



House Journal

SEVENTH SPECIAL SESSION, 2002

First Day

December 17, 2002

The House of Representatives of the Thirteenth Northern Marianas Commonwealth Legislature convened in its **First Day, Seventh Special Session**, on **Tuesday, December 17, 2002**, at **8:38 p.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.

In accordance with Rule XIII, § 2(a), **seventeen** members were recorded present; Representative **Herman T. Palacios** was excused.

ADOPTION OF JOURNALS

None

PREFILED AND INTRODUCTION OF BILLS

H. B. NO. 13-240: A Bill for an Act to authorize the Department of Finance to incur debt in an amount not to exceed \$19,000,000 to pay tax rebates and refunds currently owing to the taxpayers of the Commonwealth; and for other purposes.

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

Speaker Hofschneider: There is a bill being finalized and we will return to this item on the Agenda for Representative Quitugua's introduction, if there is no objection.

There was no objection.

Speaker Hofschneider: With no objection on the floor, we go to Item 16, Bill Calendar.

MESSAGES FROM THE GOVERNOR

None

SENATE COMMUNICATIONS

None

HOUSE COMMUNICATIONS

None

COMMUNICATIONS FROM THE JUDICIAL BRANCH

None

COMMUNICATIONS FROM THE RESIDENT REPRESENTATIVE

None

COMMUNICATIONS FROM DEPARTMENTS & AGENCIES

None

OTHER COMMUNICATIONS

None

REPORTS OF STANDING COMMITTEES

None

REPORTS OF SPECIAL AND CONFERENCE COMMITTEES

None

UNFINISHED BUSINESS

None

BILL CALENDAR

The Chair recognized the Floor Leader.

Floor Leader Attao: Thank you, Mr. Speaker. I move for the suspension of Rule VII, Section 10, Rule IX, Sections 9, 10 and 11 for the passage H. B. NO. 13-240.

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 passage of H. B. NO. 13-240 on First and Final Reading.

The motion was seconded.

H. B. NO. 13-240: A BILL FOR AN ACT TO AUTHORIZE THE DEPARTMENT OF FINANCE TO INCUR DEBT IN AN AMOUNT NOT TO EXCEED \$19,000,000 TO PAY TAX REBATES AND REFUNDS CURRENTLY OWING TO THE TAXPAYERS OF THE COMMONWEALTH; AND FOR OTHER PURPOSES.

Speaker Hofschneider: The motion for the passage on First and Final Reading H. B. NO. 13-240 has been seconded. Discussion on the bill?

Several members voiced, "ready."

Rep. Babauta: Clarification, Mr. Speaker. The discussion we had a while ago, just for the record, is it the consensus now of the members that the proposed minor technical change is already inserted. Am I correct?

Speaker Hofschneider: No. I still have to amend it orally.

Rep. Babauta: Alright, Mr. Speaker.

Speaker Hofschneider: Floor Leader, suspension for oral floor amendment.

Floor Leader Attao: It's already done, Mr. Speaker.

Speaker Hofschneider: On page 4, line 5 after the word "immunity" add the following words "as provided under 7 CMC § 2251," and on page 5, line 9 delete the word "more" and insert the word "less" and after the word "and" add the word "or" and delete the word "more" and add "less".

The motion was seconded by Rep. Babauta.

Speaker Hofschneider: Again, line 9, delete the word "more" and add "less" and after the word "and" add "/or" delete the word "more" and add "less". So the whole sentence shall read on line 9, "...shall be fined not less than \$10,000 and/or imprisoned not less than 2 years."

The motion was seconded.

Speaker Hofschneider: Clarified?

Several members voiced, "ready."

The Chair declared a short recess at 8:45 p.m.

RECESS

The House reconvened at 8:53 p.m.

Speaker Hofschneider: We're back to our session and I rephrase my oral floor amendment on page 5, line 9 shall read, "shall be fined not less than \$10,000 but not more than \$50,000 and/or imprisoned not less than 2 years but not more 10 years."

The motion was seconded.

Speaker Hofschneider: Clear?

Rep. Cabrera: Clear.

There was no discussion, and the oral amendment offered by the Speaker to H. B. NO. 13-240 was carried by voice vote.

Speaker Hofschneider: Motion carried. We're discussing H. B. NO. 13-240 as amended. Any comments? This is an important legislation and I want to give members the opportunity to comment and have some legislative history behind this. It's important because this is a new departure from public policy in the Commonwealth. Potentially, this bill, when signed into law may find itself in the courts, particularly, relating to Article X of our Constitution. So before I give my homily, I would like to give the benefit of the members. No comment?

Rep. Cabrera: No comment, Mr. Speaker. What's your comment, Mr. Speaker?

Rep. Deleon Guerrero: Let's hear the homily first.

Vice Speaker Tenorio: Just a short homily.

Rep. Cabrera: Mr. Speaker, you have 0-5 minutes.

Speaker Hofschneider: Order. The seriousness of this bill cannot be over emphasized. This government, since its inception, has managed to live through some of the most difficult times economically speaking, socially and politically. We have learned to live within our means under a trust during the Trust Territory period. People were employed and opportunities as government employees and the delivery of public services were limited, rationed at times, but we learned to cope with our scarce resources. We learned to live through the most difficult times in the history as people here in the Commonwealth before the creation of the relationship between the Northern Marianas and the United States. Since 1976 we started out with a \$5 million budget and although the desire to work – for our people to work in the government, opportunities were quite limited and public services were rationed and through our own ingenuity and perseverance we learned to turn our scarce resources, land and the water surrounding the Commonwealth and our political structure into economic advantages. Through the times since 1976 we learned and in fact had a taste of what economic prosperity was all about. In 1989, 1990, 1991, we were blessed with the economic prosperity that our regional neighbors, so to speak, Japan and Korea looked at us favorably and invested here. During those periods we enjoyed wealth. The government during that period enjoyed an increase in revenue and by way of that we have learned to expand public services, increase employment and we thought that that economic prosperity and machinery will be with us indefinitely. Then the bubble economy burst. Land leases were defaulted, breached, terminated. The wealth that we enjoyed for short period of time, three to four years, saw continual decline. 1994 indications and public record showed a continued decline in our ability to collect revenues. More importantly, for the last 10 years a remarkable change in the global atmosphere economically and politically speaking, have injured what we considered the goose that lays the golden egg here in the Commonwealth – tourism. September 11 incident, terrorism today – unresolved. Japan has not come out of its doldrums. They're still coping in trying to find the magic solution to their economic problems of almost \$750 billion of bad loans and they're still struggling how to settle those obligations. With that foreign investment have severely been affected by countries such as Japan and Korea that we tend to look for foreign investment. We try to lure them back. But the environment domestically speaking is not there. Having said that, as government, we continue to appropriate operations as if all these things around us are not happening. We continue to balloon our expenditure. We have reached a threshold in terms of our ability to tax or impose taxes on businesses that in fact is counter productive by further increasing taxes on whatever remaining businesses in the Commonwealth. I think we've stretched the limit or reached the limit in taxing so that we can make the difference for the decline of the economy and the revenue by increasing taxes for those that are continually holding on and continually opening their doors in term of commerce. Essentially this government has not learned how to live within its means in spite of having the historical, traditional practice and values of living within our means. We used to turn to our farm plots, turn to the ocean and fish. Now we tend to look at the freezers and some of the supermarkets. Lifestyles have changed dramatically. Whether it's for the better or worse, I think that we, this government, have failed our people in the respect that our emotional and political charge have overwhelmed our common sense and our reality to put in place policies that coincide or is consistent with our ability to pay for those services. We continue to raise the government employees' salaries, we continue to add benefits to government employees through the retirement system, we continue to expand services that have not been evaluated as being effective or have cost benefit in the positive sense. We have ballooned to a point that we can't get off the bed. We became obese as government. We're having difficulty breathing we're having difficulty getting out of bed. But we continue to deny that we have a problem. It takes a political will to do the right thing and the right thing is to balance our ability to pay for a lifestyle and our ability to continue serving and protecting our people. The last week and a half were the hardest. We can argue and debate on any issue and I tend to show emotional outburst because I firmly believe in certain issues. But I've never been troubled more in my eleven years in the Legislature that what we're facing today. When we took the Oath of Office in January, I prayed and I remember because I wrote it down, I prayed that I will never come to this stage of having to borrow money to keep our promise to the people. Why have we come to this point of having the need to borrow money to pay for refunds and rebates? No one, no one can take or use the excuse—On January 14th no one was without the

