



# House Journal

## ELEVENTH SPECIAL SESSION

Adopted:  
January 9, 2008

4th Day, Eleventh Special Session

Saturday, January 05, 2008

The House of Representatives of the Fifteenth Northern Marianas Commonwealth Legislature convened in its Fourth Day, Eleventh Special Session on Saturday, January 05, 2008, at 10:26 a.m., in the House Chamber on Capitol Hill, Saipan.

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

A moment of silence was observed.

The clerk called the roll. Sixteen members were present; Representative Florencio T. Deleon Guerrero was excused for the day's session, and Representative Ogo was absent.

Speaker Babauta: A quorum is constituted for this morning's session and I would like extend our gratitude and appreciation to the staff of our Legislative Bureau. I know that the Legislature does not normally pay overtime, we still do not, and we thank our counsels, our clerk, and the other LB staff who are here this morning to assist the Members during this session. Of course, we appreciate the presence of our extinguished members from our various government departments and community. That being said, we will go straight up to Item 16.

Representative Lizama: Mr. Speaker, without objection.

Speaker Babauta: Without objection of course may I again ask the indulgence of the members to appoint Representative Lizama to be our Floor Leader Pro Tem. So ordered, and Clerk take note that the Floor Leader continues to be excused. Representative Ogo should be noted as absent for today's session.

### ADOPTION OF JOURNALS

None

### INTRODUCTION OF BILLS

None

### INTRODUCTION OF RESOLUTIONS

None

### MESSAGE FROM THE GOVERNOR

None

**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

**INTRODUCTION OF RESOLUTIONS**

None

**RESOLUTION CALENDAR**

None

**BILL CALENDAR**

Speaker Babauta: Floor Leader, recognized.

Pro Tem Floor Leader Lizama: Thank you, Mr. Speaker. Mr. Speaker, I move for the passage of House Bill No. 15-328, HS1 First and Final Reading.

The motion was seconded.

H.B. No. 15-328, HS1: A BILL FOR AN ACT TO MAKE APPROPRIATIONS FOR THE OPERATIONS AND ACTIVITIES OF THE GOVERNMENT OF THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS, ITS AGENCIES, INSTRUMENTALITIES, AND INDEPENDENT PROGRAMS, AND TO PROVIDE BUDGET AUTHORITY FOR GOVERNMENT CORPORATIONS FOR FISCAL YEAR 2008; AND FOR OTHER PURPOSES.

Speaker Babauta: Discussion on the appropriation measure of 2008. I like to remind you about those two bills that were passed out yesterday. One with the explanatory changes attached and the other one is the finished product without the attachment. I recognized the Vice Speaker.

Vice Speaker Quitugua: Mr. Speaker, do we have any revised budget worksheet, an updated version?

Speaker Babauta: I think so. Let me call a brief recess.

The House recessed at 10:29 a.m.

RECESS

The House reconvened at 10:39 a.m.

Speaker Babauta: We are back to our plenary session and we continue to discuss House Bill 15-328, HS1. I recognized Representative Ray Yumul.

Representative Yumul: Thank you. I would like to make an oral amendment on page 12, Section 608.

Speaker Babauta: On the bill?

Representative Ray Yumul: Of the bill.

Speaker Babauta: Continue.

Representative Yumul: Line 10 of page 12 after the words “Public School System” insert “and Northern Marianas College” and further down on line 12.

Speaker Babauta: Can you repeat again? Line 12...

Representative Yumul: Starting on line 10 after the word “Public School System”, insert “and Northern Marianas College”, just to be clear. Then on line 12 after “PSS”, insert “NMC budget/NMC”. That is my amendment.

The motion to amend was seconded.

Speaker Babauta: Discussion on the oral amendment.

There was no discussion, and the amendment offered by Representative Yumul was carried by voice vote.

Speaker Babauta: The motion carries. We continue to discuss H.B. No. 15-328, HS1, HD1 and I recognized the Minority Leader.

Minority Leader Palacios: Thank you, Mr. Speaker. I would like to offer another short amendment.

Speaker Babauta: On the bill?

Minority Leader Palacios: Yes.

Speaker Babauta: Continue.

Minority Leader Palacios: On page 13, line 3 after “Public School System” comma, please insert “the Washington Representative Office”. I so move.

The motion was seconded.

Speaker Babauta: Is everybody clear with that? The motion has been seconded. Discussion on the oral amendment offered by the Minority Leader.

There was no discussion. The amendment offered by Representative Palacios was carried by voice vote.

Speaker Babauta: The motion carries. We continue to discuss H.B. No. 13-358, HS1 in the form of House Draft 2. Vice Speaker.

Vice Speaker Quitugua: I will yield to Representative Seman, because I have several amendments.

Representative Seman: Thank you, Mr. Speaker. I would like to offer another oral floor amendment please.

Speaker Babauta: Continue.

