



# House Journal

## SIXTH SPECIAL SESSION, 2009

First Day

Tuesday, June 30, 2009

The House of Representatives of the Sixteenth Northern Marianas Commonwealth Legislature convened its First Day, Sixth Special Session on Tuesday, June 30, 2009 at 10:40 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 all twenty members were present.

### ADOPTION OF JOURNALS

- 1<sup>st</sup> Day, Second Regular Session (August 18, 2008)
- 2<sup>nd</sup> Day, Second Regular Session (August 22, 2008)
- 3<sup>rd</sup> Day, Second Regular Session (August 27, 2008)
- 4<sup>th</sup> Day, Second Regular Session (September 10, 2008)
- 5<sup>th</sup> Day, Second Regular Session (October 1, 2008)

Speaker Arnold I. Palacios: Floor Leader, recognized.

Floor Leader Camacho: Mr. Speaker, unless there is any objections from the members I would introduce in combination the adoption of journals 1<sup>st</sup> Day, Second Regular Session (August 18, 2008), 2<sup>nd</sup> Day, Second Regular Session (August 22, 2008), 3<sup>rd</sup> Day, Second Regular Session (August 27, 2008), 4<sup>th</sup> Day, Second Regular Session (September 10, 2008), 5<sup>th</sup> Day, Second Regular Session (October 1, 2008) a motion to adopt.

The motion was seconded.

Speaker Arnold I. Palacios: The motion has been seconded, discussion on the motion. Ready?

Several members voiced ready and the motion to adopt 1<sup>st</sup> Day, Second Regular Session (August 18, 2008), 2<sup>nd</sup> Day, Second Regular Session (August 22, 2008), 3<sup>rd</sup> Day, Second Regular Session (August 27, 2008), 4<sup>th</sup> Day, Second Regular Session (September 10, 2008), 5<sup>th</sup> Day, Second Regular Session (October 1, 2008) journals was carried by voice vote.

Speaker Arnold I. Palacios: Representative Stanley Torres, recognized.

Representative Stanley Torres: Mr. Speaker, I do not know where I stand amongst the twenty members here, but you know that I have reviewed and filed all my journals up to May 29, 2009, is there a way to expedite adopting all the journals, it is almost one year here.

Speaker Arnold I. Palacios: Well, I have given you about a year review so we will be doing that on every session we have. Be expecting that we will be adopting journals every session. Thank you for that recommendation.

### **INTRODUCTION OF BILLS**

H. B. NO. 16-249: To facilitate the utilization of alternative renewable energy sources and water catchment devices by authorizing the Commonwealth Development Authority to issue low interest loans to residential homeowners for this purpose; and for other purposes.

Offered by: Rep. Francisco S. Dela Cruz

Referred to: Committee on Public Utilities Transportation and Communication

H. B. NO. 16-250: To repeal and reenact 4 CMC § 1204; and for other purposes.

Offered by: Rep. Joseph C. Reyes

Referred to: Committee on Ways and Means

H. B. NO. 16-251: To repeal and reenact Title 6, Division 3, Chapter 1, Article 4 of the Commonwealth Code to prohibit smoking in all workplaces and public places; and for other purposes.

Offered by: Rep. Justo S. Quitugua

Referred to: Committee on Health Education and Welfare

H. B. NO. 16-252: To repeal 4 CMC § 1501 in its entirety; and for other purposes.

Offered by: Rep. Joseph C. Reyes

Referred to: Committee on Ways and Means

H. B. NO. 16-253: To amend 4 CMC §§ 1503 and 1505; and for other purposes.

Offered by: Rep. David M. Apatang

Referred to: Committee on Ways and Means

H. B. NO. 16-254: To amend 1 CMC Section 8314(a) to provide an additional eighth Trustee to the Board of Trustees of the Retirement Fund; and for other purposes.

Offered by: Rep. Stanley T. Torres

Referred to: Committee on Judiciary and Governmental Operations

H. B. NO. 16-255: To amend the Board of Professional Licensing's licensing requirements by repealing and reenacting Chapters 1 and 2 of Division 3, Title 4 of the Commonwealth Code; and for other purposes.

Offered by: Rep. Ramon A. Tebuteb (by request)

Referred to: Committee on Ways and Means

H. B. NO. 16-256: To authorize the Northern Marianas Housing Corporation, to engage financing institutions or government agencies in loan or asset management services for a fee by adding a new section 10603 to Title 4, Division 10, Chapter 6 of the Commonwealth Code.

Offered by: Rep. Victor B. Hocog

Referred to: Committee on Ways and Means

H. B. NO. 16-257: To establish a worker's compensation fund by amending 4 CMC § 9354; to authorize funding by commonwealth agencies for the worker's compensation fund by adding a new 4 CMC § 9355; and for other purposes.

Offered by: Rep. Victor B. Hocog and five others

Referred to: Committee Ways and Means

H. B. NO. 16-258: To register complementary and alternative health care practitioners; and for other purposes.

Offered by: Rep. Victor B. Hocog and five others

Referred to: Committee on Health Education and Welfare

H. B. NO. 16-259: A Bill for an Act to repeal 1 CMC § 7207; and for other purposes.

Offered by: Rep. Ray N. Yumul

Referred to: Committee on Judiciary and Governmental Operations

H. B. NO. 16-260: A Bill for an Act to deposit the MPLT interest transferred to the General revenues of the Commonwealth into a separate trust account to be distributed to the people of the Commonwealth who are of Northern Marianas Descent; and for other purposes.

Offered by: Rep. Victor B. Hocog

Referred to: Committee on Ways and Means

H. B. NO. 16-261: A Bill for an Act to authorize the pokers license fees collected from Rota to be deposited into a separate account from the General Fund for appropriation by the Rota Legislative Delegation for a period of five years to augment the operations of the Rota Gaming Commission; and for other purposes.

Offered by: Rep. Victor B. Hocog

Referred to: Committee on Ways and Means

*House Legislative Initiatives:*

H. L. I. NO. 16-24: To amend Sections 2(b) and 3(a) of Article II to increase the terms of the members of the Senate and the House of Representatives.

Offered by: Rep. Victor B. Hocog +5

Referred to: Committee on Judiciary and Governmental Operations

*House Local Bills:*

H. L. B. NO. 16-38: To amend 10 CMC § 3821; and for other purposes.

Offered by: Rep. David M. Apatang +2

H. L. B. NO. 16-39: To suspend the implementation of the Saipan Zoning Law of 2008; and for other purposes.

Offered by: Rep. Stanley T. Torres

H. L. B. NO. 16-40: To amend 10 CMC § 3922 regarding the appointment of members to the SHEFA Board; and for other purposes.

Offered by: Rep. Francisco S. Dela Cruz

### **INTRODUCTION OF RESOLUTIONS**

#### *House Commemorative Resolutions:*

H. COMM. RES. 16-72: To recognize Mr. Freddy Salavaria for his dedication and commitment to the participants of the CNMI Teen Talk program.

Offered by: Rep. Justo S. Quitugua +1

H. COMM. RES. 16-73: To recognize Ms. Keala Peters for her outstanding participation in the CNMI Teen Talk program and for her commitment to being a positive role model for her peers.

Offered by: Rep. Justo S. Quitugua +1

H. COMM. RES. 16-74: To recognize Ms. Kimberly Hofschneider for her outstanding participation in the CNMI Teen Talk program and for her commitment to being a positive role model for her peers.

Offered by: Rep. Justo S. Quitugua +1

H. COMM. RES. 16-75: To recognize Ms. Noelani Pamela Ann McMahon for her outstanding participation in the CNMI Teen Talk program and for her commitment to being a positive role model for her peers.

Offered by: Rep. Justo S. Quitugua +1

H. COMM. RES. 16-76: To recognize Ms. Tanya Ciara Dela Cruz for her outstanding participation in the CNMI Teen Talk program and for her commitment to being a positive role model for her peers.

Offered by: Rep. Justo S. Quitugua +1

H. COMM. RES. 16-77: To recognize Ms. Yvette M. DLG Bennett for her outstanding participation in the CNMI Teen Talk program and for her commitment to being a positive role model for her peers.

Offered by: Rep. Justo S. Quitugua +1

H. COMM. RES. 16-78: To recognize Ms. Yvonne Marie DLG Bennett for her outstanding participation in the CNMI Teen Talk program and for her commitment to being a positive role model for her peers.

Offered by: Rep. Justo S. Quitugua +1

H. COMM. RES. 16-79: To recognize Ms. Kenlyn Butters for her outstanding participation in the CNMI Teen Talk program and for her commitment to being a positive role model for her peers.

Offered by: Rep. Justo S. Quitugua +1

H. COMM. RES. 16-80: To recognize Mr. Sung Yul “Tommy” Baik for his outstanding participation in the CNMI Teen Talk program and for his commitment to being a positive role model for his peers.

Offered by: Rep. Justo S. Quitugua +1

H. COMM. RES. 16-81: To recognize Mr. Donovan-Jose Pinaula Castro for his outstanding participation in the CNMI Teen Talk program and for his commitment to being a positive role model for his peers.

Offered by: Rep. Justo S. Quitugua +1

H. COMM. RES. 16-82: To recognize Mr. Edwin L. Correa Jr. for his outstanding participation in the CNMI Teen Talk program and for his commitment to being a positive role model for his peers.

Offered by: Rep. Justo S. Quitugua +1

H. COMM. RES. 16-83: To recognize Mr. Jhumil S. Esposito for his outstanding participation in the CNMI Teen Talk program and for his commitment to being a positive role model for his peers.

Offered by: Rep. Justo S. Quitugua +1

H. COMM. RES. 16-84: To recognize Ms. Jaclyn Quitugua for her outstanding participation in the CNMI Teen Talk program and for her commitment to being a positive role model for her peers.

Offered by: Rep. Justo S. Quitugua +1

H. COMM. RES. 16-85: To recognize Mr. Ray San Nicolas for his outstanding participation in the CNMI Teen Talk program and for his commitment to being a positive role model for his peers.

Offered by: Rep. Justo S. Quitugua +1

H. COMM. RES. 16-86: To recognize Mr. Thomas T. J. Castro for his outstanding participation in the CNMI Teen Talk program and for his commitment to being a positive role model for his peers.

Offered by: Rep. Justo S. Quitugua +1

H. COMM. RES. 16-87: To recognize Mr. Moon Hyo Lee for his outstanding participation in the CNMI Teen Talk program and for his commitment to being a positive role model for his peers.

Offered by: Rep. Justo S. Quitugua +1

H. COMM. RES. 16-88: To recognize Ms. Monica Pangelinan for her dedication and commitment to the participants of the CNMI Teen Talk program.

Offered by: Rep. Justo S. Quitugua +1

H. COMM. RES. 16-89: To recognize Mr. Loremel A. Hocog for his outstanding participation in the CNMI Teen Talk program and for his commitment to being a positive role model for his peers.

Offered by: Rep. Justo S. Quitugua +1

H. COMM. RES. 16-90: To recognize Mr. Kenneth Palec for his outstanding participation in the CNMI Teen Talk program and for his commitment to being a positive role model for his peers.

Offered by: Rep. Justo S. Quitugua +1

Speaker Arnold I. Palacios: Floor Leader, please put those in the Resolution Calendar for adoption this morning. Representative Hofschneider, recognized.

H. COMM. RES. 16-91: Conveying the sincere condolences and sympathy of the House of Representatives of the Sixteenth Northern Marianas Commonwealth Legislature to the bereaved family of the late Choken Ginoza on the occasion of his untimely passing and paying tribute to his contributions to the tourism industry of the Commonwealth of the Northern Mariana Islands and fond memory.

Offered by: Rep. Heinz S. Hofschneider +19

Representative Hofschneider: With apologies to all members, Mr. Speaker, I took the opportunity to insert all of the members on this Commemorative Resolution.

There was no objections on the floor.

*House Concurrent Resolutions:*

H. C. R. NO. 16-4: To approve the revenues and resources of the Commonwealth of the Northern Mariana Islands, as identified pursuant to Article III, Section 9(a) of the Constitution, as amended, and 1 CMC, Division 7, for Fiscal Year 2010, beginning October 1, 2009, and ending on September 30, 2010.

Offered by: Rep. Ray N. Yumul +2

*House Resolutions:*

H. R. NO. 16-92: To honor Kwang Joong Kim (Tommy Kim) for the many contributions he has made to the Commonwealth of the Northern Mariana Islands through his dedication, commitment and support of its Tourism Industry.

Speaker Arnold I. Palacios: Vice Speaker, recognized.

Representative Deleon Guerrero: Thank you, Mr. Speaker. I have an unnumbered House Resolution, entitled, "To honor Kwang Joong Kim (Tommy Kim) for the many contributions he has made to the Commonwealth of the Northern Mariana Islands through his dedication, commitment and support of its Tourism Industry" and I welcome any co-authors if they wish. Mr. Speaker, if there is no objection from the members, Mr. Kim is leaving very soon and I would like to ask the indulgence of the members if we could act on this today on today's Resolution Calendar. Thank you.

Speaker Arnold I. Palacios: So ordered. All resolutions will be ordered to be placed on today's Resolution Calendar.

*House Joint Resolutions:*

H. J. R. NO. 16-27: To authorize the Commonwealth of the Northern Mariana Islands, through its Governor, to submit to the U. S. Department of Housing and Urban Development, the Action Plan for the Community Development Block Grant Application No. B-09-ST69-0001; the HOME Investment Partnership Grant Application No. S-09-ST69-0203; and the Emergency Shelter Grant Application No. S-09-DC69-0001; to receive the funds requested therein, and to assume all responsibilities that may be imposed by the U.S. Department of Housing and Urban Development

Community Development Block Grant, HOME Investment Partnership Program, and the Emergency Shelter Grant Programs.

