



Senate Journal

FIRST REGULAR SESSION, 2008

SJ 16-003

Third Day

Thursday

February 07, 2008

The Senate of the Sixteenth Northern Marianas Commonwealth Legislature convened in its Third Day, First Regular Session, on Thursday, February 07, 2008, at 10:19 a.m., in the Senate Chamber, Capitol Hill, Saipan, Commonwealth of the Northern Mariana Islands.

The Honorable Pete P. Reyes, President of the Senate, presided.

A moment of silence was observed.

The Clerk called the roll. All Nine (9) members were present.

President Pete P. Reyes: With all Nine (9) members present, we establish a quorum to conduct the session.

READING AND APPROVAL OF THE JOURNAL: (NONE)

MESSAGES FROM THE GOVERNOR:

1. **Gov. Msg. No. 16-21:** January 31, 2008 – Re: Public Law No. 15-94, entitled, “To establish the electric charges and rates of CUC; and for other purposes.”
2. **Gov. Msg. No. 16-22:** January 31, 2008 – Assistance to Taga Athletic Games Association, Inc.
3. **Gov. Msg. No. 16-23:** February 01, 2008 – Certification for vacant position of one Records Technician, Dept. of Finance, Division of Finance & Accounting.
4. **Gov. Msg. No. 16-24:** February 04, 2008 – Executive Order 2008-02 re CUC’s inability to provide critical power generation services to the CNMI.
5. **Gov. Msg. No. 16-25:** February 04, 2008 – Certification for vacant positions with DPL, Dept. of Commerce, Office of the Mayor of Tinian, DPH. (See attached)
6. **Gov. Msg. No. 16-26:** February 04, 2008 – Certification for annual salary in the excess of \$50,000 for Dr. Norma S. Ada, Physician (Pediatrician) at CHC.

7. **Gov. Msg. No. 16-27:** February 05, 2008 – Signed into law HB 15-205, HS1, entitled, “To establish a Fireworks Control Act; and for other purposes,” becomes **PUBLIC LAW NO. 15-127.**
8. **Gov. Msg. No. 16-28:** February 05, 2008 – Signed into law SB 15-106, SD1, entitled, “To amend 1 CMC § 1616; and for other purposes,” becomes **PUBLIC LAW NO. 15-128.** (Youth Compensation)
9. **Gov. Msg. No. 16-29:** February 06, 2008 – Signed into law HLB 15-67, entitled, “For the Second Senatorial District to repeal and reenact Title 10, Division 2, Chapter 3, Article I,” becomes **TLL No. 15-15.** (Designation of Acting Mayor/Chairperson of Municipal Council)
10. **Gov. Msg. No. 16-30:** February 07, 2008 -

President Pete Reyes: Discussion on the Governor’s Messages?

Chair recognized Senator Pangelinan.

Senator Maria Frica Pangelinan: Mr. President, I just have a little clarification here on the Governor’s Message 16-026. Maybe the Legal Counsel can look into this. I do not have any problem with the Doctor being hired. It’s just that she has her private clinic and I wonder how she can manage to be a full-time employee, getting the benefits of all the CNMI employer/employee relationship, and be managing her own private clinic. Again, I understand she’s young and energetic, but I wonder how her time would be divided having her own private clinic. I would really like the Legal Counsels to look into this. Thank you.

President Pete Reyes: Any further discussion on the Governor’s Communication? None.

COMMUNICATIONS FROM THE JUDICIARY:

1. **Jud. Comm. No. 16-01:** February 01, 2008 – Amendment to Commonwealth Rules & Procedure 43(a), Taking of Testimony.

President Pete Reyes: Discussion? None.

COMMUNICATIONS FROM HEADS OF EXECUTIVE DEPARTMENTS:

1. **Dept. Msg. No. 16-02:** January 16, 2008 – Dept. of Lands & Natural Resources - Comments on H.B. No. 15-205, HS1, entitled, “To establish a Fireworks Control Act; and for other purposes.”
2. **Dept. Msg. No. 16-03:** January 28, 2008 – Dept. of Commerce regarding Alternative source of energy.
3. **Dept. Msg. No. 16-04:** January 18, 2008 – Office of the Public Defender.

4. **Dept. Msg. No. 16-05:** January 28, 2008 – DPW – Request for proposals CUC Grid Supply Renewable generation projects for the CNMI.

President Pete Reyes: Floor is open for discussion. None.

COMMUNICATIONS FROM THE SENATE:

1. **Sen. Comm. No. 16-01:** From the Office of the Senate President regarding appointment of member of the Senate to serve as a Comprehensive Economic Development Strategy (CEDS) Commission for the 2008/2009 CEDS Report.

President Pete Reyes: Discussion on this? This is just so that members know that the Governor wrote to the Senate and asked for the President to appoint a member. I understand they needed a member from the Legislature to be a member of the Comprehensive Economic Development Strategy and we appointed Senator Jude.

COMMUNICATIONS FROM THE HOUSE: (NONE)

COMMUNICATIONS FROM THE WASHINGTON REPRESENTATIVE:

1. **Wash. Rep. Comm. No. 16-03:** February 01, 2008 – Request by the Taotao Tano regarding the operation of the Office of the Resident Representative to the U.S.

President Pete Reyes: Discussion? None.

