



House Journal

THIRD REGULAR SESSION, 2007

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Second Day

January 25, 2007

The House of Representatives of the Fifteenth Northern Marianas Commonwealth Legislature convened its Second Day, Third Regular Session on Thursday, January 25, 2007, at 9:47 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 silent prayer was observed.

The Clerk called the roll and all eighteen members were present.

ADOPTION OF JOURNALS

None

INTRODUCTION OF BILLS

H. B. NO. 15-217: A Bill for an Act to establish compensation guidelines to increase architect and engineer salaries to attract and retain qualified and experienced professionals within the CNMI government; and for other purposes.

Introduced by: Rep. Justo S. Quitugua and
Referred to: Committee on Judiciary & Governmental Operations

H. B. NO. 15-218: A Bill for an Act to amend 4 CMC § 8245(i); and for other purposes.

Introduced by: Rep. Crispin M. Ogo and three others
Referred to: Committee on Health, Education and Welfare

H. B. NO. 15-219: A Bill for an Act to provide for the establishment, regulation and control of casino gambling in the First Senatorial District (Rota); and for other purposes.

Introduced by: Rep. Crispin M. Ogo
Referred to: Committee on Ways and Means

INTRODUCTION OF RESOLUTIONS

H. R. NO. 15-88: A House Resolution requesting the Commonwealth Development Authority and the Division of Revenue and Taxation to prepare a fiscal impact analysis of the Qualifying Certificate Program.

Introduced by: Rep. Manuel A. Tenorio and six others

H. J. R. NO. 15-16: A House Joint Resolution urging Governor Benigno R. Fitial to prioritize Federal Highway funds for the reconstruction of Chalan Tun Herman Pan (Airport Road).

Introduced by: Rep. Arnold Palacios and six others

Speaker Babauta: Thank you. Does anyone know the status of that road presently? I know some of us have been through that exercise for the past four years or five years. In fact, an individual have made his funds available just to salvage some of the deteriorating...Floor Leader?

Floor Leader Florencio Deleon Guerrero: Yes, Mr. Speaker. For the matter of the road, Mr. Speaker, I think the problem there is the government's side where they cannot pay for the exchange or whatever compensation. That is holding back the project.

Speaker Babauta: Minority Leader, do you have any information whether highway funds could be utilized for...

Rep. Palacios: Not for land. It is strictly for construction. The thought behind the Joint Resolution, Mr. Speaker, is to ensure that...because that project has been long delayed, and the cost has probably have gone up, and some of those projects, I believe, and I stand corrected, but because Highway Funds have a two year deadline, those Highway Funds...we need to be very careful because the past administration might have shifted some of those because of the delays in the permitting process and the land exchange for the peripheral mitigation area. So if that be the case, the Resolution is to urge the Governor to prioritize that...whatever it takes. If it takes a land exchange or whatever the permitting process is lacking or if the agencies are sitting around, we are urging the Governor to push this folks to do their job so that we can get that project done.

The Chair recognized Representative Joseph Deleon Guerrero.

Rep. Joseph Deleon Guerrero: Thank you. One of the other reasons for the delay there was that the CRM permit was amended after it was protested by one of the adjacent land owners, and now it requires that they cannot even construct the road until such time that the ponding basin and the drainage is completed, rather than allow both to happen at the same time. They cannot even touch the road until such time that the ponding basin issue is completed in terms of construction. *Eyi gue ni siña ma pacha*. I have been trying to work with CRM to see if we can modify or amend that to see if we can...if we can have the money for both, let us start both at the same time so that the road does not have to wait.

Speaker Babauta: I remembered that because an individual from the private firm have previously protested that, and in fact threatened to do a lawsuit. Chairman Waki, can I kindly request your

office to look into that so that we can get some basic information hopefully by the next session? Can you also include with Vicky, our CIP Coordinator whether or not 702 Funds can be utilized to compensate for those aside from the FHA funds.

Rep. Waki: No problem, Mr. Speaker, actually, I have an 11:30 a.m. lunch appointment with Roshel Takara from the Federal Highway from Honolulu...

Speaker Babauta: If you can bring those in for the members so that we can know how best we can mitigate the situation.

Rep. Waki: Sure.

The Chair recognized Chairman Yumul.

Rep. Yumul: Thank you, Mr. Speaker. If no objection, can we go back to Introduction of Bills.

There was no objection.

INTRODUCTION OF BILLS

The Chair recognized Representative Yumul.

Rep. Yumul: Thank you, Mr. Speaker. Before I read out my bill, I need to report to this body that just a few hours back, the U.S. Senate lost the first round in voting for the minimum wage. It was defeated by a vote of 54-43. What had happened was the Majority Leader called for end of debate which was concurred with the Democrats plus five or so Republicans. They then called for the vote on the bill, H. R. 2, which was defeated by 54-43. Sixty votes were needed to have the bill passed. With that, Mr. Speaker...

Speaker Babauta: Do you have the latest context of the amendment by the Senate.

Rep. Yumul: I believe I send you an email on that.

Speaker Babauta: I am sorry, but I have yet to open my email. If it is possible and you have one, it is good to circulate it to the members.

Rep. Yumul: I will make that available. That does not mean, Mr. Speaker that we need to put our guards down. The Congress is still debating whether to resurrect in another bill. With that in mind, Mr. Speaker, I will introduce by bill.

Speaker Babauta: Proceed.

H. B. NO. 15-220: A Bill for an Act to increase the minimum wage of the CNMI and to re-establish the Wage Review Committee pursuant to 4 CMC § 9602; and for other purposes.

Introduced by: Rep. Ray N. Yumul

Referred to: Committee on Ways and Means

The Chair recognized Chairman Ogo.

Rep. Ogo: Mr. Speaker, let me just update the members, the Committee Report is available on that...Representative Deleon Guerrero's minimum wage bill, however, because of our private talk, I am considering sustaining temporarily until such time our Chairman decides to move on. Thank you.

Speaker Babauta: Thank you. Any more bills? I recognize the Minority Leader.

Rep. Palacios: Thank you, Mr. Speaker. It is very important that the Chair of Ways and Means similarly or consider this legislation that has been introduced today with the one that Representative Deleon Guerrero because we have gone through the process. We have had numerous public hearings. It is important. If we are going to do one, and the other has been in the works, I think that we need to consolidate the two and see where and how we can perhaps put them into one legislation if necessary. I think it behooves...perhaps the legislation that was introduced and have gone through the Committee was probably ready to be reported out, but was temporarily held in the bench pending what was going to happen with the U.S. Congress' actions. I would recommend that the Chair of the Committee make sure that we do not put one on the waste side in favor of the other. Thank you.

Speaker Babauta: I recognize the concern, Minority Leader. Again, because of the Holidays two months ago, and we all know that Chairman Ogo has a personal matters that he needed to handle in the family, but now it looks like everything is done and gone, and we will move on. Chairman, please take note. Review that immediately and see what the Committee...maybe if you can call your Committee this week or next week to...Again, I would just like to share my cautions on these issues. All of us obviously all knew that there is an issue in our Nation's Capitol in the U.S. Congress. I just do not want to see this House to be put in an awkward situation where we act on something locally and the day after tomorrow, it happens federally. That is my concern with all of you. I do not want people chastising any member here that we are just playing. That is why I am being cautious on this because I know that there is a federal concern, there is a legislation pending in both Houses of the Nation's Congress, and I just hate critics to impress something on each one of us just because the U.S. Congress is acting that we reacted radically. But definitely, I continue to come in, in defense of each and every member of this House. However the case may be, Chairman Ogo, please...

Rep. Yumul: Mr. Speaker, it is very critical that we move forward. As you said, we are messing with definitely the Covenant here...if we failed to act expeditiously, we may lose this one self-governance that was given to us in the Agreement. So in regardless, even if we pass it tomorrow or today, and the Federal Bill becomes Law, our Local Law would become mood no matter what. So it behooves us to at least put our best foot forward and move forward, because I do not want to be blamed for allowing a provision in the Covenant to be stripped away because we did nothing. Thank you, Mr. Speaker.

Speaker Babauta: I understand. I completely understand the rationale behind...again, I despise critics criticizing members of this House just because of those very issues. We all knew that we have our fiduciary duty and responsibilities as members of the Legislature. However, let us consider that expediently, Chairman Ogo and get it out. I recognize Representative Joseph Deleon Guerrero.

Rep. Joseph Deleon Guerrero: Thank you, Mr. Speaker. I agree with Representative Yumul on what he just mentioned, but I think that our action with the minimum wage that was introduced last year was done prior to the elections. We did not react, we are not reacting, we are simply going through the process, a process that started, and because this was or is a significant bill that will affect the private sectors, we had to go through and have the public hearings. I can say with all honesty that we do not have to defend our actions in passing this bill. It was done not to a reaction to the Democrats taking over, and if we do come to the point of passing it, we would at least have shown that we did take responsible and thorough measures to pass it. I think whether they do or they do not, it would reflect positively not only on this body, but on the Commonwealth that we are working towards passing one local...it is so important like Representative Yumul had mentioned, that we do this and that we act on it because this one step by U.S. Congress to implement their Federal Minimum Wage is one step towards the erosion of any meaningful attempt to preserve the sanctity of our Covenant. So I do not need to impress that upon anybody. Everybody understands that here, but we do need to take action, and I really would like to ask the Chairman to convene the Ways and Means Committee and we can look...if need be, we may have to modify or amend it to reflect the wishes or the needs of the private sector, let us do it, but let us not keep holding on to it, Mr. Speaker. Thank you.

Speaker Babauta: So noted, Representative Deleon Guerrero. Any more Introduction of Bills? I recognize the Minority Leader.

Rep. Palacios: If there is no objection, can I ask that we go back to the Introduction of Resolution and ask...can I?

There was no objection.

INTRODUCTION OF RESOLUTIONS

The Chair recognized the Minority Leader.

Rep. Palacios: I just wanted to ask, Mr. Speaker, that H. J. R. NO. 15-16 be placed.

Speaker Babauta: It is already been noted.

Rep. Palacios: Okay. Thank you.

Speaker Babauta: Ready. Okay. We move down to item number 5.

MESSAGES FROM THE GOVERNOR

GOV. COMM. 15-199: (1/23/07) – Informing the House that he signed into law S. B. NO. 15-62, HD2, CCS1 (To amend § 2 of PL 15-12 to further the rehabilitation and reorganization of CUC). [Became **Public Law No. 15-44**].

There was no discussion.

Speaker Babauta: Before we go down to item number 11, does any one have anything for item number 7? None. Okay. We move down to item 11.

SENATE COMMUNICATIONS

None

HOUSE COMMUNICATIONS

None

COMMUNICATIONS FROM THE JUDICIAL BRANCH

None

COMMUNICATIONS FROM THE RESIDENT REPRESENTATIVE

None

COMMUNICATIONS FROM DEPARTMENTS & AGENCIES

None

OTHER COMMUNICATIONS

MISC. COMM. NO. 15-11: (1/22/07) From Reps. Torres and Tebuteb to the Director of Personnel Management regarding the study of current status of certain appointed officials.

