

THE SENATE
TWELFTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE
FIRST REGULAR SESSION, 2000

Fifth Day

Wednesday, March 15, 2000

The Senate of the Twelfth Northern Marianas Commonwealth Legislature, Fifth Day, First Regular Session, 2000, was called to order at 2:00 p.m. in Tinian Courthouse, Tinian, Commonwealth of the Northern Mariana Islands.

The Honorable Paul A. Manglona, President of the Senate, presided.

A moment of silent prayer was observed.

The Senate Clerk called the roll and all nine (9) members were present.

President Manglona: With all the members present, we have the necessary quorum to conduct today's session.

READING AND APPROVAL OF THE JOURNAL

None

MESSAGES FROM THE GOVERNOR

None

COMMUNICATIONS FROM THE JUDICIARY

None

COMMUNICATIONS FROM HEADS OF EXECUTIVE DEPARTMENTS

None

HOUSE COMMUNICATIONS

Hse. Comm. No. 12-17: Transmitting for Senate action HB 12-97, HD1, entitled, "A Bill for an Act to establish a Tax Fairness and Review Commission, and for other purposes."

Hse. Comm. No. 12-18: Transmitting for Senate action HB 12-53, HD1, entitled, "A Bill for an Act to amend 1 CMC, Division 8, Chapter 3, § 8131(a)(2); and for other purposes."

Hse. Comm. No. 12-19: Transmitting for Senate action HB 12-91, entitled, "A Bill for an Act to regulate interest on Commonwealth inter-agency loans; and for other purposes."

Hse. Comm. No. 12-20: Transmitting for Senate action HB 12-39, CS2, entitled, "A Bill for an Act to reform the labor and business laws of the Commonwealth; and for other purposes."

Hse. Comm. No. 12-21: Transmitting for Senate action HB 12-116, HD2, entitled, "A Bill for an Act to repeal and reenact Section 6(c)(4) of Public Law 11-79; and for other purposes."

Hse. Comm. No. 12-22: Transmitting for Senate action HJR 12-6, entitled, "A House Joint Resolution supporting the Governor's petition to the U.S. Federal Communications Commission to deny the application for consent to Transfers to FCC Licenses and Authorizations of FTE Corporation and Bell Atlantic Corporation."

President Manglona: Is there any comment from members?

WASHINGTON REPRESENTATIVE'S COMMUNICATIONS

None

STANDING COMMITTEE REPORTS

STANDING COMMITTEE REPORT NO. 12-1: FROM THE COMMITTEE ON EXECUTIVE APPOINTMENTS AND GOVERNMENTAL INVESTIGATION REPORTING ON THE GOVERNOR'S APPOINTMENT OF MR. LENNY DIAZ AS A MEMBER OF THE RETIREMENT BOARD OF TRUSTEES, REPRESENTING TINIAN.

Floor Leader Reyes moved for its adoption, and several members seconded.

President Manglona: Is there any discussion on the Committee Report?

Several members voiced, "ready".

President Manglona: Since this is for confirmation, Senate Clerk, call the roll, please.

The Senate Clerk called the roll with the following result:

Senator Joaquin G. Adriano	Yes
Senator Ricardo S. Atalig	Yes
Senator David M. Cing	Yes
Senator Jose M. Dela Cruz	Yes
Senator Ramon S. Guerrero	Yes
Senator Edward U. Maratita	Yes
Senator Pete P. Reyes	Yes
Senator Thomas P. Villagomez	Yes
President Paul A. Manglona	Yes

Nine (9) members voted yes.

President Manglona: By a vote of nine (9) yes, the Senate hereby confirms Lenny Diaz as a member of the Retirement Board of Trustees representing Tinian.