Offered by: Rep. Arnold I. Palacios

Speaker Arnold I. Palacios: I certainly invite members to co-sponsor this joint resolution and we will dispose of this resolution this morning. Are there any more resolutions? Ready.

### MESSAGES FROM THE GOVERNOR

GOV. COMM. 16-390: (6/8/09) Informing the House that he signed, with vetoed item, H. L. B. NO. 16-30, S1, D3, “To appropriate the unobligated funds collection from Section 1(G) of Saipan Local Law 16-5; to appropriate the lapsed/unobligated funds from Saipan and Northern Islands Legislative Delegation (SNILD) Resolution 15-2; to appropriated lapsed/unobligated funds from Section 2 of Saipan Local Law 15-10; to appropriate the lapsed/unobligated funds from Section 3(1) of Saipan Local Law 16-1; to reappropriate from Saipan Local Law 15-12, Section 2(d); to appropriate from the Third Senatorial District Developer’s Infrastructure Tax Fund; and for other purposes. [Became *Saipan Local Law 16-9*]

GOV. COMM. 16-391: (6/15/09) Certification for salary in excess of \$50,000 for Dr. Michael Hart (Anesthesiologist).

GOV. COMM. 16-392: (6/15/09) Certification for salary in excess of \$50,000 for Dr. Will Gutowski (Psychiatrist).

GOV. COMM. 16-393: (6/15/09) Certification for salary in excess of \$50,000 for Dr. Michael Joseph Deary (OB/GYN).

GOV. COMM. 16-394: (6/15/09) Certification for salary in excess of \$50,000 for Dr. Edward Cornette (Physician-ER)

Speaker Arnold I. Palacios: Floor Leader, recognized.

Floor Leader Camacho: Mr. Speaker, with no objections from the members perhaps we can just jump ahead to the Resolution Calendar and dispose of H. C. R. No. 16-4.

There was no objections on the floor.

Speaker Arnold I. Palacios: No objections? Yes, we need to dispose of the House Concurrent Resolution.

### RESOLUTION CALENDAR

Speaker Arnold I. Palacios: We are now under Resolution Calendar, Floor Leader recognized.

Floor Leader Camacho: Thank you, Mr. Speaker. A motion to adopt H. C. R. No. 16-4 in reference to revenues and resources of the Commonwealth.

The motion was seconded.

H. C. R. NO. 16-4: To approve the revenues and resources of the Commonwealth of the Northern Mariana Islands, as identified pursuant to Article III, Section 9(a) of the Constitution, as amended, and 1 CMC, Division 7, for Fiscal Year 2010, beginning October 1, 2009, and ending on September 30, 2010.

Speaker Arnold I. Palacios: The motion has been made and seconded, discussion? Representative Hofschneider, recognized.

Representative Hofschneider: Have the figures been verified by the Chairman and members?

Speaker Arnold I. Palacios: I recognized Representative Yumul.

Representative Yumul: Thank you, Mr. Speaker. During the Committee on Ways and Means budget process hearings for 2010 the Committee had invited in Acting Secretary of Finance, Mr. Robert Schrack for the resource hearing. The Secretary did come in and we sat down and went over the documents that were given to this body through the Governor's Office with regards to the FY 2010 Budget. We had discussed in lengthy details the Memorandum from the Secretary of Finance dated March 30<sup>th</sup> of 2009 and within that Memorandum SFM-2009-053 outlined the Department of Finance's FY 2010 general revenue estimates. We asked questions particularly, with regards to non-resident worker fund revenue because of the six month extension. We asked the Secretary whether he will identify close to \$875,000 that may potentially be received, he had stated to the Committee that he will come back to us with documents concurring or at least in part agreeing that there will be an additional estimate and to notify the Governor who will then in turn notify us. We also looked at the OPA's current fiscal year Autonomous Agency's 1% which they have zeroed for FY 2010, but as we know public law requires these Agencies to provide the 1%. We discussed the prior years – basically it was again zeroed out – Tinian Casino Gaming repayment of prior years advances was zeroed out and then we talked in detailed as to the formula stabilization funds that is being applied to a tune of \$4 million for 2010 – the Administration wants to take these monies and piece it out \$4 million per fiscal year. In the end, Mr. Speaker, the Secretary of Finance did not provide documentation to this Committee – did not notify the Governor – did not take our recommendations and produce in black and white the resources in the form of an adjustment both either upwards or downwards so we are left with these documents because of the Planning and Budgeting Act's deadline for July 1<sup>st</sup> to have a House Concurrent Budget Resolution in place – this is where we stand today.

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

Representative Hofschneider: Yes, two questions, Mr. Speaker. I think it was in today's paper that the Administration declared a \$4 million overspent, one, two, I believe that some of the tax rebates and refunds have been issued out last week. So the questions generated from those two facts. If the rebates and refunds were issued, where did that extra money come from and why is the \$4 million deficit now booked based on the resources identified for this upcoming fiscal year. How is that coming to flourish in terms of \$150 million being the total resources when you have issued a refund and rebate checks out and you declare a \$4 million deficit? It just does not add up. So the resources must have been projected in anticipation of some income anticipated. Are we including anticipated revenue that is outside the Commonwealth's ability to raise revenue such as, taxes from within?

Speaker Arnold I. Palacios: Representative Yumul, recognized.

Representative Yumul: The prior communication with then Secretary of Finance Eloy Inos he had explained to me and with some of the members of the Ways and Means Committee present at a prior meeting early this year. He basically stated that some of the cover over monies from last fiscal year was moved into the rebate trust account. He did not indicate at that time whether or not he was actively migrating taxes into the rebate account for this fiscal year. I did not seek that information and as of today I do not have a report to the members as to how money was moved into the rebate trust account or how monies was paid out in the form of rebates and refunds and the source of that I have not look into that.

Representative Hofschneider: Mr. Speaker, lastly?

Speaker Arnold I. Palacios: Proceed, Representative Hofschneider.

Representative Hofschneider: Is the \$4 million declared overspending now taking into consideration of adjustment in this proposed Concurrent Resolution?

Representative Yumul: No. This is for FY 2010. That information again – information that has gone directly to the media I have no information directly coming from the Administration as to this over expenditure. Again, I am getting information just like everybody else at this point through the media.

Representative Hofschneider: Was it ever asked that the Administration through the resources hearing if they had a running deficit or an accrued deficit?

Representative Yumul: Mr. Robert Schrack, the Acting Secretary did indicate that at our present trend we are looking at about a \$12 million over expenditure. He did indicate that a lot of contracts that were executed by SAA and through the Administration are to expire on July 1<sup>st</sup>. I had even asked the Secretary if he is even aware whether or not the Attorney General's Office account was well into the red because the Immigration employees are still being actively paid for work well beyond the June 1<sup>st</sup> deadline – he did not have information he even alluded to not being aware that as to whether or not that Business Unit had gone over expenditure – he has not responded back as of today.

Representative Hofschneider: Then Mr. Speaker, I like the members to take note that in our Constitution we are required to have a deficit reduction plan in a budget year so therefore in anticipation and a declared deficit this Concurrent Resolution should be amended to have a deficit reduction plan at a minimum.

Speaker Arnold I. Palacios: Representative Sablan, recognized.

Representative Sablan: Thank you, Mr. Speaker. In addition to the concerns raised by Representative Hofschneider, I have some concerns of my own. I like to just ask the Chairman on Ways and Means and the Committee if the Concurrent Resolution reflects the downward adjustment that we are expecting in Compact Impact Funds. As I recall a couple of months ago I believe Chairman Yumul said that we are anticipating a \$2 to \$3 million decrease and that the Secretary of Finance had been asked to adjust estimated resources for FY 2010 accordingly, has that been done?

Speaker Arnold I. Palacios: Proceed, Representative Yumul.

Representative Yumul: Thank you, Mr. Speaker. Again, these questions were brought up they were at the forefront with the discussion as to the resources. The Acting Secretary had indicated and had even stated to the Committee on Ways and Means that he will look into the issue – he will consult with the Lt. Governor and as of today, I have no information coming directly from either office as to whether we are going to be expecting a reduction. The Planning and Budgeting Act calls for a final adjustment that the Governor may declare thirty days prior to the commencement. So he has that room to work with so that he can make his final assessment as to the budget level based on the projections that will be made for FY 2010.

Speaker Arnold I. Palacios: Proceed, Representative Sablan.

Representative Sablan: Okay. Secondly, as I am sure the members are aware the Superior Court order – looks like it is going to mandate that we not suspend earmarks of the hotel tax and beverage tax which are required by law to go to the Retirement Fund. I believe the Secretary of Finance's estimate of resources assumes that we will. And in light of the recent court order I think that – that should not be one of the earmarks that we suspend and that should be reflected in this Concurrent Resolution as well. Finally, I understand that the Administration also assumes in their estimated resources the receipt of federal stimulus funds and during the course of budget hearings, have we been able to confirm whether or not those funds will be received and the amounts that have been projected?

Speaker Arnold I. Palacios: Proceed, Representative Yumul.

Representative Yumul: Thank you, Mr. Speaker. To date communications with my office and the Public School System (PSS) the biggest indicator as to whether monies have come in or not – monies have not yet come in. Also with the Washington Delegate, Representative Gregorio Sablan had also indicated that there is a delay. So as of today I am not aware of any federal funding monies that may have come in.

Representative Sablan: Is there at least a projection of how much we are expecting that could be used to support operations? I believe the Secretary of Finance assumed \$15 million?

Speaker Arnold I. Palacios: Assuming \$8 million.

Representative Yumul: \$8.3 million.

Representative Sablan: \$8 million, okay. Does that projection still stand then and is that reflected in this resolution?

Representative Yumul: Yes, it still stands. Again, until the monies actually start to flow then we can get down to the actual computation to look at the amounts, but the monies that have been already identified to come to “PSS” and then the percentage that the Administration will take, that is already been identified – it is just that the money has not been transferred or migrated over.

Speaker Arnold I. Palacios: Are there any further discussions? Representative Salas, recognized.

Representative Salas: Mr. Speaker, although I understand that this is just a projection and estimate for FY 2010, I really have some concerns on the figures that were given to us in March of 2009. The

one thing that really glares for me is the total income taxes that was projected to about \$98 million. If you were to take their five months actual revenue that was already collected and you kind of figure it out it will probably end up maybe about \$94 million if not \$95 million. So right there you are already talking about probably a lesser amount about \$3 million. Another thing that really glares at me is the charges for the hospital charges. They are projecting \$17,400,000 for 2010, whereas, if you were to take their actual collected revenue already for the five months and figure the average and multiply that by twelve, it is only about \$11 million. So I really question the figures because just by looking at this already we are looking at \$7 million - \$10 million - \$11 million that they are over projecting in my opinion and even if we were to realize half of that we are still going to be about \$5 million short. So I am not too sure – I wish that we could have the actual figures then we can really just project based on the next three months revenue that will be coming in, it seems to me that is just a little bit over inflated and I really have a concern about that because I really do not believe that we are going to attain the \$162,820,000 that the Government is projecting I think it is going to be quite less than that. Thank you.

Speaker Arnold I. Palacios: Thank you. Representative Hocog, recognized.

Representative Hocog: Well, I do not know Mr. Speaker if we should proceed with the adoption of this concurrent resolution after many issues have been brought and again the Administration perhaps may provide the Committees or the House resubmission of the resources which I guess the revise submission deadline is tomorrow or we can also adopt this concurrent resolution in the anticipated amount of resources and probably work on all the concerns that the members have raised regarding the anticipated revenue to be appropriated for FY 2010 - that way the members also will be very much informed as to all this impacts that --- (*End of Tape 1, Side a*) --- (*Start of Tape 2, Side b*) --- be used as an anticipated resources which I believe was included in the submission of the FY 2010 and coupled with other judgment that will impact the FY 2010 Budget commencing on August and on. So it is my recommendation, Mr. Speaker that we clear all these issues before the House accepts the anticipation to approve the revenues and resources as identified by the Chair under the concurrent resolution 16-4. Thank you.

Speaker Arnold I. Palacios: Let us take a short recess.

*The House recessed at 11:11 a.m.*

*RECESS*

*The House reconvened at 11:35 a.m.*

Speaker Arnold I. Palacios: We are back to our session. Before we went on recess some concerns as to the projected revenues taking into consideration the recent court decisions as well as the recent projection and downward projection of the Compact Impact funds. I recall the Compact Impact funds was not part of this revenue projection as stated so that concern is taken cared of, but because of this recent court order on the Retirement Fund lawsuit we need to come back in the afternoon and clarify that with the legal counsel probably revise the resolution itself. So if there is no objection we will suspend further discussion and defer action on H. C. R. No. 16-4 and take it up after lunch.

There was no objections raised on the floor.

Speaker Arnold I. Palacios: There being no objection further action on H. C. R. No. 16-4 is hereby deferred until this afternoon when we come back. Floor Leader, recognized.

Floor Leader Camacho: Mr. Speaker, there is some resolutions that we can probably dispense of rather quickly it will save us time in the afternoon.

Speaker Arnold I. Palacios: Could we do that please, effectuate motions to adopt those resolutions.

Floor Leader Camacho: Thank you, Mr. Speaker. Unless there is any objections I would like to do them all in one combination.

There was no objections raised on the floor.

