is soon, before the Governor signs the budget so it can be consistent. Thank you, Mr. Speaker.

Speaker Hofschneider: Any other comment? Hopefully we will be passing a budget this year for the first time in several years without complication. Is there any other comment? If not, I would like to ask the indulgence of the members if I may deliver some items in the budget, if there's no objection?

There was no objection.

Speaker Hofschneider: First of all under the Concurrent Resolution that we adopted, the Governor submitted a \$217,964,866 proposed budget for the year 2003. With that \$213 million will be for the operations of the entire CNMI government, the remaining portion of the \$217 is Marianas Public Lands Authority appropriation. In the attached GOV. COMM. 13-134, the proposed resources includes H. B. NO. 13-171 that we just passed which purports to raise in addition to resources already in the book the amount of three million dollars for the purpose of dealing with landfill operations. \$213 million is the projected revenue for the Fiscal Year 2003. The current state of the

CNMI as reported by the Department of Finance only amounts to \$193 million dollars. That means in addition to \$193 million, \$10 million is anticipated as an increase for the year 2003. \$20 million is an optimistic figure on top of the actual collection to date for the Fiscal Year 2002. We are in support of \$213 million proposed budget with certain understanding: one, that the Department of Finance continues to monitor and report to the Legislature as well as to the Governor the conditions on a month-to-month basis of the actual collections for the Commonwealth; two, that the Planning and Budgeting Act shall be adhered to diligently; three, that we all work towards improvement in the economic days in the Commonwealth to substantiate \$213 million. The reason for stating this for the record is that we will try to avoid another debacle of deficit spending and allotment reductions on the basis of our ability to project actual revenues. It is our sincere hope and optimism that the Commonwealth economy will appreciate further even beyond the \$213 million proposed budget for the Fiscal Year 2003. But, the underlining of the economy does not look very promising that we can honestly substantiate \$213 million. There has to be some diligence and will in controlling cost for the Commonwealth. Several of the items that I will talk about were excluded in the submission made by the Governor. One is the deficit retirement. Under the Constitution both branches of the government in considering the budget is mandated to deal with retiring of deficits whether it is current or past. The aggregate deficit is in the millions as we speak. It's over \$60 million dollars in aggregate deficit. It is incumbent of this house to consider a budget that includes a deficit reduction plan. In the language proposed in the budget, it purports to reserve two percent of the entire budget approved for the retirement of the deficit. It will further be affected in the event the Legislature does not appropriately act for the subsequent year after the 2003, meaning this deficit reduction shall carry through a possible continuing resolution. Second, there was an obvious omission of \$2.5 million dollars for the retirement prior years service recipients. These are individuals that are heavily relying on the pension having worked in the Trust Territory period. It was omitted and zeroed out, and redistributed in the proposed budget itself. The proposed budget before us reinstates the benefit plan for those individuals with prior year service. It is the only decent thing to do particularly in this state of affairs that we are in. It is sad that the proposed budget is only accompanied with one revenue generating legislation, which we just passed, the Beautification Tax. It assumes that all things being equal we are left with optimism that \$213 million will be met when we know that that is not the case that we are facing today. \$193 million actual collections for this Fiscal Year is barely sufficient to meet the needs of the people of the Commonwealth through government programs and services. No one denies that education is one of the priorities, particularly for politicians like ourselves. Everyone subscribes in one form or another in defending and supporting educational initiatives but it disturbing that the proposed education initiatives will be funded before the entitlements of current and past recipients under the NMI Retirement Fund prior years service, and the amount of \$2.5 million to be zeroed out in proposed budget. It's a moral dilemma for the House not to support the Governor and have to face the questions of those people under the prior years service being denied or deprived of their income by not funding that particular lot. We will be criticized for not funding the educational initiatives of the Governor as submitted but we will nevertheless be criticized from the moral obligation of this house not to fund the retirement prior years service. It's neither politics nor policy but it's the only remaining human decency that we can do. What needs to be attended to is to provide adequate funding for PSS to provide for the basic amenities and needs and supplies of PSS. We've come a long way and we're leaving congestions in the classrooms by building new schools and not appropriately funding for supplies and operations of PSS. So between basic needs of PSS versus enrichment in the benefits of existing employees, our obligation is to look at providing for the basic needs and that in the budget we have done. We will support the Governor's education initiatives and pass it into law but until such time that the economy of the Commonwealth improves and find additional resources to fund those initiatives, we will not fund them in this budget. In