SPECIAL/CONFERENCE COMMITTEE REPORTS

None

UNFINISHED BUSINESS

None

PREFILED BILLS AND RESOLUTIONS

Sen. Bill No. 12-59: A Bill for an Act to transfer the indebtedness of the Commonwealth Utilities Corporation from the Commonwealth Development Authority to the Department of Finance or successor department; to establish a Capital Improvement Projects Local Match Fund; and for other purposes. (SEN. PETE P. REYES)

INTRODUCTION OF BILLS AND RESOLUTIONS

Senate Bill No. 12-60: "A Bill for an Act to Amend 2 CMC Division 4, §4382; and for other purposes". (SEN. R. S. ATALIG)

Senate Local Bill No. 12-3: "A Local Bill for an Act to prohibit or restrict the use of scuba tank and other related devices on commercial and non-commercial fishermen when fishing for reef fish and harvesting other marine life within the lagoon and coastal waters of the municipality of Tinian and Aguiguan; and for other purposes". (SEN. J. M. DELA CRUZ)

Senate Resolution No. 12-5: "A Senate Resolution Honoring Corporal Cristino Sablan dela Cruz on the occasion of his receipt of the coveted Purple Heart with Gold Star Medal, for his brave and valiant services to the United States Marine Corps in the Battle of Saipan during World War II, in which he was twice wounded in the line of duty". (SEN. P. P. REYES)

BILL CALENDAR

The Chair recognized Floor Leader Reyes.

Floor Leader Reyes: I move for the suspension of pertinent Senate rules for the passage of the bill listed on the calendar.

Several members voiced, "second".

President Manglona: Is there any discussion?

There being no discussion, the motion carried by voice vote.

SENATE BILL NO. 12-59: A BILL FOR AN ACT TO TRANSFER THE INDEBTEDNESS OF THE COMMONWEALTH UTILITIES CORPORATION FROM THE COMMONWEALTH DEVELOPMENT AUTHORITY TO THE DEPARTMENT OF FINANCE OR SUCCESSOR DEPARTMENT; TO ESTABLISH A CAPITAL IMPROVEMENT PROJECTS LOCAL MATCH FUND; AND FOR OTHER PURPOSES.

Floor Leader Reyes moved for its passage on Final Reading, and several members seconded.

President Manglona: Is there any discussion on Senate Bill No. 12-59?

Several members voiced, "ready".

The Chair recognized Vice President Villagomez.

Vice President Villagomez: Thank you, Mr. President. I think this is a very important legislation and I would like to ask the author of the bill, Senator Reyes, of the intent. While we have the findings and purpose here, I feel that we should reemphasize the position of the Legislature that the intent of this bill is to transfer the debt from CDA to Finance. I have no further discussion.

The Chair recognized Floor Leader Reyes.

Floor Leader Reyes: Thank you, Mr. President. The CDA, at one point in time, felt there was a need to float a bond for the purposes of building infrastructure that the Department of Interior wanted instead of making an outright grant to CUC. The Interior recommended that CUC receive this in a form of a loan from a financial conduit. The conduit they used was CDA. In order for CUC to eventually repay the amount of money that would be used for the project, that particular money has to be appropriated by the Legislature. It has since, as the finding indicates, that the bonds

had been fully retired. And so what this particular bill intends to do is relief the obligations of CUC to pay over to CDA, and instead pay over to Finance so that CDA would not be part owner of CUC by transferring equity--by transferring equity over to CDA and making CDA a part owner of CUC because in the first place this money belongs to the CNMI government. It is funding that is appropriated by the Legislature. So in order to relief CUC from the pressure of having to deal with the obligation to pay CDA, this particular legislation will transfer the payment over to the Department of Finance instead and saving that in a special account in the Department of Finance. That particular account will be used eventually to match future 702 Funding.

Vice President Villagomez: So there is no intention to just write up the loan, right?

Floor Leader Reyes: No, that is not the intent. But we would like to reduce the pressure of having constant requests by CDA to move over part of the equity to CDA.

Vice President Villagomez: Does this bill restrict the CUC from providing a notice over to Finance that in lieu of a payment of a million dollars to the loan, they would use the million dollars for CIP in the three Senatorial District?

Floor Leader Reyes: There's no restriction in the bill.

Vice President Villagomez: Thank you.

The Chair recognized Senator Maratita.

Senator Maratita: Thank you, Mr. President. Since the Executive Branch is going to be absorbing this payment, maybe we should go for the record and check with the Executive Branch and CUC as to how much we owe CUC. Maybe we can offset the power bill in this legislation and instead of paying the full amount we should check how much the government is paying CUC in terms of power, water and sewer. Maybe we can offset what the government owes CUC. Not only that, Mr. President, if CUC wants to float the bond, would this hurt the CUC in terms of rates?