knowledge that the economy was suffering. No one. We campaigned on the premise that we will restore the economy. We campaigned that we will expand the economy. We campaigned that we will deliver on most essential government services. We never campaigned that we will borrow \$19 million to uphold the hope of people waiting to have their refunds and rebates. We never campaigned to buy hope. Article X of the Constitution prohibits the government from borrowing for purposes of its operations. The debate on what operation and how “operation” is defined and can be defined is endless. When you have ten legal counsels, the probability of having ten different opinions is very high. We resort for clarification to the third branch of government, which is the court. This \$19 million borrowing is a contentious nature simply because the young guns that were elected last election – we, *the young guns* – that our people have so much hope because they see vitality, intelligence, energetic. We exemplify hope to the voters that put us in the Thirteenth Legislature and this current Administration. The Constitution of the Commonwealth is very clear that we cannot borrow for operations. One may argue that the business of paying or meeting the obligations of refunds and rebates meets the legal criteria of being outside the normal operations of government. We’re ready and we’re about to vote on the basis of one legal opinion from the Office of the Attorney General. This government has learned to live. This government has learned to accumulate deficits. This CNMI government has accumulated deficits in the past. This government has learned to live with those deficits in the past and even today. But the conscience of answering the question—should we do it...should we borrow \$19 million for the satisfaction of those that are awaiting to be paid rebates and refunds? We can answer it clearly on two levels. One, the human side of it – everyone is desirous to really give them their refunds and rebates back. I don’t think we can find any of us who is not willing to fulfill that. So everyone is in agreement that it is the right thing humanly -- human considerations that it is the right thing to do. But we’re not charged simply on those basis. We were given a prescription, the Constitution and the laws of the Commonwealth. These are the policy issues and the policy issue is, should this government embark, set precedence to borrow money for rebates and refunds? On a policy issue, it is so appalling, it is so disheartening that we have to come to this point ... the young guns have run out of options. We, the vitality leaders of the Commonwealth, have run out of options but to borrow. For the record, having heard the Secretary of Finance and the Office of the Secretary of Finance last week about the ability of the Commonwealth to pay for this undertaking, the original bill stipulates a four-year note which amounts to about close to half a million dollars on a monthly basis which translates to almost \$6 million per annum. This new version has lengthened the amortization to a ten-year note, which brings the monthly payment from roughly half a million to roughly \$200 thousand. That’s a remarkable departure if you consider the several things. Number one, we passed the \$213 million budget. Everyone knows that we cannot – this government, this economy cannot sustain or justify \$213 million budget. Instead we’re operating cash flow projection at \$190 million, a little less than \$200 million. So on day one, October 1st, we already have a running deficit of roughly \$25 to \$26 million. In that context, we have two running liabilities. We have the \$16 million bond. That’s roughly \$6 million anticipated to go up to \$8 million per year comes January. We also have the \$16 million bond for PSS. That is a \$2 million per annum obligation. The \$19 million aside, we have roughly \$10 million of loan to pay by January. So for the benefit of the doubt, you take \$200 million of budget, that’s a \$13 million outright deficit. You take \$200 million minus your existing \$10 million obligation you have \$190 million to provide payroll and public services programs. Out of the \$190 million, \$156 million is payroll costs. That means you have roughly \$34 million for all others, government operations and whatnot. Out of the \$156 million payroll costs we’re supposed to be remitting to the Retirement Fund roughly a million dollars, \$980 thousand, per pay period. We’re only remitting about half a million. So we have an accruing obligation deficit with the Retirement Fund every pay period \$400 thousand roughly \$500 thousand. Last Friday while we were debating the \$19 million, the Retirement Fund sent over a document advising the Legislature that as of Friday we have a running obligation with them, \$91 million. So you have \$190 million minus \$156 million you have \$34 million. For the record, I will vote for the \$19 million. But I’ve had enough of this shenanigan. This Administration must stop lying to the 10,000 public school students that education is number one in their heart. We went around last week and I challenge you to do the same tomorrow. After you vote for this bill, I challenge you all to visit your schools. You will be surprised to find in Kagman High School every classroom has 25-26 kids and textbook per classroom. The principal is up in arms. They have a contract for Xerox copier machine. They’re supposed to maximally allow the machine to copy 15,000 copies per month. Kagman High School runs their machine 80,000 copies a month because they

don't have textbooks, they don't have materials. Come down from your high chair, Governor, come down and deliver. I am delivering on your \$19 million request, come down from your high chair. Governor and Lieutenant Governor, dispense of the shenanigans. Be honest to the people. Let's not buy, with \$19 million, false hope. I hope to God that we hold you accountable for the deplorable state and false promises that we are in. I personally will hold you two accountable. Stop lying to those poor 10,000 PSS kids. Deliver because this house is going to deliver on the \$19 million. I tried my best, colleagues, to find a new stream of revenue to pay for this \$19 million through the user fee. I did not stop because there was a division in this house. I stopped because the Governor delivered the message to my office that he doesn't support the \$19 million loan to be paid through an increase in the user fee and rather subject the current state of affairs the general fund from further liability. I may be hard on some and some may view as very hard and stubborn on the basis. They may in fact question the trust and the faith as your leader and let me tell you all this undertaking to borrow \$19 million is not a game. It's not a game that we can afford -- deceptions, special interest, considerations -- I have given enough subtle messages to Bank of Guam about this loan. It reminds me when we were younger when we ask our parents for something *ya ha fatani'-hit nai*, gave you more than you can put in your mouth and you put it in your mouth that your cheeks were popping that you cannot chew it, you cannot swallow it. This Bank of Guam proposal is just that -- sovereign immunity, full faith and credit, special reserve funds from the rebate. We've given -- we've sold our soul to Bank of Guam for \$19 million. The Governor signed the \$40 million land compensation bond bill. None of these conditions. And it's again with the Bank of Guam, none of these conditions now before us were included or required. What does that tell you? The confidence of Bank of Guam on \$19 million can be explained in two ways. One, they're very uncertain of Article X of the Constitution. Two, they gave indication that the credibility of the Commonwealth to live and meet its loan obligation is highly suspect or questionable, therefore, I will not blame Bank of Guam for over securing this \$19 million undertaking. I want to close with a message to the people. I've never been threatened by employees of the Governor before as I was on Friday about my position on the \$19 million and the user fee. It is unethical and almost became criminal. To threaten Heinz S. Hofschneider politically -- I'm not arrogant but I can be. A politician only gets scared if he has a political agenda. If you have in heart the desire and you're looking up all the time to higher offices, that's when you begin to be spineless. Young guns to the people of the Commonwealth, the eighteen members of the House are going to vote to borrow \$19 million to settle the remaining refunds and rebates. I do not know the outcome or the course of this undertaking comes April next year. If the situation in Iraq turns into another conflict and impacts the global economic community then expect that the decline of the Commonwealth economy will further decline. At the moment we're enjoying \$190 million revenue. With a new conflict, expect that the \$190 million will go down dramatically. And then, my dear people of the Commonwealth, we will find out how the young guns of the Commonwealth you elected into office, the eighteen members of this house and the two young guns in the Administration, the Governor and the Lieutenant Governor, will deal with an aggravated, accelerated decline in our economy. We need to stop pretending that everything is hunky-dory. We need to stop peddling false hopes and pretenses to our people as if everything will fix itself. We've deliberated enough on what sovereign immunity is and why were exempting Bank of Guam. We've deliberated on what full faith and credit means and why we should give Bank of Guam for the \$19 million. We've deliberated on the ability of this government to sustain another two and a half million dollars per year on loan payment on top of an existing ten million dollars obligation. I will vote and put a rest to this issue so would we all. But, good luck to the scholarships, good luck to the books that are still being awaited by PSS classrooms, good luck to the pension of the retirees, good luck to the \$91 million that we owe Retirement Fund, good luck to the unpaid utility bills of the government, good luck to the \$9 million retroactive pays dating back to the Seventh Legislature ... I'm running out of good lucks. To the people of the Commonwealth, I have it in my heart and so does the seventeen young guns that you put into this House of Representatives tonight to deliver on the in the credibility of the Commonwealth to settle long awaited refunds and rebates. But honestly, deep down in my heart, I know that we're heading for a crash landing. I tell you, it's not a joke. This is very, very serious. Some of you will not be returning in the Fourteenth Legislature. Let's be honest. For all we know public apathy, I may not be voted back in. I may not consider running, so will you. But I guarantee, I guarantee some of you will not return because the economic projection for next year is bleak and there is no time to fool the public again, to lie, to promise, to sell hope. Young guns, we had one chance and we're failing. Youthfulness, vitality, intelligence -- we don't know how

to use it for the good of the people. We don't know what is appropriate public policy and appropriate public management. Until we find how to do that, bottoms up. People will not put us back into office. I bless you all and I ask that we vote on this bill and give it to the Governor for his consideration. Deep down in my guts it is wrong. But how can we sit here and say to those people that we owe them the refunds and the rebates. Don't sell hope on the basis of a Christmas promise. Santa Claus may not be too forgiving. Thank you. Ready?

