

**TITLE 170: LOCAL RULES AND REGULATIONS; TINIAN AND AGUIGUAN
(SECOND SENATORIAL DISTRICT)**

**CHAPTER 170-10
GARMENT FACTORY LOCAL TASK FORCE**

**SUBCHAPTER 170-10.1
ISSUANCE OF GARMENT FACTORY LICENSES ON TINIAN REGULATIONS**

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Subchapter Authority: 10 CMC § 2455.

Subchapter History: Adopted 11 Com. Reg. 6241 (June 15, 1989); Proposed 11 Com. Reg. 6217 (Apr. 15, 1989).

Commission Comment: Tinian Local Law 6-4 (effective Jan. 23, 1989), the “Tinian Garment Factory Act of 1988,” is codified at 10 CMC §§ 2451-2461. 10 CMC § 2461 establishes a Garment Factory Local Task Force (GFLTF) for the second senatorial district, authorized to select licensees to operate garment factories in the second senatorial district. 10 CMC § 2455(a) directs the GFLTF to establish by regulation criteria for the granting of licensees to operate garment factories.

Part 001 - General Provisions

§ 170-10.1-001 Authority

The regulations in this subchapter are promulgated and issued by the Tinian Garment Factory Local Task Force pursuant to the authority granted by Tinian Local Law No. 6-4, the “Tinian Garment Factory Act of 1988,” enacted on January 23, 1989 [10 CMC §§ 2451-2461].

Modified, 1 CMC § 3806(d), (g).

History: Adopted 11 Com. Reg. 6241 (June 15, 1989); Proposed 11 Com. Reg. 6217 (Apr. 15, 1989).

Commission Comment: The Commission moved the comma after “1988” inside of the closing quotation marks.

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§ 170-10.1-005 Purpose

The regulations in this subchapter establish the criteria and conditions necessary to issue licenses to operate garment factories, authorized by law, and shall only apply to the island of Tinian in the second senatorial district.

Modified, 1 CMC § 3806(d), (f).

History: Adopted 11 Com. Reg. 6241 (June 15, 1989); Proposed 11 Com. Reg. 6217 (Apr. 15, 1989).

§ 170-10.1-010 Garment Factory Local Task Force

- (a) The Garment Factory Local Task Force (GFLTF) shall consist of five members:
- (1) Employee-in-charge for Customs Division on Tinian and Aguiguan.
 - (2) Resident Department Head, or his/her designee, for the Tinian Office of the Department of Commerce and Labor.
 - (3) One person to be selected by the Mayor of Tinian and Aguiguan.
 - (4) One person to be selected by the Tinian Municipal Council.
 - (5) One person to be selected by the Tinian Joint Legislative Delegation.

(b) Except for the Employee-in-charge for Customs Division and the Resident Department Head (or his/her designee) of Commerce and Labor, in subsections (a)(1) and (a)(2) of this section, the members of the Garment Factory Local Task Force (GFLTF) shall be selected from among the qualified voters of Tinian. All members of the GFLTF shall serve terms of two years, with the exception of the Resident Department Head of Commerce and Labor. A chairperson and a vice-chairperson shall be elected from among the membership. Meetings of the GFLTF, during its initial stage of organization not exceeding six months, shall be held as often as necessary, but not less than once a month. Thereafter, the GFLTF shall meet not less than once a quarter, except as emergencies or special business may require additional meetings. GFLTF meetings shall be announced and open to the public, except in executive session. The chairperson, or any two members thereof, may call for a meeting of the GFLTF, in addition to those meetings regularly scheduled, provided that the presence of all members shall be required for any review to be made on a garment factory license application.

Modified, 1 CMC § 3806(c), (e).

History: Adopted 11 Com. Reg. 6241 (June 15, 1989); Proposed 11 Com. Reg. 6217 (Apr. 15, 1989).

Commission Comment: The original paragraphs were not designated. The Commission designated subsections (a) and (b).

§ 170-10.1-015 Definitions

As defined in Tinian Local Law 6-4 [10 CMC §§ 2451- 2461], and in the regulations in this subchapter:

- (a) “Garment factory” means a facility operated by any sole proprietorship, partnership,

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corporation, firm, association, or group or combination for the creation, production, or assembly of textiles or textile products.

(b) “Textiles or textile products” means manmade fibers, tops, yarns, piece goods, made-up articles, garments, and other textile manufactured products (which derive their chief characteristic from their textile components) made in whole or in part from any natural or manmade fiber or blend thereof, that are classified under schedule 3, part 6, parts 1, 4, 5, 7, or 13 of schedule 7, part 1 of schedule 8, or part 1 of the appendix to the Tariff Schedules of the United States (19 U.S.C. § 1202).

(c) “Garment manufacturing” means use of a garment factory for the manufacture of textiles or textile products.

