



# House Journal

## SEVENTH SPECIAL SESSION, 2008

Second Day

July 10, 2008

The House of Representatives of the Sixteenth Northern Marianas Commonwealth Legislature convened its Second Day, Seventh Special Session on Thursday, July 10, 2008, at 9:35 a.m., in the House Chamber on Capitol Hill, Saipan, Commonwealth of the Northern Mariana Islands.

The Honorable Arnold I. Palacios, Speaker of the House, presided.

A moment of silence was observed.

The Clerk called the roll and fourteen members were present. Representatives Edwin P. Aldan, Joseph C. Reyes, and Stanley T. Torres came in late; Representatives Victor B. Hocog, Justo S. Quitugua, and Ralph DLG. Torres were excused.

### **ADOPTION OF JOURNALS**

None

### **INTRODUCTION OF BILLS**

None

### **INTRODUCTION OF RESOLUTIONS**

None

### **MESSAGES FROM THE GOVERNOR**

Gov. Comm. 16-140: (6/26/08) From Acting Governor Villagomez certifying and granting approval to allow attorneys at the Attorney General's Office to receive salaries exceeding the \$50,000.00 cap.

### **SENATE COMMUNICATIONS**

None

### **HOUSE COMMUNICATIONS**

Hse. Comm. 15-56: (7/7/08) From Representative Salas with regards to CUC.

Speaker Arnold Palacios: I want to say that I appreciate the letter Representative Salas. It is certainly insightful, and raised issues that I believe that each of us also have questions to. Representative Yumul, recognized.

Representative Yumul: Thank you. Regarding Gov. Comm. No. 16-140, the document that was provided by Acting Governor Timothy Villagomez, the paragraph cites pursuant to 1 CMC 8248 (b) as amended by Public Law 8-6 Section 4, they failed to include a further amendment under Public Law 15-81 which actually authorized the above the annual salary cap for attorneys. That is the actual public law that allowed for it. The House Communication that I have provided the members the other day has the explanation, so basically it is in order. Although it is untimely but I take this on a positive note that we will not see any furloughing or termination of any employee because if there is money to give to salary increases then surely there are funds for maintaining the government employees until the end of this fiscal year. Thank you.

Speaker Arnold Palacios: Thank you. It is ironic is it not Representative Yumul, the salary cap exemptions are exceeding \$50,000 and you are correcting the Acting Governor's citation of laws and all individuals that are going to get over the salary cap are all Assistant Attorney Generals.

#### **COMMUNICATIONS FROM THE JUDICIAL BRANCH**

None

#### **COMMUNICATIONS FROM THE RESIDENT REPRESENTATIVE**

None

#### **COMMUNICATIONS FROM DEPARTMENTS & AGENCIES**

Dept. Agency Comm. 16-33: CUC

Speaker Arnold Palacios: Be that as it may on I like to include Department & Agencies Communication 16-33, I believe that this communication has been passed out to you. This is a letter from the Executive Director of CUC basically addressing the questions on funding certifications that was raised by the Floor Leader in our meeting last week and other several meetings which continues to be question so I guess this is the official answer whether we can take it up on the next Session, Floor Leader, if you like or later on comment now you are certainly are welcome. Thank you. Representative Sablan.

Representative Sablan: Thank you Mr. Speaker. I just want to comment briefly on something that did catch my eye on the fifth paragraph of Mr. Muna's letter where he explains that the certification in funding as stated in the letter is prospective in nature and that they expect to pay for liabilities arising from the contract through the realization of projected revenue increases plus cost savings. If that is in fact the case then I am even more bewildered as to why the Legislature is being asked to identify funding for this contract. Thank you.

Speaker Arnold Palacios: Thank you. Alright, those questions probably could be answered and we could deliberate on those specific issues.

## OTHER COMMUNICATIONS

None

## REPORTS OF STANDING COMMITTEES

Speaker Arnold Palacios: Floor Leader.

Floor Leader Camacho: Thank you Mr. Speaker. A motion to adopt SCR 16-30 reporting on House Bill 16-9.

S.C.R.No. 16-30: Reporting on **H.B. No. 16-9**, entitled, "To establish a public corporation for hospital services known as The Commonwealth Hospital Corporation; and for other purposes." *Your Committee on Health, Education, and Welfare recommends passage in the form of H.B. No. 16-9, HSI. (ADOPTED)*

The motion was seconded.

Speaker Arnold Palacios: Discussion. Ready?

There was no discussion and the motion to adopt S. R. C. 16-30 was carried by voice vote.

Speaker Arnold Palacios: Floor Leader.

Floor Leader Camacho: Thank you again Mr. Speaker. A motion to adopt S. C. R. No. 16-31 reporting on House Legislative Initiative 16-13.

The motion was seconded.

S.C.R.No. 16-31: Reporting on **H.L.I No. 16-13**, entitled, "To amend Article III of the Constitution of the Northern Mariana Islands." *Your Committee on Health, Education, and Welfare recommends passage in the form of H. L. I. No. 16-13, HD1. (ADOPTED)*

Speaker Arnold Palacios: Discussion. Ready.

There was no discussion and the motion to adopt S. R. C. 16-31 was carried by voice vote.

Speaker Arnold Palacios: We do not have any other items on the Agenda, so we will go directly to Bill Calendar.

## REPORTS OF SPECIAL AND CONFERENCE COMMITTEES

None

**UNFINISHED BUSINESS**

None

**RESOLUTION CALENDAR**

None

**BILL CALENDAR**

Speaker Arnold Palacios: Floor Leader.

Floor Leader Camacho: Thank you again, Mr. Speaker. A motion for passage on First and Final Reading House Bill No. 16-19, HD1.

The motion was seconded.

H.B.No. 16-19, HD1: A Bill for an Act to amend 8 CMC § 1402, and for other purposes.

Speaker Arnold Palacios: Discussion. Short recess.

*The House recessed at 9:45 a.m.*

**RECESS**

*The House reconvened at 9:46 a.m.*

Speaker Arnold Palacios: We are back to our session and under discussion of H. B. No. 16-19, HD1. Ready, Clerk, call the roll.

The Clerk called the roll on the motion to pass H. B. NO. 16-19, HD1 on First and Final Reading.

Representative Edwin P. Aldan	absent (during voting)
Representative David M. Apatang	yes
Representative Oscar M. Babauta	yes
Representative Diego T. Benavente	yes
Representative Joseph N. Camacho	yes
Representative Francisco S. Dela Cruz	yes
Representative Joseph P. Deleon Guerrero	yes
Representative Victor B. Hocog	absent (excused)
Representative Heinz S. Hofschneider	yes
Representative Raymond D. Palacios	yes
Representative Justo S. Quitugua	absent (excused)
Representative Joseph C. Reyes	absent (during voting)
Representative Christina M. Sablan	yes
Representative Edward T. Salas	yes
Representative Rosemond B. Santos	yes
Representative Ramon A. Tebuteb	yes
Representative Ralph DLG. Torres	absent (excused)

Representative Stanley T. McGinnis Torres	absent (during voting)
Representative Ray N. Yumul	yes
Speaker Arnold I. Palacios	yes

Speaker Arnold Palacios: By a vote of fourteen “yes” H. B. No. 16-19, HD1 hereby passes the House. Floor Leader.