Floor Leader Camacho: A motion to adopt H. Comm. Res. No. 16-72 all the way to H. Comm. Res. No. 16-90 reference to Teen Talk introduced by Representative Quitugua.

The motion was seconded.

H. COMM. RES. 16-72: To recognize Mr. Freddy Salavaria for his dedication and commitment to the participants of the CNMI Teen Talk program.

H. COMM. RES. 16-73: To recognize Ms. Keala Peters for her outstanding participation in the CNMI Teen Talk program and for her commitment to being a positive role model for her peers.

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H. COMM. RES. 16-85: To recognize Mr. Ray San Nicolas for his outstanding participation in the CNMI Teen Talk program and for his commitment to being a positive role model for his peers.

H. COMM. RES. 16-86: To recognize Mr. Thomas T. J. Castro for his outstanding participation in the CNMI Teen Talk program and for his commitment to being a positive role model for his peers.

H. COMM. RES. 16-87: To recognize Mr. Moon Hyo Lee for his outstanding participation in the CNMI Teen Talk program and for his commitment to being a positive role model for his peers.

H. COMM. RES. 16-88: To recognize Ms. Monica Pangelinan for her dedication and commitment to the participants of the CNMI Teen Talk program.

H. COMM. RES. 16-89: To recognize Mr. Loremel A. Hocog for his outstanding participation in the CNMI Teen Talk program and for his commitment to being a positive role model for his peers.

H. COMM. RES. 16-90: To recognize Mr. Kenneth Palec for his outstanding participation in the CNMI Teen Talk program and for his commitment to being a positive role model for his peers.

Speaker Arnold I. Palacios: The motion is for the adoption of H. Comm. Res. No. 16-72 to H. Comm. Res. No. 16-90 reference to Teen Talk has been seconded, discussion. Ready.

There being no discussions the motion to adopt H. Comm. Res. No. 16-72 to H. Comm. Res. No. 16-90 reference to Teen Talk was carried by voice vote.

Speaker Arnold I. Palacios: Floor Leader, recognized.

Floor Leader Camacho: Thank you again, Mr. Speaker. A motion to adopt H. Comm. Res. No. 16-91 in reference to expressing our sincere condolences to Mr. Choken Ginoza.

The motion was seconded.

H. COMM. RES. 16-91: Conveying the sincere condolences and sympathy of the House of Representatives of the Sixteenth Northern Marianas Commonwealth Legislature to the bereaved family of the late Choken Ginoza on the occasion of his untimely passing and paying tribute to his contributions to the tourism industry of the Commonwealth of the Northern Mariana Islands and fond memory.

Speaker Arnold I. Palacios: The motion is for the adoption of H. Comm. Res. No. 16-91 and has been seconded, discussion on the motion. Ready.

There being no discussions the motion to adopt H. Comm. Res. No. 16-91 was carried by voice vote.

Speaker Arnold I. Palacios: Floor Leader, recognized.

Floor Leader Camacho: Thank you again, Mr. Speaker. A motion to adopt H. R. No. 16-92 in reference to Kwang Joong Kim (Tommy Kim).

The motion was seconded.

H. R. NO. 16-92: To honor Kwang Joong Kim (Tommy Kim) for the many contributions he has made to the Commonwealth of the Northern Mariana Islands through his dedication, commitment and support of its Tourism Industry.

Speaker Arnold I. Palacios: The motion is for the adoption of H. R. No. 16-92 and has been seconded, discussion on the motion. Representative Sablan, recognized.

Representative Sablan: I am not in the position to vote on this yet I have not received a copy, has that been circulated yet?

Speaker Arnold I. Palacios: Floor Leader, can we defer action on H. R. No. 16-92 and we could come back to it? If there is no objection I would like to come back to that particular resolution.

Floor Leader Camacho: Alright, Mr. Speaker, for the motion I withdraw at this time on H. R. No. 16-92 and we can move onto H. J. R. No. 16-27, a motion to adopt in reference to CDBG Grants.

The motion was seconded.

H. J. R. NO. 16-27: To authorize the Commonwealth of the Northern Mariana Islands, through its Governor, to submit to the U. S. Department of Housing and Urban Development, the Action Plan for the Community Development Block Grant Application No. B-09-ST69-0001; the HOME Investment Partnership Grant Application No. S-09-ST69-0203; and the Emergency Shelter Grant Application No. S-09-DC69-0001; to receive the funds requested therein, and to assume all responsibilities that may be imposed by the U.S. Department of Housing and Urban Development Community Development Block Grant, HOME Investment Partnership Program, and the Emergency Shelter Grant Programs.

Speaker Arnold I. Palacios: The motion is for the adoption of H. J. R. NO. 16-27 and has been seconded. Discussion on the motion? Ready. Representative Sablan, recognized.

Representative Sablan: Thank you. I just wanted to get some clarification. Are we simply authorizing Northern Marianas Housing Corporation (NMHC) to prepare and submit the grant or is there already a grant that has been prepared?

Speaker Arnold I. Palacios: It is to authorize the Commonwealth through its Governor to submit to the US Department of Urban Development.

Representative Sablan: So the action plan is still being prepared it is not yet completed.

Speaker Arnold I. Palacios: I am pretty sure, yes.

Representative Sablan: Okay.

Speaker Arnold I. Palacios: Ready.

Several members voiced ready and being no further discussions on H. J. R. No. 16-27 the motion to adopt was carried by voice vote.

Speaker Arnold I. Palacios: Let us take a short recess.

*The House recessed at 11:41 a.m.*

*RECESS*

*The House reconvened at 11:41 a.m.*

Speaker Arnold I. Palacios: We are back to plenary session. Floor Leader, please effectuate a motion for the adopt of H. R. No. 16-92.

Floor Leader Camacho: Mr. Speaker, a motion to adopt H. R. No. 16-92 in reference to Kwang Joong Kim (Tommy Kim).

The motion was seconded.

H. R. NO. 16-92: To honor Kwang Joong Kim (Tommy Kim) for the many contributions he has made to the Commonwealth of the Northern Mariana Islands through his dedication, commitment and support of its Tourism Industry.

Speaker Arnold I. Palacios: The motion is for the adoption and has been seconded. Discussion. Ready.

There being no discussions the motion for the adoption of H. R. No. 16-92 was carried by voice vote.

Speaker Arnold I. Palacios: Floor Leader, recognized.

Floor Leader Camacho: Thank you again, Mr. Speaker. Mr. Speaker, there has been a couple of resolution that has been on the Calendar for a couple of weeks, if I may can I make a motion to

adopt H. R. No. 16-91 in reference to the Department of Public Lands (DPL) acres in Tinian and Rota.

The motion was seconded.

H. R. No. 16-91: To request the Department of Public Lands to designate thirty hectares of public land on Tinian, thirty hectares of public land on Rota and ten hectares of public land on Saipan as Free Trade Zones to be administered by the mayors of the respective islands and to transfer fee simple interest of such public lands to each respective municipality.

Speaker Arnold I. Palacios: The motion has been seconded. Discussion on the motion? Representative Sablan, recognized.

Representative Sablan: I would like to respectfully request that we defer action on this. I do believe this would warrant more discussion and I really would rather not rush through passage of this resolution without that discussion and come back to the break and take it up.

Speaker Arnold I. Palacios: The author does not have any objection he would like to give you the opportunity. Floor Leader, recognized.

Floor Leader Camacho: Thank you again, Mr. Speaker. Based on the request from Representative Sablan I would withdraw my motion and effectuate another motion to adopt S. J. R. No. 16-11 in reference to FTE's at the Community Guidance Center.

The motion was seconded.

S. J. R. No. 16-11: To approve two additional full-time employees (FTE's) for the community Guidance Center, a division of the Department of Public Health. [*See SEN. COMM. 16-156*]

Speaker Arnold I. Palacios: The motion is for the adoption of S. J. R. No. 16-11 and has been seconded. Discussion on the motion. Representative Yumul, recognized.

Representative Yumul: Thank you, Mr. Speaker. Just a word of caution adopting a Senate Joint Resolution in this manner is actually written in the Constitution and it is an authorization to basically allow the Administration to go beyond the budget level. So it is going to open the door to the Administration over expending.

Speaker Arnold I. Palacios: Representative Hofschneider, recognized.

Representative Hofschneider: Maybe it will quickly put us all at ease if we can request where the funding is coming from. It could have been coming from federal grants. So can we hold off and just get confirmation from the Department Public Health that it is in fact an FTE to be filled by a grant.

Speaker Arnold I. Palacios: Okay. Before I request for a withdrawal, Representative Yumul, please get together with Senator Pangelinan and find out where the funds are going to come from and whether this is appropriate.

Representative Yumul: Just for clarity for the members the Constitutional section I am citing is actually Article X Section 7 which states, “except upon specific approval by joint resolution of the Legislature no public funds may be expended for personnel in excess of the ceiling so established”.

Speaker Arnold I. Palacios: That is why we got a joint resolution. But I think everybody agreed to hold off and defer action on this so please get the clarification. Representative Benavente, recognized.

Representative Benavente: In addition to finding out how it is going to be funded – we would not be offering this resolution if those two positions are vital. So if we could ask the Chairman to look at those two positions and let us hear the justification as to why that is necessary. I am sure it is to provide further public service which is why we are deliberating on it. Thank you.

Speaker Arnold I. Palacios: Thank you. So Representative Yumul, you have that assignment to allay the concerns of the members when we come back after recess. Representative Sablan, recognized.

Representative Sablan: And just as a final concern to ask for further scrutiny on I would like to request the Chairman to also look into whether or not there are already vacant FTE’s within the Department. As I recall from the budget hearing I believe that there were and ...

Speaker Arnold I. Palacios: Are you taking notes of these Representative Yumul? (Laughter)

Representative Sablan: So I would like to add that to his plate. Thank you.

Speaker Arnold I. Palacios: Okay. There being no more resolutions I would like to ask that we recess until 2:30 this afternoon. Floor Leader, recognized.

Floor Leader Camacho: Thank you, Mr. Speaker. Just for the record I respectfully withdraw the motion to adopt on S. J. R. No. 16-11 at this time and motion to recess until 2:30 this afternoon.

The motion was seconded and being no further discussions the motion for adoption of S. J. R. No. 16-11 was withdrawn and carried by voice vote.

Speaker Arnold I. Palacios: The motion is to recess until 2:30 this afternoon and has been seconded, discussion on the motion. Ready.

There being no further discussions the House stands recessed until 2:30 this afternoon.

*The House recessed at 11:49 a.m.*

*RECESS*

*The House reconvened at 2:45 p.m.*

Speaker Arnold I. Palacios: We are back to our session. We agreed to let the Chairman of Ways and Means Committee work over lunch to come back with a revise proposal for the revenues for FY 2010 trying to take into consideration all of the statements and concerns by the members, so with that Floor Leader, can we effectuate a motion to take up the discussions.

Floor Leader Camacho: Thank you, Mr. Speaker pursuant to information from yourself, and the Chairman, a motion to adopt H. C. R. No. 16-4 in reference of CNMI revenues and resources 2010.

The motion was seconded.

H. C. R. NO. 16-4: To approve the revenues and resources of the Commonwealth of the Northern Mariana Islands, as identified pursuant to Article III, Section 9(a) of the Constitution, as amended, and 1 CMC, Division 7, for Fiscal Year 2010, beginning October 1, 2009, and ending on September 30, 2010.

Speaker Arnold I. Palacios: The motion is to adopt H. C. R. NO. 16-4 and has been seconded, discussion on the motion. Representative Benavente, recognized.

Representative Benavente: Mr. Speaker, I was just raising this concern with the Chairman I see that there is a House Draft 1 – let me yield at this time.

Speaker Arnold I. Palacios: Representative Yumul, recognized.

Representative Yumul: Thank you, Mr. Speaker. If there is no objection at this time I would like to submit H. C. R. No. 16-4, HD1 for consideration.

Speaker Arnold I. Palacios: Does everybody have a copy of H.C.R. No. 16-4, HD1? Representative Sablan, do you have one?

Representative Sablan: No.

Speaker Arnold I. Palacios: Sgt. At Arm, could you provide a copy to Representative Sablan. Representative Yumul, to facilitate the discussion, could you please give us a summary of where the amendments are over the original draft?

Representative Yumul: Thank you, Mr. Speaker. Starting on page one line 14 the fourth “Whereas” inserted the “superior court order *NMI Retirement Fund v. CNMI* civil action 06-0367” which basically mandates that the Secretary of Finance pay Retirement Fund 30% of the hotel occupancy tax and 20% alcohol beverage tax, which is also codified under 1 CMC 8365. The other amendment to this House Concurrent Resolution is on page two, line 22, 23, and 24 which, proposes to identify the 30% hotel occupancy tax and 20% alcoholic beverage tax to be set aside for the payment to Retirement Fund. The \$1.69 million was taken directly from the Secretary of Finance’s memorandum dated March 30, 2009, identified as SFM2009-053 - 30% hotel occupancy tax for 2010 which is estimated at \$5.3 million and 20% of the alcoholic beverage container tax which is estimated at \$500,000 for FY 2010 thereby giving us a grand total of \$162 million. Then of page three line 4 a typographical the “2009”.

Speaker Arnold I. Palacios: Representative Benavente, recognized.