Floor Leader Attao voiced, "ready."

The Chair recognized Representative Stanley Torres.

Rep. S. Torres: Mr. Speaker, I was reading the Attorney General's opinion and in the conclusion -- is there any assessment of the real property value in the Commonwealth that will not exceed 10% of the excess value of what we're looking at?

Speaker Hofschneider: Representative Torres, the last information we heard was from the Secretary of Finance last Friday and his guesstimate is as good as ours. They can't provide. This is one of those despicable practices and that is, we cannot get accurate factual information from this Administration, particularly the Secretary of Finance. They don't have an up to date appraised value of the total assets of the Commonwealth and then we're embarking on an additional debt on behalf of the Commonwealth government. Good estimates assumes that we're still within the threshold of 10% aggregate of \$1.2 billion worth so that gives about \$120 million total obligation. At the moment, I think the Secretary of Finance shared that we have \$80 million of obligations, so we're still within the threshold.

Rep. S. Torres: You mean it's allowable ... so it's safe to just vote for this?

Speaker Hofschneider: No, it's not safe. We're basing our decisions on assumptions. There are no facts before us. They don't have the facts. No one has appraised the Commonwealth recently.

Rep. S. Torres: So, if we vote for this bill and later on we find out that the assessment did not meet the requirement of the Constitution then we are violating the Constitution. Am I correct to say that?

Speaker Hofschneider: Essentially.

Rep. S. Torres: Tough decision.

Speaker Hofschneider: I recognize, Representative Tebuteb.

Rep. Tebuteb: While we are at it, Mr. Speaker, in line with, Representative Torres' comment about estimates. Has there been any estimate on the cost factors if we go with this bill versus if we don't, the possibility of lawsuits for example?

Speaker Hofschneider: Yes. What we heard on Friday was really alarming. The Secretary of Finance said that they can meet \$1.5 million into the reserve and that they can be replenishing or depositing into the reserve account for the first three months since the loan is not due until three months thereafter. So they said it on record that they are able to collect up to \$1.5 million per month and deposit it into the reserve. What does that tell you?—We don't need this loan. They said that they could come up with at least \$1 million a month. So, the answer is why have we not paid slowly but surely up to whatever we can collect every pay period, every month and issue out those payments? Why are we so gung-ho to do it lump sum? We can save the government, the people, the taxpayers over \$3 million on interest alone by being honest to the people and tell them that we will continue paying however slow but we will not incur debt on your behalf. They reviewed that on Friday. The potential of lawsuit is always there as well as the potential of this being taken to court under Article X of the Constitution. The probability is equal. The cost benefit right away we save

\$3 million on interest. What are we appeasing? If we do it every month issue out a million and a half worth of rebates and refunds it will take us some time but we will never borrow and we will save \$3 million over ten-year period or perhaps more. So the answer there is an outright direct cost benefit. Here's a twist – let's suppose this bill is signed into law and the Bank of Guam issues out \$19 million and someone out there clever enough puts an injunction on the payment. What do you think is going to happen? They paid out the \$19 million and someone clever enough out there puts an injunction on payment. Potentially, we have another Bank of Saipan fiasco – \$19 million of depositors' money held back. Cost benefit? Right there. Until the court decides that this is constitutional, the sky is the limit on the liability of the government. Representative Deleon Guerrero?

Rep. Deleon Guerrero: Mr. Speaker, it pains me to hold back my colleague's birthday party as we have held it back long enough so I will make my remarks very short. I just want to add two points to this that was not mentioned. I want to thank you for your extensive homily as you called it and thank you for your great profound sense of confidence in your young guns. Mr. Speaker, I just want to add that it's no secret that Administrations have touched the special rebate account. It's no secret that previous and past Administrations have done it. It's no secret that we've been on a deficit.

Speaker Hofschneider: Clarification. Let the record state the facts. That is not accurate.

Rep. Deleon Guerrero: Whatever it may be. Let me continue...

Speaker Hofschneider: No, the facts have to be on record because this journal potentially will find its way to the courts.

Rep. Deleon Guerrero: I guess what I'm saying is...

Speaker Hofschneider: The last Administration that repealed the provision establishing the Rebate Trust Account was during the Froilan Administration period. Only months thereafter I believe Representative then, now Senator Reyes immediately reestablished the Rebate Trust Account. During Froilan's Administration no rebates and refunds were withheld – timely issuance. Teno's Administration -- timely issuance. This is the first time it's been withheld this long with the establishment of the Refund and Rebate Trust Account emplaced. I corrected the Attorney General this morning about the same assumption. If one cares to research, the House Clerk will reveal the facts that Rebate Trust Account was appropriately and timely reestablished so that statement is inaccurate.

Rep. Deleon Guerrero: Thank you for the clarification, Mr. Speaker. I know we've had some economic hard times in the past. I don't know if it has been to the extent that we are now experiencing but I do find some comfort in the fact that through this measure, we are putting in place mechanisms to ensure that this does not happen in the future. One, by making it almost impossible or prohibitive for any Administration to touch the account because of the penalties that we imposed and it also allows us not only to pay off past obligations but to set aside a reserve account for any tax obligations that we have to pay out.

Speaker Hofschneider: Representative Deleon Guerrero, this is why I wanted to give all you members at the time to ask the question to our counsels. Our counsels...[end of recording ... beginning of recording] relating to your statement about making it almost restrictive or prohibitive for one to touch the Rebate Trust Account. What we did in the Penalty Section increases the degree of the prosecutorial discretion, the more heavy the penalty the more reluctance prosecution. Case in point, salary cap. Why is it difficult for the Attorney General's Office to appoint a special prosecutor? So the more you increase the fines and the penalties, the harder it is for prosecutors to consider pursuing enforcement on violations of the law. That's what the counsels have been advising us and I thought everyone was aware of that. You may continue.

Rep. Deleon Guerrero: Mr. Speaker, like I was saying, this bill does set forth a mechanism and more importantly perhaps that it allows for what funding that does come in to be used specifically for that

purposes. It should not only send a strong message to this Administration and any future Administration that we are serious about not letting this kind of situation ever occur again. But, I think more importantly also is that it forces them to live within their means and that what little impact this might have I find it very consoling that there is a positive aside from just giving out the money that we owe but the fact that it promotes prudent management of funds. That's all, Mr. Speaker, I promised not to keep this long but I did want to add it for the record. Thank you.

The Chair recognized the Vice Speaker.

Vice Speaker Tenorio: Mr. Speaker, I know everybody is tired and probably want to go home and take a rest already but as you mentioned, Mr. Speaker, this bill is so important that I guess I kind of forced myself to just deliver a little to see where I stand on this bill. First of all, I don't know whether to thank you or to say thank you for the people for reconsidering having a session just for this particular bill so that we can address this once and for all. If we can reverse time, Mr. Speaker, I don't think we'll be in this situation now but it's because we went through good time of prosperity as you mention for a good period of time. We spend money left and right and bloated the government to an extent that at this time we're looking at cost cutting measures including very austere measures to cut down cost to the extent of holding back increases in salaries and even freezing hiring. It is a lesson for everyone, Mr. Speaker, and I can't speak for the young guns because there were not there when this thing happened. Over the past twelve years, this Administration in this island have changed a lot from a very tight and skinny government to a very obese government as you so eloquently described. But let's not dwell on this, Mr. Speaker. We found time to pass a measure to approve \$40 million Land Compensation Act and just this morning we passed another bill for \$700,000 retroactive pay from the Saipan and Northern Islands Legislative Delegation Session. I guess this is just one of the promises that we promised our constituents when we were out there campaigning before the election. Nobody foresees September 11, nobody foresees Bali and I can't say what and nobody foresees this typhoon that just recently hit us. But we learn to live through both good times and hard times. I don't know why we have to see dooms day ahead of us when we're still here and maybe the young guns will learn from this. So, we have to rely on what available laws as our resource. We have to rely many times on the government officials that represent us in terms of information that we want to get so we have to rely on our Attorney General to make a decision on whether or not this provision would do under our Constitution and we have that decision. We have to rely on our Secretary of Finance and Management and Budget Office on matters relative to funds. They came out here and present to us their view on this particular bill, which we have dissected, changed and improved, I think, to address some of the concerns that are raised by a lot of the members. So I feel comfortably well, Mr. Speaker, that I will vote yes on this particular bill not only because I feel competent that the people that addresses those questions that we are addressing now are competent and they are part of this society, they're part of this government. They are resources that we have available to us in terms of getting information. We have our own legal counsel and I noticed that she signed off on this bill too so ... I may have my own question in mind. I believe that she approves of this bill in the form that is written. But we have, Mr. Speaker, -- I have five minutes...

