

**TITLE 2: NATURAL RESOURCES
DIVISION 4: LAND RESOURCES**

§ 4742. Public Debt Authorization.

(a) This Act is a Bond Authorization Act within the meaning of PL 11-3. The Commonwealth Development Authority (CDA) for and in the name and on behalf of the Commonwealth is hereby authorized, at the request and after consultation with the Department of Public Lands (DPL), to issue in one or more series up to \$40,000,000 in principal amount of general obligation bonds of the Commonwealth for the purpose of completing the acquisition of various parcels of real property through funding the retirement of land compensation claims against the Commonwealth for land taking by eminent domain or other legal process. The CDA, at the request of and after consultation with the DPL, is also authorized to secure on behalf of the Commonwealth bond proceeds anticipation financing for such purposes from a financial institution in a principal amount up to \$40,000,000. In consultation with DPL, CDA is further authorized to pledge as additional security for the bonds, and for any interim financing for the Commonwealth, the Land Compensation Fund established by Section 4743 hereof, and on such priority and terms as CDA in consultation with DPL determines to be in the best interest of the Commonwealth. The funds borrowed under the interim financing shall be retired from funds generated by the bond issuance or from other sources, including pledged collateral, provided herein for payment of the bonds.

(b) The public debt authorized herein shall be issued pursuant to and as “bonds” within the meaning of Public Law 11-3 (4 CMC §§ 10451-10466) and payable in United States currency and not in the equivalent amount of any foreign currency.

(c) The authorization for public debt hereunder is made only for the purpose of acquisition of real property through funding the retirement of land compensation claims against the Commonwealth, and for the purpose and amount limit set forth in Section 7(d) of PL 12-64, as amended. Provided, however, the total principal amount of indebtedness authorized herein shall not to exceed \$40,000,000 outstanding at any time, inclusive of any commission or fee, and costs of issuance, reserves, credit enhancement or other similar expenses.

(d) The public debt authorized herein is only authorized with a true interest rate not exceeding 7% per annum simple interest on the principal amount remaining outstanding and unpaid and with repayment terms not exceeding 30 years for payment in full of principal and interest.

(e) The public debt authorized herein shall be backed by the full faith and credit of the Commonwealth Government and shall be a debt of the Commonwealth.

Source: PL 13-17, § 3, modified; subsection (a) amended by PL 13-25, § 1(1); repealed and reenacted by PL 13-39, § 2, modified; (c) amended by PL 13-56, § 4; (a) global amendment by PL 15-2, § 4.

Commission Comment: PL 13-39 took effect December 13, 2002 and contained the following intent and purpose and Article X, Section 3 Certification, in addition to severability and savings clause provisions:

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Section 1. Intent and Purpose. Interim financing is needed to secure the public debt mandated under PL 13-17, as amended. The purpose of this Act is to clarify existing language that, through the Commonwealth Development Authority, the Marianas Public Lands Authority, in fulfilling its statutory mandate, may arrange for interim financing of the public debt to fund the retirement of land compensation claims against the Commonwealth.

. . .

Section 7. Article X, Section 3 Certification. Upon passage of this bill by the Legislature, by a vote of at least two-thirds of the members in each house, the Speaker of the House of Representatives and the President shall certify and the House Clerk and the Senate Legislative Secretary shall attest to the passage of this bill by such two-thirds vote, in accordance with Article X, Section 3 of the Commonwealth Constitution. Such certification and attestation shall form a part of the engrossed bill for transmittal to the Governor, and shall serve as affirmation of the full faith and credit of the Commonwealth Government with respect to this bond issuance.

PL 11-3 is codified as 4 CMC §§ 10451-10466.

PL 13-56 was enacted on July 25, 2003 and contained findings and purpose, repealers and reenactments, severability, savings, and other provisions. According to PL 13-56:

Section 1. Findings and Purposes. The Legislature finds that the Commonwealth Prison Project, a CNMI Capital Improvement Project, is in need of additional financing to complete the construction of a prison in compliance with applicable standards of a long-term incarceration facility. The Legislature recognizes that Section 7 of Public Law 12-64, as amended by Public Law 13-18, appropriated funds to the Commonwealth Prison Project and to build dialysis treatment facilities on the islands of Tinian and Rota. These projects have remained unfunded due to CDA's inability to borrow funds due to the absence of any reliable funding source for repayment.

This Act addresses the funding quandary by first appropriating a total of \$2 million from account balances of the Development Banking Division asset accounts of CDA to fully fund the dialysis centers in the first and second senatorial districts. Second, this Act provides funding for the prison's shortfall from the loan provided under Section 7 of Public Law 12-64, which this Act revises by identifying a specific source of repayment presently available for such purpose. Further, given the eminent need for funding of the prison project, an interim financing source must also be identified until such time as CDA can obtain necessary financing. Therefore, CDA is authorized to use any available funds at its discretion to finance the prison project under PL 12-64, as amended.

PL 15-2, which was enacted on February 22, 2006, abolished the Marianas Public Lands Authority and created a Department of Public Lands in its place. PL 15-2 contained short title, legislative findings and declaration of policy, re-

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pealer, global amendment, transition, severability, and savings clauses. See 1
CMC § 2801 for detailed information regarding PL 15-2.