competing priorities, and it's quite evident that the competing priorities of the House, is to provide the most basic and essential needs of the kids. Without additional revenue capacity I expect that come October 1st, we do not fall into a trap of believing that the quarterly allotment should be based on \$213 million – at the appropriated level – particularly the Legislative Branch. And a caution to the Executive Branch – that in spite of approving a \$213 million budget it is incumbent of the government, both the Legislature and the Executive Branch to work with together and not to fall into the trap of believing that \$213 million based on the quarterly allotment should be the appropriate expenditure level. Again, I advice that we control, we reduce cost and live within our means. The years of luxury is over, the origin of our luxury is also hurting, Japan, Korea and the rest. We cannot substantiate \$213 million is what I'm saying. But it is legal, it is within our constitutional ability and authority to consider and pass a \$213 based on faith, based on optimism which is quite scarce today for our people, but at the same time be diligently and consciously aware that we should control our behavior by controlling cost. To those employees in the government who are expecting a within grade increase, we ask for their understanding that in spite of the inclusion in this proposed budget before us, if and when the revenues does not substantiate the within grade increase, that it is not a matter of **futility in exercise** that the Legislature pass the \$213 million dollar budget that includes a much deserved within grade increase. We ask also those individuals who have been waiting for retroactive pay that they are patient. The law has been enacted for over a month and it is expected that the revenue to pay for those retroactive pays will be realized, at the earliest, December of this year. I have ambivalent feelings about passing a \$213 million budget but we need to send the message that if work together, if we work cooperatively together and stop the debate, stop having to try and outdo one another, do the common decent thing and that is to face reality and accept what we have, what we can do and live within that. People are very forgiving but so long as we continue to behave like we have behaved for the last six months in spite of a \$300 million budget we don't have the sentiments, the support of the people. The key is to work together, and the basis of cooperation is described in the Constitution and laws of the Commonwealth. With that I applaud the committee and members for making possible a 2003 budget and we should work towards realizing \$213 million budget by being creative and revisiting those impediments or obstacles in the laws that hinders investment and economic growth. Thank you. Ready for the question?

The Chair recognized the Floor Leader.

Floor Leader Attao: I have an oral floor amendment. This is minor but very urgent and this is for the PSS.

Speaker Hofschneider: You may continue.

Floor Leader Attao: Thank you, Mr. Speaker. Mr. Speaker, the Governor's submission on the Public School System has reflects the FTE ceiling to be 916. However, Mr. Speaker, the Chairman of the Board of Education is here and he informed me that PSS has exceeded the 916 FTE's. So they're asking for additional totaling up to 1,111 FTE's.

Speaker Hofschneider: You're on what page at the worksheet?

Floor Leader Attao: On page 5, Item H. This is because of the opening of the new schools.

Speaker Hofschneider: From 916 to what?

Floor Leader Attao: From 916 to 1,111. That's my oral floor amendment.

Seconded by Rep. Babauta.

Speaker Hofschneider: An oral floor amendment offered by the Floor Leader on page 5 of the worksheet, Item H under the Public School System deleting 916 FTE ceiling and inserting 1,111 has been seconded. Discussion? Representative Torres?

Rep. W. Torres: I just want to verify whether the additional number of FTE's is for instructional staff or for administrative.

Floor Leader Attao: It's a combination.

Rep. W. Torres: Which is the greater of the percentage?

Floor Leader Attao: Can we have a recess and ask the Chair?

The Chair declared a recess at 12:36 p.m.

RECESS

The House reconvened at 12:39 p.m.

