

SIXTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE  
TENTH SPECIAL SESSION, 1988

FIRST DAY

Friday, July 22, 1988

The Senate of the Sixth Northern Marianas Commonwealth Legislature, Tenth Special Session, 1988, First Day, was called to order at 9:33 a.m.

The Honorable Benjamin T. Manglona, President, presided.

A moment of silent prayer was observed.

The Senate Clerk called the roll. Seven members were present. Senators \*Herman R. Guerrero and Joseph S. Inos were absent. (\*Senator Herman R. Guerrero came in at 10:43 a.m.)

President Manglona: We have established the necessary quorum. Let us now proceed with our session. Our Floor Leader is not here, therefore, if no objection from members of the Senate, I would like to appoint Senator Babauta to be the Acting Floor Leader. Is there any objection? (The members replied "no objection" in unison.)

READING AND APPROVAL OF THE JOURNALS

Acting Floor Leader Babauta moved to suspend the Reading and Approval of the Journals. There were several seconds to the motion, and the motion carried by voice vote.

The Chair recognized Senator Villagomez.

Senator Villagomez: Mr. President, may I have a copy of the Order of Business for today?

President Manglona: Will the Senate Clerk please provide Chairman Villagomez a copy of the Order of Business? I'm sorry, Chairman Villagomez, for the inconvenience. Let us continue.

MESSAGES FROM THE GOVERNOR

No. 6-13: Informing the Senate that he has signed into law as Public Law No. 6-5 on June 22, 1988, House Bill No. 6-37, H.D.2, S.D.2, Comm. Subst. 1, entitled: "To make appropriations for certain operations and personnel of the Government of the Commonwealth of the Northern Mariana Islands for the Fiscal Year ending September 30, 1988, and to identify resources available for appropriations in FY '88; and for other purposes."

No. 6-14: Informing the Senate that he has signed into law as Public Law No. 6-6 on July 12, 1988, Senate Bill No. 6-44, S.D.1, H.D.1, entitled: "To amend 2 CMC §4333(e) regarding the priorities for the issuance of a permit for a village homestead lot, and for other purposes."

REPORTS AND COMMUNICATIONS FROM HEADS OF DEPARTMENTS

None

HOUSE COMMUNICATIONS

No. 6-53: Transmitting a certified copy of House Resolution No. 6-21, entitled: "A House Resolution Expressing profound sympathies to the family and friends of Jose Castro Guerrero, 'Mr. Baseball', on the untimely passing of this dedicated public servant and long time supporter of organized sports in our region and to recognize Joe's many contributions to sports in the Commonwealth of the Northern Mariana Islands."

No. 6-54: Returning Senate Bill No. 6-1, S.D.3, H.D.1, entitled: "A Bill For An Act To repeal P. L. 3-43 to conform to Constitutional Amendment No. 38; to provide for an elected Board of Education; to establish an autonomous education system in the Northern Marianas; and for other purposes.", with House amendment.

WASHINGTON REPRESENTATIVE'S COMMUNICATIONS

None

STANDING COMMITTEE REPORTS

Standing Committee Report No. 6-73, from the Committee on Health, Education, Welfare and Programs, reporting on S. B. No. 6-104, entitled: "A Bill For An Act To add a new Section 2607 to Title 1, Division 2, 1 CMC, providing for a Commonwealth Solid Waste Management and Disposal Act of 1988; to amend 1 CMC, Section 2605(x); and for other purposes.", for adoption.

Acting Floor Leader Babauta moved for its adoption, seconded by Vice President Mafnas; and the motion carried by voice vote.

Standing Committee Report No. 6-74, from the Committee on Health, Education, Welfare and Programs, reporting on S.B. No. 6-112, entitled: "A Bill For An Act To establish a Commonwealth Health Trust Fund which will provide a health benefits plan for Government employees and retirees; to require alien workers to initially participate in the Commonwealth Health Trust Fund; to provide for indigent residents to participate in the Commonwealth Health Trust Fund; to allow for voluntary participation in the Commonwealth Health Trust Fund by private sector employees and other residents; and for other purposes.", for adoption.

Acting Floor Leader Babauta moved for its adoption, seconded by Vice President Mafnas.

The Chair recognized Senator J. Guerrero.

Senator J. Guerrero: Can we just suspend discussion and action on this until we get the committee report?

President Manglona: Is there any standing committee report, Floor Leader Babauta?

Acting Floor Leader Babauta: I understand it's being xeroxed, Mr. President.

The Chair called for a short recess at 9:38 a.m.

RECESS

The Senate reconvened at 9:40 a.m.

President Manglona: Let us reconvene our session. There was a concern raised by Senator Guerrero, J. His concern is about the committee report. Now, I would like to recognize the Floor Leader, Senator Babauta.

Acting Floor Leader Babauta: Thank you, Mr. President. At the suggestion of Senator Guerrero, J., due to the committee report not being available at this point, I would like to recommend that we move on to our agenda until such time the committee report for Senate Bill No. 6-112 becomes available.

President Manglona: Please proceed, Floor Leader Babauta.

Acting Floor Leader Babauta: Thank you.

Standing Committee Report No. 6-75, from the Committee on Executive Appointments and Governmental Investigations, reporting on the Governor's appointment of Mr. Thomas Picarro to serve as a member of the Board of Directors of the Commonwealth Utilities Corporation, for adoption and confirmation.

Acting Floor Leader Babauta moved for its adoption and confirmation of Mr. Thomas Picarro. There were several seconds to the motion.

There being no discussion, the Senate Clerk called the roll with the following result:

Senator Juan N. Babauta

Aye



The Chair recognized Senator J. Guerrero.

