

TITLE 4: ECONOMIC RESOURCES
DIVISION 5: BUSINESS REGULATION

§ 51102. Free Trade Zones Created.

(a) There are hereby created free trade zones in the following locations in the Commonwealth:

(1) Twenty hectares of land belonging to the Commonwealth Ports Authority and situated at Saipan International Airport, the exact location of which property shall be as determined and designated by CPA within 60 days of the effective date of this Act. After all of said twenty hectares have been leased to FTZ licensees, the FTZ Authority may request CPA to make available additional land for FTZ purposes and, from such land, the FTZ at Saipan International Airport shall be expanded, or one or more additional FTZs described, as agreed by CPA and the FTZ Authority. Without limitation by the foregoing, CPA and the FTZ Authority may from time to time agree to expand, or designate additional, FTZs in the vicinity of Saipan International Airport with additional land belonging to CPA.

(2) Such other areas within each of the senatorial districts of the Commonwealth as may be designated as Free Trade Zones by the Saipan and Northern Islands, Tinian, or Rota legislative delegations respectively, subject to the concurrence of the Governor; provided that, if the area so designated encompasses land belonging to the Commonwealth Ports Authority, the CPA Board will make the decision as to availability, size, and specific location of the land, and may impose any use condition that CPA may require.

(b) Whenever CPA property is designated as part of a FTZ, it is understood that CPA has no obligation to construct or install any infrastructure needed by FTZ industries.

(c) Whenever a FTZ encompasses CPA property, CPA rules and regulations shall apply on, within, and with respect to the CPA property and shall prevail in the event of a conflict with FTZ rules and regulations.

(d) Whenever a FTZ encompasses CPA property, any improvement, structure, building, or infrastructure to be built on CPA property therein shall be subject to the prior review and written approval of CPA.

(e) Pursuant to the mandate of Section 4(f) of Article XI of the Commonwealth Constitution (requiring transfer of public lands management functions to the executive branch of government) and the legislative power vested in it by Article II, Section 1 of the Commonwealth Constitution, the Legislature hereby makes the following provisions for the administration of public lands designed to stimulate and facilitate economic growth and development on Rota, Tinian, and the Northern Islands and complement the establishment of Free Trade Zones in furtherance of the purposes of this Chapter. The Department of Public Lands, in consultation with mayors and legislative delegations of Tinian, Rota, and the Northern Islands shall designate thirty hectares of public land on Rota, thirty hectares of public land on Tinian, and thirty hectares on any island in the Northern Islands not otherwise designated for a public purpose, to be administered by the respective mayors in accordance with this subsection, notwithstanding 1

TITLE 4: ECONOMIC RESOURCES
DIVISION 5: BUSINESS REGULATION

CMC §§ 2653(c), 2672, 2673, and 2676, and notwithstanding whether such land is designated a Free Trade Zone or not.

(1) Such land may be put to municipal uses or leased for commercial purposes. Subject to other provisions of this Act, 1 CMC § 2674 (e), (f), and (g), 1 CMC § 2675 (b), (c), (d), and (f), and 1 CMC § 2677 (a), (b), (c)(2) through (6), and (d), shall apply to the mayors in their administration of the designated land; provided that, minimum rental requirements may be waived as provided by paragraph (4) of this subsection. 1 CMC § 2153 (g) shall not apply to leases, contracts, or other instruments employed in the mayor's administration of the designated lands; provided that, such documents shall be reviewed and approved by a duly qualified government attorney and copies thereof provided to the Attorney General.

(2) The mayors may enter into agreements with the Department of Public Lands or other governmental agencies for assistance in the administration of the designated lands pursuant to this Chapter. The mayors may not transfer a freehold interest in any part of the designated land.

(3) 1 CMC § 2674 (i) shall not be construed as applying to any public benefit contribution under any public land lease now or hereafter in effect with respect to any public land anywhere in the Commonwealth. The Legislature further recognizes and affirms that management of public lands for the benefit of persons of Northern Marianas descent does not require that all persons of Northern Marianas descent throughout the Commonwealth benefit equally from each and every use or disposition of public land, so long as there is no invidious discrimination and equal protection standards are met for the beneficiary class by the management of public lands in the Commonwealth overall.

(4) Minimum rental requirements may be reduced by the mayor based on the economic or other public benefit of the project or development, up to fifty percent from the amounts otherwise mandated by law, and may be further reduced by the mayor with the concurrence of the Governor. All such exemptions shall be supported by a written finding published in the Commonwealth Register, detailing the economic and/or other public benefits to be derived from the project or development. The 30-day waiting period prescribed by 1 CMC § 9104 (a) shall apply to such findings prior to going into effect.

(5) Notwithstanding paragraphs (1) and (4) of this subsection, the mayors may lease any of the designated public land included in a Free Trade Zone on any terms conforming with Section 51121 (k) of this Act.

(f) Whenever this section authorizes a legislative delegation to take an action "subject to the concurrence of the Governor" such action may be accomplished by local law enacted by way of a Local Bill for an Act, which acts are hereby expressly declared pursuant to Article II, Section 6 of the Commonwealth Constitution to be proper subjects of local law. Nothing in the Local Law Act (1 CMC § 1401 et seq.) shall be construed as precluding the enactment of such local laws or restricting the application of this Act.

TITLE 4: ECONOMIC RESOURCES
DIVISION 5: BUSINESS REGULATION

Source: PL 12-20, § 4, modified; Subsection (e) amended by PL 18-16 § 2 (August 19, 2013), modified.

Commission Comment: Pursuant to authority granted by 1 CMC § 3806, the Commission corrected two manifest typographical errors in subsection (e) by replacing the word “grown” with “growth” and eliminating “the” after “mayors and legislative delegations of.” The Commission also inserted the proper section number referenced in subsection (e)(5). PL 18-16 § 2 (August 19, 2013) was codified by removing strikethrough text in place of underline text pursuant to 1 CMC § 3806(g) and changed “Act” to “Chapter” pursuant to § 3806(d). PL 18-16 contained, in addition to savings and severability clauses, the following:

Section 1. Findings and Purpose. The Legislature finds that free trade zones in the Commonwealth were established as an economic development tool to encourage the establishment of new business, industrial and commercial activities in order to diversify the Commonwealth economy. As recent events, including the prolonged economic downturn in Asia, have demonstrated, this economy is extremely vulnerable to forces outside of the CNMI’s control.

The Legislature further finds that the Commonwealth to take aggressive actions to broaden the CNMI’s economic base through diversification. The types of business, industrial and commercial activity that are in the best long term interests of the people of the CNMI are those that require significant capital investment, are low labor intensive, have negligible impact on the environment, and are compatible with tourism. Such businesses will attract skilled and highly paid employees, and will provide meaningful training opportunities for the citizens of the CNMI.

The Legislature further finds that free trade zones were established on Saipan, Tinian, and Rota pursuant to Public Law 12-20. However, there was a sunset provision for the designation of public lands to the municipalities. The sunset provision must be deleted in order to accomplish the intent and purpose of the law. Moreover, Public Law 12-20 did not establish free trade zones in the Northern Islands. The Legislature finds that the Northern Islands contain many resources available for free trade zone activities. Accordingly, the purpose of this legislation is to remove the sunset provision authorizing the Department of Public Lands to designate public lands to the municipalities and to establish free trade zones in the Northern Islands to be administered by the Mayor of the Northern Islands.