Floor Leader Camacho: Thank you again Mr. Speaker. At motion for passage on First and Final Reading H. L. I. No. 16-11.

The motion was seconded.

H.L.I. NO. 16-11: A House Legislative Initiative to amend Article III, Section 9(a), of the Constitution of the Northern Mariana Islands to prohibit the withdrawal of any funds from the General fund except by appropriations made by law.

Speaker Arnold Palacios: Discussion. Representative Benavente.

Representative Benavente: Thank you, Mr. Speaker. Because of what I felt is necessary and what I truly believed in, not only did I introduced this, Legislative Initiative but I also introduced earlier a bill that will withhold salaries of members of the legislature as well as the governor and the lt. governor if a budget is not passed. I truly believe that the financial crisis that the CNMI Government is faced with today came as a result of the inability of this government to pass a budget, and we need to deal with that situation. One of the ways that other entities within the United States more specifically I believe there are about 23 states that has this in their Constitution, requires a shutdown of certain agencies if a budget is not passed before the beginning of the fiscal year. While other states that do not have that provision provides for more stricter laws and in constitutional languages that would force the legislature and the administration to have a budget. Mr. Speaker, I remembered my first year in office in 1990, the 7<sup>th</sup> Legislature, and I still remember the budget at that time was a little bit over \$60 million. It was not too long in the 8<sup>th</sup> Legislature and the 9<sup>th</sup> Legislature when the increase started. The economic boom of those days started and the budget rose sometimes almost doubling and the first year. The second year, I believe, it went up to like \$140 million and then it just started to climb and we went as far as \$242 million, \$243 million, which is the highest budget we ever made. And I now still remember that when we started losing revenues with the economic problems that we were faced with and the revenues started reducing it did not reduced from that \$243 million to the \$151 million that the projection that we recently received, it went down to about \$230 million then down to about \$226 million and then \$214 million. If we had this type of policy in our Constitution we would not have been caught in this situation where it is now \$151 million, almost \$100 million less than the last continuing resolution that we had and we find ourselves not able to deal with it and that is why we have not been able to pass a budget. So I hope that we take a strong position on this necessary policy so that we can resolve and I believe the only way to fix our financial crisis right now is to have this kind of policy where we have a budget prior to the beginning of the fiscal year. You know, trying to pass this year’s budget I still do not have an answer for that at this point, but we need to have one if we want to avoid facing the same problem and maybe an even greater problem in the future. So I ask the members for their support on this I believe a very important policy change in our government. Thank you, Mr. Speaker.

Speaker Arnold Palacios: Thank you. Representative Santos.

Representative Santos: Mr. Speaker, when the committee was deliberating about this particular initiative, there was a bit of concern with an entire shutdown of the government but what needed to be kept in line was the fact that we have not been fiscally responsible for the most part having our deficit the way it is right now. And the saying goes, you cannot really feel the pain until you are actually in it, and so I can almost guarantee that if we do experience a shutdown as what this initiative proposes that we will then see the consequences of such irresponsibility of not passing a budget timely and annually. Look at Puerto Rico, for example. That was very shocking and I can almost guarantee you that Puerto Rico will not go down that road again. Because once you feel such a pain you have to think of the bigger picture the CNMI as an entity, as a family, as a government body, we cannot let our people suffer because of our irresponsibility. What we also kept in mind was that as long as the essential services are still intact such as our public safety and, our hospital, I think we will be okay. In the mean time, a shutdown is only temporary but this will force us to be paying closely attention to our fiscal responsibilities of having a budget annually. And I do hope that the members do consider that and vote for this initiative.

Speaker Arnold Palacios: Thank you. Representative Babauta.

Representative Babauta: Thank you. First, Mr. Speaker, I commend the author and of course the committee for diligently working on this initiative. It calls not only that it would impress and compel the administration to submit a budget timely for new fiscal years but it impresses and imposes and, furthermore, forces the legislative body to act on a balance budget before any fiscal year starts. I note with curiosity on the committee report, did we ever have a concurrent resolution for fiscal year 2009?

Speaker Arnold Palacios: No, we have not done that yet.

Representative Babauta: I must debate the amendment here, Mr. Speaker, and, of course, I will continue to support this initiative. But, I want to be clear on page 2, line 28. How will we continue to provide services knowing that this amendment will in fact shutdown these services?

Speaker Arnold Palacios: Representative Santos.

Representative Santos: The committee report states that any details after this constitutional provision has to be implemented by law. We have to remember that the Constitution is a little bit broader than law. Although this seems to be broad right now there should be a law or proposed bill stating the process of how these services are going to be delivered during this shutdown.

Speaker Arnold Palacios: Representative Babauta, you still have the floor.

Representative Babauta: I will yield for now because I intend to offer an amendment.

Speaker Arnold Palacios: Okay, Representative Deleon Guerrero recognized.

Representative Deleon Guerrero: Thank you, Mr. Speaker. The intent of the initiative is a good. It is not a bad idea, and I support the initiative. I am one of the coauthors. Representative Santos is correct

in that how the essential services of health, safety, and welfare of the people will be protected will probably be addressed by statute. One policy call we could make here involves our public school system. I wonder though if in fact either the governor fails to submit a budget or the legislature fails to pass a budget since it is not in here the possibility of schools not opening because of funding. It is not addressed here, you can look at either way. One, we can protect the Public School System by amending this and including education as one of the essential services we want to protect. On the other hand, by not including it, it would certainly create an uproar if we do not pass a budget and therefore perhaps make this more effective and prompting the legislature and the governor to ensure that there is a budget passed. So that is a policy call on our part, but I am a little concerned about the education part of it. I am considering asking the author if he is amendable to including that as an essential service.

Speaker Arnold Palacios: Representative Hofschneider.

Representative Hofschneider: Thank you, Mr. Speaker. There are a couple of things that I would like to point out. The Vice Speaker has pointed out one obvious omission and that is education and the Northern Marianas College (NMC). The other is it does not attempt to deal it with because the passage of a budget is a two party tango. First, the Administration sends it in to the Legislature on a specified period by April 1<sup>st</sup>. Now, if the Governor has done his part in submitting it and likewise what is going on is that we are still deliberating on the budget. If the onus is on the Legislature for not passing it by October 1<sup>st</sup> on the new fiscal year and whereby in a situation or in a scenario where the Executive Branch has submitted and fulfilled its part, the legislature by its goodwill decided not to act appropriately on time there is no penalty on the Legislature but the penalty is on the public service in this language provided. And that is a problem. Whereby the Legislature has been accused historically for not acting on a budget for whatever the reasons are, the Executive Branch historically been submitting on April 1<sup>st</sup>. However, there are times in the past, and in the recent past. that the Administration failed to submit by April 1<sup>st</sup>. There has to be a penalty and the penalty provided under this initiative is a shutdown with the exception of the essential services as enumerated in the amendment by the committee leaving out public education and the Northern Marianas College. I would like to raise one thing, Mr. Speaker, is that perhaps it has nothing to do with NMC, I am willing to take that initiative that I introduced on passage of a timely budget and put it in and that has and contains specific guidelines who is responsible for non passage of a budget so that we stop the continuing appropriation. That is always and has been in the past used as an excuse not to pass a budget. And even if we take the time and he vetoes a budget, we go back to continuing resolution in the absence of a budget. This does not attempt to resolve that sort of a bypass in the process so there will still be a question of whether there is a continuing resolution provided in the Constitution in spite of the attempt to shutdown all the other agencies including the legislature and the judiciary. By the way, we cannot completely shutdown the Judicial Branch. There are due processes that you need to be mindful of so you cannot completely shutdown the Judicial Branch. We need to deal with that aspect also. I would like to suggest to take a look at that language the initiative and insert it and use it as body and keeping intact the Initiative and the author. Because that provides for specificity on timetable, and submission, and if the governor fails to submit he is penalized by removing his reprogramming authority because that is the most obvious excuse that the Administration has been using. The second is, if the legislature receives that on time or thereafter and the Legislature fails to act on it on a specified date then there is a shutdown with the exception of the four essential services. But in the meantime, the shutdown includes the Legislature but it gives recognition that the Judicial Branch's should continue because there are criminal matters that we need to be mindful of in the process of the Judicial Branch responsibility.