Representative Benavente: Mr. Speaker, my concern is that I wonder if we have the authority to change. Now there are some provisions that allows us to increase or decrease under the Planning and Budgeting Act, but the process of a concurrent resolution should be as I believe that if we have concerns that we should raise these concerns and bring this to the Secretary of Finances’ and the Governor’s attention where they then resubmit a revise projection. Because we really do not know –

we have heard about the Court's decision, but we do not know that there will be an appeal on that decision and whether this figure will remain for the next fiscal year. The projection has to come from the Administration – I think that in the Planning and Budgeting Act it provides for during the budget process for us to put away a reserve too so that these concerns may be addressed and that is where the process should be. But for us to change the level I believe it is not the correct process and correct me if I am wrong, but I do not think that we have the authority, I will yield at this time.

Speaker Arnold I. Palacios: So that we can clarify this immediately, Legal Counsel, we will stay on record and please answer the question of whether we can indeed change the figures downward.

Legal Counsel A. Villagomez: Yes, I believe the House has the right to change the figures. The only thing we cannot do is go above the anticipated resources that is projected, which is \$162 million total and the \$150 million for the remaining expenditures less the debt service. So yes, I think we can do it – Representative Benavente is correct these issues can also be addressed in the actual budget itself. We can leave the figures as is and address the concerns raised by the members in the budget. It does not have to be through the House Concurrent Resolution. There is nothing that I can find in the Planning and Budgeting Act that says that we are restricted to the exact numbers that are forwarded to us by the Secretary of Finance, expect that we cannot go above the projected revenue anticipated resources.

Speaker Arnold I. Palacios: Okay. Representative Benavente, recognized.

Representative Benavente: Just another concern that I have. We are making a decision for the Administration in this case not knowing that the case might be appealed and that maybe we might prevail on the appeal and the level continues to be the same, but I understand we are ready.

Speaker Arnold I. Palacios: If the Administration successfully appeals the decision it does not take away from the overall revenue of \$162 million the issue in regards to the Retirement Fund is that it sets aside as a reserve in case that the Administration does not appeal and wins its appeal, but it does set aside for that eventuality if in case of appeal and the Supreme Court does reaffirm the decision of the Superior Court. Let me recognize the author, Representative Yumul.

Representative Yumul: Thank you. Mr. Speaker, just to clarify, the resolution identifies with concurrence with the Secretary of Finance the total identified budgetary resources of FY 2010. The estimate is \$162,820,000 we have identified that. What we did is in essence under 1 CMC 7204 we have set aside approximately \$1.69 million, but even if this lawsuit were to be overturned or however it is adjudicated 1 CMC 8365 still mandates that the 30% hotel occupancy tax and the 20% alcoholic beverage tax goes to the Retirement Fund. So it still can perpetuate itself independently of this resolution of course subject to legislative changes if that is the wishes of this body. The constitution Article III Section 9, states that the Governor will anticipate revenues and that the Legislature cannot increase it without the consent of the Governor. So we are not going beyond that we are just staying at that level, but then making adjustments downward. Thank you.

Speaker Arnold I. Palacios: Thank you. Representative Hofschneider, recognized.

Representative Hofschneider: I think the Chairman, Mr. Speaker and members pointed out the most important argument for that new section relating to the decision of the Court. In spite of the lawsuit I think we are obligated and the commitment under the statute has long been overlooked. So this is just an acknowledgement similar to our bond obligation for instance that the total resources include those expenditures already committed to the repayment of the bond. I think we can take it also in that respect that the new section relating to the decision made by the Court and the Retirement Fund

is simply to acknowledge that the amount as stated in the existing statute should be reserve for the Retirement as stated in the statute, simple put and nothing more and nothing less it is not taking away anything. The interesting part is putting together a spending plan, the budget bill. That would inevitably impact the equivalent of that reservation of funds from the hotel occupancy tax. In short Mr. Speaker and members, it does not take away anything its just giving a heads up to the Governor that amongst your responsibility that is included in this declaration of the total resources of the Commonwealth one of that is the Retirement Fund decision and under the current statute we are obligated to reserve that amount and we have not done so. I believe on the Retirement Fund record and the Secretary of Finance has provided many years ago that the only sitting Governor then that has met this is, Froilan Tenorio once and that was it. We have in fact looked the other way for many years on this particular statute. Thank you.

Speaker Arnold I. Palacios: Representative Hocog, recognized.

Representative Hocog: Mr. Speaker, I noticed that we have H. C. R. No. 16-4, HD1 and I am concern whether line 14 in this “Whereas” really belongs in the concurrent resolution or should be addressed on the general budget bill. I guess the identification of resources is what this concurrent resolution is all about. Even if we are to put this in one of the “Whereas” I do not think this has any effect of addressing this immediately on this resolution other than to ensure that this provision will be in the general budget appropriation bill. So I do not know we are approving one “Whereas” here, does it rightfully belong to accept or adopt a House Concurrent Resolution. If the mere fact of adopting a concurrent resolution is to agree on what the Administration have provided the Legislature of the available resources so I guess this concern will not be ignored and should be addressed in the preparation of the budget act. I am just questioning whether this part rightfully belongs to the concurrent resolution.

Speaker Arnold I. Palacios: I fully understand. I do not think it jeopardizes it because the “Whereas” above it also acknowledges the \$1.7 million previous commitment to the Commonwealth Utilities Corporation (“CUC”) for Aggreko and the “Whereas” after the one that you have mentioned also acknowledges the debt services that we are setting aside. So that is what this does. If you look at the numbers on page two, these are the deductions before we make a determination of the total available resources for operations of the government. Let me recognize, Representative Sablan.

Representative Sablan: Thank you, Mr. Speaker. I first wanted to raise a question as to whether or not the figure is accurate for the hotel occupancy tax and the alcoholic beverage container tax I think we might be off, but I stand to be corrected there. I also wanted to raise concerns – first of all I do believe that it is appropriate for us to set aside funds for particular programs such as, programs funded under the Tobacco Control Fund, the Solid Waste Program and then of course the Northern Marianas Retirement Fund. In addition to monies that have already been appropriated for debt service and Aggreko that I think it would be well within our purview and jurisdiction as the Legislature to adjust given the figures that we do have and although we unfortunately do not have expenditures and revenues to date we only have the first five years of this fiscal year and revenues for previous years we can reasonably project what the deficit is likely to be for fiscal year 2009 and factor that into our estimated resources for 2010. In addition to that again just based on – even though we do not have an official communication from the Governor saying that this is what it is going to look like here are my adjustments – we can look what the numbers that he has given us show and they also show a downward trend for 2010 and we can factor that into our concurrent resolution today. It is true that the Governor can come back to us and give us a report of any

revisions or amendments that he would like us to consider for the new fiscal year, but if there are any changes to make either downward or above what we set in this concurrent resolution, he should do that as soon as possible, but in the meantime we should not just sit back and look at figures that are glaring at us and showing that we are not likely to have \$162,820,000 to spend for 2010 and adjust it so that it reasonable and does fit the true picture of what the CNMI's fiscal condition for 2010. So I would like to propose some amendments for the members to consider.

Speaker Arnold I. Palacios: Before you do that we are under discussion with the draft.

Representative Sablan: Certainly, it is actually still being drafted so I would like to rest at this time.

Speaker Arnold I. Palacios: Let me recognize Representative Benavente.

Representative Benavente: Thank you, Mr. Speaker. I think that is why I raised that concern that even though we are capable of getting the numbers and coming with what ever 30% means versus 20%, it really is not in our responsibility to be able to certify those numbers to be true and correct, it is the Department of Finance. We raise our concerns to the Governor and to the Secretary of Finance and they then come back to us giving us the exact numbers so that we do not question whether it is accurate, true and correct. As you can see on page two, the “Now Therefore” clause this probably is a standard being used there are “Now Therefore” in the past concurrent resolutions, but on line 6 it says, “as submitted by the Governor and reviewed by the Legislature” again just going back to the way the process work in which a projection is based on the submission by the Administration who has the authority. I am not going to raise this anymore I am just merely bringing up concerns that we have and maybe that particular line needs to be changed because certainly this is now no longer something that was submitted by the Governor. Thank you.

Speaker Arnold I. Palacios: Representative Reyes, recognized.

Representative Reyes: Thank you, Mr. Speaker. I think we have discussed on this resolution for some time. Mr. Speaker, I know that time is of the essence on this and I am not the author for coming up with such, but we are looking at figures practically down to the dollar or to the penny and I would recommend that we defer further discussion on this and we request the Chairman of the Ways and Means Committee to get with the Secretary of Finance as soon as possible and see if we could come up with some updates on this. Thank you.

Speaker Arnold I. Palacios: I appreciate your concern, but my concern as presiding officer is that this body has to submit and adopt a concurrent resolution by July 1<sup>st</sup> to September 30<sup>th</sup>. If we do sit down and see a need to revise this projection during the budget process we can do that, but my concern is that this body has to submit and adopt a concurrent resolution and that is why we came back this afternoon. Representative Sablan, recognized.

Representative Sablan: I understand Representative Benavente's point, however, I think our concern should be that the members of this body have been asking for updated information. We have been asking for adjustments in estimated resources for the year. We have been asking for the latest expenditures and revenues collected for FY 09 and we have not gotten any response. As Chairman Yumul said earlier before our break he submitted all these requests, he asked for updated information and Acting Secretary of Finance said that he did not anticipate any changes and sure enough no changes have been submitted, but we can certainly crunch the numbers ourselves and it is our responsibility to pass a responsible budget – and to set at this point a ceiling that makes sense

and that reflects reality in the CNMI. The concurrent resolution without making these adjustments – even in the absence of a response from the Governor does not mean that we should go ahead with the ceiling that is likely to be unreasonably high. My concern is that if we set the ceiling knowing that it is probably too high and not making any adjustments that we will not come back and make adjustments later in the budget process. We should do this now and then put the onus on the Governor to come back to us and tell us if we aimed too low and in fact we are expecting revenue.

Speaker Arnold I. Palacios: Well, if we do aim low we can come back and increase it. The Governor would most likely come and request for the increase of available resources. If we over shoot it – it is a likelihood that we may be authorizing deficit spending. So I certainly understand your point. Are there any more discussion on the amendment as offered by Representative Yumul? Representative Babauta, recognized.

Representative Babauta: Not specifically on the amendment but I just like to caution the members because we are setting a precedence here as a result of a recent court case, but mind all of us last week the Administration appeared before this House and the Senate urging solutions to the Pellegrino case which has been enforced already. I think we need to reassess this old issue and not only concentrate on the Retirement Fund because this government has other debt that has been adjudicated more so and earlier than this particular case. It is just a thought that I would like to share with you. Again, going back, may I raise a point of clarification?

Speaker Arnold I. Palacios: Sure.

Representative Babauta: Has this been already introduced?

Speaker Arnold I. Palacios: The House Draft 1, yes.

Representative Babauta: I will yield for now.

Speaker Arnold I. Palacios: We are still on House Draft 1. Representative Apatang, recognized.

Representative Apatang: Thank you, Mr. Speaker. I think we are sitting here shooting from the hips – when we brought in the Acting Secretary of Finance this is the submission that he gave us and said this is the projected resources – none of us took the time to actually find out what is the projected resources and we are sitting here trying to figure this out – whether we go low or go high. I think the \$162 million is what they submitted and we should go by it. Let us not second guess. This is what it is saying. So we have no business saying that this is not the right figures because we do not know – they are the ones who submits this not us – our job is to look at it and pass it. Let us not second guess what they are submitting.

Speaker Arnold I. Palacios: I think the amendments offered by Representative Yumul still acknowledges the \$162 million.

Representative Apatang: Well, the information is there.

Speaker Arnold I. Palacios: It does, total revenue available \$162 million. It did not change anything. What was inserted is the earmark for the hotel occupancy as it is in the statue. Am I correct, Representative Yumul?

Representative Yumul: Yes, Mr. Speaker.

Speaker Arnold I. Palacios: Are there any further discussion? Representative Yumul, recognized.

Representative Yumul: If you look on page two, line 8, total identified budgetary resource for FY 2010 is \$162,820,000 that has not changed. Mr. Speaker, the Planning and Budgeting Act if you read it says that the Legislature will set the budget expenditure ceiling so to speak by House concurrent – lines 9 through 24, in this case the prior lines aside from the amendment that I proposed here. This is what has always appeared every budget year. This is part of the process that I have learned and taken as part of the formulation of what will be available. Even in the past fiscal year 2008 the Secretary of Finance – if you look at what was spent for FY 2008 it was not set at the House Concurrent – the authority under the Constitution is the last known budget which was at the time \$174 million that is why the Secretary of Finance spent up to that amount – he was authorized by the Constitution to go to that level and not the limit of the House Concurrent. This House Concurrent Resolution is more of a prerequisite so that we can move ahead with the final which is the most important aspect of the budget process which is budget law. So this is just one of the requirements that we have entertain so that we could move forward. Thank you.

Speaker Arnold I. Palacios: Thank you, for that explanation.

Representative Benavente: Point of clarification, Mr. Speaker.

Speaker Arnold I. Palacios: State your point, Representative Benavente.

Representative Benavente: Just to clarify that while it does say – “and identifies the amount to be \$162 million” – if we look at the grand total which is what will be the maximum available for to appropriate it is reduced from \$153.5 million to \$151.8 million. So I know we start with the \$162 million, but in fact we are making the adjustments – Representative Apatang is correct --(*End of Tape 2, Side a*)

(*Start of Tape 2, Side b*)

Speaker Arnold I. Palacios: Finance, he made an assumption that the Legislature would suspend the 30% earmark for the Retirement Fund, 30% of the Hotel Occupancy Tax, and the 20% Alcohol Beverage Container Tax – he is making that assumption on this, but by doing this we are saying that we are not going suspend that earmark and we are acknowledging that by line 22. That is what in essence the amendment is saying. That is clarified. Representative Quitugua, recognized.

