



House Journal

SECOND REGULAR SESSION, 2006

Tenth Day

August 30, 2006

The House of Representatives of the Fifteenth Northern Marianas Commonwealth Legislature convened its Tenth Day, Second Regular Session on August 30, 2006, at 10:03 a.m., in the House Chamber on Capitol Hill, Saipan, Commonwealth of the Northern Mariana Islands.

The Honorable Oscar M. Babauta, Speaker of the House, presided.

A moment of silence was observed.

The Clerk called the roll and ten members were present. Representatives Florencio T. Deleon Guerrero and Candido B. Taman are excused.

Speaker Babauta: The Minority Leader just informed my office that he will be coming in late this morning. I understand that the other members are meeting and will be here shortly in a few minutes. I would now call for a brief recess so that we allow Representative Ada to present a resolution to the family of the late Honorable Daniel Muna.

The House recessed at 10:07 a.m.

RECESS

The House reconvened at 10:15 a.m.

Speaker Babauta: We are back to our plenary session and we move down to the Adoption of Journals. I recognize the Acting Floor Leader.

ADOPTION OF JOURNALS

Acting Floor Leader Lizama moved for the adoption of the Fourth Day and Fifth Day, Second Regular Session 2006 Journals; the motion was seconded.

4th Day (08/10/06), Second Regular Session 2006
5th Day (08/11/06), Second Regular Session 2006

Speaker Babauta: Discussion.

There was no discussion and the motion to adopt the Fourth and Fifth Day, Second Regular Session 2006 Journals was carried by voice vote.

INTRODUCTION OF BILLS

H. B. NO. 15-175: A Bill for an Act to prohibit the cruel treatment of animals; to provide for penalties; and for other purposes.

Offered by: Rep. Stanley T. McGinnis Torres

H. B. NO. 15-176: A Bill for an Act to amend Sections 2 and 4 of Public Law 15-24; and for other purposes.

Offered by: Rep. Justo S. Quitugua and seventeen others

H. B. NO. 15-177: A Bill for an Act to amend Public Law 11-79 as amended by Public Law 12-7; and for other purposes.

Offered by: Rep. Justo S. Quitugua and seventeen others

H. B. NO. 15-178: A Bill for an Act amend Division 4 of Title 4 of the Code by adding a new Part entitled Business Partnerships; to adopt the Uniform Partnership Act (1997) as drafted by the National Conference of Commissioners on Uniform State Laws; and for other purposes.

Offered by: Rep. Oscar M. Babauta

Referred to: Committee on Commerce and Tourism

The Chair recognized Representative Torres.

Rep. Torres: Mr. Speaker, this bill is a new version to replace H. B. NO. 15-173. The title is the same except I made it easier for the members so that they do not have to spend too much time in preparing for their Committee Report. Mr. Speaker, I move to withdraw my previous bill from the House and replace it with H. B. NO. 15-175.

Speaker Babauta: Discussion on the motion. I recognize Representative Torres.

Rep. Torres: Mr. Speaker, let us vote on the bill first.

Speaker Babauta: On the removal?

There being no objection, the motion to remove H. B. NO 15-173 and replace it H. B. NO. 15-175 was carried by voice vote.

Speaker Babauta: The motion carries.

Rep. Torres: Mr. Speaker, may I have a little bit of your time and the members?

Speaker Babauta: For introduction?

Rep. Torres: Yes.

Speaker Babauta: Continue.

Rep. Torres: Mr. Speaker, this bill that replaced H. B. NO. 15-173, I would like to relay a special thanks to the Paws members, and I believe that they are here in the Chamber who contributed a major part of the bill that we are now introducing and maybe passed as soon as possible. Thank you.

Speaker Babauta: Thank you. I acknowledge the presence of our CNMI Paws. Thank you for joining us this morning in the Gallery.

INTRODUCTION OF RESOLUTIONS

H. R. NO. 15-69: To honor and commend the gallant CNMI members in all the United States Military Branches, and to give special acknowledgement to those military members who have been wounded and received the Purple Heart.

Introduced by: Rep. Stanley T. Torres and seventeen others

H. R. NO. 15-70: Recognizing the ultimate sacrifice that Fleet Marine Force HM3 Lee Hamilton Deal made for his country and extending sincere condolences to his extended family both here on Saipan and in the U.S. Mainland.

Introduced by: Rep. Stanley T. Torres and seventeen others

MESSAGES FROM THE GOVERNOR

GOV. COMM. 15-146: (8/24/06) Certification of vacant positions for Assistant Attorney General (8) within the AGO, Division of Immigration.

GOV. COMM. 15-147: (8/25/06) Certification of vacant position for Pharmacist Specialist at the Rota Health Center.

GOV. COMM. 15-148: (8/25/06) Informing the House that he signed H. B. NO. 15-12, HD1 (Mandatory Driver Education Act of 2006). Became **Public Law No. 15-25**.

GOV. COMM. 15-149: (8/25/06) Informing the House that he signed H. B. NO. 15-144 (Provide that NMHC incorporate alternative energy & water storage in home loans or a new program). Became **Public Law No. 15-26**.

GOV. COMM. 15-150: (8/25/06) Informing the House that he disapproved H. B. NO. 15-156, "To repeal 2 CMC §§ 4486 and 4489, and amend 2 CMC § 4497; and for other purposes." [*Deadline 10/27/06*]

There was no discussion.

SENATE COMMUNICATIONS

None

HOUSE COMMUNICATIONS

The Chair recognized Representative Torres.

Rep. Torres: This is a Memorandum addressed to you dated August 29, 2006 on the action request on Mobil and Shell lease. This is an urgent follow-up request that you take action in the matter of the Commonwealth Ports Authority and their apparent illegal leases they have entered into with Mobil Oil and Shell Marianas. As you recall, the entire House, following the legal opinion of our House Counsel that said the Mobil and Shell Leases are in violation of our CNMI Constitution, passed a resolution asking the Governor to review the leases in question and terminate them. After the vote was taken on March 22, 2006, you promised that the House would take action if the Governor did not respond or take action in this matter within a period of sixty days. Well, it has been over five months and the Governor has not taken any action and, frankly speaking, he has apparently disregarded the House's request that he take action as soon as possible, in order to prevent the chaos that the CNMI is experiencing now with the outrageous utility rates. These outrageous rates can be directly tied to the high cost of fuel oil, which seems to be unchecked due to the lack of competition and Mobil's sweetheart deal arrangement with the CPA. For the record, I am attaching House Resolution NO. 15-35 and a copy of the legal opinion generated by our very astute legal counsel. I am recommending we meet with the Senate as soon as possible and jointly take legal action against CPA, Mobil and Shell for entering into illegal leases that lacked the approval of both the House and Senate. The monopoly on fuel prices in the CNMI must be broken, in order for the CNMI to enjoy the same competitive fairness that other U.S. states and territories are experiencing. No more sweetheart deals that profit the few at the expense of our many Commonwealth residents. Thank you.

Speaker Babauta: Thank you. For the record, the Office of the Speaker have officially received your memo and as of yesterday, I engaged the services of our Chairman, Representative Aldan, to look into the requested resolution and immediately conduct a dialogue with the respective agencies such as Public Lands and the Attorney General's Office. I also reminded him this morning to pursue those issues so that we may have a report from him as to what has been transpired with that resolution. This is not to say that I did not heed to the Resolution's request, but it is a matter of addressing the issue vigorously as the House had fully adopted the Resolution, which transact into the desire of the members that needs to be answered. I humbly ask for your patience so that we may await a full report from Chairman Aldan and his Committee. Thank you. I recognize Representative Tenorio.

Rep. Tenorio: If no objection, can we just go back to the Messages from the Governor?

There was no objection.

MESSAGES FROM THE GOVERNOR

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Rep. Tenorio: Thank you, Mr. Speaker. On Gov. COMM. 15-149, I just want on record to thank the Governor for signing H. B. No. 15-144 into Public Law 15-26. This is the statute that encourages homeowners for alternative solar energy in their houses. It is very timely because I think tomorrow there is a conference going on alternative energy. I encourage every member to participate on that.

Speaker Babauta: Right. I issued out a memo couple of weeks ago inviting all the House members to participate if anyone has the time tomorrow for the Chamber of Commerce roundtable discussion, which would highlight the topic of renewable energy. This Legislature and primarily the House have taken a huge initiative in the number of bills concerning energy programs and incentives. I am glad to say that two of them have become law so far, one from the House and the other from the Senate. So if anyone has the time, please go down to the Fiesta Resort. Once again, I request that if you have time, please join the Chamber of Commerce roundtable discussion. We have a special guest speaker from the EPA's main office and also a vendor that has to do with energy conservation items. Without objection, we will move down to item number 15, Resolution Calendar.

COMMUNICATIONS FROM THE JUDICIAL BRANCH

None

COMMUNICATIONS FROM THE RESIDENT REPRESENTATIVE

None

COMMUNICATIONS FROM DEPARTMENTS & AGENCIES

DEPT. & AGENCY COMM. 15-30: (8/21/06) From Ms. Linda T. Cabrera (SAPLR) acknowledging receipt of H. J. R. No. 15-8.

DEPT. & AGENCY COMM. 15-31: (8/21/06) From Ms. Linda T. Cabrera (SAPLR) acknowledging receipt of H. J. R. No. 15-9, HD1.

DEPT. & AGENCY COMM. 15-32: (8/21/06) From Ms. Linda T. Cabrera (SAPLR) acknowledging receipt of H. R. No. 15-62, HS1, HD1.

DEPT. & AGENCY COMM. 15-33: (8/21/06) From Ms. Linda T. Cabrera (SAPLR) acknowledging receipt of H. R. No. 15-66, HD1.

DEPT. & AGENCY COMM. 15-34: (8/22/06) From Mr. Henry S. Hofschneider, CNMI Zoning Board Chair, providing a copy of the proposed amendments to the Saipan Comprehensive Plan and Zoning Law.

There was no discussion.

OTHER COMMUNICATIONS

None

REPORTS OF STANDING COMMITTEES

None

REPORTS OF SPECIAL AND CONFERENCE COMMITTEES

None

UNFINISHED BUSINESS

None

RESOLUTION CALENDAR

The Chair recognized the Floor Leader.

Acting Floor Leader Lizama: So moved, Mr. Speaker, to suspend pertinent rule, Rule IX, Section 8, 9, 10 and 11 for the adoption of H. R. NO. 15-69 and H. R. NO. 15-70.

The suspension motion was seconded and carried by voice.

Speaker Babauta: Floor Leader, adoption motion.

Acting Floor Leader Lizama: So moved, Mr. Speaker, for the adoption motion of H. R. NO. 15-69 and H. R. NO. 15-70.

The motion was seconded.

H. R. NO. 15-69: To honor and commend the gallant CNMI members in all the United States Military Branches, and to give special acknowledgement to those military members who have been wounded and received the Purple Heart.

H. R. NO. 15-70: Recognizing the ultimate sacrifice that Fleet Marine Force HM3 Lee Hamilton Deal made for his country and extending sincere condolences to his extended family both here on Saipan and in the U.S. Mainland.

Speaker Babauta: Discussion. I recognize Representative Joseph Deleon Guerrero.

Rep. Joseph Deleon Guerrero: Mr. Speaker, please let the record reflect that I am here.

Speaker Babauta: It has been reflected.

Rep. Joseph Deleon Guerrero: Thank you, Mr. Speaker. I want to make one amendment to the H. R. NO. 15-69.

Speaker Babauta: Proceed.

Rep. Joseph Deleon Guerrero: After line 16, please include, “Palacios, Ignacio M.” This individual received a Purple Heart in Iraq.

Speaker Babauta: Is everyone cleared by the amendment offered by Representative Joseph Deleon Guerrero. Discussion on the amendment, and I recognize Representative Torres.

Rep. Torres: Mr. Speaker, just to inform my good colleague, the reason why I did not include Mr. Palacios is because the listing that I have come from the Local Military Affairs and I do not know why he is not listed as a Purple Heart recipient. Thank you.

The oral floor amendment offered by Representative Joseph Deleon Guerrero was seconded and carried by voice vote.

Speaker Babauta: The motion carries. We continue to discuss, H. R. NO. 15-69, HD1 and H. R. NO. 15-70. I recognize Representatie Yumul.

Rep. Yumul: Mr. Speaker, I would like to ask Representative Torres what the actual intent is on H. R. NO. 15-69, because as I read this, we are only honoring select few members who have received Purple Heart, but yet, I can name over a dozen more that have received in the Second World War and Vietnam War, not to mention the first conflict in the Gulf. We do not have a parameter here that specifies basically if this is just for members that received Purple Hearts during this current war that we are facing or should we go back and start adding all the other Purple Heart recipients over the years.

Speaker Babauta: Well, Representative Yumul, Congressman Torres and I have been here since the 9th Legislature and that would include Representative Tenorio, over the years we have been executing Resolutions and we have also acknowledged those people that have fought and defend our country during the Vietnam War Era itself. So the latest one was in the last Legislature, it was unfortunate that you were off-island to defend our country and we have executed a Resolution also honoring those individuals that got the Purple Hearts or injured in the defense of our country. So yes, there are several Resolutions that have been executed for those individuals.

Rep. Yumul: Thank you, Mr. Speaker. That is good to know. My second question to this Resolution is those prior Resolutions that were handled out, did they include the Ranks of these soldiers or they were just strictly names?

Speaker Babauta: Names.

Rep. Yumul: So this is just for consistency?

Speaker Babauta: Right.