Senator J. Guerrero: Mr. President, I just got the copy of the bill this morning. I would like to ask a question on the bill. I would like to ask the Chairman of the Committee if the bill identifies an alternate site for the replacement of the old dump?

The Chair recognized Chairman Babauta.

Chairman Babauta: Thank you, Mr. President. The bill, in the committee report, identifies three potential sites that have been recommended by a consulting firm that was hired by the Division of Environmental Quality. And out of the three, the consultants further recommended two final sites one of which has been tentatively decided by the Division of Environmental Quality as the number one site. And that is the Marpi Quarry at the northern part of the island. The second best site identified by the consultants is the Marpi Depression Area; and the third is the Ubyan Airfield Taxi Way.

Senator J. Guerrero: Does the bill mandate immediate relocation?

Chairman Babauta: Yes, it does.

Senator J. Guerrero: Would it prohibit any further burning of refuse?

Chairman Babauta: If the bill, Mr. President, proposes that at some point in time that the solid waste disposal be of under sanitary landfill, that means that the solid waste disposal be of under sanitary landfill, that means that the solid waste be covered by dirt and thus burning shall not be permitted. The bill, at this point, does not prohibit burning of solid waste -- open burning, that is.

Senator J. Guerrero: What provision in this bill does it include -- safeguard where penalties will be imposed on dumping of trash in areas aside from the designated areas? Whose responsibility is it going to be to monitor those dump sites?

Chairman Babauta: The responsibility of the operation and management of the solid waste disposal rests with the Department of Public Works and Public Works is vested the authority to impose penalties for violations of any dumping taking place other than that designated by the bill.

Senator J. Guerrero: Are they granted that power to cite violators?

Chairman Babauta: I believe it does give them that authority.

Senator J. Guerrero: I notice here on page 2, line 20, it says, "The Department of Public Health and Environmental Services...shall be empowered to: monitor and enforce solid waste collection...". Is that the duplication of power granted to Public Works? What is the distinction?

Chairman Babauta: No. There are two distinct functions involved here. One is for the Department of Public Works to do the actual management and operation of solid waste. The Division of Environmental Quality is merely to monitor that such management and operation is taking place in an orderly fashion and that it is not health hazard to the public.

Senator J. Guerrero: Mr. President, I would like to suggest and I agree with the Chairman that management is not in the bill where it grants the general authority. I believe that it should have general control and management to provide a clear distinction between the Environmental Services and Public Works. Who actually has the responsibility in the control and management of the refuse?

President Manglona: Let me make a brief comment on the concern raised by Senator Guerrero, J. I would like to recommend to you, Senator Guerrero, J., that you can coordinate with the Chairman and see if he can come up with a language to consider your concern prior to the Second and Final Reading of the bill.

There being no further discussion, the motion to pass Senate Bill No. 6-104, S.D.1 passed the Senate on First Reading.

Acting Floor Leader Babauta: With the consent of the members, if we may go back to item (g) on our Order of Business.

President Manglona: May I ask the unanimous consent of the members if we may go back to line item (g) on our Order of Business? (Pause) We are now on item (g), Standing Committee Reports.

STANDING COMMITTEE REPORTS

Standing Committee Report No. 6-74, from the Committee on Health, Education and Welfare, reporting on Senate Bill No. 6-112, entitled: "A Bill For An Act To establish a Commonwealth Health Trust Fund which will provide a health benefits plan for Government employees and retirees; to require alien workers to initially participate in the Commonwealth Health Trust Fund; to provide for indigent residents to participate in the Commonwealth Health Trust Fund; to allow for voluntary participation in the Commonwealth Health Trust Fund by private sector employees and other resident; and for other purposes.", for adoption.

Acting Floor Leader Babauta moved for its adoption. There were several seconds to the motion.

The Chair recognized Senator J. Guerrero.

Senator J. Guerrero: Mr. President, a few months ago we passed a mandatory health insurance. I would like to ask the Chairman of this committee to kindly brief us as to the distinction between the two?

Chairman Babauta: Mr. President, I believe Senator Guerrero is referring to Senate Bill No. 6-9. That is the health insurance bill which I have introduced earlier. That bill proposes that an autonomous government agency be created to administer the health insurance program. This bill, Senate Bill No. 6-112, proposed that rather than creating an autonomous agency which a lot of our members objected to that the program be administered by the Retirement Fund Program. That is basically the difference. There are some specific, other differences but they are minor. But that is the biggest difference between the two bills.

President Manglona: Continue, Senator Guerrero, J.

Senator J. Guerrero: With this Health Trust Fund, what is the fiscal impact of the government?

Chairman Babauta: The fiscal impact has not been determined exactly. It proposes that this program, once it is initiated, to make the operation of the Commonwealth Health Center viable, thus break even at some point in the future with payments going into the hospital for services rendered. The bill proposes that premiums paid by employees be shared by the government. That portion of the government's share has yet to be calculated out in detail, Mr. President.

Senator J. Guerrero: Mr. President, I will reserve further questions until we get to the bill.

There being no further discussions, the motion to adopt Standing Committee Report No. 6-74 was voted on and carried.

President Manglona: We have completed the adoption of the standing committee reports. If there is no objection from members of the Senate, I would like to ask for your unanimous consent so that we may go to line item (k) on our Order of Business. (The members replied "no objection" in unison.)

