



House Journal Sixth Special Session, 2007

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Second Day

June 25, 2007

The House of Representatives of the Fifteenth Northern Marianas Commonwealth Legislature convened its Second Day, Sixth Special Session on Monday, June 25, 2007, at 10:24 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.

Speaker Babauta: Again, I ask that you remember the late Jose Charfauros from Rota who had died last Saturday in Iraq.

A moment of silent prayer was observed.

The Clerk called the roll and fourteen members were present. Representatives Martin B. Ada, Edwin P. Aldan, Florencio T. Deleon Guerrero, and Stanley T. Torres were excused.

Speaker Babauta: Representatives Ada, Aldan, Deleon Guerrero and Torres will be coming in late. If no objection from the members, I would like to appoint Chairman Jesus SN. Lizama to be the Acting Floor Leader pro tem.

There was no objection.

Speaker Babauta: So ordered.

ADOPTION OF JOURNALS

None

INTRODUCTION OF BILLS

None

INTRODUCTION OF RESOLUTIONS

None

MESSAGES FROM THE GOVERNOR

Gov. COMM. 15-269: (6/21/07) Informing the House that he signed H. L. B. NO. 15-56, D1 (\$235,283.00 Appropriation from Developer Tax Infrastructure), into Tinian Local Law 15-7.

Gov. COMM. 15-270: (6/12/07) Informing the House that he signed H. L. B. No. 15- 63, D1 (\$88,000.00) from Rota poker & pachinko fees) into Rota Local Law 15-6.

There was no discussion.

Speaker Babauta: Any discussion on any of the items up to number 14? None. We will go right in to the Bill Calendar. I recognize Representative Tebuteb.

Rep. Tebuteb: Mr. Speaker, while we are waiting for the bill, can we just go back to item number 3, under Introduction of Bills.

Speaker Babauta: Any objection?

There was no objection.

INTRODUCTION OF BILLS

H. L. B. NO. 15-68: A House Local Bill to appropriate \$485,000.00 from Managaha Landing Fees; and for other purposes.

Offered by: Rep. Ramon A Tebuteb

Speaker Babauta: If there are any discussions on the Local Bill that Representative Tebuteb just introduced, we will come back at a later time. Okay. Clerk, take note, Representative Torres is now present. We will go right down to item number 16 under Bill Calendar.

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

None

REPORTS OF STANDING COMMITTEES

None

REPORTS OF SPECIAL AND CONFERENCE COMMITTEES

None

UNFINISHED BUSINESS

None

RESOLUTION CALENDAR

None

BILL CALENDAR

The Chair recognized the Acting Floor Leader.

Acting Floor Leader Lizama: So moved, Mr. Speaker, for the passage on Second and Final Reading, H. B. No. 15-38, CS2, HD3.

Speaker Babauta: I understand that some of the members have not yet got copies, but the Draft 3 that is being circulated are the result of the oral amendment made on the bill last Friday.

Vice Speaker Quitugua: Privilege, Mr. Speaker.

Speaker Babauta: Under privilege, I recognize the Vice Speaker.

Vice Speaker Quitugua: Mr. Speaker, just a recommendation. There is I think two bills on the Calendar that had been incorporated into H. B. NO. 15-38, and I do not know whether the author would want to remove these from the Calendar. It is making the Calendar very crowded.

Speaker Babauta: Let me recognize one of the authors, Minority Leader.

Rep. Palacios: Well, other than occupying the space and columns, we never know. It is probably going to be something – it stays in the Senate, but I hope that it does not. I hope that H. B. NO. 15-38 does not get delayed, and whatever. Maybe we will see what the fate is of our work here on H. B. NO. 15-38.

Speaker Babauta: For the Calendar...

Rep. Palacios:...I will make the necessary motion not only take it off the Calendar, I will take it off the docket. Thank you.

Speaker Babauta: Thank you, Minority Leader. I was going to ask if you can consider the aesthetic part of the Bill Calendar, and may I also ask the other author, since the Minority Leader have already – Representative Tenorio.

Rep. Tenorio: Thank you, Mr. Speaker. You are referring to H. B. No. 15-167?

Speaker Babauta: Correct.

Rep. Tenorio: You know, if no objection from the members, Mr. Speaker, perhaps we just let it stay here until we see that H. B. NO. 15-38 is passed by the Senate. We can just take it off the Calendar. Would that be okay? Thank you.

Speaker Babauta: Other than occupying – unless you want to pay rent. Okay. Short recess.

The House recessed at 10:30 a.m.

RECESS

The House reconvened at 10:38 a.m.

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

Rep. Dela Cruz: Thank you, Mr. Speaker. Did you say we are discussing H. B. NO. 15-38?

Speaker Babauta: Yes, H. B. NO. 15-38, CS2, HD3.

Rep. Dela Cruz: Just a simple amendment on line 17, page 1, Mr. Speaker. To delete the word, “twenty (20)”, and insert, “thirty (30).” That is all, Mr. Speaker.

Speaker Babauta: Does everyone have the amendment?

Rep. Yumul: Mr. Speaker, point of clarification.

Speaker Babauta: Recognized, Representative Yumul.

Rep. Yumul: The points that the Representative is amending, Section 2, which is “Findings and purpose” which has no legal teeth, it is just for informational purposes. I think the Representative needs to add, “and where ever else it appears in the legislation.”

Speaker Babauta: Right. Take note Clerk, wherever the “20 percent” appears in the bill as it applies to the employment purposes. Please, note that 30 percent shall replace the 20 percent. Discussion. I recognize Representative Yumul.

Rep. Yumul: I do not have any real issues regarding the 20 to 30 percent, the only concern is that if we are forcing employers to increase local workforce by 10 percent within the context of operation, the issue is basically about how employers are going to deem these employees as qualified, because we do not have an operation where - what the Representative Kaipat was alluding to in the past – the training program. So a lot of employers will come back and say, well, these local employees are not qualified, or they do not have the proper training, so there is going to be a lot of confusion here, and perhaps a little bit anger within the business community because we are telling them to increase workforce by 10 percent which is our purview, but we are not giving them the tools so that they can attract more locals. So it just a word of concern. Thank you.

Speaker Babauta: Thank you.

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

Speaker Babauta: The motion is carried. H. B. NO. 15-38 is now in the form of House Draft 4. I recognize Representative Kaipat.

Rep. Kaipat: Thank you, Mr. Speaker. I realize that – as I said before, we may not have the other training mechanisms in place, but as I said, it should not excuse us from taking the steps to make sure that the past failures are not repeated. As I said before, I offered my assistance to the human resources managers as well as my colleagues that I am pledging my full commitment to looking at the way that we train our people. As you all know, I was appointed by the Speaker to sit on the WIA Board, which is crucial to the training of our people. I had also had a very lengthy conversation with the College President about utilizing our apprenticeship program at the College, and I will continue to have dialogue with our people in our community. It is simply not acceptable to continue to use excuses that our people are lazy and are not trained. I know that there are sectors out in the community that have labeled our people as lazy and are not trainable, and I personally take a very strong objection to those labels. Our people are – there are lazy people in every walk of life in every nationality, and I will stand behind the belief that our people need to be given the opportunity, and that we must challenge our people to avail themselves of trainings. We need to provide the training. I do not want the businesses to suffer, because after all, that would only hurt us, and I want us to train our people so that they can get the best training, go out and be of service to the businesses who in turn benefit our community. So to the extent that the businesses think that Legislature is going to just force untrained people on them, well, that may have been the actions of the past where they put the mandate on the agencies themselves or the employers to do the training and left it at that. But as I said, this is a new day, new era, and we all know that we have more people here than we have jobs. We cannot continue to be criticize of the loaded size of government, and not do something about the bloated size of government, but we need to provide opportunities for our people, and we cannot continue to have our people leave this island, or worst, go off and get training and education, and come back, and face the prospect of no jobs or low paying jobs. So it is our responsibility to do something about this. We cannot continue to rely on businesses that have basically stereotype our people when we have sat around and just taken it. So I urge you to help me in challenging our people to elevate the standard. If you challenge them to a higher level, set the standards, set the bar higher, I am sure that they will meet it, but if you set it lower, as I said before, then obviously, who is going to be challenged by that. With the minimum wage that has been set, that will also help to get people to recognize the fact that they will be paid better for their services. Also, we have the provision in here that kind of – the attempt is to level the playing field on what is being offered – the foreign national workers are going to be offered the resident employee in terms of fair compensation. So those are real incentives to get people out there to work, and now, we are at a crossroad now. We are a crossroad, and decisions that we make today, I do not think that there is any doubt that H. B. NO. 15-38 is one of the most important bills that this body will ever entertain. The ramifications of this bill are far reaching outside the Commonwealth. I will tell you that the Federals are looking at how we do, how we manage our affairs in here with this bill, and if we do not take responsible action then we minus well just roll over and play dead because we will be dead. So my colleagues, I urge your support of this bill. I know that there are certain sectors out there, segments of the community who would like nothing better than to have a 100% of everything they want, but I assure you that we

went back and forth to them, and we work with them. There are just some things that we are not willing to give up such as the moratorium. I am sorry, but we cannot afford to do away with the moratorium. We have weighed too many people here than we need, and that is just the bottom line, and as far as the periodic exit, I urge you to not tamper with this. This is important. We have to have this otherwise why even bother. As far as the six months exit, it has to be six months. It cannot be shorter than that. Otherwise, it is just a joke. So again, I ask you for your support, and let us pass this bill quickly, and I hope that our colleagues in the Senate will do the same and have this bill be signed into law. The regulations have been drafted, they are ready, as I said before, it is extremely unusual that we would have a set of regulation already waiting to go into effect upon the passage of this bill. Thanks to Deanne Seimer who had really worked so hard, and Ian Catlett who had also done an incredible job with this, and of course, the task force, many members of the community who are involved. Again, members, we have worked on this bill really hard and we have tried to come up with the best possible bill that we could come up with in light of all the different competing interest, and I appreciate your changes, your amendments that you all had made which I have not problems with. I just ask you to please help our people. Help your people and help pass this bill. Thank you.

The Chair recognized Representative Tenorio.

Rep. Tenorio: Thank you, Mr. Speaker. Mr. Speaker, just one point of clarification.

Speaker Babauta: Continue.

Rep. Tenorio: On page 9, Section 4524. This is “Compliance with the “Resident Workers Fair Compensation Act”, and I know that this is Public Law 9-71. I was just reviewing the regulations, and there seems to be a – I feel that there are more that has to be given to this. The initial bill that became law put the responsibility on the Secretary of Labor at that time to come up with their regulations. This government has sat on this on the past 10 years doing absolutely nothing. The bill is supposed to provide benefits to our local people.

Speaker Babauta: Make that approaching 15 years.

Rep. Tenorio:...15 years, and still there is nothing in the regulation that says that. I have a bill in the Senate, and that is the Nonresident Workers Enforcement Act, and that would at least put the employers on their toes in seeing that this Public Law is put into or implemented. So I do not know what is happening here whether this is just – putting this in here to me does not make any difference to the intent of implementing that particular Public Law 9-71. I am just a little lost as to why not much have been – in terms of regulations. I could be wrong, and I would like to seek some clarification.

The Chair recognized Chairwoman Kaipat.

Rep. Kaipat: Mr. Speaker, I would like to refer my good colleague to page 22 of the draft regulations that were passed out under (d) it says, “compliance with resident workers fair compensation act” and it lays out in detail. We have incorporated your bill into this. It is really quite detailed. Have you read that section before?

Speaker Babauta: I think...

Rep. Kaipat: I want to assure you that your bill is pretty much incorporated into the regulation.

Speaker Babauta: And I agree with Representative Tenorio that since the enactment of Public Law 9-71, there was a so-called draft regulation that was never actually published. In fact, at several occasions, opponents were lobbying hard to repeal that public law, but at those times, many members felt that it is not necessary. I am sure that with the draft regulations now, and this is supported by both the Department of Labor and the Attorney General so... Representative Tenorio, I think this will be forceful now in passing H. B. NO. 15-38 together with this regulation as an appendix...

Rep. Kaipat: Mr. Speaker, if I may?

Speaker Babauta: Continue, Chairwoman.