Speaker Hofschneider: I recognize the Floor Leader.

Floor Leader Attao: Thank you, Mr. Speaker. I move for an oral amendment on page 5 of the summary sheets, Item H under Public School System change "916" to "1,111" and the subtotal on the same item change "1,286" to "1,481" and on page 6 the total appropriation should read "5,234" instead of "5,039."

The motion was seconded.

There was no discussion on the amendment, and the motion to amend H. B. NO. 13-170 offered by Floor Leader Attao was carried by voice vote.

Speaker Hofschneider: Motion carried. Back to the question. Ready?

Several members voiced, "ready."

Speaker Hofschneider: Clerk, roll call.

The roll called on the motion to pass H. B. NO. 13-170, HD1 on First and Final Reading is as follows:

Rep. Martin B. Ada	yes
Rep. Francisco DLG. Aldan	yes
Rep. Jesus T. Attao	yes
Rep. Oscar M. Babauta	yes

Rep. Gloria DLC. Cabrera	yes
Rep. Pedro P. Castro	yes
Rep. Joseph P. Deleon Guerrero	yes
Rep. Arnold I. Palacios	yes
Rep. Herman T. Palacios	excused
Rep. Norman S. Palacios	yes
Rep. Daniel O. Quitugua	yes
Rep. Andrew S. Salas	yes
Rep. Benjamin B. Seman	yes
Rep. Ramon A. Tebuteb	yes
Rep. Manuel A. Tenorio	yes
Rep. Stanley T. Torres	yes
Rep. William S. Torres	yes
Rep. Heinz S. Hofschneider	yes

Speaker Hofschneider: At that vote, H. B. NO. 13-170, HD1, the Appropriations Act of 2003 hereby passed by the House. Floor Leader, H. B. NO. 13-126?

Floor Leader Attao: Mr. Speaker, can we do H. B. NO. 13-167 first? It's a simple one.

Speaker Hofschneider: *Hafa enao?*

Rep. Babauta: *I Rota appropriation. Maulek enao, Mr. Speaker.*

Floor Leader Attao: Thank you, Mr. Speaker. I now move for the passage of H. B. NO. 13-167 on First and Final Reading.

The motion was seconded.

H. B. NO. 13-167: A BILL FOR AN ACT TO REPROGRAM FUNDS FROM PUBLIC LAWS 7-1, 7-5, 7-36 AND 8-2 TO THE TYPHOON CHATA'AN EMERGENCY FUND; AND FOR OTHER PURPOSES.

Speaker Hofschneider: Motion for the passage on First and Final Reading H. B. NO. 13-167 has been seconded. Is there any discussion on the Bill?

Several members voiced, "ready."

Speaker Hofschneider: Clerk, roll call.

The roll called on the motion to pass H. B. NO. 13-167 on First and Final Reading is as follows:

Rep. Martin B. Ada	yes
Rep. Francisco DLG. Aldan	yes
Rep. Jesus T. Attao	yes
Rep. Oscar M. Babauta	yes
Rep. Gloria DLC. Cabrera	yes

Rep. Pedro P. Castro	yes
Rep. Joseph P. Deleon Guerrero	yes
Rep. Arnold I. Palacios	yes
Rep. Herman T. Palacios	excused
Rep. Norman S. Palacios	yes
Rep. Daniel O. Quitugua	yes
Rep. Andrew S. Salas	yes
Rep. Benjamin B. Seman	yes
Rep. Ramon A. Tebuteb	yes
Rep. Manuel A. Tenorio	yes
Rep. Stanley T. Torres	yes
Rep. William S. Torres	yes
Rep. Heinz S. Hofschneider	yes

Speaker Hofschneider: H. B. NO. 13-167 hereby passed by the House. Floor Leader?

Floor Leader Attao: Thank you, Mr. Speaker. I now move for the passage of H. B. NO. 13-126 on First and Final Reading.

The motion was seconded.