President Manglona: Would any member like to respond?

Floor Leader Reyes: Is the question being directed to me?

Senator Maratita: Yes.

Floor Leader Reyes: As far as hurting the rates, I don't think so because there's no change of status regarding CUC. CUC currently owes money to CDA, technically. What we're doing is just shifting that around and instead of making the payment or the liability to CDA, we're shifting that and we're saying now that the liability is not to CDA but to the government--to the Executive Branch account. This account is a revenue account and it should stay in there unless this account is appropriated by the Legislature. Since the legislation is very specific in making sure that this money can only be used for the purpose of matching CIP, then it should be only for that particular purpose that the collection would be used.

Senator Maratita: But, then, how are we going to pay or from what source of revenue are we going to be paying CDA this amount?

Floor Leader Reyes: CDA is no longer in the picture here. Technically, CDA from the very start have never taken money out from its pocket to give CUC. The mechanics of this particular money is that, money appropriated by the Legislature, of which some of this money is coming from the Department of Interior... and I am trying to get Steve's attention here. It's a 702 money, bond floated for the purpose of developing infrastructure that is based on the Legislature's full faith and credit, banking on funding derived from 702. So that is the source that backs up the bond. But instead of taking that money in which we floated the bond and handing it over to CUC, we used CDA as a conduit. Then, CDA takes this money and hand it over to CUC in a form of a loan. CDA never takes the money out of its pocket to give CUC. It is just a conduit. A good analogy of this is Pacific Basin Bank that we have on APIL. We put in one million dollars for the purpose of each respective jurisdiction. The CNMI put in one million dollars. That million dollars could only be used for economic development loans in the CNMI. And so, instead of Pacific Basin Bank handling that money over individual applicants, they use CDA as a conduit where CDA accepts

applications for loans. Pacific Bank would give the money to CDA and CDA gives it to the applicant. It's just a conduit. The reason for this type of arrangement is to avoid handling it out as a grant to CUC. Is that correct?

The Chair recognized Senator Cing.

Senator Cing: For the record, Mr. President, how much money are we talking about here?

Floor Leader Reyes: I believe it is \$103,000,000.

The Chair recognized Senator Guerrero.

Senator Guerrero: Mr. President, with regard to the question raised by Senator Maratita, I don't think that we can take the government utility account and pay this to Finance, because the money that we're taking away from CDA is a bond series for CIP infrastructure. I think that it's only appropriate that CUC pays it directly to Finance and then as legislators, we appropriate the money. I think that's the legal way of doing it. My other concern here is a clarification. Once this is transferred to Finance, is the earn interest compounded daily at 7% automatically...without touching the compounded daily interest rate of 7%?

Floor Leader Reyes: Yes. Whatever interest is derived from the payment of this account will be subject to legislative appropriation.

Senator Guerrero: What I'm trying to say is that when we transfer this--because presently CUC is in default and they are being charged daily compounded interest of 7%. That's why this has ballooned to a \$103,000,000.

Floor Leader Reyes: Yes.

Senator Guerrero: I just want to make sure that if we don't touch that, it goes directly to Finance for accountability. I think that's the only clearance I need. I wanted to make sure that the amount is correct.

Floor Leader Reyes: Thank you, I appreciate your concern.

The Chair recognized Senator Dela Cruz.

Senator Dela Cruz: This is for clarification also. I think that the intent of this bill, the way I understand it, is to remove the CDA--take out CDA from collecting this money from CUC, because the move right now is equity conversion. Originally, when this money was given to CUC, it is true that CDA didn't give their own money. This is like a grant but it was intended that this money be given to CUC and then repayment will come, of course, later for other CIP projects. Now, the intention of this bill is to remove CDA from the plan of equity conversion and move this money to the Department of Finance for future CIP projects. Thank you, Mr. President.

The Chair recognized Senator Guerrero.