UNFINISHED BUSINESS: (NONE)

INTRODUCTION OF BILLS, INITIATIVES, LOCAL BILL & RESOLUTIONS: (NONE)

BILLS:

INITIATIVES:

LOCAL BILLS: (NONE)

RESOLUTIONS:

**REPORTS OF STANDING COMMITTEES:
(NONE)**

**SPECIAL/CONFERENCE COMMITTEE REPORTS:
(NONE)**

Chair recognized Senator Pangelinan.

Senator Maria Frica Pangelinan: Just a point of clarification. Have the work for the committees been distributed yet, because I have not seen any or maybe that’s why we don’t have a Standing Committee Report, because I have not seen any so far.

Chair recognized Vice President Mendiola.

Vice President Felix Mendiola: Point of information. I have reviewed those assignments but will ensure today those bills are referred to the appropriate committees.

President Pete Reyes: Thank you. Just so members notice, we have not received any communications from the House and I know that they had already had two sessions. Just a point of information. Any further discussion? None.

**RESOLUTION CALENDAR:
(NONE)**

Floor Leader Jude Hofschneider: None, Mr. President.

BILL CALENDAR:

FIRST READING

LEG. NO.	TITLE

FINAL READING

LEG. NO.	TITLE
S.B. No. 16-13	To forbear, in certain instances, the collection of the educational financial assistance liability of returning college students who cannot find employment with the Commonwealth due to budgetary limitations or because a position is filled by a non-

	resident worker

President Pete Reyes: We have one on final reading and I ask the Floor Leader to make a motion for the suspension of the pertinent rules so that we can entertain Senate Bill 16-13.

Floor Leader Jude Hofschneider: Being it in the final reading, Mr. President?

President Pete Reyes: Yes.

Floor Leader Jude Hofschneider: I move to suspend the pertinent rules to entertain Senate Bill 16-13.

President Pete Reyes: Motion has been made. Any seconds?

Several members seconded the motion.

President Pete Reyes: Motion has been made and seconded.

Those in favor of the motion say, “aye”.

Several members voiced, “aye”.

Those opposed say, “nay”.

Motion was carried by voice vote.

President Pete Reyes: Now, I ask the Floor Leader to make a motion for the passage on final reading; Senate Bill 16-13.

Floor Leader Jude Hofschneider: Motion to pass Senate Bill 16-13 on final reading.

Senator Maria Frica Pangelinan: I’m sure this is just technical. I’m sorry Mr. President, but it is no longer a non-resident labor, it’s foreign national worker. So, that can be corrected.

Chair recognized Floor Leader Hofschneider.

Floor Leader Jude Hofschneider: Mr. President, I believe Senator Pangelinan is referring to 16-03, it's 16-13.

(In Audible)

Senator Maria Frica Pangelinan: Mr. President, this is just in keeping with the new nomenclature in PL 15-108, that the words "foreign national" be substituted for "non-resident". The rest seems reasonable.

Several members seconded the motion.

President Pete Reyes: Okay. Motion has been made and seconded for the passage of Senate Bill 16-13. Discussion on the motion?

Senator Maria Frica Pangelinan: Mr. President, I want to disclose that I have a conflict of interest on this bill. I am actually paying for a Grant of \$14,000 that my daughter received. The Scholarship Office bills me every month and they are very strict. A \$5 penalty is imposed if you are late by even one day. I do not mind paying back. The question is what if I have paid everything and she decided to come back in two years and found work here. I wonder whether I will get reimburse. That's the issue that should be addressed. Of course, I understand that by paying back, it gives an opportunity for another student to be helped. So I just want to disclose that I do have a conflict of interest, because it would be good for me not to continue to pay back the Grant on behalf of my daughter.

President Pete Reyes: Any further discussion?

Chair recognized Senator Mendiola.

Senator Joseph Mendiola: Thank you, Mr. President. I was looking through the CNMI Code this morning, because I wanted to recommend an amendment to this bill. I agree with the Senate Bill. However, I think that maybe this one is through regulation of the scholarship or --- because I keep --- for Scholarship Office or Scholarship Policies in the CNMI Code, and I couldn't find. My question here is that if this is a regulation and we are adopting a law I agree with the forbearance so long as the student is unemployed, which is specifically mentional over here and unable to pay the debt due to no government vacancy available, but my recommendation was to include that if a returning student comes to the CNMI and works for the private sector, there should be at least reduced payment on the amount of scholarship to be paid back, because even though these students come back and graduated and tried his/her best to go to the government employment, if there is no position and he finds work outside the government, I think we should at least encourage them to participate in the private sector. I couldn't find that and maybe it is in the regulation, I don't know whether it's in the law, but what I'm trying to say here is that if a student comes back and couldn't find a job in the government and finds a private job out there, he should be forgiven at least 50% of the entire amount, but maybe I'll introduce an amendment

later on as we proceed, but I agree with the forbearance so long as what is specified here, Mr. President. Thank you.

President Pete Reyes: Just a clarification, on the last time we passed this bill on the 15th Legislature, the Governor vetoed it and the Governor highlighted the reason why. One of the reasons, is he does not want an outright forgiveness, but he recommended that the payment be delayed. I don't see this on the bill, so maybe someone can make the amendment on the floor. I would like to see that the forbearance results only when a student makes diligent effort to find jobs, both in private and government, because in this bill, it addresses both, private and government. Section (2)(a), this is who returns to the Commonwealth and is not hired by the Commonwealth, which means either the public or the private sector in the Commonwealth. The regulation is that, if they work, then year-to-year is offset against their scholarship and that still is the case, but when a student comes back armed with a degree, and diligently looks for work and cannot find work, the scholarship mandates that they make the payment to repay back the scholarship. So, this is the only reason that this bill is necessary. Any further discussion?