H. B. NO. 13-126: A BILL FOR AN ACT TO REPEAL SECTION 3 OF PL 13-1 AND 1 CMC § 8112; TO REPEAL AND RE-ENACT 1 CMC §§ 2051, 2052, 2101, 2103, 8131 AND §§ 8121 THROUGH 8125; AND FOR OTHER PURPOSES.

The Chair recognized Representative Stanley Torres.

Rep. S. Torres: Mr. Speaker, I apologize for not coming up with my assignment because I got carried away when we pass the budget ... and it's good to have a good right hand man. I therefore move to offer an amendment in the form of a substitute.

The motion was seconded.

At this time the Chair declared the House recess at 12:46 p.m.

RECESS

The House reconvened at 12:47 p.m.

Speaker Hofschneider: We're back to our session. For the record, I will go through the bill, section by section, so that we understand what we're doing. With no objection from the floor ...

There was no objection.

Speaker Hofschneider: As we all know the speedy passage of Public Law 13-1 provided additional complications with civil service employees and non civil service employees. As a result, H. B. NO. 13-126 was introduced and had been worked out with the Administration and civil service people. The findings and purpose are quite explanatory but allow me to highlight some of the rationale

behind some of the sections. On section 2, on the Repealers, it important to footnote that the Civil Service Commissions commented that under P. L. 13-1 the administration of personnel policies was placed under the Office of the Governor making it impossible for the Civil Service Commission to administer personnel policies. And further, in section (b), this section predated the Second Constitutional Convention and is inconsistent with Article 20 of the Constitution. Article 20 now addresses matters of tenure. On section 3, Repealers and Re-enactments, the following provisions repeal P. L. 13-1 and place the Office of Personnel Management within the Civil Service Commission restoring the Commissions constitutional duty to administer the personnel policies of the Commission. Section 3 reenacts, 1 CMC § 8121 through 8125 as the law existed prior to the Executive Order 94-3 and P. L. 13-1. On the recommendation of the Civil Service Commission in order to maintain consistency in terminology the “Personnel Office” has been renamed Office of the Personnel Management and the Personnel Officer has been renamed Director of Personnel. Further, under § 8121 under Personnel Office, the last sentence of § 8121 has been added to address the concerns of the OPA in its April 25, 2002 Special Report, Applicability of the Salary Ceiling of the CNMI Executive Branch. And further § 8121 this section is unchanged and does not increase the qualification for this position as recommended by Juan I. Tenorio, Director of Personnel. In his June 18, 2002 comments on this Bill, increasing the qualifications seems unnecessary given the size of the government and would also dramatically reduce pool of local applicants. Under the same § 8121, section 8124 (b) was amended to add the language, “This duty shall not include personnel administration for those government entities authorized or mandated by law to administer their own personnel systems.” Further under section 2051, heading, Office of the Governor, positions are enumerated. And on page 7, subsection (c), § 2052 on the Governor’s staff, the purpose of the amendment is to give the Governor the flexibility to employ as many persons as he desires as part of his personal staff limited only by annual appropriations. The intent is to make the Governor’s hiring authority broad enough to accommodate all positions from technical special assistants to community workers. And the same goes under Lieutenant Governor, the staff on page 7. Before P. L. 13-1 persons employed by the Office of the Lieutenant Governor were within the civil service. “The Lieutenant Governor may employ staff required to assist in performing his duties subject to budgetary appropriations. The staff shall be within the civil service,” 1 CMC § 2103 in reference. P. L. 13-1 made those positions exempt from the civil service. The proposed change simply enunciates the type of employees who the Lieutenant Governor may appoint and who would then be exempt from the civil service. And under § 8131 on the Civil Service System Applicability and Exemptions this provision would only apply to Federal Civil Service Employees who are loaned to the Commonwealth government. And further on page 8 relating to line 9, the provision is intended to cover emergency employment necessitated as a result of a major disaster. It is reasonable exclude such position from the civil service since they are not permanent positions and such positions will exist only for a limited period of time. And further under § 8131 still under Civil Service System Applicability and Exemptions further to that, this provision relating to number three (3) any position relating to part-time or intermittent performance which does not required more than 40 hours in any one month. This provision combines two sections, the former 8131 (a)(9) “any position involving intermittent performance which is not required more than 40 hours in any one month.” And (10) positions of a part-time nature requiring the services of 4 hours or less a day but not exceeding one year in duration. We’re still under the Civil Service. On (4) with the heading of Positions of Temporary Nature, the positions covered by this exemptions are “limited term appointments authorize by the personnel service system rules and regulations part 3 (b) 3 (c).” Persons employed under these provisions are not intended to be used to fill permanent civil service classified positions. The Bill adds language a second sentence to ensure that this provision is not used to fill permanent civil service positions with exempt employees without following the competitive recruitment