Rep. Kaipat: These set of drafts as I said before, usually when we pass these bills, we usually put a provision in the bill that says that appropriate agencies should promulgate rules and regulations to implement the law, but this is such an important bill that these regulations were drafted side by side to make sure that they match up with the bill itself. The Department of Labor is heavily involved with this, Deanne Seimer as I said, worked on it, so it is not as though the Department of Labor is not aware of it. The members of the Saipan Chamber of Commerce are even privy to this draft. Attorney's in the community had already seen this draft. So it is no surprise. It is not something that was drafted in the dark back rooms, it has been shared out in the community with business people who had questions, and we assured them that look, what you do not see in the bill is in the regulations. It is more appropriate in the regulation because it gives more flexibility, and what I want to point out also to the members is that there is a very unusual provision in the regulation that gives the lawmakers the final say so. Let us say that once this regulation becomes effective, and if Labor wants to make a change on them, they would have to wait a period of time for the lawmakers to look at it, and decide whether they are amendable to that change. So in terms of there being any kind of checks and balances, this is very unusual. It does not happen, but we are putting it in here to assure the lawmakers that Labor is not going to run away and just change things without any kind of agreement from this body. So I would urge you to support this because this regulation would be effective when this law becomes effective. Again, I cannot begin to over emphasize the fact that this is a very highly unusual way to do this, but it is very commendable.

The Chair recognized Representative Tenorio.

Rep. Tenorio: Thank you, Mr. Speaker. I got a copy of the regulation this morning, and you are right, this is thoroughly covered. I want to commend you.

Speaker Babauta: Will you find a section that would incorporate the regulation here at a latter part of the bill so that we can impress upon the executor of this particular legislation to be part of the record of this bill. I agree and we need to impress upon every agencies that deals with promulgation of rules and regulations that – I would recommend that they seek the guidance of the Journal of the Legislature on what the members are trying to fortify for any particular legislation that any agencies

of the government would like to execute or rather mandate by the enactment of that particular bill. Let me recognize Representative Tenorio because he still has the floor.

Rep. Tenorio: This is slightly different subject, but earlier we approved the 30%, and I noticed that there are so many in this regulation that have 20% too. Do we have to go back to session or they will correct this, because there are so many times in the regulation that mentioned 20%.

Speaker Babauta: Let the record reflect that the 30% included would officially be endorsed by the House similar to the bill.

Rep. Tenorio: Thank you.

The Chair recognized Representative Torres.

Rep. Torres: Just a small amendment on page 5, line 22, the word, “is” should be “in” instead.

Speaker Babauta: Take that as technical. Ready. I recognize the Minority Leader.

Rep. Palacios: Thank you, Mr. Speaker. I too share the sentiments that we need to provide a better policy for ourselves and our Commonwealth so that our people are given the opportunity of employment first and foremost. You know, it is very discouraging. I think we have begun to institutionalize this thought that our people are not qualified. Why? That was the thought pattern that mindset started about 20 or 30 years ago. Coming into the Commonwealth when we became Commonwealth, a lot of our people were trained. They were trained by then Trust Territory Government because they had a training program in technical, financial, managerial, policy and etc., and I think that because of our convenient access to labor pools in Asia, we have defeated, and actually our society has regressed because of this, while we conveniently saw what we at the time believe economic development. It was really superficial economic development because we see it today that these businesses were just transiting through our Commonwealth because of some laws that gave us certain advantages and access to the United States markets as well as in our Covenant where we were given the opportunity to have the authority under immigrations and minimum wage. It has been a transiting not just for businesses that came in and took advantage of these opportunities and have left us. It also is a transiting point for nonresident employers to be trained on our soil, and then have gone on to greener pastures. It also has become a transiting point for remittance, capital outflow out of our economy. So, it is tough. This legislation is really being looked at as...but it really is not. A lot of this has been in the books. In some cases, some of the provisions of this are the same as what we have in the laws. I have one area that I am very concern with, and I have expressed this to the good Chair. That is on page 43. I will express this, if anything else, for the record. On page 43 under subsection 4953, “Periodic exit required”, I am concerned on § 4953 (b). Let me read it. “This requirement shall not apply to foreign national workers who are key employees and have skills essential to the success of the business of an employer of ten (10) or more employees...” What that means is that we will allow certain nonresident workers to stay here almost indefinitely, which to me defeats the purpose of the 3 ½ year exit. I know that this is probably a concession for our business community in the way they want in this, but I see this provision with the potential for abuse and circumvention. Every year you might have an employer choosing different employees as key personnel. The next year, the choose another 10% as key personnel, so what you are going to have is a perpetuation of the existing laws where nobody exits our Commonwealth, and

it really defeats the main objective of this legislation. What we are creating is, we are trying to tighten up our labor laws, but this is a big concession that we have created a bad door, not just maybe one back door but maybe 3, 4, or 5 in an indefinite period of time for certain employees. We minus well not have this section. This is a policy decision. So with that, Mr. Speaker, I would like to make a motion to amend and delete under § 4953 (b) in its entirety.

The oral floor amendment offered by the Minority Leader was seconded.

Speaker Babauta: Repeat your motion again, Minority Leader.

Rep. Palacios: Mr. Speaker, I move to delete § 4953 (b) in its entirety. This is on page 43 starting from line 22 all the way down to line 27.

Speaker Babauta: And renumber it accordingly?

Rep. Palacios: Yes, and renumber it accordingly.

Speaker Babauta: It has been seconded. Discussion on the motion? Ready.

There being no discussion, the oral floor amendment offered by the Minority Leader was seconded and carried by voice vote.

Speaker Babauta: The motion is carried. We will continue to discuss, H. B. NO. 15-38, CS2, HD5. Ready. I recognize again the Minority Leader.

Rep. Palacios: Mr. Speaker, if I may ask for an indulgence for about 2 minutes. I am trying to get some floor amendment typed out that I would like to offer, please.

Speaker Babauta: Do you have that available already?

Rep. Palacios: It is being finalized.

Speaker Babauta: Any objection? Okay, any more discussion other than the pending amendment? I recognize Representative Yumul.

Rep. Yumul: Thank you, Mr. Speaker. This concern is on page 47, line 19 under (h). In the regulation section, it was left reserved, so I would just like to state for the record that the way I read it, “an employer shall not pay a foreign national worker at a rate of pay lower than the minimum wage as provided by Commonwealth law or applicable federal law or at a rate of pay higher than the rate at which the job was advertised in compliance with 3 CMC § 4523.” Under applicable Federal Law, just to state for the record that there are employment contracts that allows for certain high breeds. You have a base plus commission. You also have a straight commission, and there is also an agreement of like a 50/50 rate of pay based on performance, and this is in line with people who are working in barber shops or beauty parlors or selling vehicles...

Speaker Babauta: And the vegetable stands...

Rep. Yumul: The idea here is that employers should be able or is able to specify other than minimum wage a compensation scheme that is in line with the Commonwealth Law, or applicable Federal Law. Of course, the guiding principals that if the compensation after it is calculated falls below of Federal Minimum Wage then the minimum wage kicks in. So I would just like to state for the record this section, and I cleared up with counsel only because it is not listed or it is not explained in the regulations part. So I just want to make that clear.

Speaker Babauta: Thank you.

Rep. Yumul: The second question or concern that I have is the six month exit. In the legislation it says that for purposes of renewal or continuing employment that six months is not a break in the employment service. So I just want to know what is the intent for that six month departure if it is deem to be continuous.

Speaker Babauta: To respond, I would like to recognize the Chairwoman.

Rep. Kaipat: Well, in terms of preserving your right to retain employment of good and loyal employee, the six month exit allows you to renew the contract, and not have it violate the moratorium. Are you asking me what the reason is for the six months exit?

Rep. Yumul: Yes, because if the six months exit does not break service then what is the six months exit for? I do not understand.

Rep. Kaipat: I would like to refer you to page 100 of the regulation because it lays out the policy or the rationale behind that.

Speaker Babauta: If I may...the six months was pattern after Public Law 10-68 to which that particular law was repealed several years ago.

Rep. Yumul: I believe Congressman Tenorio's legislation is contrary to this section. So I just want to know which one here are we going to support. Congressman Tenorio's legislation talks about a break in service, and this legislation does not. If we are supporting this legislation then I do not see why we need to have that other legislation remain on the Calendar.

Speaker Babauta: The author had already expressed his reservation as far as his legislation is concern. So let us focus our discussion on H. B. No. 15-38. I recognize the counsel.

Legal Counsel Ian Catlett: Thank you, Mr. Speaker. It is only renewal for the purposes for the moratorium. I mean, it is still a break in service. It is just that if you do not put that in the moratorium provision, then that person come back and it is banned by the moratorium, so that is for your employees – they have to sit out for six months, but you still will be able if you want them to come back and work again. So it is an interruption in service. It is just called the renewal because that is the only way to keep them from being blocked by the moratorium. I hope that clears it up.

Speaker Babauta: So probably the best time to send our domestic workers is during the summer so we can only pay three months at the daycare. I recognize the Minority Leader.

Rep. Palacios: Thank you, Mr. Speaker. Mr. Speaker, the amendment is a bit complicated and that...

Speaker Babauta: By the way, can we have copies first?

Rep. Palacios: Hold on, Mr. Speaker. That is the glitch. We need to work on this amendment a little bit more. It is on the medical insurance and it something that would be amendable both to our employers and the employees. We want to make sure that we do not tax and burden our Commonwealth Health Center at the same time, and provide perhaps for less expensive burden also on the employer. But we are not going to have time for that. Perhaps, we can make the necessary adjustment, put it together, put in the amendments, and maybe with the blessing of the Chair, I would give it to her, and if she wants to have it done in the Senate, we can do that at a later time.

Speaker Babauta: I think that is a good recommendation. We could still work with the Senate or whatever we inadvertently failed to discuss so we can take it section by section with the Senate. Chairwoman, to share your thoughts.

Rep. Kaipat: Mr. Speaker, I am concerned because if we go ahead and allow the Senate for this bill to go up there and make their amendment, means that we are further delaying this bill. It has to come back here again for another session, and I hope that we would avoid that. I was hoping on Friday that we would be able to vote on this bill, and we are just amending this left and right, and I just...

The Chair recognized the Minority Leader.

Rep. Palacios: I certainly appreciate the concern of our Chairwoman. But you know, that is something that we would have to work with. We do not know what the Senate is going to do. Even if they have one little amendment, it still has to come back down here. What I will do is, I would share this potential amendments to see if you are amendable to it. It is something that perhaps we should...

Speaker Babauta: I guess what the Minority Leader is trying to refer to is the potential amendment would be share with you, and you two can discuss this. If it warrants that we need to have the Senate change it, we can come back any given time to just receive this message, and let it go to the Governor.

Rep. Kaipat: Mr. Speaker, what I was going to offer is that if the Minority Leader has proposed amendments that we all need to look at, we should do that now, and vote on this bill so that it goes up to the Senate, and we will take our chances. Perhaps, by making these amendments now, the Senate may not make the change and then we go from there, but maybe I am being too optimistic, but I am just trying to see if we can be more efficient. I am willing to entertain the proposed change. Let us put it out on the floor, and let us all discuss it.

Speaker Babauta: I guess what the Minority Leader is trying to say again is that we move on with the bill, and if that amendment that he is working on can be achieved at the Senate, if not then we can probably come back at a later time and amend it.

Rep. Palacios: And that is what I am trying to do. What I am trying to do is to avoid further delay at least in the House. If we are all amendable that this is something that we might want to insert into the legislation, we can always ask our Senate counterparts to do that, and we will just receive the amendment, accept the amendments and send it on.

Speaker Babauta: Similarly, H. B. NO.15-34 was amended by 15-40 so it is only a matter of four public laws away, right? I recognize the Vice Speaker for another amendment.

Vice Speaker Quitugua: No, not an amendment. Mr. Speaker, if we can get a copy of the proposed amendment.

Speaker Babauta: He is working on it.

Vice Speaker Quitugua:...before it is given to the Senate. I appreciate it...[**End of Tape 1, Side A**]

Rep. Palacios:...[**Beginning of Tape 1, Side B**]...I am sorry that I am kind of delaying this, but I see that it will pass in some form today. I would like to take this opportunity, Mr. Speaker, to raise a concern also. As I go over this legislation over the weekend, I see also the – when we set up a moratorium, it basically freezes a lot of different type of nonresident employee category then we have basically deleting or ceasing the transfer which have been acknowledged and believe that it has been abused in the past. We are basically also taking away certain opportunities that the employers might need or basically cutting them off. It is something that we really need to perhaps take a closer look. I am certainly not ready to make the amendments or to change this as it is, but it really is something to consider because on the one end, we are completely shutting the door, and we are eliminating the existing pool within the Commonwealth already. You cannot transfer people, and then we are going to require that those people that are already here have to exit in three and a half years from the effective date. There is something that we really need to accept too, a fact here that as of the effective date of this, three or four years from now, we may not have the labor pool. That is a reality. And because of our population days, we may never have enough labor pools so we are basically shutting all these alternatives to any potential businesses in the Commonwealth whether they be local or foreign investors. We have closed the door on everything, and not allow for some relief. Of course, there is some relief on certain classes of occupation, but we had shut the door, and shut it away from the employers. That is certainly a concern that I have, and I think the business community also must be considered in this. Perhaps, we can make those amendments at a later date. They still have the opportunity of three years, but it is something that I was concern about when I was reviewing this legislation. Thank you.