Speaker Arnold Palacios: Representative Benavente.

Representative Benavente: Thank you, Mr. Speaker. I just want to say and copies of those figures are part of this committee report. We are not trying to reinvent the wheel here. There are as I said, 23 out of the 50 states and territories that have this provision already, so it is pretty clear as to the policy change that we want to make and we also do not want to start including in the constitution languages that are left off in statute in laws. In most constitutional languages you would not see specific provisions but in fact when you refer to welfare, education is part of the welfare. I do not believe that there is any problem in being more specific with that but I again warn against in providing languages in the Constitution that are better left off in legislation. At this time though I would like to offer an oral floor amendment if there is no objection by the members.

Members stated “no objection”.

Speaker Arnold Palacios: Please proceed.

Representative Benavente: I offer a floor amendment on page 2, starting on line 29, rather than, “services and employees must” change that to “shall remain available as provided by law” and between “available” and “in”. That is the first oral amendment that I would like to make, I need a second.

The motion was seconded.

Representative Babauta: Point of clarification.

Speaker Arnold Palacios: Representative Babauta, state your clarification.

Representative Babauta: Can I ask Representative Benavente to repeat that.

Representative Benavente: Strikeout “must” and put “shall” so that it reads... “That certain government services and employees shall remain available as provided by law in order to deliver service essential to health, safety, and welfare of the people”.

Speaker Arnold Palacios: Let us have a short recess.

*The House recessed at 10:07 a.m.*

*RECESS*

*The House reconvened at 10:25 a.m.*

Speaker Arnold Palacios: Before proceed on those continued discussion on this motion, Clerk, please mark up Representative Aldan, Representative Stanley Torres, and Representative Joseph Reyes as present. When we went on recess we were discussing the amendment and we will continue with discussion, Representative Benavente.

Representative Benavente: Thank you Mr. Speaker. I know there was some confusion on the legislation itself, for the record I would like to ask all the members to please refer to the legislation that is attached with the committee report that we had adopted recently and that is the committee report that has a language that says “must” on line 29, page 2. And so.... (End of Tape 1, Side A)

Speaker Arnold Palacios: Are there any further discussions on the floor amendment offered by Representative Benavente? Representative Babauta.

Representative Babauta: Thank you. Again, Mr. Speaker, how do we address the first sentence it says, “No money shall be drawn from the general fund” and on subsequent sentence it says, “provided further that certain government services and employees shall remain available in order to provide those services...”

Speaker Arnold Palacios: Representative Benavente.

Representative Benavente: The blah, blah, blah is actually where it goes to specifically to say “deliver essential services” or “services essential to health, safety, and welfare”. So yes, while the first part of the sentence on page 2, might not seem in order if you were to continue to read it and say “remain available as provided by law to deliver services essential to health, safety, and welfare of the people of the Commonwealth.”

Speaker Arnold Palacios: Okay. You still have the floor, Representative Babauta.

Representative Babauta: Understandable, but, how do we know that the next Secretary of Finance or whoever the expenditure authority is would oblige to this paragraph? We need to insert something here similar to other provisions “except as provided by law” or “as provided by law for that matter”.

Speaker Arnold Palacios: That is the amendment motion that he has made.

Representative Babauta: No, he only injects “shall.”

Speaker Arnold Palacios: No, he took out “must” and inserted a “shall” and after the word “available” insert “as provided by law” in order to deliver services essential to the health, safety, and welfare. So “shall remain available as provided by law”, is the amendment that we are entertaining. Okay, so clarified. Representative Sablan.

Representative Sablan: I will yield for now, Mr. Speaker, we can just vote on the amendment.

Speaker Arnold Palacios: Representative Hofschneider.

Representative Hofschneider: Again Mr. Speaker I will support the Initiative but it is one thing to be theoretical, and constitutional drafting and constitutional languages is one thing, it is another to be practical. Be it as it may, Mr. Speaker, I think that time will tell. I would give that degree of confidence to this Initiative but time will tell having known the history of this body and participated I anticipate that there will be a degree of abuses in the terms of the language being provided by law to

suit the temperament of future legislators they will come in and abuse that part of the language. But, it is a workable language and I will support, it Mr. Speaker, thank you.

Speaker Arnold Palacios: Thank you. Representative Camacho.

Floor Leader Camacho: Thank you, Mr. Speaker, I too will support the intent of the Initiative. I do want to comment that I do not think it is strong enough. There needs to be a real bite to it in regards to whether legislators will lose their salaries or forego their operational funds and things of that nature, but I do understand what the author is trying to do and I will support it to that extent. But for the record, I do not think it goes far enough. Thank you, Mr. Speaker.

Speaker Arnold Palacios: Representative Apatang.

Representative Apatang: Thank you, Mr. Speaker. Are we discussing the amendment or are we debating on the initiative?

Speaker Arnold Palacios: Only on the amendment.

Representative Apatang: Okay, I will wait until we dispose of the amendment, thank you.

Speaker Arnold Palacios: Are there anymore discussions on the amendment offered by Representative Benavente. Ready?

The motion to adopt the oral floor amendment offered by Representative Benavente was carried by voice vote.

Speaker Arnold Palacios: We are back to the main motion. Discussion. Representative Apatang.

Representative Apatang: Thank you, Mr. Speaker. I have no problem supporting initiative but the question that I have is, what is the problem actually? Why are we doing an initiative amending the Constitution? How did we come about in initiating this initiative?

Speaker Arnold Palacios: Let me recognize the author since he initiated it, and then I will allow the other members. Representative Benavente.