BILL CALENDAR

S. B. No. 6-112, S.D.1: "A Bill for An Act to establish a Commonwealth Health Trust Fund which will provide a health benefits plan for Government employees and retirees; to require alien workers to initially participate in the Commonwealth Health Trust Fund; to provide for indigent residents to participate in the Commonwealth Health

Trust Fund; to allow for voluntary participation in the Commonwealth Health Trust Fund by private sector employees and other residents; and for other purposes.", for First Reading.

Acting Floor Leader Babauta: Mr. President, at this time we are still under First Reading. And the next bill for action is Senate Bill No. 6-112, S.D.1. I move at this time for passage of Senate Bill No. 6-112, S.D.1, regarding the Commonwealth Health Trust Fund.

Vice President Mafnas seconded the motion.

The Chair recognized Senator J. Guerrero.

Senator J. Guerrero: In line with the questions I asked earlier, again, this is the first time I saw the bill in its final form. I hope that Senator Babauta doesn't mind, but is the government contributing in the matching basis on this health trust fund? Or is it just direct government contribution?

Chairman Babauta: The bill, Mr. President, proposed that the government contribute a portion of the premium to be paid by the employees. That portion is not determined in the bill. It is left out to the decision of the board based on the financial condition as they exist -- as they would exist at that point in time.

Senator J. Guerrero: But there is no percentage inserted as to how much -- what is the flexibility? Is it 50 percent?

Chairman Babauta: It proposes that initially at least 50 percent can be contributed by the employee and 50 percent by the government or lessening that percentage either way depending on the financial condition and viability and constraint on the part of the government as well as the employee.

Senator J. Guerrero: The bill also addresses to require alien workers to initially participate. Who will be paying for the alien workers? The employer?

Chairman Babauta: The bill again proposes that the employers be responsible for obtaining health insurance for its alien employee, however, there is nothing to prevent the individual alien worker from purchasing health policy from the program.

Senator J. Guerrero: The policy, I would assume, is 100 percent has to be paid.

Chairman Babauta: To be paid by either the employee himself or herself or share a portion of that by the employer.

Senator J. Guerrero: Again, this Health Trust Fund, just to get it clear, this is an insurance coverage?

Chairman Babauta: Yes.

Senator J. Guerrero: Thank you.

The motion to pass Senate Bill No. 6-112, S.D.1 on First Reading passed the Senate by voice vote.

The Chair recognized Acting Floor Leader Babauta.

Acting Floor Leader Babauta: Thank you, Mr. President. On our Bill Calendar for Second Reading, Mr. President, we have a bill for recall from the Governor's office in view of the Governor's Assistant communication to me earlier this week that the Governor has reservations in signing this bill and if not corrected by the Legislature that he would probably veto it. So as I have called to your attention earlier regarding this bill, I think that it is best that the Legislature, in this case the Senate since the bill originated from the Senate, be recalled so that we correct the concern raised by the Governor. So at this point, Mr. President, I would like to -- before recalling the bill just explain what the Governor's concern is. It's a citation which in the opinion of the Attorney General was incorrectly cited and on page 2, line 2 of the bill it was

suggested that the words "Section 7303" be inserted in lieu of "Section 7301". That is the correction that the Governor wanted to have made. And I would like at this point, Mr. President, to move that Senate Bill No. 6-6, H.D.1 be recalled from the Governor.

Senator H. Guerrero seconded the motion.

The Chair recognized Vice President Mafnas.

Vice President Mafnas: What actually is the concern of the Governor?

Acting Floor Leader Babauta: The Governor is concern that Section 7301, as identified in line 3, is not the section that the bill is dealing with and thus the subject matter that is being amended in the proposed bill does not correspond with the existing law. And that to correct the matter, the appropriate Section to be included in the bill is Section 7303 rather than 7301.

Vice President Mafnas: In other words, we merely cited the wrong section.

Acting Floor Leader Babauta: That is the opinion of the Attorney General's office.

There being no further discussions, the Senate Clerk called the roll with the following result:

Senator Juan W. Babauta	Aye
Senator Herman R. Guerrero	Aye
Senator Juan T. Guerrero	Aye
Senator Joseph S. Inos	Absent
Senator Jose P. Mafnas	Aye
Senator Herman M. Manglona	Aye
Senator Paul A. Manglona	Aye
Senator Manuel P. Villagomez	Aye
President Benjamin T. Manglona	Aye

The motion to recall Senate Bill No. 6-6, H.D.1 from the Governor passed the Senate with a roll call vote of eight "ayes". Senate Bill No. 6-6, H.D.1 is being recalled from the Governor.

The Chair declared a recess at 10:03 a.m.

RECESS

The Senate reconvened at 10:40 a.m.

(Vice President Mafnas, Senator H. Manglona, and Senator Villagomez were excused.)

President Manglona: Let us resume our special session. A short recess was called by the Chair in order to communicate with the Governor pertaining to the recall of Senate Bill No. 6-6, H.D.1. We just received a letter from the Governor returning Senate Bill No. 6-6, H.D.1. We are still deliberating on the bill. Is there any further discussion, Floor Leader?

Acting Floor Leader Babauta: On Senate Bill No. 6-6, Mr. President?

President Manglona: Yes. Do you wish to make the necessary motion for your amendment?

Acting Floor Leader Babauta: Yes, Mr. President. With the unanimous consent of the members present, I would like to move that we waive all pertinent Rules and Procedures of the Senate in order that we may calendar Senate Bill No. 6-6, H.D.1 on our Bill Calendar for Second Reading. (The members replied "no objection".)

S. B. No. 6-6, H.D.1: "A Bill For An Act To provide for exemption to the five year compliance statute of 4 CMC, Section 7301(b)(1)(E), to amend and renumber 4 CMC, Section 7301(b)(2), to add a new 4 CMC, Section 7301(b)(2), and for other purposes."  
(S.B. No. 6-6, H.D.1 was recalled from the Governor to correct some technical errors.)