Speaker Hofschneider: Vice Speaker, please qualify that, let's not put our counsels in the position to be in agreement.

Vice Speaker Tenorio: Well, let's say that she signed this for legal sufficiency whatever the rules call for however that thing is defined. But as usual when a legal counsel signs any bill for legal sufficiency, we take it as an okay to address in this form, although, everyone has their own questions but that's beside the point, Mr. Speaker. What I'm merely saying is that I think that if we are to deliver and if we are to vote on this, I'll vote my conscience that this particular bill if it's enacted into law, it still goes to the Senate for their review and for the signature of the Governor. But I felt that it's part of my obligation to deliver the promise we say in our campaign and the people that we owe the rebates they are entitled to the rebates, Mr. Speaker. This is one way of paying the rebates. I don't see how this thing will bankrupt the CNMI government when it is spread over a period of ten years or maybe even fifteen years. We don't know what the actual negotiation is going to be and I understand that they have scheduled here up to thirty years. I can't predict the future, Mr.

Speaker, and neither can any of us but communications on the arrival of the tourist it seems that we're heading for the right direction. Let's hope that we can all work together and work toward finding solutions, if this bill is ever going to come and haunt us, and that's part of our responsibility. With that, Mr. Speaker, I wanted to...

Speaker Hofschneider: Could we clarify something you made? I'm very careful on this.

Vice Speaker Tenorio: Mr. Speaker, please...

Speaker Hofschneider: I just want to clarify.

Vice Speaker Tenorio: Please don't cross-examine me here.

Speaker Hofschneider: No. The clarification is on the statement that there is a schedule before us for thirty years. The bill is for ten years. Please be careful because this may find its way into the courts and if what we're saying is inconsistent with what is in the bill, it troubles the court even further. The schedule is for information purposes. What the four-year note would be in terms of monthly payment, five years, seven years, ten years, fifteen years, twenty years and thirty years, that's for our information purposes. Our financial advisors generated this numbers for our own purpose so that tells us numerically.

Vice Speaker Tenorio: Thank you, Mr. Speaker, for clarifying that particular statement that I made. I take it back. Of course the bill calls for ten years but it's something that I feel is manageable or we were told that it's manageable on the current resource of the revenues that we're receiving. That's all I'm saying that I have confident in the people that presented this figures to us and I'm banking on their integrity. That's all, Mr. Speaker. Thank you.

The Chair recognized Representative Salas.

Rep. Salas: Thank you, Mr. Speaker. I promised Representative Aldan that I would take no more than twenty minutes. Mr. Speaker, I prefer to be called a new Congressman instead of young guns for the simple fact that I am unarmed, first of all. But seriously, Mr. Speaker, we do have many issues facing us and this is one of them. At the end of my first year in the Legislature, my second year or maybe contemplating to run again I would have to answer to the people of the CNMI. Today, tonight, I will vote yes on this. This is one of those issues that I have decided to vote yes on. And yes, Mr. Speaker, I would also look at reducing government in the CNMI because I think our government is too big. I would also, Mr. Speaker, take a look at the garment issues, the user's fee issues, the poker issues that are in the village because these are the same issues that are facing us. These issues didn't just become issues overnight. It's been going on for a long time and we have to address those. Those are issues that concern our people and those are issues why we are elected, is to take a look at these serious and most difficult issues. We have to take a look at why poker establishments are in the villages. Why do we allow something like that? It's insane. We have to address those issues and when those issues come we will address them. We have to take a look at Verizon and 2.5 and 0.5 because I cannot believe and understand that on the time when it's critical for Verizon to sell we don't have the people, the expertise to look at who's buying it, why is he buying, who are these people and so on and so on. We have to take a look at our environment. We have to take a look at our local rights, the people that we're supposed to be taking care of versus our guest workers that we also have to take care of. We also have to take a look at our economy and how we can help our people, our CNMI. We have to take a look at commerce and how we can entice people to come in to our beautiful CNMI. We have to take a look at our ports, our airport, the Jones Act and the advantages and disadvantages. We have to take a look at tourism. We have to make our people, our island business friendly. These are the issues that confronts us, Mr. Speaker, the same issues that are confronting us with our rebates and retro. We have to be very careful because at the end of our term, we owe the people of the CNMI an explanation on what we have done as elected officials. We have to take a look at our minimum wage versus a wage that a person can honestly make a living and survive. We have to take a look at our labor and immigration issue because we are

overwhelmed. We are no longer the majority of our island. We are the minorities. You want to talk about \$19 million? Take a look at what's happening to us socially in terms of population wise. We're losing everything. When all of these kids that are not from here start voting, the parents and the dynamics ... to talk about \$19 million. Laws will be changed to benefit the guys that are not benefiting from. We have to take a look at many, many issues, Mr. Speaker, and I can stay here all night and talk about it because basically I've gone over my sleeping time. Usually I sleep at 10:00 p.m. because I don't want to watch the news. Mr. Speaker, I want to hang out with Chairman Aldan today because Chairman Palacios and you guys know but anyways, Mr. Speaker, there are many, many issues that confronts us. This is just one of them. Please vote yes or vote no but whatever it is just vote. Thank you, Mr. Speaker.

Speaker Hofschneider: Representative Ada. Can you pull your microphone closer please for the benefit of the Clerk?

Rep. Ada: Any which way we go we just have to take care of this issue, Mr. Speaker. To be honest with each one of you I am not convinced that we should borrow money to pay the people. We might find ourselves in the future having to impose taxes because we can't make any longer. In essence, you're making them pay for the rebates and refunds that is basically their money in the first place. I really haven't decided yet. Right now my vote would be no, but I'll see later on, Mr. Speaker. I don't want to see my grandchildren having to suffer when I'm six feet under resting peacefully because I don't have any more credit to pay. Thank you, Mr. Speaker.

Speaker Hofschneider: I think you got the message. I said I would vote, I didn't say I was going to vote an affirmative or a negative. I said I will vote on this issue. And I guess I'm asking every single one of you to search your heart and your conscience. Let's not influence one another. Just put the facts in the floor for everyone's review and consideration and respect one another when they cast their vote. I recognize Representative Castro.

Rep. Castro: *Si Yu'us Ma'ase, Mr. Speaker. Entre na' piniti yan na' magof para meggai na manaotao-ta este na aktu i ta fãfãna' pa'go. Nuebu yo' lakkue na ma ilihi, Mr. Speaker, ya dispensa yo' tamanu ha' etyo ha sangan si Congressman Salas, ilek-hu na ti propiu na bai ma agang lakkue young guns sa esta gai idat yo'. Maila' ta fan franko lai sa' palabra mu nana'magof, palabra mu nana'bubu. Katda uno giya hita guaha opinion-ña, guaha sensia-ña. Ti debi mohon este siha na impitu ta plalanta guine gi me'nan este na guma dipotsi para ta facho'chu'e i komunida. Siña hit ha' man dibati gi asuntu fuera di ta fan a'fatane'. Guahu lakkue konfotme-yu yan listo yo' para bai hu famatinas disision pa'go pot este na aktu. Guaha siha lai man mafa'tinas benifisiosu para este siha na los prohemos menananda na debi di hu ma risibi este na derecho disti Oktobre gi dia kinsi pa'go na sakan lao pot rason na guaha difekto ma kana' esta pa'go, ya ti hu tungo kao ginen este na \$19 million u guaha ganansia para u ma risibi ni los prohemos. Meggai ma impenia – u ma na'testigo etyo na benifisio pot para u kubre nisisidat famagu'on-niha guine gi mababan eskuela yan afkao siha na nisisidat. Lao pot rason na guaha diskuidu man mamadesi este siha na los prohemos. Maila' ya ta na fan danña hinasot-ta yan konfiansa-ta ya ta disidi maulek sa ilek-hu lakkue na ta konne esta i man expert parehu ha ginen i gubietnamento -- hu li'e ha i Attorney General guine gi talu'ane, i iyotta legal counsel yan si Mr. Rex Palacios ni ti chandayon lakkue kapasidat-ña. Ma na'fandanña lakkue todú este na aktu gi uno ha. Man ma eksplikayi hit esta, man ma na'e hit siha infotmasyon kabalis. Disde alas tres esta pa'go na ora man gagaige hit ha'. Maila' ya ta na'guaha sensia gi korason-ta ya yanggen hafa para u huyong tafan testigo. Yanggen para ma esposa i Gubetno pot i ha fitma este, ta fan saonao ya tan a'difende pot para ta reprisenta i kuarenta mit na los prohemos ni man o'onangga ni direchon-niha. Enao ha', Si Yu'us Ma'ase.*

Speaker Hofschneider: Can we take a short recess, please?