(d) “Local hires” or “local workers” means permanent resident aliens and United States citizens permanently residing in the Commonwealth and available for employment in the manufacture or assembly of textiles or textile products.

(e) “Business license” means that license required to engage in or conduct business and issued by the Director of the Department of Commerce and Labor pursuant to 1 CMC § 2453(d).

Modified, 1 CMC § 3806(d), (f).

History: Adopted 11 Com. Reg. 6241 (June 15, 1989); Proposed 11 Com. Reg. 6217 (Apr. 15, 1989).

Part 100 - Licensure of Tinian Garment Factories

§ 170-10.1-101 Limitation on Number of Garment Factories

As provided by local law, not more than five licenses shall be issued for the establishment and operation of garment factories on Tinian (Second Senatorial District). Only one license shall be issued to any one applicant approved by the GFLTF and is non-transferrable.

Modified, 1 CMC § 3806(e).

History: Adopted 11 Com. Reg. 6241 (June 15, 1989); Proposed 11 Com. Reg. 6217 (Apr. 15, 1989).

§ 170-10.1-105 Criteria for Consideration in Issue of License

In reviewing applications for license to operate garment factories on Tinian, the GFLTF shall take into consideration the following:

(a) **Minimum Capital Investment.** A minimum of \$2 million capital investment is required by local law. Included within this minimum investment will be the cost of acquiring land, construction of facilities, purchase of equipment, mobilization costs for acquiring employees, and other costs of setting up and operation incidental to garment factory activities. This minimum capital investment must be maintained during the life of the garment factory license

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issued pursuant to local law. The Tinian Department of Commerce and Labor, as its responsibility under law, shall ascertain compliance to this minimum capital investment and may require, at licensee's own expense, to provide a statement from a certified public accountant chosen by the Department certifying that licensee has indeed provided and actually invested \$2 million in its garment factory operation. Provided, that with regard to such minimum investment on acquisition of land, the cost must be based on the amount as called for in the monthly rental accruing within a cumulative five year period.

(b) Private Land Lease Secured. Preference shall be given to an applicant who has already secured a lease of private land for the purpose of building and operating a garment factory.

(c) Minimum Garment Factory Experience. Applicant must demonstrate at least five years previous experience in garment factory operation, accumulated within or without the Commonwealth.

(d) Other Criteria or Conditions. In addition to the above considerations, the GFLT shall base its approval on the criteria or conditions including, but not limited to the following:

(1) The number of local hires to be made by the licensee, including provisions on increasing the employment of local workers.

(2) The number of foreign workers to be hired by the licensee, including provisions on their replacements by local hires. (Not more than 350 non-resident workers shall be allowed.)

(3) The wages offered to local hires.

(4) The degree of local ownership offered to citizens of the Northern Marianas in the garment manufacturing or factory business.

(5) The extent of benefits offered to employees, including but not limited to profit sharing plans, medical benefits, maternity leaves, vacation, length of work week, group life insurance, retirement plan.

(6) Training programs offered to employees to advance their skills, including the development of a definite time schedule for position advancement.

(7) The number of local workers to be placed in management positions, including development of a definite time schedule for such placements.

(8) Where they may have already been granted CNMI business licenses, that applicants for a license to operate a garment factory demonstrate that they have successfully maintained such a valid business license.

(9) The time frame in which the licensee will initiate construction of the factory building and start manufacturing operation.

(10) The degree to which the applicant will improve infrastructure and supply its own power, water, and other utility needs.

(11) Commitment by the applicant not to locate its factory inside the main village of San Jose and subdivision, or on any other village homesteads, on lots originally secured through the village homestead program.

(12) Commitment by the applicant to landscape its factory surrounding to a standard acceptable in the community, especially on property abutting frontal residential and potential tourism-related areas.

(13) The extent of participation in activities that will promote community and youth-oriented

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programs, such as libraries, scholarship support, youth summer employment and other benefits contributing to the social development of Tinian.

Modified, 1 CMC § 3806(e).

History: Adopted 11 Com. Reg. 6241 (June 15, 1989); Proposed 11 Com. Reg. 6217 (Apr. 15, 1989).

§ 170-10.1-110 Condition of Licensing

A license considered in § 170-10.1-105 shall be issued on the conditions that:

- (a) Licensee shall be restricted to just garment manufacturing activities, and not enter into any other business or commercial activities of any sort whatsoever.
- (b) Licensee must locate its facilities on private land.
- (c) Licensee shall employ not more than a total of three hundred fifty alien laborers in its operation.
- (d) Licensee shall, within two hundred forty days after issuance of its license, begin construction and operation of the garment factory.
- (e) Licensee shall not sell or transfer the license issued thereunder.