Representative Seman: On page 8 beginning on line 8, Section 505(c) where it reads “fiscal year shall appropriated to pay”, strikeout “pay for” and insert “the medical referral strike out “and for renal, bone marrow and heart transplant expenditures” and insert “program under the expenditure authority of the Secretary of the Department of Public Health”. So it shall read “(c) any unused funds in remaining in the escrow account in subsection (b) at the close of the fiscal year shall be appropriated to the medical referral program under the expenditure authority of the Secretary of the Department of Public Health”.

The motion was seconded.

Speaker Babauta: Is that clear? Discussion on the oral amendment offered by Representative Seman.

There was no discussion, and the amendment offered by Representative Seman was carried by voice vote.

Speaker Babauta: And we continue to discuss H.B. No. 15-328 in a form of HS1, HD3. Vice Speaker.

Vice Speaker Quitugua: On page 13, line 3 of the Bill, Mr. Speaker, after the words “Washington Representative”, insert “the Northern Marianas College”.

Speaker Babauta: To be consistent? Okay.

Vice Speaker Quitugua: And on the same page, line 20 after the subsection (b), insert “(c)” --

Speaker Babauta: Letter d?

Vice speaker Quitugua: “C” is going to be a new subsection and will read “(c) appropriations under Public Law 14-80 Section 3(d)”.

Speaker Babauta: Can you repeat that.

Vice speaker Quitugua: Insert a new subsection (c) to read “appropriations under Public Law 14-80, Section 3(d)”.

Representative Dela Cruz: Point of clarification, Mr. Speaker?

Speaker Babauta: State your point.

Representative Dela Cruz: I would just like to ask whether this is the apprenticeship section.

Speaker Babauta: I believe this is the Tobacco Control Fund, the earmark fund. Representative Dela Cruz has the floor.

Representative Dela Cruz: Can you clarify this public law and the section, Mr. Vice Speaker.

Speaker Babauta: Short recess.

The House recessed at 10:45 a.m.

RECESS

The House reconvened at 10:54 a.m.

Speaker Babauta: We are back in session. We will discuss H.B. No. 15-328, HS1 HD3. Vice Speaker, continue.

Vice Speaker Quitugua: Mr. Speaker, starting on page 11 --

Speaker Babauta: Let us dispose of first two amendments before we go in to page 11. Does everybody understand the amendment made by the Vice Speaker on page 13?

There was no discussion and the motion offered by Vice Speaker Quitugua was carried by voice vote.

Speaker Babauta: The motion carries and we continue to discuss the Bill in the form of HD4. Continue, Vice Speaker.

Vice speaker Quitugua: Mr. Speaker, on page 11, line 1 to be consistent with the budget worksheet, the appropriated funds on the budget worksheet which is H.1.A, this is not the US certified apprentice program. This is the program, which is the business, nursing, and education, that was funded under Public Law 10-66. Because of the inconsistency, I am recommending that we delete Section 602 in this entirely.

The motion was seconded.

Speaker Babauta: The motion has been seconded. Under discussion, I recognize the Minority Leader.

Representative Palacios: Can you explain to me why you want to do that?

Vice Speaker Quitugua: The 49 employees and the one million dollars that is on the budget worksheet and the NMC Apprenticeship Program is not the US certified apprentice program under Public Law 15-05. They call it an apprentice program, but actually they are using the money under Public Law 10-66 to fund the nursing program, the business program, and the education program at NMC.

Representative Palacios: We created this under Public Law 10-66. This is an earmark fund, so to speak, and it comes out from the nonresident workers fee and we have been doing this over a period of many years. We call it the apprenticeship program. I remembered two years ago collaborating with you, Mr. Vice Speaker searching up and down for \$300,000.00 for the nursing program, remember.

Vice Speaker Quitugua: Yes.

Representative Palacios: We were searching for funds outside of the Public Law 10-66. I am starting to wonder where the funds under these programs are really hitting the objectives that the original intent--perhaps we need to revisit this issue because to your left is Representative Kaipat and she has been working very quietly with WIA (Workforce Investment Agency) and the Department of Labor and NMC to try and get our folks trained to get into the workplace to get into the workplace. Now if we going to limit this to business and nursing then it is only those programs that are going to be benefit and only those folks that want to get in to those kinds of programs are going to benefit. I think we need to look at this and probably open it up to potentially any other field that the college might see and work out and provide for training. It does not there is enough money to go around, but at the same time the program does not seem to be producing the result that was intended for this.

Speaker Babauta: Let me call a short recess again.

The House recessed at 10:58 a.m.

RECESS

The House reconvened at 11:08 a.m.

Speaker Babauta: We are back in session and under discussion of the motion offered by the Vice Speaker to delete the entire section to on page 11. Ready?

There was no further discussion, and the motion offered by Vice Speaker Quitugua was carried by vice vote.

Speaker Babauta: The motion carries and we continue to discuss H.B. No. 15-328 in the form HD5. Representative Guerrero.

Representative Deleon Guerrero: One minor floor amendment, please.

Speaker Babauta: Continue.

Representative Deleon Guerrero: On page 13, line 20 after the Vice Speaker's floor amendment that included a new subsection (c) I move to add another subsection and it will read "(d) appropriations under Public Law 15-65, Section 2."