Representative Benavente: The reason and why this initiative was necessary is, again, because of what I feel is the reason we are at today in this financial and I say financial crisis that the CNMI Government is faced with. Our policy on passing the budget is just too lenient, the provision of a continuing language while it did not hurt us in those years which I was referring to earlier in the good years of the 80's and the 90's because we had seen a budget that increased every year we did not feel the harm we did not see the need for a strong language like this because we never really had to worry about making the cuts or living within our means because if some agency were to spend a little bit more a couple of months later there will be a supplemental budget on additional revenues that was identified and would cover that cost. No one was forced to live within its means in those times until the economic boom stopped and we started facing the economic downturn where revenues now started decreasing and because of the provision of continuing resolution the Legislature and I say the Legislature actually has

the bigger responsibility, if we are pointing fingers, while the Administration may have not submitted a budget always in time on April 1<sup>st</sup> it is really was the Legislature's inability to make the decision on where to make the cuts when we went from a \$243 million to a \$232 million, a \$10 million cut was not something that the Legislature wanted to do. So, the easy way out was to allow the other language of the Constitution that says if there is no budget then a continuing resolution shall continue. The problem with that is that continuing resolution is based on a \$240 million and here we are projecting a total revenue of \$230 million. That is part of the problem by not passing a budget and the reason why the Legislature had not wanted to pass a budget in the past is because it did not want to make the necessary action of cutting agencies that needed to be cut in order to meet the other language of the Constitution which says that the Legislature shall pass a balance which really means the Legislature shall pass a budget where agencies have to live within the means which is matching the total revenues projection and a total budget. What I was trying to say earlier, Mr. Speaker, is that this would have been easier for the Legislature if we had this language I do not think that there would be any problem in the past to find \$10 million to cut out of a \$243 million and we would have been able to live within that means during those years and that would have been back in 1997, almost ten years ago or more than ten years ago and the following year when it went down to \$220 million and then the following year when we down to \$216 million. But if we had this language in the Constitution that forces us to act on this budget it would have been an easier job rather than trying to figure out how to go from a \$240 million continuing or not because I think we passed the budget since then one time. It is still a substantial reduction in the budget and that is why we are now faced with a situation where it is almost impossible to pass a budget. So I again go on to say that it is going to be tough to pass a budget for this year because of this situation and we just got to stop that by providing a language in the Constitution that would require the legislature and the administration to pass a balanced budget. Thank you.

Speaker Arnold Palacios: Thank you. Before I recognize anybody else if there is no objection I would like to make some comments. One of the issues here is that we have to and I have been for four terms some have been here for twice as many terms and so even though in those four terms that I have been here I am pretty sure that the Legislature have in the past passed budgets and even imposed cuts. I want to correct Representative Benavente that I have seen what the Legislature did, indeed cut budgets, only to be vetoed in the Executive Branch. So it is indeed a two-party issue, one, is the Executive Branch and the other is Legislative Branch, where you have the Legislature passing a balanced budget basically imposing what it believes should be the budget for a particular year and in some cases cutting departments and at the same time increasing other agencies' budget as it sees in terms of priority. So in many cases one of the reasons why budgets do not pass is because of the disagreements between the Executive Branch and the Legislative Branch not to say that even between the two houses of the legislature. Those are issues that have contributed to the lack of budgets also in the past. Representative Hofschneider.

Representative Hofschneider: I have been very patient while you were debating.

Speaker Arnold Palacios: I was not debating, I was clarifying some stuff.

Representative Hofschneider: Nonetheless, Mr. Speaker, the question was asked, why are we doing this? In my opinion, Mr. Speaker, it does not take a constitutional amendment as we are debating on the floor. What it takes is Leadership, the will to do what is the right thing to do in getting a budget through and legally spending taxpayers money. Historically, if you look at our maladies, it started in

the year 2000. There was no political will, there was lack in leadership and I guess we can pin the blame specifically on the Administration and the Legislature at that time. We lack the leadership in the respect that we did not have the money. The economy was sliding, yet we have not passed the budget. As a matter of record, audited financial statement of the Commonwealth has proven that in spite of the lack of revenues, in spite of a passage of a budget in that fiscal year starting 2000, in spite of it we owed Retirement Fund beginning in the year 2000 as a result of a memorandum of understanding or a memorandum of agreement. That is a copout way. So even if the legislature passes a budget, the back door wheeling and dealing, allowed for the current deficit over \$160 million and mind you this is audited financial statement of the entire Commonwealth. We have an accruing real deficit as a result beginning year 2000. So in spite of this language, Mr. Speaker and members, it is the lack of foresight and the lack of the will to do what is right and in just in the recent months the off again on again attempt to furlough people in spite of the hardship of meeting payroll and meeting the obligations of the government and we continue to owe Retirement Fund. There has to be, Mr. Speaker, I totally subscribe to the theoretical notion that the Constitution should be left and written in a general frame and then the details should come legislatively, but this very body is partly responsible for abusing it. For instance, “notwithstanding”, we have come to really abuse that statutory language “notwithstanding public law blah, blah,” “notwithstanding this law” “notwithstanding this provision”, so who are we kidding? What we need to do, Mr. Speaker, is face reality that if we have \$10 try to spend less than \$10. Do not think that \$10 is an authorization to spend \$15, and that has happened since the year 2000. That is what it takes and for this Constitutional amendment, Mr. Speaker. It is in the direction, it is a good step, but amongst us we have history experience and I think that to deny ourselves the reality and the practical approaches in government is what has brought us to this stage that we all closing in to \$200 million of real deficit and a continuing resolution is a copout way of not fulfilling the responsibility of this body to pass a budget on time. A detailed balance budget, that is what is required. Thank you, Mr. Speaker.

Speaker Arnold Palacios: Representative Apatang, you asked that one question and you certainly got a substantially longer answer.

Representative Apatang: Actually I am still not clear as to the complete rationale as to why did we come up with this particular initiative when the present constitution statute to me is satisfactory. There is nothing wrong with it. My question is, where is the problem?

Speaker Arnold Palacios: State your point Representative Hofschneider.

Representative Hofschneider: I think the hidden intent in the language is the penalty. That is why we are here, that is why we are trying to provide new language in the Constitution that by way of not passing a budget there is a penalty and the penalty is a shutdown with the exception of those enumerated as essential services and provided by law.

Speaker Arnold Palacios: Representative Apatang, you still have the floor.

Representative Apatang: Mr. Speaker, I think the statute says that the Governor should submit a budget to the Legislature by April 1<sup>st</sup> and that is mandated. What is the obligation of the Legislature to pass the budget by a certain time, so by doing this initiative actually we are telling ourselves to do our job, which we are not doing our job so we are doing this initiative to tell us to do our work on time and that is my problem. Our problem is to pass a budget by the end of the fiscal year so we are not doing that

we are going to come up with an initiative to change the Constitution to tell ourselves to do our job, that is my question. Thank you.

Speaker Arnold Palacios: Representative Reyes, thank you for your patience.

Representative Reyes: Thank you, Mr. Speaker, I think the word here is irresponsibility. I can understand where Representative Benavente and Representative Apatang hit it right on the nail. The only thing that troubles me, Mr. Speaker, and I support the bill because I signed the committee report and all but the only thing that troubles me and perhaps the legal counsel can answer the question. We are talking about two things here, a budget and a balanced budget. I talked to the Secretary of Finance to tell me what is a budget and a balanced budget and if I recall this correctly a balance budget includes the booking and entries of liabilities. What troubles me is again the definition the difference between a budget and a balance budget because under line 26, page 2, if a balanced budget is not approved, that is what troubles me because I was watching Fox News the other day, even the United States of America does not have a balanced budget and the candidates running for President say I will balance the budget by 2013. How can we balance this budget that is so unbalanced right now with a deficit of a \$160 million would that fit in within the definition of a balance budget and if we do not cure that in one year's time which is practically impossible, does this provision kick in, that is what concerns me.