Senator Guerrero: Just one final thing, Mr. President. This bill is good because, actually, CDA is only a paper-processing agency for this loan. And since the grant pledge agreement is already a dead issue, I hate to see CDA take the necessary option for the equity conversion when the money doesn't really belong to CDA. CDA will become 70% owner of CUC. So I think it is the right intent of this body to transfer this to Finance so that we can utilize that amount to match CIP funds. Thank you.

Floor Leader Reyes: Mr. President, I have one final comment on this bill. This bill was introduced at the request of two Board members of CUC who appeared before Senator Guerrero, Senator Villagomez and myself. They recommended that CUC be relieved of the obligation to turn over equity to CDA. We need to relieve that obligation, so that CUC can concentrate fully on producing sufficient power for the general population.

The Chair recognized Senator Maratita.

Senator Maratita: Este gue nai, Mr. President. Megai I CUC malagogo'-ña ya tanana'i ni malago' niha. Pues pago, it's about time i CUC na hu na'i setbisio i taotao ni man nama'si. Basta na ufan ma charge siha ni transformers,

power lines, power poles yangin para umana'i kandit i taotao. Sigi ha ni ma ke puno' i taotao. Si Yu'us ma'asi, Mr. President.

The Chair recognized Floor Leader Reyes.

Floor Leader Reyes: Mr. President, just for the record. The two CUC members wear Board member, Jesus Guerrero, and Board member Edward Sablan.

Senator Adriano: Ready.

President Manglona: Since there's no further discussion, Senate Clerk, call the roll, please.

The Senate Clerk called the roll with the following result:

Senator Joaquin G. Adriano	Yes
Senator Ricardo S. Atalig	Yes
Senator David M. Cing	Yes
Senator Jose M. Dela Cruz	Yes
Senator Ramon S. Guerrero	Yes
Senator Edward U. Maratita	Yes
Senator Pete P. Reyes	Yes
Senator Thomas P. Villagomez	Yes
President Paul A. Manglona	Yes

Nine (9) members voted yes.

President Manglona: By a vote of nine (9) yes, Senate Bill No. 12-59 passes the Senate.

RESOLUTION CALENDAR

HOUSE JOINT RESOLUTION NO. 12-4: A HOUSE JOINT RESOLUTION TO OFFICIALLY ENDORSE AND ACTIVATE THE FORMATION OF THE JAPAN/NORTHERN MARIANA ISLANDS PARLIAMENTARY LEAGUE OF FRIENDSHIP, A LEAGUE TO PROMOTE THE LONG-STANDING GOODWILL, FRIENDSHIP, SOCIAL, ECONOMIC, AND CULTURAL BONDS BETWEEN THE PEOPLE OF JAPAN AND THE PEOPLE OF THE NORTHERN MARIANA ISLANDS.

Floor Leader Reyes moved for its adoption, and Vice President Villagomez seconded.

President Manglona: Is there any discussion?

Several members voiced, "ready".

The motion for the adoption of House Joint Resolution No. 12-4 carried by voice vote.

HOUSE JOINT RESOLUTION NO. 12-1, HOUSE DRAFT 2: A HOUSE JOINT RESOLUTION RESPECTFULLY REQUESTING THE HONORABLE PEDRO P. TENORIO, GOVERNOR OF THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS, TO CREATE A TASK FORCE WITH THE RESPONSIBILITY TO ASSESS THE CIRCUMSTANCES SURROUNDING THE POLYCHLORINATED BIPHENYL (PCB) ISSUE IN THE VILLAGE OF TANAPAG.

HOUSE JOINT RESOLUTION NO. 12-5: A HOUSE JOINT RESOLUTION TO CONSIDER ROTA ISLAND FOR THE UNKAI DISTILLERY COMPANY TO ESTABLISH A SHOCHU PLAN.

SENATE RESOLUTION NO. 12-5: A SENATE RESOLUTION HONORING CORPORAL CRISTINO SABLAN DELA CRUZ ON THE OCCASION OF HIS RECEIPT OF THE COVETED PURPLE HEART WITH GOLD STAR MEDAL, FOR HIS BRAVE AND VALIANT SERVICES TO THE UNITED STATES MARINE

CORPS IN THE BATTLE OF SAIPAN DURING WORLD WAR II, IN WHICH HE WAS TWIUCE WOUNDED IN THE LINE OF DUTY.