The Chair recognized Acting Floor Leader Babauta.

Acting Floor Leader Babauta: Thank you, Mr. President. I would like to further move for an amendment to Senate Bill No. 6-6, H.D.1, in order that we accommodate and correct the technical error as pointed out by the Governor on Senate Bill No. 6-6. The motion shall read that on page 2, line 2 reference to Section 7301(a), that Section should read "Section 7303(a), (f), and (g)". I move for the floor amendment.

Senator H. Guerrero seconded the motion.

The Chair recognized Senator H. Guerrero.

Senator H. Guerrero: The amendment, as offered, Mr. President, is a written amendment. I want to find out whether on the written amendment, we strike out or just the Section 7303.

Acting Floor Leader Babauta: That is correct, Mr. President. The words "just Section 7303" be stricken out and the amendment as offered should only read in the bill to replace "Section 7301(a)" with "Section 7303(a), (f), and (g)".

President Manglona: Is the amendment clear?

Senator H. Guerrero: That's clear.

There being no further discussions, the proposed amendment as offered by Acting Floor Leader Babauta was voted on and adopted. Senate Bill No. 6-6, H.D.1 now becomes Senate Bill No. 6-6, H.D.1, S.D.1.

The Chair recognized Senator J. Guerrero.

Senator J. Guerrero: Mr. President, I would like to offer a separate amendment. I passed out copies to all the members. This is on Senate Bill No. 6-6, H.D.1, as amended. On the same page -- page 2, line 21 add a new subsection (d) to read, "(d) and provided, further, that to qualify for exemption from the five year provision of Section 7301(b) (1)(E), the home jurisdiction of a foreign based insurer must offer reciprocal treatment to CNMI domestic insurers wishing to do insurance business in the home jurisdiction of the foreign based insurer." That's the floor amendment.

The motion was seconded by Acting Floor Leader Babauta.

Senator J. Guerrero: Mr. President, I just would like to mention something about the floor amendment that I just offered. I believe the Commonwealth Government should come up with a policy direction -- and I have no objection granting the exemption to foreign based insurance provided, however, that the CNMI companies should be provided the same privilege in the same manner as we are giving them the privilege to conduct business here in the Commonwealth. That basically should be the policy direction that the Commonwealth should look at in granting amendments to our public law. Thank you.

The Chair recognized Senator H. Guerrero.

Senator H. Guerrero: I just want to ask him to explain the purpose of this bill. There is one thing that I want to find out as you pointed out, under the current law and under Senate Bill No. 6-6, the one that we just recalled. Is it the intent of this bill to protect the insurance companies other than non-CNMI that are operating here?

President Manglona: Can somebody respond to the question raised by Senator Guerrero, H.?

Senator J. Guerrero: Can he be more specific?

Senator H. Guerrero: He mentioned that the amendment he is putting in under subsection (d) is to provide for the same kind of protection to local insurance companies.

Senator J. Guerrero: It is not just a matter of protection. It's a matter, practically, of requesting for a reciprocity arrangement between our government and the Government of Guam. I had touched bases with some of the Senators regarding this proposed bill and they do agree that the concept should be developed. What's good for us should be good for them.

Senator H. Guerrero: Right now, the way this bill is written, it only provides for special treatment for outsiders.

Senator J. Guerrero: I believe, Mr. President, the amendment or the nature of this bill or the real intent of the bill is to basically amend the law to make it less stringent on our part.

Senator H. Guerrero: Less stringent on the part of the local insurers?

Senator J. Guerrero: No, on the local law -- the Commonwealth law. In other words, the present law provides that in order for a foreign based insurance company to conduct business in the Commonwealth, they must demonstrate that they have 5 years experience and financial capability on that regards before they can be granted license to conduct business here in the Commonwealth. So the primary intent of the bill is to make it less restrictive in terms that it is not going to be 5 years anymore. It is going to be one year and these are the conditions. They must have good character, financial responsibility, business experience, and so forth, as stated in (a)(b)(c)(d) of the new bill.

Senator H. Guerrero: So the amendment that you are providing is to make sure that local insurance companies are treated the same.

Senator J. Guerrero: Not necessarily to ensure but to provide the language that they must have recognized that this arrangement should be based on reciprocity.

Senator H. Guerrero: I just want to find out something, Mr. President -- this is just technical and maybe has no meaning at all, but I just want to raise it. Senate Bill No. 6-6, H.D.1 is recalled by the Senate. Now, the Senate is deliberating on the recalled bill and submitting amendments. Doesn't this now require to go back to the House?

President Manglona: Yes. It will require the House's approval before it is transmitted back to the Governor.

Senator H. Guerrero: Okay, thank you.

The Chair recognized Senator P. Manglona.

Senator P. Manglona: Mr. President, may I ask the sponsor of the bill, Senator Babauta, to explain basically, again, what is the purpose of Senate Bill No. 6-6?

Acting Floor Leader Babauta: Under the current law, Mr. President, the requirement is imposed on outside companies to have at least 5 years experience in insurance business here in the Commonwealth before being issued out a certificate of authority to do business. And the bill intends to lessen that five years to one year provided that they meet certain conditions which have been posed by the House of Representatives, which I fully support. And one of those is that the applicant will have to show evidence of good character, financial responsibility, and business experience of its management to the Commissioner of Insurance. And secondly, before, again, being issued the one year certificate that the applicant will be required to provide the Commissioner of Insurance evidence that the insurer has at least \$350,000 held in the Commonwealth continuously available for payment of claims just to demonstrate the viability and stability of the company financially. The third provision that was added that at least 40 percent of the company be locally -- rather the company employs at least 40 percent of the workforce before a certificate is handed to the company. This 40 percent local can be either local persons or U.S. citizens. So if the company can meet all of these requirements the one year certificate is authorized for issuance by the Commissioner of Insurance, lessening the five year requirement. The purpose for amending this is that the 5 year compliance is as much too long for a legitimate company to do business here thus giving it an earlier chance to do business.