Speaker Arnold Palacios: Representative Benavente you raised your hand before Representative Hofschneider, do you want to answer that question?

Representative Benavente: No, Mr. Speaker, I was actually trying to ask you to recognize the Floor Leader who has a floor amendment. I do not think I am able to answer the question being asked by Representative Reyes.

Speaker Arnold Palacios: Okay. Representative Salas can you answer his question?

Representative Salas: No, but I have...

Speaker Arnold Palacios: Okay, let me have Representative Hofschneider because he still has the floor, refer to that question.

Representative Hofschneider: Mr. Speaker, to answer that question is very simple and I think earlier I do not know if he was awake from his chair, but to answer him specifically, it takes Leadership. If you have \$10 try not to spend the whole \$10. An approved budget of \$10 does not constitute spending \$15, which has happen since year 2000 and that is audited financial statement and the Public Auditor and the Independent Auditors have pointed this out repeatedly that we failed to recognize that the economy can only sustain \$140 million yet we suspend the earmarking, these are all foolish thinking. Instead of expanding the economic base and get revenues so that the revenue can be correlating corresponding to the outlay of the budget in detail and balance it. We do not remit to Retirement, we do not remit to government insurance, we do not pay vendors. These are all accruing liabilities that offset the balance of the budget and regardless of what the language is I think that the penalty that the only real substantive in this initiative is there is a penalty that if the Legislature does not pass a budget either by way of the Governor failing to submit it on April 1<sup>st</sup> and submits it in September regardless who is at fault there is a shutdown and that is a more obvious and necessary evil either be upon the Legislature

for not acting on a budget or the Administration for not giving the appropriate time for the Legislature to consider a budget.

Speaker Arnold Palacios: Representative Salas.

Representative Salas: Yes, Mr. Speaker, like some of the members here I am really a proponent of this initiative, as it proposes to prohibit withdrawal of funds from the general fund unless appropriated by law and it also forces the Legislature, I believe, to hopefully have a different mindset and cease the practice of passing a continuing resolution and instead pass a meaningful budget. But I am concerned and I do agree with the Floor Leader that there is no penalty for the Legislature and the Governor in the event that if a budget is not passed and the penalty like Representative Hofschneider indicated is that there is a complete shutdown unless except for the essential services. So basically what we are doing and I am very concerned about that is that we are really penalizing our people for the legislative body for not doing its job in passing a budget. And I agree with Representative Apatang. It is our job to pass the budget and for the life of me I do not know why budgets have not been passed and they have been I guess the continuing resolution. So I am just hopeful that it does not reach that point. We need to do our jobs and ensure that the people are not penalize so if it takes all of us locking ourselves in this chamber and discussing for many hours the budget until it is passed then so be it because I really do not want our people to be penalized for our failure to pass the budget.

Speaker Arnold Palacios: Thank you. Floor Leader.

Floor Leader Camacho: Thank you, Mr. Speaker, like I said earlier during the discussion on the amendment, presently I do support the initiative. I understand what it is trying to do. At the same time I think we need to put more bite into it and my biggest concern is for the guy down at Public Works who is a sow out the earth, working Monday through Friday, does his 80 hours, and has no complains and then low and behold we do not pass a budget and then all of the sudden he is not essential therefore he is not working. For the lady that is working at the Mayor's office answering phones has no say in the policies of the CNMI and low and behold she is not essential because we do not do our jobs. I would like to make an oral amendment Mr. Speaker, I move that on page 3, line 2, at the end where it says "destruction of property" that this language will be added: "Provided further that the Governor's salary shall be suspended if he or she does not submit a budget by April 1<sup>st</sup> and the Legislator's shall be suspended if a balanced budget is not passed by October 1<sup>st</sup>."

The motion was seconded.

Speaker Arnold Palacios: Discussion. Ready. Would you repeat it again, Floor Leader?

Floor Leader Camacho: I will say it out. On page 3, line 2, after the words "destruction of property" that these words will be added:

*Provided further that the Governor's salary shall be suspended if he or she does not submit a budget by April 1<sup>st</sup> and the Legislator's shall be suspended if a balanced budget is not passed by October 1<sup>st</sup>.*

Speaker Arnold Palacios: It has been seconded I have recognized it, we are under discussion. The Vice Speaker asked that he would repeat. Representative Hofschneider.

Representative Hofschneider: Floor, can you rephrase that and detailed balance because he can submit us a monkey wrench.

Speaker Arnold Palacios: A detailed balance budget according to the Planning and Budgeting Act. Floor Leader.

Floor Leader Camacho: Okay. Mr. Speaker, input from the members we can make that language a lot clearer.

*Provided further that the Governor's salary shall be suspended if he or she does not submit a detailed and balanced budget by April 1<sup>st</sup>, and the Legislator's salary shall be suspended if a balanced budget is not passed by October 1<sup>st</sup>.*

Speaker Arnold Palacios: Okay everybody is cleared with that. The second to that motion still stands. We have a motion on the floor, Representative Santos.

Representative Santos: Mr. Speaker, during our deliberation in committee we did talk about what detailed and what balanced budget and we had no clue what that means in our world as legislator's. I think that is better defined by economist and budget analyst unless somebody can offer a definition. Otherwise, we can address that by statute and I do not think it is appropriate in a constitutional provision. But I do understand the intent and the approach but that is just what the committee felt at the time of deliberation.

Speaker Arnold Palacios: Okay, thank you. I guess we can extend this to 11:30 a.m. Representative Sablan.

Representative Sablan: I just wanted to ask if Representative Santos' concern is just with the word "detailed" or also with the word "balanced" in that amendment.

Representative Santos: Just with the word "detailed".

Speaker Arnold Palacios: Thank you. Are there anymore comments. Representative Benavente.

Representative Benavente: On the amendment I now wonder should we be more specific on the suspension. It does not have an ending or do we want to say that until the Governor submits the budget because the suspension may continue on. Would that be necessary in the language? Well for the Governor, if I may, Mr. Speaker, and I hope that at this time maybe the Floor Leader can review the possibilities.... (End of Tape 1, Side B)

Speaker Arnold Palacios: Please continue, Representative Benavente.

Representative Benavente: Okay. The Floor Leader had just asked me maybe a short recess, so that the counsel can put together the proper language so that our salaries will not be suspended until the election.

Speaker Arnold Palacios: Short recess.

*The House recessed at 10:58 a.m.*

*RECESS*

*The House reconvened at 11:10 a.m.*

Speaker Arnold Palacios: We are back to our session. We are discussing the amendment proposed by the Floor Leader. Floor Leader.

Floor Leader Camacho: Thank you Mr. Speaker, during the recess I discussed with the author and other members and maybe for clarity if no objections I would like to withdraw and resubmit my motion.

There was no objection on the floor.

Speaker Arnold Palacios: Please proceed.

Floor Leader Camacho: Thank you, Mr. Speaker. A motion to amend and the legal counsel will read into the record the language.

Speaker Arnold Palacios: Legal Counsel could you read that into the record.