Modified, 1 CMC § 3806(c), (e).

History: Adopted 11 Com. Reg. 6241 (June 15, 1989); Proposed 11 Com. Reg. 6217 (Apr. 15, 1989).

§ 170-10.1-115 Application for License

Application for a garment factory license, pursuant to Tinian Local Law 6-4, shall be made containing the name and other information required of the applicant on a form prescribed by the GFLTF, attached hereto as appendix “A,” together with a non-refundable application fee of \$500.00 payable to the Commonwealth Treasurer, to be submitted in accordance with § 170-10.1-120 of this subchapter. Applicant must be the name of the operator of the garment factory proposed to be licensed.

Modified, 1 CMC § 3806(c), (d), (f), (g).

History: Adopted 11 Com. Reg. 6241 (June 15, 1989); Proposed 11 Com. Reg. 6217 (Apr. 15, 1989).

Commission Comment: The Commission moved the comma after “A” inside of the closing quotation mark and inserted the word “a” before “form.”

§ 170-10.1-120 Announcement and Review of Applications

The GFLTF shall announce all licenses available for operation of garment factories.

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(a) A public notice shall be issued for a period of thirty days announcing the availability of the initial five garment factory licenses for applications. Application is required to be made on the prescribed form, accompanied by the application fee, to the Tinian Resident Department of Commerce and Labor within the time specified. The Resident Department Head shall date or cause to be dated the application and numbered on the order it was received.

(1)(i) Within five work days after the closing of the announcement period, all applications received by the Resident Department Head shall be forwarded to the GFLTF for review.

(ii) Review of the applications shall be made within 60 days from date of receipt by the GFLTF. When there is competition for the five available garment factory licenses, the GFLTF shall apply the criteria in § 170-10.1-105 in selecting the best licensee, ranking them in ascending order. Considering all things equal between the applicants making their ranking difficult to select, the GFLTF may by unanimous decision grant the licenses either on a first-submission basis, or by drawing of lot.

(2) Within five work days after review by the GFLTF, the findings shall be communicated to the Resident Department Head with direction to take appropriate action accordingly. Garment factories approved shall have its licenses issued. Unsuccessful applicants will be notified including the reasons for disapproval.

(b) At any time that a garment factory license became available by voluntary surrender or cancellation by a licensee, or upon revocation of the license from a licensee, the GFLTF shall not later than five work days after the availability of such license make a public announcement indicating the number of license available with the same application procedures as provided in subsection (a) of this section.

Modified, 1 CMC § 3806(c), (e), (g).

History: Adopted 11 Com. Reg. 6241 (June 15, 1989); Proposed 11 Com. Reg. 6217 (Apr. 15, 1989).

Commission Comment: The original paragraphs of subsection (a)(1) were not designated. The Commission designated subsections (a)(1)(i) and (ii).

In subsection (a), the Commission changed “caused” to “cause” to correct a manifest error.

§ 170-10.1-125 Suspension or Revocation of License

(a) Garment factory licenses granted may be suspended or revoked, subject to § 12 of Tinian Local Law 6-4 [10 CMC § 2460], if:

(1) The application is found to have contained false or fraudulent information.

(2) The licensee bribed or otherwise unlawfully influenced any member of the GFLTF.

(3) The licensee presented false or fraudulent information to the GFLTF.

(4) The licensee violates any of the provisions of public and local law, or regulations issued applicable thereunder, or any condition or term imposed in the license.

(b) Upon recommendation of the GFLTF that a license be revoked, the Tinian Resident Department of Commerce and Labor, shall proceed with action as provided by local law.

History: Adopted 11 Com. Reg. 6241 (June 15, 1989); Proposed 11 Com. Reg. 6217 (Apr. 15, 1989).

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Commission Comment: The original paragraphs were not designated. The Commission designated subsections (a) and (b).

Part 200 - Miscellaneous Provisions

§ 170-10.1-201 Effect of Regulations with Commonwealth-wide Laws and Regulations on the Regulations of Garment Factories

The requirements of the regulations in this subchapter are in addition to those found in Tinian Local Law 6-4 [10 CMC §§ 2451-2461]. Any Commonwealth-wide laws and regulations applicable to the garment industry, consistent with the intent and purpose of this local law, are hereby adopted and incorporated herein by reference in these regulations.

Modified, 1 CMC § 3806(d).

History: Adopted 11 Com. Reg. 6241 (June 15, 1989); Proposed 11 Com. Reg. 6217 (Apr. 15, 1989).

§ 170-10.1-205 Severability

If any provision of the regulations in this subchapter shall be held invalid by a court of competent jurisdiction, all valid portions are severable and shall remain in effect.

Modified, 1 CMC § 3806(d).