procedures. Further this provision leads in positions the Municipal Council, under Municipal Council section 5 which were added by P. L. 13-1. P. L. 13-1 converted positions within the Municipal Council from civil service to exempt from civil service. Under (6) any position in the government above the level of division director, including the principal executive and deputy executive departments heading, this provision adopts the Commission's recommendation that division directors not be exempt from the civil service. And a new section has been added positions within the Office of the Resident Representative to the United States, which is very practical. Further positions specifically exempted by any other law of the Commonwealth this subsection 8 reinstates to catch all exemption currently covered by 1 CMC § 8131 (a)(7). Positions specifically exempted under other laws such as CUC are not listed in this section in accordance the recommendation of Juan I. Tenorio, Director of Personnel, in his June 18, 2002 comments on this Bill. Further to this, for clarification on subsequent sections relating to Civil Service Commission exempt the following position on the classified civil service pursuant to its constitutional authority under Article 20 of the Constitution. In *Sonoda vs. Cabrera*, the rationale behind this is in *Sonoda vs. Cabrera* Certified Question 9601 the Commonwealth Supreme Court stated "under Article 20 subsection 1 of the Commonwealth Constitution exemption from the civil service shall be as provided by law and the commission shall be the sole authority authorized by law to exempt position from civil service classification. Only the Legislature, provide exemptions from the civil service system. It does not appear that the Legislature can delegate this authority to the appointing authorities and the Governor. Originally § 8131 (a)(2) apply to the employment of independent contractors. This provision was then used for the employment of excepted service personnel. The Bill revises this section to make it clear that the only commission may only use this section to exempt positions from the classified civil service under clearly delineated narrow circumstances. The Bill also requires certification by the appointing authority and an independent determination by the Civil Service Commission before competitive public service recruitment procedures can be deemed "not practical." In the transition language P. L. 13-1 had no transition provisions. Transition provisions are added to this Bill and the recommendation of the Civil Service Commission and Mr. Juan I. Tenorio, Director of Personnel. Subsections (a) and (b) relating to the physical transfer from the Governor's Office to the Civil Service Commission. Subsection (c), (d), (e) and (f) relate to the affect that the Bill will have on the status of employees who may be affected by change in position from civil service to exempt and exempt to civil service. The propose transition provisions also covers employees in positions that are or that were changed by P. L. 31-1. Subsection (c) covers employees who were in classified civil service positions that are made exempt by this Bill or P. L. 13-1. The commission reports that there are few employees in this category. Subsection (d) covers employees who were classified civil service employees prior to P. L. 13-1 and whose positions were made exempt from the civil service by P. L. 13-1, positions that are changed back to civil service positions this Bill. The commission cites examples of employees in this group as employees of the Office of Personnel Management, Division of Environmental Quality and other assigned to the Office of the Governor. Further subsection (e) covers excepted service employees by who are in exempt positions and whose positions are made civil service positions by this Bill. The commission reports that there are few if any employees in this category. Subsection (f) addresses the following problem. Primarily as the result of custom practice employees have been hired as excepted service employees to fill civil service positions. The courts have declared that these employees have the rights of civil service employees even though they have been employed under excepted service contracts. These employees are unclassified "un-graded civil service employees but their status as civil service employees has not been approved by the Civil Service Commission as required by Article 20 of the CNMI Constitution." With that it pretty much summarizes the intent of the Bill to clarify P. L. 13-1. Again, I must reiterate this is a product between the Governor's Office,

the Civil Service Commission, Office of Personnel Management and the legal counsels in the House. So with that, ready for the question?