The House recessed at 10:11 p.m.

RECESS

The House reconvened at 10:23 p.m.

Speaker Hofschneider: We're back to our session and recognize Representative Aldan. Happy Birthday.

Rep. Aldan: I just want to let you know that my wife is personally holding you responsible for -- I can always explain to my wife our situation here. This is a very important bill and I understand. And besides, I save a lot of money. The party would have started at 5:00 p.m. and she hasn't yet, so I haven't spent any money yet. Anyway, we have to bear in mind specifically the people in Rota. They have just gone through a huge typhoon, they're suffering over there, they're in dire need of money to start putting their lives back together and that's first and foremost that we should be thinking of. The rebates and refunds that the government owes them would help start putting their lives back together. We've been talking about the government all night long but let's talk about people. Our people are in need of this money specifically the people in Rota. We do have people in Guam that are also depending on the refunds and rebates and this would help them a lot start putting their lives back in order. For that reason, Mr. Speaker, I think I will vote yes on this. Thank you.

The Chair recognized Representative Cabrera.

Rep. Cabrera: Thank you, Mr. Speaker. I took the liberty of jotting down my thoughts to keep it even more brief than my colleagues, I am really tired. Yes, Mr. Speaker, I do recognize and share a lot the fiscal and even policy concerns, which you have eloquently described to all of us tonight. Mr. Speaker, I do not have any set agenda other than to simply serve my people in a manner that is more far reaching than the last twelve years that I have already invested in public service. Mr. Speaker, I will support this bill with great reservations but also with the knowledge of the inherent responsibility that all of us have to return to our people what they are entitled to. Lastly, Mr. Speaker, for the same reasons that no matter how exhausted or frustrated I am, the love and sense of responsibility that I feel as a mother forces me to wake up every morning, that is, Mr. Speaker, with the hope that any future global factors will not continue or further deter our ability to further improve the livelihood of our people. Again, Mr. Speaker, I do have a lot of reservations, a lot of questions, a lot of concerns and it is most unfortunate that we have to resolve to borrowing millions of dollars to return to our people what we should have been able to provide to them in the first place, but as the Vice Speaker stated earlier, there is no way that any of us can turn back time. But I do hope that at the very least, this experience has taught each and every one of us a very important lesson -- a lesson of the need for us to be more responsible in the management of our fiscal affairs. Mr. Speaker and members, this money has been in the black, for lack of a better term, and our people have waited a long time for it. Perhaps this is not the best mechanism for us to finally be able to return it to them and I hope that there will not be another day in the future when we would have to look back and repeat this. So, Mr. Speaker, with this, I am in full support of this bill but with great reservation. Thank you, Mr. Speaker.

The Chair recognized Representative Torres.

Rep. W. Torres: *Microphone off.*

Speaker Hofschneider: We're going around. We'll get to that side of the Chamber.

Rep. W. Torres: Thank you, Mr. Speaker. I, too, am troubled by the approach in which we will be addressing this situation. I am rather troubled by some of the things that we have to give up. It's too much. Nonetheless, I will have to, I suppose, account for that in the future. I know people out there are hurting and we need to respond to that. I am voting with the comfort that while this may be a direct loan to pay for something that should have been taken care of already, I believe that this Legislature and previous Legislatures have engaged in a similar mechanism to address some of the public needs of the Commonwealth. I'm specifically referring to the \$40 million Land Compensation Bond, as well as the \$60

million for PSS for a total of \$100 million public debt. I have repeatedly asked the Department of Finance to give the committee an update of the over \$10 million that we have yet to draw down to be reimbursed from the Federal government even to this day. Earlier today I again asked Secretary of Finance about this situation. It was a year ago that it was written into a transition report. It was reported to the public that there is such receivable, but I am continued to be troubled by the inability of the agency to recover this. I have promised myself and the committee that we will look into this come the first working day of next year. Also, yesterday some of us had the opportunity to be in conversation with the Governor and the Lieutenant Governor here in the Legislature. I was called from a very rather hectic day yesterday because it was the funeral of my auntie but I made time to come up and listen and try to figure out how I can be part of this solution. Obviously it's a problem, and I don't want to be part of the problem. I believe that I should be part of the solution. So, I stayed here ... gave myself 2 ½ to 3 hours just to listen. I was rather surprised at some of the information that was reviewed of a possible over \$20 million windfall that this Administration is anticipating. If I add that to the \$10 million that we have yet to recover from the federal grants, I take comfort on those numbers that perhaps we don't need to wait for ten years. If we can pay this in one year, let's pay it off in one year. As I said, I am very troubled by the approach in which we're going to address this concern or this problem. I would have preferred something that will not engage this government in a public debt that would have saved this government over \$3 million as you put it. But I think the time is against us and very unfortunate that time is against us. I don't want to work under that kind of pressure and I hope that this would not be a standard operating procedure of this government. We cannot adequately deliberate on issues of such profound implication as this one in twenty-four hours. I am very troubled by that, I have to admit that. But I have to also balance that concern with the health and well being of the people and especially and unfortunately, the suffering that is happening as we speak down in Rota. So I will support this legislation with great reservation, Mr. Speaker. I pray that we will not come to this point again in our lifetime be it as an elected official or as a private citizen because this methodology of managing government is just not appropriate. It's not the right way to run the government -- to go out and borrow money. The conditions set forth in this legislation by Bank of Guam, in my mind, if somebody says that we have lost our sovereignty then this even compounds it. It just puzzles me ... how can we give up to this kind of condition. I know I'm not going to live to this kind of condition but I am voting, supporting this nonetheless with great reservations by virtue of the conditions placed on this legislation and also on the very fact that we have to borrow to address this problem. I admire, Mr. Speaker, your enumeration of problems that we will be encountering during our term. We need to address those problems head on. And as you put it, most of us if not all are very energetic, highly motivated and rather intelligent public officials and with your leadership, with your guidance I am hopeful that we will resolve most if not all of those problems that you have enumerated. With that, Mr. Speaker, thank you for the privilege.

The Chair recognized Representative Seman.

Rep. Seman: Thank you, Mr. Speaker. When I first took office I always remind myself and tonight I remind myself again that so long as I follow my heart that I am doing the right thing even if it turns out wrong at the end I will not be embarrassed. I will keep my head up and try and make the bad good. As we continue to exceed our allotted budget in medical referral, we must now start to invest our revenue to teach our public to change their lifestyle and start being healthy so that we can start reducing the cost of our medical referral program. We need to start downsizing our government so that we can spend less on personnel and spend more on productivity to serve our people and to hopefully reduce our deficit and I do hope that the Governor will really consider this. We need to all contribute towards protecting our environment so that we can see our tourism industry improve in order to see revenue increase again. We also need to start working with the private sector. We need to be more business friendly and to show the need of their presence in order for us to continue benefiting from the substantial revenue that they are contributing. Mr. Speaker, we may be taking a big risk in passing H. B. NO. 13-240 but if we are ready to work cautiously in the way we operate our government I'm ready to vote in favor of H. B. NO. 13-240 so that we can give to our taxpayers what's rightfully theirs. Thank you, Mr. Speaker.

The Chair recognized the Representative Babauta.

Rep. Babauta: Thank you, Mr. Speaker. I'm sure that the Floor Leader will announce a verbal complaint after the session because you have skipped him. However, sensing that I have a great concern to the enactment of this legislation. On behalf of my fellow minority, Congressman Palacios, from Tinian he asked me that I deliver in the interest of time. Mr. Speaker, for the last several days and primarily as you mentioned earlier for the last week a lot of us are troubled by our fiscal condition. Last Friday, we suspended discussion on a similar version because not only were several members not convinced on the entire provisions of H. B. NO. 13-237 but also needs clarity as far as public indebtedness is concern. Many times I noted to you personally that the action that we are to take last Friday and primarily this evening would be contrary to the very oath that we took and I took the last five inaugurations. Personally, I am troubled by the Attorney General's opinion, primarily citing Public Law 11-49 to which former then Floor Leader Pete Reyes now Senator Reyes and by virtue of overriding by the House and Senate that particular bill, which became law, that have entrusted back the Rebate Trust Account to its original format, that every year after that we continue to see the program being executed timely and properly. To weigh, Mr. Speaker, the statutorily created privilege and benefits for our people versus the supreme law of the land, particularly, Article X, Section 4 of our CNMI Constitution, it took me a lot of time to consider. And I applaud you, Mr. Speaker, for taking the liberty and the chances of your capacity as Speaker to introduce such measure just so the people of the Commonwealth that are owed by this government can be given the share that they deserve to receive be it from rebates or tax refunds. Several members and audiences have asked, why the importance of this deliberation? And I agree with you, Mr. Speaker, the history of such undertaking is of vital importance not only to the House members, not only to the Senate, not only to the Administration but to the very individual person in the third branch of government that would weigh the decision should a single liability is undertaken by citizens of the Commonwealth. History would appear on that particular chamber and it is my fervent hope, Mr. Speaker, that such would not occur as we are trying to balance the need of the government versus the need of the individuals of our community. As Representative Gloria Cabrera stated without hesitation, I have affixed my conscience on this issue by supporting the measure with great reservation and that reservation, Mr. Speaker, lies within the purview and aspects surrounding the provisions of Article X. I'm sure that that particular provision of the Constitution stands supreme to whatever public law number that this bill will be given. With that, Mr. Speaker, I thank you for your patience and I thank the members for their patience in finally formulating a mutual amenable rebate and refund measure that would both benefit the general public and also would benefit politically members of the Thirteenth Legislature. Thank you. Merry Christmas *yan* Happy New Year.