There was no discussion.

COMMUNICATIONS FROM DEPARTMENTS & AGENCIES

None

UNFINISHED BUSINESS

None

RESOLUTION CALENDAR

The Chair recognized the Floor Leader.

Floor Leader Deleon Guerrero: Mr. Speaker, I move for the suspension of pertinent rules for the placement of H. R. NO. 15-88, and H. J. R. NO. 15-16.

The placement motion was seconded and carried by voice vote.

Speaker Babauta: The motion carries. Adoption motion, Floor Leader.

Floor Leader Florencio Deleon Guerrero: So moved, Mr. Speaker, for the adoption of H. R. NO. 15-88 and H. J. R. NO. 15-16.

The motion was seconded.

H. R. NO. 15-88: A House Resolution requesting the Commonwealth Development Authority and the Division of Revenue and Taxation to prepare a fiscal impact analysis of the Qualifying Certificate Program.

H. J. R. NO. 15-16: A House Joint Resolution urging Governor Benigno R. Fitial to prioritize Federal Highway funds for the reconstruction of Chalan Tun Herman Pan (Airport Road).

There being no discussion, H. R. NO. 15-88 and H. J. R. NO. 15-16 was carried by voice vote.

Speaker Babauta: The motion is carried. I just wanted to clarify, yesterday's session on the Resolution, there was a request and no one objected it as a Committee of the Whole on the House Resolutions yesterday? Please take note on that. Thank you.

REPORTS OF STANDING COMMITTEES

None

BILL CALENDAR

The Chair recognized the Vice Speaker.

Vice Speaker Quitugua: Mr. Speaker, if I am in order, because of time is of the essence, I would like to request that we place H. L. I. NO. 15-2 on today's Calendar.

Speaker Babauta: Is that a recall?

Vice Speaker Quitugua: Yes, Mr. Speaker.

Speaker Babauta: From which Committee is that, Vice Speaker?

Vice Speaker Quitugua: It is under Health, Education and Welfare. The Chairman has concurred the recall.

There was no objection.

Speaker Babauta: So ordered. Floor Leader, proper motion to place H. L. I. NO. 15-2 on today's Calendar.

Floor Leader Florencio Deleon Guerrero: So moved, Mr. Speaker.

The placement motion on H. L. I. NO. 15-2 was seconded and carried by voice vote.

Speaker Babauta: The motion is carried. Floor Leader, recognized.

Floor Leader Florencio Deleon Guerrero: So moved, Mr. Speaker, for the passage on First and Final Reading, S. B. NO. 15-66.

The motion was seconded.

H. B. NO. 15-66: A BILL FOR AN ACT TO ENACT LEGISLATION FOR THE EFFECTIVE IMPLEMENTATION OF PUBLIC LAW 15-20; AND FOR OTHER PURPOSES.

Speaker Babauta: Discussion. I recognize Representative Yumul.

Rep. Yumul: Thank you, Mr. Speaker. When we were having a meeting not too long ago, we tasked I believe, Legal Counsel Bermudes to read through this legislation and come back to the findings to it. I would like to know if that finding is available.

Speaker Babauta: Which Counsel is this?

Rep. Yumul: Joe Bermudes.

Speaker Babauta: Where is the Sergeant-at-Arms? Short recess.

The House recessed at 10:12 a.m.

RECESS

The House reconvened at 10:16 a.m.

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

Rep. Yumul: Thank you, Mr. Speaker. After consulting with Congressman Bermudes, I would like to offer a floor amendment.

Speaker Babauta: Please, continue and read your floor amendment.

Rep. Yumul: On page 6, line 24, to include after the word, “fifty-five years”, insert “inclusive of renewal rights.”

Speaker Babauta: Is everybody clear on that oral amendment?

Rep. Yumul: It shall now read that “they shall now enter into a new lease not exceeding fifty-five years to include renewal rights,” and then the rest of the sentence. I so moved.

The oral amendment was seconded.

Speaker Babauta: The motion has been seconded, and I would recognize the Minority Leader.

Rep. Palacios: I would like to have the legal counsel explain to us what this does to this Legislation.

The Chair recognized House Legal Counsel Joe Bermudes.

Legal Counsel Joe Bermudes: Basically the bill authorizes for a new lease not exceeding 55 years, but in order to make it clearer because if there is an existing lease and ten years has gone, you have 45 years left, and people may think that if they enter a new lease, they can go for another 55 years. That basically then makes it 65 years, which is against the Constitution. So to make it clear that including the renewal portion shall not exceed 55 years total.

Speaker Babauta: What is the impact Counsel when two parties agree to terminate that relationship in that lease agreement and execute a new lease agreement?

Legal Counsel Joe Bermudes: That is exactly what we are trying to clarify because if A and B gets into a...they have an existing contract that says 55 years, and then they read this law and ten years down the road they say, let us renew the lease. Now, they are going to try and say that it is a new lease, let us go for another 55 years, but in total that is 65 years.

Speaker Babauta: What prevents an LLC company or any other company in a form of the original lease or lessee by terminating that relationship and re-negotiating another 55 years in a different name or different company for that matter, is that contrary to the Constitution?

Legal Counsel Joe Bermudes: I would say yes, but there is ways around it. That is the problem.

The Chair recognized Representative Waki.

Rep. Waki: Thank you, Mr. Speaker. After talking to some people in a real estate brokering business, there are different opinions and different attorneys about renewal rights. If you look at page 2 starting from line 10 under Findings, there has been transaction that have done this, and of course, different legal opinions would say, that cannot be done, and that is understandable. I guess it has never been put in court and this is the dilemma, and in the Findings, it does kind of state why the ability to do renewals is absolutely key to economic viability here. It is just that...and I understand that there are different opinions just like the legal counsel says as he finds it that it is not legal and others would say, it is legal. This is the dilemma that we are having right now, but with the condominium bill, basically, there is grey areas in investors trying to see if they buy something...let us say, this person or the lessee has 20 years left in this property, and he wants to build a condos but he only has 20 years left to an investor who is going to buy it like a fee simple on the second floor and up. I have this guy as my landlord, but after that, who is going to be my landlord? I do not know if I am going to trust them or whatever because there is no renewals. If he has 20 years left and he says, I want to renew or start a new 55 year lease so that my buyer will feel that 55 years is like a fee simple because their life expectancy may not even last 55 years, so their investment is kind of worth it when they buy a fee simple into that condo, and they know that they have an agreement with that lessee and as the original land owner. There is no vagueness in who might be the next landlord, and what is going to happen with that. So this was a concern on the condo bill that is really key to actually getting investors. They want that assurance that their investment, almost like a fee simple, which is actually a fee simple on the second floor and up, is guaranteed for at least 55 years or at least 50 years to a reasonable degree based on their life expectancy. But if they say that it is only for 20 years, they would not do it. This is just coming from the investment community who would want to invest on the island. I guess what we are trying to say there, like you said, you put

five attorneys in the same room and give them an issue to have a legal opinion, you would probably get five different legal opinions, but it is the Judicial system that would basically state who is right and who is wrong, and that is when law is clarified. I guess what we are trying to do here based on the ability to have renewal rights is to promote the ability for lessee to be able to say, look we are going to turn what we got here to condos, but we need this time frame. That is just all what I am trying to say, and if we probably put that in, I am not sure how that may affect this entire bill. Thank you.

Legal Counsel Joe Bermudes: Let me respond to that because I disagree with part of the scenario. Remember that the descent estate has to belong to Northern Marianas Descent. For example, if I have a corporation that is an NMD corporation, they can own the descent estate, which is the property below the first floor. Anybody can buy for an unlimited of time above the first floor. It has to be clear about the descent estate on the ground floor, because if that belongs to an NMD then why are we worried about 55 years or 75 years or whatever term. So I think the scenario has to be clear. That is why we cannot really answer unless you give us a specific facts then we can respond to that, but it sounds like, somebody owns property now that has a 55 year lease, and then they want to change that property into a condo property, but they need to go to Division 6 under Uniform Condominium Act, which governs condominiums. So what are we talking about? Are we talking about...like I said, the descent estate, if you are not an NMD, you have 55 years and if you are going to release that lease, 10 has gone, and you are going to enter into another 55 years, that makes it 65 years. I have not seen any opinion otherwise because then the Constitution of 55 year limit does not mean anything. It caps it and it says, including renewal rights.

Rep. Tenorio: So what you are saying is that you can only make it 55 years including the 10 years used, right? So you have 45 years to that extent?

Legal Counsel Joe Bermudes: If you are not an NMD, you have 45 years left.

Rep. Yumul: I think, Mr. Speaker, this led itself to those that did not write 55 year leases. Let us say, they only wrote a 40 year lease, and they want to re-write a new one to 55 years. So they want to get that extra 15 years. So that will fall in this scenario. Of course those that have a full 55 years...what are you trying to accomplish? I think that should be the question.

The Chair recognized the Minority Leader.

Rep. Palacios: Mr. Speaker, this is an issue that I totally agree with the legal counsel. We need to be very careful in how we craft this, because even if we take this language out and it goes to court, there are case laws where the Constitution regarding land ownership circumvented. Even by the way the leases have been very cleverly crafted, when these cases have gone through court, a lot of them have been stricken, and even very harshly ruled by the court. That means that the lease is completely void and ends up with no remedy to the lessee, and that is very unfortunate. If we put this thing in laws that tends to make the area, the situation and the issue more confusing, we are inviting for investors to be led down on the wrong path. We need to be very careful with this. The Legal Counsel is saying that this may not be the scenario that what some of the Representatives are saying. We need to be very careful because the late Ted Mitchell took on a lot of these cases, and he won a lot of these cases. Unfortunately, for some of these investors, it is a very unfortunate situation

and we do not really want to do that. We need to think about those. I am just asking that we need to be very cautious as to how these issues come about.

Speaker Babauta: Okay. We are still discussing the oral floor amendment offered by Representative Yumul.

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

Speaker Babauta: The motion is carried. Any more discussion on S. B. NO. 15-66, HD1. Ready. Clerk, call the roll.

The Clerk called the roll on the motion to pass S. B. NO. 15-66, HD1 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	yes
Rep. Joseph P. Deleon Guerrero	abstained
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	yes
Rep. Ramon A. Tebuteb	yes
Rep. Manuel A. Tenorio	yes
Rep. Stanley T. Torres	abstained
Rep. Absalon V. Waki, Jr.	yes
Rep. Ray N. Yumul	yes
Rep. Oscar M. Babauta	yes

Speaker Babauta: By a vote of 16 “yes”, S. B. NO. 15-66, HD1, passes the House on First and Final Reading. Floor Leader, next bill.

Floor Leader Florencio Deleon Guerrero: So moved, Mr. Speaker, for the passage on First and Final Reading, H. B. NO. 15-120.