Rep. Yumul: The Third question would be on H. R. NO. 15-70, unless you are from within or have joined the U. S. Navy, I think HM3 is foreign to everybody. It is just a suggestion that we might have to either just spell it out or include language that states for example on line 1, to insert U. S. Navy Man HM3 Lee Hamilton Deal. Surprisingly, the U.S. Navy does not use Ranks. They are called rates and these are rate badges. It also signifies their pay grade and I believe he is level E3, but again, it is just a suggestion to add more information so that everybody that reads this Resolution can fully understand what the intent is.

Speaker Babauta: Well, if this is the information that the author has received then probably we cannot go further than that, adding something that the author do not have primarily...let me ask Representative Torres. HM3, is this his title?

Rep. Torres: Mr. Speaker, I think we are both ignorant of what HM3 is? May I ask the Congressman if he can decipher what HM3 is?

Rep. Yumul: Mr. Speaker, I will admit too that I am also ignorant of the Military, as far as the Navy, their ranks system, an E1 for example is a Seaman recruit and E2 is also named separately, but as far as HM3, I do not know exactly.

Speaker Babauta: Is this not Australian or New Zealand Navy for that matter? Or maybe Canadian?

Rep. Yumul: This is the intent my concerns. I would like for this Resolution to be readable not just to the recipient but to anybody else who wants to read our Archives.

Speaker Babauta: Okay. This is a compromise that I would offer to you and hopefully would be agreed by the author. You are absolutely correct. We need to technically correct this. We will go ahead and adopt this Resolution and we will allow the Clerk and Representative Torres to find out what is HM3 is. This sounds foreign though, but I know that it has an association to the United States Department of Defense. I recognize Representative Dela Cruz.

Rep. Dela Cruz: Actually, Mr. Speaker, I was wondering if whether we can have the legal counsels look it up on the web and see what will come up.

There being no further objection and discussion, H. R. NO. 15-69, HD1 and H. R. NO. 15-70 were adopted through a voice vote.

Speaker Babauta: The motion carries. Under Bill Calendar, Floor Leader.

BILL CALENDAR

Acting Floor Leader Lizama: So moved, Mr. Speaker, for the passage of H. B. NO. 15-171 on First and Final Reading.

The motion was seconded.

H. B. No. 15-171: A BILL FOR AN ACT TO AMEND SECTION 2 OF PUBLIC LAW NO. 15-12; AND FOR OTHER PURPOSES.

Speaker Babauta: Discussion. I recognize Representative Joseph Deleon Guerrero.

Rep. Joseph Deleon Guerrero: Mr. Speaker, ti para uma chogue i suspension motion para i man nuebu? Hafa esti. Normally mofona antes di un pacha i bills.

Speaker Babauta: Short recess.

The House recessed at 10:34 a.m.

RECESS

The House reconvened at 10:35 a.m.

Speaker Babauta: We are back to our plenary session. Continue, Representative Deleon Guerrero.

Rep. Joseph Deleon Guerrero: Mr. Speaker and members, I would like to ask the author, I know that it is in the findings that this bill is being introduced so that this \$45 Million would not be passed on to consumers, but there was a reason why that amendment was included in the original bill that eventually became Public Law. I am very concern that we are writing off this \$45 Million of this amount owed by CUC to CDA and that the intent was for that funding can be used to issue out Commercial and Micro loans to our people that we can stimulate economic development, and here we are striking that out. Mr. Speaker, can somebody please enlighten me how – if this IPP were to go through, and the contractor in purchasing the assets of CUC, what the purchase amount that they are going to be turning into the government if it is going to be struck out, what is going to happen to that money? Would it go to the general fund or are we just saying that the contract, whoever it is, will not even have to pay up this amount? The way it is written right now is the way I read it that the independent power producer shall not even have to pay such a sum to CDA or even the CNMI government for that matter. Can I get some clarification from the author please?

The Chair recognized Representative Dela Cruz.

Rep. Dela Cruz: Thank you, Mr. Speaker. I would just like to first correct the figure that Representative Deleon Guerrero pointed out. The figure is actually 50% of \$45.5 Million so that translates to \$22.75. The reason why we wanted to writ this requirement as far as the new IPP is because this would basically be a hindrance or rather an obstacle for the new IPP to begin working on rehabilitation or even the replacement of engines at CUC. This would translate into probably a higher cost for the consumers as we all know. Any cost that is increased whether it be fuel or what have you, these are passed through the consumers and if we are looking at paying right now .22-.24 cents per kilowatt hour, if this amount is to be paid, 50% of the \$45 Million, then the consumers would end up actually absorbing these costs through their utility rates. So if we are looking at .25-.30 cents per kilowatt per hour, we might end up paying .40-.60 cents per kilowatt hour, taking into consideration the payment from the IPP to recuperate their costs. Thank you, Mr. Speaker.

The Chair recognized Representative Joseph Deleon Guerrero.

Rep. Joseph Deleon Guerrero: Mr. Speaker and members, I do not know how one can come to a conclusion when none of us have seen the RFP, when none of us have seen the scope of work, none of us understand how this purchase is going to – you know the terms and conditions of the purchase. We have not seen that. I do not even know if this IPP whoever it may be, the way the RFP is structure, if there going to purchase the utility assets, meaning, the existing generators, the plants, whatever infrastructure is out there, and then on top of that charge for what electricity they provide. Until such time that we look at the terms of the RFP and especially the contract, we are in no position to come to such a conclusion. In my opinion, it is premature right now to waive these funds, which is a substantial amount of money, and even though the existing language is that it goes to CDA, perhaps we can consider still having that money come in and use it as leverage under the terms of the contract. But like I said, during that meeting with CUC, we asked questions about how the sell or what are the terms and conditions of the sell? We were told that right now we cannot be given copies of the scope of the RFP. To assume that by not removing the 50% of \$45.5 Million, it would somehow increase the rates, it would somehow be passed on to consumers. It is premature in my mind right now. Unless you know something that I do not know, I have not seen the terms of the RFP, and therefore, it is premature to say that they will pass it on if we leave this language intact.

Speaker Babauta: Any more discussion. I recognize Representative Dela Cruz.

Rep. Dela Cruz: Thank you, Mr. Speaker. Last Friday as Representative Deleon Guerrero pointed out, we had a meeting with CUC personnel. Although we tried to get some answers, the answers that we got were basically in a way indirect. They even pointed out that this new RFP is still being worked on. They are not sure whether CUC's power plant will be privatized solely on the engines itself or the distribution or both. So that leaves us to wonder. What we do know is that when the new rates came out, we were caught off guard. We were surprised by the new rates. The cost of fuel, that is another item that we are always surprised with. As I mentioned earlier, putting a \$22.75 Million tag and for an IPP to come in and face this before they actually perform any repairs or replacement, I feel that this cost would be carried over to the consumers and we do not need anymore increases in the power that we have to pay for. Thank you, Mr. Speaker.

The Chair recognized Representative Yumul.

Rep. Yumul: I applaud the intent of the author of this bill, but again, \$22 Million dollars is a lot of money. I am even inclined in proposing some amendments. For example, one option is to take this \$22 Million dollars and help fund PSS and NMC's utilities. Just have a prorate on a monthly basis or why not even take \$5 Million from this amount and restore back all our government employees that have been given a reduction in salaries. These are all viable options and it really just pains me to tell our government employees that their salaries are going to be reduced and then we are going to give away \$22 Million dollars. I think if we were to move forward with this, we should make an additional amendment that states that if the IPP takes over the existing facility then they should pay. However, if the IPP chooses to build an entirely new facility adjacent, then I do not see why forgiving this \$22 Million dollars is an issue. Again, I would rather look at the bigger issue on trying to get monies to the government workers that have been reduced as far as their salaries are concern or even to try and get a reduction in utilities for PSS and NMC. Congressman Deleon Guerrero brought up a very good point that if we do not have pertinent information that we can judge for ourselves whether this is in the best interest then we are really just advancing the issue. We

should wait and have the IPP come and inform us, this is really bad and these are the stated reasons and then I am more willing to vote on the issue and work with them. It might be a little too premature at this time. Maybe we should consider the bill further and leave it on First Reading and wait. I hear that the IPP or the RFP would be ready in the next few weeks. Perhaps we should not be rushing this. Thank you, Mr. Speaker.

The Chair recognized Representative Kaipat.

Rep. Kaipat: Thank you, Mr. Speaker. Obviously, some of us are ambivalent about what is the need to make this amendment and there are a lot of deserving entities, agencies, employees and so forth, and rather than picking out individual favorites to say you could use this money for. I seem to recall in the beginning when the PUTC Committee was meeting with CDA and that CDA was ready to agree to settle and agree to the total write off of this bill or this amount. So it is not that this is a total surprise. I just hope that as we contemplate this that we all agree that ultimately whatever the action is that we are taking, that it is for the benefit of the entire people, all citizens, private citizens and all government agencies and so forth. I just think that if we need to get more information, whether it is from CUC or the Administration, to make the better decision, then we should do that. But ultimately, we should be striving to do the right thing for everyone. Thank you, Mr. Speaker.

The Chair recognized Representative Tenorio.

Rep. Tenorio: Thank you, Mr. Speaker. First of all, I agree with the comments made by my colleague here that we should look at this more carefully and know what we are getting into. Secondly, I am just a little confused that is why I wanted clarification on line 5, on page 1. It says here, the independent power producer is required to pay fifty-percent of the principal amount of \$45,500,000.00, and on line 18 on Section 10603, you are talking about, CDA authorized to waive sum of \$45 Million of the Principal amount. We are looking at a different Principal amount, maybe it is \$90 Million. Am I reading this correctly or? Just clarification here, Mr. Speaker.

Speaker Babauta: Your clarification is being clarified by Representative Tebuteb, he says, no the \$90 Million. I recognize Representative Tebuteb.

Rep. Tebuteb: I believe what Representative Tenorio is asking is stipulated in the Public Law. Although I agree to some extent on the intent of the proposed amendment, I do have reservation. I do however also agree with Representative Kaipat's suggestions that I would rather have additional information to get more clarification on this one. Some of the reasons that I guess according to the Chairman of PUTC that the rates caught us off guard, I believe some of the reasons is the change of CUC, it is required to go public and do a study on rates. Those are some of the small things that has caught off guard. As you all may have known, there has been study done by the economist.com including the IPP by the Harris Group, and then recently we have another group of the IPP consultants. So we have a lot of other hindrance to this IPPS, the Chairman has stated, and therefore, the high cost that maybe associated to the pass over to our consumers. With that, Mr. Speaker, and also in considering what the Chairman had said that the meetings and discussions that the Committee has had with CUC, we do not have much direct but we get more indirect answers, I would move that we probably go back to the Committee on this. Thank you, Mr. Speaker.

Rep. Palacios: Privilege, Mr. Speaker.

Speaker Babauta: State your privilege.

Rep. Palacios: I would like to ask and let the record show that I am present this morning.

Speaker Babauta: I have already indicated that, Minority Leader. I ask the Clerk to note you present because you would be coming in late for the session. I recognize Representative Waki.

Rep. Waki: Thank you, Mr. Speaker. I think people are constantly being misinformed that this is really not about government and the mentality of government. It is about...we are trying to have IPP take over something that we have not done very well ourselves, and if anybody has ever done a business proposal, you come to find out any additional cost to something you are proposing; you have to remember the cost recovery. You add \$22.7 Million to any proposal that I have to make proposal for, I would have to include that in my cost recovery. It does not matter, and bad enough that the cost of fuel is outrageous, and that is why right now, CUC is having to raise the rates to just compensate for fuel so that way the central government does not supplement for that fuel cost. Now, we have an IPP trying to come in, they will try to buy fuel, and they may not get it as low as we would like. Then you add \$22.7 Million to give to CDA which CDA never collected in the first place and the Public Auditor had already said that it is okay to write it off. We want to still give them \$22.7 Million dollars. We just had the audit for CDA, and if everybody had heard from the news, it is pathetic. They do not know how to manage their own money. Their delinquency ratio is skyrocketing and bigger than anybody else's. We have to understand that there is going to be a pass through. It is bad enough everybody here has tried in the last probably month to try to cut their bill and it still shows almost a 50% increase. We give it to an IPP, even if they were to try to bring it down without the \$22.7 Million, they will have to add that in, and if you do not think that your bill will be any hire, then I guess you are not living on this island. Anything that adds to the cost will be passed on. It is just part of business and until CUC can get money to do it on our own, we do not need an IPP. We have to fix the machines ourselves. Do we have the money? No. We try to work with other government agencies and all they want to do is sue us. Is that how the government helps the government or helps the people? This is not the direction we should be going. We should be thinking of this in a business sense for the betterment of our people, and if we are going to bring in people who are going to supply reliable and consistent power, they will try their best to keep at cost and then if we have a PUC Commission in place to regulate, then we can try to reasonably preserve a certain rate. But if we add on cost to the RFP, it will add in cost and what we are going to say, we knew that back then. We know it now. If anybody in this room is been in business and have to actually buy something and you know that your cost is going to be hire, what do you think your monthly payment is going to be like? It is going to be higher, and when you make monthly payments because of a higher amount that you have to borrow, somebody has to pay for it. It is called cost recovery and you still need to make a profit. Somewhere along the lines, somebody is going to pay and it will be the public again. It will be the public and it will be the businesses and it will be everybody. \$22.7 Million dollars is not a drop in the bucket and unfortunately, we have not been able to fix our own house in reference to our power, so the IPP is going to be needed. The Auditor had already said that the write off is good. Why do we have to go back and try to collect some more money? It does not make a logical sense, and this is a good idea and that is to get rid of this so that we can move on. Thank you, Mr. Speaker.

The Chair recognized Representative Tenorio.

Rep. Tenorio: That is a very nice lecture, Mr. Speaker. Just a question to the legal counsel because this provisions authorizes CDA to sort of forgive the accrued interest. I think the Public Law that created CDA prohibits that. Is that a conflict in this provision? There is a severability clause here, Mr. Speaker, but if you do that then we cannot take the action that we are trying to accomplish here.