Chair recognized Senator Crisostimo.

Senator Luis Crisostimo: Mr. President, I understand the last session that you said that we referred these bills to the committee. My beef on this is very simple. Some College students returned to the CNMI without experience and of course they have a degree, but in light of compensation, the downturn of the economy, and the various challenges that the Commonwealth faces; sometimes these kids have hardship in finding a job, but forgiving them easily will eventually discourage other kids to challenge the education process that they went through and they're given, and they'll say this is an easy thing. So, I was hoping that the committee could sit down and discuss this further so that maybe we can give them a time frame of ten years or twenty years when they return. They'll have more experience. It would be beneficiary for the Commonwealth and the employers here to get a returning resident of the Commonwealth with not just a degree, but with an experience in whatever or wherever they obtain their education. So, if we give them to lightly on or easy things, then sometimes the kids would take things for granted. I know some kids are afraid to take financial assistance from the Commonwealth for one very reason; they don't want to pay it back. So, if we give them this--- some kids are really trying and some kids are really going by the laws, and as Senator Pangelinan says; she's paying for her daughter. Now, she's earning probably experience or more education and by that, if she comes back or these kids or our fellow citizens of the Commonwealth come back, they become better, and they did not just earn an experience, but they earned a degree. So, I know that this bill probably can carry us one more session so that we can probably put some teeth to it and make it stronger and better. Knowing that this is your bill, President, I know that you would support our intention and our wishes for our returning college students and citizens of the Commonwealth to challenge the people that are now in place or as they say, some employers say that our kids that come from the states do not meet the profile of the employees that are sitting in that position. So, our answer to them is just wait and we'll train and give our kids more education, more experience, and then we can match the profile of the non-resident workers sitting versus our returning resident. *Enao ha yoku beef. Si yu'us ma'ase.*

Chair recognized Senator Manglona.

Senator Paul Manglona: Thank you, Mr. President. I would like to offer an amendment and if there is no objection to leave it to the Legal Counsel that says something like; provided that if the student also stays back to work and gain experience in the field of study. For example, if that person is an engineer and if he stays back and works for at least two years or maximum maybe two to four years, that person should not be asked to pay the loan immediately, because that's really hands-on experience, that maybe is not available in the CNMI. We need to have these students gain these valuable experiences. So, for an amendment to say that, if it is relevant to the field of study that that person staying behind, not coming to the CNMI be given a forbearance as you mentioned, Mr. President so that he can gain those valuable experience. I so move, Mr. President.

Several members seconded the motion.

President Pete Reyes: Motion has been made and seconded. I hope the Legal Counsel is taking notes of the floor amendment.

Senator Paul Manglona: Again, the floor amendment is to authorize students to be given grace period to pay up on the loan up to four years if they are actually gaining experience related to the field of study so that just because they obtain their degree they don't have to immediately pay the loan, because they are not back in the CNMI when in fact they're gaining valuable working experience in engineering, in the field of medicine or in law, or any other field related to their study. I think that the reason why we are talking about this Mr. President is, because for those students who come back immediately, they are forgiven the loan for every year that they stay in the CNMI and we're trying to balance that with somebody who is actually serious in their field and says, "hey, I'm not coming back. I'm just going to work as an inspector at Public Works whereas if I stay back here, I'm going to be working under an engineer and gaining experience". So, we cannot penalize those kind of students that are actually trying to gain experience. So, if we allow these students at least a maximum of four years if they can prove to the Scholarship Board that here is where I'm working, and these are the kind of experiences that I'm gaining. Therefore, I am asking for delay in my loan payment. I think that it would be fair for these students. So, the amendment I offered is to effectuate this intent. So move, Mr. President.

Several members seconded the motion.

President Pete Reyes: Motion has been made and seconded. The motion is clear right?

Senator Luis Crisostimo: Can I just ask a question?

Chair recognized Senator Crisostimo.

Senator Luis Crisostimo: That amendment would be right after graduation or right after the kid takes a job in the states?

Chair recognized Senator Manglona.

Senator Paul Manglona: Well, of course the payment of the loan, I understand the students sign off on an agreement. As soon as they graduate, they have to pay up. If they don't come back, they have to start paying. So, whatever that date that the student is required to pay, if he doesn't come back, of course he has to start paying. Unless, based on subsection(a) that student has proven that he has applied and is unable to be hired in the CNMI. So, he gets that forbearance as I understand in this bill, but let's say the student qualifies under subsection(a), but then later on the student determines that hey, I better just stay behind (and this is six months later) and work for this company that offers me experience related to my field of study. Then, of course at that point, that would come under a different justification maybe under a new subsection(c) to allow that student to work for up to four years. So, that would be under a different exemption, because under (a) as offered by the President here, my understanding is that this student would have to constantly be applying for a job in the CNMI. Maybe have his name listed with Personnel Office here so that he/she can be under the referral of the Personnel Office for a job somewhere where there is an opening, but for this student under a new subsection, that student would have to come back after four years maximum.

President Pete Reyes: Before I recognize Senator Jude, can I ask the members if we could take a short recess, so that we can get the language?

RECESS: 10:40 A.M. RECONVENED.: 11:20 A.M.

President Pete Reyes: We're back to our preliminary session. We will continue to discuss the floor amendment and I recognize Senator Manglona.