H. B. No. 15-120: A BILL FOR ACT TO REQUIRE ALL SCUBA DIVE SHOP OPERATORS TO IMPOSE A \$1.00 SURCHARGE PER CUSTOMER WHO AVAILS OF THE SERVICES PROVIDED BY THE OPERATORS; AND FOR OTHER PURPOSES.

Speaker Babauta: Discussion. I recognize Representative Tebuteb.

Rep. Tebuteb: Thank you, Mr. Speaker. I do have some concerns. The whole intent is very noble. I am sure no one in here is opposed to having a hyperbaric or decompression chamber as mentioned in this bill. However, to charge a \$1.00 surcharge to the dive shops seems to be not quite fair. The intent again is very good, and I urge that we really look at this. There is in the Committee, a bill that addresses dive issues or safeties, and we have also the Local Delegation had also passed an

appropriation for the purchase of a hyperbaric chamber, and that was for Saipan. I would recommend that we look at this cautiously and realize the impact that would have on our divers coming into the CNMI. At this point, Mr. Speaker, I would urge that we probably put on the Calendar for First Reading only.

Speaker Babauta: Thank you for your concern, Representative Tebuteb, and I recognize the Minority Leader.

Rep. Palacios: Thank you, Mr. Speaker. I like this bill and there is no question about it. One concern that I have, Mr. Speaker, which I believe the Committee should have taken up is, how are we going to collect this? Who is going to do the collection from the dive shops? Is it Tax and Revenue that is going to do that or the Department of Finance Office...or

Rep. Torres: Harbor Patrol?

Rep. Palacios:...or the Harbor Patrol?

Speaker Babauta: To clarify that, the bill states on Section 3, the operators shall collect and document all the fees. I assume this is similar to the so-called Mañagaha Landing Fees. The dive shops would have to collect and remit it to the CNMI Treasury as called for under Section 3 of the bill.

Rep. Palacios: I know that. I noted that, but again, I am just concern about the practicality. If the dive shop have 10 divers a week, who is going to verify...we have to remember that a lot of these operators are...that is my concern. If this is at a \$1.00 that we are going to collect and expect the Department of Finance to do the enforcement whether indeed they are putting the right...we are going to have a little bit of practicality problem just like...I support the bill. There is no question.

Speaker Babauta: I understand your allusion to that point, Minority Leader similarly to any other retail story. I guess we just have to put faith in our business people in reporting their BGRT. How do we know also that store (a) sells a case of Spam that day? This bill would probably go a long way in having something maintain our...we are all aware that we have provided funds for...it is a start. I recognize Representative Ada.

Rep. Ada: Thank you, Minority Leader for supporting it, and Representative Tebuteb. I guess...just like any other stores that issues out receipts, for example, a diver comes to rent equipments, the best case scenario I would think of is that the business would include under the scuba diving charges...of course would include into that the surcharge of \$1.00 printed on the receipt. Again, I share, Mr. Speaker, the fact that some stores have to cashier machines and six calculators. Thank you.

The Chair recognized Representative Joseph Deleon Guerrero.

Rep. Joseph Deleon Guerrero: Thank you, Mr. Speaker. Let me start by saying that I too support this bill, but I also have some questions that I would like to ask the author. First is that, do we know how many...we know that the one that was proposed for CHC for Saipan cost us about half a million dollars?

Speaker Babauta: No. Three Hundred Thousand...

Rep. Joseph Deleon Guerrero: Do we know if the \$1.00 is what would constitute in a year? And how many divers do we have? Therefore, we would be able to tell how long or how many years it would take us to actually collect?

Speaker Babauta: Seasonal.

Rep. Joseph Deleon Guerrero: Have we looked at that? Second, I can understand in the case of Rota being far away from Saipan...it would take too long to bring them here, and I think the way they do it is that they send their patients to Guam. Correct? I can understand the need to have one on Rota, but do we need one for Tinian, being that most of the divers around there is almost the same proximity for somebody diving on Tinian to come to Saipan as somebody diving at “*inalagua*”, have we looked at that?

Speaker Babauta: Let me just clarify your point, Representative Guerrero. Several months ago when we were deliberating on the needs for the hyperbaric chamber, we discussed it thoroughly that Tinian is not much of a problem because of the proximity, and Rota of course, because of the proximity between Saipan, so they prefer that victims go to Guam.

Rep. Joseph Deleon Guerrero: Right.

Speaker Babauta:...in a low flying level then coming into Saipan at a higher flying level. So we were clear about that.

Rep. Joseph Deleon Guerrero: I can understand Rota like I said, but this proposal would use this money for the purchase of a hyperbaric chamber also for Tinian in addition to Saipan. So I was just wondering whether it is practical to have one on Tinian and one on Saipan, and again the proximity is fairly close?

Speaker Babauta: It is a policy call for the execution whether the executor of the programs...knowing the fact that Tinian...looking at it as a close proximity...I am sure that a program can be adjusted in the future if need be as far as getting a hyperbaric chamber. But the bottom line, like the Minority Leader indicated, it is a start to have something here not necessarily for the purchase of the hyperbaric chamber, but at least in the long run it would benefit the maintenance of it, and engage in a continued education or training of our people to operate a chamber.

Rep. Joseph Deleon Guerrero: I ask if the author could respond, Mr. Speaker.

Speaker Babauta: Before I recognize that, I would like to first recognize the presence of our former Lieutenant Governor and former Speaker of the House, Diego Benavente in the Chamber. I recognize Chairman Ada.

Rep. Ada: Mr. Speaker, I share the sentiments, but I think that as our Commonwealth matures, this bill actually addresses the fact that we should also provide one for Tinian and Rota. This really adds

on to the security of the tourists when they come. This is really called moving forward and enhancing or supporting our tourism industry. Thank you.

The Chair recognized Chairwoman Kaipat.

Rep. Kaipat: Thank you, Mr. Speaker. When you are in a life or a death situation, every second counts, and I know that this is very expensive and may seem like a luxury to have it on all three islands, but I said, when life is on the line, it is just a matter of seconds, it is comforting to know that we have these hyperbaric chambers on each island. Also, we are advertising ourselves as one of the premier spots for diving, and it is good to assure our tourists that we are inviting to the Commonwealth that they will be saved. Having said that, I just want to point out that for some reasons, we have two similar bills here, and one was sent to Commerce and Tourism and the other was sent to my Committee. My Committee sent out Representative Tebuteb's bill for comments, and since we did not get enough comments, we resend another request. We have gotten some comments coming in, but it seems to me that yet, some concerns that he raised earlier, I feel that it would be good to refer this to Committee and consolidate whether it be sent to JGO or Commerce and Tourism, but as I said, we have two bills here and perhaps the ought to be considered together and have the best bill. That is what I want to suggest.

Speaker Babauta: I assume that one Committee...and where is your bill, Chairwoman?

Rep. Kaipat: My bill is waiting for...we requested additional comments. We sent them out, but we did not really get the responds...

Speaker Babauta: Is it the same bill?

Rep. Kaipat: It is a similar bill. It is Representative Tebuteb's bill.

Speaker Babauta: And which Committee is that?

Rep. Kaipat: It ended up in JGO. Like I said, I do not know why it is in JGO, but it is with me.

Speaker Babauta: Before I recognize the Minority Leader, I want to recognize Representative Taman.

Rep. Taman: Thank you, Mr. Speaker. I just wanted to also recognize the presence of former Senator Dela Cruz from Tinian. Thank you.

Speaker Babauta: Thank you. Minority Leader, recognized.

Rep. Palacios: Mr. Speaker, I sort of agree with the Chair, but the issue here with this bill...it is a start and certainly it is almost a different bill from what Representative Tebuteb has. Representative Tebuteb has a fairly comprehensive diverse safety if I am not mistaken, and this is sort of a surcharge for dive shops to charge at a \$1.00 for that fund. Maybe we can let this go and work vigorously and diligently to pass Representative Tebuteb's bill. Thank you.

Speaker Babauta: I think your Chair has always been fair to everybody, and there are no exceptions that are granted prematurely. It has been my practice to allow everybody to have their own bills. I join the Minority Leader in his considerate comment. I recognize the Vice Speaker.

Vice Speaker Quitugua: Thank you, Mr. Speaker. This is a very simple bill, and this bill is just to start the collection of funding needed for the hyperbaric chamber. I really encourage everyone to let this go and let us pass it, and have an account so that we can start collecting money, and then the other bill, Congressman's Tebuteb's would not really impact this one, because the major part of it is the safety portion. It would be a good time to collect the money and then the safety regulations come in place. The amount is so little, and by the time we pass the safety regulations, probably we still cannot have enough money to purchase the hyperbaric chamber that cost \$400,000.00. The CHC Volunteers are still fundraising so that they can meet their \$400,000.00 goal. I encourage everyone that we pass this and start making revenues for the chamber, and then the Committee...I think the other bill is already dead. I considered it dead so maybe the Committee should really work on Congressman Tebuteb's bill and have the funding and the safety hand in hand for our divers. Thank you.

The Chair recognized Chairwoman Kaipat.

Rep. Kaipat: I just want to state for the record that I am in support of this bill, one hundred percent. If anything, I do encourage my colleagues to vote for it and vote for its passage. There is just in terms of practicality that I was thinking that we could just consolidate and do one bills instead of all these different bills.

Speaker Babauta: I understand, you are coming up with the bill soon.

Rep. Kaipat: Right, we are. That being the only factor, I am raising this issue on my colleagues. Please support this bill. It is a good bill, and as far as I am concern, a dollar is nothing. I mean, if anything, and I have been attending some of these seminars and listening to people who have actually been hired to do a study on how much we are charging for these sites that we are bringing tourist to, we are actually undercharging. So even this dollar is very minimal as far as I am concern. Thank you.

The Chair recognized Representative Torres.

Rep. Torres: Mr. Speaker, is there a group who have a study of how many divers per group...?

Speaker Babauta: I am sure the Committee has that statistics from MVA. I know one dive shop that normally caters to about 20 to 30 people a day. It is a start even with a dollar. It is start for the program. It is something that we need to go hand in hand with the previous appropriation that would eventually having the CNMI a hyperbaric chamber.

Rep. Torres: I think \$1.00 is very small, and it is more expensive to enforce collecting the \$1.00. We have to spend in hiring somebody to go around and collect...

Speaker Babauta: You want to offer an oral amendment to be compatible with the Mañagaha Landing Fee?

Rep. Torres: I am not in support of this bill. Maybe you should shelf it.

The Chair recognized Representative Waki.