The Chair recognized the House Legal Counsel.

Legal Counsel Antonette R. Villgomez: *The statute that created CDA gives them power to do things, but by legislation, we are authorizing CDA or giving CDA an additional power and that is the power to waive the principal and the interest.*

Rep. Tenorio: So it is not in conflict?

Legal Counsel Antonette R. Villgomez: *No, because we are giving them additional power to do it. The Legislature is.*

Rep. Tenorio: Mr. Speaker, one of the reasons why I brought this up is because I have been reading in the past legislature of these forgive me loans and...

Speaker Babauta: I will get that bill rolling again.

Rep. Tenorio: And that is a very statute that they cited as contradictory to what the request. I guess we can do it for government. Thank you.

Speaker Babauta: Or we can also do it for many things. I recognize the Minority Leader.

Rep. Palacios: Thank you, Mr. Speaker. Let me comment on this legislation because it is trying to repeal an amendment which I inserted in the previous Public Law. Let me make something perfectly clear, no one in this Chamber or this body wants to see another or a quarter of a penny go up in our electrical bill or our utility bill. No one on this island wants that. I commend the purpose, but let me say that I also believe that it is almost premature to even – ourselves to these kinds of situation by saying that the IPP is going to pass this through. We have control. Our government has control over what it puts into that scope of work. We can restrict the IPP from passing this through. We must be mindful that these funds (702 Funds), our Covenant money that came to the Commonwealth, for infrastructure development, and yes, we gave it to CUC and we build up our generation system and our distribution system. That is where this money went. To give it away, basically what we are saying is that we are going to give this away, let us give it away because we are afraid that if the IPP comes in and takes over with these conditions, they will raise the rates. The overall picture of this privatization of the power, my colleagues, this is the most basic infrastructure any place, anywhere or any community can have, a power generation. For an IPP to come in, they can take all of those generators and throw them out in the ocean. The one asset and the only asset that it is after is to be the sole monopolistic and exclusive producer of power, no one else can sell power in the Commonwealth except for IPP. So that is the asset. That is where they will be making money. It is not about this \$22.7 Million dollars. I hope that we will not nickel and dime this and look at IPP that is going to come in here with inadequate financing or capitalization. You give an IPP 25 to 30 years of exclusive franchise to be the only one to sell power to the Commonwealth at its present and future

needs, I do not think that this IPP is going to be worried about whether it is going to make its money or not. That is the asset. I agree with the intent basically, but is it at this point in time that we have to push this agenda forward? As I said, our quarterly of a Million dollar consultant could not be told that this is a condition that is not going to be in there; the condition is that you are not going to pass the cost of power because of this \$22.7 Million dollars. That is in our control. I agree that maybe at the end when all is set and done, we really have to remove this so that the power and the utility cost do not go up. There are other infrastructure needs in the Commonwealth not just the power plant. One of the issues that came up was that we need to look at our distribution system also. If we are going to upgrade our power generation system, we need to correspondently improve the distribution system. How are we going to finance that? Well, you know, this \$22.7 Million could certainly go towards that. We can certainly use this money to repay or to give back the funds that were taken out of the sewer treatment plant that we had planned for Kagman and gave the dialysis. We could certainly give that back. These are funds that came from the 702 Funds or Covenant Funds that were supposed to have built up our infrastructure. I do not necessarily disagree that we should consider the facts that having these clauses in this law might indeed exacerbate the already high utility bills that we are paying today. There are just not enough answers for us to make a sound decision on this today. The CUC presentation was not very clear. Look at the recommendations being made by Representatives Kaipat and Tebuteb because at the end of the day when we do get this system to an IPP, the bottom line is that it is beneficial to our people, it is reasonable to our people, they have stable power at a reasonable price, something that they can count on. And that the IPP would also make return on its investment. It has to be mutual. I think that we really need to honestly consider this a little bit more serious. It is always within the control of our government to impose – when you go out to bid, these are the requirements. A bidder cannot come in and say, if you take this requirement out, I will bid lower. No. You have to have a standard, and that standard is within your power. Thank you.

Speaker Babauta: I just want to inform the members that we have a visitor in the Gallery that will be giving us a short presentation before tomorrow's round table discussion on renewable energy. Mr. David Schoeller is in the Gallery, but before we receive him, I would like to dispose of this motion first. I recognized Representative Joseph Deleon Guerrero.

Rep. Joseph Deleon Guerrero: Thank you, Mr. Speaker. I too appreciate the business 101 workshop, however, that same workshop would also tell you that before you make business decision, you want to make informed decisions. Right now, like I said earlier, we do not even know the provisions, what is contained in the RFP, and how this purchase would take place. I want to echo what Representative Palacios said. The CNMI has invested Millions of dollars into our fiscal utility infrastructure, perhaps maybe hundreds of millions. I do not know but a lot of money. This privatization effort cannot be compared to let us say, Tinian. Tinian is a – they build it and operated it and they are saying the utility to consumers. This is not the same type of privatization. Here we do have assets. We have assets that are worth tens of millions of dollars. An IPP coming in would normally have to take or would have to buy those assets, and to have this language in there right now would give the CNMI government leverage. Now, whether we have that money going towards CDA to expand the Commercial Loan program or whether we use it to pay for the sewer system in Kagman is a policy decision. What I am saying is that, it is still leverage that we have. Why are we so willing to give up that leverage right now when we do not even understand or have not even seen how the sell is going to materialize? How could we be so readily willing to give up this leverage? You, yourself, Representative Waki stated that they cannot and that the rate setting would be subject

to the PUC once that bill becomes law. But that is subsequently. The terms of the contract would dictate how much they will be selling the utilities for. I do not think that can be regulated by the PUC at the outset. So to me, it is very important that we look and we understand these decision makers and how the contract for the sell for the privatization for CUC, how would it be done? Then we can look and see whether having this existing law in place would hurt the consumers or whether we can use it as leverage to protect the consumers. There are ways we can – whether we use this money and say, hey, we will leverage this, we can reduce the amount you are going to be purchasing by \$22.5 Million, however, we want that much in equity as a share in this privatization effort so that we can guarantee that we have some rights. We can even have consumers buy into it. As I had proposed earlier, open up stocks so that our people can also be part of this privatization effort and have a 20% to 30% share however much this money could be equivalent to. There are so many options that we can look at. Right now if we remove this, we are basically cutting off our options. You often talk about thinking outside the box, you are basically cutting off any attempt to think outside the box by killing this provision right now. At least, I ask that upon once we see the RFP and how the terms of this sell is going to happen, then we can consider looking at this bill and see if it is in our best interest to remove that provision or not. Until such time that I think that it is very premature for us to make any kind of decision. This is not an inform decision, we are thinking that they will probably raise the rates and pass it on to the consumers. We do not know that. I do not think anyone of us here are familiar with privatization of utilities.

Speaker Babauta: Representative Deleon Guerrero, you want to wrap up?

Rep. Joseph Deleon Guerrero: I was the Chairman of PUTC for one term and I have seen the privatization that was done on Tinian, and while it was good, it was set up very well and there were still things that we could have improved on. I am just saying right now that let us not tie our hands behind our back to early. Let us look at it clearly as Representative Kaipat said, let us look further and get some perhaps additional information from CUC about how the sell is going to be initiated and then we can make our decision from there. Thank you, members.

Speaker Babauta: Ready.

Several members voiced, “ready.”

Speaker Babauta: Clerk, call the roll.

The Clerk called the roll on the motion to pass H. B. NO. 15-171 on First and Final Reading:

Rep. Martin B. Ada	no
Rep. Edwin P. Aldan	yes
Rep. Francisco S. Dela Cruz	yes
Rep. Florencio T. Deleon Guerrero	excused
Rep. Joseph P. Deleon Guerrero	no
Rep. Jacinta M. Kaipat	no
Rep. Jesus SN. Lizama	yes
Rep. Crispin M. Ogo	yes
Rep. Arnold I. Palacios	no
Rep. Justo S. Quitugua	yes

Mr. Speaker, I trust that our PUTC Chairman, since the very beginning he has been meeting with CUC and has been studying what is going on with CUC, and if he believes that the \$22

Million dollars is to be incorporated in the RFP and would add on a pass through cost to consumers, I will vote on this amendment, yes, at this time.

Rep. Benjamin B. Seman	no
Rep. Candido B. Taman	excused
Rep. Ramon A. Tebuteb	no
Rep. Manuel A. Tenorio	no
Rep. Stanley T. Torres	no
Rep. Absalon V. Waki, Jr.	yes
Rep. Ray N. Yumul	no
Rep. Oscar M. Babauta	yes

Speaker Babauta: By a vote of 9 “no”, H. B. NO. 15-171 is hereby defeated. We will call for a recess so that we may receive our guest in the Gallery. I ask the Vice Speaker to receive the guest. Short recess.

The House recessed at 11:15 a.m.

RECESS

The House reconvened at 11:35 a.m.

Speaker Babauta: We are back to our plenary session. I recognize the Minority Leader.

Rep. Palacios: Mr. Speaker, with the indulgence of the Chair, I would like to ask that we go back to Introduction of Bills.

There was no objection.

INTRODUCTION OF BILLS

H. B. NO. 15-179: A Bill for an Act to establish statutory liens by adding a new Chapter 17 to Title 4, Division 5 of the Commonwealth Code; and for other purposes.

Offered by: Rep. Arnold I. Palacios and five others

Referred to: Committee on Commerce and Tourism

Speaker Babauta: Without objection, we would now move back to the Bill Calendar. I recognize Representative Tebuteb.

Rep. Tebuteb: Mr. Speaker, before we go down to the Bill Calendar, I would like to recall. At this time, I was trying to get in touch with the Chairman of Tourism and I would probably hold until he comes back.

Speaker Babauta: We will come back.

Rep. Tebuteb: Thank you, Mr. Speaker.

The Chair recognized Representative Ogo.

Rep. Ogo: Mr. Speaker, if no objection to the members, I am recalling H. B. NO. 15-63 from the Ways and Means, and to be placed on today's Calendar for First Reading. Thank you.

There was no objection.

Rep. Ogo: I think that everyone has a copy of H. B. NO. 15-63.

Speaker Babauta: Thank you. Floor Leader, for the proper motion.

BILL CALENDAR

Acting Floor Leader Lizama: I move to suspend pertinent rules for placement on H. B. NO. 15-176, H. B. NO. 15-177, H. B. NO. 15-63.

The suspension motion was seconded.

Speaker Babauta: Floor Leader, will you offer subsidiary motion to include Rule VII for the Committee Reports.

Acting Floor Leader Lizama: So moved, Mr. Speaker.

The suspension motion was seconded and carried by voice vote.

Speaker Babauta: The motion carries. I recognize Representative Tebuteb.

Rep. Tebuteb: Thank you, Mr. Speaker. I am a believer who would rather take bills to the Committee so that they scrutinize, but there is a need for me to ask the Chairman for Tourism to recall H. B. NO. 14-153. This is the Tour Guide Operators Certification Course through NMC. For your information, the College had already established this program and we just need to move on this bill.

Speaker Babauta: I recognize Representative Ada.

Rep. Ada: Actually we are...

Speaker Babauta: Are you familiar with the bill that he is pulling out?

Rep. Ada: Yes. I was just at MVA yesterday and I was following up on their comments on that particular bill. They are preparing their comments and I believe it should be in our hands by Friday, but without any objection, I am willing to allow the withdrawal of the bill.

There was no objection.

Speaker Babauta: The comment made by the Chairman is officially being accepted as recalling H. B. NO. 15-153 and to be placed on today's Calendar for House action. Floor Leader, subsidiary motion to include H. B. NO. 15-153 under suspension motion.

Acting Floor Leader Lizama: So moved, Mr. Speaker.

The subsidiary motion to include H. B. NO. 15-153 was seconded and carried by voice vote.

Speaker Babauta: The motion carries. You may continue on the second bill, Floor Leader.

Acting Floor Leader Lizama: Passage motion on First and Final Reading on H. B. NO. 15-176.

The motion was seconded.

H. B. NO. 15-176: A BILL FOR AN ACT TO AMEND SECTIONS 2 AND 4 OF PUBLIC LAW 15-24; AND FOR OTHER PURPOSES.

Speaker Babauta: Discussion. Clerk, call the roll.

The Clerk called the roll on the motion to pass H. B. NO. 15-176 on First and Final Reading:

Rep. Martin B. Ada	yes
Rep. Edwin P. Aldan	yes
Rep. Francisco S. Dela Cruz	yes
Rep. Florencio T. Deleon Guerrero	excused
Rep. Joseph P. Deleon Guerrero	yes
Rep. Jacinta M. Kaipat	yes
Rep. Jesus SN. Lizama	yes
Rep. Crispin M. Ogo	yes
Rep. Arnold I. Palacios	yes
Rep. Justo S. Quitugua	yes
Rep. Benjamin B. Seman	yes
Rep. Candido B. Taman	excused
Rep. Ramon A. Tebuteb	yes
Rep. Manuel A. Tenorio	yes
Rep. Stanley T. Torres	absent during voting
Rep. Absalon V. Waki, Jr.	yes
Rep. Ray N. Yumul	yes
Mr. Speaker, I hope that this is the final amendment to this Public Law, and my vote is, "yes."	
Rep. Oscar M. Babauta	yes

Rep. Ada: Privilege.

Speaker Babauta: State your privilege.

Rep. Ada: I just want to correct my statement and say, Public School System and NMC. Thank you.

Speaker Babauta: Did you cast your vote.

Rep. Ada: Yes, sir.