LC Antonette Villagomez: On page 3 of the Initiative on line 2 after “property” insert semicolon “;” and after that it shall read:

Provided further that if the Governor does not submit a detailed and balanced budget to the Legislature by April 1<sup>st</sup> the Governor’s salary shall be suspended until such time that a detailed and balanced budget is submitted to the Legislature. If the Legislature does not pass a balanced budget by October 1<sup>st</sup> the Legislator’s salaries shall be suspended until such time that a balanced budget is passed by the Legislature.

Floor Leader Camacho: I move, Mr. Speaker.

The motion was seconded.

Speaker Arnold Palacios: Discussion. Representative Santos.

Representative Santos: Mr. Speaker, I am kind of concern with the language. You submit a detailed and balanced budget but in the end you pass a balanced budget or a budget, is that what that read, and I do not see the difference between the two. What is a detailed and balanced budget? What takes that into consideration? What defines or what is a detailed and balanced budget and what is the measure that we use to define those ramifications?

Speaker Arnold Palacios: Representative Hofschneider.

Representative Hofschneider: The definition of detailed balanced budget is when the Governor submits class coding as to the identification of each line item funded in the appropriation. That is a detailed balanced budget. The Legislature in turns is a summary approval of the balanced budget, that is the definition.

Speaker Arnold Palacios: Okay. Representative Reyes.

Representative Reyes: Thank you, Mr. Speaker, just a clarification given that we are a bi-cameral Legislature and what if the budget was passed at a later date by the House and it does not get passed by the Senate. Why should I suffer if members of the Senate fail to act?

Speaker Arnold Palacios: Let me answer that. Therefore, within the bodies to put together a Conference Committee to hammer out the differences so that a balance budget. Representative Hofschneider.

Representative Hofschneider: The reality is the Senate is predominantly controlled by the two Senatorial Districts of Rota and Tinian. Now, it behooves Rota and Tinian not to pay attention to the budget because everyone is included. Now, Rota and Tinian Mayoral budget is included in the budget process. Now, in your example if the Senate sits on it if the three Senators' from Saipan wants to get moving with the budget and pass the budget but the Senatorial District of Rota and Tinian gang up on Saipan and hold back the budget then the Mayoral budget for Rota and Tinian as well as the others that are not identified or provided by law will suffer the consequence of a shutdown.

Speaker Arnold Palacios: Representative Reyes, you still have the floor. Does that answer your question?

Representative Reyes: Well, pretty much, I just like to state that for the record Mr. Speaker. Thank you.

Speaker Arnold Palacios: Representative Benavente.

Representative Benavente: Thank you, Mr. Speaker, just to further clarify. It does not necessarily mean that is the only situation we might be faced with because the budget process is that if the House which has to start, passes it and it goes to the Senate, the Senate makes the amendment and then comes back to the House. So there could be a situation where the Senate acted and the House held it back. So it really works both ways and once again this is just one of the smaller penalty provision of the intent of this Initiative the major one is the fact as Representative Hofschneider pointed out we still have in the back of our minds that the Legislative Branch will be shutdown if a budget is not passed. Thank you.

Speaker Arnold Palacios: Representative Sablan.

Representative Sablan: Thank you, Mr. Speaker. I would like to thank the Floor Leader for offering this amendment. Since I share the same concern that there were no penalties for the governor and

legislator's for failing to their jobs. I would like to make a suggestion that we move that language however to the Section on page 2, on line 26, so that we have these deadlines in placed and that we change the deadline for the Legislature to approve a budget from October 1<sup>st</sup> to September 1<sup>st</sup>. So what I am saying then is that we put in those penalties prior to the sentence that says: "If a balanced budget is not approved before the first day of the fiscal year then the government will commence...." Just for clarity purposes and then that we change the date for the Legislature to approve a budget to September 1<sup>st</sup> so that we have 30 days in the event that the Governor vetoes the budget to come back to the table and get something passed before October 1<sup>st</sup>.

Speaker Arnold Palacios: Representative Benavente.

Representative Benavente: Mr. Speaker, on the first concern, the clarity, I do not see how that could be clarified. It actually is more of a penalty provision after the end of the statements that we are making we are adding additional provision of penalties. So it does not really matter where we put it in the Initiative. The other idea of providing a September 1<sup>st</sup> deadline versus an October 1<sup>st</sup> becomes a conflict in the languages of the Constitution. There is already a Constitutional language that has the October 1<sup>st</sup> and really what we are referring to is October 1<sup>st</sup>. So if the Legislature passes the budget on September 30<sup>th</sup> which nothing really happens there is no need to provide for this penalty to the Legislature 30 days in advance not knowing that we have complied with the Constitutional requirement of having a budget by October 1<sup>st</sup>. I see it as an unnecessary requirement. Thank you.

Speaker Arnold Palacios: Thank you. Ready. Representative Sablan.

Representative Sablan: So what happens then if the Governor does not approves the budget, if he vetoes it and sends it back to us.

Speaker Arnold Palacios: To clarify it, Representative Hofschneider.

Representative Hofschneider: Well the Legislature has the authority in the Constitution to override that veto and maybe because the Governor's reasoning in vetoing a balance budget given to him by the Legislature is not to his liking but that is beside the point. The point is if he vetoes it, it comes back to the Legislature the Legislature has that authority in the Constitution to override an appropriately passed balanced budget.

Speaker Arnold Palacios: Okay. Representative Benavente.

Representative Benavente: Just further clarify. I see the problem that might create but I think in this case it really opens up or almost opposes a pressure on the Legislature to work with the Administration something that we say is lacking in this whole budget process and so if the Legislature does not want to continue with their salaries being suspended after a few days into October I am sure that it will pass a budget or the Governor has not acted on it they will make an effort to meet with the Governor and sign this measure into law. Once again it is a smaller penalty over the overall penalty of a government shutdown that is something that we should not forget.

Speaker Arnold Palacios: Ready.

The motion to adopt the amendment offered by Representative Camacho was carried by voice vote.

Speaker Arnold Palacios: Ready on the main question. Representative Sablan.

Representative Sablan: Thank you, Mr. Speaker. This is actually related to a concern that was raised by Representative Benavente earlier that the present language does not indicate when the shutdown of government services would end and so I would like to ask that we include language on page 3, that, well that is a really long sentence that we might have to.

Speaker Arnold Palacios: State your clarification Representative Benavente.

Representative Benavente: Government operations runs in a so called fiscal year and it begins on October 1<sup>st</sup> that is on the other languages of I do not know now if it is in the Constitution or statute. So what we are referring to is an October 1<sup>st</sup> beginning of a fiscal year for any under the government.

Speaker Arnold Palacios: And therefore, her question is, so when does it cease. It ceases once a balanced budget is been acted into law.

Representative Sablan: And what I am suggesting is that we include that language because it is not.

Speaker Arnold Palacios: It is there I think it is understood that until such time that a balanced budget everything else ceases all public services except those essential services. Representative Hofschneider.

Representative Hofschneider: I think it is a matter of reading logically the language of the Constitution that if a shutdown occurs and the question is when do they come back active or funded that is the only way that this language allows it is a passage of a budget, so if a non-passage of a budget then they continue to be non-funded or shutdown until such time that we pass a budget.