Rep. Waki: Thank you, Mr. Speaker. Interesting arguments on something that even the Volunteers of CHC are trying to do to get a hyperbaric chamber to address divers and everything – talking to divers locally and from off-island, they are always happy when you are trying to be proactive in either protecting them or protecting the environment that they dive to see. They always say, I would be glad to pay \$5.00 if you are going to protect the area that I come to dive in...\$1.00 to help with the hyperbaric chamber...they have no problem with it. We are worried of how much we are going to make a year...let us not worry about how much because we are already working on the \$300,000.00 hyperbaric chamber, but we still need to make sure that we have money for maintenance and operation. This is a revolving fund that even if it makes so much a year, it is a start to take care of the particular use of a hyperbaric chamber. If we are worried about how much money we are going to make a year, and who is going to collect it and all these kinds of stuff, I think we are missing the point here. The point is, a dollar to help doing something that would also enhance basically divers, because divers want to know where they are going to dive. It is always very positive and same with people who are sick with diabetes and other ailments. It is a very positive thing. So really, if we are talking about a dollar, whether it be surcharge for the hyperbaric chamber or for the maintenance, I really believe that the bill has the proper intention. If you talk to the divers, and one of the premier diver, Harry Blalock, he says, I do not have a problem paying that. So the bottom line here is, I encourage the members to really consider that this really just has positive connotations, and I think we will see that after we pass it, and we will just see that people would appreciate what we are doing. Thank you.

The Chair recognized Representative Tenorio.

Rep. Tenorio: Thank you, Mr. Speaker. It is either I am too short and you cannot see me or you are just avoiding me, but Mr. Speaker, I think that it is about time that we really have something like this. I mean, those CHC Volunteers have gone a long ways trying to solicit enough funds to buy a hyperbaric chamber. On top of that, Mr. Speaker, we need the money for maintenance. I do not see why we have to continue discussing this as it is taking too much of our time. I just want to make one floor amendment, if I may, Mr. Speaker?

Speaker Babauta: Continue.

Rep. Tenorio: On line 11, Mr. Speaker, delete the “\$1.00” and put “\$2.00”.

The oral amendment was seconded.

Speaker Babauta: There is an oral amendment on the floor and has been seconded. Discussion, and I recognize Representative Joseph Deleon Guerrero.

Rep. Joseph Deleon Guerrero: Thank you, Mr. Speaker. That is the very reason I ask if any cost benefit analysis was done, if any research was done to figure out how much we need and therefore, how much we will charge. That is the reason why I am asking that. I will support \$2.00 or \$3.00 for

that matter. I have looked through and read the Committee Report and have not found any justification whether it justifies the figure that is being proposed. That is why I ask. How much should it be or how many tourists come here? I would like to have the hyperbaric chambers there in Saipan, Tinian and Rota, do not get me wrong, Representative Aldan. Again it goes back to justifying it and it is not there. What should be the figure be?

Speaker Babauta: Let me just clarify that, because when we do make the appropriation for the hyperbaric chamber, we do have figures, right? So these are in essence a compatible or companion bill that would further enhance on what we intent to give CHC. I urge members to seriously consider this as other members have spoken. The overall benefit is that we have something, as the Minority Leader stated. At least it is a start. I understand also that Representative Tebuteb's bill has more than this, which is primarily establishing an official...for the dive shops itself. So Chairwoman, please consider that, and expedite it, and see if we can move on. Let me recognize the distinguish member from the First and Second Senatorial District. Chairman Aldan, recognized.

Rep. Aldan: Thank you, Mr. Speaker. In regards to what Representative Deleon Guerrero stated that, does Tinian need a hyperbaric chamber? I would say yes, but not at this time. The Commonwealth needs to have at least one system on line ready to assist anywhere within the Commonwealth until such time that we have proper funding, but then we should, but for now, let us just have this thing build and get it up in operation. Another thing in regards to this bill, I hope that the members consider in imposing the dollar, but if...there is a bill in the Committee also that deals with imposing fees to people going to the beach or the nature in the marine protected areas, so this bill would be colliding at each other. I just want to put that in, Mr. Speaker. If ever we are going to discuss in changing the fee then we have to...

Speaker Babauta: We are. We have a standing motion on the floor that we are discussing, which is the \$2.00 fee. I recognize Representative Ogo.

Rep. Ogo: Thank you, Mr. Speaker. I tend to defer with my colleague from the Second Senatorial District...

Speaker Babauta: Do not forget that we have a standing motion on the floor offered by Representative Tenorio, continue.

Rep. Ogo: Just on the comment earlier that was made about the preference of the First Senatorial District with the divers that would prefer going to Guam instead of having the chamber on the island. That is why, Mr. Speaker, I tend to defer from my colleague from the Second Senatorial District. Historically, during the Fourteenth Legislature, the proposed bill at that time was specifically for the Commonwealth Health Center, however, I vigorously argued to have one on the First and Second Senatorial District. It so happen after reading the findings and the purpose, it is clear that the intention of this bill is to provide to each island this unit. So I am very supportive and am thankful for the offer in considering the different islands. I strongly support this bill, Mr. Speaker, and also the amendment put forth by Representative Tenorio. Thank you.

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

Speaker Babauta: The motion is carried. We will continue to discuss H. B. NO. 15-120, HD2. Before I recognize the motion for voting, I recognize Representative Taman.

Rep. Taman: Thank you, Mr. Speaker. I was just going to say that we are ready to vote on this bill so we can proceed.

Speaker Babauta: Thank you, Representative Taman. I recognize Representative Ogo.

Rep. Ogo: Just a quick comment, Mr. Speaker, because of an interesting comment that Representative Aldan mentioned about who and which island is going to receive it first, and I agree with him, and that is let us give it to Saipan, but please, the second one would go to Rota.

The Chair recognized Representative Tebuteb.

Rep. Tebuteb: Thank you, Mr. Speaker. I am still concern and I know that everybody in here already got the point that we do agree with the intent of the measure. I am still disturbed with the practicality in the collections of these fees where we allow the operators to collect and document all these fees, and then we deposit it into the CNMI Treasury. I have had lengthy discussion with MVA and NMDOA, and that not all dive shops are part of NMDOA. So there are some technicalities that take place within these divers where they even compete amongst themselves on the tourists as well as the certification and the whole safety issue of what divers, and what the new divers have to go into. With the conversation from NMDOA, they are willing to support imposition or to impose figures, but it is not even \$2.00. They are even willing to go as far as \$5.00, but making sure that the CNMI is really on top of this so that all the safety aspects of the diving safeties or address, one of the recommendations that they also posted was that maybe part of the licenses can be imposed where they just take those surcharge away from the licenses that are given to different dive shops. The way it is written right now, I do not think that it would work. Thank you.

Speaker Babauta: Thank you, Representative Tebuteb. I share your concerns. I understand that you have a pending bill in the Committee, and I would seriously request the Chairwoman to expedite. Let us just put faith in this program and see if we can have something to start with. Hopefully, if there is anything that would require or...the expenditure authority, then we will give it a shot and come back and rectify it, but I share your bill with respect to safety, and when it comes time to be report it, I would be supporting that bill too. For the last time, I recognize Representative Joseph Deleon Guerrero.

Rep. Joseph Deleon Guerrero: Thank you, Mr. Speaker. This is just for clarification purposes. As I read the bill, it charges now \$2.00 for the scuba diving services. I presume that means, when a tourist comes here and proposes to dive for five consecutive days that there is \$2.00 for the five days? It does not state "per day", Mr. Speaker. It says \$2.00 per customer for the scuba diving services. So I am presuming that when he comes here to dive, he gets charged the \$2.00 whether the diving session is per day or for five days, and when he leaves and comes back in July, he would get charged another \$2.00? If not then that is not the intent. If the intent is for every dive then perhaps it should be amended to reflect that...I wanted to ask the author as to what the intent and to please clarify that. What is it suppose to be?

Speaker Babauta: Chairman Ada, is this per dive or per instruction?

Rep. Ada: Mr. Speaker, by chance, I met a scuba diver instructor, an old Japanese man in his 60's, every four to five months he comes here and brings students from Japan to dive around here...there are about 30 to 40 of them...

Speaker Babauta: The question that was raised...

Rep. Ada: I know. I am getting there, Mr. Speaker. The dive shop does not just give you the tanks and the equipments for five days. Those tanks deplete so it is per diving session. The tanks are estimated on the number of minutes that they are supposed to run out. So it should be per session. I am pretty sure...the former Lieutenant Governor is here and he knows that you can scuba dive for at least two times a day. So it should be per dive.

Speaker Babauta: I guess the issue at hand is whether or not the \$2.00 covers the day, whether you dive once in the morning for 10 minutes in the afternoon...

Rep. Ada: When you deplete that oxygen and you go back to refill for another session then you need to pay another \$2.00.

Speaker Babauta: Right. Okay. Continue, Representative Ada.

Rep. Ada: As far as collection is concern, Revenue and Taxation is there, and that is their job. We do not have to put it here. It is under the Commonwealth Rules and Regulation. They have an enforcement section with the Department of Commerce to go after these businesses to check if they are reporting it properly or clearly. We do not have to say it here because it is already in the Constitution. Thank you.

Rep. Joseph Deleon Guerrero: Do I still have the floor?

Speaker Babauta: Yes, Representative Deleon Guerrero.

Rep. Joseph Deleon Guerrero: Then that should be specified that it is per every dive session because as somebody mentioned, when tourist come here especially divers, they do not come to dive one day. They normally dive for an extended period of time, maybe several days or even up to a week, and they can dive up to 2 to 3 times depending on the depth that they go to prevent nitrogen in their blood. If they are staying for four days and they dive twice a week, is that the intent? If it is then it should read differently. It should, "additional \$2.00 per customer per dive session."

Speaker Babauta: Representative Deleon Guerrero, let me intervene and recognize the mover of the amendment, Representative Tenorio.

Rep. Tenorio: Thank you, Mr. Speaker. I have a further amendment on line 11.

Speaker Babauta: Continue.

Rep. Tenorio: It should read, "Additional \$2.00 per customer per dive session."

The oral floor amendment was seconded.

Speaker Babauta: Discussion on the amendment, and I recognize Chairman Dela Cruz.

Rep. Dela Cruz: Thank you, Mr. Speaker. I would like to make a subsidiary amendment to Representative Tenorio, and that is to word it as, “per customer for each dive session tour.” So in other words, if a diver wishes to dive today in the morning and then dive again in the afternoon, that would be considered one tour. If a customer wishes to dive today, and then he still has another session the next day, that would still be one tour. But we are not going to be charging...

Speaker Babauta: Hold on a second, please. Change of tape. Short recess.

The House recessed at 11:12 a.m.

RECESS

The House reconvened at 11:15 a.m.

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

Rep. Dela Cruz: Thank you, Mr. Speaker. I will withdraw my motion and yield to Representative Tenorio.

Speaker Babauta: Thank you. I recognize Representative Tenorio.

Rep. Tenorio: Thank you, Mr. Speaker.

Speaker Babauta: Please clarify your oral amendment.

Rep. Tenorio: For further clarification to my oral floor amendment, Mr. Speaker...on line 11, it should read, “additional \$2.00 per customer per day for scuba diving service.”

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

Speaker Babauta: The motion is carried. Ready for the question? I recognize Representative Tebuteb.

Rep. Tebuteb: I am trying to clarify, Mr. Speaker. So we have a diver who comes to a dive shop and want to dive for a day, and that is for \$2.00?