Speaker Babauta: Thank you. Clerk, take note that since the House expressed interest on H. B. NO. 15-176, by a vote of 15 “yes”, H. B. NO. 15-176 passes the House on First and Final Reading, Committee as a Whole. You want go for one more bill? Floor Leader, next bill.

Acting Floor Leader Lizama: Passage motion on First and Final Reading, H. B. NO. 15-177.

The motion was seconded.

H. B. NO. 15-177: A Bill FOR AN ACT TO AMEND PUBLIC LAW 11-79 AS AMENDED BY PUBLIC LAW 12-7; AND FOR OTHER PURPOSES.

Speaker Babauta: Discussion. Clerk, call the roll.

The Clerk called the roll on the motion to pass H. B. NO. 15-177 on First and Final Reading:

Rep. Martin B. Ada	yes
Rep. Edwin P. Aldan	yes
Rep. Francisco S. Dela Cruz	yes
Rep. Florencio T. Deleon Guerrero	excused
Rep. Joseph P. Deleon Guerrero	yes
Rep. Jacinta M. Kaipat	yes
Rep. Jesus SN. Lizama	yes
Rep. Crispin M. Ogo	yes
Rep. Arnold I. Palacios	yes
Rep. Justo S. Quitugua	yes
Rep. Benjamin B. Seman	yes
Rep. Candido B. Taman	excused
Rep. Ramon A. Tebuteb	yes
Rep. Manuel A. Tenorio	yes
Rep. Stanley T. Torres	yes
Rep. Absalon V. Waki, Jr.	yes
Rep. Ray N. Yumul	yes
Rep. Oscar M. Babauta	yes

Speaker Babauta: By a vote of 16 “yes”, H. B. NO. 15-177 passes the House on First and Final Reading, Committee as a Whole. We will take our lunch break and come back at 1:30 p.m.

Rep. Yumul: Mr. Speaker, privilege before we do that.

Speaker Babauta: State your privilege.

Rep. Yumul: Just a note to the members regarding H. R. NO. 15-70, HM3 stands for Hospital Corpsman Third Class. I think it is more fitting.

Speaker Babauta: We already agreed to have the Clerk and the counsel work on the proper language. Thank you. Lunch break until 1:30 p.m. Recess.

The House recessed for Lunch at 11:46 a.m.

RECESS

The House reconvened at 1:51 p.m.

Speaker Babauta: We are back to our plenary session. I recognize the Floor Leader for the next bill.

Acting Floor Leader Lizama: Mr. Speaker, are we quorum?

Speaker Babauta: We had established a quorum since this morning.

Acting Floor Leader Lizama: So moved, Mr. Speaker, for the passage of H. B. NO. 15-172 on First and Final Reading.

The motion was seconded.

H. B. NO. 15-172: A BILL FOR AN ACT TO REQUIRE THE DEPARTMENT OF PUBLIC LANDS TO RESERVE 5 HECTARES OF PUBLIC LAND ON EACH SENATORIAL DISTRICT FOR THE PURPOSE OF PLANTING LOCAL MEDICINAL PLANTS; AND FOR OTHER PURPOSES.

Speaker Babauta: Discussion. I recognize the Minority Leader.

Rep. Palacios: Thank you, Mr. Speaker. I do not have any problem with the intent, findings and purposes. How we do this is significant and here we are land designation again for particular issue. We have designated lands for very similar and correlating purposes in the Commonwealth for wildlife conservation areas, for forestry conservation areas and we are proposing yet more reserves for medicinal and planting. I wholeheartedly support your idea. No question about it, but I believe that we need to hold off on this and perhaps bring in the Department of Lands and Natural Resources and the Department of Public Lands because if I am not mistaken, wildlife and forestry areas are consistent purposes and so as this. We can consolidate all these areas rather than have exclusive zones for medicinal plants, exclusive reservation or conservation areas for wildlife or even exclusive areas set aside for forestry. These are all common things that could be consolidated and put in one area. In fact, a planting of medicinal plants could be consolidated into our forestry programs in the Commonwealth. So the intent is there and I agree with your intent. I think we need to come together with the principal departments that are going to be responsible that can make this a success. We could even sit down with the traditional healers and see what type of plants and how they could be germinated and we could put it under our forestry program. That is my only thought, Mr. Speaker. We need to pursue this, but we need to pursue it in a more coherent manner. Another one is the earmarking of amusement machines. Wow. I am not going to go further than that. That is something we really need to take a look at. It kind of threw me off because I am looking at 40 and he has 39 right next to it. I suggest that we put this on First Reading only and hope that our good Chairman from Natural Resources can help us and see how we can move this to make it a better proposal.

Speaker Babauta: Thank you. First of all, before I recognize anyone, let me just clarify with the counsel because we have two different issues in this bill. One is land designation and the other is revenue. Counsel, is this bill in conformant with the Constitution?

Legal Counsel Antonette R. Villgomez: *Having to look at this right now, I cannot make a conclusive finding, but the appropriation section and the earmarking is related to the designation of the land. It is to establish a program, but it does not say what the money is for. It just says to deposit 1% of our revenues to be known as medicinal plantation fund. It does not mention who the expenditure authority or what the money is supposed to be used for. They are all lacking those in this bill.*

Speaker Babauta: To make this short, I would recommend to our Chairman, similarly what we did on the Solid Waste program, we can enact similar legislation where we enact a program then come back, but the bill should be simultaneously introduced or rather substitute for that matter so that we identify the source to carry out the intent of the program. I would recommend that we put this on First Reading and we will get the mechanics working on the other bill to fund the program. The intent is very good. We are all cognizant that we need to preserve many of these medicinal herbs or trees or what have we. I recognize the Vice Speaker.

Vice Speaker Quitugua: Just a recommendation, Mr. Speaker, if it is going back to the Committee. I have amendments to do on the bill, but I prefer that I give my recommendation and when it goes back to the Committee, it will come back with a better bill. The medicinal plants, Mr. Speaker, not all of them can grow in one location.

Speaker Babauta: I agree.

Vice Speaker Quitugua: So designating a location for all these plants might not serve the good intent of the bill. I think what the Committee should do is to check the Lands and Natural Resources and find out which partials of land have been designated as forestry and see what type of medicinal plants are already in there. Another thing is, on Saipan, I do not see the Mayor of Saipan being an effective office to handle this responsibility. It would probably be more effective if it is put under the Department of Lands and Natural Resources because they deal with the forestry. Another thing is that, here we are and it is almost one month that we have been fighting for \$1.00 and some cents for the budget, and in the bill, we are trying to earmark funds out of the general fund. So my recommendation for the funding source is to look at the respective local Senatorial Delegation and fund this program if it needs to be funded. That is my recommendation, Mr. Speaker. Thank you.

The Chair recognized Representative Dela Cruz.

Rep. Dela Cruz: Thank you, Mr. Speaker. I too wholeheartedly agree with the intent of the bill that we have here. I am just kind of curious as to the size needed, 5 hectares. I am thinking whether this might be an over kill, as far as the plot needed on each island. We still have a lot of our people on our islands here that are still trying to get a homestead. Like I mentioned earlier, I have nothing against the bill. I think that it is a pretty good bill with changes to be made, but I just like to see whether the size of the area might be a bit too much for this undertaking. Again, I just want to reiterate that we have people waiting for a piece of land on all three islands and hopefully we can take that into consideration also. Thank you, Mr. Speaker.

Speaker Babauta: Better yet, we allow our homesteaders to plant one of the medicinal plants mandatory. I recognized Representative Joseph Deleon Guerrero.

Rep. Joseph Deleon Guerrero: These two gentlemen basically reiterated what I was going to say, but I want to add on to what both of them said. One is that, you do not find or you rarely find all of the medicinal plants in one location. There are some areas in Rota perhaps that I have seen where you can find a lot of them in one area. Largely though, there are different environments for the different kinds of medicinal plants and I am sure that the author knows that. The designating of 5 hectares perhaps some clarification needs to be done to say that it does not necessarily have to be in one contiguous area, but rather, up to 5 hectares and it could be allowed for pieces where there is “magu lalu” in one spot and different medicinal in different areas. That was one recommendation. In Saipan, I am very familiar with areas that have that and there are isolated often times in cliff lines. I am not very worried that it may affect homestead lots, but perhaps we do not need 5 hectares. There are spots along cliff lines here and there, and maybe if forestry can designate the very important ones, it could come up to only 1 hectare, so why designate 5. So those again are things to think about. I support the intent of the bill with a little bit more of clarification, I am sure we can pass this. I think that the 1%, I tent to agree with our Vice Speaker about using Delegation Funds to fund this type of activity. Thank you, Mr. Speaker.

The Chair recognized Representative Torres.

Rep. Torres: Just want to reiterate of what the Vice Speaker had mentioned that maybe not all medicinal plant would grow and have the power of healing if they are all planted in one place, because some of the medicinal trees grow in thick jungles or limestone forest. Not all places where medicinal plant grows have their own “birak.” I am not saying that the medicinal plant has its own auntie or “taotaomona.” Tinatitiyi lokue ni taotao mona i amot. One example and I experienced this myself and my dad. Right behind Joeten Motors, there is a thick of big trees there. My Dad is not a “siruano” but when the siruano tells him where to go and where to find, he would go there and find it. Once upon a time, he took me there and looked for “tronkun anonas” because there are anonas there, but we went around for like 2 hours but could not find it.

Speaker Babauta: Because you were there.

Rep. Torres: No. It is because the people or the “taotaomona” are playing and kind of tricking him. Sigi ha di mana liluku. We walked around for like two hours and he felt tired and said, ta fatachong fan ya ta chupa sa kulan yayas yu esta. You know, we sat down and he lit the cigarette and as he was looking at the tree, he realized that the anonas tree was right in front of him. Ha kasas iluña ya ilekna na ma’akachayi hit talo. Ilek hu sa hafa? Ilekna na esta dos oras hit di lumiliko ya estagui ha i anonas gi menata.

Speaker Babauta: Gi magahit debi di giya ha lao pot i gaige hao eyu na...

Rep. Torres: You know those are the power of people that know and who are looking for medicinal tree. You could have the Anonas tree right outside your window at the house but that tree may not be a healing medicinal. So we have to be careful of designating areas because we may be planting weak medicinal plant.

Speaker Babauta: I understand. I now recognize Representative Tenorio.

Rep. Tenorio: Mr. Speaker, let me tell you, this is a very important bill and wholeheartedly one hundred percent. As a matter of fact, it is protected under the Constitution, the medicinal plants. If you recalled, during the 9th Legislature, I did introduced a similar bill for preservation and propagation, which later on we can amend this to include that because it is important that we continue to propagate. Preservation, you could go to various areas that have these plants and they will continue to grow, but there are so many plants that are now dying out and that are where we actually need to propagate it. I think for propagation purposes, you could assign maybe the College or work out with the DCCA or some group that has to deal with the culture. Just very recently we had a symposium or some kind of a gathering here regarding medicinal plants and unfortunately, I was not able to attend, but those type of things, I know that the founders of the Constitution realized the importance of this that we should continue with the culture and one way of doing it is to preserve and to try to propagate especially nowadays with the construction and clearing out of lands. There are a lot of medicinal plants that are dying. That part on the “birak” side is actually the culture and this is something that is part of our culture. So that one, I am out of it, I do not know very much about the “birak”. I believe one hundred percent in the traditional medicine or alternative medication, it is not only going to the hospital. But how we tackle that is another problem and I agree with some of the suggestions that perhaps we defer this to the Committee on Natural Resources because they can deal with this.

Speaker Babauta: My deepest apology, Representative Tenorio for the minor disturbance created by our colleague.

Rep. Tenorio: Mr. Speaker, hu hasso ha na man intodusi yu bill ni esti ni para uma protehi sa man malilingo iyota culture and some of the medication, sigi ha di gumaguan lokue. Esti siha i amot Chamorro kumo i amot sague, amot goppe yan para man saffi, ya i lugat ni para ta polueyu nai, questionable esti and Congressman Dela Cruz has a good point kao nahung hit tano. Bula competitive factors nai, kao priority i homestead pat hafa ta chogue lao, I think we can work on something that, kulan ta farm out esti gi certain areas like forestry and make it a protected species for that matter so that they do not touch it. Pago eyu siha ni manma lilingo nai ni they are dying out, we can propagate those things and spread it out. I am hundred percent behind this, Mr. Speaker, and I want to commend my good colleague for coming up with this bill. Thank you.

The Chair recognized Representative Seman.

Rep. Seman: As Congressman Tenorio had mentioned in regards to maybe finding ways to protect these medicinal plants, I would rather see an action taken in a form of identifying these medicines and regulating the harvesting of such medicines. Perhaps maybe even requiring those people harvesting these medicines to acquire a license to harvest them, and maybe even requiring them to replant or replenish what they have harvest it. But I think we should preserve where they are presently at and just continue to plant additional as we take and not commercialize it. I believe that they should not even be moved from where they are presently at.

Speaker Babauta: Thank you. We need to put something in here that would prohibit otherwise from commercializing something that we have received from the Lord above. I noticed that there are several occasions where – would normally by the gallon, sell or commercialize something that comes from nature. If it is revenue that we are looking for then let us put something in here that would allow for a license fee or maybe a local tax for each Senatorial District that implore

cultivation of medicinal herbs and trees. As we continue to debate the medicinal issue, my other concern is to have a provision that deals with taxes or removing taxes from the earmark. We are already into finalizing the budget for FY 2007 and we need to be very careful. Chairman Ogo, to make things short, perhaps we can revisit this in a more formulated way in common up similar to the environmental and the solid waste program.

Rep. Ogo: Speaker, before I say something, I would rather yield to the rest of the members to finish off.

Speaker Babauta: We are just trying to raise concerns. I recognize Representative Kaipat.