The motion was seconded

Speaker Babauta: Discussion on the oral amendment as offered by Representative Joe Guerrero. Ready?

Representative Palacios: Mr. Speaker, could I ask my colleague to clarify what Public Law 15-65 is and what program are we exempting again from the governor's power?

Representative Deleon Guerrero: This is just to protect the programs that we had protected earlier when we passed Public Law 15-71 and that is to protect certain sections allowing for the continued funding for the Diabetes Prevention and Control Program and the Cervical Cancer Prevention Program. *Para ta na' consistent este yan i Public Law 15-71 anai ta exempt etyu na programma* from the governor's reprogramming authority. So we are just reiterating that protection.

Speaker Babauta: Ready?

There was no further discussion and the amendment offered by Representative Joseph Deleon Guerrero was carried by voice vote.

Speaker Babauta: The motion carries and we continue to discuss now H.B. No. 15-328, HD6. Any number 7? Representative Waki?

Representative Waki: I just want to find out are we just talking about the Bill itself? What about the computation of the budget?

Speaker Babauta: We will raise that up. Vice Speaker.

Vice Speaker Quitugua: My last amendment, Mr. Speaker, is to make sure that the reduction of retirement contribution will provide additional funds for personnel just in case they need additional

funds. So on page 7, line 23, Section 504, I move to delete subsection (b) and re-letter subsections accordingly.

Speaker Babauta: Short recess.

The House recessed at 11:12 a.m.

RECESS

The House reconvened at 11:13 a.m.

Speaker Babauta: We are back in session. Any second on the Vice Speaker's amendment?

The motion was seconded.

Speaker Babauta: Discussion on the oral floor amendment of the Vice Speaker to delete subsection (b) on line 23 of page 7. Representative Dela Cruz?

Representative Dela Cruz: I just wanted to note that by deleting Section 504(b) that pretty much correlates with subsection (c) for the utilities, as the all others account will also include the utilities of each public school. We are trying to give each school the authority and responsibility in carrying out their internal matters such as paying for their own utilities and maintenance operations. By taking this away, what we are basically doing is giving it back to PSS central. Is this what we really want?

Speaker Babauta: I do not think that is the case Representative Dela Cruz because subsection (b) is reflecting the subsequent section in the back that has to do with Retirement Fund contributions more or less. I see your point and that is where it is, (a) and (c) is where we wanted to relief central and give it down to the school administrator. But this had to do with funds realized from Section 608 that will be utilized in the event that there is insufficient funding, it will be utilized consistent with the central office as far as FTEs are concerned, so the all others is still there.

Representative Dela Cruz: But if you read line 24 starting with, "funds saved as a result of Section 608 shall be maintained as part of the operations or all others", the utilities starting on line 27, the utilities of the schools of the Public School System shall be paid from the all others, which is right there on line 25.

Speaker Babauta: Short recess.

The House recessed at 11:15 a.m.

RECESS

The House reconvened at 11:22 a.m.

Speaker Babauta: We are back to our session. We continue to discuss the amendment offered by the Vice Speaker and recognized Representative Joe Guerrero for the subsidiary motion.

Representative Deleon Guerrero: Subsidiary motion before we vote on it?

Speaker Babauta: I intend to do that next time.

Representative Deleon Guerrero: I offer subsidiary motion to the motion that was made by the Vice Speaker to reinstate section 504(b) on line 23 but to be reword it to reflect that “school principals” be stricken out and insert “PSS” on line 23 and continue until line 25 after the words “as part of the”, strikeout “operations or all others account of the individual schools” and it shall read: “as part of the personnel account.” So subsection (b) will read, “PSS shall be the expenditure authority for funds saved by the Public School System as a result of Section 608 of this Act. Funds saved as a result Section 608 shall be maintained as part of the personnel account.”

Speaker Babauta: Right. I was about to recommend that because that will explicitly be interpreted as everybody can spend that including the bus driver.

There was no further discussion; the subsidiary amendment offered by Representative Joe Deleon Guerrero was carried by voice vote.

Speaker Babauta: The motion carries and we continue to discuss H.B. No. 15-328, HD7.

Representative Tenorio: Point of information.

Speaker Babauta: State your point of information Representative Manny Tenorio

Representative Tenorio: Thank you, Mr. Speaker. Mr. Speaker, on page 13 on Section 611 with regard to cover over fund....

Speaker Babauta: Page 13?

Representative Tenorio: Yes, the \$5.5 million stated here is not reflected at all on the worksheet. Is it?

Speaker Babauta: No, it is a separate line item. That is a new section strictly for that purpose.

Representative Tenorio: I am kind of concern with the language and maybe it is fine. How come they did not use, shall be assigned to the Executive Branch under subsection (d) and the custodian of the funds may transfer funds to the Executive Branch.

Speaker Babauta: Because the official custodian pursuant to the Constitution is the Secretary of Finance, Department of Finance and he may delegate that.

Representative Tenorio: Thank you.

Speaker Babauta: Thank you, Representative Tenorio. Recognized, Representative Yumul.