Speaker Babauta: Yes.

Rep. Tebuteb: Okay so you have a diver who comes and wants to dive for the whole day be it 6 tanks or 10 tanks for \$2.00?

Speaker Babauta: Yes.

Rep. Tebuteb: Then the operator of the dive shop takes the \$2.00 and submits it to Treasury?

Speaker Babauta: Correct.

Rep. Tebuteb: I still have concern in that collection area, Mr. Speaker, and I would state again that one of the recommendations from NMDOA is to maybe impose it in their business license, and to some extent, the government would also realize those illegal dive shops out there, and that is where some of the enforcement teeth can probably take part. Again, I ask for your reconsideration on this bill.

Speaker Babauta: Noted and similarly, I do not want to repeat myself, but like other programs that we have created, we just have put a little faith in the program, and if that does not work, then let us improve it. This is a process that normally is pushed out of the legislature. It is a policy decision that we need to make. It is at least something that we need to start with, and of course, as I said again, I will continue to support your bill. You may continue, Representative Tebuteb.

Rep. Tebuteb: I understand, and I do support...do not get me wrong, I do support the intent of the bill, and we have already started that. In all seriousness with the economic situation and the tourism industry as being one of our top area, I am sure that even with the local appropriations that we did for the CHC Volunteers, that is only at a minimum. This would probably help and I would probably say that just the maintenance part of that, but at a minimum that \$300,000.00 is still not enough for one hyperbaric chamber for the island. But I still have some concerns with the practicality of the collection of the fees as well as to impose this on the dive shops. We have a lot of illegal dive shops out there, and I think that one of the ways that we could probably track that is through the recommendation that I just did to the business license from Commerce.

Speaker Babauta: Not only to that, but you know, we have divers of illegal...ready. I recognize Representative Taman.

Rep. Taman: Mr. Speaker, I believe we heard a lot of valid and encouraging statements with regards to this bill, I move to end debate.

The motion to end debate was seconded.

Speaker Babauta: Clerk, call the roll.

The Clerk called the roll on the motion to pass H. B. NO. 15-120, HD1 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	yes
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	yes
Rep. Ramon A. Tebuteb	no
Rep. Manuel A. Tenorio	yes
Rep. Stanley T. Torres	no
With the absence of cost analysis, and in loyalty to my colleague from Precinct III, and his defense of his bill and in sunderdarity, "no."	
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. 15-120, HD1 hereby passes the House on First and Final Reading.

Rep. Torres: Privilege.

Speaker Babauta: State your privilege, Representative Torres.

Rep. Torres: Mr. Speaker, can we go back to House Communication for a minute?

Speaker Babauta: Representative Torres, we agreed earlier that we speed up the process so that we can allow our staff and employees in the office to take their lunch break.

Rep. Torres: Just 30 seconds.

There was no objection.

HOUSE COMMUNICATIONS

The Chair recognized Representative Torres.

Rep. Torres: Mr. Speaker and members, this is regarding the Miscellaneous House Communication NO. 15-11. For the benefit of the members, copies are provided...

Speaker Babauta: Let us get the record straight. It should be under item number 11.

OTHER COMMUNICATIONS

MISC. COMM. NO. 15-11: (1/22/07) From Reps. Torres and Tebuteb to the Director of Personnel Management regarding the study of current status of certain appointed officials.

Speaker Babauta: You may continue, Representative Torres.

Rep. Torres: I hereby submit to the House for reference and for the archive. Thank you.

Speaker Babauta: Thank you. Okay, you want to take one more bill to speed up the process so that we can break for lunch.

Floor Leader Florencio Deleon Guerrero: So moved, Mr. Speaker, for the passage on First and Final Reading, H. B. NO. 15-206.

The motion was seconded.

H. B. No. 15-206: A BILL FOR AN ACT TO ESTABLISH A REASONABLE TAX INCENTIVE PROGRAM FOR EXISTING AND NEW BUSINESS CORPORATIONS IN THE CNMI; AND FOR OTHER PURPOSES.

Speaker Babauta: Discussion. Clerk, call the roll.

The Clerk called the roll on the motion to pass H. B. NO. 15-206 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	yes
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	yes
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	abstained
Mr. Speaker, I like to vote, yes, but I may be in conflict because...	
<u>Speaker Babauta</u> : Let me ask you this? Is your name in the Corporation?	
<u>Rep. Yumul</u> : Shareholder.	
<u>Speaker Babauta</u> : For proper procedural that you may not be questioned in the future, I would recommend that you abstained. Thank you.	
Rep. Oscar M. Babauta	yes

Speaker Babauta: By a vote of 17 “yes”, H. B. NO. 15-206 passes the House on First and Final Reading. I recognize Representative Torres.

Rep. Torres: Mr. Speaker, I guess I am too late, but just for the record, I would like to change my vote to abstain because I am in the same position as Congressman Yumul. I benefit...significant benefit personally if this becomes a law.

Speaker Babauta: So you also are in a Corporation?

Rep. Torres: Corporation or Individual. Thank you.

Speaker Babauta: So noted. I recognize the Minority Leader.

Rep. Palacios: This effectively repeals the QC?

Speaker Babauta: Just for the benefit of the members, I have invited Mr. Mark Aguon and Mr. Joel Bergsma this afternoon at 1:30 p.m. in the Chamber to have a dialogue with them with regards to S. B. NO. 15-59. It is 11:25 a.m., you want to take up another bill before we head out for lunch or...Okay. Floor Leader, proceed with number 4.

Floor Leader Florencio Deleon Guerrero: So moved, Mr. Speaker, for the passage on First and Final Reading, H. B. NO. 15-204.

The motion was seconded.

H. B. NO. 15-204: A BILL FOR AN ACT TO AMEND 6 CMC § 2208 BY ADDING A NEW SUBSECTION (F); AND FOR OTHER PURPOSES.

Speaker Babauta: Discussion. I recognize the Vice Speaker.

Vice Speaker Quitugua: Mr. Speaker, if I may, just a very simple technical amendment on the bill.

Speaker Babauta: Proceed.

Vice Speaker Quitugua: On the title, change the letter (f) to (g), and on line 8, also change letter (f) to (g), line 9, also change the letter (f) to (g). For clarification on the bill, Mr. Speaker, on line 12, after the word, “officers”, insert, “This subsection shall only apply to Immigration Investigators and not processing, and other officers.”

Speaker Babauta: Ready. Discussion. I recognize Representative Taman.

Rep. Taman: I yield at this time, Mr. Speaker.

Speaker Babauta: So noted. I recognize Representative Joseph Deleon Guerrero.

Rep. Joseph Deleon Guerrero: I wanted to get some clarification...since now the law enforcement investigators would be carrying weapons, does CNMI Law require them to go through some type of law enforcement training?

Speaker Babauta: Yes.

Rep. Joseph Deleon Guerrero: Is that a requirement under the police academy?

Speaker Babauta: Yes.

Rep. Joseph Deleon Guerrero: It is not here.

Speaker Babauta: Let me just clarify your...and that is a good concern that you raised up. Just so that other members would be clarified on this. Any law enforcement individuals that are classified previously as law enforcement are required under a prevailing statute that allows them to be certified, and be trained. So if we an additional from Fish and Wildlife, even if we are to provide for

this, they must be trained and then certified. There is a prevailing law that allows for these officers before carry anything to be trained. I recognize Representative Taman.

Rep. Taman: Mr. Speaker, on a daily basis when we open the newspaper and we read problems with regards to Immigration and Labor, these people continue to claim that the reason why they have so much problem with regards to immigration and labor is the lack of enforcement. Considering the fact that we are not going to put in additional dollars to increase our enforcement capability, I strongly believe that we need to consider this bill seriously. Thank you.

Speaker Babauta: Ready. There is a motion on the floor offered by the Vice Speaker.

Several members voiced, “ready.”

The oral floor amendment offered by the Vice Speaker was carried by voice vote.

Speaker Babauta: The motion is carried. We continue to discuss, H. B. NO. 15-204, HD1. I recognize Representative Ogo.

Rep. Ogo: Mr. Speaker, let me just try whether this is appropriate, but I have an oral floor amendment.

Speaker Babauta: Continue.

Rep. Ogo: On line 10, after the words, “Attorney General’s Office,” I want to insert, “and Division of Labor.” On line 11, after the words, Director of Immigration” insert, “and Secretary of Labor” and on the same line, after the word, “investigator” insert, “and labor division. On line 12, after the word, “immigration” to include...

Speaker Babauta: Chairman Ogo, let me just intercede on your proposed not necessarily amendment, but because initially when you started, you said, you will try...

Rep. Ogo: Okay.

Speaker Babauta: Let me point out some clarifications here. Labor is considered...although we have investigators that investigate its grievances, Immigration is a different aspect of the enforcement component of this government. Labor is charged primarily for processing your so called work permits.

Rep. Ogo: Mr. Speaker, since we have a professional here, maybe Chairwoman Kaipat can enlighten us on the Investigators from Labor. Can you elaborate more on that?

Speaker Babauta: I would allow that.

Rep. Kaipat: Thank you. The labor investigators go out obviously and investigate labor complaints. They go on the premises, they look into matters such as, complaints of either places not being cleaned or in cases where companies close down, gather materials, and prepare cases for hearings. So they look into that. H. B. NO. 15-38, which is getting really closer to it being completed, and in

that particular bill, I rehabilitated the rights or authority that we are stuck down by the U.S. District Court by Judge Munson, the Search and Seizure. Now they will have the authority to enter legally which was the missing ingredient in the first one. It is enough for them. The authority that they will be granted in H. B. NO. 15-38 is enough for them for the purposes. So therefore, we do not need this amendment that you are proposing. However, I do support this for the Immigration Officers who do go out and apprehend. Also, when there are situations where they have to go out, sometimes they go together too. So there is Labor on one hand and there is Immigration, and they work hand in hand. I just want to correct it for the record that it is the Department of Labor and not Division.

The Chair recognized Chairman Ogo.

Rep. Ogo: Just one more question to the Chairman, because of course, we do not experience or hear Labor Investigators being intimidated by nonresident workers....I am just kind of curious about their safety too when they go out there and investigate. You never know when we have a guest worker that is not in a good mood, but we just want to make sure that the investigators are prepared and are well armed if necessary. That is just something that I want to pose because if we ever encounter that...

Speaker Babauta: As I understand, investigators from both Labor and Immigration are conducted jointly together with the other joint task force that are put together for those specific purposes as indicated on the enabling legislation that provides for the law enforcement fund. So those are part of the task force.

Rep. Ogo: Lastly, Mr. Speaker, if I may.

Speaker Babauta: Proceed.

Rep. Ogo: Since the Chairwoman is revamping the labor law, that is something to consider checking if the investigators need that, and if not, then it is okay.

Speaker Babauta: Did you discuss that with her? I assume that the Reform would be coming out soon, hopefully in the next session. She is wrapping up the Committee Report right now as I understand. Chairwoman, continue.