Senator Paul Manglona: Thank you, Mr. President. Before this, I would just like to recognize the presence in the gallery of our municipal council member, Mr. Vince Calvo, former CDA Board Chairman. Mr. President, I would like to offer a floor amendment to Senate Bill 16-13 on page 2 line 10 after the word forbearance insert " provided that such forbearance shall be granted to off island students during the first four years after graduation of employment in a position relevant to the students field of education". So move, Mr. President.

Several members seconded the motion.

Senator Paul Manglona: I repeat, on page 1 line 10 after the word forbearance insert "provided that such forbearance shall be granted to off island students during their first four years after graduation of employment in a position relevant to these students field of education."

President Pete Reyes: Motion has been made. Any seconds?

Several members seconded the motion.

President Pete Reyes: Motion has been made and seconded. Discussion on the motion?

Chair recognized Floor Leader Hofschneider.

Floor Leader Jude Hofschneider: Can we go ahead and vote on that floor amendment. Then, I would also like to make a separate one.

President Pete Reyes: Any discussion on the floor amendment? None.

Those in favor of the floor amendment say, “aye”.

Several members voiced, “aye”.

Those not in favor say, “nay”.

Motion was carried by voice vote.

Chair recognized Floor Leader Hofschneider.

Floor Leader Jude Hofschneider: Thank you, Mr. President. This is just a technicality to address the title of a non-resident worker and instead and replace them with foreign national workers to be consistent with 15-108.

Senator Joseph Mendiola: Can we have the Legal Counsel just reflect that on record?

President Pete Reyes: Okay. That’s a floor amendment; where ever “non-resident” workers appears change it to “foreign national”.

Floor Leader Jude Hofschneider: So move, Mr. President.

President Pete Reyes: Any seconds?

Several members seconded the motion.

President Pete Reyes: Motion has been made and seconded.

Several members voiced, “ready”.

President Pete Reyes: Ready.

Those in favor of the motion say, “aye”.

Several members voiced, “aye”.

Those opposed say, “nay”.

Motion was carried by voice vote.

President Pete Reyes: Now we are discussing Senate Bill 16-13.

Chair recognized Senator Mendiola.

Senator Joseph Mendiola: Just one minor amendment. I would like to make a motion for an amendment to include “Section (c)” on the bill to say that “the Scholarship Office is hereby authorized to promulgate rules and regulation to implement the intent of this act.” That’s merely giving the Scholarship Office to come up with any additional regulation that will require the implementation of the Section 2 of this bill.

President Pete Reyes: Motion has been made. Any seconds?

Several members seconded the motion.

President Pete Reyes: Motion has been made and seconded. Discussion on the motion?

Several members voiced, “ready”.

President Pete Reyes: Ready.

Those in favor of the motion say, “aye”.

Several members voiced, “aye”.

Those not in favor say, “nay”.

Motion was carried by voice vote.

President Pete Reyes: The Senate Bill as amended, any further discussion?

Several members voiced, “ready”.

President Pete Reyes: Ready. Senate Clerk, please roll call.

The roll called on the motion to adopt **Senate Bill 16-13 as amended**

Senator Luis P. Crisostimo	yes	
Senator Paterno S. Hocog	yes	
Senator Jude U. Hofschneider		yes
Senator Felix T. Mendiola	yes	
Senator Joseph M. Mendiola	yes	
Senator Paul A. Manglona	yes	
Senator Maria Frica T. Pangelinan	yes	
Senator Henry H. San Nicolas	yes	
Senate President Pete P. Reyes	yes	

President Pete Reyes: With all nine (9) members voting yes, **Senate Bill 16-13 as amended** passes final reading.

Senator Maria Frica Pangelinan: Mr. President, just for clarification. I disclose that I did have a conflict here and I asked the Legal Counsel whether I can go ahead and vote, and he said “yes”. There is no objection right?

Several members voiced, “no objection”.

President Pete Reyes: Any further bills on calendar?

Floor Leader Jude Hofschneider: None.

PETITIONS, MEMORIALS AND MISCELLANEOUS COMMUNICATIONS:

1. **Misc. Comm. No. 16-06**: January 14, 2008 – William H. Stewart regarding NMI Retirement Fund.
2. **Misc. Comm. No. 16-07**: January 24, 2008 – NMI Retirement Fund regarding S.B. No. 15-102, HS1, HD2, entitled, “To impose an employer retirement contribution rate of eighteen percent for employees funded by the General Fund; and for other purposes.”
3. **Misc. Comm. No. 16-08**: January 24, 2008 – Juan Manglona Sablan regarding law banning smoking tobacco in public buildings, restaurant, bars and sidewalk.
4. **Misc. Comm. No. 16-09**: January 28, 2008 – Ayuda Network, Inc., regarding invitation to a **Legislative Prevention Day** scheduled for February 13, 2008 8:00 a.m. to 2:00 p.m. at PIC.
5. **Misc. Comm. No. 16-10**: January 28, 2008 – Retirement Fund regarding prohibition against illegal double dipping.
6. **Misc. Comm. No. 16-11**: January 29, 2008 – Senate of Puerto Rico, President Kenneth D. McClintock re: commercial discrimination against Legionnaires residing in the outlying areas.
7. **Misc. Comm. No. 16-12**: January 30, 2008 – Juan M. Sablan regarding bill on tax increases for income earners that makes more than \$60,000.00 per annum.
8. **Misc. Comm. No. 16-13**: January 31, 2008 – Retirement Fund regarding termination of fully insured health care plan due to non-payment of Aetna’s Runoff Claims of over \$2.4 Million.
9. **Misc. Comm. No. 16-14**: February 01, 2008 – NMPASI regarding admission practice at NMC.