Representative Yumul: How can we even have this Section 611 memorialized in this legislation when it has not even been transmitted to us from the Governor’s Office to begin with?

Speaker Babauta: It is a policy call made by the members, primarily the Ways and Means Committee and the House.

Representative Yumul: I mean even on line 24 page 13 after the word United States Government were labeling the so called, cover overpayment this is language that is so degenerative of this all section. We even doubt the section itself because we are saying, so called.

Speaker Babauta: That is what it is called--cover over.

Representative Yumul: Well, is it or is it not?

Speaker Babauta: Pardon me?

Representative Yumul: You know I'm starting to have a hard time voting on this legislation if this section is still in here.

Speaker Babauta: Okay, it is a choice of words. Proceed with the oral amendment to strike it off.

Representative Yumul: Either that or I would like to ask the author who inserted to explain. I know it was not me.

Speaker Babauta: Of course, it was not you. Minority Leader, do you want to offer that amendment to remove the *so called*?

Minority Leader Palacios: I move to delete the *so-called* on line 24.

The motion was seconded.

Speaker Babauta: The motion on the floor has offered by the Minority Leader is to remove the word "so-called" on line 24 has been seconded.

There was no discussion on the motion and was carried by voice vote.

Speaker Babauta: The motion carries and the word "so-called" is hereby deleted. Vice Speaker, continue discussion on H.B. No. 15-328, HD8.

Vice Speaker Quitugua: Mr. Speaker, just to clarify this section--if we remove the words "cover over" what funds are we talking about then when it is not specified under this section?

Speaker Babauta: To clarify that only the words "so called" is removed.

Vice Speaker Quitugua: Actually, this is reimbursement of tax owed to the CNMI government by IRS.

Speaker Babauta: Correct, everybody understands that. It is just the word so-called. That has always been the mentioned choice of words. And I called it as, so called.

Vice Speaker Quitugua: I think the word "so-called" is appropriate in this bill because this is what we know it as.

Speaker Babauta: I think that is already clarified. Any more discussion on the bill? Representative Waki?

Representative Waki: Thank you, Mr. Speaker. I thank Representative Yumul for bringing up this particular subject, because if I'm not mistaken, we are working on a budget bill and a budget bill is based on revenues and expenditures. Has this the \$5.5 million been designated as revenues by the Secretary of Finance in any letter to the legislatures so we can input those numbers into this particular budget. In the absence of a certified letter from the Secretary of Finance that money is there, but we don't know if it can actually be used as revenue for appropriation. If we look at the original budget that was given to the legislature, it was the Executive Branch that found all the resources, put it, packed and gave it to us. I think before we even consider passing and continue with the budget we need to look at -- we're not getting unpaid holidays. That bill was never passed. The original budget that was brought out incorporated about 5.6 million dollars of unpaid holidays. Now, we took that away. So, we need to put that back in now. That is an additional expense. The original budget only budgeted for eleven percent employer contribution, and now we raised it to eighteen percent. That is another three odd some million dollars that we did not put into the worksheet. I think it would be in a best interest for the legislature before we even consider passing this bill that we give the Administration one last opportunity to give us an idea of the impact of what our proposed revised budget would do to the total government operations, because I'm looking at additional twelve million dollars shortfall based on everything here. Now, I could be mistaken but it would sure be nice to have somebody with some CPA or an accounting background who can give us an idea with the numbers on the impact. I believe that we are shuffling around numbers, we're adding moneys to people, dropping funds from other people but we don't really realize the total impact, the possible negative impact of what we doing. We want to pass a budget, we have to pass a budget but we cannot pass budget that is a deficit budget. We have to pass a balance budget. So, we need to make sure the numbers jive, and that means getting all the numbers of resources as well as what are they expenditures base don what we got in front of us right now. I can tell right now what we are doing on this particular bill is tweaking the budget so much the numbers are going to change. They have to change and we're going to see it later when we should be doing our diligence to get it right this time. And it is unfortunate we got it late, we're dealing with numbers that I only saw it a couple of days ago and I just don't understand why there's millions of increases in certain areas and millions reduction on other areas. I don't have a worksheet of it was broken down to and the reasoning why, and what was the mental thinking of whoever put it together. So, I would like to ask if I'm not out of order, Mr. Speaker, to take a short recess and maybe have Mr. Tony Mona just come up and give us an overview or a possible impact so that way we could go back on this budget and kind of look at the numbers one more time. Because if we pass it and then it comes back and hunt us in the future, I don't think this legislature wants that. We want a budget, yes, but we don't want a budget that may have to take away thousand or more people out of the government because we didn't realize that impact. And most of the impact will be the Executive Branch and I'm sorry the Executive Branch may have some issues, they need to work out personnel issues, but they are the administrative and enforcement arm of these government and when you cut them, there's going to be repercussions, there's going to be programs that's going to be cut, there's going lack of personnel then we're going to go screaming to them why is this not getting done, why is this law being enforced. All I'm asking, Mr. Speaker, if we can give just have a few minutes to maybe give the administration one last opportunity to tell us what the possible impact will be based on the figures that we're putting out for our budget.

