

TITLE 1: GOVERNMENT
DIVISION 8: PUBLIC EMPLOYMENT

§ 8491. Public Debt Authorization.

(a) This chapter is a bond authorization act within the meaning of Commonwealth Code, Title 4, Division 10, Chapter 4, Article 2.

(b) The Commonwealth Development Authority (CDA), on behalf of the Commonwealth of the Northern Mariana Islands, is hereby authorized to issue, in one or more series, at one time or from time to time, bonds in an aggregate principal amount up to three hundred million dollars to fund the pension obligation of the Commonwealth referred to in 1 CMC § 8490(b).

(c) This authorization is subject to the terms and conditions of Commonwealth Code, Title 4, Division 10, Chapter 4, Article 2 provided that Section 10452 shall not apply insofar as it limits the amount of bonds or their purpose in a manner inconsistent with the intent of Article X, Section 10 of the Constitution of the Commonwealth and provided further that the bonds shall be exempt from the portion of Section 10466 that provides for publication of notice and an action or proceeding to contest the validity of the bonds or other matters set forth therein, and the validity of the bonds and those other matters shall nonetheless be conclusively presumed after issuance of the bonds and no court shall have authority to inquire into such matters as provided in Section 10466.

(d) The CDA is further authorized to pledge as security for the bonds as provided for in Title 4, Division 10, Chapter 4, Article 2, the taxes on gross revenues of the Commonwealth collected pursuant to Title 4, Division 1, Chapter 3 of the Commonwealth Code, and on such priority and terms as the CDA shall determine to be in the best interest of the Commonwealth. The Authority may elect in its resolution authorizing issuance of a series of bonds that the pledged taxes on gross revenues shall be the sole security for the bonds, which in that case shall not be considered general obligation bonds or otherwise entitled to the full faith and credit pledge of the Commonwealth or any lien on the General Fund of the Commonwealth. All pledged taxes and revenues shall be deposited, and the Secretary of Finance shall make any transfers necessary to effect deposit of such taxes, promptly upon receipt, in a special trust account established pursuant to Section 10460, without prior deposit in the General Fund or any other Fund of the Commonwealth, until the balance in said special trust account is at least equal to debt service due or to become due on the bonds during the next succeeding twelve months. Any taxes on gross revenues deposited upon receipt in any other fund shall be deemed held in trust for, and the Secretary of Finance shall immediately transfer any such taxes for, deposit in the special trust account.

(e) The Commonwealth hereby covenants with the holders of the bonds, including any refunding bonds, that so long as any of the bonds or refunding bonds remain outstanding, the Commonwealth shall not alter or amend the tax on gross revenues or its deposit into the special trust account in any manner that would adversely affect the security of, or the ability to pay the principal of or interest on, the bonds. The CDA may include this covenant of the Commonwealth in the

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bond indenture or other document or agreement providing for issuance, security, and payment of the bonds.

Source: PL 18-12 § 3 (July 2, 2013), modified; subsections (b) and (d) repealed and reenacted and subsection (e) added by PL 18-45 §§ 3-5 (Apr. 11, 2014), modified.

Commission Comment: The word “Act” was substituted for “chapter” in subsection (a) pursuant to 1 CMC § 3806(d). The Commission struck the figure “\$300,000,000” from subsection (b) pursuant to 1 CMC § 3806(e). The Commission substituted section numbers pursuant to 1 CMC § 3806(d). The Commission inserted a comma after the word “security” in subsection (e) pursuant to 1 CMC § 3806(g).