10. **Misc. Comm. No. 16-15:** January 2008 – US Dept. of Labor regarding Impact of Increased Minimum Wages on the Economies of American Samoa and CNMI.
11. **Misc. Comm. No. 16-16:** February 04, 2008 – CUC – Presentation to the Legislature concerning CUC. (See attached scheduled date)
12. **Misc. Comm. No. 16-17:** January 24, 2008 – IOTA Partners regarding IOTA's progress on the Santa Margarita project.

President Pete Reyes: Discussion on the Miscellaneous and Petitions?

Chair recognized Senator Manglona.

Senator Paul Manglona: Thank you, Mr. President. Miscellaneous Communication 16-13 is a letter from Mark Aguon; the Administrator for the Retirement Fund, and to Mr. Eloy Inos. I have to say that I was off island during this time and I just want to know if there's any new development regarding the termination of our health care plan AETNA. Is there any member that is aware of this?

Chair recognized Senator Pangelinan.

Senator Maria Frica Pangelinan: That's being addressed on the current fiscal year 2008 budget.

Senator Paul Manglona: So there will be no termination for the mean time?

Senator Maria Frica Pangelinan: The problem is on accounts that were incurred prior to Aetna taking over. These are categorized as runoff balances. Aetna went ahead and paid for these runoff balances expecting to be reimbursed by the CNMI Government. The Retirement Fund, I believe, paid 1.5 million from its investment money. The balance still needs to be paid. We are addressing this in the FY 2008 budget.

Senator Paul Manglona: Thank you.

Senator Luis Crisostimo: So, madam Chair, you mean to tell me that 2.4 if we pass the 2008 fiscal year budget, this would be resolved? Would this problem be taken care off when we pass the budget or even if we don't pass the budget, because it seems like it needs immediate attention that we have to pay at least 50% of this amount immediately.

Senator Maria Frica Pangelinan: It depends whether we pass the budget at the Governor's proposal which they took into consideration the liabilities that the government had to pay during fiscal year 2008 balance budget, but it appears like we are accepting te 160.1 budget sealing and we have not taken that 160.1 into consideration, the elimination of holiday pays, the 11% instead of the 18% for the contribution to the retirement. There's another one. There are three proposals of the Governor that woul balance the 160.1. So, that had changed already. So again, the budget for fiscal year 2007 is still an ongoing discussion. It's still with the House and we conducted

budget hearings for the Departments, but we have not really agreed. We pretty much agreed on the resources, but it has not reached the Senate for discussion yet, but since we're on that subject Mr. President, I did ask the Legal Counsel and I actually read in the constitution and maybe the Legal Counsel can verify that, because we cannot really question or challenge the Governor's forecast on revenue. So, the House Concurrent Resolution kind of doesn't make --- it's a fruitless process if we're just going to endorse it, because anyway, we have to accept the revenues the Executive identified and if by passing the House Concurrent Resolution and not making the appropriation to balance the revenue with the expenditure unless it might create more problem for the CNMI.

Senator Paul Manglona: On that issue Mr. President, nothing is stopping the House and the Senate from passing a bill that directs the Governor by law to include those revenues that we feel should be included. So, if that's the position I'm going to recommend we pass immediately the bill that says carry over funds or what have you that they'd be included, and we can change the law. I don't see any reason why, when we know that they are compact-impact funds that are coming into the CNMI being used in the general funds as well as carry over funds from the federal being used into the general funds that they not be identified. We can surely pass a law and pass that law before the budget.

Senator Maria Frica Pangelinan: But the compact-impact fund according to the Secretary of Finance is a federal grant, because it provides for conditions and therefore even if we include it in the budget, they have to comply with that provision as provided and as required by the OIA. So, it's a grant.

Senator Paul Manglona: It's a grant that can be used for general fund expenditures.

Senator Maria Frica Pangelinan: It's a grant that has condition on how it should be used, and how it should be distributed. The Secretary of Finance is supposed to provide us the copy of the Grant, but to date we have not received it. So, until we actually look at the conditions, I cannot explain further what are the conditions and whether that's why we cannot appropriate it into the general fund, because we have not seen the conditions.

Senator Paul Manglona: So, maybe this is a legal issue and I'm going to maybe request Mr. President that the two Legal Counsel get together with the House Legal Counsel and come up with a language on how the Legislature can have a say into these fundings that affects our government operations. So, there must be a language that says for every dollar that goes into general fund expenditure, that the Legislature can remove a dollar from a department. So, what I'm saying is well, we might not have a direct say into where that money goes, but once it gets into a department, then we have a say as to removing a dollar from that department.

Senator Maria Frica Pangelinan: It's going to offset. Again, this is from the Secretary of Finance. So, if we are budgeting for 36,000,000 to PSS, so the Department of Finance is going to give 2,000,000 from the compact fund. So, actually the PSS budget will be 38, but you're correct. We have that power of the purse. I mean, they cannot spend without our authority. But then, if we want to really do it the right way, we should follow thoroughly the planning and budget act, and include even the federal grants; how it bumps into the CNMI local budget funds.