Speaker Babauta: Before I get to heed to that request, let me just clarify one thing on your early statement. In the Commonwealth Government, we have three branches of government, the

executive, legislative and judicial. Under Article 3 which is primarily the entire executive branch function, it is the duty of Article 3 to generate, put together, and transmit to the legislature all funds to be expended. The insinuation that I felt that because the administration finds the money, because the administration puts together budget--that is the solemn constitutional duty of that particular branch, and I hope that is clear. It is the prerogative of the legislature where to re-dress it, or dress it well or maybe undress it, for that matter. But believe me we can argue our conscience the whole day today, tomorrow, Monday on budget process. We're not even through in the House or the Senate for that matter. We don't know what's going to happen in the Senate whether they'll decrease it or increase it probably by a certain percent we don't know. We all know how the Senate works. So it's equally important that we deliberate on these issues fairly and squarely. If need be we'll definitely, Representative Waki, we would allow your request so that at least basic information can be achieved this morning. But before I do that let me recognize Representative Kaipat.

Representative Kaipat: Thank you, Mr. Speaker. I don't think that any of us forgotten that they are three branches of government and that we should respect the separation of powers, but it's all in the nature of working together for the benefit of the entire Commonwealth that this request is made. It is not that we want to have the executive usurp any of the legislative authority, but much in the same way that the Executive Branch put together a propose budget for us to consider and given the fact that we continue to operate under diminished revenues, all we're asking for is an opportunity to continue to dialogue and work together. I share the concerns raised by Representative Waki because I look at the proposed numbers that we here in the legislature are proposing, and I see where some are feasting and there's some where there's famine. I continue to say that we one Commonwealth, we're on the same boat. If some of us are going to be, *yanggen para ta fan haspok nai*, let us all share the bounty but as long as there's some of us that are still hungry, we should be fair. *Man na'ma'si i Taotao-ta*. And politics aside, let us not politicize this. I don't know maybe because this is my first term up here and I talk this way, but we need to work together. People are going to be losing there jobs. Set politics aside. We need to remind ourselves of that, *hafa etyo-ta priorities guine*. *Yanggen para ta fan politika*, we've lost and our people will suffer the most. All I'm asking is that we share the burden. I'm very concerns about the cuts that we are asking the executive to take because we talk about the enforcement arm of our government, and we get criticize from thousands and thousands of miles away. And we talk about rising crime, ya ti nahung manpower, ti nahung budget ya hayi guine ta cut. We have to be realistic about this. I'm not talking this way because I'm leaving the House, I'm just appealing ginen--*gi korason miyu ya en konsidera hafa ta chocho'gue pa'go*, please. it's not politics, it is common sense. Thank you, Mr. Speaker

Speaker Babauta: Thank you Representative Kaipat. Floor Leader, motion to resolve in the Committee of the Whole so we may allow Mr. Muna to briefly explain.

Floor Leader Quitugua: I so move, Mr. Speaker.

Speaker Babauta: I'll give the members.....

Representative Deleon Guerrero: Mr. Speaker, if we are going to do that, may I ask that we make an attempt to contact the Secretary of Finance, because I take exemption also to several things that have happened that affect the budget process. One, I totally agree with Representative Palacios about the cover over be that the administration by constitution and also by law should have reported that to the legislature, which they did not. And that hampers our efforts as well to be able to take into consideration all of the revenues that are received, internal and external sources of revenues. We recently overrode the governor's veto of H. B. NO. 15-42. We made a statement that all sources of

funds whether it be CIP, compact funds or other external sources that the legislature has the authority to appropriate those funds. So I believe if we're going to ask OMB (Office of Management and Budget) to come up here we should also ask the Secretary of Finance to be here and so we can have a clear picture of what are resources are so we can appropriate accordingly to the Executive Branch and all other agencies.

Mr. Speaker: Let me first accommodate Representative Waki's request. The motion has been seconded.

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

The House dissolved into the Committee of the Whole at 11:43 a.m.

*COMMITTEE OF THE WHOLE*

The House returned to plenary session at 12:35 p.m.

Speaker Babauta: We are back in our regular session. May I ask the Sergeant-at-Arms where is Representative Seman?

Representative Yumul: Mr. Speaker.

Speaker Babauta: Representative Yumul.

Representative Yumul: Thank you. I have one issue here on Section 401 the lacking of a submittal from CPA and CUC and they are indicated it here as "to be determined" but according to the Section 7206 of the Planning and Budgeting Act, the budget of each corporation shall be transmitted to the legislature for approval as part of the annual budget submission. So, if no one knows the CPA's and CUC's budget, I am inclined to making a floor amendment and utilizing the submission from Public Law 15-28 as numbers.

There was a second.

Speaker Babauta: It should be the same pretty much.

Representative Yumul: Pretty much the same. So whether it is short, then it behooves them to give us the numbers now.

Speaker Babauta: A very brief recess.

The House recessed at 12:38 p.m.

RECESS

The House reconvened at 12:39 p.m.

Speaker Babauta: We are back to our session and we have a motion offered by Representative Yumul that has been seconded. Discussion on that motion. Representative Joe Guerrero.