Representative Quitugua: Thank you, Mr. Speaker. Mr. Speaker, you are correct that line 22 is included in the submission requesting the Legislature to suspend. By having line 22 on the concurrent resolution makes line 14 unnecessary “Whereas” clause because it is in the statute. Even without lines 14 through 18 on page one – on page two, lines 22 through 24 it can stand by itself because it is a statute and it is just like the others on the top.

Speaker Arnold I. Palacios: And that is exactly how...

Representative Quitugua: So now by having line 22 where it is saying that we are not suspending as requested by the Governor.

Speaker Arnold I. Palacios: Right. We are double emphasizing it I guess. Are we ready to vote on the amendment? Vice Speaker, recognized.

Representative Deleon Guerrero: I have a motion to amend this amendment – to remove lines 14 through 18 on page one and just leave the amendment on page two, line 22 through 24.

The motion was seconded.

Speaker Arnold I. Palacios: Let me call for a short recess before I recognize that motion.

*The House recessed at 3:20 p.m.*

*RECESS*

*The House reconvened at 3:20 p.m.*

Speaker Arnold I. Palacios: Representative Yumul, are you amendable of removing lines 14 through 18 on page one?

Representative Yumul: Page one line 14 through 18, yes I am.

Speaker Arnold I. Palacios: Yes. Okay. Please formally effectuate that – I said before I recognize that.

Representative Deleon Guerrero: So move, Mr. Speaker to remove on page one, lines 14 through 18.

The motion was seconded. There being no discussions the motion offered by Vice Speaker Deleon Guerrero were carried by voice vote.

Speaker Arnold I. Palacios: We are back to the main motion offered by Representative Yumul. Ready. Short recess.

*The House recessed at 3:23 p.m.*

*RECESS*

*The House reconvened at 3:25 p.m.*

Speaker Arnold I. Palacios: We are back to plenary session. Are there any more discussions on the amendments offered. Ready.

There being no discussions the amendments offered by Representative Yumul was carried by voice vote.

Speaker Arnold I. Palacios: I now recognize Representative Salas.

Representative Salas: Mr. Speaker, I guess I am again troubled because I know that the Governor, it is his duty to submit a revenue estimate – there is no question about that, but it just troubles me to

see that based on the five months actual we are already \$1.5 million less from even the revenue resources for 2009. So if we were to take that and try to estimate at the end of the year we are looking at \$4 million less than 2009 revenue resources. I think it is incumbent upon us to look at the \$162 million that he is looking at and try to do something – say, Governor, I do not understand – show us, absent of actual figures and we are only basing it on your figures you are already off base. So how can we sit here and say, it is not in our purview to make adjustments when we know that the \$162 million is going to be off based on the actual that we have for the five months. If the Governor submitted \$155 million I would probably be – hey you are right on the nose. If he submits a \$168 or \$170 million we need to question that. Unfortunately, when the finance director was here through the budget process I did partake shortly on the meeting, but I at the time did not review the resources that was available, but in the last few days I have been doing that and it is really just very difficult for me to say that we agree with you it is \$162 million when you know it is not going to be and I just cannot see myself voting on something that I think it is going to be wrong.

Speaker Arnold I. Palacios: So are you going to submit a deficit reduction proposal then.

Representative Salas: I think with Representative Sablan’s amendment which will be submitted I think that, if approved, then obviously for me I would vote yes on the concurrent resolution, otherwise, no.

Speaker Arnold I. Palacios: Okay. We will see what happens. Does anybody have an amendment? Representative Sablan, recognized.

Representative Sablan: Thank you, Mr. Speaker. Copies have been circulated and I would like to go over just generally what the amendment is proposing. The figures though, will have to be adjusted given that the Alcoholic Beverage Container Tax amount needs readjustment in this amendment. In any case, going off of HD1 now, the top “Whereas” clauses would be inserted in placed of the first “Whereas” clause on page two. So it would read:

“Whereas the Legislature desires to approve these resources which are available for appropriation in Fiscal Year 2010 with adjustments made for the Tobacco Control Fund, the Solid Waste Revolving Fund, the Northern Mariana Islands Retirement Fund Debt service previously appropriated the projected deficit for Fiscal Year 2009 and the expected downward trend in revenue collections for Fiscal Year 2010; and

Representative Sablan: And again, another “Whereas” clause to say:

“Whereas the Legislature urges the Governor to submit a report as soon as possible...that could be amended to say...but not more than thirty days from the approval of this resolution setting forth any amendments or changes to the budget including actual revenues and expenditures to date for Fiscal Year 2009 any policy change proposed since the April 1<sup>st</sup> submittal of the budget proposal and other significant factors affecting the budget for Fiscal Year 2010...

Representative Sablan: Mr. Speaker and members, the language for that second “Whereas” clause is actually drawn mainly from the Budget Act. The second part of this proposed floor amendment already has been incorporated and that would include the Hotel occupancy tax, but lines 2 and 3 would add a line for deficit reduction for fiscal year 2009. Again, this is probably conservative based on the numbers that we have received from the Governor and that looks like it will be a difference of \$4 million and this is not having even the actual expenditures to date for FY 2009.

Second, also adjusting for the downward trend that we can reasonably expect based again, on the figures that we have received from the Governor as of April 1<sup>st</sup> for an adjustment of less than \$4.9 million and then the numbers that follow are adjustments based on those figures if they are accepted. But the total local revenues and resources available for appropriation would be not including the Public Lands transfer, that number should read \$139,750,000 million.

Speaker Arnold I. Palacios: Let me run through this so that we can clarify for everybody where all these things are going to go in. Your proposal is to delete lines 1 and 2 of the second page and insert the first “Whereas” clause followed by the second “Whereas” clause of course it will renumber itself automatically once you insert this. The number one amendment is taken cared off, am I correct?

Representative Sablan: Yes.

Speaker Arnold I. Palacios: So, not to worry about that. The number two numerical amendment we would probably put that on line 25?

Representative Sablan: Yes.

Speaker Arnold I. Palacios: That would be your projected deficit reduction of \$4 million and then less adjustment to the Governor’s estimate revenues of \$4.9 million would be on line 26. For the \$139 million is going to have to be readjusted, am I correct?

Representative Sablan: Yes, it should read \$139,750,000 million.

Speaker Arnold I. Palacios: Do I here a, second?

Representative Salas, seconded the motion.

Speaker Arnold I. Palacios: The motion has been seconded, discussion on the motion. Representative Sablan, be ready for all the questions that are coming. Representative Hocog, recognized.

Representative Hocog: Again, Mr. Speaker, we are going back to the basic of revenue projection. Even if we go down to \$100 million the whole thing about this is that we will finally find it out during the budget process. So whether it is \$50 million for the grand total or \$162 million it does not change because the actual budget has not started yet. So here we are also doing a figure of our own that we do not have the backing of tomorrow’s projection and what we are doing now is subtracting what was provided by the Executive Branch after they have already came up with a figure and reviewed it. Whether or not the \$163 million would be realized it will be addressed. Mr. Speaker, I will say again, it will be addressed on the budget bill if there is going to be one. Now, if we are going to adopt this amendment there is no difference again, Mr. Speaker, adopting the \$162 million – nothing there is no effect at all. I can also make an amendment and go down and change the net figures to \$100 million – it does not mean anything. Thank you.

Speaker Arnold I. Palacios: Representative Benavente, recognized.

Representative Benavente: On the first proposed amendment, that we are anticipating or including in this concurrent resolution a projected deficit for fiscal year 2009. We have several months left before the end of the fiscal year and we have heard the Administration talk about a possible furlough

to resolve the issue, and we have heard him talk about the possibility of some of the stimulus money being used to pay off the deficit. We do not have a deficit yet to start talking about a deficit on the next fiscal year – plus with all the concerns I have raised in my prior statements about our authority to make the changes – can you imagine twenty of us coming up with our own ideas to how much money and this is just our ideas not the true and correct figures that the Department of Finance and the Governor should be submitting to us, but what we think might be happening with our finances in the future and then going up to the Senate and the Senate making its own amendments. That is why from the very beginning I say, that if we have all these concerns that we want to raise we call in the Secretary of Finance in here and have a hearing on the concurrent resolution projections - you can turn it into an oversight hearing if you want to –where you have the Secretary of Finance sworn in to make the true and correct statement, but we cannot – I am a fisherman before I got elected into office, I cannot be deciding as to how much money we really should be seeing in the next year. So this is just a way out of line when it comes to the process of a concurrent resolution. Thank you.

Speaker Arnold I. Palacios: Thank you. Again, even with other than the third proposed recommendations on the projections is still \$162,820,000 million less the proposal is to put a deficit reduction clause in it. Representative Babauta, recognized.

Representative Babauta: Just to raise a point of information. Did the committee conduct a resources hearing?

Speaker Arnold I. Palacios: Yes, I believe they did.

Representative Babauta: So this is what we have, \$162 million for appropriation.

Speaker Arnold I. Palacios: It is \$162,820,000.

Representative Babauta: So that is the resources hearing result. Thank you.

Speaker Arnold I. Palacios: Alright. Ready for the question. Representative Apatang, recognized.

Representative Apatang: Thank you. Can we go item by item instead of adopting the whole thing? Thank you.

Speaker Arnold I. Palacios: Representative Sablan, would you like to do that?

Representative Sablan: I was actually going to ask if we can do that.

Speaker Arnold I. Palacios: Alright, therefore, you are going to have...

Representative Sablan: Just to clarify that Mr. Speaker. We could take this in two amendments. So the first “Whereas” clause and then the proposed deficit reduction adjustments to the revenues and so on, that could be taken as one amendment and then the “Whereas” clause urging for a report could taken as a second amendment.

Speaker Arnold I. Palacios: Alright, let us have you restate your amendments then. So everybody is clear that Representative Sablan is going to restate her amendment. So the first amendment motion is non-existent now. Representative Raymond Palacios, recognized.

Representative Raymond Palacios: We called a recess when Representatives Sablan and Yumul were debating on the actual amount. Was the actual amount changed?

Speaker Arnold I. Palacios: No, that has been resolved.

Representative Raymond Palacios: So the actual amount is \$1,770,000?

Speaker Arnold I. Palacios: Yes.

Representative Raymond Palacios: Thank you.

Speaker Arnold I. Palacios: Representative Sablan, recognized.

Representative Sablan: For the first amendment I would like to propose a “Whereas” clause to be inserted immediately above the “Be it resolved” clause to read:

*“Whereas, the Legislature urges the Governor to submit a report as soon as possible but not more than thirty days from the date of adoption of this resolution setting forth any amendments or changes to the budget including actual revenues and expenditures to date for Fiscal Year 2009 any policy changes proposed since the April 1<sup>st</sup> submittal of the budget proposal and other significant factors affecting the budget for Fiscal Year 2010. I so move.*

The motion was seconded.

Speaker Arnold I. Palacios: The motion has been seconded, discussion on the motion. Ready.

There being no discussions on the amendments being offered by Representative Sablan the motion to adopt has been carried by voice vote.

Speaker Arnold I. Palacios: Representative Sablan, recognized.

Representative Sablan: Okay, and the second amendment is to – I am sorry may I request a very short recess, Mr. Speaker?

Speaker Arnold I. Palacios: Let us take a short recess.

*The House recessed at 3:43 p.m.*

*RECESS*

*The House reconvened at 3:50 p.m.*

Speaker Arnold I. Palacios: We are back to plenary session. I am glad that we had that short recess because after conferring with her colleagues it was agreed that the amendment that Representative Sablan offered was sufficient enough to cover all the concerns that she had. Am I correct, Representative Sablan?

Representative Sablan: Yes, Mr. Speaker. I would like to ask though, that we be very vigilant and persistent in obtaining the data that we need to prepare a responsible budget for 2010 including data

related to deficit reduction and adjusting 2010 estimated resources so that they are reasonable and realistic. Thank you.

Speaker Arnold I. Palacios: Thank you for that thought. So we already voted for that amendment. We are now back to the main motion. Ready. We are going to vote on H. C. R. No. 16-4, HD2. Ready.

There being no further discussions on the motion to adopt H. C. R. No. 16-4, HD2 was carried by voice vote.

Speaker Arnold I. Palacios: Floor Leader, next resolution please.

Floor Leader Camacho: Mr. Speaker, since we are still under the Resolution Calendar there are two pending resolutions and I would like to continue on with that before we move on. A motion to adopt S. J. R. No. 16-11 in reference to FTE's at the Community Guidance Center.

The motion was seconded.

S. J. R. No. 16-11: To approve two additional full-time employees (FTE's) for the community Guidance Center, a division of the Department of Public Health. [*See SEN. COMM. 16-156*]

Speaker Arnold I. Palacios: The motion is to adopt S. J. R. No. 16-11 and has been seconded, discussion on the motion. We had deferred action on this resolution and we asked the Chairman, Representative Yumul to confer with our Senate counterpart, Senator Pangelinan. Representative Yumul, were you able to confer with Senator Pangelinan?

Representative Yumul: Yes, Mr. Speaker. The FTE's are actually being advertized as we speak. The concern that was brought up by Representative Hofschneider as to whether federal funding is co-mingled for this program – it is a yes and a no. The no part is that the FTE's will be funded by the General Fund, but these FTE's will manage an existing federal grant. So the grant may be in jeopardy if this position is not filled, but then I am not an expert in this area – I do not know the grant.

Speaker Arnold I. Palacios: I guess the question is, are there funds available within this business unit to take on the additional FTE's.