Whether it's costing it more or eating into it and we do not know, because right now it eventually gets distorted because we don't have that control. So, the budget is balanced only during its enactment during its presentation, but not during its implementation and enactment. That's why we gave the Governor the power for reprogramming and he has that certain power, but we still have that control. So, we're working on that. I'm really looking more into the 2009 to follow the right procedures more so than the 2008.

President Pete Reyes: Let me ask the two Legal Counsels to take note of that and please prepare a report to the Chair of the Fiscal Affairs so that members can be given copies later on.

Chair recognized Vice President Mendiola.

Vice President Felix Mendiola: Question as well, our concern would be the cover over funds. That's a hot issue which require the Legal Counsel's advice on whether or not the legislature can consider it as a new source of revenue, or only the administration would have the final say so on that fund. Thank you.

Chair recognized Floor Leader Hofschneider.

Floor Leader Jude Hofschneider: I understand that we passed a legislation here in the 15th that specifically spells out that we the Legislature shall have a say so in any grants; in federal grants that are coming in. I think the Governor vetoed that one. Then, we overrode it. So, based on the discussion that is going back and forth between the two honorable members, I'm just curious where does that law place into this or if it has a authority over?

Senator Maria Frica Pangelinan: Those are CIP funding and we want to have a say on Project priorities. So, we should really be working closely with the CIP Program Coordinator or who is incharge of the CIP.

Floor Leader Jude Hofschneider: Yes, but in terms of *eyi i* identified resources.

Senator Maria Frica Pangelinan: Yes. Those should all be taken into consideration, because we are responsible to make sure that the expenditures that we authorize are actually meeting the services that we expect for our constituents. As long as we continue to hear that services in government are not up to our constituents expectation, then, we have every right to question the department's ability to function and service our constituent based on the budget that we provide for them.

President Pete Reyes: Just clarification Chair, on the resources identified by the Governor, this is the concurrent resolution, did the House of Representatives amend that to add-on the compact-impact and the cover-over funding, or is that not part of the identified resources?

Senator Maria Frica Pangelinan: No. The 160.1 million did not include the compact/impact funds nor the cover over.

President Pete Reyes: So, the concurrent resolution is just as the Governor submitted it?

Senator Maria Frica Pangelinan: Right. I think we accepted that. But again, the Governor's coming back that that was based on the 11% for the Retirement Contribution and the 14 unpaid holidays. So, it's still not going to balance. The point is that even if we do the revenue, we are actually giving the Governor again the authority to decide, okay you adopted this House Concurrent Resolution of 160.1 million, now, don't complain, because your allotment is just going to be just this much, because I have to balance it. Do we want to do that without the appropriation, because the budget is the appropriation.

Vice President Felix Mendiola: You mentioned about the 11% retirement contribution issue. I thought we are with the intent of 18% that must be factored in.

Senator Maria Frica Pangelinan: The 160.1 million factored in the 11% not the 18%. So, it means that the Governor has to find that extra money to provide to the Retirement and it's not within the 160.1 million. It has to go beyond the 160.1 million. So, somebody has to be cut to comply with that 18%.

President Pete Reyes: So, there's a possibility that the concurrent resolution may be amended?

Senator Maria Frica Pangelinan: I don't know what the House is doing, but to I have a copy of the final draft, I think I provided the committee members copies to look into it.

President Pete Reyes: Maybe just the budget.

Senator Maria Frica Pangelinan: That is just to adopt the revenue ceiling, but the budget means revenue and expenditure and we appropriate right? So, if we are only approving the budget ceiling of revenues, I don't think we should be doing that. We should do the appropriation at the same time. Otherwise, it's going to be as distorted as prior years and we are always going to the question again of who should get more and who should get less and why this one gets less, and how do you find the money.

(CHANGE OF TAPE)

Senator Joseph Mendiola: --- I remembered during the the budget process in the 14th Legislature, we tried to include that as a general fund, but the administration insisted that they're grantees of this loan, so long as they meet the condition of the grant which is specifically for compact-impact they're still within the law. The strategy to do this as Senator Manglona mentioned is to shorten some of the funds from other agencies such as DPS, Public Health, so they can use the 5.some million to meet whatever shortage. The other issue Mr. President, Senate Communication 16-11. I never had the opportunity to brief the members on this issue, but I would like to briefly say for the record that we have created during the end of my period as Senate President, we have created the coalition of outlying Senate Presidents, that it includes Guam, Puerto Rico, Virgin Islands, Alaska, Hawaii, and American Samoa. This coalition is to create a caucus as the letter did not describe what is coalition. We never got to the point of writing a document to set out our mision, but I would encourage Mr. President, that you

communicate with Mr. Senate President Maquin Tuck to expedite the formal formalization of the Presidents of outlying areas. This is a good collision if we are to start addressing issues of common concern for both the non-contiguous states which includes Guam, Hawaii, American Samoa, Puerto Rico, Virgin Islands, and Alaska. As you know, the letter specifically states the shipping of postal services. Anybody who goes into the internet and try to order something, sometimes some of the vendors in the U.S. will label us as international or foreign jurisdiction. These are some of the major issues. It may not be significant, but it will help a lot of our communities and I have faith Mr. President, that working with these guys and trying to come up with common issue, at this point is a good start. Only recently, I found out that there is only Indian Natives, Hawaiian Natives, and Alaskan Natives, that are qualified for federal contracts, and that includes military. So, one of the issues that we've discussed in the later part of December with Senator Calvo is to come up with an amendment, a possible amendment to include Chamorro Natives, because of the impending impact of the relocation of the military to Guam. It would be good Mr. President, if you start communicating with both Senator Calvo and all the other members. We're ready to stand to support you in any issue. So, that's all Mr. President. I'm sorry again that I didn't have the time to brief everybody. It was the later part of December when this thing took place, but it's a good coalition. It's good for us and it's good for the people of the CNMI. Thank you, Mr. President.