The Chair recognized Representative Tebuteb.

Rep. Tebuteb: Thank you, Mr. Speaker. I am not afraid and I am not troubled to vote on this issue. It's a little bit interesting – I think we're doing some kind of history here. This is the Thirteenth Legislature and I believe we're on a recess from last Friday's session, which was on the thirteenth. I believe we could have resolved some of the issues that we were addressing just for this particular issue on H. B. NO. 13-237, as it is you have allowed us to consume the impact of what we are to vote on. One of the other history is that it's also the first time for us to borrow money. Probably, this is the first time that Legislature has gone close to midnight in doing their session. First time also that we have food stuffs around us and probably all of us may have conflict of interest on this particular issue. Borrowing is not new to our people. We borrow from friends. We borrow from families. We borrow on personal matters but the trust to repay, return what you borrow is usually taken for granted. What we're doing here is a little bit different. This is very serious because it's public property, it's not our personal items, personal values. The management of finances and of government property seems to have forced us to do this. Whether we vote for or against, who should we blame? Those officials who had difficulty to comprehend their responsibility? Those officials then or these officials now? I promised one thing during campaigns and that is to do what is good for the people. I campaigned to uphold our responsibility, which is to protect our CNMI Constitution. The issue here and our objectives tonight on this particular bill is to give our taxpayers rebates and refunds. The real objective, I believe, is to do what you think is good for the public. We must all be mindful of a number of factors on the impact of what we are about to do. One of it is the possibility of additional costs from our taxpayers should a

lawsuit come in to the picture. We have also inserted some sort of Penalty Clause in this bill. Those words of *not less* and *not more* is inserted so much so for I believe accountability. I'm ready to vote, Mr. Speaker. Thank you.

The Chair recognized Representative Quitugua.

Rep. Quitugua: Thank you, Mr. Speaker. First allow me to apologize to the members for holding the session a little bit late. I wish I can drive my car from Rota to Saipan, unfortunately that's not the case. We'd like to build bridges but \$19 million won't pay for it. Anyway, Mr. Speaker, I would also like to take the opportunity to thank the members, the staff who had gone out yesterday in solicitation for donation from our friends and business community on Saipan. The people of Rota are very grateful for the effort. As I look around it's packed with boxes for shipment down to Rota and Guam and we are kindly touched by the generosity of our people of Saipan and for that I would like to thank all of you. Mr. Speaker, I'm ready to vote on H. B. NO. 13-240. I take responsibility for my action tonight just as I took responsibility for the bats that I brought into Saipan. I have no reservation in casting my affirmative vote on the measure because after all, Mr. Speaker, we're not borrowing to pay them, we're borrowing to return the money to them. This is their money. We are entrusted – the government was entrusted to keep this money and when the time comes that they would be returned back to the rightful owners. So I am ready to cast to return the money to the people that we owe. Thank you, Mr. Speaker.

The Chair recognized Representative Norman Palacios.

Rep. N. Palacios: Thank you, Mr. Speaker. Based on the legal opinion from the Attorney General's Office stating that the CNMI government may constitutionally borrow funds from a private financial institution for the purpose of paying refunds and tax rebates that are currently due and owing the CNMI taxpayers, I will vote yes on this issue with great reservations. Certainly this issue of the \$19 million, I think it is time that we must sacrifice, it is a sacrifice that we must take and do. We owe the people. *Esta lolkue, Mr. Speaker, para Felis Pasgua yan Ano Nuebu ya ilek-hu na esta tiempon man na'e. Maila ya ta chagi ya ta na'e este siha tatte ni iyon-niha. Si Yuus Ma'ase.*

The Chair recognized Representative Arnold Palacios.

Rep. A. Palacios: Thank you, Mr. Speaker. I will not belabor the issue, but I don't know how we got here – how our government put us in a predicament, how we put ourselves in this predicament, I have no idea. To be but honest with everybody, I don't know how we got here. The fact of the matter is that we face a predicament of owing \$19 million. It goes against my personal grain to borrow and further owe to pay a debt. But a month ago this idea started coming up that perhaps we need to address the outstanding rebates and refunds and the ideas started to float that we potentially need to borrow and you can find that on the findings part of the legislation. Then we, perhaps not really fully appreciating our action, went ahead and adopted H. J. R. NO. 13-018 and so we got the wheel rolling on this issue. So we went out and got an RFP and a response to that RFP was submitted by a financial institution and late last week we had a product. I looked at that product and I told myself, I said, my God, we are going to basically secure this with a lot of our assets, future earnings, future revenues. But it's something that we have to pay. There is no question about that. So the Thirteenth Legislature is saddled with resolving an issue and if this is the only way we can do this, today, I am ready to vote on it. I'm ready to go ahead and vote yes on this. But what is more challenging is not this issue. What is challenging and what we as – if anything and if this is our last term in office, that this is my last term in office, I will commit myself to finding out to what transpired and why we're in this hole and making sure that we fix it. We've got to put some statutes in government where we will not be in the same outrageous predicament. Friday, we looked at this – it took us almost all day. Today, everybody has reservations, we went back and forth and we're ready to vote on this now. I sincerely hope that the opinion of the Attorney General will hold water and will cut the mustard in a court of law. I sincerely hope that the revenue projections that our Department of Finance has put forward and say we will be able to pay this, this is what we're projecting. I hope that their projections are close to accurate, because if those

projections don't hold up, then we are in big trouble. I will take the risk, I will go ahead and vote because like we all say, we need to get this off the book. We should also have the courage and the political will that in the future if the revenue starts dipping that in the next budget cycle, to begin cutting some of the expenses of this government. I hope that we all have the political will to do that because we have a lot of obligations and this is going to exacerbate and increase those obligations. Again, Mr. Speaker, thank you for the privilege.

Speaker Hofschneider: I reserved the two last for the most senior members. Representative Stanley Torres, first.

Rep. S. Torres: It's not going to be too long. Mr. Speaker and members, I'd just like to say a short word of caution. We'll be voting on a \$19 million debt bill and we've just been handed another bill that would put the government in debt of another \$2 million for Rota. I'm not objecting, but it's a word of caution. And to make it short, Mr. Speaker, I cannot -- in my conscience -- vote against our Constitution, Article X and by our own Attorney General clearly stating that we have to assess our value, real property in our Commonwealth, prior to any debt being incurred. And in the absence of that assessment, I cannot in good conscience vote in support of this bill. Thank you.

Speaker Hofschneider: Thank you, Representative Torres. The most senior member, Floor Leader.