Floor Leader Reyes moved for the adoption of House Joint Resolution No. 12-1, House Joint Resolution No. 12-5 and Senate Resolution No. 12-5, and several members seconded.

President Manglona: Is there any discussion on the three resolutions? Vice President.

Vice President Villagomez: Thank you, Mr. President. Hu tungu ha' na hagagagao siha ayudu i investors ni para ufan halom ya ufan business gi iyotta Commonwealth, nai. Ti problema yu' muna'i suppotasion este i Unkai Distillery Corporation Company ya hu baba business-ña gi islan Luta. Siempre ha' ayuda i ekonomia guihi. Lao guaha unu iyoko concern, Mr. President. Esta ta override ayo i Free Trade Zone na legislation, ya gi halom enao ta sasangan na nisisita ta ayuda i businesses. Tana'i tano, tano Marianas, tano indigenous yan tana'i tax break. Malagu ha' yo', for the record, Mr. President, if we're going to be supporting this kind of businesses where they're going to get tax breaks and rates of the land lease, I sure would like to see that we put a provision in here that they pay our local labor forces at least a minimum--US minimum wage. Just like what I have pointed out on the Free Trade Zone act that we overrode. Let's invite them in, let them use our public land, let us give them tax breaks, but pay our people the US minimum wage. And if it's proper, Mr. President, maybe we should just insert a small provision in here where it says on page 2, "We assure Unkai that the Commonwealth's many tax breaks and investor friendly laws that investment would be to the mutual benefit of the investment and the people of the Commonwealth", I don't see their commitment in paying our people the proper wages that we are looking for. I sure would like to put in a provision that when they get a tax break and the property break out here in the CNMI, that they do pay a US minimum wage.

Senator Maratita: Ready.

Vice President Villagomez: Well, taya' magahet ni man enteresao hit ni sueddon taotao-ta.

Floor Leader Reyes: Taya' floor amendment?

Vice President Villagomez: I request for a short recess.

President Manglona: Short recess.

The Senate recessed at 2:00 p.m.

RECESS

The Senate reconvened at 2:05 p.m.

President Manglona: We're still addressing the motion offered by Floor Leader Reyes on the passage of House Joint Resolution No. 12-1, HD2, House Joint Resolution No. 12-5 and Senate Resolution No. 12-5. Just before the recess, the Vice President wanted to offer an amendment to House Joint Resolution No. 12-5.

Vice President Villagomez: Thank you, Mr. President. On page 2, line 16, after the "people of the Commonwealth," insert "with the understanding that Unkai commits itself to pay its local employee's equivalent to the US minimum wage".

Several members voiced, "second".

President Manglona: Is there any discussion on the motion?

Several members voiced, "ready".

The motion on the amendment offered by Vice President Villagomez carried by voice vote.

President Manglona: We're back to the main motion for the three resolutions. Is there any further discussion?

Several members voiced, "ready".

The motion to adopt House Joint Resolution No. 12-1, House Joint Resolution No. 12-5, as amended, and Senate Resolution No. 12-5 carried by voice vote.

PETITIONS, MEMORIALS AND MISCELLANEOUS COMMUNICATIONS

None

MISCELLANEOUS BUSINESS

None

ANNOUNCEMENT

The Chair recognized Chairman Atalig.

Chairman Atalig: The JGL Committee will be meeting next week on Tuesday, March 21, 2000 at 10:00 in the President's conference room. The members are urged to be present. This is in regards to the election bill.

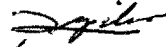
The Chair recognized Vice President Villagomez.

Vice President Villagomez: Mr. President, the PUTC Committee will be meeting right after the JGL Committee meeting on March 21, 2000, Tuesday, to schedule a public hearing for the Public Utility Commission. Thank you.

There being no further announcement, Floor Leader Reyes moved that the Senate adjourn subject to the call of the Chair. Several members seconded, and the motion carried by voice vote.

The Senate adjourned at 2:10 p.m. subject to the call of the Chair.

Respectfully submitted,



Ramona I. Kapileo
Senate Journal Clerk

ADOPTED: June 16, 2000