Senator P. Manglona: Can I continue with the Chairman? So a legitimate company -- a legitimate insurance company...

President Manglona: Chairman Manglona, P., I would permit you to continue, however, I would like to say that we are now discussing the motion offered by Senator Guerrero, J.

Senator P. Manglona: I understand that, Mr. President, and this is all in line. So a legitimate company can be -- this will be a general agent in the Commonwealth, right? And they can represent a foreign insurance company?

Acting Floor Leader Babauta: That is my understanding.

Senator P. Manglona: So this amendment basically as it is now, without the proposed amendment, would accommodate local as well as foreign insurance company. Can I ask how many local and how many foreign insurance companies will be affected by this per your public hearing or per your discussion on the bill?

Acting Floor Leader Babauta: I do not know the number, Mr. President.

Senator P. Manglona: So why are we entertaining this bill if you don't know who it is going to affect?

Acting Floor Leader Babauta: It is a request from a local company.

Senator J. Guerrero: I believe there is an applicant, the National Pacific Insurance, which is organized out of Guam. They have been in operation basically a little bit over a year. Their operation on Guam -- I know I'm out of subject, Mr. President, but can I...?

President Manglona: Please explain, Senator Guerrero, J.

Senator J. Guerrero: The formation of the company includes shareholders from Guam and the Commonwealth. The company is what you would probably consider in Guam to be a domestic insurance company and they have passed their one year anniversary and they are very aggressive according to their financial statement. The company managed to be so profitable. They have submitted their application with the Commissioner of Insurance here at the Commerce and Labor and they have been denied because they haven't practiced or opened their door for a period of five years. In order for them to qualify to come in to Saipan and provide insurance coverage at a more competitive basis that this section has to be waived or amended so that they can qualify. So the real reason is not only for NPI to come in but also to attract more insurance companies to come in to the Commonwealth so that we have better competitive rates in insurance structure, thereby providing better premium to the people of the Commonwealth.

Senator P. Manglona: If Pacifica Insurance were to just start operating last year, let's say they have never operated before, will they fall under the category of a foreign owned company?

Senator J. Guerrero: Pacifica Insurance now as it stands is a corporation of the Commonwealth, however, Pacifica Insurance is not a domestic insurance company as provided in our public law. Pacifica Insurance basically represents Tokyo Marine and Pacific Guardian Insurance out of Honolulu. Tokyo Marine is one of the largest insurance companies in Tokyo, Japan. It's all over the world. So the relationship between Pacifica Insurance is that Pacifica Insurance is a general agency. It does not write its own policy, unlike NPI. They write their own policy, and they go out and reinsure their policy with a second party like Chanko Insurance out of Korea. And they insure their policy like 70, 30, or 50/50 depending on the type and nature of insurance coverage.

Senator P. Manglona: So if Pacifica were to open last year, do they have to comply with the 5 year requirement?

Senator J. Guerrero: If Pacifica now were to reincorporate under a domestic insurance all they have to do is put up \$100,000 and they will be in business to do bonding. Again, our public law stipulates that a principal insurance company cannot be a life insurance and carry the other lines, like auto insurance and so forth. So for every line they can put in \$100,000 and they will be qualified for those lines of insurance policies.

President Manglona: Again, the Chair wishes to remind members of the Senate that we are discussing the amendment offered by Senator Guerrero, J. Please restrict your discussion on the amendment.

Senator P. Manglona: So sticking to the amendment, then if Pacifica were a new company, with your amendment, since they represent Tokyo Marine they will not qualify under this exemption?

Senator J. Guerrero: They won't qualify, but if they incorporate as a domestic insurance they don't have to follow this. They are authorized to conduct business.

Senator P. Manglona: Okay. Thank you. That's all.

The Chair recognized Senator H. Guerrero.

Senator H. Guerrero: On the amendment, I still would like my colleague from Saipan to elaborate further on the amendment and explain what he meant by saying, "...the home jurisdiction of a foreign based insurer must offer reciprocal treatment to CNMI domestic insurers wishing to do insurance business in the home jurisdiction of the foreign based insurer." Can he just explain this to the members?

Senator J. Guerrero: When I mentioned foreign based insurer, it reflects actually like in Guam, NPI is considered a foreign based insurer. So for purposes of clarification on this amendment is that the foreign based -- the Government of Guam must recognize that we want the same arrangement. If JTS, one of the domestic insurance companies here, should wish to go to Guam they should be extended the same courtesy. In other words, they don't have to wait for 5 years to conduct business by the same procedures that we are setting now with this bill. I hope I explain your concern.

Senator H. Guerrero: I think it is a good provision. Thank you, Mr. President.

The Chair called for a short recess at 11:02 a.m.

RECESS

The Senate reconvened at 11:04 a.m.

President Manglona: Let us resume with our session. A short recess was called by the Chair in order to clarify some procedural matter. We are still discussing the amendment offered by Senator Guerrero, J.

There being no further discussions, the motion was voted on and the amendment offered by Senator J. Guerrero was adopted. Senate Bill No. 6-6, H.D.1, S.D.1 now becomes Senate Bill No. 6-6, H.D.1, S.D.2.