Representative Sablan: And all I am saying is that the present language does not make that absolutely clear. All it says is that a balanced budget is not approved before the first day of the fiscal year then all these services shall shutdown and it also says that if the Legislature and the Governor do not meet certain deadlines then their salaries shall be suspended but it says nothing about government services and employees resuming normal work until the budget is finally passed.

Representative Benavente: Point of clarification, Mr. Speaker.

Speaker Arnold Palacios: State your clarification, Representative Benavente.

Representative Benavente: Once again, Mr. Speaker. The process of the budget is actually if we think about, it is a law we pass a law it is a legislation. The budget comes in a legislative form, it is a House Bill number that gets passed by the Senate passed by the House and then signed into law by the Governor and that budget that law that then speaks about when the government operates at what level is all in that statute. It is not necessary to now include in the Constitution languages that refer to something that is in the obvious that it is a statutory provision. Thank you.

Speaker Arnold Palacios: You still have the floor, Representative Sablan.

Representative Sablan: I will rest my case if the members feel that the language is adequate but I would like to just get some confirmation from our legal counsel that it is in fact adequate.

Speaker Arnold Palacios: I think that the legislative records if that question should ever come would be very cleared with the journals. But legal counsel, please respond.

LC Antonette Villagomez: Just like I believe what Representative Benavente said that it is obvious that if you do not pass a budget right now the way it is if you do not pass a budget then we have the continuing resolution so our budget is based on appropriations from the previous year. With this amendment, we are saying okay if the Legislature does not pass a balance budget no monies shall be drawn from the General Fund provided that certain government services employees shall remain available as provided by law. So if this Initiative is ratified then the Legislature takes a next step which is to pass a law that discusses emergency plan which agencies shall remain open and which agencies shall close so that is the trigger. The triggering of the emergency plan would be the non-passage of the budget by October 1<sup>st</sup>. So in the meantime the legislator's salaries is suspended but they still need to work on passing a budget so they will work on that and once they do pass a budget then we start with the new budget and the provisions in the budget. So even though it does not specifically state that while that all the services are suspended until the new budget is passed. Once we do have a budget then we start new again under a new administrative provisions and a new budget. So yes all the suspension the government services and employees that have been suspended during this period will resume their positions or offices once we pass the budget and that also could be made clear in the law that will be provided.

Speaker Arnold Palacios: Ready?.

The Clerk called the roll on the motion to pass H. L. I. No. 16-11, HD2 on First and Final Reading.

Representative Edwin P. Aldan	yes
Representative David M. Apatang	yes
Representative Oscar M. Babauta	yes
Representative Diego T. Benavente	yes
Representative Joseph N. Camacho	yes
Representative Francisco S. Dela Cruz	yes
Representative Joseph P. Deleon Guerrero	yes
Representative Victor B. Hocog	absent (excused)
Representative Heinz S. Hofschneider	yes
Representative Raymond D. Palacios	yes
Representative Justo S. Quitugua	absent (excused)
Representative Joseph C. Reyes	yes
Representative Christina M. Sablan	yes
Representative Edward T. Salas	yes
Representative Rosemond B. Santos	yes
Representative Ramon A. Tebuteb	yes
Representative Ralph DLG. Torres	absent (excused)
Representative Stanley T. McGinnis Torres	yes
Representative Ray N. Yumul	yes
Speaker Arnold I. Palacios	yes

Speaker Arnold Palacios: By a vote of seventeen “yes,” H. L. I. NO. 16-11, HD2 hereby passes the House. State your privilege, Representative Benavente.

Representative Benavente: I would like to extend my appreciation to the members for supporting the Initiative and also at this time I did introduce a legislation that would have incorporated the last penalty the amendment that the Floor Leader made on the salaries of the elected officials and I would not object to the committees filing of that legislation. Thank you.

Speaker Arnold Palacios: Would you give a written communication to the Chair of the Committee. Before we move on I would like to recognize the presence of former Congressman John Tenorio in the gallery and our local businessman Mr. Tony Pellegrino, welcome to the House. Floor Leader.

Floor Leader Camacho: Representative Stanley Torres.

Representative Stanley Torres: Mr. Speaker, may I ask that we go back to the Resolution agenda.

Speaker Arnold Palacios: Is it going to be short.

Representative Stanley Torres: Before we go out for lunch, yes.

Speaker Arnold Palacios: Without objection we are back to Introduction of Resolutions. Representative Stanley Torres.

## INTRODUCTION OF RESOLUTION

Representative Stanley Torres: Mr. Speaker and members I have a prefiled House Resolution No. 16-44 with two sets of documents attached to the resolution I think everybody has a copy of it, introduced by myself. Thank you.

**H. R. No. 16-44:** A HOUSE RESOLUTION RESPECTFULLY REQUESTING THE DIRECTOR OF QUARANTINE TO INVESTIGATE THE MATTER OF ALIEN PESTS AND INSECTS INVADING THE COMMONWEALTH THROUGH OUR CNMI PORTS OF ENTRY; TO OFFICIALLY ACKNOWLEDGE THE CURRENT ADMINISTRATIONS’ PERSISTENCE IN RETAINING INEPT PERSONNEL IN THE ATTORNEY GENERAL’S OFFICE WHO CONTINUOUSLY DISPLAY BAD JUDGMENT.

Speaker Arnold Palacios: Before we adjourn, are there any announcements. Are there any miscellaneous, Representative Hofschneider.

Representative Hofschneider: Mr. Speaker, I know that you are working and the legal counsels are working on the MPLT bailout for CUC. I, again would like to for the record ask you to insist upon CUC Director to submit before we act on that needed funding for CUC from MPLT and the record that I want to impress upon you and the Director is the financial strategy. This is the second bailout attempt

that we will be acting on. First is the Public Law 16-2 subsidizing CUC rates for all residential consumers and the second is to avail them of the contracts that are delinquent specifically Telesource and PMIC and also the anticipated emergency power contract with Aggreko. And the financial strategy should not be limited to what they have done with Public Law 16-2 but prospectively what they envision in undertaking with the additional funding that would be forthcoming from the Legislature. The financial strategy should include how are they going to get themselves out of this hole and what is in place. The people and this body are left out as to the strategy or policy that if they have decided or contemplating whether to partially privatize, renewable energy has been bid out, RFP is closed, where are these information and what is in store what is the status of the rehabilitation? There are many rumors that DMC has been suspended or revoked? Who is doing the undertaking or the overhauling? What is the state of the expenditure? Is there sufficient money to undertake significant overhauling? So at a minimum you should press the CUC Director that he should submit before we act on this because I will not submit any bailout anymore if I do not see a financial strategy or operational strategy in place.

Speaker Arnold Palacios: Thank you. Let me clarify that. I know that the members of the Committee on PUTC as well as every member here have been concerned of the past almost a month of rolling brown outs, black outs, what have you in our community. The concern that has been raised by members and even myself on how CUC intends to address it. We found out as some of you know that MPLT had embarked in an endeavor to get a loan from MPLT to address the temporary power needs in the Commonwealth. There is no question that we need to address that. How we address it is going to be the main question. We want to make sure that when the Legislature and if the Legislature comes in and plays its role to help in this endeavor that we do it right this time, transparent and legal, that is the only concern that I have. So while there are discussions right now with the Administration and CUC on how the Legislature can help first and foremost we want to make sure that everything is legal and the CUC is accountable for this public fund. Representative Benavente.