Floor Leader Attao: *Si Yu'us Ma'ase, Mr. Speaker. Mr. Speaker, esta i ora mampos takfe'na. Hu tungo ha' na man yayas i emplihao lao sin enbatgu, Mr. Speaker, pot i guahu ottimo na speaker para bai kuentos pa'go na puenge. Pa'go na puenge este iyot-ta ottimo na session para i year 2002. Mr. Speaker, antes di bai patcha este i aktun i H. B. NO. 13-240, yahu fine'nina mu na'e hao un dangkulo na aprisiasion yan dangkulo na Si Yuus Ma'ase. Yahu lokkue i record na u reflect na para bai na'e hao un dangkulo na commendation para tododos i checho-mu gi durantin este i sakan dos sientos dos. Giya hululu', Mr. Speaker, uno na issue pot i Land Compensation. Dies años este ni en nanga, ya gi under iyom-mu leadership ni pumusible yan lokkue i leadership Paul Manglona yan i Bababuta-Benavente Administration. Tina'titiye lokkue, Mr. Speaker, nu i etyo ta papasa gi egga'an i pot i Retroactive Salary Adjustment. Un mensiona este gi iyom-mu statement na disti 1991 este na retoractive debi di u ma komple lao, Mr. Speaker, este na retroactive gimagahit ti nisisario [end of recording... beginning of recording] ya yahu ha' muna'tungo hao, Mr. Speaker, na gaige hao ha' lokkue anai ta pasa etyo i \$750,000 anai para u fan ma apase i man ritlerao yan lokkue etyo i dumingo hit para iyon-ña siha beneficiaries yan i presente na emplihao pot lumenos kinientos pesos across the board para i 291,000 na emplihao, current and former government employees. Lokkue, Mr. Speaker, yahu lokkue i record na u reflect na under iyom-mu leadership i fine'nina na budget i Commonwealth ma pasa un mes mas taftaf ki i fisikar i sakan. Pa'go na puenge, Mr. Speaker, ta fafana' uno lokkue na aktu, i H. B. NO. 13-240 anai para ta pasa i disi nuebe miyon pesos para ta settle etyo i rebate and refund. Este gue, Mr. Speaker, na maila ya ta na'e hao – ta na'pakpaki hao kannai pot i mauleg na bida-mu kumu hagu iyon-mami Speaker guine gi House gi dos mit dos na sakan. Estegue accomplishment gi under i iyom-mu leadership yan i membrun este i San Papa na Guma. Pues maila fan ya ta na'pakpaki si Speaker ni este major bills ni ta pasa pa'go na sakan. (Applause)*

Speaker Hofschneider: Thank you.

Floor Leader Attao: Mr. Speaker, now going back to H. B. NO. 13-240. If you look at the CNMI Department of Finance facts sheet, Mr. Speaker, it really bothers me because the report is not too clear. I thought in the beginning that H. B. NO. 13-240 will only cover the current rebate and refund. However, Mr. Speaker, looking at the facts sheet, it mentions 1999 to 2001. I am surprised of this dates, Mr. Speaker, because I did not hear anybody questioning or asking about their refunds and rebates in the year 2000. Putting something that is not true is questionable. Also, Mr. Speaker, if you look at Public Law 3-11, this is the Revenue & Taxation Law that was amended by another Revenue & Taxation Law, Public Law 9-22, there's another Revenue & Taxation Law, which is Public Law 11-25 that repealed the earned income tax credit. All of these, Mr. Speaker, if you look from 1995 to the year 1999, if the figure is correct, Mr.

Speaker, about the \$19 million that would also address the years 1995 to 1997 or 1999 to 2001, I am pretty sure that the \$19 million, Mr. Speaker, is not accurate.

Speaker Hofschneider: Continue.

Floor Leader Attao: Thank you, Mr. Speaker. If it's indeed true that the \$19 million will cover 1999 to the year 2001, Mr. Speaker, I don't think the \$19 million will be sufficient or will be more than sufficient because there was no request for the year 1999 and year 2000. But the worst part in this, Mr. Speaker, is that early this morning I asked the Secretary of Finance to provide me the financial report relative to the TCD, the general fund savings account and other accounts. The Department of Finance reported that as of December 16, there was \$20 million available less \$6 million for the last payroll and another \$6 million for the next payroll. That would give them about \$7 million available. So if it's indeed true that \$7 million is available, then I am certain that the \$19 million is too much. We can use the \$7 million and whatever difference on the rebate and refund can be borrowed. But because I don't want to rock the boat here, Mr. Speaker, I will support the request from the Department of Finance and I hope that the \$19 million is the right figure to pay all the rebates and the refunds.

Speaker Hofschneider: Floor Leader, may I interject? Are you saying that we don't need to borrow \$19 million but maybe \$12 million?

Floor Leader Attao: If you look at the financial report, Mr. Speaker, I think \$7 million can be used for the refunds and the rebates. That's my observation based on their financial report. But since their asking for \$19 million, I will support that with reservations. I also, Mr. Speaker, would like to reflect on the record that I need the complete report from the Department of Finance to provide us after we pass this bill so that each and every member here will know the real picture of the CNMI's financial aspect.

Speaker Hofschneider: Do you want to do that after or before?

Floor Leader Attao: No, we can do it after, Mr. Speaker, and then we'll make the necessary adjustment if indeed the \$19 million is more than what they need. In line with that, Mr. Speaker, you mentioned earlier that we have an obligation of about \$16 million for the CIP, another \$15 million for PSS, the \$40 million for the land compensation and with this \$19 million that will give us about \$120 some million. So, Mr. Speaker, I hope that the economy will be better next year so that this particular obligation can be paid without jeopardizing the education of our kids, the Department of Public Health and also the Department of Public Safety. So with this, Mr. Speaker, I move to end debate and ask for...

Speaker Hofschneider: Please withdraw that. We have...

Rep. Babauta: Mr. Speaker?

Speaker Hofschneider: Floor Leader, are you through?

Floor Leader Attao: No, Mr. Speaker. Withdraw what?

Speaker Hofschneider: Withdraw the motion.

Floor Leader Attao: Motion to end debate?

Speaker Hofschneider: Yes.

Rep. Babauta: Thank you. Mr. Speaker?

Speaker Hofschneider: Floor Leader, you still have the floor.

Floor Leader Attao: Yes, I withdraw the motion to end debate, Mr. Speaker.

Speaker Hofschneider: Thank you. Representative Babauta, you have question?

Rep. Babauta: Question and probably recommendation and concern with respect to the statement made by the Floor Leader. I was cognizant of that report when we resolved into Committee of the Whole and we had the Secretary of Finance and Mr. Schrack in the chamber. The Floor Leader brought up a good portion of that concern, which is the reflection on tax rebatable year, refundable year 1999 and 2000. May I kindly – because I do not have a copy readily available, it’s in my office – Mr. Speaker, but I’d like to get information from the Floor Leader the total consolidated taxable year for 1999 and 2000 that the government owes.

At this time the Chair declared a recess and the House recessed at 11:15 p.m.

RECESS

The House reconvened at 11:53 p.m.

Speaker Hofschneider: We’re back to our session and we’re still under discussion on H. B. NO. 13-240. I would like to offer an oral floor amendment creating a new Section 8 and renumbering subsequent Sections accordingly. I’m going to read it slowly so everyone can write it and follow. “Section 8. Reporting Requirement. The Secretary of Finance shall submit to the Presiding Officers of the Legislature monthly financial reports relating to the Special Rebate Trust Account, including but not limited to information on the status of the loan authorized by this Act, deposits into the Special Rebate Trust Account, and disbursements made from the account.”

The motion was seconded.

Rep. Babauta: Clarification, Mr. Speaker.

Speaker Hofschneider: Point of clarification, Representative Babauta.

Rep. Babauta: Thank you, Mr. Speaker. For clarification purposes, Mr. Speaker, the oral amendment that you just offered will be effective upon execution of the Act, is that correct?

Speaker Hofschneider: Anything relating to the loan itself.

Rep. Babauta: So if it’s executed tomorrow or...

Speaker Hofschneider: They have to submit it.

Rep. Babauta: Right away. So December is covered for that matter? Thank you.

The Chair recognized the Floor Leader.

Floor Leader Attao: Mr. Speaker, I would also like to submit the following documents as attachment to H. B. NO. 13-240.

Speaker Hofschneider: Can we dispose of this motion first?

Floor Leader Attao: Sorry. Ready.

There was no discussion, and the motion to adopt the oral amendment offered by the Speaker to H. B. NO. 13-240 was carried by voice vote.

Speaker Hofschneider: Motion carried. Floor Leader.

Floor Leader Attao: Thank you, Mr. Speaker. Mr. Speaker, I would like to officially submit the following documents as attachment to H. B. NO. 13-240: CNMI Department of Finance proposed loan to pay refunds and rebates proceeds/uses.

Speaker Hofschneider: This document?

Floor Leader Attao: Yes, as Exhibit 1, Exhibit 2 Bank of Guam's letter to Herman S. Sablan, Director of Procurement and Supply dated December 11, 2002.

Speaker Hofschneider: These documents?

Floor Leader Attao: Yes. Exhibit 3, the CNMI Department of Finance Fact Sheet Supplement to RFP-Finance-0033 dated 29, 2002.

Speaker Hofschneider: This document? Exhibit 3?

Floor Leader Attao: Yes, Mr. Speaker. The letter from the Attorney General to the Governor dated November 5, 2002.

Speaker Hofschneider: This document?

Floor Leader Attao: Yes, Mr. Speaker.

The motion was seconded.

Speaker Hofschneider: Motion for the submittal of Exhibits 1 thru 4 has been seconded. Discussion?

Several members voiced, "ready."

Speaker Hofschneider: Motion carried. Representative Babauta.

Rep. Babauta: Move for the previous question.

Speaker Hofschneider: Please withdraw.

Rep. Babauta: I withdraw, Mr. Speaker.

