

**TITLE 1: GOVERNMENT**  
**DIVISION 7: PLANNING, BUDGETING AND AUDITING**

**§ 7103. Definitions.**

(a) “Accumulated surplus” means funds remaining or estimated to remain available at the end of a fiscal year for future spending.

(b) “Agency” means all offices, departments, agencies, commissions, boards, bureaus, and divisions of all branches of the Commonwealth government, unless the context clearly indicates another usage of the word is intended. Agency does not include government corporations.

(c) “Appropriation” means an act of the legislature that allows Commonwealth agencies to incur obligations and make payments from the Treasury for specified purposes. An appropriation is the most common means of providing budget authority.

(d) “Balanced budget” means when revenues are at least equal to outlays.

(e) “Budget authority” means authority granted to a Commonwealth agency, generally in an appropriations bill, to incur obligations which will result in immediate or future spending. In most cases budget authority is not the amount of money an agency or program actually will spend during a fiscal year, but merely the upper limit on the amount of new spending commitments it can make.

(f) “Budget year” means the upcoming next fiscal year for which the budget is proposed by the Governor.

(g) “Capital improvement project” means:

(1) Any construction, renovation, or major reconstruction on the real property of the Commonwealth for any permanent physical facility or public works installation, including architecture and engineering and other construction and planning studies, together with any acquisition of any interest in land; or

(2) Any physical improvement which has an estimated useful life longer than one year and is made to a leased property or to an occupied property owned by another government entity.

(h) “Current year” means the fiscal year immediately preceding the budget year.

(i) “Deferral” means an action of the Governor that temporarily withholds, delays, or precludes the obligation or expenditure of budget authority. A deferral must be reported by the Governor to the legislature in a deferral message, and can be partially or wholly overturned if either house passes a resolution disapproving it. A deferral may not extend beyond the end of the fiscal year in which the message reporting it is transmitted to the legislature.

(j) “Deficit” means the amount by which outlays exceed revenues.

(k) “Expenditures” means actual spending. The term is generally interchangeable with outlays.

(l) “Fiscal year” means an annual accounting period beginning October 1 and ending September 30 of the succeeding year. A fiscal year is designated by the year in which it ends.

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(m) “Function or functional classification” means the system of presenting budget authority, outlays, and tax expenditures in terms of the principal purposes the programs are intended to serve.

(n) “Government corporation” includes the Northern Marianas Retirement Fund, the Northern Marianas Housing Corporation, the Marianas Public Land Trust, the Marianas Visitors Authority, the Commonwealth Ports Authority, the Commonwealth Healthcare Corporation, the Commonwealth Utilities Corporation, the Northern Marianas Technical Institute, and any other public corporation created by a specific Commonwealth law.

(o) “Grant” means a cash award given by the federal government to the Commonwealth government or other recipient for a specified purpose.

(p) “House concurrent resolution on the budget” means a resolution originating in the House of Representatives which is passed by both houses of the legislature and establishes, reaffirms, or revises the budget for a fiscal year.

(q) “Impoundment” means an action by the Governor that prevents the obligation or expenditure of budget authority. Deferrals and rescissions are the two types of gubernatorial impoundments.

(r) “Loan guarantees” means an agreement by which the government pledges to pay part or all of the principal and interest of a loan to the lender or holder of a security if the borrower defaults. If it becomes necessary for the government to pay part or all of the loan principal or interest, the payment is an outlay. If not, then the loan guarantee does not affect spending and appears in the budget only as budget authority.

(s) “Object class” means a grouping of expenditures on the basis of goods or services purchased.

(t) “Obligated balance” or “unliquidated obligation” means the amount of budget authority committed for a specified purpose but not yet actually spent.

(u) “Obligation” means any legally enforceable contract, pledge, encumbrance, or other spending commitment by the Commonwealth government that will require the expenditure of Commonwealth funds.

(v) “Outlays” means the total amount of dollars spent for a particular program or activity. The level of outlays compared to the level of revenues determines whether the Commonwealth budget is balanced or is in surplus or deficit.

(w) “Past year” means the fiscal year immediately preceding the current year.

(x) “Program and function” means a group of related activities directed toward providing a major service or program which is undertaken or proposed by an agency to carry out its responsibilities.

(y) “Reprogramming” means the reallocation of appropriated funds from one agency or executive department, program and function, or object class to another.

(z) “Rescission” means an action of the Governor that cancels budget authority previously appropriated, but not yet obligated. A proposed rescission must be reported to the legislature by the Governor in a rescission message that must be disapproved within 30 days.

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(aa) “Supplemental appropriations” means an act appropriating funds as an addition to the regular annual appropriation. Supplemental appropriations generally are enacted when additional resources are identified and the need for additional funds is too urgent to be postponed until the next regular annual appropriation is considered.

(bb) “Surplus” means the amount by which revenues exceed outlays.

(cc) “Tax expenditures” means losses of tax revenues that result from Commonwealth tax laws permitting special exclusions, exemptions, deductions, credits, preferential tax rates, or deferred tax liability.

(dd) “Unexpended balance” means the amount of budget authority previously granted to an agency but still unspent and available for future spending. The unexpended balance is equal to the sum of the unliquidated obligations and unobligated balances.

(ee) “Unobligated balance” means the amount of budget authority previously granted to an agency but not yet committed by that agency that continues to be available for commitment in the future.

(ff) “Washington Representative” means the Resident Representative of the Commonwealth of the Northern Mariana Islands to the United States as defined in Covenant § 901.

**Source:** PL 3-68, § 103; amended by PL 3-93, §§ 6, 7, 8; PL 4-46, § 2; subsection (n) amended by PL 11-15, § 24; (n) amended by PL 16-51 § 5 (Jan. 15, 2010); (n) amended by PL 20-15 § 2 (Sept. 26, 2017), modified; (n) amended by PL 20-92 § 4 (Feb. 18, 2019), modified.

**Commission Comment:** With respect to the references to the “Mariana Islands Housing Authority,” the “Marianas Public Land Corporation,” the “Marianas Public Land Trust,” the “Marianas Visitors Bureau” and the “Commonwealth Ports Authority,” see Executive Order 94-3 (effective Aug. 23, 1994), reorganizing the executive branch, changing agency names and official titles, and effecting other changes, set forth in the Commission comment to [1 CMC § 2001](#).

PL 11-15, § 24 changed “Marianas Visitors Bureau” in subsection (n) of this section to “Marianas Visitors Authority”. PL 11-15 took effect on June 17, 1998.

In codifying PL 20-15, the Commission omitted drafting marks in (n) pursuant to 1 CMC § 3806(g).

In codifying PL 20-92, the Commission omitted drafting marks in (n) and inserted a comma after “Institute” in (n) pursuant to 1 CMC § 3806(g).