

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

§ 7207. Court Orders.

(a) Except for funds appropriated for settlements and awards, no court may require the disbursement of funds from the Commonwealth Treasury or order the reprogramming of funds in order to provide for such disbursement. Any final judgment of a court shall be paid only pursuant to an item of appropriations for settlements and awards.

(b) Notwithstanding subsection (a), the Governor of the Commonwealth is authorized and empowered to negotiate settlement and payment of judgments entered against the government. Such settlement may include offsets and credits on any tax obligation or other obligations of the claimants or members of their immediate family or third parties who may have such obligations and payments of cash from the Commonwealth General Fund or other funds set aside for payments of judgments; including all other settlement methods, authorized by law, other than cash as agreed by the parties.

Source: PL 3-68, § 207; redesignated as subsection (a) and subsection (b) added by PL 18-37 § 2 (Feb. 23, 2014).

Commission Comment: Public Law 18-37 did not specify where its content was to be codified. The Commission codified it as subsection (b) of this section pursuant to 1 CMC § 3806(a). The Commission substituted the phrase “subsection (a)” for “1 CMC § 7207” pursuant to 1 CMC § 3806(d).

PL 18-37 contained, in addition to savings and severability clauses, the following Short Title and Findings and Purpose sections:

Section 1. Short Title. This Act may be cited as “The Judgment Settlement Act of 2013.”

Section 2. Findings and Purpose. The Legislature acknowledges that an identical bill was passed in the Seventeenth Legislature in 2011, but the governor vetoed the bill. The governor’s veto message noted that claimants would be allowed to circumvent the legislative appropriation power “while impacting the General Fund by offsetting and crediting tax obligations.” The veto message further noted that the language of the bill is broad and it does not provide defined boundaries of negotiations, which may cause more harm to the General Fund and other government agencies. The terms of the settlement negotiations as agreed by the parties should define the boundaries.

The legislature is also cognizant that there are 17 judgments amounting to over \$27 million that have not been paid. The earliest existing judgment is \$34,250 and the highest is \$5,919,849. Although not all the judgments accrue interest, the ones that do continue to add on the debt of the CNMI Government. In at least one case, the accrued interest has already surpassed the principle judgment thus doubling the debt of the government for that case.

The Legislature finds that the total revenue identified for Fiscal Year 2014 is \$123,400,000 after adjusting for debt service appropriations,

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earmarked funds, and other legal obligations. With the identified revenue available for the 2014 Budget, and most likely true for subsequent budgets, it is clearly unlikely to satisfy the existing judgments. Additionally, the Legislature recognizes that a judgment claimant may seek an equitable remedy in a Federal court that may bypass the legislative appropriation process to satisfy a judgment. Therefore, it is necessary to find other ways to satisfy or at least reduce the existing government judgments.

The purpose of this Act is to authorize the governor to negotiate settlements and resolve the enormous government liability. Claimants should be provided the opportunity to consider other methods of judgment satisfaction other than cash payment as it will benefit the Commonwealth. Such method would authorize the Governor to negotiate with the claimants to effectuate a reasonably prompt and equitable resolution of the judgments.