Several members voiced, “ready.”

Speaker Hofschneider: Clerk, roll call.

The roll called on the motion to pass H. B. NO. 13-126, HS1 on First and Final Reading is as follows:

Rep. Martin B. Ada	yes
Rep. Francisco DLG. Aldan	yes
Rep. Jesus T. Attao	yes
Rep. Oscar M. Babauta	yes
Rep. Gloria DLC. Cabrera	yes
Rep. Pedro P. Castro	yes
Rep. Joseph P. Deleon Guerrero	yes
Rep. Arnold I. Palacios	yes
Rep. Herman T. Palacios	excused
Rep. Norman S. Palacios	yes
Rep. Daniel O. Quitugua	yes
Rep. Andrew S. Salas	yes
Rep. Benjamin B. Seman	yes
Rep. Ramon A. Tebuteb	yes
Rep. Manuel A. Tenorio	yes
Rep. Stanley T. Torres	yes
Rep. William S. Torres	yes
Rep. Heinz S. Hofschneider	yes

Speaker Hofschneider: Thank, you. H. B. NO. 13-126, House Committee Substitute 1, hereby passed by the House on First and Final Reading. Floor Leader, H. B. NO. 13-175.

Floor Leader Attao: Thank you, Mr. Speaker. I now move for the passage of H. B. NO. 13-175 on First and Final Reading.

The motion was seconded.

H. B. NO. 13-175: A BILL FOR AN ACT TO APPROVE SALARIES OF EXECUTIVE BRANCH EMPLOYEES EXCEEDING APPLICABLE SALARY CEILINGS; AND FOR OTHER PURPOSES.

Speaker Hofschneider: Motion for the passage on First and Final Reading, H. B. NO. 13-175 has been seconded. Discussion on the Bill?

Several members voiced, “ready.”

Speaker Hofschneider: For the record and so that we don’t waste a lot time arguing back and forth, it is the intent of the House to settle and avoid additional expenditure on the public side of having to

hire a special prosecutor on the issue of salary sanctions. This Bill is to approve the salaries of Executive Branch employees exceeding applicable salary ceilings, and for other purposes. The intention of the Bill as delineated, one, is to sanction all those employees on or before January 13, and further on January 14, and to date. It is consistent with the intention of the leadership of the House that Mr. Robert Schwalbach is hereby sanctioned by the House to receive the salary given by the Governor and deny all that have exceeded the salary exemption cap of \$50,000.00 with the exception that the Governor articulating his needs to fill a much needed position in the Governor's Office. Further provided in the Bill is Section 3 a creation of the Office of Intergovernmental Relations. There is hereby established in the Office of the Governor an Office of Intergovernmental Relations to be headed by a Special Assistant for Intergovernmental Relations whose annual salary shall be no more than \$65,000. The privilege of filling the position is upon the Governor. The clarification of the treatment of independent contractors is clarified in this Bill. Independent contractors that have been procured by the Commonwealth government should be treated as independent and not treated as government employees on the current statute. It is clear that the intention of the House is to resolve the misunderstanding and the contentions held by the positions of the leadership and that is to remove independent contractors from being treated as government employees. With that, ready for the question?

Floor Leader Attao: Mr. Speaker?

The Chair recognized the Floor Leader.

Floor Leader Attao: Can we take a look at GOV. COMM. 13-271 relative to excess salary of \$50,000 for the Commissioner of the Department of Public Safety, Deputy Commissioner of Administration and Operation? Can we include that on today's sanctioning of those positions? Their positions are very important.

Speaker Hofschneider: Commissioner of DPS?

Floor Leader Attao: Commissioner of Department of Public Safety, Deputy Commissioner of Administration and Operations. Three of them that exceeded the salary ceiling as called for under P. L. 11-41. I would like to offer a floor amendment of page 2.