Representative Yumul: My understanding is that, the FTE – the funds could be available but again---

Representative Hofschneider: Point of clarification, Mr. Speaker.

Speaker Arnold I. Palacios: State your point, Representative Hofschneider.

Representative Hofschneider: If we do not, as stated by the Chairman, if we do not approve the FTE then we stand to lose the grant, is that correct? Then it is fair to assume that the grant has been in placed prior to the passage of the budget with an FTE receiving that grant before hand, correct?

Representative Yumul: Yes.

Representative Hofschneider: Then we have an FTE, what happened to the FTE?

Representative Yumul: The FTE was vice in from a different business unit. The FTE was brought in from another business unit.

Representative Hofschneider: So the program itself has been an ongoing program assisted by an FTE from another Division?

Representative Yumul: Yes.

Representative Hofschneider: I think that we skimped the last – I am just confused where the funding is coming from in terms of reprogramming into a zero funded FTE.

Representative Yumul: Well, that is the whole crux of the issue is, the joint resolution aims to comply with constitutional mandate that if an FTE is not available then we are going to basically create these two positions and make it lawful – meaning the Business Unit does not have an FTE we are just following the provisions of the constitution by increasing the FTE for this one Business Unit. We have not identified funds for the payment of these salaries – that is to come from the Department.

Representative Hofschneider: So they certified that the funds is available?

Representative Yumul: I only have what you have which is the resolution. I do not have a statement from the Acting Secretary.

Representative Hofschneider: Just out of curiosity what federal program is this?

Representative Yumul: I do not recall. This was a Senate initiated resolution.

Representative Hofschneider: I am fine, Mr. Speaker.

Speaker Arnold I. Palacios: Representative Quitugua, recognized.

Representative Quitugua: If I recalled correctly, Mr. Speaker, these positions are in the budget submission. I think they remained vacant since 2008. They were on the 2009 Budget and again placed on the 2010 budget.

Speaker Arnold I. Palacios: Okay. Representative Salas, recognized.

Representative Salas: I just want to get some clarification. The ceiling now is set at eleven and they are asking for two more FTE's to make it thirteen.

Speaker Arnold I. Palacios: Correct.

Representative Salas: But am I correct by saying that those two FTE's were employed already?

Speaker Arnold I. Palacios: No.

Representative Salas: No. So basically there is two additional positions that they want to fill to make it thirteen – is that correct – okay.

Speaker Arnold I. Palacios: Floor Leader, recognized.

Floor Leader Camacho: Thank you, Mr. Speaker. Actually, maybe a point of clarification from our legal counsel. Since we are talking about FTE's and basically going above what is already in the budget and the fact that it touches upon appropriation is it constitutionally permissible that this joint resolution should originate from the Senate that is really more of my concern rather than any other issues on this – maybe some clarification from our legal counsel, Mr. Speaker. Thank you.

Speaker Arnold I. Palacios: Legal counsel, could you clarify?

Legal Counsel A. Villagomez: I do not believe that this is an appropriation. Basically, it is just a request for to add two additional FTE's for this Business Unit and that is Article X Section VII of the constitution allows expenditure of public funds for government personnel on increasing of the ceiling established upon approval by a legislative joint resolution. So it is not appropriating money it is just increasing the number of FTE's – it does affect the budget but it is not an appropriation and it is not revenue generating it is just increasing the FTE's – because you can an additional two FTE's and still be able to reprogram money within that Business Unit to hire two more people. It does not necessarily mean the budget will be increased or that they will incur a deficit but I do not know that.

Speaker Arnold I. Palacios: Okay. Representative Sablan, recognized. (*End of Tape 2, side B*)

(*Start of Tape 3, side A*)

Representative Sablan: To continue the necessity question you said, Chairman Yumul, that they are already advertising for these positions and that Business Units would have been borrowed from – or FTE's from other Business Unit would have been borrowed so that these positions could have been filled but from within the Department of Public Health is that what their plan was? So what is the necessity then of adding two FTE's I do not understand that. Apparently they can fill the position - there will be two people hired but we are not increasing the number of FTE's in the government...no, what I mean is if they are apparently already advertising and they are able to do that and to fill those positions by borrowing FTE's from other Business Units within the Department of Public Health then we do not need to do this (joint resolution) and increase the number of FTE's of the government because they are already able to fill those jobs and ...

Representative Deleon Guerrero: Point of clarification, Mr. Speaker.

Speaker Arnold I. Palacios: State your point.

Representative Deleon Guerrero: We are all speculating here – it is worse than the concurrent resolution projections.

Speaker Arnold I. Palacios: Representative Sablan, still has the floor.

Representative Sablan: Actually, I would like to hear his response.

Speaker Arnold I. Palacios: Okay, let me recognize Representative Yumul.

Representative Yumul: Thank you. If there are no objections from the members if you allow me twenty four hours I will get the answer.

Speaker Arnold I. Palacios: I thought you stuck around the compound like I did so that you could confer with the author...

Representative Yumul: That is with the House Concurrent resolution. The information that I spoke of earlier was what I received from Chairwoman Pangelinan that basically this positions are needed to ensure the continuity of this grant that they are administering but we have never gone beyond that. Once we adopt this the fiscal year 2010 budget will have to include these positions.

Speaker Arnold I. Palacios: Let me exercise my authority without objections we defer action on this until we clarify.

Representative Babauta: Point of clarification, Mr. Speaker.

Speaker Arnold I. Palacios: Five minute recess.

*The House recessed at 4:05 p.m.*

*RECESS*

*The House reconvened at 4:10 p.m.*

Speaker Arnold I. Palacios: We are back to plenary session. Representative Yumul, since I guess you did not have enough time to confer with the author on this particular joint resolution I think it is appropriate that we give you time so that whether we have a session tomorrow or Thursday or Friday by that time I hope that you would be ready to answer the questions so that we could all vote with clear conscience on this particular legislation – okay. So with that Floor Leader, can you effectuate a motion to defer this?

Floor Leader Camacho: Thank you, Mr. Speaker. Considering the discussions on the record and during the recess I would like to withdraw my motion and leave the item on the Calendar at this time if there is no objection.

The motion to withdraw was seconded and being no discussions S. J. R. No. 16-11 is left on the Resolution Calendar.

Speaker Arnold I. Palacios: Representative Yumul, do you have a bill that you need to introduce?

Representative Yumul: Yes, Mr. Speaker. If there are no objections can we go back to item 3?

There was no objections on the floor to return back to Item 3 of the Agenda.

## **INTRODUCTION OF BILLS**

Speaker Arnold I. Palacios: Representative Yumul, recognized.

Representative Yumul: I have one numbered House Bill No. 16-262 to appropriate \$295,000 to AETNA for the payment of medical expenses incurred by members of the government health insurance program; and for other purposes. If there is no objections if we could act on this – the Senate I believe is waiting of this legislation today.

Speaker Arnold I. Palacios: You would like it to be placed on the Bill Calendar.

Representative Yumul: If there is no objection to place it on the Calendar.

Speaker Arnold I. Palacios: Floor Leader, recognized.

Floor Leader Camacho: Thank you, Mr. Speaker. We need to suspend the Rules here. I would like to make a motion to suspend the House Rules in order to place H. B. No. 16-262 in reference to payment for Aetna.

The motion was seconded.

Speaker Arnold I. Palacios: The suspension motion has been seconded, discussion on the motion? Ready. Representative Sablan, recognized.

Representative Sablan: On the motion to suspend the Rules?

Speaker Arnold I. Palacios: Yes, so we can place the bill.

Representative Sablan: Thank you. Yes, I understand that – are we going to act on this bill today?

Speaker Arnold I. Palacios: Well, we can.

Representative Sablan: Well, can we get some background. I have noticed that the title only references the payment of runoff claims for Aetna, but the bulk of the appropriation is actually for the Commonwealth Election Commission.

Speaker Arnold I. Palacios: Okay. Representative Yumul, let us have you justify why you believe we should suspend the Rules and place this and explain the urgency.

Representative Yumul: Thank you. Mr. Speaker, the legislation I formally introduced that I like to see be acted upon the amount – the amount of \$295,000 is actually not entirely for Aetna. This \$192,630.13 should have been paid as of June 26<sup>th</sup>. The Senate had asked me to introduce a separate piece of legislation to address this payment. If Aetna does not receive this amount they will proceed to send this collection to an agency and then immediately terminate the entire government's health insurance with them. But at the same swing - because of the coming election, the Election Commission, Executive Director, Mr. Robert Guerrero had asked for appropriation for the General Election and possibly for the run off. The amount that he is asking for is actually \$192,000 - \$52,900 will be for the run off and \$139,100 for the General Election.

Speaker Arnold I. Palacios: Representative Yumul, I think – the motion is to suspend and we are asking to see what the justification for the suspension, what is the urgency part is what we are trying to deal with here.

Representative Yumul: The Senate is waiting for this legislation they are actually next door.

Speaker Arnold I. Palacios: The Senate is waiting for the legislation. Let me try – I know that you have introduced House Bill No. 16-241, and you had hoped that House Bill No. 16-241 – we had passed House Bill No. 16-241, but the bill was supposed to be taking care of Aetna...

Representative Yumul: The idea was for the Senate to make an amendment to add Aetna, but because of the funding source being the Tobacco Control the outside General Fund \$3.5 million the Senate would rather not entertain that entire legislation and instead had asked that I introduce a clean legislation that identifies a different funding source which is, MPLT (Marianas Public Lands Trust) estimated excess funds that will come into the General Fund to the tune of \$295,000.

Speaker Arnold I. Palacios: Thank you. Alright, so because House Bill 16-241 was not the vehicle we are stuck with having to reintroduce a different legislation with a different funding sources that is the justification for trying to expedite this which is what Representative Sablan's concerns are. Representative Sablan, recognized.

Representative Sablan: And to follow up on that concern as I recalled the Aetna representatives had actually given us a deadline of June 26 to identify some source of funding. It being June 30<sup>th</sup> and I am assuming benefits are still ongoing. Have we been able to find the money and are we appropriating after the fact now? What is the real urgency here? Is this – lacking any documentation what verification do we have that this money is actually available?

Speaker Arnold I. Palacios: Representative Yumul, recognized.

Representative Yumul: I have a June 8<sup>th</sup> letter from MPLT outlining base. In essence, the gross investment income that they will anticipate to collect from their investments for fiscal year 2009 and that comes up to \$2,920,000 subtracting the administrative expense and distributable income to include also Public Law 16-7, which is \$1.7 million. There is going to be an excess of \$295,000 that can be appropriated.

Speaker Arnold I. Palacios: Okay. That is from additional funds available under the interest from MPLT's investments. Correct. So the source of funds is from MPLT. Representative Sablan, recognized.

Representative Sablan: That has already been transferred to the General Fund or are we expecting that to be transferred?

Representative Yumul: We are expecting it to be transferred.

Representative Sablan: When? I mean if this is something that will not be transferred immediately then what is the urgency of passing this today? My other question was – we were given a deadline by Aetna of June 26<sup>th</sup>, I was there at the meeting at the Retirement Fund – so what has happened since then?

Representative Yumul: The reason is that – once we had identified the funding source the Secretary of Finance can make payments in anticipation of this money coming in at a later time. The Secretary of Finance will not make a payment without an identified funding source. Again, the issue is that we have already lapsed – time has elapsed, I would of wished that the Senate had acted on House Bill

16-241, but it is really shameful for a CNMI Government to lose an entire insurance program for not just current active employees but for retirees because of \$122,000, but if this body feels that this is not critical I will be more than happy to send this to committee.

Speaker Arnold I. Palacios: Representative Yumul, I do not want you to speak that way. You are the Chair and the author and you are a veteran Chairman here and so I want you to defend this piece of legislation.

Representative Yumul: Thank you. I have Mr. Speaker before me, all the necessary documents that will back up this legislation.

Speaker Arnold I. Palacios: Certainly, and I do not believe that Representative Sablan's questions are unreasonable to the point that I think that she is just trying to get the answers. This is an urgent piece of legislation perhaps we have a reprieve up to July 1, am I correct?

Representative Yumul: There is no guarantee, Mr. Speaker. We have already defaulted as of June 26. We can ask very politely to have them not send this to a collection agency that is the point of no return. But yes, Mr. Speaker, July 1<sup>st</sup>, could be considered a critical period that is why the Senate is waiting for this legislation.

Speaker Arnold I. Palacios: Thank you. You still have the floor Representative Sablan for one more question.

Representative Sablan: I am not sure if this is a question so much as just a comment, but we seem to be lacking critical information generally about the CNMI's financial resources. Another urgent situation that arose just this month had to do with the Division of Immigration and we rushed through an appropriations bill that would give them \$400,000 out of the Tobacco Control fund – the Senate did not pass it because of questions about the funding source which was also understandable and miraculously the Division is still operating. So apparently, this Administration is able to find funds and we do not know where it is coming from, but with respect to this bill again, we are given an urgent situation I do not doubt the Aetna run off claims are important I agree that they are. But again, the urgency was on June 26 and it is June 30 so has the Administration already found a source of funding like with the Division of Immigration? And second of all the source of funding that we identified in this bill we are projecting that but apparently it has not been received yet, so even if we pass this the money is not there yet.

Speaker Arnold I. Palacios: Representative Yumul, recognized.

Representative Yumul: Mr. Speaker, with all due respect to Representative Sablan, I am not a member of the Senate and I cannot speak as to why the Senate is not acting on any of the House's legislations, but I think the constitution mandates that I do my job, I put legislations forward as they become necessary and critical and if the Senate chooses not act on it that is beyond my responsibility. I wish they would have the fortitude to work with us in an urgent manner, but ....