Speaker Hofschneider: Thank you. For the record, the last two items must be placed in the history of this bill, citing Article X, Section 4, Public Debt Limitation. The last sentence in Section 4, Article X, public indebtedness may not be authorized for operating for expenses of the Commonwealth or its political subdivisions. Exhibit 4 relating to the legal opinion issued by the Office of the Attorney General purporting to support the intent of borrowing \$19 million is based on the ambiguity of its constitutional analysis relative to specific definitions as to what is operating expenses and what is not and whether in fact rebates and refunds meets the constitutional definition and intent as being outside of the normal operations of government. This house has taken the view, if it passes this bill by two-thirds vote, to be consistent with the ambiguity of the constitutional language and we resort to the third branch of government for final resolution to the ambiguity of the constitution. Second, for clarification of the intent of the House by way of passing the House Joint Resolution endorsing the intent of the Governor to pursue the endeavor to borrow \$19

million to settle rebates and refunds is merely an expression of the House and the Senate on the intention and not to be construed to mean the endorsement by this house equal to authorization for borrowing in the event that both houses does not constitute or passes the bill with two-thirds majority required by the Constitution. It is important for legislative history that I have to state. The House Joint Resolution is not an authorization. With that, are we ready to vote?

Several members voiced, “ready.”

Speaker Hofschneider: Ready. Clerk, roll call.

The roll called on the motion to pass H. B. NO. 13-240, HD2 on First and Final Reading is as follows:

Rep. Martin B. Ada	yes (with reservations)
Rep. Francisco DLG. Aldan	yes (with reservations)
Rep. Jesus T. Attao	yes
Rep. Oscar M. Babauta	yes (with reservation)
Rep. Gloria DLC. Cabrera	yes (with reservations)
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 (with great reservations)
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	no
Rep. William S. Torres	yes
Rep. Heinz S. Hofschneider	yes

Speaker Hofschneider: By a vote of 16 “yes, one “no”, the two-thirds vote required passes the House. Therefore, H. B. NO. 13-240, HD2 is hereby passed by the House on First and Final Reading. Floor Leader.

Floor Leader Attao: Thank you, Mr. Speaker. Mr. Speaker, I move for the suspension of Rule – sorry, Mr. Speaker:

Speaker Hofschneider: With no objection on the floor, may we return to Prefiled and Introduction of Bills?

There being no objection; the House went back to Prefiled and Introduction of Bills.

PREFILED AND INTRODUCTION OF BILLS

The Chair recognized Representative Quitugua.

H. B. NO. 13-241: A Bill for an Act to authorize public debt in an amount not to exceed \$2,000,000 to fund the repair or replacement of infrastructure systems in the First Senatorial District which were damaged as a result of Supertyphoon Pongsona.

Offered by: Rep. Daniel O. Quitugua and one other

Speaker Hofschneider: Floor Leader, moving down to Item 16, Bill Calendar.

There being no objection, the House went back to Bill Calendar.

BILL CALENDAR

Floor Leader Attao: Thank you, Mr. Speaker. Mr. Speaker, I move to place H. B. NO. 13-241 on today's calendar for action.

The motion was seconded by Rep. Babauta and carried by voice vote.

Speaker Hofschneider: Motion carried. 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 passage of H. B. NO. 13-241 on First and Final Reading.

The motion was seconded by Rep. Babauta 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. 13-241 on First and Final Reading.

The motion was seconded by Rep. Babauta.

H. B. NO. 13-241: A BILL FOR AN ACT TO AUTHORIZE PUBLIC DEBT IN AN AMOUNT NOT TO EXCEED \$2,000,000 TO FUND THE REPAIR OR REPLACEMENT OF INFRASTRUCTURE SYSTEMS IN THE FIRST SENATORIAL DISTRICT WHICH WERE DAMAGED AS A RESULT OF SUPERTYPHOON PONGSONA.

Speaker Hofschneider: Motion for the passage on First and Final Reading H. B. NO. 13-241, entitled, A Bill for an Act to authorize public debt in an amount not to exceed \$2,000,000 for the purpose of the First Senatorial District in dealing with Supertyphoon Pongsona has been seconded. Discussion on the bill? Representative Babauta?

Rep. Babauta: Thank you, Mr. Speaker. Mr. Speaker, just a quick answer from the author. I would be supporting the measure itself. This would give a \$21 million night, the most expensive night in the history of the Commonwealth Legislature in one day. I'd just like to ask whether or not the Rota Legislative Delegation have already put in place, particularly, the last paragraph on page 2 starting from line 22 with respect to allocation by resolution not only the appropriated amount but prioritizing the repair or otherwise the construction of damage properties or facilities in Rota? Chairman Quitugua?

The Chair recognized Representative Quitugua.

Rep. Quitugua: Thank you, Mr. Speaker. This will be consistent, Congressman Babauta, with the surveys being conducted jointly by the local municipal government as well as the officials from FEMA.

Rep. Babauta: May I continue, Mr. Speaker?

Speaker Hofschneider: Continue.

Rep. Babauta: I wanted to find out, Mr. Speaker, the prioritization of the projects to be undertaken. I wholeheartedly support on the privilege because of the fact that Rota is devastated by the recent tragic storm but I only hope that our colleague and the members of the Rota Delegation are cognizant of the priority,

which of course I'm more concerned on the educational facilities for that matter Public Health and other essential vital services, such as the delivery of utility and water services to defected areas. So I'm just alluding to that concern, Chairman Quitugua, if that is the desire of the Delegation and it already has a planning stage. I sincerely support the intended act. Thank you, Mr. Speaker.

The Chair recognized Representative Quitugua.

Rep. Quitugua: One assurance, Mr. Speaker, definitely the money would not be used for operation. This will all be used in conjunction with the identified damages as being conducted by the Mayor's Office as well as the FEMA representatives on Rota and among those are the areas that you have identified. On top of our list is of course to rehabilitate the devastated building, the Sinapalo Elementary School.

Rep. Babauta: Mr. Speaker, I missed one. Actually I have three and I missed one.

The Chair recognized Representative Babauta.

Rep. Babauta: Thank you, Mr. Speaker, for your recognition. I want to find out, Mr. Speaker, whether or not this amount is reimbursable should Federal funds become available to the typhoon issue.

Speaker Hofschneider: I think it goes without saying that whatever help by way of Federal agencies whether it be FEMA or other that if the condition present itself for reimbursement...

Rep. Babauta: For that matter by FEMA?

Speaker Hofschneider: Opportunity then I believe it would be forthcoming.

Rep. Babauta: It could be reimbursed?

Rep. Quitugua: If it qualifies for reimbursement then it could.

Rep. Babauta: The \$2 million?

Rep. Quitugua: Yes.

Speaker Hofschneider: Thank you. Ready?

Floor Leader Attao voiced, "ready."

Speaker Hofschneider: Clerk, roll call.

The roll called on the motion to pass H. B. NO. 13-241 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. 13-241 again meets the two-thirds requirement of the House and hereby passes H. B. NO. 13-241 on First and Final Reading. Before we adjourn, for the record, I want to extend my deepest appreciation to people that came out in full support of the Saipan Cares Project. As you can see, we have a big heart in this community most especially to those staffs that showed and stayed with us all the way until closing at 4:00 p.m. on both days, Saturday and Monday, but Monday would not have been successful as it was without the airwaves and our hats to the management of both radio stations, 103.9 and 101.1 and salute to the kindness of Mr. Harry Blalock for extending that community service to the people of the Commonwealth, particularly to Rota and Guam. Thank you for the community response. With that, Floor Leader? Representative Stanley Torres?

Rep. S. Torres: I'd like to add in line with what you just stated to the radio station. I'd like to say that let's recognize KCNM 101.1 as the primary radio station of the Commonwealth.

Speaker Hofschneider: Thank you. Floor Leader, move for adjournment subject to the call of the Chair.

Floor Leader Attao: I move to adjourn subject to the call of the Chair.

The motion was seconded by Rep. Babauta.

Speaker Hofschneider: Can you rephrase? Recess.

Floor Leader Attao: Recess? *Basta esta next year. Adjournment ha.*

Speaker Hofschneider: Okay, motion to adjourn.

Floor Leader Attao: I move to adjourn subject to the call of the Chair.

The motion to adjourn subject to the call of the Chair was seconded and carried by voice vote.

The House recessed at 11:55 p.m.

Respectfully submitted,

Lavida S. Palacios, Journal Clerk
House of Representatives

APPEARANCE OF LOCAL BILLS

H. L. B. NO. 13-038: To appropriate the sum of \$10,000.00 for the Board of Parole Parolees Rehabilitation Beautification Project; and for other purposes. (REP. PEDRO P. CASTRO) 2ND APPEARANCE