Speaker Hofschneider: Continue.

Floor Leader Attao: Page 2, line 2 after \$65,000 provided further that DPS Commissioner, DPS Deputy Commissioner for Administration and Operation shall receive an annual salary of more than \$50,000 but not exceeding \$70,000. Thank you.

Speaker Hofschneider: Floor Leader, can you redirect your proposed floor amendment to section 1?

Floor Leader Attao: I would like to offer an oral floor amendment to Section 1, Salary Approval of H. B. NO. 13-175 new subsection (c) to read "Commissioner of Department of Public Safety, Deputy Commissioner of Public Safety Administration and Deputy Commissioner of Operations."

Speaker Hofschneider: Any second?

The motion was seconded.

There was no discussion on the amendment, and the motion to amend H. B. NO. 13-175 offered by the Floor Leader was carried by voice vote.

Speaker Hofschneider: Motion carried. Ready for the question?

Several members voiced, “ready.”

Rep. Quitugua: Mr. Speaker?

The Chair recognized Representative Quitugua.

Rep. Quitugua: Thank you. Mr. Speaker, I hope that this will be the last time we will discuss this issue with respect to salary cap. I’m glad that we’re addressing it now but I think this should have been addressed long time ago. Unfortunately, I think it takes a crisis to react. So I am satisfied that we have addressed that issue. Thank you, Mr. Speaker.

Speaker Hofschneider: Thank you. Ready? Clerk, roll call.

The roll called on the motion to pass H. B. NO. 13-175, HD1 on First and Final Reading is as follows:

Rep. Martin B. Ada	yes
Rep. Francisco DLG. Aldan	yes
Rep. Jesus T. Attao	yes
Rep. Oscar M. Babauta	yes
Rep. Gloria DLC. Cabrera	yes
Rep. Pedro P. Castro	yes
Rep. Joseph P. Deleon Guerrero	yes
Rep. Arnold I. Palacios	yes
Rep. Herman T. Palacios	excused
Rep. Norman S. Palacios	yes
Rep. Daniel O. Quitugua	yes
Rep. Andrew S. Salas	yes
Rep. Benjamin B. Seman	yes
Rep. Ramon A. Tebuteb	yes
Rep. Manuel A. Tenorio	yes
Rep. Stanley T. Torres	yes
Rep. William S. Torres	yes
Rep. Heinz S. Hofschneider	yes

Speaker Hofschneider: By a vote of 17-0, H. B. NO. 13-175, HD1 is hereby passed on First and Final Reading. User Fee? For the record, Representative Herman T. Palacios is marked present and for the members, Representative Palacios is out of surgery and is in recovery.

Rep. S. Torres: Mr. Speaker?

The Chair recognized Representative Torres.

Rep. S. Torres: I'd like to make a motion that H. B. NO. 13-033, HS3 reference to Telecom be assigned to Committee on Ways and Means. I did not realize until later that it deals also with revenue and I'd like your Committee on Ways and Means to contribute review.

The motion was seconded.

Speaker Hofschneider: Chairman on PUTC?

Rep. Deleon Guerrero: I think perhaps we should ask the legal counsel to clarify whether that is considered as revenue or a fee.

Speaker Hofschneider: We have rule on the differences of a joint committee. Recess until Monday.

Floor Leader Attao: I seconded the motion on the motion offered by Representative Torres.

Speaker Hofschneider: I take that under consideration, the Chair rules on a joint committee assignment.

Floor Leader Attao: Joint committee. Okay, recess subject to the call of the Chair.

Speaker Hofschneider: Rephrase that to recess until Monday at 10:00 a.m.

The motion to recess until Monday, August 19, 2002 at 10:00 a.m. was seconded, and carried by voice vote.

The House recessed at 1:11 p.m.

Respectfully submitted,

Lavida S. Palacios, Journal Clerk
House of Representatives

APPEARANCE OF LOCAL BILLS

None