The Senate Clerk called the roll for voting with the following result:

Senator Juan N. Babauta	Aye
Senator Herman R. Guerrero	Aye
Senator Juan I. Guerrero	Aye
Senator Joseph S. Inos	Absent
Senator Jose P. Mafnas	Excused
Senator Herman M. Manglona	Excused
Senator Paul A. Manglona	Aye
Senator Manuel P. Villagomez	Excused
President Benjamin T. Manglona	Aye

Senate Bill No. 6-6, H.D.1, S.D.2, which was recalled from the Governor, passed the Senate on Second Reading by a roll call vote of five "ayes".

The Chair recognized Acting Floor Leader Babauta.

Acting Floor Leader Babauta: Mr. President, I move for passage of Senate Bill No. 6-1, S.D.3, H.D.5 -- if I may modify my motion. My motion is to read, I move for the acceptance of Senate Bill No. 6-1, S.D.3, H.D.5, as amended by the House.

Senators P. Manglona and H. Guerrero seconded the motion.

S. B. No. 6-1, S.D.3, H.D.5: "A Bill For An Act To repeal P. L. 3-43 to conform to Constitutional Amendment No. 38; to provide for an elected Board of Education; to establish an autonomous education system in the Northern Marianas; and for other purposes.", for acceptance of House amendment.

The Chair recognized Senator P. Manglona.

Senator P. Manglona: Mr. President, I have a problem with the amendment from the House. This concerns the amendment on page 12. They removed subsection (3). I guess this is one of the criteria in which the Board will be selecting a commissioner. May I ask the Chairman what then will happen of the present commissioner once this bill becomes a law, because I believe he is not qualified under subsection (1)?

President Manglona: Chairman Babauta, do you wish to respond to the concern raised by Senator Manglona, P.?

Chairman Babauta: Can I ask Senator Manglona, P., to cite the specific section?

Senator P. Manglona: Yes. It's on page 12, line 26. That has all been deleted. Going over to page 13, this is on the qualification for a commissioner.

The Chair called for a short recess at 11:08 a.m.

RECESS

The Senate reconvened at 11:10 a.m.

President Manglona: Let us reconvene with our session. We are still discussing Senate Bill 6-1, S.D.3, H.D.5. Do you wish to continue Chairman Babauta in respond to the question raised by Senator Manglona, P.?

Chairman Babauta: Yes, Mr. President. Thanks to the assistance of Senator Guerrero, J. I think the concern raised by Senator Manglona, Paul in terms of his concern with Henry's status once this bill becomes law, the present Commissioner of Education will not be affected by this since he does meet the qualifications set forth in this bill.

The Chair recognized Senator J. Guerrero.

Senator J. Guerrero: I have a concern and I would like to mention that the bill does not discuss about procurement and the Board should promulgate procurement relations. But in my discussion with the Chairman, there are administrative amendments in the budget bill where since there will be funds appropriated to the public school system that we can place emphasis that they must adhere to the procurement regulations presently in effect, unless they come up with their own proposed procurement regulations.

There being no further discussions, the Senate Clerk called the roll with the following result:

Senator Juan N. Babauta	Aye
Senator Herman R. Guerrero	Aye
Senator Juan T. Guerrero	Aye
Senator Joseph S. Inos	Absent
Senator Jose P. Mafnas	Excused
Senator Herman M. Manglona	Excused
Senator Paul A. Manglona	Aye
Senator Manuel P. Villagomez	Excused
President Benjamin T. Manglona	Aye

The motion to accept the House amendment to Senate Bill No. 6-1, S.D.3, H.D.5 passed the Senate with a roll call vote of five "ayes".

RESOLUTION CALENDAR

S. R. No. 6-12: "A Senate Resolution Expressing sympathy with the family of the late Senator John F. Quan of Guam and eulogizing his lifetime accomplishment.", for adoption.

Acting Floor Leader Babauta moved for its adoption. Senator H. Guerrero seconded the motion, and the motion carried by voice vote.

H. J. R. No. 6-3: "A House Joint Resolution To authorize the Commonwealth Development Authority to make application to and to enter into a loan agreement with the Farmers Home Administration, U.S. Department of Agriculture, for the purpose of obtaining \$6,000,000 of financial assistance for the development and construction of the proposed cultural and performing arts center.", for adoption.

Acting Floor Leader Babauta moved for its adoption. There were several seconds to the motion.

The Chair recognized Senator P. Manglona.

Senator P. Manglona: Mr. President, there is really no objection to this resolution, however, I would like to propose an amendment raised by several members from the First and Second Senatorial Districts. I guess they are concerned because of the very little CIP bond money that they have and they are worried that any potential liability from this loan might expose their CIP bond money. They have come up with the following language to be placed on line 30 of page 2, after the word "obligation", the following words should be placed there: "from the Third Senatorial District's share of the bond proceeds".

President Manglona: Is that a motion?

Senator P. Manglona: Yes. I would like to move for this amendment.

Acting Floor Leader Babauta seconded the motion.

President Manglona: Before we vote on the proposed amendment offered by Senator Manglona, P., I would like to ask the unanimous consent of the Senate to suspend all pertinent Rules of the Senate in order for Senator Manglona, P., to make his amendment. (The members replied "no objection" in unison.)

The Chair recognized Senator J. Guerrero.