Rep. Kaipat: Thank you, Mr. Speaker. This Reform is huge. I am not going to be able to report it at the next session, but as I said, remember this has not been amended for many years, and there are a lot of situations that have cropped up regarding the nonresident worker population. So we are taking a very good look at everything and making changes. I am happy to also share that we had a very good discussion with many members in this House and the upper House and the members of the community on the medical provision, and that is always has been a very tough and sticky situation. We are getting their, but we just have couple of other things. Bond is another matter. We cannot just gloss over that. That needs to be effectively addressed. I beg the indulgence of all my colleagues and members to please allow us to...

Speaker Babauta: Are we all ready? For the last time, I recognize Representative Ogo.

Rep. Ogo: I am just withdrawing my amendment, Mr. Speaker.

Speaker Babauta: For the record, it was never seconded. So it is okay. Clerk, call the roll.

The Clerk called the roll on the motion to pass H. B. NO. 15-204, HD1 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	yes
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	yes
Rep. Ramon A. Tebuteb	yes
Rep. Manuel A. Tenorio	yes
Rep. Stanley T. Torres	yes
Rep. Absalon V. Waki, Jr.	excused
Rep. Ray N. Yumul	yes
Rep. Oscar M. Babauta	yes

Speaker Babauta: Clerk, Representative Waki is excused. He has a commitment at 11:30 a.m. By a vote of 17 “yes”, H. B. NO. 15-204, HD1 passes the House on First and Final Reading. Floor Leader.

Floor Leader Florencio Deleon Guerrero: Mr. Speaker, I move to call for recess for lunch.

Speaker Babauta: We will recess for lunch until 1:30 this afternoon.

The House recessed for Lunch at 11:35 a.m.

RECESS

The House reconvened at 1:51 p.m.

Speaker Babauta: We are back to our plenary session. Before we went for lunch, I indicated to you that since we have on the Calendar a pressing issue of vital importance to this government, which is S. B. NO. 15-59, and at the request of several members, I invited Mr. Joel Bergsma who has crafted the legislation for the Senate’s introduction and eventual passage that has to deal with the formation of the defined benefit plan. I have also invited Mr. Mark Aguon, the Administrator of the Retirement Fund Board of Trustees to be here to answer to any pertinent questions. Before we allow discussion, I would prefer that we go into Committee of the Whole and invite Mr. Bergsma and Mr. Aguon to join us in discussing the legislation before any motion is made for passage. Floor Leader, recognized for a motion to dissolve to Committee of the Whole.

Floor Leader Florencio Deleon Guerrero: So moved, Mr. Speaker.

The motion was seconded.

Speaker Babauta: Discussion on the motion. I recognize the Minority Leader.

Rep. Palacios: Mr. Speaker, before we do that, I took the privilege to provide copies of two letters to Chairwoman Kaipat on this particular issue. I believe she has all the letters that she will be distributing to the members.

Speaker Babauta: Have you distributed them already?

Rep. Palacios: One is a letter to Senator Manglona and the other is to Vice President Reyes. I believe in these letters basically provided some of the comments from Retirement Fund on the particular piece of legislation. It is just a briefing document for everyone.

Speaker Babauta: Okay so noted. Ready.

The motion to resolve into the Committee of the Whole was seconded and carried by voice vote.

Speaker Babauta: Motion carries.

The House went into Committee of the Whole at 1:55 p.m.

COMMITTEE OF THE WHOLE

The House returned to plenary session at 3:23 p.m.

Speaker Babauta: We are back to our plenary session. I would like to appoint Representative Lizama to be the Acting Floor Leader for the rest of this afternoon.

There was no objection.

Speaker Babauta: So ordered. We will take a five minute break.

The House recessed at 3:23 p.m.

RECESS

The House reconvened at 3:36 p.m.

Speaker Babauta: We are back to our plenary session, and we are ready for one more bill. Acting Floor Leader, proceed with the last bill for the day.

Acting Floor Leader Lizama: Thank you, Mr. Speaker. I move, for the passage motion on First and Final Reading, H. B. NO. 15-186, CS1.

The motion was seconded.

H. B. No. 15-186, CS1: A BILL FOR AN ACT TO AMEND TITLE 1, DIVISION 8, PART 2, CHAPTER 5 OF THE COMMONWEALTH CODE TO PLACE A LIMIT THE AMOUNT OF ANNUAL LEAVE A GOVERNMENT EMPLOYEE MAY ACCUMULATE; AND FOR OTHER PURPOSES.

Speaker Babauta: Discussion. I recognize the Minority Leader.

Rep. Palacios: What is the present threshold right now for annual leave?

The Chair recognized the Vice Speaker.

Vice Speaker Quitugua: For civil service it is 360.

Rep. Palacios: No, the present one. Is it not 1080? 360?

Vice Speaker Quitugua: [**microphone off**] The maximum law is 360...

Rep. Palacios: What this legislation is doing does not...it converts anything beyond 360 into annual leave or...

Vice Speaker Quitugua: Sick leave.

Rep. Palacios: What is the present statute? Do we have one, Mr. Speaker?

Vice Speaker Quitugua: No. We have the civil service rules and regulations that monitor and apply that. You cannot go beyond that, and if you do, then it goes to your sick leave bank, but the other agencies or the excepted service contracts; it is either you pay cash or you accumulate until you separate, then they pay you lump sum.

Speaker Babauta: I guess the overall intent of the legislation, Vice Speaker, is to adopt the civil service rules and regulation through statute?

Vice Speaker Quitugua: There was an incident with NMC, and Congressman Torres wrote to them when they cast out their annual leave lump sum and that was a huge sum of cash outs, and that is there policy. What we are trying to do is that is to eliminate that because we do not actually budget for annual leave accrual...

Speaker Babauta:...And have a unified policy...

Vice Speaker Quitugua: So this legislation is to set this limit similar to civil service regulations where you cannot accumulate more than 360 of annual leave in a calendar year. If you do, it is either you take it or it is transferred to your sick leave.

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. 15-186, HS1 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	yes
Rep. Ramon A. Tebuteb	yes
Rep. Manuel A. Tenorio	yes
Rep. Stanley T. Torres	yes
Rep. Absalon V. Waki, Jr.	excused
Rep. Ray N. Yumul	yes
Rep. Oscar M. Babauta	yes

Speaker Babauta: By a vote of 16 “yes”, H. B. No. 15-186, HS1 passes the House on First and Final Reading. One more, Floor Leader.

Acting Floor Leader Lizama: So moved, Mr. Speaker, for the passage of H. B. No. 15-207.

The motion was seconded.

H. B. No. 15-207: A BILL FOR AN ACT TO AMEND 4 CMC § 1421; AND FOR OTHER PURPOSES.

Speaker Babauta: Discussion. I recognize the Minority Leader.

Rep. Palacios: Thank you, Mr. Speaker. I believe that this has a little bit...let me be frank. This would have a far reaching financial fiscal consequence. Although it would help the bottom line of the existing garment factories that we have, it certainly negatively impact the bottom line of the government. It will. I am not sure what that number would be, but I will assume that it will be fairly substantial. In light of the potential for...in fact, I will be waiting and we should be waiting for a letter from our Governor advising us that he will hereto for cut allocations to every branch of government that is funded by the general fund because of the decrease in revenue. I believe that this legislation would further exacerbate and increase the downward increase in the allocations for it. So that is a great concern. I want to see that those garment factories that are still on island help them to stabilize their operations; that also in light of the pending increase in minimum wage. This is something that would help them. For all practical purposes, I think we all believe that the minimum wage would go up. It is not going to be \$3.05, whether we will be successful in convincing the U.S. Congress to insert some reviews on any subsequent increase from the initial increase still to be seen...we need to work hard to do that, but my only concern, Mr. Speaker, is that the bottom line of the total revenues of the government will be further impacted negatively. I am not sure how much that is. I would have like to have some sort of a bearing from our Division of Revenue and Tax or

from the Secretary of Finance for that matter of what the impact would be. That is the only concern that I have, Mr. Speaker, and I think that it is a significant concern that we ought to be mindful of if we pass this legislation. Thank you.

Speaker Babauta: Thank you for that concern. I recognize Representative Joseph Deleon Guerrero.

Rep. Joseph Deleon Guerrero: Thank you, Mr. Speaker. I wonder with the absence of a Committee Report, what the cost benefit analysis would be for this action...how much in terms of in dollar value are we expecting to relieve of the garment industry, and how much in terms of revenue does the Commonwealth government stand to lose, and it is worth looking at, Mr. Speaker, to know the numbers. We have affected government employees now. They reduced their work hours, and with further lessening the revenues again, would we be turning back to the government employees again to ask them to shoulder another 8 hour reduction? And I wonder why the garment industry alone...every industry is reeling right now. Every industry may want to seek relief, and why are we limiting our relief efforts on an industry, a sunset industry, that they themselves have acknowledged that they cannot compete, and they are on the way out. I wonder if this will prolong the inevitable. Will they stay here a year longer? So what happens here? Do we not reduce the User Fee and get more for a shorter time, or would we rather approve a bill like this and get less for a longer time? So which one is it? This is a bill, Mr. Speaker, that I think really warrants Committee review and a cost benefit analysis. Thank you.

The Chair recognized Representative Manny Tenorio.

Rep. Tenorio: Thank you, Mr. Speaker. *Yanggen ti man inestotba hamyo, yahu bai hu fino Chamorro.*

Speaker Babauta: *Ti problema enao.*

Rep. Tenorio: *Mr. Speaker, dididi agree yu ni esti. Hu hunggok masasangan nai na debi di hu guaha estudio kabales. Ta tungo ha na sigi ha papa i revenun i Commonwealth. Sigi ha huyong i garment, ya tita tungo actually hafa na klasen impact, lao esti ha gi alacha ta hunggok gi newspaper na esta manma fañañagi i taotao siha na otro biahe ya mana guaha tinulaikan i suetdo pat hafa, para mas makkat. Esta enao aminasa i taotao. Yanggen ta na tunok esti i garment nai, hu tungo ha na manmamedesi hit pago ya guahu lökkue ganaku na guaha 2.7% na garment ya gagaige ha ki zero. Enague hu a'atan. Lao debi di hu guaha didi na garantia, Mr. Speaker, na para ufañaga esti siha man maolek na garment, ganakua munahi siha mas incentive ni para ufan ñagga sa todo eyu i manafan baba i na'an ta Marianas kasi man naigue esta. Pues esti tetenan dididi nai, yanggen siña ta gotti, pues ta gotti, lao debi na u guaha garantia. Tita tungo man taimamanu sa yanggen humalom i Minimum Wage, kanna estigue mas nesesario talo para tanahi ni para uma off-set i gasto. Lao debi lökkue ta atan kao guaha mas benefisio para i Commonwealth ni para tana chilung pat kao gagaige ha i garment pat maolek-ña ha basta hu taigue ha. These are policy call sa esta matto guine gi agagata i hanom esta para tafan motmos ha. Agree yu ni esti ni para umanahi siha incentive i garment ya u sagga ya u improve gue, lao at the same time, yahu lökkue na bai hu li'e na in some kind of sign or study na i 1% na unatunok i garment, kahulo i minimum wage, sumaga ha esti lao, still benefit to the Commonwealth in forms of revenue and employment. Maolek esti na Bill, Mr. Speaker. Lao pot fabot maila ya tana guaha estudio pago. Ti hutungo kao nisisario esti na tana guaha...kao manmamamaisen i garment osino ta ekungok i SGMA kao nesesario esti, kao*

yanggen tita chogue esti pago kulan life and death situation. This is a very serious move on the part of the Legislature, because we want to know actually what the actual fiscal impact as my two colleagues here mentioned. This is serious. If the 1% that we are giving the garment as an incentive would offset the benefits to the Commonwealth, it is better than having them leave the island totally. I am going to vote for this because I would rather have few of our employees continued to be employed than have them line up at the food stamp program. I mean, we are up to our neck in this, Mr. Speaker, but at the same time, this is very serious that in doing so it might just kill us. Who knows? In the absence of any kind of fiscal analysis on the potential impact on this type of legislation to the Commonwealth, I would be very hesitant to support. The intent of the bill itself is very honorable, and like I said, I support that, but I would still like to see something in front of me that says that this is a good move for everybody. Thank you.