The Chair recognized Representative Joseph Deleon Guerrero.

Rep. Joseph Deleon Guerrero: Thank you, Mr. Speaker. I would like to get some clarification from the author, and perhaps from the legal counsel as well, regarding the periodic exit on page 43. It requires that they leave for a period of six months. I was concerned about nonresident workers or non-foreign national workers that have families here. There is a section on page 44, line 10 that says, “(b) A foreign national worker shall be responsible for the repatriation costs for any member of the immediate family for repatriation”, but nothing expressly says that when the foreign national worker is required to leave that his family shall also be required to leave. I am assuming that is a given even though it is not expressly stated in here. Let us say that in the event that an employer

plans to rehire a specific employee that does have a family here, that employee is required to go back for six months, if that employer intends to bring that worker back, that employer cannot leave or allow the family to stay here, correct? Nothing in here covers that specifically, but I am assuming the way it is worded that, when an employee who does have a family leaves, the family has to leave with him. If you can say yes, that would probably be my last...

The Chair recognized the House Legal Counsel.

Legal Counsel Ian Catlett: Thank you, Mr. Speaker. If you turn to page 25, the permit of the family member is only good as long as the permit of the worker. So that worker – after 36 months, the worker permit expires, it cannot be renewed until six months later when they have been absent for six consecutive months. So the family member – that permit would expire, and be nonrenewable and they would be required to leave or they would be violating the law.

Rep. Joseph Deleon Guerrero: Thank you. I needed that clarification.

The Chair recognized Representative Tenorio.

Rep. Tenorio: Thank you, Mr. Speaker. Just clarification, Mr. Speaker, on § 4924, the whole thing here about bonding. Right now, we have bonding companies that are actually are in essence implementing this, and I do not know if any of this bonding companies have a national rating in the United States approved by the Secretary. I just wonder what is going to happen to those small companies that are already have all their employees bonded, and are these bonding companies now fall into any of these category listed here. Secondly, it is mentioned here about a bonding company approved by the Secretary with an allotment. So it would assume that there is something here in the provision which I have not read yet on the regulations that perhaps the Secretary would have come up with already in terms of how they will handle it. Thirdly, my concern is the transition. There are so many small companies here that are probably very fragile right now especially with the existing economic conditions. How would we transition them if they will continue doing business? These are some of the concerns that I have. Thank you.

The Chair recognized the Chairwoman.

Rep. Kaipat: The way that we handle this is actually even better because for a large companies that are actually self insured, and there are companies that are doing that right now. We are telling them right now to keep doing it, and we are not going to require any change. The bottom line is that we need to make sure that the bills are paid, and not have the tax payers burden, which is what happens. Let us say that a bonding company does not step up to a plate when an employer fails to meet their obligation, then the burden falls on the tax payers. So we have avoided that by making sure that this time around, the large companies that have been self insured will continue to do that, but when you talk about the mid range there where the bonding companies will still be allowed to do business, but now they have to show up at Labor and prove their financial worth, and Labor will only allot them a number of slots up to the value of their business. That is a much better system. What I saw when I was at Labor with these bonding companies that took – there are certain bonding companies that took the money upfront when they sold the surety bonds, but when it came time for them to meet their obligation when the employers fails to pay the wages or repatriation ticket, they came in with their lawyers. So this is much better way to fair it out with the fly by night bonding companies that

really do not have the means to meet their obligations. Your concern as far as the small businesses or those who employ for example the house workers, caretakers, farmers, and so forth, what they would be required to do now is to pay into an insurance pool at CHC. That is the \$42.00 per worker per month that is also in here. The Commonwealth Health Center is very happy with that. I mentioned that yesterday that they now are going to be able to have money to take care of the expenses, and the employers will have another means to meet this insurance obligation. So we have looked at this from stand point of large mid range and small businesses to make sure that no one is left vulnerable, and not everyone is covered actually. So legal counsel, if you have anything else to add on to that.

The Chair recognized Representative Tenorio.

Rep. Tenorio: I do not know. If you are only going to pay \$42.00, that is part of the bonding, and the other obligations are taking care by the bonding company. Secondly, you require these employers to do a certified financial statement that – if you are in business, some of these employers are not even, or cannot afford the cost of doing a certified financial statement in their companies. So what I am merely saying is, it does hurt them in a sense since it will interfere in their business, and they cannot afford so what are we going to do with the small companies? Do we still have to require them to go with items 1, 2, and 3 of the regulation here? It would really be a burden to them.

Rep. Kaipat: You would pick which ever you want.

Rep. Tenorio: In essence, we are telling these locals especially the ones – the big companies here – most of them are foreign owned. This is actually good. These companies can afford this, but there are so many small companies that hire outside nonresident workers in their business that cannot afford the type of regulations and responsibilities that we are putting in here. Also, the transition period – what are they going to be doing in between?

Rep. Kaipat: Which transition period are you talking about?

Rep. Tenorio: Between complying with this requirements – we are going broke essentially. Thank you.

Rep. Kaipat: Well, I am surprised that you are looking at it as trying to make it more difficult for the employers. I think that there is a bit misunderstanding about that on this bill because that is really not the intent. It is like the employer...public hearing, and actually said, how could you impose this premium on the employers when they cannot afford it. I said to them, so you can afford a hundred percent of the medical coverage that you are now currently liable for? Whereas, you can pay a premium and have the insurance take care of it? So these are things that employers are actually going to be relieved that we are putting in here to remove the 100% liability. And as far as your concern about the \$42.00, you mentioned...

Rep. Tenorio: I am not concern about the \$42.00, what I am merely saying is that the existing bonding companies, a lot of these small employees are required to go with them, and I do not know if they would fit into this category if they are qualified that these requirements here – for instance, how many bonding companies do we have on this island? Do you know? Do you know how many fit into this category? I mean, the requirements that we are imposing on the existing bonding

companies now in currently in business with the small companies, they do not fall in this category. They cannot comply with this requirement so how are we going to treat them? This would affect directly the small employers especially. Right now, they are paying them to take care of the employees in case something happens, they are covered, but if they closed business because they cannot comply with the existing statute or regulations, like I said, the burden then is going to be on the employer, and that is why we have the facilities to go to, and pay a bonding companies ex-amount of dollars to take care of these problems. There is nothing wrong with that. You have to have a bonding company, but if you require these bonding companies to meet certain standards – I mean big companies are self insured, but smaller companies are probably more acceptable to this type of change and it affects their business. I am just curious as to – my concern is how do we transition this, or how do we...there is one here that says that the department would do something in paying through the department – you have to have those regulations in here. If the department or the Secretary has to come up with the regulations or how they would handle this, if you chose number three for instance in the list of areas that would address this bonding issue...

Rep. Kaipat: What page are you referring to?

Rep. Tenorio: On page 23.

Rep. Kaipat: Let me just say this because I think you misunderstood what we are trying to do here, and that is that, those bond companies that can afford to stay in business and provide the insurance for the employer that chooses to go with the bond route should stay in business, but let us not be naïve and think that all bond companies that have taken employees or employers' money has come through and delivered. We have had many problems at Labor. I was there, and I saw it. So what we are doing here is, we are trying to say that if you are a bond company and you can afford to be in that business and provide these type of service, just come in and show Labor your financial statement, and they will give you up to that number of slots that you can issue the surety bonds based on your financial capability. There is nothing complicated about that. Those who cannot – who chose not to go the bond route can pay into an account, which will be a revolving account, and this is good for the small businesses, because what would happen is that they will continue to pay in this revolving account at Labor. Now, what would happen is if they need to use that money to pay for medical or they need to pay for example repatriation then Labor will subtract that amount, and then subtract a small administration fee, and then whatever is left will be reimbursed to the employer.

Rep. Tenorio: First of all, I am not being naïve. Secondly, you are getting the government into business that could be very well taken by the private sector. You have to pay \$225.00 already for the employees, then you have to pay for the hospital fees, and what have you, and all of this adds up to about close to \$300.00 for each employee. Now you want to pay – it is okay because if close up all the bonding companies here, and I am not protecting them, I am merely saying that if you are going to come up with a regulation or a statute that would rule out these people from doing business, there will be an impact on the people that are doing business with them, and those would probably be the smaller employers. I do not know if you had every employed someone as a business or have actually gone into business, but maybe that is where these small business people are coming in and trying to understand this. So I ask you for that explanation, and I am not satisfied with this provision.

Speaker Babauta: Let me clarify something. What is the policy now for – do we have really a bonding company in the CNMI or is through an insurance company? What is the policy to issue a bond? Do Commerce or rather the Banking Commission require certain amount of aggregate value of that particular company to be reserved for those bonds?

Rep. Kaipat: Mr. Speaker, I am speaking from experience. There are people that have purchased bonds from insurance companies, there are those who purchase it from the actual bond companies themselves, but we are not saying that we are replacing bond companies at all. We are just saying that we are putting in safety mechanisms to wit out those who collect money upfront when one of the requirements for filing a labor application is to submit in a bond, but it will do you no good to go and purchase the bond when you know that in the end the bonding companies are not going to make good on the promise, which is that, if the employer fails to pay the wages, fails to provide the repatriation ticket, the bond company is supposed to come forth and do that. That is all we are saying. We are not saying to stop. We are just saying that if you are going to engage in this...

Speaker Babauta: Okay. Let me cut you off. Are most of the insurance companies here on the island are qualified to issue bond? Do you know? I assume that the Insurance Commission have a criteria for those companies for them to be able to issue a bond, right?

Rep. Kaipat: Mr. Speaker, I would have no idea. All I know is that from experienced, and this is something that Labor is very familiar with in terms of a failure of certain bond companies to deliver, and I am not saying that all bond companies fail to make good on their promise. I am just saying that we should provide for the eventuality that – we just wanted to eliminate the possibility that there are bond companies who just collect the money and did not deliver on their responsibility. If you are in this business, and you are financially sound, continue. I am not saying that you should be driven out of business, and I do not know where my good colleague, Representative Tenorio coming up with the idea of trying to eliminate bonds. We are not at all, but we are actually giving the businesses three choices. Right now, it is just bond, but then you are at the mercy of a good bonding company. If you happen to purchase a bond from a company that would not make good on their promise then you are at a luck, and guess who ends up stuck with that? It is the tax payers, and that is all what I am trying to address here.

Rep. Yumul: Mr. Speaker, I have that information.

Speaker Babauta: Point of clarification?

Rep. Yumul: Yes, I have the summary of the 2005 Surety Labor Bond Premiums. It is a written report that was given to my office from the Department of Commerce Office of the Insurance Commissioner. The answer to Representative Tenorio's question is that they are over extended. Most of them are.

Speaker Babauta: Over extended?

Rep. Yumul: Let me give an example without using the name of the company, we have one company that have premiums coming in at about \$28,000.00 dollars, they are required to attain 10% of that, which is about \$2,200.00, but they bonded over 524 bonds with a total exposure of \$2.9 Million dollars.

Speaker Babauta: That is what we are saying here.

Rep. Yumul: So with the 2004 Capital of only \$51,000.00 as reported, and 2004 Assets of \$122,000.00, it clearly shows that these companies are way over extended. There is only one company that is actually within an acceptable range of exposure versus assets, and that is Century Insurance.

Speaker Babauta: Last year, the Administration issued an Emergency Regulation through the Department of Commerce correcting that misgiving of those companies so now the Banking Commission are presently very strict as far as getting a company to issue a bond unless you secure it with the Government of certain amount through certification by the bank that the bank has that certain amount in lieu of the number of bonds that you want to issue. Okay. I recognize Representative Joseph Deleon Guerrero.

Rep. Joseph Deleon Guerrero: Just a minor oral floor amendment, Mr. Speaker.

Speaker Babauta: Proceed.

Rep. Joseph Deleon Guerrero: On page 52, I was concerned based on previous experience regarding the funding that has been going to NMC, and I would like to amend line 25, where it says, "Funds may be expended for the implementation..." I would like to change the word "may" to "shall" and included the word, "only" after the word, "expended" so that they do not use the funds for other programs which they have done in the past. This will assure that the funds that are being earmarked for this purpose be used only for this purpose.

Speaker Babauta: Discussion.

There being no discussion, the oral amendment offered by Representative Joseph Deleon Guerrero was seconded and carried by voice vote.

Speaker Babauta: The motion is carried. I recognize Representative Torres.

Rep. Torres: I was just going to ask Representative Yumul to show the list that he has from Commerce, if it is not confidential.

Speaker Babauta: By order of the Chair, Representative Yumul, please share that list with the members.

Rep. Torres: Thank you.

The Chair recognized Representative Yumul.

