



RALPH DLG. TORRES
Governor

VICTOR B. HOCOG
Lieutenant Governor

COMMONWEALTH of the NORTHERN MARIANA ISLANDS
OFFICE OF THE GOVERNOR

19 NOV 2018

The Honorable Rafael S. Demapan
Speaker, House of Representatives
Twentieth Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

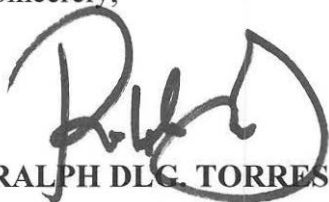
The Honorable Arnold I. Palacios
Senate President, The Senate
Twentieth Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

Dear Mr. Speaker and Mr. President:

This is to inform you that I have signed into law **House Bill No. 20-100, HS1**, entitled, "To establish a reserve fund to be used to meet the future needs of the Commonwealth.", which was passed by the House of Representatives and the Senate of the Twentieth Northern Marianas Commonwealth Legislature.

This bill becomes **Public Law No. 20-82**. Copies bearing my signature are forwarded for your reference.

Sincerely,



RALPH DLG. TORRES

cc: Lt. Governor; Press Secretary; Attorney General's Office; Secretary of Finance; Commonwealth Healthcare Corporation; Medical Referral Office; Public School System; Northern Marianas College; Northern Marianas Trades Institute; Special Assistant for Administration; Special Assistant for Programs and Legislative Review



House of Representatives

20th NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

P.O. BOX 500586
SAIPAN, MP 96950

October 12, 2018

The Honorable Ralph DLG. Torres
Governor
Commonwealth of the Northern
Mariana Islands
Capitol Hill
Saipan, MP 96950

Dear Governor Torres:

I have the honor of transmitting herewith for your action **H. B. No. 20-100, HS1**, entitled: "To establish a reserve fund to be used to meet the future needs of the Commonwealth.", which was passed by the House of Representatives and the Senate of the Twentieth Northern Marianas Commonwealth Legislature.

Sincerely yours,



Linda B. Muña
House Clerk

Attachment



*Twentieth Legislature
of the
Commonwealth of the Northern Mariana Islands*
IN THE HOUSE OF REPRESENTATIVES

Sixth Special Session

July 28, 2017

REPRESENTATIVE RAFAEL S. DEMAPAN of Saipan, Precinct 2 (*for himself*), in an open and public meeting with an opportunity for the public to comment, introduced the following Bill:

H. B. NO. 20-100, HS1

AN ACT

**TO ESTABLISH A RESERVE FUND TO BE USED TO MEET THE
FUTURE NEEDS OF THE COMMONWEALTH.**

The Bill was referred to the House Committee on Ways and Means, which submitted Standing Committee Report No. 20-111; adopted 4/24/18.

**THE BILL WAS PASSED BY THE HOUSE OF REPRESENTATIVES ON
FIRST AND FINAL READING, MAY 1, 2018;**
with amendments in the form of H. B. No. 20-100, HS1 and transmitted to the
THE SENATE.

The Bill was referred to the Senate Committee on Fiscal Affairs.
THE BILL WAS PASSED BY THE SENATE ON FIRST AND FINAL READING, OCTOBER 9, 2018;
without amendments and was returned to
THE HOUSE OF REPRESENTATIVES.

THE BILL WAS FINALLY PASSED ON MAY 1, 2018.



Linda B. Muña, House Clerk



*Twentieth Legislature
of the
Commonwealth of the Northern Mariana Islands*
IN THE HOUSE OF REPRESENTATIVES

SECOND DAY, FIRST SPECIAL SESSION

MAY 1, 2018

H. B. No. 20-100, HS1

AN ACT

**TO ESTABLISH A RESERVE FUND TO BE USED TO MEET THE
FUTURE NEEDS OF THE COMMONWEALTH.**

**Be it enacted by the Twentieth Northern Marianas
Commonwealth Legislature:**

1 **Section 1. Findings.** The Legislature finds that it is desirable to establish a special
2 reserve fund as a means of conserving a portion of the Commonwealth's revenue derived
3 from the increased revenue proceeds and other funding sources as the Legislature may
4 designate in order to meet future needs. The principal of the fund shall remain inviolate and
5 no portion of the principal may be expended or encumbered for a period of ten years.

6 **Section 2. Amendment.** Title 4, Division 2, Section 2308 of the Commonwealth
7 Code is amended as follows:

8 **"§ 2308. Disposition of Gross Revenue Tax.**

9 The Secretary of Finance shall establish a special Casino Gross Revenue Tax
10 (CGRT) Account separate from the general funds. The funds in the CGRT Account

HOUSE BILL 20-100, HS1

1 shall not lapse and not subject to fiscal year limitation. In addition, the Secretary of
2 Finance shall keep a record of the CGRT funds allocated pursuant to subsections (a)
3 and (b). Notwithstanding 4 CMC §§ 1802 and 1804 or any other laws, gross revenue
4 tax generated from a license holder under this chapter shall be deposited in the special
5 CGRT Account, and shall be appropriated by the Legislature, unless otherwise
6 specifically provided in this section, for the following purposes:

7 (a) The first \$22,000,000 of the funds deposited into the CGRT Account after
8 the beginning of each calendar year shall be earmarked and available for
9 appropriation by the Legislature to cover or supplement the payment of 25% of class
10 members' full benefits and any bonus to be distributed equally to all Settlement Class
11 Members and CNMI Fund members receiving annuity.