Representative Guerrero: Thank you, just to clarify--if the 2007 figure he is going to impose is not consistent with what we proposing for 2008, which one takes precedence?

Speaker Babauta: The 2007, that is the official act of the legislature.

Representative Guerrero: Which means that we may come back and amend these figures subsequently?

Speaker Babauta: If it needs be, yes, if it is short or over.

Representative Guerrero: If we leave it as it is right now, do we still need to amend it once the figures come in.

Speaker Babauta: We still have to bless that figure. Ready? Representative Frank Dela Cruz.

Representative Dela Cruz: Is this on the amendment offered?

Speaker Babauta: Yes.

Representative Dela Cruz: I will come back.

There was no further discussion and the amendment offered by Representative Yumul was carried by voice vote.

Speaker Babauta: The motion carries and the amendment made by Representative Ray Yumul to reflect the figures of FY 2007 under Public Law 15-28 on line 29 on page 5 and line 1 on page 6 for CPA and CUC, respectively, is hereby adopted. Those figures should reflect on this budget appropriation bill. Ready. Any more discussion on H. B. NO. 15-328, HD8? Chairman Dela Cruz.

Representative Dela Cruz: Just a minor amendment, Mr. Speaker, on page 2 line 26 to strikeout "Commonwealth Telecommunications" and replace it with "Public Utilities".

Speaker Babauta: Page 2, line 26. Please change that to "Public Utilities Commission". We will allow the clerk to adjust that. Thank you.

Representative Yumul: Mr. Speaker, if we are not making any adjustment to the summary then I have no objection. I would like to move that once we vote for this legislation and it is pass to have the legal counsel and the clerk immediately initial in original the document of the bill before us and the summary of appropriation that it is consistent with what we are doing today.

Speaker Babauta: I already requested the interim chairman, the Vice Speaker and the Vice Chairman of Ways and Means Committee, Representative Aldan to initial both the bill and the summary worksheet prior to transmittal to the Senate.

Representative Yumul: And then again when it is engrossed and all the amendments are incorporated to concur with the senators prior to submittal.

Speaker Babauta: That is understandable. Representative Waki.

Representative Waki: Thank you, Mr. Speaker. As I said, before we vote on this I just wanted to get some clarifications on some numbers and it is unfortunate that Mr. Eli Cabrera is not here. It would have been nice when we talk about the budget that we have him at all times in case we have questions, so that way we can get clarifications and we do not have to go to Administration's side to ask for some clarification. But if he is not here then I would like to ask some members of Committee on Ways and Means whoever cares to respond to just some of the inquiries on increases and reduction of budgets for different departments. I am just wondering what was the intent to reduce the Executive Branch's operations cost by \$6,000,311.00--what was the reasoning--and then the increase of approximately three point something million for the legislature and then the MVA two point eight million, I am just trying to get the reasoning because without operations your definitely going to have cut employees because you do not have any money to operate certain programs and areas. So, I would just like to get some ideas how they came up with the numbers to say that other areas are more important over certain other areas. The only two areas that were reduced really were Executive Branch as well as MVA and NMC. So, it just makes me wonder why they need less money and we need more money. I would like to find out. Then First Senatorial District, Second Senatorial District were increased and it just needs to be clarified why were doing certain things. It is unfortunately Eli is not here to give some numbers breakdown, but if members of the Committee on Ways and Means at least can clarify that, it will be much appreciated.

Speaker Babauta: You have three major concerns. Minority Leader, do you want to answer one.

Minority Leader Palacios: In regards to MVA, it was not decreased, it is the same level as what we have today without approving a budget. In fact, Public Law 15-71 was increase over the last budget so there is a misconception in terms of whether we decrease it. We did not decrease it. It is lower what the governor proposed, so it was not really a decrease, in and of itself. It is the same with NMC--the governor proposed a level higher than the present level and this budget, I believe, and the Vice Speaker was the Vice Chairman of Ways and Means, you can correct me on this, but it was not decreased. They were just not funded at the level at the higher level that the governor proposed.

Speaker Babauta: Who wants to answer the second concern, Vice Speaker?

Vice Speaker Quitugua: For the NMC, NMC was Public Law 15-5 was included, but since Public Law 15-5 has its own funding source in the bill that is why it is not included in the budget worksheet.

Speaker Babauta: Is that NMC your saying?