Rep. Yumul: Mr. Speaker, I would like to clear a confusion...The legislation and this companion proposed amendments to the labor rules and regulations, is this officially being attached as an attachment of the bill or is this just something for us to look at?

Speaker Babauta: That is the reason why I ask the Chairwoman earlier to insert a section that would attempt the draft regulation to be part of this history rather the history of this legislation so that the drafters of the final regulation know the intent of the House members when they start deliberating on the final draft of the regulation.

Rep. Yumul: On page 46 of the bill starting on line 1 it says, "Any changes to the regulations after the effective date of this Act, before coming into effect, shall be put before the Legislature for at least 30 days and may be rejected in whole or in part by joint resolution."

The Chair recognized the Chairwoman.

Rep. Kaipat: Representative Yumul, that is what I am talking about. This is a very unusual provision that was put in here because I think that there were some members that were concerned that Labor would just make changes. So this was really put in here for the lawmakers to feel comfortable that in the future, once this is finalized and they would be effective when the date that the bill becomes effective, any future amendments to the regulation will have to come up here to the lawmakers for their review before they become effective. We would either accept it or not accept it. Again, that is a very big concession that the Labor Department I believe is making to work with the lawmakers to make sure that they are not promulgating any kind of regulations that will run a foul of the intent of the bill.

Rep. Yumul: My second question is going back to page 29 under § 4932 "Medical Insurance." The particular concern is starting on line 26 (3), "Pool insurance by direct contract with the Commonwealth Health Center", as we know, insurance company does not pay, for lack of a better statement, "invoice price or the rack rate." When you get a billing from CHC, there are no discounts associated with it, but the insurance industry and CHC practices a method of discounting procedures, and even to that affect, some drugs. I am concern that this language or this subsection does not talk about discounts that may be realized by the companies that are paying because...

Rep. Tenorio: Point of information, Mr. Speaker. What particular is he discussing?

Rep. Yumul: Page 29.

Speaker Babauta: He is talking about page 29, § 4932. Do insurance companies offer discounts to individual payees or recipients?

Rep. Yumul: It is through plans like a group plans. There are discounts realized.

Speaker Babauta: And what is your concern here?

Rep. Yumul: The concern here is starting on line 29 where the pool insurance and the total annual premium payments will be based over the total annual cost of the care provided. That means that if a company is judged to be \$42.00 a month, but they rack up a \$10,000.00 bill for fiscal year 2007, in 2008, CHC can turn around and say, well, since you had expended \$5,000.00, it is only right that the premium will be adjusted up so that now you will be paying up \$100.00 a month.

Speaker Babauta: What is the penalty on your subsequent year when you renew your insurance with an automobile when you get into an accident? Do you get a discount?

Rep. Yumul: I will give you an example coming from my own experiences. When we engaged an insurance company for premiums for our insurance coverage for 6 employees, and they say that our rate is \$120.00 for CNMI and Hawaii, then those 5 employees for that year expend \$20,000.00 worth of medical service, the insurance company will come back the next year and say, well, based on your coverage and your expenses, we are re-rating you at a higher premium because they basically took a loss. I believe Representative Seman is very well versed in this particular area, and I would like to defer to him.

The Chair recognized Representative Seman.

Rep. Seman: Thank you, Mr. Speaker. I am not aware that there is such thing as insurance companies increasing your premium because you have used up that policy at a certain period of time. I know that does occur for auto or home insurance, but I do know that insurance companies have lists of providers, and if that insurance company has CHC as its provider, in order for them to sign or to have a provider agreement, they have certain rates that they also agree upon. In most cases, they agree that each insurance company will be paying at a Medicare rate and not the actual rate. So that is the only thing that I am aware of.

The Chair recognized Representative Yumul.

Rep. Yumul: That is the thing, Mr. Speaker. This subsection here talks about making these adjustments based on...

Speaker Babauta: What is your recommendation?

Rep. Yumul: I recommend that...

Speaker Babauta: Delete?

Rep. Yumul: No. I recommend that the counsel at least help draft language that would allow for these companies that pay directly the premiums to CHC to be availed of the lower pricing schemes, if it is available. In other words, if CHC has a lower price structure for services and goods to insurance companies such as Staywell, or Pacific Care that they also give these companies that same discounts if...

Speaker Babauta: In essence, you are saying that you want to mandate insurance companies to give private companies discounts?

Rep. Yumul: This section pertains to...

Speaker Babauta: Let me yield to the Chairwoman to explain that.

Rep. Kaipat: Thank you, Mr. Speaker.

Speaker Babauta: Before you do that, it is 5 minutes to 12, and when we are through, I would like to take a vote on this issue, and break for lunch.

Rep. Kaipat: Thank you. Representative Yumul, I do not have any problem with what you are proposing. That is more appropriate in the regulation. Two, we sat down with CHC and they are very happy with this, the way it is drafted right now. So any kind of further adjustments to it would be more appropriate in the regulations. As I said, the regulations are not final yet.

Rep. Yumul: Right, but like I said, on page 29 which goes into page 30 starting on line 29, it says, "Pool insurance and the total annual payments for pool insurance must be calculated to cover the total annual cost of the care provided to workers in the pool." So this is talking about – the premiums will be adjusted as it is calculated based on the actual cost that was provided for that year. So the next year's premiums will definitely change based on the usage. The concern here is that, we do not know if it is going to be based on invoice, or a discount, which is also given to insurance companies.

Speaker Babauta: Well, we just have to impress upon the private employers to feed the employees healthy food so that they do not frequent the hospital.

Rep. Kaipat: The hospital is aware of what to do with this section, and I do not think that we need to get into the details of this, but I do appreciate your concern though, and rest assured that the employees will be protected. As I said, the hospital is well informed about this, and we have consulted a lot of experts in the insurance field to find the most amicable resolution for our needs here in the Commonwealth.

Rep. Yumul: Well, I understand that, but it is not just the employees, but also the employers because if...

Speaker Babauta: Representative Yumul, are you alluding to a potential amendment?

Rep. Yumul: I believe so, Mr. Speaker. It is just a simple amendment if...

Speaker Babauta: If you are then please offer that amendment now.

Rep. Yumul: The way I would structure this, Mr. Speaker, is just to add – within the same paragraph, just to add, "any discounts or special rates at CHC contracts with..."

Speaker Babauta:...what line?

Rep. Yumul: Starting on line 2 on page 30, a new paragraph that states, "Any discounts that CHC offers to insurance companies shall also be offered to private companies under this subsection."

Speaker Babauta: And that is what I am afraid of. I was asking you earlier if you were alluding to forcing through statute to give companies...

Rep. Yumul: Just to have companies avail the same program if what Representative Seman is saying that insurance companies...

Speaker Babauta: Because if we are to do that, maybe we should also ask the insurance providers to give the employees discounts.

Rep. Yumul: Well, the difference here, Mr. Speaker, this is where insurance companies make their money. The problem here is that this is a direct insurance between the employer and CHC. We do not want this cost to be given directly to the companies because the subsection in the rules and regulation talks about employees being paid above \$5.50, that they will be responsible for co-payments and also premiums. So it is just to protect them also to reduce their exposures because if these employees that are over the \$5.50 and above – the employer says I am making a direct contract with CHC – the bill that came in is \$10,000.00, you are responsible for \$2,000.00.

Speaker Babauta: Okay. Finalize that amendment and then we will move on.

Rep. Yumul: After lunch, Mr. Speaker.

Speaker Babauta: No. I want to take a vote before we break for lunch.

Rep. Yumul: I would then ask the legal counsel to just kind of fine tune my oral floor amendment just for clarity.

Speaker Babauta: Proceed.

Legal Counsel Ian Catlett: What I have now is, “Any discounts or rebates offered to insurance companies by CHC shall also be offered to employers who are covered under this fund.” Is that correct?

Rep. Yumul: Yes.

Speaker Babauta: Does everyone have that? After the period on page 30, line 2? Read that amendment again counsel?

Legal Counsel Ian Catlett: “Any discounts or rebates offered by CHC to insurance companies shall also be offered to employers under this (LHIRF Revolving Fund).”

Speaker Babauta: Okay. Discussion.

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

Speaker Babauta: The motion is carried. We are now on Draft 7. Proceed with another amendment, Representative Ogo.

Rep. Ogo: Thank you, Mr. Speaker. On page 26, line 3. Before I provide my oral amendment, Mr. Speaker, let me just explain what I was trying to share when I was asking the legal counsel last Friday about this entire provision, because it concerns me that an employee bringing in a dependent, that employee purchases an insurance for his or her dependent, and the employee however did not

pay the following month insurance, and something happens to that child. When they went to CHC the insurance is in default because of non-payment, now, who gets to pay that?

Speaker Babauta: The parent.

Rep. Ogo: The liability there, Mr. Speaker, is my concern.

Speaker Babauta: The Commonwealth only deals with the employee. So if you come from Nepal, and you have a child in Rota that wants to be seen in the hospital, the employer has no business taking care of your child.

Rep. Ogo: I understand that, Mr. Speaker, that is why the counsel mentioned that before they even send the child over to Saipan or Rota, the employee has to purchase an insurance coverage. That is what he said last week. Now,...

Speaker Babauta: The insurance is between the employer and the employee.

Rep. Ogo: But, Mr. Speaker, this section is implying on a dependent.

Speaker Babauta: I understand.

Rep. Ogo: Now, this employee, according to the counsel last week that before that child is sent to the CNMI, that employee shall pay the insurance coverage before they even get to the CNMI. Alright? Now, what if that child is here and the father started paying 3 months consecutively, but on the 4th month, he stopped paying that insurance coverage, so my concern there is the liability. Who pays for that?

Speaker Babauta: That is why before that foreign national worker comes in pursuant to that section of the law, he has to meet the criteria from A to E prior to § 4927 occurs. Meaning that one of them is that the employee has to earn certain level to accommodate the wife, son or the daughter.

Rep. Ogo: I guess, Mr. Speaker, the amendment that I just want to put on the floor is to make...**[End of Tape Tape 1, Side B]**

Rep. Kaipat:...**[Beginning of Tape 2, Side A]**...the employer of a nonresident worker or foreign national worker as we are calling them now is liable for 100% of their medical coverage, and let us say that a foreign national worker becomes pregnant and goes to the hospital, obviously the employer is 100% liable for all the medical expenses up until the time that the baby is born, and there is a separation between the mother and the child. At that point, the mother is responsible for every expense of the child. That is the law today, but what we are requiring now is insurance which would actually be helpful to them because if they have some insurance, they would be able to be covered. Right now, there is no requirement for any of that, so whether the parent has insurance or not, the parent is still liable 100% for that child.

The Chair recognized Representative Ogo.

Rep. Ogo: Precisely, Mr. Speaker, and I really agree, and applaud the Chairwoman for including this section of this bill, and because it is very important that the parents take responsibilities especially the guest workers, and it is good that you provided that here. However, on line 3, Mr. Speaker, let me read this out. The national worker has in place adequate arrangements for medical insurance coverage. To me, that is not really – it does not have enough teeth to have this guest worker really get into the system in purchasing medical insurance. That is why, I would like to offer an amendment on just that sentence right there, and hopefully the legal counsel can assist me on this. The amendment that I want to place there is to strike out, “in place adequate arrangements”, and to include, “must purchase a one year medical insurance.” Legal Counsel, can you help me on this.

Legal Counsel Ian Catlett: *I would recommend to strike out, “in place adequate arrangements” and insert, “as a condition of entry”, because that means that as soon as they stopped paying the premium, it is clear that they are deportable, and that is a strong incentive to not continue to pay your premiums. We cannot force someone to make a payment, but we can tell them that they are going to be deported if they do not make the payment.*

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

Speaker Babauta: The motion is carried. Any more? Clerk, call the roll.

The Clerk called the roll on the motion to pass H. B. NO. 15-38, HS2, HD8 on First and Final Reading:

Rep. Martin B. Ada	excused
Rep. Edwin P. Aldan	excused
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.	yes
Rep. Ray N. Yumul	yes
Rep. Oscar M. Babauta	yes

Speaker Babauta: By a vote of 15 “yes”, H. B. NO. 15-38, HS2, HD8 passes the House on First and Final Reading. I would like to compliment the Chairwoman and your Committee in formulating this package, and also wish to extend on behalf of the House, the private organizations and both the Department of Labor and other organizations that have put together – we all know that we cannot apiece everyone, but at least we have a major reform since Public Law 3-66. The House will now recess until 2:00 p.m. this afternoon.

The House recessed for lunch at 12:12 p.m.

RECESS

The House reconvened at 2:12 p.m.

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

Acting Floor Leader Lizama: So moved, Mr. Speaker, for the passage of H. B. NO. 15-39 on First and Final Reading.

The motion was seconded.