History: Adopted 11 Com. Reg. 6241 (June 15, 1989); Proposed 11 Com. Reg. 6217 (Apr. 15, 1989).

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**Appendix A
Application for Garment Factory License
(GFLTF Form 1)**

Commonwealth of the Northern Mariana Islands
Municipality of Tinian and Aguiguan
Tinian, MP 96952
Application for Garment Factory License

(Instructions: File with the Garment Factory Local Task Force, in care of Tinian Resident Department of Commerce and Labor, San Jose Village, Tinian, MP 96952. Submit in five sets. All information requested must be provided. Attach additional sheets where needed. Attach a check for \$500.00 as non-refundable application fee, payable to the Commonwealth Treasurer.)

Pursuant to Tinian Local Law 6-4, "Tinian Garment Factory Act of 1988," and its regulations thereunder, the undersigned hereby makes application to operate a garment factory business on Tinian. In consideration of the issuance of such license, the applicant hereby provides the following information:

1. Applicant's Full Name (to be licensed)	Citizenship
-------------------------------------------	-------------

2. Address and telephone:	
a) In CNMI	b) Outside CNMI

3. Name, title, and address of person to be contracted regarding this application:

4. Form of Business: (Check one)

Sole Proprietorship

Partnership (attach partnership agreement)

Corporation; CNMI (), Foreign () Country _____

(attach articles of incorporation & by-laws)

Association (attach by-laws)

Other specify: _____

5. If applicant presently operating a business in CNMI, indicate location, type of business and number of general business license issued:

Location	Type	Business License #
<input type="checkbox"/> Rota	_____	_____

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/___/ Tinian	_____	_____
/___/ Saipan	_____	_____
/___/ N. Islands	_____	_____

6. Investment Information:

- a. Detailed investment analysis of the \$2 million minimum capital investment required which included cost of acquiring land, facilities construction, equipment purchase, employee mobilization, and costs involved in set-up and operation incidental to garment factory activities. (Note that in determining such minimum investment on land, the cost of acquisition must be based on amount accrued on the monthly rental within a cumulative 5-year period.)
 - b. Detailed analysis of gross revenues and gross expenditures for first 3 years following issuance of license.
 - c. Anticipated and proposed marketing scheme.
 - d. Extent of local participation in the investment, or degree of local ownership offered to local citizens in the garment factory operation.
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7. Financial Responsibility:

- a. A certified balance sheet, profit and loss statement for most recent 12 month period.
 - b. Bank's letter certifying availability of funds for proposed business of garment factory and copy of applicant's latest bank statement.
 - c. If sole proprietorship or partnership, personal financial statement.
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8. Manpower:

- a. Number of local hires to be employed, including provisions on increasing the employment of local workers.
 - b. Number of foreign workers to be hired, including provisions on their replacements by local hires. (Note that 350 maximum alien workers shall be permitted only.)
 - c. Wages offered to local hires.
 - d. Extent of benefits offered to employees, including but not limited to profit sharing plans, medical benefits, maternity leaves, vacation, length of work week, group life insurance, retirement plan.
 - e. Training programs offered to employees to advance their skills, including the development of a definite time schedule for position advancement.
 - f. Number of local workers to be placed in management positions, including development of a definite time schedule for such placements.
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9. Social and Community Programs:

- a. Provision for community related social services such as beautification programs, libraries and scholarship support.
- b. Provision for youth-oriented programs such as summer employment, and other benefits.

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10. Lease of Private Land (factory to be located on private land only):

a. If lease of private land is already secured, name of lessor _____, effective date _____, location _____, lot number _____, and size _____. (attach lease agreement).

b. If no lease yet, show date lease is anticipated _____, name of proposed lessor _____, location _____, lot number _____, and size _____

Applicant must demonstrate commitment not to locate its garment factory inside the main village of San Jose and subdivision, or any other village homesteads, on lots originally secured through village homestead program.

11. Experience in Garment Factory Operation (5 years minimum):

a. Indicate years of experience: in CNMI _____, outside CNMI _____

If _____ outside _____ CNMI, _____ location _____ where _____ gained _____

12. Proposed date of initial construction and start of factory operation (required within 240 days from date license issued):

13. Degree to which applicant will improve infrastructure and supply its own power, water, and other utility needs:

14. Applicant's plan for landscaping its factory surrounding:

15. Any other information which the applicant deems to be necessary in support of the application.

16. Application Certification

I/we declare under penalty of perjury that the statements above are true and correct, and that I/we agree that the garment factory license to be issued will be granted and accepted upon the terms and conditions as required by Tinian Local Law 6-4, and its rules and regulations.

Dated this _____ day of _____, 19_____,

(Applicant)

By: _____

Authorized Signature

Type Name and Title

-----FOR OFFICE USE ONLY -----

Application Received: _____
Date Number Assigned