Speaker Babauta: Thank you. Just to remind you, primarily you, Representative Tenorio...several years ago when you and I were debating between the two of us regarding our economic condition, I would never forget that statement you made that you and I are not economists ourselves, but basic economic sense as you told me is, in order for the CNMI to maintain its economic base, the CNMI would need also to maintain its workforce population, and that philosophy that you eloquently expressed to me have not left my mind. Yes, the bottom line is, primarily what you just eloquently expressed, and that is the basic purpose, and no hidden agenda behind it...it is to try and retain what is left of what we have. I cannot pinpoint who are the bad ones, but I am sure that the majority of the good ones are still here operating. You still have the floor, Representative Tenorio.

Rep. Tenorio: Mr. Speaker, if I recalled correctly, I mentioned that, it takes people to stimulate economic development. You need to have people, otherwise, there would not be any economic development, and if they exit the Commonwealth, you lose that potential. Basically, I think that is what I said.

Speaker Babauta: I agree. I recognize Representative Waki.

Rep. Waki: Thank you, Mr. Speaker. If I can just get a clarification on the garment industry. Does the garment industry pay BGRT? They do not pay BGRT. So they only pay user fee. No excise? None, just user fee...okay. The only reason why I am saying that is because we just passed a bill, H. B. NO. 15-206, which gave certain businesses some tax breaks. So I just want to know if the garment industry was or can be a part of this particular tax break, but it does not show it, only because it does not have to do with BGRT. Now, we know that the garment industry does at least pump in at least...with the remaining about \$20 Million or maybe even less now into the government coffers. So if the minimum wage does go up, they already said that .50 cents more, we are gone. So we will lose \$16 Million dollars easily, and plus more on retail sales at the different stores, blah, blah, blah...I understand Representative Palacios and even Representative Deleon Guerrero by cost analysis. I would like to see what the cost analysis and the loss of actual revenue, but in light of we knowing whether we do it, or the Federal Government does it on a minimum wage increase, we may just lose these whole garment industry. So maybe just a 1% deduction now, we still have at least \$14 Million or maybe even \$13 Million to that affect. It may still help rather than completely losing them completely. I am not saying that this is going to save them. We never know. They probably already decided they are gone, but maybe it is good faith? I do not know. Like Representative Deleon Guerrero said, it was a sunset business from the very beginning. I think it was only supposed to be a 10 year type of industry that were supposed to be here, and it has been

here for almost 20 years. So if anything, we have kind a read the benefits in some ways. Our landfill is actually majority garment and that is going to cost us millions to level that off. I know we are all weighing this with the negatives and the positives, but I think right now, economically, saving so many millions or keeping some of those millions rather than losing all those millions until we can find a replacement – my thought is, it is better than nothing at this time. I question the lack of cost analysis the same with this particular bill, but maybe passing it may or may not make a difference. The Senate may say, no, but it may show some good faith and I am willing to give that a try if nothing else. That is just my input. I just want to find out if the BGRT affects the garment industries because if it does, then we are giving them too much of a break, but given that information, I would just 1%, it is better than losing them completely. Thank you very much, Mr. Speaker.

The Chair recognized Representative Tebuteb.

Rep. Tebuteb: Thank you, Mr. Speaker. Taken all those that were said, I do agree and I will support the bill, and we just pass H. B. NO. 15-120, and what caught me is the user fee, and that is the dive shop that charged, and on this note with this bill, we are going to eliminate the user's fee. I do support that we need to be very conscience with the economic situation that we are in and of course, this would also assist in some ways to sustain the garment business. I would say that this would probably be a CPR in action or a mouth to mouth legislation. Thank you, Mr. Speaker.

Speaker Babauta: I never expect that to come out. Thank you, Representative Tebuteb. I recognize Representative Kaipat.

Rep. Kaipat: Thank you, Mr. Speaker. My two sense worth. I do agree that we probably should have had a Committee Report and cost analysis, and all that. We did not, but the bottom line is that, the way I look at the user fee, we obviously know that the garment industry is a dying industry, and if I were to use another analogy, if we do not support this bill then we will have a difference between a soft landing and a crash landing. So, I am thinking about all the people who are now currently employed by the remaining garment factories...if these garment factories were to close in three months, all of them, I hate to even think about what that is going to look like. At least this is vying us some time to get our act together. On the same note, if you all recall, and I appreciate all your support on my bill, H. B. NO. 15-131, which is now up at the Senate that sets forth procedures that addresses all these garment closures. It is called the large scale business winding down bill, and I really hope that our good colleagues up at the Senate would please take action on that bill, because it goes hand in hand with what is going on in our communities in terms of businesses. What worries me is that, every time you pick up the paper, you will find out that a business has closed down, but that bill sets the procedure. And really, it was the Saipan Garment Associations' presentation to the Legislature that inspired that bill that made me realize that yes, we are being told already by this Industry that they are going to be leaving. So why wait until we have all these closures before we do something. Let us not react, let us be more proactive. So the procedures that we consulted Labor and all different types of agencies to put into that bill would hopefully protect the Commonwealth and employees, the tax payers, and all the agencies to make sure that as businesses are closing down, I do not mean just the garment factory, because obviously, the economy does not discriminate. This bill is very much needed, and again, it is a difference between the Commonwealth being left out in the bag with un-repatriated workers or any large scale business that is about to close down, making sure that they follow the procedures that the bill would establish so that the Commonwealth is not

left holding the bag. I urge my colleagues to support this. It reduces the fee, but, at the same time, as I said, it extends, and if it does extend the life of this industry, a month or two, at least that is an employment that is being appreciated by people in our community for as long as we can. Thank you.

The Chair recognized Representative Yumul.

Rep. Yumul: Thank you, Mr. Speaker. I am glad that everyone is curious about the numbers, 1% was the number our good colleague Waki talked about. Let me throw some numbers of my own out. \$19.4, \$17.6, \$14.2, \$12.8, \$5.2, \$4.7, what does these all mean? In 2006, the user fee collected was \$19.4 Million dollars. That is based on the export value of \$527 Million dollars. In 1998, export value was at \$1 Billion dollars. So we have gone a long way. Our highest collected User Fee was \$39 Million dollars in a given year, 1999. Now, this \$19.5 Million is basically 3.7% so if we were to deduct 1% off, we are looking at a \$5.27 Million dollar loss to our coffers based on this bill. In 2007 this year, Finance is projecting an export value estimate at \$475 Million dollars. That is basically \$17.6 Million dollars in User Fee that is to be collected assuming market forces. So if we were to deduct 1% from this, we are looking at a \$12.8 Million dollar User Fee or about a \$4.75 Million dollar loss to the General Fund. 1% is really a big issue. We are talking about that much in User Fees. I know that the good Congressman talked about trying to prevent the garment industry from having a lot of guest workers un-repatriated, but we need to really look at who these garment manufactures are today. Look at the brands that they are exporting too. We are talking about the Gap, JCPenny, Sears, and products such as; Polo. We are not without a recourse, we could always go to the other end of the spectrum, we can go to the retailer and say, look, this company that is doing business here is selling to your store opt and left with equipments stranded, thousands of workers here, we would like to ask that you stop buying from their affiliates that may be in Cambodia or South America. So we have that opportunity to make sure that they are all repatriated. Let us also not forget that Immigration take over is still looming over our heads. This is one of our problems that are being addressed by the U.S. Congress. We have too many alien workers. So I am not for or against this bill, I just want to put the numbers out and put it into prospective so that we are all cognizant of the information, and then act accordingly. Thank you, Mr. Speaker.

The Chair recognized Chairman Dela Cruz.

Rep. Dela Cruz: Thank you, Mr. Speaker. I also just want to put in my two sense on the matter here. Somebody had written out an article a few weeks ago with the analogy of a bicycle; one tire being gone, and the other one being flat. I do not believe that the last tire is flat. I believe the last tire has got low air, and looking at this bill, if we do not do something, and I know that this is basically to prolonged what we have left, and that is the garment businesses that are still around such as Mr. Lin's garment factory. I can understand the numbers presented by Representative Yumul about the loss that would occur, but if we also look at it in a way that we would still have something, we will still have something to weather the rough road ahead, and this is basically just weathering the storm until such a time that whatever is decided in regards to the minimum wage, but I believe that this garment factory that is still here with us helps. It not only helps the Commonwealth, but it helps our people, our government workers. Businesses generate revenue so that the government workers can have a job. I would say that I am in support of this bill. Just imagine that if we do not assist in the interim, then we will lose it faster, at a much faster paste than anticipated. We have heard Mr. Lin come out and say, it looks like I am headed out of here. But just by doing this, there

is no guarantee that this will make them stay, but at least it will make him think twice that this might be something that they need at this time. So with that, Mr. Speaker, I just want to say that is my two sense worth. Thank you.

The Chair recognized Chairwoman Kaipat.

Rep. Kaipat: Let me add my four sense worth then. If we think back to – we were in the same position making the same arguments when there was a proposal to cut 10% of the salaries. I was one of those people that supported that. After thinking about it long enough, and there were controversies left and right, and when I was asked that question, why did you support the 10% cut, my answer is this: After thinking long enough about it, I came to the conclusion that a 10% cut is better than a 100% cut. So if you look at it from the perspective of the same thing or applying that same kind of a philosophy to the garment industry, yes, we will be cutting down on our User Fee collection. But if we do not do something to prolong it, we will lose it, we will crash. We will probably hasten the death of this industry a lot sooner than if we were to at least give them this break right now so that we still have people continually employed for however long that we can stretch this out. We know that they are leaving. It is not a matter of “if”, it is just a matter of time, and if you all were aware when James Lin was up here, he was talking about projection, and he was thinking that by March, we are going to have a massive closure here. Again, if we could do this, perhaps we will be able to prolong this dying industry just a few more months to allow us to start doing what we need to do to prepare ourselves for this. As I said, there is a difference between a softer landing and a crash landing. So my colleagues, I urge you to support this bill and let us pass it. Thank you.