Representative Waki: So, if were going to start at the level of let us say what they were funded before, let us go with that particular premise. In Fiscal Year 2007, the legislature expended \$6.4 million and we survived. It may not have been real happy, but we survived. So we take that amount and go up to 9 million were talking about two point million increase, but we decrease operation cost for the Executive Branch. As we say, enforcement, revenue generating--there suppose to help find the revenues generated and they cannot do that kind of work if they do not have the funds. Same as MVA, they are the marketing arm for the CNMI. They are the main marketing arm and we need to make sure that they are out there marketing us. So to give them additional funds helps them to help bring in more revenues. So, it just behooves me to why the legislature needs that much more money and were not the marketing arm. Separation of powers, we are different, three branches of government, I understand that. But there are other branches as well as agencies that require monies

to help make money, and all we did was hang them. For whatever reason, I still do not see the logic and that is basically the concern I have when the logic of reduction on certain areas and increases on certain areas are not clear why it is being done. The way this budget is put together, it just looks like those thoughts are not put in here. The Executive Branch will eventually have to reduce their manpower because they have the budget to operate. Did we think about that, that we are going to be letting people go because we decided to fund ourselves to a full level so we can hire people? We can do the things that we feel we want to do with the money because we are fully funded. We are one of the only branches that is fully funded. It just does not make logical sense why we need to do that. We're probably going to vote and I can't say I want to make amendments to this whole thing because I just can't get a clear picture of why rhyme or reason to why it is been done. I would just have to say we have to go back to square one, but it does not like we are going to go there today. It seems like everybody seems want to pass a budget and if that is the particular case, then I just don't see this budget as being a good budget for the CNMI because people, many, many people who we say we're trying to save by not giving them taking away 10 percent of their salary we're going to take 100 % away from them--a 100 percent because they're going to be fired. Is that our role here?--to make sure this legislature is fully funded and other places are funded more than the people that we are actually saying we are supposed to save. Because that is where most of the people work and the Executive Branch. So, I hope we understand this that when we pass this type of budget all were doing is creating the rift. And if you guys do not see that I am sorry then you did not calculate things properly. For that reason without Eli being here and seems like I am not getting a very straight answer from some of the members this are just this is why this is not okay. Mr. Speaker, I am just going to say there is no need for amendments here because we are going to be fighting here all day. If we want to pass the budget we will go ahead and vote, but based on this particular layout, I cannot say I am very amenable to passing it. Thank you.

Speaker Babauta: Let me try to answer your concern on the Legislative Branch. Number one, we all took part, I would probably say almost all of us took on suspending the Retirement Fund contribution for the entire Commonwealth government and that is Public Law 15-15 and that includes the legislature. Although, Article 2 Section 16(d) mandates the legislature to appropriate fund separately for its contribution to the Retirement Fund, we went ahead and supported the Administration's request, therefore, contributing to the violation of that specific provision of the constitution. Secondly, a petition was launched to the Supreme Court regarding the redistricting of the House of Representatives. In as much as we fought and engaged our legal counsel to maintain status quo the Supreme Court went otherwise, contrary to our legal explanation and created additional two seats. Those two seats will roughly, as Representative Waki mentioned earlier, cost approximately half a million dollars, including fringe benefits or maybe a quarter a million for that matter. So yes, the legislature took part in assisting our government in contributing to the austerity program. We went above and beyond. Now that the sunset provision of Public Law 15-15 expired, one way or the other, we have to pay the Retirement Fund, whether it is 11, 18, or 36.75 percent, it is a policy call by this legislature, by this House of Representatives. In fact, the six hundred thousand dollars that is appropriated for the Retirement Fund contribution for the Legislative Branch is not even sufficient with the 18 members and 9 in the Senate--27 members--I think the running figure is close to one million dollars. Last fiscal year, based on 2003 or Public Law 13-24 we appropriated nine hundred thirty-eight thousand dollars, and there was even a shortfall of a little close to three hundred thousand. Dollars. But as somebody mention, it is a practice that we need to exercise good management judgment whether we want to have three or five workers in our offices, it is dependent upon each member of this House it, be the present members or the incoming members. That is the basic explanation that I can try to clarify or rather explain to our good representative. Representative Joe Guerrero.

Representative Guerrero: Thank you, Mr. Speaker. And at the risk of extending this lengthy session even more I want to also throw in my two cents worth and add on to the comparison that Representative Waki with the six million dollars that we're operating with and compare it to proposed budget. I think one has to be mindful that that figure that you raised was also subjected to the various cuts that were made by the Administration, by OMB. We had an existing budget which was much more of what we were budgeted for and then based on the revenue projections the Secretary of Finance wrote to the legislature about the shortfall and OMB initiated cuts accordingly. That is where you have that basis. There where was than one cut, there were several cuts. We are now at a starting point again when we appropriate the funding. At the end of this year, what you see now may not be the same it may be back to six million dollars if revenues again fall short of what they were projecting. So let us just bare that in mind as well that at the end of this year we may have the same level as what we had last year, which you used as your comparison. I also want to mention about MVA. I agree about giving or appropriating our resources where you have the ability to make to generate more revenue, and I think our actions this year attempted to infuse some funds into MVA through other sources. It is unfortunate that we have come to, what, a legal dispute with Department of Public Lands regarding the Mañagaha Landing Fees, but I fully support clarifying that issue so we can use those funds to go back into tourism for promotional purposes. So, it is not the end for MVA. We still have other alternatives, which I intend--and I am sure the members would also intend-- to restore to those critical agencies. I think this is a good first step. As I said this is a good starting point and from, here depending on resources, if more resources become available then we may pass a supplemental budget, but we need to start somewhere. I want to ask the members for their indulgence to see that we take this first step. We can wiggle waggle, dilly-dally as long as we want but we have to take that first step Representative Waki. With that, I would like to offer motion to end debate, if there is no objection from the members, so we can move on. Thank you.