Speaker Arnold I. Palacios: Let us take a short recess.

*The House recessed at 4:11 p.m.*

**RECESS**

*The House reconvened at 4:25 p.m.*

Speaker Arnold I. Palacios: We are back to plenary session. Representative Quitugua, could you explain to them why it is urgent.

Representative Quitugua: Mr. Speaker, I think this legislation should move forward and be on the Governor's desk before the money is transferred from MPLT to Finance. I had spoke to then Secretary of Finance in reference to Public Law 16-7, which appropriates \$1.7 million for 2009 and \$1.7 million for 2010 and because in Public Law 16-7, it says there, the total amount. So if this excess comes in right now, it would be applied towards the \$3.4 million. So that is why this is very important that it should get there so that the \$295,000 will not be applied to satisfy what is the \$3.4 million. In other words, if this is applied, then the \$295,000 would be available for iscal year 2010. This is very timely that it should get there so that this fund will be reserved for Aetna. Thank you.

Speaker Arnold I. Palacios: Ready on the suspension.

Several members voiced ready. Being no further discussions on the motion to suspend House Rules to place House Bill No. 16-262 on today's Calendar for action was carried by voice vote.

*(Representative Sablan objected to the motion)*

Speaker Arnold I. Palacios: Floor Leader, recognized.

Floor Leader Camacho: Thank you, again Mr. Speaker. Now, that we have suspended the Rules a motion to place House Bill 16-262 in reference to Aetna on the Bill Calendar.

The motion was seconded.

Speaker Arnold I. Palacios: The motion has been seconded, discussion. Representative Hocog, recognized.

Representative Hocog: Just for point of information. Mr. Speaker, what happened to House Bill 16-241 that addresses the payment for Aetna?

Speaker Arnold I. Palacios: It is still in the Senate.

Representative Hocog: So we are doing another bill for the same payment – an appropriation bill to pay Aetna.

Speaker Arnold I. Palacios: I think Representative Yumul had explained that, but can you reiterate that Representative Yumul.

Representative Yumul: Thank you, Mr. Speaker. In our early meetings between myself and Senator Pangelinan the idea that we had in essence agreed to us to allow House Bill 16-241 to be the vehicle for the Senate to make an amendment to include the Aetna run off claim. But a decision was made by the Senate to not pass House Bill 16-241 they are instead going to hold it but they are asking that we send this House Bill 16-262 up which has a different funding source and that it is specific for Aetna with the excess remainder to go to the Election Commission.

Representative Hocog: To come from MPLT and basically the reason why House Bill 16-262 is crafted is to provide a rider of \$172,000 for the upcoming General Election, is that correct Chairman Yumul?

Representative Yumul: It was also discussed.

Representative Hocog: But the intent is to make this a rider a \$172,000 on top of Aetna.

Representative Yumul: The intent is for Aetna’s primary. The Election Commission just ...

Speaker Arnold I. Palacios: The answer is yes. (Laughter)

Representative Hocog: That is the reason Mr. Speaker, and my next question – can the money from MPLT be used to fund operation of the Election Commission?

Representative Yumul: Yes, because that is interest payments that would have gone to the General Fund for appropriation.

Representative Hocog: Okay, so that clarifies the intent of House Bill 16-262 and to butcher House Bill 16-241 now in the Senate. I rest my case, Mr. Speaker.

Speaker Arnold I. Palacios: This is only for placement on the Bill Calendar. Okay. Ready for the question.

Several members voiced ready and the motion to place House Bill 16-262 was carried by voice vote. (*Representative Sablan objected to the placement motion* )

**SENATE COMMUNICATIONS**

NONE

**HOUSE COMMUNICATIONS**

HSE. COMM. 16-111: From Representative Dela Cruz to Mr. Larry Knecht, Executive Vice President, IT&E regarding MTC Retiree Pension.

**COMMUNICATIONS FROM THE JUDICIAL BRANCH**

NONE

**COMMUNICATIONS FROM THE NMI DELEGATE**

NONE

**COMMUNICATIONS FROM DEPARTMENTS & AGENCIES**

NONE

## OTHER COMMUNICATIONS

MISC. COMM. 16-77: From the Saipan Chamber of Commerce to Speaker Arnold I. Palacios and Representative Yumul, commenting on H. B. No. 16-225.

## REPORTS OF STANDING COMMITTEES

S. C. R. NO. 16-89 Reporting on S B. NO. 16-45 entitled, “To amend 4 CMC § 5941 (a) to abolish the security deposit requirement for long term business certificate applicants; and for other purposes.” *Your Committee on Commerce and Tourism recommends passage of S. B. NO. 16-45 in the form of House Substitute 1.*

S. C. R. NO. 16-91: Reporting on H. B. NO. 16-167, HD2, entitled, “To amend 1 CMC § 8222 regarding housing for key government officials; and for other purposes.” *Your Committee on Judiciary and Governmental Operations recommends passage of the bill in the form of H. B. NO. 16-167, HD3.*

S. C. R. NO. 16-92: Reporting on H. B. NO. 16-178, entitled, “To repeal and replace Title 6, Division 5, Chapters 1 and 2 and create a comprehensive juvenile justice system that will protect the community, hold the juvenile accountable for his or her actions, and assist the juvenile in developing skills to become a contributing member of a diverse community; to establish a system for the appointment and regulation of guardians ad litem to support juveniles and the community at large; and for other purposes.” *Your Committee on Judiciary and Governmental Operations recommends passage of the bill in the form of H. B. NO. 16-178, HD1.*

S. C. R. NO. 16-94: Reporting on H. B. NO. 16-210, entitled, “To restructure the Qualifying Certificate Program by repealing and re-enacting the Investment Incentive Act; and for other purposes. *Your Committee on Commerce and Tourism recommends passage of the bill in the form of H. B. NO. 16-210, HD1.*

S. C. R. NO. 16-95: Reporting on Judicial Branch Communication 16-16, “Proposed addition to the Commonwealth Rules of Civil Procedure – Dormant Docket for Mortgage Foreclosure Proceedings”. *Your Committee on Judiciary and Governmental Operations recommends the House concurs to the proposed addition to the Commonwealth Rules of Civil Procedure.*

S. C. R. NO. 16-96” Reporting on H. B. No. 16-18, entitled, “To amend Article XI, Section 5(g) of the NMI Constitution to authorize the Department of Public Lands to reserve twenty percent of its operational expense to pay and satisfy land compensation claims; and for other purposes. *Your Committee on Natural Resources recommends pass of the bill in the form of H. B. No. 16-18, HD1.*

*There was no discussions under this part of the Agenda*

## REPORTS OF SPECIAL AND CONFERENCE COMMITTEES

NONE

## UNFINISHED BUSINESS

NONE

## BILL CALENDAR

Speaker Arnold I. Palacios: Floor Leader, effectuate the main motion.

Floor Leader Camacho: Thank you, Mr. Speaker. A motion to pass on First and Final Reading House Bill No. 16-262 in reference to Aetna.

The motion was seconded.

H. B. NO. 16-262: To appropriate \$295,000.00 to Aetna for the payment of medical expenses incurred by members of the Government Health Insurance Program; and for other purposes.

Speaker Arnold I. Palacios: The motion has been seconded. Representative Reyes, recognized.

Representative Reyes: Thank you, Mr. Speaker. This is for the author *kao gua'gua'ha balance para i Aetna yangin ma appose esti na claim?*

Speaker Arnold I. Palacios: Representative Yumul, recognized.

Representative Yumul: *Hafa na balance?*

Representative Reyes: I am trying to say is this the total bill that is owed Aetna for this run off claims or there is an additional?

Representative Yumul: This is the last batch of amount that is owed to Aetna by the CNMI Government. The remainder are actually with CHC (Commonwealth Health Center) and other local providers that the Retirement Fund Administrator, Mr. Mark Aguon had stated to me that they will negotiate directly for reduced amounts as pay off presents itself, but this \$122,000 is an amount that needs to be paid because Aetna had been as a benefit to the CNMI as we transition out of HPMR into Aetna they went ahead and paid some of the medical billings that were due as way to clear the way for them to take over. This is the last remaining amount that needs to be settled so that we have a clean sheet.

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

Representative Reyes: Thank you, Mr. Speaker. *Hu faisen esti Mr. Speaker sa last week lokkue man ga'gagao lokkue payment i PHI Pharmacy.* PHI Pharmacy is owed \$400,000 and I just thought I mention that for the record. The PHI Pharmacy is aggressively pursuing collection also because it is hurting the business. Thank you.

Speaker Arnold I. Palacios: Representative Yumul, recognized.

Representative Yumul: Yes, I am in receipt of that letter of concern. That letter is actually addressed directly to the Governor and Lt. Governor and the Secretary of Finance - the issue being that the hospital and of course patients that have gone through the hospital that they have provided medications for primarily or through direct and also through Medicare that these payments needs to be dealt directly with the Secretary of Finance and the Secretary of Public Health.

Speaker Arnold I. Palacios: Thank you. Representative Apatang, recognized.

Representative Apatang: Thank you, Mr. Speaker. I would like to make an amendment on the heading of the appropriations.

Speaker Arnold I. Palacios: Please proceed with your amendment, Representative Apatang.

Representative Apatang: *To appropriate \$295,000 to Aetna for payment of medical expense incurred by members of the government health insurance program and for the Board of Election's operations and for other purposes.* Thank you.

The amendment motion was seconded.

Speaker Arnold I. Palacios: Is everybody clear with the amendment motion offered by Representative Apatang. The motion has been seconded. Discussion on the motion? Ready.

There being no discussions on the amendment motion offered by Representative Apatang and was carried by voice vote.

Speaker Arnold I. Palacios: We are back to the main motion. Representative Salas, recognized.

Representative Salas: This is for the author. Can you explain again the \$122,630? This is the last amount that was owed previously for how many months?

Speaker Arnold I. Palacios: Representative Yumul, recognized.

Representative Yumul: What had happened is that these claims that have come in Aetna had placed it under a dormant account of their – it was actually only about \$109,000, but as interest accumulated the total amount now stands at \$122,000.

Representative Salas: So basically this amount is something that was owed to Aetna for maybe six months a year or something like that. So the intent of this is just to clear that and the payment for Aetna in the coming months is basically current?

Representative Yumul: Yes, payments that will be going to Aetna other than this amount is really for premiums.

Representative Salas: Okay, premiums, but not the cost for medical...

Representative Yumul: No.

Representative Salas: Okay. Thank you.

Speaker Arnold I. Palacios: Ready. Representative Sablan, for the last time.

Representative Sablan: This should be just the first time.

Speaker Arnold I. Palacios: Okay.

Representative Sablan: Chairman Yumul mentioned earlier that he had all the supporting documentation to show one, that we are anticipating an excess sum of \$295,000, two, the appropriation request from the Election office were they actually breakdown - the budget to justify this appropriation and then three, the run off claim from Aetna that is actually in that amount, can that be provided to the members at this time since we are apparently going to act on it?

Speaker Arnold I. Palacios: Short recess.

*The House recessed at 4:26 p.m.*

*RECESS*

*The House reconvened at 4:37 p.m.*

Speaker Arnold I. Palacios: Representative Yumul, you have the floor.

Representative Yumul: I will yield for now, Mr. Speaker.

Speaker Arnold I. Palacios: Representative Hocog, recognized.

Representative Hocog: Mr. Speaker, I guess that if the funding is really there under the MPLT interest supposedly to be used for the payment of CUC (Commonwealth Utilities Corporation) and if that is available I think the difference that the Senate wants is the funding source with the present bill with them. Again, I really do not like these riders but again if the Election Commission will come back to the Legislature and request for appropriation to carry out their duties for the upcoming General Election and if the funding source is really available then I guess we should move forward and take care of the claims of Aetna, one and address the funding request from the Election Commission.

Speaker Arnold I. Palacios: Are you inferring – you want to make a comment?

Representative Hocog: No, that is my comment and I would like to move forward and let us place the bill on the table and leave each one of us to make their own decision whether or not to go with this impromptu House Bill 16-262.

Speaker Arnold I. Palacios: Representative Salas, recognized.

Representative Salas: Before we do that, can I just ask Chairman Yumul if he knows if this particular funds that are in arrears or bill, has been paid already? Because if it has been paid then obviously I think we do not have to worry about it, right?

Speaker Arnold I. Palacios: Representative Yumul, recognized.

Representative Yumul: Thank you, Mr. Speaker. I had placed a call to the Retirement Fund during our recess. At this point the Retirement Fund has not made payments, however, it might have been paid by Finance directly, I do not know, because I did not call Finance.

Representative Salas: So we do not know?

Representative Yumul: I do not know. All I know is that the urgency when the legal counsel and I had worked on this over lunch this needed to be done and now that you have asked this is what I know.

*(End of Tape 3, side A)*

*(Beginning of Tape 3, Side b)*

Speaker Arnold I. Palacios: Representative Apatang, recognized.

Representative Apatang: This had been paid or not – this was the issue that was brought up by the Retirement Fund when they were here and I am not going to jeopardize the cancellation of a health insurance for our people who are in this particular health insurance program. They gave us a deadline to make good of payments, although, we are behind everybody else is behind on payments, but as long as we take the initiative to make good I am sure that Aetna will give us consideration – they have done it in the past and I believe they will do it again. Our main concern here is to insure that our people are being taken cared of. We do not want to see the health of our people be jeopardize because we are not doing our jobs. We are trying to find money everywhere and this is the opportunity here. So we got this money here - this appropriation let us do it – let us pass it – let us take care of it. Thank you.