Rep. Kaipat: I share the sentiments of my good colleagues who had spoken before me. The first thing that I want to address is my concern that again, we are crossing over to what I consider as an executive function telling DPL to do this when perhaps it is just a request or a letter to DPL making this request would suffice rather than entangling ourselves with another bill that might be vetoed for separation of power issues. Secondly, Congressman Tenorio is absolutely correct and that our Constitution does recognize and promote our use of local medicine and it is inherent upon us to make sure that we do take action to protect and preserve our local medicine. For that reason, I applaud the author of this bill. I do support the intent. For the Third Senatorial District, I know that there are medicinal plants that are planted in Managaha, and some of the problems that they have encountered out there is people who want to go out and clear the area do not know what is medicine and they end up destroying the medicinal plants in the process. So education is paramount and it is really important that we identify these plants and as one of you had suggested, maybe even designate a mass protected endangered species to make sure that people do not touch them. But again, this requires public education awareness to make sure that people know what is allowable and what is not allowable. Beautify CNMI has been involved in various planting. We have partnered with Forestry in re-vegetating the Laolao Bay or the watershed and we have planted some medicinal plants up there including NONI. So the idea that we need to really look at appropriate places to propagate the plants is really something that we need to look at carefully. It is important to do that because as we said, we want to avoid designating a place where there are birds and we go in there and plant trees, and in the process of going in there to get medicinal plants, we disturb the birds and we have all these kinds of problems that we could have avoided initially. The other thing that I also learned in meeting the folks from DLNR yesterday is that our Manamko's want to also plant medicinal plants so there are certain locations on this island where people are interested in doing that. In terms of the issue on commercial practices, I know that during the Flame Tree, there are some of our local people who are selling local medicines. Again, that is a promotion of our culture and of our own healing practices and I would hate to impose any kind of severe restrictions in those kinds of activities because as I said, our Constitution allows that. If I am not mistaken, I believe that the Tinian Municipality is trying to start up a commercial business to sell NONI, and so we do not want to impede their own venture into this. If anything, we need to support it. I just want to share those thoughts with you and to make a recommendation. With all due respect to the author, I believe that this bill with all its good intent could benefit from having the Natural Resources Committee take a look at it to review it and improve it to see how we can work to make sure that things are worked out and all questions are answered. As I said before, I stand to be corrected, but I still feel that we need to avoid some entanglement and separation of power issues here. That is all. Thank you.

The Chair recognized Representative Waki.

Rep. Waki: Thank you, Mr. Speaker. Interesting subject, but all points taken in, not a lot of medicinal plants can grow in just any particular place. I know that. You can only find it in certain areas and point taken from Representative Torres on just the spiritual side of it. So I believe that there should be something done. Representative Kaipat was saying that we should have education, which is true. Education is key, but then finding those places that are actually have the plants, for you to designate those areas, there maybe quite a bit on this island. I think that there are only a few medicinal suruhano's left on the islands and I think if anything, they should be the one actually stating where they would like it to be and maybe they would know where the medicinal plants are. We should get their input in each respective Senatorial District. We may find that it is mostly very remote areas that are actually where the medicinal plants are, and maybe designate a small reserve for that, but still education is actually key and maybe we should hear from the Suruhano's to tell us where these medicinal plants are and get that input. We know that there was a forum on it recently and I know that it is important because there are still many people that do not believe in regular medicine, but you know, the old Suruhano type medicines is really what they use. I just believe that we should dialogue the Suruhano's. There is not many of them. I think on the island, there is probably a handful, probably less than 10. As for myself, I think that it should be reviewed just a little bit more to just kind of tweak it to make it even better so that we can assist the Suruhano's in there needs for the medicinal plants. Thank you.

The Chair recognized Representative Torres.

Rep. Torres: I have to disagree with Congressman Waki. The number of Suruhano's are more than 10. I think there are about 50 of them. I will tell you that one of them is her mother, our Clerk Vicky is also a Suruhana and I doubt that. Maybe Congressman Ogo himself is a Suruhano. We have to be careful in identifying how many of them.

Speaker Babauta: Probably Representative Waki is alluding to the preservation of the medicinal plants through consultation of the well known healers in the Senatorial District. Yes, I understand and I agree that it be more than 10 out there. I recognize Representative Aldan.

Rep. Aldan: Thank you, Mr. Speaker. I thank my colleague for recognizing the on-going process of the Noni in Tinian. When I was in the Municipal Council, I remembered back then that Senator Henry San Nicolas is one of our Suruhano on Tinian and requested the Municipality for this and to allocate certain portion of land. We did came up with the Resolution, but I did not know where the Mayor went with it but we did address it with Marianas Public Lands at that time. My only concern here is, I believe Congressman Waki mentioned that not all plants grow on level or well soiled land. Sometimes we find it way down next to the cliff or up in the mountain. I do not know how Public Land is going to do this. Is this going to be one whole 5 hectares or separate them?

Speaker Babauta: Because you came late, Representative Joseph Deleon Guerrero recommended that maybe the phrase should be up to and not necessarily designating the entire hectare in one place. That is one of the recommendations. You want to put in your recommendation?

Rep. Aldan: If that is mentioned already then that was one of my concerns. Let us give it to the Committee and we will call in the affected agencies and entities.

Speaker Babauta: Well, the bill itself calls for 1% from the Tinian Gaming Commission.

Rep. Aldan: No. No. No. We cannot, Mr. Speaker. This bill cannot go into the Casino's funds. Maybe the Poker but not the Casino fund.

Speaker Babauta: I thought you were half way asleep. I recognize the author, Representative Ogo.

Rep. Ogo: Listening to all of you, I cannot disagree and before we even take it off the Calendar, I just want to recommend to the Chairman of Natural Resources to please take a note or retrieve the Journal for today's session because a lot of the members did point out good comments and that is probably why I requested to have it on the Calendar so we can talk about it. Now I understand that everybody in this House have different ideas and how this bill should go. But let me tell you something and let me share my vision on how I came up with that 5 hectares. Two things, one, I want to make sure that if this is going to happen, we have various plots within this 5 hectares, a pathway where kids from school can visit this forestry where our students can visit and learn our medicinal plants and at the same time, our healers will be given the opportunity for easy access to go and get the necessary plants for their medicines. Number two, and that is my entire vision here and that is for our students to be able to understand how a Korason Gualak looks like, how Potpotpot looks like, Kabadiyu, Paudedu...we want to have our kids see that and experience our medicinal plants. Number two, somebody mentioned that there are certain plants that cannot grow in certain areas. I experimented this. Fifteen years ago, I took a plant from the shoreline, went to my house, dig a hole, put sand in that hole and I planted that medicine and it grew. So I guess it is just a matter of someone experimenting something. The only way for this, like what Representative Tenorio mentioned, is that we should start propagating these plants. In order for us to experience this, we have to go out there and start doing something and we cannot do it without funding. That is why I recognize 1% out of our Poker and give it back, something worthwhile for our kids. So the intention basically is not only to give an easy access to medicinal healers, but also for our students to really see the different types of medicines. Five hectares is not even enough, but if you proportion the land, and plant all those plants for our future generation to at least be able to see. Dididi enao i sinko hectaria. I know that we can plant medicines. We can bring the Koran Gualak and put it in that area. We can do that. It is just that somebody has to start somewhere and I agree that we can probably have DLNR take the lead on this. I just mentioned the Mayor's Office because he is the father of the land but we can always change that. I strongly suggest to the Chairman of Natural Resources to please take the Journal today and listen to the opinions of our colleagues because they make sense.

Speaker Babauta: Very good. One thing that I would recommend also to the Committee is to insert a provision that would allow each respective Senatorial Delegation to request because geographically as everybody agreed that we have different species of plants that grows on different areas. So that would allow each respective Senatorial Delegation to engage in a shorten number of partials of land in that area, that area, and that area to come up or equal to whatever the intent of the bill is. I recognize Representative Tebuteb.

Rep. Tebuteb: Thank you. With what you just suggested, to maybe designate a certain area to the preservation of this thing. Maybe at this point, I would recommend that we allow probably the Committee or the author of this bill to put forward a Joint Resolution or a Resolution to begin on the process to request DPL so that they start identifying or begin the process towards this bill. Let me

go further with the comments. Besides the Constitutional issue that may arise, I believe Representative Waki hit it to some extent on the nail when he mentioned the number of Suruhano's and Suruhana's that we have. As you all may know that considering where we are going with our age, I think we should push on this as soon as we can and with number of Suruhano's and Suruhana's on island, you all know that there are some sacred things that other Suruhano's may be willing and others may not be as willing. I think that one of the focuses for us is to really focus on these really unique individuals and try to work out some sort of a plan or something. I am glad, Mr. Speaker, that most of what is said seem to center around the agreement that we should try our best to protect these medicinal plants as well as to try to identify the location. I am glad that you mentioned that most especially with you, Mr. Speaker, I may imply that the location, one location is certainly the Grotto area, and with all these talks of the monorail, thank you for your support.

Speaker Babauta: One thing also, you need to remember, as the Committee works on this, we have costumes and traditions in the various islands. So you need to recognize that a desire to give from receiving a gifted healing process is merely not a way of commercializing treatment. So you have to understand on that. With that, I am glad that we have the recent local medicinal symposium a while ago and this is a good timing that this bill should move on of course with some amendments to be made. With that, Floor Leader, subsidiary motion to refer to the Committee on Natural Resources for expedient process.

Acting Floor Leader Lizama: So moved, Mr. Speaker.

The motion to refer back H. B. NO. 15-172 to the Committee on Natural Resources was seconded and carried by voice vote.

Speaker Babauta: The motion carries. Next bill, Floor Leader.

Rep. Palacios: Privilege, Mr. Speaker.

Speaker Babauta: State your privilege, Minority Leader.

Rep. Palacios: Mr. Speaker, I would like to ask for the indulgence of the House – when I introduced H. B. NO. 15-179, I inadvertently forgot to ask that this be placed on the Calendar.

Speaker Babauta: Floor Leader, I was just glancing at your bill and I love to be an co-author myself, but can we allow the Committee to expedite it because this is a good bill that warrants an immediate...

Rep. Palacios: We will just put it on the Calendar and just have the Committee also at the same time.

Speaker Babauta: You want it both?

Rep. Palacios: We can place it on the Calendar and it would be expedite.

Speaker Babauta: Or I will ask the Committee to expedite it. I will check the Committee that does not work too much or rather does not get much assignment and I will have them expedite it. This is a good bill.

Rep. Palacios: I trust you, Mr. Speaker.

Speaker Babauta: As usual, be assured, thank you. You are beginning to trust me more than somebody else. Thank you, Minority Leader. Floor Leader, next bill.

Acting Floor Leader Lizama: Thank you, Mr. Speaker. Passage motion on First and Final Reading, H. B. NO. 15-53.

The motion was seconded.

H. B. NO. 15-53: A BILL FOR AN ACT TO PROMOTE LOCAL PROCUREMENT BY AMENDING 4 CMC § 7404 OF THE PLANNING AND BUDGETING ACT OF 1983; AND FOR OTHER PURPOSES.

Speaker Babauta: Discussion. I recognize Representative Tenorio.

Rep. Tenorio: Thank you, Mr. Speaker. I think earlier there was a House Substitute One that was passed out, and that substitute actually addresses all the concerns that we had during our last session. It is H. B. NO. 15-53, HS1. I move to substitute the House Bill.

The motion to substitute H. B. NO. 15-53 in the form of House Substitute One was seconded.

Speaker Babauta: Discussion on the substitute? I recognize Representative Yumul.

Rep. Yumul: Mr. Speaker, I am just curious on page 1, line 18. Is there such a thing as one hundred percent U.S. citizen? I think you are either a U.S. citizen or not. There is no percentage...can the author clarify the reason why there is a percentage? Maybe we are talking about duo citizenship?

Rep. Tenorio: If I read the sentence correctly, Mr. Speaker, this refers to the company as a U.S. citizen; one hundred percent U.S. citizen.

Rep. Yumul: I think the CNMI Constitution, if I may, Mr. Speaker, specifies that for example, a company that is going to be treated as local company for all rights and privileges in owning CNMI property, the shareholder has to be 51% local descent or better. The shareholders have to be local descent. So are we trying to re-define the ownership?

The Chair recognized Representative Tenorio.

Rep. Tenorio: I think we are trying to stay away from that definition of "local" because it does not serve the purpose of this bill. Right now if you are going to do anything, it has to be U.S. citizenship or either you work as a U.S. citizen or you function as a U.S. citizen in your company or not. That is how we are doing here to eliminate those companies that are not U.S. citizens and give special treatment to a U.S. citizen. Keep in mind that this project that we are talking about here is primarily

for government projects, and I know we opened up our ports for foreign investment here, but the main purpose in mind is to develop the private industry. What we have now is foreign investment in the government competing directly with our people. So it is the intent of this bill to try to give more opportunity to our locals citizens here or U.S. citizens that are doing business.

Rep. Yumul: I do not have an issue with what we are trying to accomplish here. I know what the intent is, but I was just reading the language within the bill, and I think we are going to create more problems than we attempt to solve because as an example, let us say, this eighteen body member were all partners in a corporation and three of this partnership is from a different country but yet the majority of partners are U.S. citizens. So they would be banned from bidding just because of those three partners that are not U.S. citizens. It is just a caution that what we are mandating is a hundred percent citizenship can translate to mean that just one partner or one share holder out of many would automatically bar that company from becoming eligible to bid on these projects. So it is just an air of caution on this intent. Again, the Constitution does not even state 100%. It just states 51% of the shareholders. If they are of Northern Marianas descent then the company is eligible to own land. Maybe perhaps this 100% might be just a little bit too strict.