Chair recognized Senator Pangelinan.

Senator Maria Frica Pangelinan: Just to further inform Senator Paul--- Also, one issue that we need to discuss and agree on is the earmarking of funds whether to continue or to suspend it. That's 13-24. So, that would have an impact on the current budget. The unpaid holidays was computed at 5.6 Million. So, that's a big shortfall that was not taken into account from the 160.1 million. The reprogramming authority of the Governor again on the 15-71, did that end September 30th?

Senator Joseph Mendiola: Yes.

Senator Maria Frica Pangelinan: So, that's basically what I want to say. And the compact-impact is 5.17 Million. It's going to go to Public Health, PSS, Department of Public Safety, the agencies that are impacted by the compact-impact residents. So, it's going to be a tough fiscal year 2008 budget.

President Pete Reyes: Any further discussion under Miscellaneous?

Chair recognized Senator Manglona.

Senator Paul Manglona: Thank you, Mr. President. I see here a Governor's Message 16-30 and I know this is under Governor's Messages, but there's a related communication from CUC and I just want to point out Mr. President, that we have another nomination for PUC and I hope that the nominee is qualified under the law and that submits all pertinent information required by the committee. Again, I ask for your indulgence in not knowing the latest status as for CUC is concerned. Here is a request by the Governor to repeal 15-94. I just want to comment that again, there is nothing in the law that prevents the agency from increasing rates. They just have to

comply with our PUC law, which requires that the PUC agrees on this rates. So, I guess the message to the Governor is to find qualified people of the Commonwealth who can serve the public under PUC Commission so that we can move forward with these rate charges that they intent to increase. The law allows for rate increases, but only after a fully organized PUC. As we all know, it's more than a year now since that law is passed, and if we're going to entertain a repeal, it is this Legislature then saying that the delay is justified. I think that for many months back at every, almost every session, we have been talking about why isnt PUC organized. So, I believe there is no excuse by this government to further ask for time so that they can organize. I think that we have been doing our job in approving in due time the nomination approval required from this Senate. So, I guess maybe the Chairman of EAGI should communicate to the Governor and say give us the rest of the nominees so we can confirm them and nothing is stopping the administration from working with PUC and getting them up to par on the issues facing PUC and CUC. So, I just wanted to state that for the record Mr. President. Thank you.

President Pete Reyes: Thank you. EAGI, please take note on that.

Senator Paterno Hocog: So noted, Mr. President.

Chair recognized Senator Pangelinan.

Senator Maria Frica Pangelinan: I know Senator Paul was gone, but if you would look further, the Governor is saying exactly the same thing that you're saying. It's just saying, I ask you to repeal 15-94, here is the proposed legislation. If we do not appoint somebody by September 30th, 15-94 would reactivate itself. So, the Governor, evidently have just submitted the last nominee that is needed, and as soon as we confirmed, they are given the 30 days or 60 days to start organizing and look into the CUC issues. So, that would resolve the issue of 15-94, but he is giving us that flexibility promising that PUTC would be organized before September 30th, but if it did not and you passed this law, Public 15-94 would reactive. That's the proposed legislation. I don't know who is going to be willing to introduce it, but if we do already have the nomination, I just saw it that's it's Kimberly Hinds and we confirm that tomorrow. Maybe there is no need to further dwell on CUC issues.

Senator Paul Manglona: But I wonder if the Chairman has received all the papers?

Senator Paterno Hocog: We received it.

Chair recognized Floor Leader Hofschneider.

Floor Leader Jude Hofschneider: Mr. President, I think in the interest of discussion is there are two PUC members that are on Board right now and they just need an additional one, because I havent seen the other two to have a full blown commission, but if there's three, that can be considered a quorum. They can start with their official business. So, I agree with the members to pat along and move on and we entertain the nominees so we can move on with the issues of the rates of the utilities.

Chair recognized Vice President Mendiola.

Vice President Felix Mendiola: I just want to ask the Chairman of EAGI, who is the PUC nominee for Rota?

Senator Paterno Hocog: Well, we haven't received any nominees from Rota. Only this morning I saw the nominee from Tinian.

President Pete Reyes: Any further discussion under miscellaneous?

Chair recognized Floor Leader Hofschneider.

Floor Leader Jude Hofschneider: Mr. President, just to grab the attention of the members on Miscellaneous 16-15 regarding the impact on increase minimum wages that was conducted by the U.S. Department of Labor. Then, there's a subsequent article this morning regarding the Acting Director of Insular Affairs that they'll be visiting the U. S. Congress with the minimum wage issue. I recommend that we get involved with this issue and ask the administration or the leadership of the Legislature to pay close attention to this as it is really an issue that directly affect us here in the CNMI. They even admitted that while data are not (this is directly from the report) available to precisely quantify the impact of the recent wage schedule. Future increases in the minimum wage, it almost guarantees that the current economic decline may be made worse. So, I guess my point is to take a look at it as it to take a look at it as it remains a very significant issue in regards to our situation here in our end.