H. B. NO. 15-39, HS1: A BILL FOR AN ACT TO REGULATE THE DISCONNECTION AND RECONNECTION OF UTILITY SERVICES, AND SECURITY DEPOSITS COLLECTED BY THE COMMONWEALTH UTILITIES CORPORATION; AND FOR OTHER PURPOSES.

Speaker Babauta: Discussion. Clerk, call the roll.

The Clerk called the roll on the motion to pass H. B. NO. 15-39, HS1 on First and Final Reading:

Rep. Martin B. Ada	excused
Rep. Edwin P. Aldan	excused
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.	yes
Rep. Ray N. Yumul	yes
Rep. Oscar M. Babauta	yes

Speaker Babauta: By a vote of 15 “yes”, H. B. NO. 15-39, HS1 passes the House on First and Final Reading. Floor Leader, next bill.

Acting Floor Leader Lizama: So moved, Mr. Speaker, for the passage of H. B. NO. 15-229, HD1 on First and Final reading.

The motion was seconded.

H. B. No. 15-229, HD1: A BILL FOR AN ACT TO REPEAL AND RE-ENACT CHAPTER 2, DIVISION 1, TITLE 3 OF THE COMMONWEALTH CODE PERTAINING TO THE CHAMORRO-CAROLINIAN LANGUAGE POLICY COMMISSION; AND FOR OTHER PURPOSES.

Speaker Babauta: Discussion. Clerk, call the roll.

The Clerk called the roll on the motion to pass H. B. No. 15-229, HD1 on First and Final Reading:

Rep. Martin B. Ada	excused
Rep. Edwin P. Aldan	excused
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.	yes
Rep. Ray N. Yumul	yes
Rep. Oscar M. Babauta	yes

Speaker Babauta: By a vote of 15 “yes”, H. B. No. 15-229, HD1 passes the House on First and Final Reading. I recognize the Floor Leader for the next bill.

Acting Floor Leader Lizama: So moved, Mr. Speaker, for the passage of H. B. No. 15-59 on First and Final Reading.

The motion was seconded.

H. B. No. 15-59: A BILL FOR AN ACT TO AMEND THE NORTHERN MARIANA ISLANDS ELECTION LAW TO PROVIDE FOR A RUNOFF ELECTION; AND FOR OTHER PURPOSES.

Speaker Babauta: Discussion. Clerk, call the roll.

The Clerk called the roll on the motion to pass H. B. No. 15-59 on First and Final Reading:

Rep. Martin B. Ada	excused
Rep. Edwin P. Aldan	excused
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.	yes
Clarification, Mr. Speaker.	
<u>Speaker Babauta</u> : State your point of clarification.	
<u>Rep. Waki</u> : I actually did not vote yet, but, my vote will be “yes.”	
Rep. Ray N. Yumul	yes
Rep. Oscar M. Babauta	yes

Speaker Babauta: By a vote of 15 “yes”, H. B. NO. 15-59 hereby passes the House on First and Final Reading. Continue, Floor Leader.

Acting Floor Leader Lizama: So moved, Mr. Speaker, for the passage on First and Final Reading, H. B. NO. 15-226.

The motion was seconded.

H. B. NO. 15-226: A BILL FOR AN ACT TO AMEND CHAPTER 1 OF DIVISION 3 OF TITLE 2 OF THE COMMONWEALTH CODE, AND FOR OTHER PURPOSES.

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

Rep. Joseph Deleon Guerrero: I am just interested to know whether this was done by a request from the Department of Environmental Quality?

The Chair recognized Chairman Rep. Yumul:

Rep. Yumul: Thank you, Mr. Speaker. Actually it is not. This is not a request by DEQ. This is coming from the general public at large. The concern is that there is a delay in the processing or the receiving of goods. These are pesticides coming in from the U.S. sources, and also from Guam, and DEQ is taking an unusually long time in releasing the items. This does not affect the pesticides coming in from other locations, foreign – those will be subject for inspection, and will require certifications. We are not addressing that in this bill so that remains intact.

Speaker Babauta: Let me just clarify a little bit further. There was not actually a request, but several local farmers that have called the office to see what the Legislature can do to expedite the release of these goods so that they can avail themselves in the stores or primarily the wholesalers that deals with pesticides for farming activities. So more or less, to compliment what has been said, that is one of them.

The Chair recognized the Representative Tebuteb.

Rep. Tebuteb: I do support the bill, and I was just reading the submission by DEQ just so that we can also consider and take note on that. That is all, Mr. Speaker.

Speaker Babauta: Ready. Clerk, call the roll.

The Clerk called the roll on the motion to pass H. B. NO. 15-226 on First and Final Reading:

Rep. Martin B. Ada	excused
Rep. Edwin P. Aldan	excused
Rep. Francisco S. Dela Cruz	yes
Rep. Florencio T. Deleon Guerrero	excused
Rep. Joseph P. Deleon Guerrero	yes
Rep. Jacinta M. Kaipat	no
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.	no
Rep. Ray N. Yumul	yes
Rep. Oscar M. Babauta	yes

Speaker Babauta: By a vote of 13 “yes”, H. B. NO. 15-226 passes the House on First and Final Reading. Next bill, Floor Leader.

Acting Floor Leader Lizama: I moved for the passage on First and Final Reading, H. B. NO. 15-209.

The motion was seconded.

H. B. NO. 15-209: A BILL FOR AN ACT TO ESTABLISH FINANCIAL STANDARDS AND OBLIGATIONS FOR ADULTS SERVING AS GUARDIANS OF MINOR CHILDREN; AND FOR OTHER PURPOSES.

Speaker Babauta: Discussion. I recognize Chairman Waki.

Rep. Waki: Thank you, Mr. Speaker. There is a provision here on page 2, Section 2, number (6) where it says, “The petitioning adult has been a resident of the Commonwealth of the Northern Mariana Islands for the six (6) months prior to the date of Petition.” At this time, Mr. Speaker, I would like to make an oral amendment.

Speaker Babauta: Proceed.

Rep. Waki: On line 18, where it says, “six (6) months”, I would like to change that to “one (1) year.”

The oral amendment was seconded.

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

Rep. Joseph Deleon Guerrero: I am not opposing your amendment, but I would just like to know why?

Rep. Waki: After looking over the bill in itself – I like the bill that we are going to be providing some protection for minor children, it is just that six months – it does not actually clarify if this person who is going to petition is a nonresident worker. So I prefer that if it be one year that you here – so if your contract ends in like one year and six months, you can petition. I would prefer someone be here at least a year to be able to petition for a child. I mean, there are other areas here that may need to be addressed, but to me, a one year residency for me gives some stability for that individual who is going to be here for this child.

Speaker Babauta: It sounds logical.

Rep. Waki: That is the only reason, Mr. Speaker.

Rep. Joseph Deleon Guerrero: It sounds logical to me too.

The Chair recognized Representative Yumul.

Rep. Yumul: Mr. Speaker, just to touch on that, the way I read this legislation, it is really for guardianships. So if a person has to wait one year to be a guardian, let us say, the parents moved to Guam, and they left the sibling with the oldest child, they would have to wait one year. So for purposes of education, it might hinder...I would like to ask the author of the main bill to elaborate what was the reason for the six months in the beginning.

The Chair recognized the Vice Speaker.

Vice Speaker Quitugua: Mr. Speaker, this was a recommendation by the court, the Office of Judge Govendo. Actually this bill is a request by Judge Govendo. House Legal Counsel Ian Catlett worked on this bill with the office of Judge Govendo. According to Judge Govendo when we had a conversation is that, there are some abuses on sponsorship here in the CNMI especially the nonresidents where they would use some kind of sponsorship just to get their relatives here, but actually, they are trying to circumvent the Nonresident Workers Law. These six months here is recommended by Judge Govendo's Office.

Speaker Babauta: I understand that the Presiding Judge himself came to see you about this issue?

Vice Speaker Quitugua: No, Mr. Speaker, we met during lunch time and we discussed the bill.

The Chair recognized the Minority Leader.

Rep. Palacios: Why are we allowing guardianships? Why does our Immigration system allow for such? If you are here as a nonresident worker, and is not a member of your family, we do we allow these people to go out beyond the family unit – we just passed a bill tightening up the system, and putting in additional requirement, why are we allowing people to become guardians of nonresidents? Perhaps, we should just do away with this. If there has been an abuse, and I agree with you, I know of several cases where a nonresident worker is being employed in Saipan, and he ends up becoming a guardian to a minor, and the minor ends up in our Public School System and in our Health services. What are we doing? Perhaps, we should just look into reforming this area here, and just

eliminate guardianship. We cannot hardly afford to educate our own children and pay for our Public School System. That is just a thought that if we are going to try to begin tightening this up – because I am pretty sure that the Judge sees this. Perhaps we should just consider abolishing some of these arrangements that we have so generous as to open the whole Commonwealth to all...of liabilities and possibilities or what have you.

Speaker Babauta: Does anyone remember several years ago about the adoption issue? That is the reason why that particular chapter was reformed, and part of it was the legal guardian, but now, it looks like we are more straightening – continue, Vice Speaker.

Vice Speaker Quitugua: Mr. Speaker, this legal guardianship extends not only to the nonresident workers, but if you noticed that students from FSM – they would come over here, and then they would be sponsored, and you will see about 6 to 10 students in one house under the sponsorship of one individual here in the CNMI. The Minority Leader is right. It impacts on the School System, but tightening this up is a way to reduce the abuse – the leniency of sponsoring a minor. The School System is not really strict in accepting students. If you come and register a minor, and you claim as the guardian or sponsor, they will accept the students regardless whether you have the means or you have a space to accommodate the minor. I think that this is where the Judge is coming from – the problems that he sees with families, not only the families’ burden, but the minor is good in a situation where the minor is being sponsored with not enough income, the house is too small, and the likes.

Speaker Babauta: So 6 times 130 NAP would definitely – the NAP threshold would increase, right? Okay. Further discussion on the amendment, and I recognize Representative Torres.

Rep. Torres: May I ask Representative Waki to change his amendment to make it two years? Make it more difficult.

Speaker Babauta: Two years? That would probably trap our own guardianship ourselves. I think that 12 months is sufficient. Let me recognize Representative Tebuteb.

Rep. Tebuteb: Maybe to be a little bit consistent with the amendment that he is offering – you noticed that? I will yield to Representative Waki.

The Chair recognized Representative Waki.

Rep. Waki: Thank you, Mr. Speaker. After reviewing the bill again, I noticed that on page 4, Section (g) which is on line 14 will also probably need to make an amendment, and I was going to ask the legal counsel if we can just make it consistent, and that everything that says six months in reference to residency to change it to one year.

Speaker Babauta: Better yet, wherever it appears applies to your...

Rep. Waki: Thank you, Mr. Speaker.

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

Speaker Babauta: The motion is carried. We will continue to discuss H. B. NO. 15-209, HD1. I recognize Representative Tebuteb.

Rep. Tebuteb: Thank you, Mr. Speaker. I just looking at the numbering system and I am not sure. I am looking at page 3, line 20, and I am trying to figure out where is “(a)” before “(b)”?

Rep. Torres: It is on page 1.

Rep. Tebuteb: Page 1?

Speaker Babauta: “(a)” is on line 16.

Rep. Tebuteb: Thank you, Mr. Speaker.

Speaker Babauta: Thank you for the clarification. I recognize the Minority Leader.

Rep. Palacios: Mr. Speaker, I would like to propose an amendment.

Speaker Babauta: Proceed.

Rep. Palacios: My amendment would be on page 2, line 22, after the word “annum” insert, “and the petition guardian or guardian(s) may only be allowed to be a guardian for no more than (2) minors at any given time.”

Speaker Babauta: Let us take a minute recess.

The House recessed at 2:36 p.m.

RECESS

The House reconvened at 2:39 p.m.

Speaker Babauta: We are back to our plenary session, and if no objection, the Minority Leader has withdrawn his oral amendment. Ready. We are now voting on H. B. NO. 15-209, HD1. Clerk, call the roll.

The Clerk called the roll on the motion to pass H. B. NO. 15-209, HD1 on First and Final Reading:

Rep. Martin B. Ada	excused
Rep. Edwin P. Aldan	excused
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.	yes
Rep. Ray N. Yumul	yes
Rep. Oscar M. Babauta	yes

Speaker Babauta: By a vote of 15 “yes”, H. B. NO. 15-209, HD1 passes the House on First and Final Reading. Floor Leader, recognized for the next bill.

Acting Floor Leader Lizama: So moved, Mr. Speaker, for the passage motion on First and Final Reading, H. B. No. 15-125, HS1.

The motion was seconded.

H. B. No. 15-125, HS1: A BILL FOR AN ACT TO PLACE A MORATORIUM ON THE ISSUANCE OF QUALIFYING CERTIFICATES FOR A PERIOD OF EIGHTEEN MONTHS; AND FOR OTHER PURPOSES.