12 (b) Establishment. There is hereby established in the CGRT Account a sub
13 account designated as the Reserve Fund.

14 (1) The Secretary of Finance shall cause to be deposited in the Reserve
15 Fund five percent of the tax revenue received pursuant to this section and any
16 other funds as may be designated by the Legislature.

17 (2) The Secretary of Finance Secretary shall invest and manage
18 Reserve Fund assets as a prudent investor would, by considering the purposes,
19 terms, distribution requirements, and other circumstances of the Reserve Fund.
20 The Secretary shall engage one or more fund custodians to assume
21 responsibility for the physical possession of fund assets or evidences of assets.
22 The custodian shall submit such reports, accountings and other information in

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1 such forms and at such times as requested by the Secretary. All costs incurred
2 for custodial services shall be paid from the fund. The custodian shall hold all
3 assets for the account of the fund and shall act only upon the instruction of the
4 Secretary, its administrator, or a member, committee or agent so authorized by
5 the Secretary. In order to secure expert advice and counsel, the Secretary may
6 engage one or more investment managers and investment advisors. All costs
7 incurred in this connection shall be paid from the Reserve Fund.

8 (3) In order to maximize the value of the fund, no money from the
9 fund may be expended or appropriated until fiscal year 2028 and thereafter the
10 Legislature may appropriate, subject to the limitations provided in this section,
11 from the fund solely for enhancing education and workforce development;
12 economic development and diversification; infrastructure improvements;
13 medical and health care facilities; to provide essential services in the event of
14 a revenue shortfall and tax relief measures for the benefit of the citizens and
15 businesses of the Commonwealth.

16 (4) For purposes of this subsection:

17 (A) "Economic development and diversification" means
18 fostering economic growth and development in the state, including
19 commercial, industrial, community, cultural or historical
20 improvements; or preservation or other proper purposes.

21 (B) "Infrastructure improvements" means fostering
22 infrastructure improvements including, but not limited to, water or

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1 wastewater facilities or a part thereof, storm water systems, steam, gas,
2 telephone and telecommunications, broadband development, electric
3 lines and installations, roads, bridges, railroad spurs, drainage and
4 flood control facilities, industrial park development or buildings that
5 promote job creation and retention.

6 (C) "Medical and health care facilities" includes the
7 construction, development, maintenance, staffing, supplying and
8 equipping hospitals, clinics and other medical facilities.

9 (5) Beginning fiscal year 2028, or upon the declaration of an
10 emergency by the Governor, the funds in the Commonwealth Reserve fund
11 may be appropriated by three-fourths of the members of each house of the
12 Legislature

13 (c) After the amounts required pursuant to subsections (a), (b) and (e d) are
14 satisfied, the balance of the CGRT Account shall be recorded, maintained, and
15 accounted for to be reserved for appropriation by the Legislature for any of the
16 following purposes:

17 (1) For the Fuel Adjustment Charge (FAC), formerly called LEAC,
18 Rate Subsidy Account for residential utility customers;

19 (2) For the Commonwealth Healthcare Corporation;

20 (3) For the Medical Referral Program;

21 (4) For the payment of land compensation judgments;

22 (5) For the Public School System;

HOUSE BILL 20-100, HS1

1 (6) For the Northern Marianas College; and

2 (7) For the Northern Marianas Trades Institute.

3 (d) \$7,500,000 of the funds in the CGRT Account reserved in 2017 and
4 another \$7,500,000 shall be reserved in Fiscal Year 2018 and the reserved total of
5 \$15,000,000 shall be placed in a special subaccount for expenditure in 2018 for the
6 purposes set forth in 4 CMC § 2307. The expenditure authority of this \$15,000,000 is
7 the Secretary of Finance.

8 (e) Within 30 days after each quarter, the Secretary of Finance shall report to
9 the presiding officers of the legislature describing the total funds in the CGRT and the
10 expenditure of the funds in accordance with subsection (d) and the amount reserved
11 for appropriation in accordance with subsections (a), (b) and (c).”

12 **Section 3. Severability.** If any provisions of this Act or the application of any such
13 provision to any person or circumstance should be held invalid by a court of competent
14 jurisdiction, the remainder of this Act or the application of its provisions to persons or
15 circumstances other than those to which it is held invalid shall not be affected thereby.

16 **Section 4. Savings Clause.** This Act and any repealer contained herein shall not be
17 construed as affecting any existing right acquired under contract or acquired under statutes
18 repealed or under any rule, regulation, or order adopted under the statutes. Repealers
19 contained in this Act shall not affect any proceeding instituted under or pursuant to prior law.
20 The enactment of the Act shall not have the effect of terminating, or in any way modifying,
21 any liability, civil or criminal, which shall already be in existence on the date this Act
22 becomes effective.

HOUSE BILL 20-100, HS1


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Section 5. Effective Date. This Act shall take effect upon its approval by the Governor, or its becoming law without such approval.

Attested to by: 
Linda B. Muña, House Clerk

Certified by: 
SPEAKER RAFAEL S. DEMAPAN
House of Representatives
20th Northern Marianas Commonwealth Legislature

Approved this 19th day of November, 2018


RALPH DLG. TORRES
Governor
Commonwealth of the Northern Mariana Islands