Senator J. Guerrero: Mr. President, I don't think it is necessary to amend this because under the bond money, unless the First and Second Senatorial Districts Senators or Representatives agreed -- in other words, the only way we can encumber the money is for those respective Senatorial Delegations approving the way the funds should be expended under the seven year plan. So basically, I don't think that this money will come out from the Senatorial District of Tinian or Rota, because you, as a Senator, has to approve. Specifically, when we granted the money the arbitrage, we all agreed prior to its issuance that each Senatorial District can be the only respective members to approve for the projects to their own respective Senatorial District. So I don't see this money would really come out of Tinian and Rota. But I have no objection other than that.

The Chair recognized Acting Floor Leader Babauta.

Acting Floor Leader Babauta: Thank you, Mr. President. Mr. President, I want to go on record that I'm supporting House Joint Resolution No. 6-3 and I would vote in favor of this resolution. I do, however, want to raise some concerns on the commitment on our government to borrow \$6 million from the Farmers Home Administration under the Department of Agriculture. In view of the fact that we have been committing our resources here in the Commonwealth, we have put up a \$140 million bond issue. We have put up our financial assistance money arrangement with the United States as collateral. And I frankly cannot and do not know, Mr. President, how are we going to be able to pay this \$6 million back to Farmers Home once we borrow it. It was stated in discussions with the members of the House and earlier discussions here in the Senate when we first entertained this resolution that the performing arts center will be able to generate revenue for repayment of the loan. I have obtained information from key individuals that although there will be fees imposed on the use of the center that they won't be enough, however, to generate revenue for repayment of the loan. So my concern here, Mr. President, is that if the generation of revenue in the use of this center is not enough and that if we default on our loan then we would have another

liability of \$6 million being posed on the resources and the assets of this government. I do not have a clear picture of just how much lending power or borrowing power we do have left with all the commitments that we have been making.

President Manglona: With all due respect, Chairman Babauta, I wonder if we can deliberate on the amendment and when we reach the Resolution Calendar, I will permit you to deliberate fully on the matter.

Acting Floor Leader Babauta: I conclude my statement, Mr. President, and I apologize for deviating from the subject matter.

The Chair recognized Senator P. Manglona.

Senator P. Manglona: If what Senator Juan Guerrero says is true, then I believe there is no need for this amendment.

President Manglona: So you want then to withdraw your amendment?

Senator P. Manglona: With that fact, yes.

President Manglona: Is there any objection? (Pause) (The members replied "no objection" in unison.) Hearing no objection, the motion offered by Senator Manglona, P., is hereby withdrawn. Therefore, there is no motion on the floor. The only motion remains then is for the adoption of House Joint Resolution No. 6-3.

The Chair recognized Senator H. Guerrero.

Senator H. Guerrero: I am also raising the same fear that my good Senator, Senator Babuata, just raised. And in that we do have other projects, other commitments which are being earmarked. My question here is that if we are going to authorize CDA to enter into a loan agreement with the Farmers Homes Administration this much money, \$6 million, how is this money going to be put out? What money will be used to pay this back in case something goes wrong? I would like to raise that concern.

The Chair recognized Senator J. Guerrero.

Senator J. Guerrero: The loan application for the \$6 million, I know, is substantial. However, the loan is going to be amortized for a period of 30 years. This loan is a federal application by the Department of Agriculture. We are loaning this money in the same way that we have loaned for the water project that just initially agreed on and signed by the Governor and the Attorney General. I don't believe the fiscal impact is that great. I think the Community and Cultural Affairs, the sole responsible agency, and the Arts Council -- they have basically met with the local board that oversees the development for this particular arts center and they do intend to assess fees for the usage of this. I believe that this cultural performing arts center will be built at the American Memorial Park. And with that, we do have on an annual basis funds that are reserved under the American Memorial Park which have never been touched since the inception of the Commonwealth Government that were supposed to go to that area for development purposes. And on an annual basis, there is about \$300,000 from interest income generated from funds that have been reserved for the American Memorial Park area. Again, I would like to emphasize that this is for a period of 30 years. So the application is going through the Commonwealth Development Authority and I'm pretty confident that the Board of Directors of CDA have prepared financial analysis as to how they intend to repay this, otherwise, I don't think they will be recommending to the Legislature that we borrow the \$6 million. So with that, I would like to thank you all.

President Manglona: Does that respond to your concern, Senator Guerrero, H.?

Senator H. Guerrero: It did respond in a general way. Perhaps CDA is the only people that know how this loan is going to be repaid. I'm sure we will be very comfortable if we also know how this loan is going to be repaid, granted that it is going to be for 30 years. But 30 years as it may be, how about payment? We don't know who is going to make the payments. We don't know where the money is going to come from. Senator Guerrero said that payment is going to be coming out from fees assessed once it's established. But yet, we need to see plans, Mr. President. We need to see plans in black and white.

Senator J. Guerrero: Mr. President, one more time?

President Manglona: Can I permit him to finish his statement and then I'll.... Do you wish to yield the floor to Senator Guerrero, J., Senator Guerrero, H.?

Senator H. Guerrero: Yes. I yield.

Senator J. Guerrero: Mr. President, as we all know, tourism is our primary and the biggest industry here in the Commonwealth. And one of the biggest attractions in almost all of the hotels here on Saipan is the Tahitian dances. And I can assure you, Mr. President, that the tickets for those dances are not \$10. They are \$25, depending on the location. So if, just as a scenario, Senator Guerrero is afraid that we don't have the mechanism to repay this, I can say that if the cultural center is developed properly with the right things in mind, that we shouldn't have any problem whatsoever repaying this because tourists come to the Commonwealth. And if we set up a nightly performance at the cultural center and charge \$30 or \$40 for the Japanese, I'm pretty sure we can repay this in less than 30 years -- because they like the show, and, hopefully, the center is going to be used for this particular purpose.