Speaker Babauta: Before I recognize you, Representative Tenorio, may I kindly just request a short clarification from the counsel. Is this a local preference law that we are amending?

Legal Counsel Antonette R. Villgomez: Yes, it is, Mr. Speaker.

Speaker Babauta: Okay.

Rep. Yumul: Maybe a short recess to clarify.

Speaker Babauta: Okay. We will take a short recess.

The House recessed at 2:45 p.m.

RECESS

The House reconvened at 3:00 p.m.

Speaker Babauta: We are back to our plenary session. Representative Tenorio, you still have the floor.

Rep. Tenorio: Thank you, Mr. Speaker, and members for the enlightenment on this bill.

Speaker Babauta: Before I recognize that amendment, would you like to yield, Representative Yumul?

Rep. Yumul: Yes, Mr. Speaker.

Speaker Babauta: Thank you. You may continue, Representative Tenorio.

Rep. Tenorio: Mr. Speaker, again I just want to thank the members for enlightening me more on their assessment of this bill and what is fair, and I can see that perhaps we should change two or three words on line 18. I propose to amend this to read. After the word, “is” strike out “one hundred percent” and insert, the letter “a” to read, “who is a United States citizen.”

The oral floor amendment offered by Representative Tenorio was seconded and carried by voice vote.

Speaker Babauta: The motion carries. We will continue to discuss, H. B. NO. 15-53, HS1, HD1. I recognize Representative Yumul.

Rep. Yumul: Mr. Speaker, one more question on the same line. We need to ask the counsel how does the United States treat U.S. nationals? We do have U.S. nationals. I am particular concern about the citizens from American Samoa. They are part of the United States Territories but they are classified as U.S. nationals.

The Chair recognized House Legal Counsel Antonette Villagomez.

Legal Counsel Antonette R. Villgomez: The bill calls for a citizen, and a citizen and national are not one of the same. So this would restrict nationals from applying for those contracts.

Rep. Yumul: So should we then restrict U.S. nationals or we should...

Legal Counsel Antonette R. Villgomez: You could amend the bill to say, U.S. citizen or U.S. national.

The Chair recognized Representative Yumul.

Rep. Yumul: I do want to make that floor amendment, Mr. Speaker, but I just want to get a clarification because again...I will yield to the Minority Leader.

The Chair recognized Representative Palacios.

Rep. Palacios: I know that the issues that you are bringing up are usually those folks from American Samoa, but those folks that exercise to be nationals are the ones that stay in American Samoa. They never venture outside of American Samoa. If they venture out of American Samoa to go to any other places outside of the Mainland, United States, and Hawaii, they usually get their passports so they become automatically U.S. citizens. So if a person is going to venture in the Commonwealth, he would be a U.S. citizen by virtue of travel documents. I do not think that would be a problem.

Speaker Babauta: That is what Representative Yumul is trying to clarify, for purposes of travel or business, and here we are debating business. I recognize Representative Kaipat.

Rep. Kaipat: Thank you, Mr. Speaker. I want to address this to the author of this bill. My question is...yes, I support the intent to the local preference law, but how is this not going to be viewed as anti-business when we do something like this?

The Chair recognized Representative Tenorio.

Rep. Tenorio: There are so many...I do not know how to respond to that, Mr. Speaker. I will shoot the best way I can. Maybe some would view it as anti-business especially for those who are going to be restricted from doing this business, but then it is pro-local and pro-U.S. citizen primarily for us to develop our industry here. We do not have any industry here to talk about. You do not talk about construction industry, you talk about mechanics, the professionals or the air conditioning services, and we have just very recently passed a bill for the apprenticeship and then the college is doing their own. Where are we going to get these people to work in the future and get protected? Right now, if you are really in this kind of business, it is very tough and it will get tougher. It is anti-business for those that would be restricted by this, but at the same time, I think that it would be business what...as far as making this decision, it would be appropriate decision to do for the local citizens and our people here that will have this type of opportunity. So I do not think that it is anti-business. That is my answer.

The Chair recognized Representative Kaipat.

Rep. Kaipat: I just want to caution the author of this bill because we do not know what possible negative ramifications a general bill like this is going to lead to down the road. I do not see that there is anything that is impeding us from developing our industry the way that we want to. It is a lack of will, lack of desire, and lack of opportunity. I do not know. For me, if I am going to hire a plumber, I want to hire a qualified plumber regardless whether he is from Mars or not. I caution on this note and I also want to ask the legal counsel about the possible Constitutional ramification of a bill like this. I seem to recall an in – law...a line of – cases where the court had also ruled on that and I was wondering if something like this might be applicable to that type of interpretation.

Speaker Babauta: Thank you. I recognize the Counsel.

Legal Counsel Antonette R. Villgomez: I am looking at the bill and its contents. Basically, the bill would treat people differently based on citizenship. Our Constitution protects against treating people differently if they are based on race, ancestry, religion and sex. There is no provision and it is not quite clear whether citizenship is one of those suspect classes. I cannot tell you for sure whether or not this bill would invite Constitutional attack. I think it could, someone who is denied contract based on his citizenship could try and challenge this bill whether or not it would be declared Unconstitutional or not. I cannot say for sure because again, citizenship is not something...I mean, I am not going to say that it is not and it is okay to discriminate based on citizenship because I really do not know. It is not something that is really – race is easy. You cannot discriminate based on race, ancestry, you cannot discriminate. All of those to me are clear from my understanding of Constitutional Law, but citizenship is not something that was common during discussions of Constitutional Law. But it is treating people differently based on citizenship. So I think it could invite Constitutional attack, but I cannot say for sure.

The Chair recognized the Vice Speaker.

Vice Speaker Quitugua: Mr. Speaker, for the comfort of the members, that is the only discrimination that you can put down in the law, citizenship. I forgot the case, but there was already a challenge with the U.S. Constitution on citizenship and the Supreme Court declared that the

government or anybody can discriminate based on citizenship. So that has been ruled by the U.S. Supreme Court, and I think having it here is proper that we can discriminate based on citizenship.

The Chair recognized the Minority Leader.

Rep. Palacios: Let me add on to that. There was also another allowance to discriminate and that is the Minority Preference Act. You know, you have these programs particularly in California and other States where businesses are given preferences for bidding in government projects. We have those programs and this actually what this is trying to do and that is to give preference to local citizens in the Commonwealth up to a certain extend.

The Chair recognized the Vice Speaker.

Vice Speaker Quitugua: Mr. Speaker, if some of us can recall the case that was filed here in the CNMI about the salaries between locals and U.S. citizens during the Trust Territory, the court had ruled that this is legitimate to having two different salaries schedules, one for non-U.S. and the other is for U.S. citizens.

The Chair recognized Representative Tenorio.

Rep. Tenorio: In addition to that, Mr. Speaker, my understanding is that doing business is not a right. It is a privilege. So doing business is not a constitutional right. It is a constitutional privilege, but again...

Speaker Babauta: Well more so probably to clarify further, Representative Tenorio on the concerns of the other members, and more so maybe...

Rep. Tenorio: I agree with the legal counsel, Mr. Speaker. The Constitutional recognizes all except that citizenship is not...

Speaker Babauta: It is a policy call.

Rep. Tenorio: Thank you.

Speaker Babauta: We have enacted the local preference law that we garnered more lawsuits and dragging projects because of bidders losing bids to others. I recognize Representative Kaipat.

Rep. Kaipat: I am just wondering, for example, if there is a project here where our local contractors cannot handle and they have to bring in a subcontractor from Saudi Arabia for example, are we going to be tying our hands behind our back and say, you know we cannot bring these people in for this particular project if it is \$500,000.00 or less? I mean, what if we changed this language to may instead of shall?

The Chair recognized Representative Tenorio.

Rep. Tenorio: I think similar concern was raised by Representative Waki. I just refused to agree that there is...you know United States of America is the largest and the most powerful nation in the

world, and \$500,000.00...I mean, we cannot handle it here. We have to get a guy from Saudi Arabia and maybe he is a U.S. citizen so probably he is qualified to do it here too. I mean, there is so many Chinese and African, Bangladesh are U.S. citizens and do business here. So we are not discriminating against them for their sex or Muslim religion or what. They are welcome. But I still cannot believe that a small project like this, you need to get people from outside. I mean, just like the \$200,000.00 consultation and there is nobody here that can do that type of job. I failed to believe that we are not capable of doing this. Thank you.

Speaker Babauta: Let me just make one clarification from our legal counsel before I cast my vote. Counsel, will the amendment on § 7404 (c) prohibit a U.S. citizen business from engaging experts from outside the Commonwealth to perform such project?

Legal Counsel Antonette R. Villgomez: I was thinking about that. The restriction is limited to U.S. citizens. As long as the business or the person is a U.S. citizen whether from the Commonwealth or from the Mainland, Hawaii or anywhere, it would be okay. That is way as far as I read it.

Speaker Babauta: I am concern because if a U.S. citizen company does not have the expertise and apparently been awarded for the goods or rather to perform a contract or services for the government, it should be allowed for that particular U.S. citizen company to engage experts outside of the Commonwealth. So that amendment does not prohibit that citizenship issue, right?

Legal Counsel Antonette R. Villgomez: It is just the bidder. If the U.S. Company is – if all the members or the shareholders of the corporation are U.S. citizens, then that company would be qualified whether or not they now have to subcontract a non-citizen to help out with the project. That is a different story. I am not sure if that is one that you are talking about.

Speaker Babauta: Very good. Any more discussion. I recognize Representative Kaipat.

Rep. Kaipat: Just clarification from the legal counsel. Is it not this citizen of the corporation where it is incorporated so we would not necessarily get into shareholder situations?

Legal Counsel Antonette R. Villagomez: No, you can have a U.S. citizen corporation incorporated in the U. S. doing business here. Any business, even foreign business, you do not have to be incorporated out here in the CNMI in order to do business. What you do is you take your Articles and you file it with our Commonwealth Registrar Office and that is how you get established. But it does not necessarily mean that you have to incorporate here. You could be just a foreign corporation doing business here so United States Company could also be incorporated in the Mainland but doing business here. So there is no requirement that you have to...

The Chair recognized Representative Dela Cruz.

Rep. Dela Cruz: Thank you, Mr. Speaker. I was just looking over the bill and it does not seem that this is limited to Corporations. It could be that a sole proprietor can also engage here and it could also be a partnership. So for that being said, let us say, a sole proprietor bids and wins, he can outright subcontract it out to some other foreign company or whoever. That is an issue here where here we are talking about corporations but it does not state anything in regards to corporation. It only says local business or businesses.

Speaker Babauta: The Section here that the author is trying to amend is § 7404, which has several components. What you are saying, Representative Dela Cruz is a different...yes of course, if you are the outright winning bidder then you are allowed under the law to engage a non-citizen company to achieve your bid on whatever intended project that you bid for or rather more over to procure goods pursuant to your submission of the bid. So yes, you are allowed as a proprietor as long as you are a U.S. citizen doing business in the Commonwealth. Continue, Representative Dela Cruz.

Rep. Dela Cruz: Thank you, Mr. Speaker. I just have one more to add, and that is, what exactly is the intent of the bill? Is the intent of the bill to help the local businesses here or are we now looking at helping anyone else that is a U.S. citizen that wants to work on supplying goods or contracts?

Speaker Babauta: To clarify your concern, please refer to page 1 on the findings starting on line 4 up to line 7. So that is the purpose of inserting a provision that would allow a local business who are or who is a U.S. citizen in the CNMI to engage in procurement of goods in the amount stipulated in the bill.

Rep. Dela Cruz: So by making the certain amendment, it basically contradicts the intent of this bill by having anyone that is a local or a U.S. citizen come in and take over projects and provide goods and services to the people...

Speaker Babauta: You also heed another point. Someone mentioned earlier about a U.S. business who are incorporated in the United States and so a proposal in the amount of \$500,000.00 and below. It could be from Hawaii, it could be from Guam that would eventually land in Saipan and file for business license and end up getting the project or procuring the goods. I think Representative Dela Cruz raised a valid point too and we need to further enhance or rather put some teeth here. I recognize the Minority Leader.

Rep. Palacios: You know in the successive pages on page 2, maybe this would alley some concerns raised by Representative Dela Cruz. What that means is that not every U.S. citizen is going to be given the treatment, but first you have to qualify. I am pretty sure that under those qualifications, the bidders qualification, you are going to have to be shown that you are indeed in the construction business or you have a computer software business if that is the services or whatever and so forth, and if you are not a qualified bidder, even if you are a U.S. citizen, they will take you out. So you have what you call a bidding process of shortness thing of – and then only those U.S. citizens that are qualified may bid. Further it says, who for three successive years prior to the submission of this bid proposal must have continuously done business in the Commonwealth. So these are qualifications which would ensure that the business has taken some routes in the Commonwealth. Basically it is a U.S. citizen company whether it originated from the United States, Mainland or Hawaii, Guam or anywhere that has taken roots in the Commonwealth and stayed in the community for three years successively. So those are valid concerns that I think the...[tape cut off]

Rep. Joseph Deleon Guerrero: I think it is clear that the basis for this is not that you are a local contractor. The basis for this preference is that the fact that you are a U.S. citizen and that you are qualified as long as you meet the various requirements here. But there is one section here, I believe on page 2, line 28, that says, performed by the local contractor. I think that local should be struck out because again, the basis is this not whether you are a local or non-local but whether U.S. citizen.

I think that word, “local” should be struck out and just say, “by the contractor who meets the criteria set forth in these subsections.” So I would like to offer...

Speaker Babauta: Well, before I recognize that motion, Representative Joseph Deleon Guerrero, let me just call for recess to get something from the counsel. Short recess.

The House recessed at 3:26 p.m.

RECESS

The House reconvened at 3:31 p.m.