Speaker Babauta: Discussion, and I recognize Chairman Waki.

Rep. Waki: I understand that there is a Committee Report and all that, but I would just like to say that right now, we are in very difficult economic times, and I know maybe the government, especially the administration and CDA has not got together to see where the benefits are or do their diligence to try and figure out whether some of these people that had the qualifying certificate is actually due to be taxed as of this point in time. I know that we are still waiting actually for some answers from CDA, but to just give a moratorium for two years without looking at basically – if it would help at any time, with the minimum wage going up and with everything else going up, maybe revamping and looking at what issues we need to address with the moratorium – I think we did discussed this at a committee meeting where we came to a compromise, unfortunately, that was not the Committee Report that came out, and I did not make it to the next meeting after that not realizing that was changed. But to put a moratorium on a qualifying certificate at this time, I do not believe is the answer. I believe that we should just look at what the problems are, and that really would be issue, and ask the investors, would it be beneficial to them to not have the qualifying certificate, and look at other options like basically our tax structure which is right now a question at this point in time. I just believe that a moratorium is not in the best interest at this particular time. I mean, it is not like we are giving everybody a qualifying certificate, but if there is somebody that can qualify, and it is done properly, and maintained records properly, I think it would be helpful. But to give away the house, the way it is set up right now, and the way CDA sometimes gives everything away in one particular applicant and another applicant says, no we are not giving you the world, we want this and we want that, I think that if we just follow basically the way it was set up to be utilized and be fair, it is actually a good thing. So if we are just going to ask for a moratorium at this point in time without a bit more understanding of what the real problem is, I cannot in full honesty vote for this particular legislation. I just want to put that in for the record, Mr. Speaker. Thank you.

Speaker Babauta: Representative Yumul, on Section 2, page 2, line 11, is that a typo, Investment Incentive Act of 2007? That is probably supposed to be 2000, right?

Rep. Yumul: I think you are right, Mr. Speaker. Maybe if we can have a minute recess so I can verify that.

Speaker Babauta: Let me just ask the counsel to look at 4 CMC § 50201. I am pretty sure this is a typo. If no objection, we will just allow the Clerk and the Counsel to correct the year.

There was no objection.

Rep. Yumul: It is also present on line 3 on page 2.

Speaker Babauta: No. You are referring to the finding and purpose. Okay. Any more discussion? We will treat this as typo, and we will allow the Clerk and the Counsel to correct it. I recognize Representative Yumul.

Rep. Yumul: Just to touch on Representative Waki's comments earlier. I do empathize with the good Representative's concerns. However, I believe it was a few months ago when we had the Secretary of Finance here in the session, and when we asked him specifically about the qualifying certificate, he actually wanted to suspend the QC so that he can come up with a baseline. Of course, we cannot do that. This legislation only places a moratorium on the issuance of any new qualifying certificate – those that are in existence remain intact and unchanged. So the concern is with the Department of Finance, and it is very difficult for them as allayed by good Secretary of Finance. The moratorium itself is what we need right now. The CNMI government is already hurting. We had given Public Lands at 1% of appraised value. I think that in itself is a huge savings for a lot of investors that are coming in. Those that are already here and are existence, we do recognize that it is a problem – hotel gets put up for sale, and a new investor purchases it and wants a QC, but the infrastructures are already there, there is not benefit to the community. I can empathize again if this is raw property, but we do not have that much left – again, my last point is that this is only for two years. We can always come back and change it again. If need be, if the Secretary of Finance and CDA comes in and says, look we have come up with a clearer program, we got the baselines, we want to lift it early, I do not see why we cannot do that. So again, I understand the concerns of everybody, but we need to basically at least put a stop to new certificates just so that we can get that clearer baseline as indicated by the Secretary of Finance. Thank you.

The Chair recognized Representative Joseph Deleon Guerrero.

Rep. Joseph Deleon Guerrero: Thank you, Mr. Speaker. I also understand Representative Waki's concern, but I think that this is one of those cases where we do have to put on the brakes. This QC program has been used and abused. It is inequitable to me in a lot of cases that I see. We are nearly giving out the world. It does not have a base. Let me give you a practical example. Even if a new investment is coming in and will invest \$18 Million dollars, and we give them tax offset or tax holiday for 20 to 25 years, they still stand to gain more than their actual investment. I can understand having a developer a break, but it should not exceed their actual investment. The current program that we have now does that. I am willing to propose that we consider a period of at least one year so that CDA can come up with their report, and so that we can develop more realistic and more equitable form of QC. One thing is clear. We do need to put on the brakes right now. It is not just because of our economic conditions, but we do need to weigh the pro's and con's. If it were up to me, we look at other models because there are other models out there that gives up some leverage

as well where we can actually use this to bargain – if you are coming in with a \$15 Million dollar investment, we can give you this much tax break. However, if you are willing to invest in a convention center, something that we need here, something that we feel would enhance our economic development, we can use this as leverage, but to look at it meaningfully, and to provide for incentives at the same time where the interest of the CNMI government is also protected is something that we really need to do with the QC program. So I support the author’s intent to put on the brakes for now. Let us go back to CDA, let us see what we have learned from our QC programs where we have failed, and where we can improve, and within one year’s time, we should be able to have the report, and we should be able to have a more solid recommendations for a better QC program. I wanted to ask the author about how he feels if one year and six months – if that is okay with the members. I would like to offer an oral floor amendment, Mr. Speaker.

Speaker Babauta: Proceed.

Rep. Joseph Deleon Guerrero: I will go with the author’s request that the two years be reduced down to a period of 18 months from the date that this bill is enacted into law. So on line 12 of page 2, change the word “two (2) years” and insert, “eighteen (18) months” from the effective date of this act.”

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

Speaker Babauta: The motion is carried...[End of Tape 2, Side A]

Rep. Waki:...[Beginning of Tape 2, Side B]...it looks like it is working towards getting passed. I am just – when we first did this review in the Committee for this particular bill, we reduced it from five breaks down to about 2, and then we made it a little bit more difficult that you could qualify only for a few years. If you did only about \$100,000.00 to \$1.5 Million – just so that it was not giving away the house. The only thing that I worry about is right now we are trying to invite investors - anything we do to just cut off possible avenues of enticement, it just makes it look a lot harder where they are saying that the government is working against private investment rather than looking for investment. That is all, and being from the private...for thirty years, this is what companies look for. When you just put a moratorium for something because the government within itself has issues on accountability on this, it makes it look as though we are being very unstable. That in itself is already showing out there, and for us to kind of cut areas of possible opportunities only makes it look even more detrimental for them wanting to come and invest here. But that being said, I just want to put this on the record that if you feel that we need to revamp ourselves within, that is understandable, it should have been done a long time ago, and unfortunately, we have not really gotten their. When we look at the wordings here, it says, the Commonwealth cannot continue to issue tax incentives during these challenging economic times. When you say the Commonwealth, a lot of the times, they look at it as the Commonwealth government. It also says that, the Commonwealth government’s revenue collection continues to contract such that fiscal year 2007 budget was reduced by \$30MM in February 2007. Whether that is a direct result of the QC, that is what it may look like here. I am saying that sometimes what we put on paper, investors really research and read all our bills because they are looking for an investment from the environment to do business. Since being in Honolulu for the investment conference, to Japan and Korea, this is really a concern they have about we understanding what investors are looking for in an area of investment,

and I am sorry, they are constantly stating that we constantly put something out, and then we repeal it, amend it, etc., etc., which in their view does not make us look very stable as a government. This is just from the horses mouth, and I am just saying that, this is one of those things that may look like or not really trying to entice investors, but we are trying to say, hey, no matter what you think, we decided that we do not want any tax breaks, and we need more money. It may be taken differently from what we probably looking at within this House, and that is all what I want to present. So with that, I just want to put it on the record that it just does not look like something that an investor would look at as something that is good for an investment atmosphere. I would just leave that for the record, thank you.

The Chair recognized Representative Dela Cruz.

Rep. Dela Cruz: Thank you, Mr. Speaker. Well, I understand both sides – the concerns from Representative Waki and Representative Yumul. I find that 18 months is quite a short period of time, and I think we need the time right now to have CDA and Finance get their eggs in order. In other words, to organize itself as far as the QC program is concerned. Just by looking at how the investors would look at this legislation, normally, I think that when an investor comes in, and decides to set up a business here, make a huge investment in our islands, that certain project or whatever they may want to undertake would take time, and I believe that 18 months is not that long of a time. I mean, look at us here. I have been here since 2006, and we are already getting warmed up again, but aside from that, I think that investors would still come in and invest even with this legislation. After all, they still have to go through the process of getting to the regulating agencies and stuff, and by the time their project is completed, this sunset provision would have already then over. So, I do not believe that 18 months is too long of a time, but I do agree that with Congressman Deleon Guerrero that we need to reevaluate this QC program because I believe that it has gotten out of hands since day one. That is all, Mr. Speaker.

The Chair recognized the Minority Leader.

Rep. Palacios: Thank you, Mr. Speaker. Abolishing or suspending the QC program, Mr. Speaker, is not a new idea. I believe that you also looked into it. I had looked into it in the 13th Legislature, and for the record, if we are going to wait for CDA and Revenue and Tax to come back to us and make the recommendation, we will never get it. You know that, Mr. Speaker. I have requested for this information. We even had a Joint Resolution basically telling them to do this and give us a report base on the program since its inception on what has happened. It took SEDC to be the one to make the recommendation to which Representative Waki attends a lot. In fact, they have a specific recommendation in this qualifying certificate and investment incentive program. So it is something that we need to take a look at. I think that putting the brakes on for 18 months is appropriate. We have to come up with equitable and beneficial investment incentives. In the 13th Legislature, we have looked at various communities in Asia, Pacific, and even in the Mainland. Most areas provide for maximum 5 years and no more than 5 years. Even in the Philippines, when they give incentive for qualifying certificate program to those that are going to invest in these bay area and the Clark Air Base programs, they gave them 5 years maximum. They do not give them 100% tax rebate, and that is the issue. We have two incentives that is basically killing us, and in any given community, one of the biggest reasons why they invite industries in is so that it provides employment opportunity for the community. We had just passed a legislation basically on trying to reform our nonresident workers because our own residents are not being given that opportunity. That is usually one of the

biggest reasons why communities put together investment incentive programs. So I agree with Congressman Waki that we really need to be very careful on how we do this, but I think that putting a suspension or a moratorium for 18 months is appropriate, and that certainly before November, we can come up with another program, and if we are ready to do it, we can do it, and we can do away with 18 months when we have something in the book. But we really need to also evaluate the results of this QC's. I do not think that there is any major hotel that was built when this QC was placed other than the Dynasty. That is the only casino that does not pay taxes. They do not, except for what they pay to the Municipality of Tinian. We gave them I think 25 years tax abatement in different degrees. I think that we ought to suspend it for the time being and work on a different investment incentive. Thank you.

Speaker Babauta: Any more amendment? I recognize Representative Yumul.

Rep. Yumul: Thank you, Mr. Speaker. We are forgetting the fact that we already give out rebates to not just the individual wage earners, but also to corporations. We are not an unfriendly taxing Commonwealth or Territory. We actually have a lot of good benefits. These are taxes that are due to the normal course of business. These are gross revenue tax – there is also import tax. In most of these cases, these are chargeable to the consumer so we are not really in essence putting a big burden on them, but they are just paying their dues. There is even a good public law that is in existence as of right now, Public Law 4-15. I bet none of you even recognize this public law, but this is the Foreign Sales Tax Incentive. This was put together in the 4th Legislature, and it gives a 100% tax free status to a foreign sales corporation who incorporates in the Commonwealth and engages in foreign sales. There is no tax. Aside from the \$500.00 fee that they have to pay annually, they are also given a tax or a waiver of all license fees. Under subsection 1902 of this Act, it says, any and all license fees except that \$500.00 license fee is exempt; any and all tax on its business gross revenue under this chapter. So we are not unfriendly. We have given a lot of exemptions and no one has taken advantage of this because it does not suit their needs. Maybe they are not even aware of this provision, but it is here. I am glad that the good Representative Guerrero made an amendment to bring it down to 18 months. Personally, I would have left it at 2 years, but we are compromising and we have already exhausted six months of this 2007, so I do not see what is the – we have not seen any new applicants at CDA this fiscal year to date. So, there is clearly a problem. We need to address everything from why they are not applying to the methods in tracking and reporting. Even Guam's QC program – the federal government gave them a report saying that it should be abolished, and that it makes no sense. I would like to say, and also for the record, I think that we are very generous in our present state as a Commonwealth, and our tax structures are manageable, and are not unfriendly.

The Chair recognized Representative Tenorio.