President Manglona: You may continue, Senator Guerrero, H.

Senator H. Guerrero: There is a lot of if's and but's. When you go to the bank to borrow money, they don't ask you to provide them with the if's and but's. They want you to provide them with plans -- how you plan to repay this. And granted, maybe we have the mechanism to repay the money, but I don't see the plan attached to this resolution. The idea is very good. I will support this thing 1,000 percent, but give me your plan first and let's take a look at it. What I'm trying to say and get across to you, honorable colleagues, is that we are the law making body. I think the time has come also when we should take things and study them very closely before we make our approval, before we affix our signature of approval. There has been many things in the past that people want us to approve. They just give us a piece of paper and we just simply take that piece of paper and voted to approve because they are our supporters, friends and perhaps our business associates. We have to think of a different approach this time because we are talking in terms of dollar figure. If anything goes wrong, we get blamed, not any other people, but us. I'm not going against the planned project. All I want, Mr. President, is to see that we do have a plan for repayment. I'm sure we could do that, then I will support this measure. With that, Mr. President, I would like to move that we hold this House Joint Resolution 6-3 until we receive the plan.

President Manglona: Is there any second to the motion? (Pause) Since there is no second, I would now recognize Chairman Babauta.

Acting Floor Leader Babauta: Mr. President, I just want to make one final comment on the bill, if I may. One of the things that we lack here on our islands is a place where we can all gather and celebrate our customs and traditions in a manner that there is full participation on the part of all the members of our community. And this performing arts center is going to serve that purpose. And with this money being borrowed in the amount of \$6 million and as written in the resolution, Mr. President, it is pledging the full faith and credit of the Commonwealth. That means that if for any reason that there was a default on the loan that the Commonwealth Government is going to be responsible in the end for paying the loan. If my fellowmen here in the Commonwealth is willing to carry that burden and if necessary we can raise taxes in order that we repay that loan if it defaults, then I'm willing to go for it. But I don't want to see the government go bankrupt because it is unable to pay its obligations that right now is mounting into the millions because of potential lawsuits in our hands with regards to the housing projects here in the Commonwealth and others. I am willing to take that chance in order that we can have this very needed center for our community. With that, I move to end debate.

Senator J. Guerrero seconded the motion.

President Manglona: Before we entertain that motion, may I call for a short recess?

The Chair called for a short recess at 11:34 a.m.

RECESS

The Senate reconvened at 11:43 a.m.

President Manglona: Let us reconvene with our session. A short recess was called by the Chair in order to discuss among ourselves what action are we going to take on House Joint Resolution 6-3. Before we recessed, there was a motion and it was seconded, but was not entertained by the Chair and a short recess was called. Let me now recognize the Floor Leader.

Acting Floor Leader Babauta: Pursuant to our discussion during the recess pertaining to House Joint Resolution No. 6-3 in which substantive issues were raised with regards to this loan and its potential impact on the financial stature of the CNMI Government, the members felt that it is probably best that this resolution be referred back to the appropriate committee for one final review and it be reported out at our next session. So with that, I would like to move that we defer action and we refer this House Joint Resolution back to the committee in which it was referred to.

Senator H. Guerrero seconded the motion, and the motion carried by voice vote.

INTRODUCTION OF BILLS AND RESOLUTIONS

None

PETITIONS, MEMORIALS AND MISCELLANEOUS COMMUNICATIONS

None

MISCELLANEOUS BUSINESS

The Chair recognized Senator P. Manglona.

Senator P. Manglona: Can you clear the matter up on how a member is declared absent, or present, or unexcused?

President Manglona: It appears that there has been some concerns by members of the Senate on that matter. The Chair have already instructed our legal counsel to propose a language pertaining to official excused and unexcused absent which can be incorporated in our official Rules of Procedure of the Senate. I want to assure you, Chairman Manglona, P., that as soon as that proposal is drafted, I will call everyone to discuss it. If we accept the proposal, we will introduce it and if adopted, it will be made part of our official Rules of the Senate.

Senator P. Manglona: Thank you.

ANNOUNCEMENTS

The Chair recognized Senator J. Guerrero.

Senator J. Guerrero: I submitted my notice that I will be off-island for a period of almost three weeks. Furthermore, I would just like to let you know that I have officially submitted my resignation in the acting capacity of the R&D Committee.

President Manglona: Thank you, Senator Guerrero, J. I would like to officially say this that we appreciate your contribution during the time that you are the acting R&D Chairman. For that, I would like to thank you so much. No one can dispute that you have contributed tremendously to the work of the Senate and to the Committee. Also, I was informed that the Upward Bound students are now at the House Chamber. I would like to ask the members of the Senate if you can spare a moment of your time after the session to meet them. They will be in the Senate Chamber any minute now.

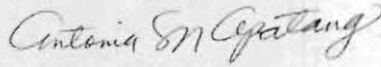
The Chair recognized Chairman Babauta.

Chairman Babauta: I would like to announce, especially to the Committee on HEW, that the Committee will be holding a public hearing on Senate Bill No. 6-54. This is a bill for an act to enact a workers' compensation law; plan a new Chapter 3 to 4 CMC, Division 9, and for other purposes. The hearing will be held on July 29 at 10:00 a.m., here in the Senate Chamber.

There being no further Announcements, Acting Floor Leader Babauta moved that the Senate stand in recess subject to the call of the Chair. Senator J. Guerrero seconded the motion, and the motion carried by voice vote.

The Senate recessed at 11:48 a.m., subject to the call of the Chair.

Respectfully submitted,



Antonia M. Apatang  
Senate Journal Clerk