Speaker Arnold I. Palacios: Representative Hocog, recognized.

Representative Hocog: Well to answer the question of Representative Salas whether Aetna has been paid and if so, Mr. Speaker, the Acting Secretary of Finance perhaps if paid, he did that in good faith because after consulting with some members of the Legislature that we will provide the necessary funding to cover and the reason why they advance such in their discretionary funding is to insure that our people will not be in jeopardy with their health care insurance. So I guess this promise and assurance that the Legislature will provide the appropriation to replenish what was paid for Aetna in saving the health insurance plan for our government employees. So I do not know why it is so hard for the Chair to say that, but this is the truth and nothing but the truth. So let us work on this appropriation and repay what we promised to provide them. Thank you.

Speaker Arnold I. Palacios: Representative Sablan, recognized.

Representative Sablan: Thank you. Before we panic and rush forward with this legislation I would like to just ask if Aetna has actually threatened to terminate service to the Commonwealth as a result of this \$122,000 in run off claims. Because as I recall having sat in on a conference call with the Aetna officials with Chairman Yumul and Senator Pangelinan presents. They did comment that except for this remaining run off claim the CNMI was keeping up with its regular payments to Aetna. So I am not sure that – that is really the cause for the sense of urgency that the members are feeling now. Again I am not saying that this is not important, but because this was urgent on June 9<sup>th</sup> when the memo was sent out from Aetna and the conference call I believe was held on the same day and it being now June 30<sup>th</sup>, I am surprised that we waited this long four days after the deadline Aetna gave us to pass this appropriation bill. Again, I would have to ask – let us first find out if Finance has actually already paid, we should know that it being June 30<sup>th</sup> four days after the deadline and it seems as if Aetna has not terminated service. So if the money has already been found we might not have to appropriate after all. Second, I am concern that we are neglecting any discussion at all of the estimated cost breakdown that the Election Commission has given us, although, I do believe it is important that we appropriately fund our Elections to ensure that they are

free and fair. I cannot help but notice that for example we are renting sixteen cars on Saipan alone and not to mention many other expenses that perhaps could be scrutinized more. But we just had received this just today, the bill was drafted during the lunch break I just saw this in front of me about fifteen minutes ago and I am not prepared to act on it and again I am questioning the urgency on passing a bill that should have been passed last week. If we can take the time and I would ask that we do this to verify whether or not Aetna has been paid and to also verify the requested appropriation from the Election Commission then I would be more comfortable supporting this bill. I would like to rest at this time.

Speaker Arnold I. Palacios: Representative Yumul, why were we not given a chance about this Election Commission? I can certainly acknowledge the urgency of the Aetna insurance. I also was not aware that the request for funding from the Election Commission was going to be part of this legislation until I looked at the legislation very closely. I also noticed that the breakdown of the request budget summary was transmitted to you yesterday.

Representative Yumul: Thank you, Mr. Speaker. The Executive Director had called my office just yesterday asked for an urgent meeting and then this was the result of that meeting that he was asking for the additional funding. He had explained that part of the reason why the cost for running the Election will be high was that their interpretation of Public Law 16-38 because of the counting of the municipalities of Rota and Tinian the ballots have to be printed separately for local and then for the Commonwealth wide which as we now know that there is no Washington Representative there is only a Governor and Lieutenant Governor ticket so that ballot will be separated. But their interpretation went on to say that Public Law 16-38 did not indicate whether that specifically just deal with issues for Rota and Tinian that they want to count their ballots that evening which means that Saipan will also have to have this separation of ballots other than the Governor and Lieutenant Governor because that is how it was written. So the concern was that they need additional funding to print separate ballots – it will practically be three ballots, one for the initiatives, one for the local which is the Mayor of Saipan, the House of Representatives, the Senate, the Municipals, the Board of Education, and then one for the Governor and Lieutenant Governor. So that is how this thing came around.

Speaker Arnold I. Palacios: Let me ask then if there is no objection. Would it not have been then cheaper to make clarification to that election bill and have not three different ballots, but one ballot counted and one ballot not just for senatorial, but for precincts? It is different because the candidates in each different precinct for the lower House particularly are going to be different.

Representative Yumul: Yes. I understand that, Mr. Speaker. That is...

Speaker Arnold I. Palacios: My question is that would it not have been cheaper to go in and perhaps amend that law to make that clear?

Representative Yumul: Unfortunately, the legislation is not before us it is sitting in the Senate and of course they are more than happy to debate and make those amendments. I only have what is before me. Representative Quitugua did make a very strong point that if we do not identify funding for the coming election using this source my greatest concern is once this money is used there is not much to go by unless we ask the Chairman of the local delegation to do what we did the last time which was, to appropriate from Saipan Local Delegation to fund for initiative ballots. So at this point I am open to suggestions, Mr. Speaker. The Aetna concern that was brought up to me was a serious concern. I, myself received a call not barely twenty minutes ago indirectly stating that Aetna might

have been paid – I have not confirmed that because the person that told me this was from the Retirement Fund and they do not make payments directly to Aetna with regards to this. So I would rather just have this legislation move forward and work with these concerns or we can defer action and I will have all the answers prepared for the members by the next session.

Representative Salas, seconded.

Speaker Arnold I. Palacios: Representative Yumul, I admire you for taking all the heat on this one, but after taking us for two hours of deliberation and for you to tell me now that you are open to suggestions and you want to defer action after everybody getting all excited you are going to tell me now that we are going to drop the ball and wait for another day.

Representative Yumul: No, I am ready to vote, Mr. Speaker, but I am trying to be a nice guy. (Laughter).

Speaker Arnold I. Palacios: Representative Hocog, recognized.

Representative Hocog: Mr. Speaker, like I said let everyone, decide with their own consciences whether to approve this urgent bill before us. Again, Mr. Speaker, the source of funding that is readily available from MPLT I would agree with the Chair that if we do not act on this and that funding is stopped elsewhere then we are going to be left out again with soul searching for funding for the Election Commission. So I am saying that, if there is really funding available, then let us act on the – I do not really like this rider, but if evidently they will come back and ask for funding availability again for the operation of the Election Commission. So with that, Mr. Speaker I move to end discussion and let us act on the bill.

Speaker Arnold I. Palacios: Before I call for the vote, the Chair will take a thirty second recess.

*The House recessed at 5:09 p.m.*

*RECESS*

*The House reconvened at 5:09 p.m.*

Speaker Arnold I. Palacios: We are back to our session, Clerk please call the roll.

The Clerk called the roll on the motion to H. B. NO. 16-262, HD1 on First and Final Reading.

Representative Edwin P. Aldan	yes
Representative David M. Apatang	yes
Representative Oscar M. Babauta	absent (During Voting)
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	yes
Representative Heinz S. Hofschneider	absent (During Voting)
Representative Raymond D. Palacios	yes
Representative Justo S. Quitugua	yes
Representative Joseph C. Reyes	yes

Representative Christina M. Sablan	no
Representative Edward T. Salas	no
Representative Rosemond B. Santos	absent (During Voting)
Representative Ramon A. Tebuteb	yes
Representative Ralph DLG. Torres	absent (During Voting)
Representative Stanley T. McGinnis Torres	yes
Representative Ray N. Yumul	absent (During Voting)
Speaker Arnold I. Palacios	no

Speaker Arnold Palacios: By a vote of twelve “yes”, House Bill 16-262, HD1 hereby passes the House on First and Final Reading. Before we adjourn, without objection that we revert back to House Communications at the request of Representative Dela Cruz.

There was no objections raised on the floor to revert back to House Communications.

### HOUSE COMMUNICATIONS

HSE. COMM. 16-111: From Representative Dela Cruz to Mr. Larry Knecht, Executive Vice President, IT&E regarding MTC Retiree Pension.

Speaker Arnold I. Palacios: Representative Dela Cruz, recognized.

Representative Dela Cruz: Thank you, Mr. Speaker. This is in regards to HSE. COMM. 16-111, a letter I submitted to Mr. Larry Knecht, the Executive Vice President of IT&E at present. This basically is a letter addressing Mr. Knecht on the status of a retirement plan for former MTC (Marianas Telecommunication Company) employees that have retired and let me just give a brief synopsis of how this letter came about. The pension or retirement plan was terminated by the company on January 31<sup>st</sup> of 2008, a letter then subsequently was sent out to the pensioners’ stating that this pension payout will occur on March 22<sup>nd</sup> of 2009. Apparently, prior to March 22<sup>nd</sup> the payout date or the anticipated payout date another letter was sent out to the former MTC retired employees stating that the company had submitted a request of extension to the pension benefits Guaranteed Commission, a federal agency that takes care of the pension plans for this company. So basically, the extension request was to move it from March 22<sup>nd</sup> of 2009 to June of 2009 and as we are all aware today is the last day of June and these employees have been knocking on my door calling me wanting to find out when their pension payout will occur. In my letter, I stated that some of these employees have past away not benefiting from their pension – quite a few of them are ill, some have been diagnosed with cancer and other illnesses. We are talking about a little over a hundred employees with a pension payout amount of about \$1.3 million. One of the frustrations that I have had with the company is the non-responsiveness of my queries in black and white. The last time I have spoken to Mr. Knecht he had informed me that the pension payout will occur on or before June 2009 and so we are here now, again on the last day of June. Some of these employees have even suggested that they protest in front of the IT&E headquarters. I informed them – or rather advised them not to take this measure at this time we want to try to settle this diplomatically as possible. Today, as I presented this House Communication on the floor I was interviewed by a couple of the Reporters and I explained to them the plight of these employees. One of the Reporters had also gotten the company’s side namely, Mr. Knecht and according to this Reporter she had informed me that Mr. Knecht that the pension will not be available for the next six to twelve months. Now this is coming from the Reporter, I have not heard of the actual comment or even received a response to this letter I submitted to Mr. Knecht. But Mr. Speaker and members, these employees deserve to be given their pension. While I see and understand that this is very minuscule as

compared to the actual CNMI Government's pension funds, it is just as important. I would like to ask the Committee on Public Utilities Transportation and Communication (PUTC) to bring in the company as well as these employees for a formal hearing to hear the company's side and the delay on the payout of the pensions. I have even stated for the record on my letter that the company as it now stands to benefit from the lowering of the franchise fee due in part to Public Law 15-35 from 2% to .75%. The company also stands to benefit or has benefited from the Qualifying Certificates, now, please understand that this pension program is an investment in the Stock Market and at that time when the company requested an extension from the pension benefits commission they were granted that extension because of the volatility of the Stock Market and that is understandable. But these three months of extended term is, I believe, has come to a point where something has to give. Another six to twelve months – we do not know how many more will pass away, these employees. So I ask the Committee, I have even gone as far as probably even coming out with a resolution but I think the diplomatic way of doing it would be the Committee, to call in the Company and I would also ask that the Committee call in employees to come in and testify. That is all, Mr. Speaker.

Speaker Arnold I. Palacios: Thank you. That is a very grave concern and it is certainly and I believe the members appreciate you taking and giving us this information. I remember talking to one of the employees of MTC and eventually became an employee of Verizon and PTI before he retired. We are surprised that IT&E has not made good on the pensions of these employees and I think the Chairman on PUTC, Representative Hocog and yourself, Representative Dela Cruz since you are fairly versed on this particular issue to get together as soon as possible with expediency, call on the management of IT&E, present and former employees for that matter that you know of and have a meeting conducted in the Chamber. Mr. Chairman, Representative Hocog, recognized.

Representative Hocog: I welcome this.

Speaker Arnold I. Palacios: Thank you, I would appreciate and I think that everybody would appreciate and would be very interested in seeing this matter taken cared of in an expedient manner. Representative Stanley Torres, recognized.

Representative Stanley Torres: Mr. Speaker, I would like to add align with that issue. Would the Chairman also include in his inquiry of what have they done to the employee share dividend, have they been given out also? That is in the agreement when PTI took over the Verizon, Representative Dela Cruz, am I on the right track to add that inquiry too?

Representative Dela Cruz: Yes.

Representative Stanley Torres: Thank you.

Speaker Arnold I. Palacios: Representative Sablan, recognized.

Representative Sablan: Just a quick question for Representative Dela Cruz. I am actually not very familiar with this problem, but are any of the former MTC employees engaged in any kind of lawsuit, is there any civil action being pursued at this time that you are aware of?

Representative Dela Cruz: Not to my knowledge at this time.

Speaker Arnold I. Palacios: Thank you, Representative Dela Cruz for that information.

**ANNOUNCEMENT**

NONE

**ADJOURNMENT**

Speaker Arnold I. Palacios: Floor Leader, a motion for adjournment.

Floor Leader Joseph N. Camacho moved to adjourn subject to the call of the Chair; it was seconded and carried by voice vote.

The House adjourned at 5:26 p.m., subject to the Call of the Chair.

Respectfully submitted,

Linda B. Muña, Journal 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. 16-36: To authorize SHEFA financial assistance for students enrolled in post-secondary vocational or training programs for students pursuing a degree or certification in nursing or any other related medical program within the CNMI. (Rep. Oscar M. Babauta +1)

H. L. B. No. 16-37: To name the fire station located in Koblerville Village to the “Jose Terlaje Ada Building” in recognition and appreciation of his untiring and outstanding contributions to the Department of Public Safety and to the people of the Commonwealth; and for other purposes. (Rep. David M. Apatang +3)

**THIRD APPEARANCE:** NONE