Rep. Tenorio: Thank you, Mr. Speaker. I believe that we are heading in the right direction by looking back again, and trying to find out what actually is the real fiscal impact of this QC through the economy. I do not think that it is a disincentive at this time for us to take a look at it. We have CDA and Finance that we had asked to take a look at it and give us some feed backs as to the fiscal impact is, and up to now we have not receive anything. If I am not mistaken, Mr. Speaker, I think that out of the 8 or 10 companies that have requested for QC, only Hard Rock Café, the Sand Castle, and World Resort are the only ones that are taken care of. The rest are still on going so we do not know what is happening. Also, there is another incentive package, it is under a public law on free

trade zone that needs to be activated. This is another area that perhaps we have to look at, and activate because I do not think that it is properly funded. It is something like what the Philippines have all over. It has similar incentives provided under the qualifying certificate. Just for the record, I do not think that it is improper at this time to take a look at what we have since the implementation of the QC and find out what has the QC done for the economy. I also feel that we have over extended our generosity in terms of trying to attract businesses at the expense of the people here. This is just my concern, Mr. Speaker. Thank you.

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. 15-125, HS1, HD1 on First and Final Reading:

Rep. Martin B. Ada	excused
Rep. Edwin P. Aldan	excused
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.	no
Rep. Ray N. Yumul	yes
Rep. Oscar M. Babauta	yes

Speaker Babauta: By a vote 14 “yes”, H. B. NO. 15-125, HS1, HD1 passes the House on First and Final Reading. Without objection, we will go back to item number 4 under Introduction of Resolution.

There was no objection.

INTRODUCTION OF RESOLUTIONS

H. R. NO. 15-134: A House Resolution requesting the Department of Lands and Natural Resources to look into the concerns raised by the farmers of the kagman commercial farm plots.

Offered by: Rep. Manuel A. Tenorio and seventeen others

RESOLUTION CALENDAR

The Chair recognized the Floor Leader.

Acting Floor Leader Lizama: So moved, Mr. Speaker, to suspend pertinent rules to place H. R. NO. 15-134 on the Calendar.

The suspension motion was seconded and carried by voice vote.

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

Acting Floor Leader Lizama: So moved, Mr. Speaker, to adopt H. R. NO. 15-134.

The adoption motion was seconded.

H. R. NO. 15-134: A House Resolution requesting the Department of Lands and Natural Resources to look into the concerns raised by the farmers of the kagman commercial farm plots.

Speaker Babauta: Discussion. I recognize Representative Yumul.

Rep. Yumul: Thank you, Mr. Speaker. On line 3, page 1, which talks about the water shortages, and because of the installation of water pumps, maybe perhaps the author can also include CUC in this respect, if it is appropriate.

Speaker Babauta: I do not think that CUC involves themselves with the irrigation system at kagman watershed project other than the Division of Agriculture and the NRCS.

Rep. Yumul: Right, the residents indicate water pumps being used by the farmers which deprives other areas, and I am curious where the water comes from if it is being pumped.

Speaker Babauta: Kagman has its own well that supplies...

Rep. Yumul: Right, but is it not the purview of CUC...

Speaker Babauta: There is also a reservoir there. Let me recognize the author to clarify more.

Rep. Tenorio: I am not sure about the question on the potential illegal tamping of water, it is just that there are so many nonresident aliens that are using the plots which was initially intended for the local farmers. I think that is a complaint.

Rep. Yumul: I think there is another complaint which is more pressing – I received comments from farmers in these areas saying that some farmers are being charged different rates per thousand gallons, and they are getting pretty upset about it. Is that also going to be addressed in this resolution?

Rep. Tenorio: We are asking the Secretary of Lands and Natural Resources to look into this. I think that if you read the paper today, he is thinking of lowering down the rate – flat rate of \$10.00 per month. So I want him to look into this and other areas. They might find other problems associated with this.

Speaker Babauta: I think that the author is strictly alluding to the kagman facility or area other than privately owned leased or rent out property.

Rep. Yumul: My last concern is, we just the DEQ bill, and that was also another concern especially in the kagman area where some farmers are not following certain pesticides standard or control measures, and when there are major storms, the run-off – would that also be addressed here or is that a separate issue?

Rep. Tenorio: I think that is a separate issue.

Rep. Yumul: Thank you.

The Chair recognized the Minority Leader.

Rep. Palacios: Thank you, Mr. Speaker. *Hagas taotao Kagman yu.* Mr. Speaker, you know this issue with the kagman farm plot seems to be perennial. The kagman farm plot was designated to the Department of Lands and Natural Resources from MPLA, now DPL under a memorandum of agreement specifically for local farmers. There are certain provisions, and in fact, if I am not mistaken, MPLA and MPLC had invested a substantial amount of funding for the original infrastructure of the irrigation system and the wells. Through that, they put together a program where the farmers are charged basically cost or even below cost, and those funds are supposed to go to a revolving fund to maintain the irrigation system. I do not know what happen to the program. But I think that this is timely, although a little too sugar coated, I believe – be that as it may, I think that we need to call the attention to the Department of Public Lands, because regardless of whether it has been designated to the Department of Lands and Natural Resources, these are public lands. Make no mistake about it, but the Department can still exercise its authority to ensure that DLNR actually comply with the requirement of the original memorandum of agreement in designating these lands. So I would like to amend...

Speaker Babauta: Proceed.

Rep. Palacios: Under page 2, line 19, after the word, “Saipan Farmers Organization”, insert, “Mr. John S. Del Rosario, Secretary of the Department of Public Lands” so that they would be appraised of the issue also of the farmers.

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

Speaker Babauta: The motion is carried.

There being no further discussion, H. R. NO. 15-134 was carried by voice vote.

Speaker Babauta: The motion is carried. H. R. NO. 15-134 is hereby adopted.

BILL CALENDAR

The Chair recognized the Acting Floor Leader.

Acting Floor Leader Lizama: So moved, Mr. Speaker, for the passage of H. B. NO. 15-272 on First and Final Reading.

The motion was seconded.

H. B. NO. 15-272: A BILL FOR AN ACT TO AMEND 4 CMC § 9353(D) TO ALLOW FUNDS DEPOSITED IN THE SPECIAL DISABILITY FUND TO BE INVESTED IN INVESTMENT GRADE U.S. FIXED INCOME SECURITIES AS WELL AS UNRATED SECURITIES OF THE U.S. TREASURY AND U.S. GOVERNMENT AGENCIES AND OTHER PUBLICLY TRADED SECURITIES IN ORDER TO PROVIDE FOR THE POSSIBILITY OF ACHIEVING A GREATER RATE OF RETURN; AND FOR OTHER PURPOSES.

Speaker Babauta: Discussion. Clerk, call the roll.

The Clerk called the roll on the motion to pass H. B. NO. 15-272 on First and Final Reading:

Rep. Martin B. Ada	excused
Rep. Edwin P. Aldan	excused
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	abstained

Point of order.

Speaker Babauta: State your point of information.

Rep. Torres: I keep hearing the resolution on the water problem in Kagman, and here we are voting on H. B. NO. 15-272.

Speaker Babauta: We have disposed of the resolution already.

Rep. Torres: I am not lost yet. Turn the tape back because – repeat the tape.

Speaker Babauta: We have disposed of the House Resolution authored by Representative Tenorio. We are now voting on a bill. If you like, we will play the tape back as soon as we finished voting on the bill.

Rep. Torres: Mr. Speaker, I would like to post some question on this bill.

Speaker Babauta: Which one?

Rep. Torres: The one that we are voting now.

Speaker Babauta: My due apology, I did not recognize raising of concern. If you like...

Rep. Torres: You are going too fast.

Speaker Babauta: My humble apology.

Rep. Torres: I just need to know how much money are we looking into this bill to be deposited in all these agencies.

Speaker Babauta: Let me recognize the Vice Speaker.

Vice Speaker Quitugua: Mr. Speaker, I really do not know the amount. That is with the fund.

Speaker Babauta: I think the bill's intent is to allow the Board of Trustees through its Workman's Compensation for them to float some of their assets and money market. So this is basically authorizing them to invest.

Rep. Torres: Yes, but, how much money? Is it worth going through?

Speaker Babauta: It depends on the money market on the value.

Rep. Torres: Because if it is not much money, then, once the stock market crash then it is zero.

Speaker Babauta: I think they foresee more investment in the money market than an interest in our bank.

Rep. Torres: I am just concern that Bank of Guam...

Speaker Babauta: I hope that the return of investment would yield a higher point than what we have now.

Rep. Torres: Do we know how much exactly?

Speaker Babauta: I am not too sure, but we can check. This would probably be utilized for a revolving fund because we hardly appropriate for Workman's disability payment other than an interest generated account.

Rep. Torres: I am not against the bill, but I think that it be nice to know and feel comfortable if we know how much. We are not being told as to how much money we are channeling to stock exchange or money market.

Vice Speaker Quitugua: I think, Mr. Speaker, it is hard to tell. This is similar to the employees' contribution to the Retirement Fund. There is no set amount as to how much to invest out in the stock market – as the money comes in from the employees/employer through their contributions, that is what they invest. It is just like the disability fund. Whatever they have, that is what they are trying to invest. The Fund is seeing that they are going to receive more annually by investing in the stock market just like the members' fund in the retirement. It is a similar situation.

Speaker Babauta: Representative Torres, are you ready? Presently, we are voting now so I am just...

Rep. Torres: Mr. Speaker, I abstain.

Rep. Absalon V. Waki, Jr. yes

Rep. Ray N. Yumul yes

Rep. Oscar M. Babauta yes

Speaker Babauta: By a vote of 14 “yes”, H. B. NO. 15-272 passes the House on First and Final Reading.

Acting Floor Leader Lizama: So moved, Mr. Speaker, for the passage on First and Final Reading, H. B. NO. 15-275.

The motion was seconded.

H. B. NO. 15-275: A BILL FOR AN ACT TO AMEND PERTINENT SECTIONS OF THE REGULATED LOAN ACT OF 2000, AS CODIFIED IN 4 CMC §60101, *ET SEQ.*, TO CLARIFY THE APPLICABILITY OF THE ACT AND FOR OTHER PURPOSES.

Speaker Babauta: Discussion. I recognize Representative Yumul.

Rep. Yumul: I would just like to ask the author to help me digest this legislation.

Speaker Babauta: I am sure the author has digested in a form of H. B. NO. 15-275.

Vice Speaker Quitugua: Mr. Speaker, this bill is just to clarify some of the definitions that appear when you go and try to borrow money from the banking or any financial institutions such as to define clearly what is commercial loan, what late fee is...there seems to be some confusions between the borrower and the financial institution as to the definition of these words. This bill is merely just to clarify the definitions so that both the consumers and the financial institutions have a clearer understanding as to the definitions of these terms.

The Chair recognized Representative Yumul.

Rep. Yumul: Mr. Speaker, on line 21, page 2, Regulation Z needs to be interpreted or referred. I believe this is part of the FDIC regulation pertaining to ATM's. I am not sure. Is that what this is referenced to or there is a different regulation?

Vice Speaker Quitugua: You are right. Regulation Z is the Truth Lending Act. It is a federal law and it is sometimes called Regulation Z.

Speaker Babauta: It is a federal statute that refers to that particular line.

Rep. Yumul: I guess the main purpose is to define commercial loan, but I would like to ask if an unsecured loan is already in the existing code, or does that need to be included here, and also be defined, because my understanding is that unsecured loan is when an applicant takes a loan out with no security or no tangible asset to pledge, and thereby get the highest rate over 26% per annum in many cases. So, I think...

Speaker Babauta: I think that is a commercial bank. This is a financial institution.

Rep. Yumul: No. Financial institutions also give out unsecured loans.

Speaker Babauta: Really? I recognize the Vice Speaker.

Vice Speaker Quitugua: I think that is already included in the present statute because you have secured and unsecured loans – you go there to borrow something at the bank – usually the big amount is – they want you to put in a security, and the smaller amounts, the unsecured has a higher percentage rate, and also, you pay that within a shorter period of time.

Rep. Yumul: My last concern is maybe perhaps we should entertain also capping percentages for the Commonwealth. I know that some States do offer maximum on loans otherwise, in my opinion, they should be considered loan sharks. Thank you, Mr. Speaker.

Speaker Babauta: Well, when we reformed the financial institution companies in the 12th Legislature, one of them is capping the rate. In fact, they were requesting for a 38%, but we dropped it down to 34%.

Rep. Yumul: Mr. Speaker, on page 2, line 22.

Vice Speaker Quitugua: It is already in the...

Speaker Babauta: Yes, it is there. It is capped already.

Vice Speaker Quitugua: That is the current statute.

Speaker Babauta: Ready. I recognize Representative Tenorio.

Rep. Tenorio: Mr. Speaker, what is the statutory rate right now.

Speaker Babauta: For financial institution like Wells Fargo, Isla Financial, other than commercial banks, it is 34% maximum.