The motion was seconded.

Speaker Babauta: Thank you. The motion is undebatable and has been seconded. Clerk, call the roll. Before I recognize that, Vice Speaker?

Vice Speaker Quitugua: Just to be consistent with the administrative provision on page 7 on line 27 and the budget worksheet. On the budget worksheet on page 1 starting with 3(e) on the second page to page to 3(x) to combine the utilities under all others instead of a separate category.

Speaker Babauta: Are you saying going back to the original--?

Vice Speaker Quitugua: No, the provision says that it will be paid from the all others account, but on the budget worksheet has a separate category for utilities. I am recommending that we add the utilities over to the operations and have one figure only.

Representative Deleon Guerrero: Point of clarification. If you do that you may be inconsistent with the...

Speaker Babauta: You may be short changes the utilities.

Representative Deleon Guerrero: The language allows for it to be on all others, yes, but for the accounts of individual schools, if we lump sum it--

Vice Speaker Quitugua: But, on the budget worksheet, we have the operation and then we have the utilities, so what I am suggesting is to take the utilities and put it under operations.

Speaker Babauta: Vice Speaker, the reason why we recommend doing that is because we want to allow the schools to be more conservative.

Representative Deleon Guerrero: Mr. Speaker, I think he is right. He is saying to put in the all others of the schools.

Speaker Babauta: Oh, okay.

Vice Speaker Quitugua: Because the administrative language says, it says it shall be paid out under the operations but the utilities are not under the operations .... (*End of Tape 2 side B*) (*Start of Tape 3, side A*) ...it is okay, but all we have do is add amount.

Speaker Babauta: Short recess.

The House recessed at 1:02 p.m.

RECESS

The House reconvened at 1:03 p.m.

Speaker Babauta: We are back to our session and I recognized Representative Joe Guerrero.

Representative Guerrero: Thank you, Mr. Speaker. I would like to offer motion on the summary of appropriations under “H” starting from “E” to “X” including “AA” and “BB”--I’m sorry only to “X” to incorporate the amounts under utilities category into the operations account, so the operation figures will reflect an increase based on the utility rates budgeted and that the legal counsel and the clerk can make that calculations accordingly.

Speaker Babauta: You’re amending the bill.

Representative Deleon Guerrero: I am amending the summary of appropriations, Mr. Speaker.

Speaker Babauta: Is that clear, Counselor.

Legal Counsel Ian Catlett: Can we amend also in the bill change it from all others to operations since you have just put that in operations--just to make it clear.

Speaker Babauta: Okay. Representative Joe Guerrero.

The motion was seconded, and there being no discussion, the motion to amend as offered by Representative Joseph Deleon Guerrero was carried by voice vote.

Speaker Babauta: The motion carries and that would be House Draft 10. I now recognize the main motion offered by Representative Guerrero. Clerk, call the roll.

The Clerk called the roll on the motion to pass H. B. NO. 15-328, HS1, HD10 on Final Reading:

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

Representative Kaipat: Before I vote Mr. Speaker, I just want to say that as much as I would like to pass this budget I am still not satisfied on some areas. Regretfully, I vote no.

Rep. Jacinta M. Kaipat	no
Rep. Jesus SN. Lizama	yes
Rep. Crispin M. Ogo	absent
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 14 ‘yes’, House 15-328, House Substitute 1, House Draft 10 passes the House on Second and Final Reading. I asked the clerk to work on this today so she can transmit to the Senate. The Senate will be having a session Monday afternoon. I remind the Saipan delegation there will be a Delegation session at 9:00 a.m. on Monday. I would reserve Tuesday just in case the Senate makes an amendment and if my Office don’t receive any legal opinion from the Attorney General with respect to the Board of Trustees suspension of Retirement Fund, then I urge your participation to indulge our legal counsel to file temporary restraining order to the Board of Trustees so that we could have them pay those employees that have retired in December and those employees that would be retiring this month. At the advice counsel, he recommends that I write to the Attorney General and he’s drafting the letter already for my signature to be hand delivered to the AG’s Office on Monday morning and I expect an immediate answer from the office so we can solve once and for all have a conclusive conclusion on the issues of our retirees and the potential retirees. I see Mr. Aguon is all smiles back there. Mr. Aguon, thank you for being here this morning, and so as Mr. Cabrera and I thank also all the audience. Gentlemen and chairwoman, I thank you all for your participation today and have a nice weekend, and to our LB staff.

### ANNOUNCEMENT

None

### ADJOURNMENT

Speaker Babauta: The House stands recessed subject to the call of the House.

There was no objection from the floor, and the House adjourned at 1:10 p.m.

Respectfully submitted,

Evelyn C. Fleming  
House Clerk

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**APPEARANCE OF LOCAL BILLS**

**FIRST APPEARANCE:** First Appearance of a local bill is the day of introduction

**SECOND APPEARANCE:** NONE

**THIRD APPEARANCE:** NONE