President Pete Reyes: Thank you. I just want the members to know that the Washington Rep. has communicated with the Senate to make sure that we are apprised of what's going on on this. Thank you.

Floor Leader Jude Hofschneider: Thank you, Mr. President.

Senator Maria Frica Pangelinan: May I ask what's the Washington Rep.'s position?

President Pete Reyes: The Washington Rep. supports the --- discussion we had is basically supporting the report and wanted to make sure that--- so, the Senate have not officially formed a position on this, but the discussion I had appears to me that the Washington Rep. is supporting the report.

Senator Maria Frica Pangelinan: I just find the report very interesting. I did read it. I just wonder if it says that it's justified that it would continue the 50 cents increment, whether the Governor will pick that part where it says we don't have enough time to really asses the impact. The report is just saying that so many people in the states were making over the minimum wage and therefore it's just a statistical comparison. I just wanted to throw that out. If you really read the report, it doesn't have any conclusion.

President Pete Reyes: Thank you. Any further discussion?

Chair recognized Senator Mendiola.

Senator Joseph Mendiola: One last thing, Mr. President. When these guys came over here, the committee that are doing the study, I wrote to them specifically to look at the economies of Tinian and Rota. Unfortunately, they never went down there. They never even consulted any business community both from Rota and Tinian, because the economy of scale is totally different both for Rota and Tinian. I am very disappointed that this report came out and addressed the CNMI as a whole, where Tinian and Rota were not taken into consideration. Everybody knows that at this point in time, especially Rota. You go down there, the car rentals are all fully parked at the airport. You go to the hotels, it's about 5% occupancy on an average day. So, I'm very disappointed with these people who come over here and make this study and never even take the time or opportunity to at least talk to the Delegation of Rota or Delegation of Tinian to be concerned of the other islands here in the CNMI. I believe this report is inaccurate and it's not a true picture of the entire CNMI. It may be a true picture of Saipan, but it is not a true picture of the CNMI. So, just for the record Mr. President, I am stating my disappointment on this report and I believe there's a fallacy in this report, because it's saying study of the economies of American Samoa and the Commonwealth of the Northern Mariana Islands. It is not the Commonwealth of the Northern Mariana Islands, it is CNMI representing Saipan study only. That's all, Mr. President. I have a letter that I'll be sending a copy to each member objecting to this study and it's inaccuracy. Thank you.

President Pete Reyes: Thank you. Any further discussion?

Chair recognized Senator Manglona.

Senator Paul Manglona: Mr. President, just to give a little good news out in this session. Senator Felix, Senator Paterno, Congressman Victor, and I, as well as Congressman Tebuteb and the Governor just came back from Japan yesterday. You probably read in the paper that there'll be direct flights to Rota and that would start on April 26. I just want to thank this body for their support. I know that we passed the \$800,000 to support these charter flights and this tour company, seeing the support from the Legislature, is really a critical part of this decision to move forward. It's already a final decision. They have made the announcement and we're just looking forward. We'll just ask that should there be further assistance that they require that we continue to get the kind of support that we've been getting. So, I just want to thank the Tinian and Saipan Delegation for the support they have given us. Thank you, Mr. President.

Chair recognized Floor Leader Hofschneider.

Floor Leader Jude Hofschneider: That's it on miscellaneous, Mr. President.

President Pete Reyes: Okay. If there's none. Floor Leader, motion to adjourn.

ANNOUNCEMENT:

Floor Leader Jude Hofschneider: Mr. President, I was just referring to the agenda on Item P announcement. I would just like to share something with the members before we adjourn. Can you allow me to go ahead? I know the last session we discussed some issues regarding the

Farallon De Mendeniza and the military movement from Japan into the region and I went ahead and took the initiative to invite the Executive Director a retired two star general of the US Marines, David Bice and they accepted the invitation to come here. I'm just letting everybody know that they'll be here tomorrow at 8:30 a.m. to give us an update of what's going on and it would be an opportunity for us to ask questions that's related to the subject matter. So, again Mr. President, tomorrow at 8:30 a.m. here in the Senate Chamber, and I invite all the members. That's it. Thank you.

President Pete Reyes: Thank you. Just so the members also know, the Director of CUC came over and we had a short discussion on some of the presentation that he requested. They'll be making a presentation to the House I believe on the 12th or the 14th, I will get that information to the members. Maybe the day after they will make their presentation to the Senate. So, I'll be circulating a notice to the members so that they'll be aware. This is very important. I ask the members to please be present. Thank you. Floor Leader, now for motion to adjourn.

Senator Maria Frica Pangelinan: Mr. President, before you adjourn. Now that you brought up the CUC, it is really an issue and it's a big problem. So, the meeting with that the Executive Director will hopefully enlighten us on some of the accomplishment that the Governor did during his emergency power.

President Pete Reyes: We can request that that'd be a report on at least the period where they are under emergency declaration.

Senator Maria Frica Pangelinan: Thank you.

Floor Leader Jude Hofschneider: I so move, Mr. President to adjourn the session subject to the call of the Chair.

Several members seconded the motion.

Those in favor of the motion say, "aye".

Several members voiced, "aye".

Those not in favor say, "nay".

Motion was carried by voice vote.

President Pete Reyes: This session is hereby adjourned.

ADJOURNMENT

The Senate Session adjourned **12:05** pm.

Respectfully submitted,

/s/

Lauren T. Duenas, Journal Clerk
The Senate

Reviewed by,

/s/

Thomas Villagomez/George Camacho
Senate Legislative Assistant