The Chair recognized the Vice Speaker.

Vice Speaker Quitugua: Thank you, Mr. Speaker. If I recall correctly, I believe the garment industry representatives were here during the 14th Legislature, and they did a presentation on the industries. Again, Mr. Lin was here not too long ago, and he also mentioned about assistance from the Legislature for the industries. The garment industry was banking on the Head Note 3, that if the U.S. Congress amended the Head Note 3, that they will probably stay longer here in the CNMI, but since Head Note 3 was never enacted by the U.S. Congress, we now are seeing the results of some of the garment industries that have closed and left the island. There are so many impacts that would happen if the garment industry continues to close down, and I think that every one of us know these impacts. It is not only the User Fee that we will lose. We will lose the weight stacks too. We will lose the DC’s on various building(...), we will lose on the retail side, we will lose fees on Labor Processing Fee, Immigration Fee...so it is going to be more than \$ Million dollars that we will lose if we were just going to reduce it by 1%. We will be losing more than that. It is a tremendous impact, and probably with the Head Note 3 of not being able to assist the garment industries, may be it is prudent on our side locally to look at how we can assist these industries to stay here. A few more years would help us tremendously in the CNMI, but for them to leave earlier than that, I think we will see more negative impact in our government as well as out in the private sector. Thank you.

Speaker Babauta: I gather from our Washington Representative last week that I think the tariff as it applies to the CNMI on Head Note 3A, would have a better chance this time because there are some politicking back then when that thing was approved by the Senate. Our Washington Representative is now preparing the necessary battle year to engage the same legislation that he and the

administration were pushing last year. We will be seeing some information in the next couple of weeks with the Head Note 3A for the CNMI. I recognize the Minority Leader.

Rep. Palacios: Thank you, Mr. Speaker. The Vice Speaker forgot to put one more loss, and that is 50,000 Chinese and all the impacts that they have, and the cost to our government along with the infrastructure and the hospital. But your points are really well taken. That is why it is of grave concern not just the potential revenues that we are going to lose, as Representative Deleon Guerrero said. In the same meeting that we attended with Mr. Lin, he was very honest, and he said that this minimum wage thing that is looming over us...with that, the garment industry here is not a sunset industry, but a dead industry. The immediate impact is going to be felt one way or another. Representative Kaipat made a very good point, and so did Representative Dela Cruz, that it is a matter of a soft landing or a crash landing; in the same way, Representative Deleon Guerrero and Representative Tenorio are saying to me basically the same thing. We want a softer landing. Representative Tenorio wants to see that there are some guarantee that these guys are not just going to get up after we give them the decrease from 3.7% to 2.7%, and that the existing order that they have today...some of these factories have one year order. They are not just going to abandon that order. They will still take the relief that we give them, but they will still move out. These are the concerns that Representatives Tenorio and Deleon Guerrero, stated. We want to help them, and we just want to see that in deed if we do forego and diminish the general fund revenue by another \$5 Million dollars, that we will indeed see the benefit, but they are not just going to opt in three months after we give them the break. I want to do this, but at the same time, we are going to have to make a significant adjustment. Maybe another 8 hours. That is another \$5 Million impact to the general fund revenue. That is something that I am having a very difficult time trying to mitigate in my mind. How do we help the industry? How about our hotel industry? Should it not that we be thinking about our hotel industry a 10% cut in their hotel occupancy? This is the industry that would want to nurture. This is the industry that we really need to nurture. Lastly, Mr. Speaker, I am willing to vote for this. I am not sure if any of you recalled, but I recalled that the User Fee used to be 2.5%. Let me ask you this question, and this will probably put me where I am going to vote...why was it raised to 3.7%? Was it to pay for something? Was it to be for the Lobbyist?

Speaker Babauta: Not necessarily that, Minority Leader. It was seen back then that the apparel manufacturing were thriving and we had a lengthy meeting, and I am sure Representative Tenorio was still a member of the Legislature, but we had a lengthy discussion, and it has to do also with financing of some of the programs of the government. Whatever the outcome of that increase that benefits what, it was a decision they made, foregoing 1%. It used to be 2.5% then it went up to 3.0% and then 3.7%, and then another .02 was increased. So overall, the financial decision that the government and the apparel industry agreed...it was then the Presiding Officers back then in the Legislature agreed to increase it. Overall, it was just to fund the government operations and I do not know what that would be. But it goes to the general fund though.

Rep. Palacios: I understand from some of the government officials that one of the reasons why they increased the User Fee was because the government did not want to pay for Lobbyist anymore. So that was the reason why, since the industry was one that needed to get that lobbying done on various issue in the U.S. Congress.

Speaker Babauta: I can neither deny nor confirm your statement, Minority Leader, but I would take it under advisement.

Rep. Palacios: I will take that anyway I want to take it. Thank you, Mr. Speaker.

Speaker Babauta: Thank you. I recognize Representative Yumul.

Rep. Yumul: Thank you, Mr. Speaker. Just to touch up on what the Minority Leader mentioned. Prior to myself coming back and working here, I did work in the manufacturing plant in California, and the company produced connectors for caterpillar space industries, and other industrial plants, and my job was human resource manager. One of my tasks back then was to plan for additional hires for future order. It is just like building planes by bowing. When you order a plane, you do not pick up the day you order it. It is forecasted to the future at some time that it would be ready. It is cued up basically is what I am getting at. There are future orders that have been promised, contracts have been signed, and the production would be spread out over the year. Concord Manufacturing, which is a subsidiary of L&T, when they shut down, they were very gracious enough to pay their employees severance and repatriation tickets, but it did not stop there. They had to package all the pending orders that was sitting in factory floor, load it unto a container cargo jet, and fly it off to their sister facility in Asia, because those orders are still due to the retailer. So they will finish the job just like here, the garment businesses that are here, will finish the job. They do have orders until the end of the year. Those that do not, I would rather question their integrity, and find out if they are even capable of going out the distance, because maybe they are just trying to leach off another manufacturing plan overruns or under production so that they can carry the slack. I would rather recommend, Mr. Speaker, that as an enticement, just like the way we enticed the airlines to come in, this 2.7% should either be given to Fiscal Year 2008 so that we can get them to get additional orders for that fiscal year, or prorate this out by industry. If UIC provides for let us say 25% of the stacks to Revenue and Tax, then if they exceed that 25% remittance, then they can from that point on get that extra 1% reduction because what we are trying to do here is increase productivity so that we can have more user fees. This should be the opportunity that we are going to pose to these guys. We want you to stay, we will help you, but in order for us to have this agreement, we need you to show good faith that you will bring in more orders so that you can perpetuate yourselves and we can give you the benefits. It is a very strong suggestion, Mr. Speaker, that I would like to recommend that you would consider that we can make this thing a very good bill, so that we can give them an opportunity to benefit, not an opportunity to exit, because now they are going to get a nice little severance package from us.

Speaker Babauta: I guess the bill is clear where it says to benefit, which is...and I love to hear that word, prolong, especially coming from Representative Tenorio. For the last time, I recognize Representative Kaipat.

Rep. Kaipat: Mr. Speaker, all that is nice...

Speaker Babauta: Please take note that it is 4:30 p.m. now.

Rep. Kaipat: I just want to say that no business is going to remain in business if it is losing money, and obviously, we have seen examples of businesses closing down. We can impose all kinds of...on them, but if we just rewind a little bit, and focus on the example of Concord, Concord was not planning to close down when they did, but they were forced to close down. Now Concord, from one of the strongest companies here, is the largest company, and they were very generous. I tell you,

from my experiences as a former Labor Hearing Officer, I dealt with every garment factory on this island, and I can tell you about when I dealt with the personnel of different managers that came to Labor, and how willing they were to bend over backwards and all that, but the point of the matter is that, Concord, I felt was in a better position to be more generous and yet they were forced to close down a lot quicker. They still had orders to fulfill as you all know, but the employees refused to cooperate and force them to close down a lot sooner. We have other factories that are far less favorable position financially. They are not going to be in the kind of position where they are going to be offering these kinds of incentives and thinking about guarantees and stuff, it is just a matter of survival and existing, and prolonging their existence. That is why I am saying that it is nice to ask for guarantees, but what is the practical effect of that. No one is going to be getting all these orders knowing that they are going to be closing down, especially since they did not get Head Note A and they know that the minimum wage is coming. So again, we have to realistic in what we are asking for. What I am saying is that, yes, it will be nice to have those, but we have to face practical reality. Thank you.

Speaker Babauta: I guess it is time to wrap up. We do not want to drag our Bureau Staff and so as your employees in your offices too. Are we ready?

Several members voiced, “ready.”

Speaker Babauta: Clerk, call the roll.

The Clerk called the roll on the motion to pass H. B. NO. 15-207 on First and Final Reading:

Rep. Martin B. Ada	excused
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	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	yes
Like what some of our Representatives mentioned, we need some buying time and we need to prolonged this so that we can put our acts together, and I hope that we can really do put our acts together, my vote is, yes.	
Rep. Ramon A. Tebuteb	no
Rep. Manuel A. Tenorio	yes
Rep. Stanley T. Torres	no
Rep. Absalon V. Waki, Jr.	yes
Rep. Ray N. Yumul	abstained
Mr. Speaker, I have to abstain because the family has a garment factory in our property.	
Rep. Oscar M. Babauta	yes

Speaker Babauta: By a vote of 12 “yes”, H. B. NO. 15-207 passes the House on First and Final Reading. I would like to ask for your indulgence to knock off for the day and come back at 1:30 p.m. Monday or for that matter 2:00 p.m.

Rep. Palacios: Privilege, Mr. Speaker.

Speaker Babauta: We will continue to roll this until Monday. State your privilege.

Rep. Palacios: What happen to my colleague, Representative Ada?

Speaker Babauta: He was dragging himself this morning as you can tell. If not, he might have probably cheated the members. Today is Thursday, right? Okay. I cannot really give you that information because he has not...the information that I have is that he is in the hospital. We will check the record on Monday.

Rep. Palacios: I needed his vote today and he is gone again.

Speaker Babauta: We will cuff him on Monday. Okay. Floor Leader.

Acting Floor Leader Lizama: So moved, Mr. Speaker, for recess subject to the call of the Chair.

MISCELLANEOUS

None

ANNOUNCEMENTS

None

The House adjourned at 4:37 p.m.

Respectfully submitted,

Vicky T. Guerrero, Journal Clerk
House of Representatives

APPEARANCE OF LOCAL BILLS

SECOND APPEARANCE

None

THIRD APPEARANCE:

None