Representative Benavente: Thank you Mr. Speaker. While I would agree of the request being made by Representative Hofschneider as something necessary for us to continue to review at this point I think as far as the financial strategy that would be pretty obvious because whatever expenses he needs to pay he basically just looks at his rates and increases it in order to make needs meet financially. I think the bigger problems that we are faced with right now in listening to some of the members' comments with regards to the Aggreko proposal or the bailout as referred to Representative Hofschneider is really more a confidence of whether we are taking the right step is this really something that an engineer with years of experience in utilities would offer as a recommendation to us and I still believe that is missing. There is really no confidence in listening to the members of the Legislature that the Aggreko proposal is the resolution to these existing problems that we have and I would go on further for this body to look at the possibility or at least encourage the Administration, encourage the Executive Director of CUC to hire put somebody onboard a real utilities person who can go to the Governor who can come to the Legislature who can go to the community like the groups that are very interested in the current situation and convince them and provide the kind of confidence that I think is missing even from us to be able to make this decision to be able to bailout so this is something that I just kind of came up with as Representative Hofschneider was speaking. I really feel that we need to somehow get the message to Mr. Tony Muna, look we are lacking some confidence here we need you to put somebody who we can believe when he offers a resolution in this situation that we are in with right now at CUC. Thank you.

Speaker Arnold Palacios: Thank you. Representative Hofschneider.

Representative Hofschneider: Mr. Speaker, for the information of the members it is very critical that we are informed about the steps they are taking. Now, how many times that we come to receive CUC and right away react in assisting CUC we did that, we have been doing that, but there is a critical problem inside CUC. For the benefit of the members, I called upon the Public Auditor where is the audited financial they have not been able to get it out. There is a glaring financial difficulty and mismanagement and bailing them out is condoning these mistakes. I agree that the overhauling should be overseen by someone who is technically, professionally and qualified. The federal government has an arm that easily can assist us, pay the Army Corps of Engineers call them in and oversee overhauling and monitor the contracts there are five contracts approved by the Interior Department. We keep denying that we do not have the ability and we keep putting people in the right place with the wrong person. When are we going to get up and stop playing the politics of awarding people for the wrong positions, this is why we are here and this situation cannot be fixed.

Speaker Arnold Palacios: Before we adjourn I want to thank Representative Hofschneider for bringing up the issue. This is the issue that the House of Representatives must need to look at the different conditions that we need to put into this if we are going to proceed with this assistance to CUC it has to come with conditions. So with that we are going to have a luncheon here sort of a farewell going away party for our colleague Sergeant Ray Yumul. Representative Babauta.

Representative Babauta: In many of this sad and also joyous occasion I ask the members that we continue to pray for Chairman Yumul and for our CNMI soldiers that will be departing soon and to remember them in our daily prayers and bring them home safely to their families. Thank you.

Speaker Arnold Palacios: Vice Speaker.

Representative Deleon Guerrero: Just a reminder, Mr. Speaker, again tomorrow is our session for the Judiciary address correct.

Speaker Arnold Palacios: Yes that is at 10:00 a.m., shirt and tie. Representative Stanley Torres.

Representative Stanley Torres: Mr. Speaker, with the indulgence, may I be allowed read a letter to the Governor regarding our fuel status.

Speaker Arnold Palacios: No objection.

Representative Stanley Torres: Thank you. Dear Governor Ben Fitial, in these days of ultra high gas prices it is especially important for our citizens to know that they are being charged fairly and in full measure at the gas pump. I have reason to believe that this is not the case. I have receive numerous reports from citizens complaining that they think they are being shorted at various gas pumps around the island. Even a small error in the calibration of a pump can mean hundreds of gallons of fuel being charged to customers but not delivered. Now, at more than \$5.00 per gallon this can add up to big money being accidentally or even fraudulently charged to Saipan customers. If metering services is 95% correct on the short side the error cost the driving public .25 cents extra per gallon pump at today's prices. The gas station collects an extra \$240 for every 1000 gallons of gas it pumps. Hundreds of

thousands of gallons are being pumped in the CNMI and that adds to big bucks. Our Department of Commerce is tasked with checking and testing retail outlet of accuracy of wage and measures, that Department is shorthanded and has little budget to do onsite checking and is workloads behind in making sure each and every gas pump is calibrated and is delivering the exact amount of gas that the customer is being charged for. Customer's filling standard size containers like one gallon or five gallons authorized and pre-measured gas containers often report a shortage of fuel. The container is not filled to the marked indicated, the customer pays for one gallon but gets maybe nine tenth of a gallon. No reports have come in of pumps dispensing too much it is always too little which is quite a coincidence. Our citizens deserve to know for sure that they are getting full measure when they spend their hard earned money for fuel. They need to no without a doubt that they are receiving all the gas they have paid for every time they buy fuel. To accomplish this we need to need to perform a complete calibration checks on all pumps using a random schedule. It will not take long to go to each of the eight stations on islands and hand check each of the pump using a scientifically accurate calibrated container to extract a gallon or two from each pump. A pump which dispenses accurately gets a certificating sticker where customers can see go for a month or until the next random testing visits whichever comes first. A pump that fails to provide an accurate amount is padlocked on the spot and not permitted to operate until each owner has recalibrated it and the pump has been retested by the Commerce Department authorized tester. This sounds harsh and maybe a bit untrusting but there is a lot at stake during these hard economic times. It was an item easy to overlook back when gas was a \$1.50 or \$2.00 per gallon, now, as our fuel surpasses \$5.00 per gallon I feel that it is imperative for our government to assure the citizenry that they are being treated fairly and honestly. That means we need to task a person or persons from the Department of Commerce to perform these random schedule on a regular basis it should begin immediately. Thank you for your time and your consideration of this important matter. Your timely response will be appreciated by all the resident, of the Commonwealth. You, too, will probably feel better the next time you pull up to that gas pump for a fill up. Thank you.

Speaker Arnold Palacios: Thank you that is why you are the Chairman of special committees. Is there anymore comments or statements.

## ADJOURNMENT

Speaker Arnold Palacios: Ready. Floor Leader.

Floor Leader Camacho: Thank you Mr. Speaker, notwithstanding our joint session for the Judiciary tomorrow morning, a motion to adjourn subject to your call.

The motion was seconded and was carried by voice vote.

The House adjourned at 11:45 a.m.

Respectfully submitted,

/s/

Linda B. Muna  
Assistant Clerk  
House of Representatives

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**APPEARANCE OF LOCAL BILLS**

**FIRST APPEARANCE: 1<sup>st</sup>** Legislative appearance of a local bill is on the day it is introduced.

**SECOND APPEARANCE:**

H. L. B. NO. 16-17: to appropriate \$16,000 from the local license fees collected for pachinko slot machines and poker machines in the Second Senatorial District for the transition of students from the NMC Tinian campus to the Saipan NMC campus and for the purchase of computer equipment for the Department of Labor-Tinian; and for other purposes. (Representative Edwin P. Aldan)

**THIRD APPEARANCE: NONE**