Speaker Babauta: We are back to our plenary session, and I recognize Representative Joseph Deleon Guerrero.

Rep. Joseph Deleon Guerrero: I would like to offer a minor floor amendment on page 2, line 25, after the word subsections insert, “(c)” and to delete the crossed out “(c)” and insert, “(d).”

Speaker Babauta: Is everyone clear with the amendment? Short recess.

The House recessed at 3:32 p.m.

RECESS

The House reconvened at 3:32 p.m.

Speaker Babauta: We are back to our plenary session and the oral amendment as offered by Representative Joseph Deleon Guerrero has been seconded.

Rep. Joseph Deleon Guerrero: Mr. Speaker, before we...in addition to that,...

Speaker Babauta: Subsidiary motion, continue.

Rep. Joseph Deleon Guerrero: Also on line 29, the same thing, after the word subsections include, “(c)” and it should read C, D, and E. On the next page on page 3, line 16 again, insert the same and on line 19 the same. I believe that is it.

The oral amendment offered by Representative Joseph Deleon Guerrero was seconded.

Speaker Babauta: Discussion and I recognize Representative Torres.

Rep. Torres: I ask for point of clarification.

Speaker Babauta: State your point.

Rep. Torres: My good colleague, Representative Joseph Deleon Guerrero’s amendment on line 19, is he amending the word in parenthesis after the line or...because there is no mention of parenthesis

(d). Is that still the same? Because he did not mentioned anything. He just went to parenthesis (c) and I do not know which one.

Rep. Torres: I am asking for clarification. Can he repeat his amendment?

Rep. Joseph Deleon Guerrero: The (c) does not have the word subsection before it.

Speaker Babauta: Correct.

Rep. Torres: Thank you.

Speaker Babauta: Further discussion.

There being no further discussion, the oral floor amendment offered by Representative Deleon Guerrero was carried by voice vote.

Speaker Babauta: The motion carries. We continue to discuss H. B. NO. 15-53, HS1, HD2. Clerk, call the roll.

The Clerk called the roll on the motion to pass H. B. NO. 15-53, HS1, HD2 on First and Final Reading:

Rep. Martin B. Ada	absent during voting
Rep. Edwin P. Aldan	yes
Rep. Francisco S. Dela Cruz	yes
Rep. Florencio T. Deleon Guerrero	excused
Rep. Joseph P. Deleon Guerrero	yes
Rep. Jacinta M. Kaipat	abstained
I do support local preference, but I do not feel comfortable yet about this bill so I vote abstain.	
Rep. Jesus SN. Lizama	yes
Rep. Crispin M. Ogo	yes
Rep. Arnold I. Palacios	yes
Rep. Justo S. Quitugua	yes
Rep. Benjamin B. Seman	absent during voting
Rep. Candido B. Taman	excused
Rep. Ramon A. Tebuteb	yes
Mr. Speaker, could I ask for a very short recess?	
<u>Speaker Babauta</u> : Short recess.	

The House recessed at 3:40 p.m.

RECESS

The House reconvened at 3:41 p.m.

Speaker Babauta: We are back to our plenary session. Clerk, continue with the roll call.

Rep. Manuel A. Tenorio	abstained
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Mr. Speaker, I really do not feel like saying that I am in conflict, but I have a construction company. I did not do this for myself. It is a 2x4 construction, but I will abstain on this, Mr. Speaker. I would like to recall my vote so that there would be no question about my intention.

prorated to the extent that you are still in your official capacity as an elected official. This has been done before. What you are alluding here in the allotment is merely putting into perspective showing the intent of that previously exercised traditions of allotting per quarter. I do not see any problem with this amendment. It is just that we need to refine the language here that would reflect the termination date prior to the second Monday, in the case of the Legislature. I recognize Representative Ogo.

Rep. Ogo: Mr. Speaker, I figured that part there that says second Monday of January. That includes that portion that you are stating about the second quarter?

Speaker Babauta: Right.

Rep. Ogo: That right there officially says about that portion that you are talking about, Mr. Speaker.

Speaker Babauta: That is the cut off date.

Rep. Ogo: Let me just share to the members that the reason for this bill to be amended is because we have experienced especially in the First Senatorial District of incidents where a newly elected Mayor comes in and second and third quarter have been utilized, and it is minimal for our Mayor to operate coming in without funds available for second and third quarter. That also happens to the executive branch. So this amendment derived from that action and we want to make sure that we stop that and this amendment would do that. Thank you.

The Chair recognized Representative Joseph Deleon Guerrero.

Rep. Joseph Deleon Guerrero: Well, I can understand your concern, Representative Ogo, at the same token looking at it from the other side of the coin, you could also be depriving that member from making sure that his obligations whether car rental or telephone charges, or payment to his staff maybe restricted with this amendment. We have to be mindful of that. Sometimes your charges do not come out the same month, and if you have obligations that you have incurred during previous months and you are not able to pay them because you have now restricted that Representative or elected officials funding, who would incur that obligation?

Speaker Babauta: Let me just call for a short recess.

The House recessed at 3:53 p.m.

RECESS

The House reconvened at 4:05 p.m.

Speaker Babauta: We are back to our plenary session, and I recognize Representative Ogo.

Rep. Ogo: Mr. Speaker, I have a minor oral floor amendment.

Speaker Babauta: Proceed.

Rep. Ogo: On page 1, line 9, after the word allotment, to include, “except for the prorated amount” then line 10 follows through.

Speaker Babauta: Does everyone have that amendment? Read the new paragraph.

Rep. Ogo: “Provided however that the second quarter allotment except for the prorated amount during the period between a regular general election and the second Monday of January.” I have another oral floor amendment, Mr. Speaker.

Speaker Babauta: Continue.

Rep. Ogo: On line 14, after the word, “result”, strike of the period (.), and insert, “provided further that the second and third quarter allotments shall not be advanced during the same period of time.”

Speaker Babauta: Short recess.

The House recessed at 4:07 p.m.

RECESS

The House reconvened at 4:08 p.m.

Speaker Babauta: We are back to our plenary session. Continue, Representative Ogo.

Rep. Ogo: On line 12, Mr. Speaker...

Speaker Babauta: You want to withdraw the second amendment?

Rep. Ogo: Mr. Speaker, yes, I am withdrawing my second amendment, but I have another amendment on line 12.

Speaker Babauta: Continue.

Rep. Ogo: After the word, “Tinian” put a comma “(,)”, strike out, “and” after the word Saipan and include, “and Northern Island.” It should read, “Municipal Council, Office of the Mayor of Rota, Tinian, Saipan and Northern Island.” Thank you, Mr. Speaker.

Speaker Babauta: Discussion on the oral floor amendment. I recognize Representative Kaipat.

Rep. Kaipat: I just want some clarification. When we were on recess, we were talking about preventing the advancement of the funds and I think that is what the legal counsel was talking about, and I know Minority Leader that it is not allowed under the Planning and Budgeting Act, but from practice, it had happened before and that is what we are trying to prevent.

The Chair recognized Representative Dela Cruz.

Rep. Dela Cruz: Thank you, Mr. Speaker. I just need to clarify the issue here as it pertains to Section 2. It appears that this bill is focused solely on general elections and not on mid term elections. Am I correct on this?

The Chair recognized Representative Ogo.

Rep. Ogo: I believe mid term is considered general under the definition of the Commonwealth Election Commission.

Speaker Babauta: Yes.

Rep. Ogo: It is considered general so every election year is a general election year. We just made it mid term but it is actually general election. Thank you.

The Chair recognized the Minority Leader.

Rep. Palacios: I take note of the statement made by Representative Kaipat. If it is happening then that is something that we need to rectify, but I do not think that this bill would be the vehicle to do it. I was discussing this with Representative Dela Cruz and if we really need to prevent such a bad practice of having an incoming elected office inherit expenditures that is gone on before they even come in, we probably need to strengthen the law and maybe put a criminal provision similar to what we just passed that was on the reprogramming issue. I take note of that and I agree with you, but maybe we should just let this go and come back with another legislation and amend the Planning and Budgeting Act.

The Chair recognized Representative Waki.

Rep. Waki: Based on what Representative Kaipat was just mentioning, I would just like to say that before we vote on this, if or anytime that you have been a legislator and you had advanced for your full second quarter before in the first quarter, I would ask that you abstain from voting on this bill. Thank you. You would know who you are in your good conscience. Thank you. If you feel that you had done this in the past, I would like that you abstain. That is all.

The oral floor amendment offered by Representative Ogo was carried by voice vote.

Speaker Babauta: The motion carries. Ready for the main motion?

Several members voiced, "ready."

Speaker Babauta: Clerk, call the roll on H. B. No. 15-63, HD1.

The Clerk called the roll on the motion to pass H. B. No. 15-63, HD1 on First and Final Reading:

Rep. Martin B. Ada	absent during voting
Rep. Edwin P. Aldan	yes
Rep. Francisco S. Dela Cruz	yes
Rep. Florencio T. Deleon Guerrero	excused
Rep. Joseph P. Deleon Guerrero	yes

Rep. Jacinta M. Kaipat	yes
Rep. Jesus SN. Lizama	yes
Rep. Crispin M. Ogo	yes
Rep. Arnold I. Palacios	yes
Rep. Justo S. Quitugua	yes
Rep. Benjamin B. Seman	absent during voting
Rep. Candido B. Taman	excused
Rep. Ramon A. Tebuteb	yes
Rep. Manuel A. Tenorio	yes
Rep. Stanley T. Torres	yes
Rep. Absalon V. Waki, Jr.	yes
Rep. Ray N. Yumul	yes
Rep. Oscar M. Babauta	yes

Speaker Babauta: By a vote of 14 “yes”, H. B. NO. 15-63, HD1 passes the House on First and Final Reading.

Speaker Babauta: Floor Leader, last bill for the day.

Acting Floor Leader Lizama: Thank you, Mr. Speaker. Passage motion on First and Final Reading, H. B. NO. 15-48.

H. B. No. 15-48: A BILL FOR AN ACT TO AUTHORIZE CUC TO PURCHASE AND SELL DIESEL FUEL SUPPLY TO HOTELS AND GARMENT FACTURERS DURING A STATE OF EMERGENCY BY AMENDING 4 CMC § 8123 & ADDING A NEW ARTICLE NINE TO TITLE 4, DIVISION 8, CHAPTER 1 OF THE COMMONWEALTH CODE; AND FOR OTHER PURPOSES.

Speaker Babauta: Discussion. I recognize Representative Yumul.

Rep. Yumul: I would like to submit a House Substitute One.

The House Substitute was seconded.

Speaker Babauta: Any discussion on the Substitute?

Rep. Yumul: Short recess, Mr. Speaker.

Speaker Babauta: Short recess.

The House recessed at 4:17 p.m.

RECESS

The House reconvened at 4:26 p.m.

Speaker Babauta: We are back to our plenary session, and you may continue Representative Yumul on the House Substitute.

Rep. Yumul: Just to clarify that my motion was to place H. B. NO. 15-48, HS1 for consideration on the original bill.

Speaker Babauta: It has been seconded and now we are discussing the Substitute. You are making an amendment on page 2?

Rep. Yumul: I have an amendment on page 3, Mr. Speaker. On line number 6. After the word, “manufacturers”, “not shall” is inverted to say, “shall not.” Also after line 15, insert, “subsection (e)”. Insert, “CUC may sell diesel fuel to hotels in any Senatorial District to generate power for distribution to the CUC power grid during a State of Emergency.”

The amendment offered was seconded.

Rep. Yumul: The purpose of this is...like what had happened or transpired in Rota in the past where the power generators from CUC Rota was not enough to provide power to the grid so CUC engaged Rota Resort to supply power to the grid. This is just to legitimize or legalize it. Again, the purpose of this bill is just for State of Emergency. When there is no State of Emergency, CUC is not authorized to sell fuel to the hotels or garment manufacturers.

Speaker Babauta: Okay, hold on. Let us recognize first the oral amendment. Any discussion on the amendment? I recognize Representative Tebuteb.

Rep. Tebuteb: Thank you, Mr. Speaker. On the amendment...

Speaker Babauta: Representative Yumul, can you please state your amendment again?

Rep. Yumul: Okay. After line 15, please insert a new “Section (e)”. It should state, “CUC may sell diesel fuel to hotels in any Senatorial District to generate power for distribution to the CUC power grid during a State of Emergency.”

Speaker Babauta: Is that clear, Representative Tebuteb.

Rep. Tebuteb: May I, Mr. Speaker?

Speaker Babauta: Continue, Representative Tebuteb.

Rep. Tebuteb: It is a little bit clear, but I was just wondering why would we want to include that the Senatorial Districts when this is inclusive of CNMI for CUC to sell to all hotels with hundred rooms up. So I do not think that we need that.

Speaker Babauta: Concerns well taken. We will address...

Rep. Yumul: I do not think that Rota has a hundred room hotel.

Speaker Babauta: Short recess.

The House recessed at 4:30 p.m.

RECESS

The House reconvened at 4:32 p.m.

Speaker Babauta: We are back to our plenary session. Please continue, Representative Yumul.

Rep. Yumul: Thank you, Mr. Speaker. After deliberating with Representative Deleon Guerrero, the subsidiary motion to make an amendment to Subsection (e) is not necessary.

Speaker Babauta: So you are withdrawing the subsidiary amendment. Okay.

Rep. Yumul: But the amendment is offered on Subsection (e).

Speaker Babauta: Is that clear?

Rep. Yumul: The subsidiary motion to remove in any Senatorial District was the motion, but we are withdrawing that. So we are leaving it intact to say, Subsection (e), "CUC may sell diesel fuel to hotels in any Senatorial District to generate power for distribution to the CUC power grid during a State of Emergency."

Speaker Babauta: So that is now the final. Okay.