Rep. Tenorio: What about the banks?

Speaker Babauta: The bank offers a variety like...Representative Yumul was alluding to an unsecured loan where you get 12%, at times at 18%. So the offer is very good. For like a \$20,000.00 unsecured loan, you get 18% primarily on Holiday season. Ready.

Several members voiced, “ready.”

Speaker Babauta: Clerk, call the roll.

The Clerk called the roll on the motion to pass H. B. NO. 15-275 on First and Final Reading:

Rep. Martin B. Ada	excused
Rep. Edwin P. Aldan	excused
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.	yes
Rep. Ray N. Yumul	yes
Rep. Oscar M. Babauta	yes

Speaker Babauta: By a vote of 15 “yes”, H. B. NO. 15-275 passes the House on First and Final Reading. I recognized Representative Tebuteb.

Rep. Tebuteb: Mr. Speaker, with the concurrence of the Ways and Means Chairman, I would like to ask if we could recall H. B. NO. 15-109 and place it today’s Calendar for action.

Speaker Babauta: As approved by the Chair without objection.

There was no objection.

Speaker Babauta: H. B. NO. 15-109 is hereby recalled. I recognize the Floor Leader.

Acting Floor Leader Lizama: So moved, Mr. Speaker, for subsidiary motion to include H. B. NO. 15-109 for consideration.

The subsidiary motion to include H. B. NO. 15-109 was carried by voice vote.

Speaker Babauta: The motion is carried. I recognize the Floor Leader.

Acting Floor Leader Lizama: I move for the passage motion on First and Final Reading, H. L. I. NO. 15-16.

The motion was seconded.

H. L. I. No. 15-16: A HOUSE LEGISLATIVE INITIATIVE TO AMEND ARTICLE III, SECTION 4 OF THE CONSTITUTION OF THE NORTHERN MARIANA ISLANDS TO REQUIRE A RUNOFF ELECTION FOR GOVERNOR AND LIEUTENANT GOVERNOR IF NO CANDIDATES RECEIVE A MAJORITY OF THE VOTES CAST FOR THAT OFFICE IN A GENERAL ELECTION.

Speaker Babauta: Discussion. Clerk, call the roll.

The Clerk called the roll on the motion to pass H. L. I. NO. 15-16 on First and Final Reading:

Rep. Martin B. Ada	excused
Rep. Edwin P. Aldan	excused
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.	yes
Rep. Ray N. Yumul	yes
Rep. Oscar M. Babauta	yes

Speaker Babauta: By a vote of 15 “yes”, the House met its constitutional requirement, and H. L. I. NO. 15-16 passes the House on First and Final Reading. Floor Leader, next bill.

Acting Floor Leader Lizama: So moved, Mr. Speaker, for the passage on First and Final Reading, H. B. NO. 15-195.

The motion was seconded.

H. B. No. 15-195: A BILL FOR AN ACT TO REPEAL AND RE-ENACT CHAPTER 6 OF DIVISION 1 OF TITLE 3 OF THE COMMONWEALTH CODE TO REESTABLISH THE POST-SECONDARY TEACHER EDUCATION PROGRAM SCHOLARSHIP FOR ANOTHER FIVE YEARS AND TO ESTABLISH THE MEDICAL SCHOOL PROFESSIONAL SCHOLARSHIP; AND FOR OTHER PURPOSES.

Speaker Babauta: Discussion. I recognize Representative Tebuteb.

Rep. Tebuteb: Mr. Speaker, I have a substitute to offer.

Speaker Babauta: Okay. Short recess.

The House recessed at 3:40 p.m.

RECESS

The House reconvened at 3:44 p.m.

Speaker Babauta: We are back to our plenary session, and we will continue to discuss, H. B. NO. 15-195, and I recognize the mover to officially introduce the substitute.

Rep. Tebuteb: Thank you, Mr. Speaker. I already disseminated the substitute on H. B. NO. 15-195.

Speaker Babauta: Any second.

The substitute offered by Representative Tebuteb was seconded.

Speaker Babauta: Discussion. I recognize Representative Tebuteb.

Rep. Tebuteb: Maybe just to give some clarification on the differences between the original bill and the substitute. Basically, the changes are on the great point average on the secondary teacher's scholarship program, and in addition to the new medical scholarship and specifics. Thank you.

Speaker Babauta: That is the highlight of the substitute.

Rep. Tebuteb: Yes.

Speaker Babauta: Any discussion. I recognize Representative Tenorio.

Rep. Tenorio: Just enlighten, Mr. Speaker, from the author as to what we are accomplishing here. I am not too sure.

Speaker Babauta: I assumed that the bill have already established the teacher.

Rep. Tenorio: This is to reestablish.

Speaker Babauta: Yes, reestablishing some of the policy, and at the same time, putting the special medical profession field to include one of them, and adjusting the GPA, correct? I will yield to Representative Tebuteb.

Rep. Tebuteb: You are right, Mr. Speaker. There was a sunset provision on the original teacher's scholarship program, and that expired, so there was an attempt in the 13th Legislature or the 14th Legislature where we wanted to extend that teacher's scholarship program, but we could not because it has – which the sunset provision – that is why this one has repealed and reenact, and then in addition to that, medical field for five students.

The Chair recognized Representative Tenorio.

Rep. Tenorio: This is just a regular scholarship, Mr. Speaker? I recalled having to – because of a lack of teachers at one time, I recalled having a program to put them on scholarship the existing teachers so that they can upgrade their skills, and that they will come back and work for the CNMI government. This is not something similar to this. This is an entirely different program.

Speaker Babauta: It is the same thing, because the original law has a sunset provision that – let me yield to the Vice Speaker.

Vice Speaker Quitugua: The original teacher's scholarship has a sunset provision that expired on September 23, 2005, and that is the end of the teacher's scholarship. What Representative Tebuteb is trying to do is to revive the teacher's scholarship so that PSS can gradually fulfill its needs for teachers. Many of the teachers that Representative Tenorio have mentioned earlier have already retired. The Public School System is asking if this program could reestablished so that they can – instead of going off-island to hire teachers, to have our own sort of like an academy here, and when they get out, they go straight to the Public School System. We have some of our students that were in the previous program that are now teaching in the Public School System, and I think we have a few more that will be completing. I think that some have already graduated this May from NMC, and there are a few more that will be completing their B.A. degree. This is the same as the expired teacher's scholarship.

Rep. Tenorio: Actually, my concern is, would this affect the current scholarship program in terms of money available for them to go out and – or what would the impact on the regular students graduating in high school and going out to college? Because as I understand it, the last time we allowed this is, we pay teachers – we pay them their salaries and pay them to go to school at the same time so that we can get them back to our Public School System. It did work because we graduated a lot of local teachers who came back and actually teach, but if this is something similar to that, I am really not in – but you are telling us that teachers now are currently employed and they need to upgrade their skills to be able to pass what you call the...

Vice Speaker Quitugua: Mr. Speaker.

Speaker Babauta: Continue.

Vice Speaker Quitugua: I think Representative Tenorio is talking about two things. What he is talking about is one, the teachers training program that was at PSS where teachers where – this is

how the education program was brought in from UOG to NMC, is to accommodate the back then, the teachers that are teaching to obtain their B.A. degree. Yes, he is right, almost all the teachers at that time have obtained their college degree in education, however, many of those teachers were already teaching 15 to 20 years in the system. So by the time they completed their B.A. and a few more years in service, they retire. Then the teacher's scholarship came in, and these are the follow up program from Marianas High School. Marianas High School has an education program – they offer for those who would like to be teachers, and those students, when they graduated from MHS, they went into the teacher's scholarship, and these are the group of teachers that are still young, and most of them are still in the system, but the scholarship has expired in 2005. So the incentive is to provide them a scholarship so that they can go into teaching, and in addition to the bill, Representative Tebuteb added in, “medical scholarship” so that it can encourage more students to go into medicine.

Rep. Tenorio: I guess my second question is, do we have the – because I ask for a fiscal impact, but I do not see that, but do we have the funds available? I am for it. I am for education, and I wish that we can fill up our schools with the locals, because I know also that at times, we give them a double dipping raise just to make sure that we utilize our people here. There is nothing wrong with that, but how would this impact the regular scholarship program for our kids going out of high school in terms of funding. That is the...

The Chair recognized the Vice Speaker.

Vice Speaker Quitugua: I think that the bill has a provision. On page 6, Section 3, it sets a funding for these scholarships for this bill so that it will not affect the current funding for the other financial assistance.

Rep. Tenorio:...[**microphone not on**]

Vice Speaker Quitugua: That is the Tobacco Control Fund.

Rep. Tenorio: Thank you, Mr. Speaker.

The Chair recognized Representative Joseph Deleon Guerrero.

Rep. Joseph Deleon Guerrero: I was going to ask that question. I was trying to compute whether the funding is sufficient, and it is really hard to compute because for the post-secondary teacher education program, it says that the amount for students attending NMC shall be \$8,000.00 per year, and up to \$14,000.00 for a four year University abroad, and it really depends on how many students are going to NMC or how many are going abroad to be able to narrow down the figure to get a close estimate. I am more particularly concerned about how – is there any guidance for the scholarship office as to – if there are let us say 20 students applying, how they would be able to choose which 15 out of the 20 students are going to be given this award? That is my first question. Second, regarding the medical school professional scholarship – I am a little bit concerned that this scholarship amount, although it allows for up to 5 years, \$15,000.00 a year per student attending a U.S. accredited medical school for up to 5 years, Med school happens after you get your undergraduate degree, correct? But under page 5, line 17, it says, “Graduate or postgraduate applicants or students are not qualified for these scholarships except as provided by this Act.” So does it allow students going

through graduate courses or medical school to avail of scholarship, or is it intended for students that are going through their undergraduate degrees that want to go through medical school subsequently? On one hand, it is intended for Med school, but on the other hand, it does not qualify them for it. Those are the two questions that I have.

Speaker Babauta: Let me recognize the Minority Leader to answer.

Rep. Palacios: I think that you actually stated it. When you say Medical School, it is in effect a graduate program. So in and of itself, by saying that we are going to allow for Medical School, it is a graduate program, and it does accommodate for that under the provision of the law.

Rep. Yumul: Point of clarification.

Speaker Babauta: State your point.

Rep. Yumul: Under page 4, line 15, it says, “Agree to return to the CNMI after graduation from medical school and work as a medical doctor at the Department of Public Health for a period of two years for each year of scholarship assistance, or if fails or refuses to complete this obligation, agree to remit the all the scholarship funds received through this scholarship program back to the CNMI government.” You cannot return immediately, Mr. Speaker, because you still have to do intern. *Tisiña*. We do not have that program.

Speaker Babauta: Let us have an order.

Rep. Yumul: You have to have what they call residency.

The Chair recognized Representative Joseph Deleon Guerrero.

Rep. Joseph Deleon Guerrero: How can a person come back when he has to pay for his Medical School on his own? It sounds like this thing only pays for the undergraduate portion of the...

Vice Speaker Quitugua: No. I think this line is for the teacher. It is intended for the teacher’s scholarship that would only fund the undergraduate, and will not fund the graduate and post graduate. The main purpose is to have them get their B.A. degree in education. I think the letter (c) originally was under the teacher’s scholarship, and was moved over to – inadvertently to the medical scholarship. This applies to the teacher’s scholarship, but not the medical scholarship.

Rep. Joseph Deleon Guerrero: Perhaps, we should have language just to clarify.

Vice Speaker Quitugua: Or take this and put under the teacher’s scholarship.

Rep. Joseph Deleon Guerrero: I think that this was intended. Under § 1603. Conditions of Scholarship Award, it is intended to apply to both, but I think some clarification under (c).

Speaker Babauta: Let us have a very brief recess.

The House recessed at 4:00 p.m.

RECESS

The House recessed until Wednesday morning.

MISCELLANEOUS

None

ANNOUNCEMENTS

None

The House adjourned at 4:05 p.m.

Respectfully submitted,

Vicky T. Guerrero, Journal Clerk
House of Representatives

APPEARANCE OF LOCAL BILLS

Second appearance

H. L. B. NO. 15-65: To allocate two percent (2%) from the locally appropriated capital improvement projects in the Third Senatorial District that cost \$50,000 or more to the Technical Services Division of the Department of Public Works for administrative costs. (Rep. Justo S. Quitugua)

H. L. B. NO. 15-66: To make appropriations from the revenues collected pursuant to Saipan Local Law 11-12, as amended, for Fiscal Year 2008; and for other purposes. (Rep. Justo S. Quitugua +1)

H. L. B. NO. 15-67: To repeal and reenact Title 10, Division 2, Chapter 3, Article 1; and for other purposes. (Rep. Edwin P. Aldan)

Third Appearance:

None