Rep. Yumul: Yes, Mr. Speaker.

Speaker Babauta: Discussion on the oral floor amendment, and I recognize Representative Kaipat.

Rep. Kaipat: Mr. Speaker, I just want to point out, I believe this is just a computer error on page 1 of the bill itself. The second line says, "garment facturers."

Speaker Babauta: Can you repeat that again.

Rep. Kaipat: On the first page of the bill under the title, the second line says, "hotels and garment facturers", I think it should garment manufacturers.

Speaker Babauta: Okay. Please take note of that and correct that.

Rep. Kaipat: Secondly, I am just concern about the perception of the public about this whole bill. I applaud the intent to look out for emergencies and all that, but quite honestly, CUC is in no position to be even selling fuel at this point. I am just concern that they cannot even tie their own shoe laces, and here they are going to be in a position to be selling fuel. I am just concern about that. Again, I commend the author for thinking ahead and trying to provide for emergency situation. The other thing is, we have to consider that if there is a move to privatize CUC, if this bill is to be passed and it is only going to be good for as long as CUC is present, what are we doing here trying to pass many laws that are going to be on the books that will probably not be enforce because it will cease being effective. I do not know. I am just wondering if there has been any further discussion or any consideration along those lines. Thank you.

Speaker Babauta: To respond, I recognize Representative Yumul.

Rep. Yumul: Thank you, Mr. Speaker. Representative Kaipat is correct in saying that CUC may not even be able to provide the fuel or to offer for sells if they cannot even tie their own shoes. I direct the members to look into page 2, line 27, under the sell of fuel. It states that, "CUC may offer." They do not have to. We are not mandating them that they should take it within their own means if they can provide the fuel or not. So if there management feels that they cannot provide the fuel then this would negate the issue. Also, the primary concern here is to make sure that we have a pulling of power. You never know when a catastrophic emergency or a situation might develop that power plant can be disabled due to terrorist activities, fire, flood or typhoon, but at least we have the ability to find or outsource emergency power particularly in Rota and Tinian where it is more critical for them to have backup power. This is not meant to be a long-term fix. It is short-term. It strictly meant to provide a short-term avenue to restore power while FEMA steps in and provides who knows what type of assistance they can provide. I was once told that they can provide power generators for our needs, should the governor request it. So this is strictly for short term. My best guess is less than 30 days. That is about the going average for mobilizing our barges to get to the CNMI. With this bill, we want to think ahead and be proactive. We do not want to be a reactive body where we wait for a situation to ensue and then we scramble to develop the legislation. This is not meant to be long-term by any means. It was worked out with the Attorney General's Office, most especially the consumer counsel, Attorney Brian Caldwell. So this does meet or does not infringe in any Constitutional issues or any legal issues. Again, it is just meant to provide a short-term alternative. Thank you.

The Chair recognized Representative Kaipat.

Rep. Kaipat: I would imagine that in an emergency situation that meant that those hotels would probably turn on their generators because of the lack of power from the main source, which would mean that obviously the power source may in and of itself probably need help from the hotels. I am just wondering about that. Also, I am looking at page 3, line 5, Section 8194, "Restrictions and Conditions." We are talking about the restriction that we are placing on the use of the diesel fuel. How are you going to enforce this?

Rep. Yumul: Based on the hotels fuel capacity, they have little fuel containers. I call them containers but they are really large mini-silos. We can easily calculate the volume. There are meters that can be utilized to measure the quantity of fuel going in versus their output. I do not think that there are any hotels currently in existence or in operation that does not know their daily volume usage. I saw MCV interview with David Sablan and he even mentioned that they calculated the three hotels that the Tan family owns such as the Fiesta Resort, Grand Hotel and Century Hotel. They know exactly how much per kilowatt they are burning. They know exactly how much fuel they are consuming. Again, even before CUC begin to provide fuel, I am pretty sure that they would do their own due diligence to make sure that every safeguard is available and implemented. Again, the operative word here is "may." If at any time CUC feels that this hotel or garment is not up to par to their requirements, they do not have to sell fuel during the State of Emergency.

The Chair recognized Representative Kaipat.

Rep. Kaipat: I presumed that obviously an emergency is an emergency, and you never know when it is going to happen, but it would not just...you are talking about a period of time between now and let us say at a time that CUC is privatized, but in the even that CUC does get privatized, you are talking about a short-term bill here. What would you do to the emergencies that would occur in the event that CUC is privatized?

Rep. Yumul: This bill does not address the privatization of the power plant. Of course, if the power plant is privatized then it is no longer CUC's responsibility. The responsibility that the company that privatized power plant should have the fiduciary duty or the responsibility to ensure that power is restored. As far as distribution, that is another issue, and I think we have to differentiate – are we concern about power distribution or power generation, and I am pretty sure an IPP through the contract would already specify. I read contracts from power plant number 4 and even the one on Tinian, and there are damages. CUC can collect damages for the failure of these IPP's to produce.

Speaker Babauta: We are deviating from the intended purpose of the discussion. So can we dispose of the oral amendment first and then we can consume our discussion of the overall aspects of the bill. I recognize Representative Joseph Deleon Guerrero on the amendment.

Rep. Joseph Deleon Guerrero: Thank you, Mr. Speaker. Because the amendment does propose to sell fuel to hotels that generate power for distribution to the CUC power grid, I am just wondering if we have looked at the current contract with our fuel provider? Could this conflict with the current existing contract? Are we authorized or prohibited rather from reselling fuel that we just purchased from Mobil?

Rep. Yumul: Mr. Speaker, can we ask the legal counsel...

Rep. Joseph Deleon Guerrero: We would have to look at the contract to figure that out.

The Chair recognized the House Legal Counsel.

Legal Counsel Antonette R. Villgomez: If this bill is enacted into law, it would not apply to the existing contract because that contract had been already defined and all the terms and conditions have been set. So it would not apply to that, but upon the next contract that they come up then the provisions of this bill would come into play.

Rep. Joseph Deleon Guerrero: So if this bill becomes law and a State of Emergency occurs the following week, we cannot implement this law until the current contract with Mobil expires and a new contract...

Legal Counsel Antonette R. Villgomez: Yes, basically, and again, it is "may" so it is discretionary. CUC does not have to do anything if it does not want to. Because they have an existing contract now, CUC and Mobil, I do not think CUC would opt to even try and sell fuel and they should not because they would violate the terms and conditions of the contract. Again, it is an option for CUC to take in the future. CUC does not even have to do anything during a State of Emergency. It is just an available tool or option for them to take.

Rep. Joseph Deleon Guerrero: I am just worried...

Legal Counsel Antonette R. Villgomez: *But it should not affect the existing contract.*

Rep. Joseph Deleon Guerrero: It should not affect the existing contract? I know that we cannot enact legislation that would impede existing contracts so that is the concern that I want to raise.

Legal Counsel Antonette R. Villgomez: *This bill does not attempt to amend the existing contract for CUC to sell fuel.*

Rep. Joseph Deleon Guerrero: Thank you.

The Chair recognized Representative Kaipat.

Rep. Kaipat: Just a question to the legal counsel. In reference to what Representative Deleon Guerrero had mentioned, is that particular provision in here somewhere that says that would not affect existing contracts?

Legal Counsel Antonette R. Villgomez: *No. There is no provision in the bill that discusses the existing CUC/Mobil contract, but because it is a discretionary power, I do not think that there is a need to put it in here because CUC does not have to do anything even during a State of Emergency. Even during a State of Emergency if CUC decides that it is not in its best interest to sell fuel to hotels or garment industry, it does not have to. So just by enacting this or passing this bill would not add any burden on CUC because it is optional.*

Speaker Babauta: Well, we have the savings clause in the bill that would otherwise answer Representative Kaipat's concern. I recognize Representative Yumul.

Rep. Yumul: Again, the operative word here, Mr. Speaker, is "may" and if a catastrophic event should occur, we did our job. It is there and ready whether CUC takes advantage of it or not, it is not our business. It is up to them. Representative waki had mentioned, on many occasions that the generators are prone to failure at any given time, and we are already on rolling blackouts as we speak right now. Can you imagine if one engine fails...Thank you, Mr. Speaker.

The Chair recognized Representative Dela Cruz.

Rep. Dela Cruz: I just want to address this to the author, and that is whether he has any idea as to when the expiration of the CUC/Mobil contract is? Listening to the counsel, if we do pass this certain bill and the expiration is 10 to 15 years from now then I think that we will be passing something that would not be beneficial at best.

Rep. Yumul: Mr. Speaker, the contract between Mobil and CUC will expire June 2007. It is up for renegotiation and I believe it is every two years.

Speaker Babauta: Well, I invite them to negotiate with us. Are we ready for the oral amendment? I recognize Representative Tebuteb.

Rep. Tebuteb: Mr. Speaker, I believe we are talking about Subsection 8194, and given what has been said, somebody alluded to the operative word, "may" and I am trying to weigh this operative

word on Subsection 8192 which is the sell of fuel supply on the operative word and align it with the Subsection 8194 on the shall, and therefore, I may sell, but you shall follow the restrictions and conditions, otherwise you would be penalize under Subsection 8196. I am trying to figure out what is the connection here. Yes, CUC has the prerogative whether they may sell or not. Let us say that they do sell, and then when does the restriction kick in and when would the penalties kick in to affect this bill?

The Chair recognized Representative Yumul.

Rep. Yumul: Thank you, Mr. Speaker. The best example I gave is that if you want to tango, you have the option to invite your partner to dance, but upon doing so, there are rules to that dance and you cannot deviate from the tango.

Speaker Babauta: Alright. Ready for the amendment?

There being no further discussion on the amendment, the oral floor amendment offered by Representative Yumul was carried by voice vote.

Speaker Babauta: The motion carries. We are now discussing, H. B. NO. 15-48, HS1, HD1. Clerk, call the roll.

The Clerk called the roll on the motion to pass H. B. NO. 15-48, HS1, HD1 on First and Final Reading:

Rep. Martin B. Ada	absent during voting
Rep. Edwin P. Aldan	yes
Rep. Francisco S. Dela Cruz	yes
Rep. Florencio T. Deleon Guerrero	excused
Rep. Joseph P. Deleon Guerrero	yes
Rep. Jacinta M. Kaipat	no
Mr. Speaker, I support the intent, but again, I just feel that until CUC gets their act in order, I am just not comfortable supporting this, and I will vote “no” for now.	
Rep. Jesus SN. Lizama	yes
Rep. Crispin M. Ogo	absent during voting
Rep. Arnold I. Palacios	yes
Rep. Justo S. Quitugua	yes
Rep. Benjamin B. Seman	absent during voting
Rep. Candido B. Taman	excused
Rep. Ramon A. Tebuteb	yes
Rep. Manuel A. Tenorio	yes
Rep. Stanley T. Torres	yes
Rep. Absalon V. Waki, Jr.	yes
Rep. Ray N. Yumul	yes
Rep. Oscar M. Babauta	yes

Speaker Babauta: By a vote of 12 “yes”, H. B. NO. 15-48, HS1, HD1 hereby passes the House on First and Final Reading. Under Miscellaneous, I recognize Representative Torres.

MISCELLANEOUS BUSINESS

Rep. Torres: Mr. Speaker, I have a message to the House. I delivered this officially in the floor. This is in relation to last Friday's meeting with the House and CUC. A very disturbing situation has arisen in the questionable relationship between a quarter of a million dollar "CUC" consultant and the Commonwealth Utilities Corporation. CUC has apparently inferred that Mr. Guido Delgado has had no relationship with the Philippines National Power Corporation known as (NAPOCOR). But it is quite apparent that Mr. Delgado and some of his associates of G.A.A Delgado Inc., which is supposedly preparing a very expensive quarter of a million dollar Request for Proposal known as (RFP) for CUC privatization, are connected to NAPOCOR, who may end up being a part-owner of the CUC privatization. In the attached "Notice to Proceed Contract" which I have included here for everybody's copy of a contract No. CUC-PG-06-C018, between CUC and G.A.A. Delgado Inc., in Exhibit "A", page 6, the Delgado team members are listed, Guido Alfredo A. Delgado, Chief of Party, former CEO of the Philippines National Power Corporation (NAPOCOR), Fernando Y. Roxas, Deputy Chief of Party and former PREO of the Philippines National Power Corporation, and also, a former engineering supervisor of the Philippines National Power Corporation (NAPOCOR), Ambrosio T. Gutierrez. Let us be open about this questionable relationship, and CUC's reluctance to reveal NAPOCOR's true participation in this scenario to deliver our CNMI power generation to the advice and possible control of a power generation system in the Philippines, which has not had a reliable reputation for an efficient system in the heavily polluted and power outage plagued area in the global arena. Can't we operate our own destinies? Thank you for your attention.

Speaker Babauta: Thank you for sharing that information with the House. Can you provide copies to the members?

Rep. Torres: Yes. It will be circulated to everybody.

The Chair recognized Representative Kaipat.

Rep. Kaipat: I was at the same meeting between PUTC and CUC, and I have not seen what material you have Representative Torres, but that was not what I heard and I stand to be corrected. It was my understanding when this issue was brought up that the consultant was not involved or not to be considered to be a bidder in the process. So I am a bit confused about that information and I would like to have a chance to look at it also. Thank you.

Speaker Babauta: Motion to recess is undebatable. We will now recess subject to the call of the Chair. Thank you.

ANNOUNCEMENT

None

ADJOURNMENT

The House adjourned at 5:00 p.m.

Respectfully submitted,

Vicky T. Guerrero, Journal Clerk
House of Representatives

APPEARANCE OF LOCAL BILLS

First Appearance of a local bill is the day of introduction

SECOND APPEARANCE
None

THIRD APPEARANCE:
None