



MARIANA ISLANDS HOUSING AUTHORITY
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July 1, 1985

Mr. Lorenzo I. Guerrero
Chairman, Committee on Finance and
Other Matters
Second Northern Marianas
Constitution Convention
House of Taga
Saipan, CM 96950

Re: Comments on Various Delegate Proposals Assigned
to the Committee on Finance and Other Matters

Dear Mr. Chairman:

Only but a few of the Delegate Proposals referred to your Committee for consideration will directly affect the administrative operation and program functions of the Mariana Islands Housing Authority if they were to be favorably considered by the Convention and, ultimately, approved by the people of the Commonwealth. For this reason, we will try to be as detailed in our comments on these proposals and, at the same time, provide you with general comments on other proposals.

- 1) Delegate Proposal Nos. 5-85 and 68-85 were offered to impose a limit in the spending of the Legislature. While we feel that this is a legislative matter, the proposals as offered merit serious consideration by your Committee. It is without doubt that the increase in costs of operating the CNMI Legislature has become a public concern. For this reason, we would like to recommend a percentage limit rather than a fixed figure. We feel that a 5% maximum of the entire Commonwealth budget will not be too generous. And now that the compensation of legislators has been increased, we hope to see more prudent, intelligent and responsible citizens elected to the Legislative Branch of our government.
- 2) Delegate Proposal No. 85-85, which deals with a balanced budget is basically acceptable. However, we see no real purpose for the inclusion of the third sentence under Section 2.

"MIHA is an equal employment and fair housing public agency"

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- 3) Delegate Proposal No. 89-85, which deals with limitation on Public Debt suggests a change in the valuation of real property. "Market value" as opposed to "assessed valuation" is a better term to use. We believe that the inclusion of this section in the Constitution provides the CNMI with the authority to obtain financing beyond its resources if absolutely necessary, but not because we want to borrow or incur public debt. For this reason, we see no need to include the last phrase, "or ten percent of previous year's appropriation or the combination of both," in the proposal.
- 4) Delegate Proposal No. 99-85, which again deals with the budget is basically the same as DP No. 85-85. We feel that the underlined addition is un-necessary. The Governor can always use his "veto power" if he deems the budget as approved by the Legislature is excessive of the anticipated revenues. We believe that DP No. 85-85 is a better proposal to use as a Committee's draft.
- 5) Delegate Proposal No. 108-85, which deals with entertainment expenses is a matter for legislation as opposed to constitution. However, if your Committee wishes to report it to the Convention then we recommend that it would be changed to "Representation Expenses." We would like to suggest that the language of the proposal should also be changed to read; "In the normal execution of the duties and responsibilities of their respective offices, the Governor, Lt. Governor, Chief Justice, Mayors, and other elected or appointed officials are authorized to expend public funds for representation."

We feel that the last sentence of the proposal is discriminatory. If the Governor can host a luncheon for an education delegation from Guam, then he could also host one for a delegation from Tinian or Rota.

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- 6) Delegate Proposal No. 110-85 would require autonomous and semi-autonomous agencies to submit annual budget requests for review and approval by the Legislature. We are afraid that the proposal, if it were to be favorably considered by the Convention, will prove to be detrimental to the effective operation of the on-going housing programs of MIHA. MIHA has seven separate contractual obligations to the U.S. Federal Government, including five (5) promissory notes with two private lending institutions in the CNMI. The bulk of MIHA's income is derived from the rental payments the Federal Government is making to MIHA on behalf of low income families. MIHA has, by agreement, promised the Federal Government that it will meet all of its obligations to the lending institutions for financing the construction of the housing units, including setting aside rental payments it receives to operate the program, keep the housing units in good repair, and replace damage or broken household appliance and equipment. The contracts that MIHA entered into with the Federal Government maybe terminated if breached by MIHA. Without the rental payments from the Federal Government, MIHA will not be making the monthly installments to the lending institution and, as a result, may ultimately lose all the housing units through a foreclosure.
- 7) Delegate Proposal No. 31-85 is basically acceptable. However, we see no apparent need for the phrase - "unless approved by three-fourths (3/4) of the registered voters of the CNMI through referendum," and, therefore it must end after "government." The processes for amending or repealing constitutional provisions are provided for in the Constitution.
- 8) Delegate Proposal No. 4-85 provides for the enactment of legislation to establish "Code of Ethics" for public officials and employees. We are supportive of the proposal, but not in its entirety. We feel that Section 2 is more suited for inclusion in a legislation, where it would be expanded to be as descriptive as it should.

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- 9) Delegate Proposal No. 108-85 provides for a new seal and flag of the Northern Marianas. We are basically amenable to accepting the proposal to add the wreath or "MWAR" as we understand it is called in Carolinian. The star has some meaning and significance to many of us, who understand where it came from. True, it does not represent a culture or tradition, but it represents the political growth of the Northern Marianas.
- 10) Delegate Proposal No. 6-85, which requires public bidding for all goods, materials, personal property and services will most assuredly be an obstacle, if not a major hindrance in our effort to provide effective and efficient public services. There are established procurement procedures for purchases of goods, materials and services. There are, even, established procedures for investing idle public funds.
- 11) Delegate Proposal No. 41-85, which would give the mayors of Tinian and Rota control over Capital Improvement Funds (CIP) allocated to each respective municipality is basically acceptable, but not in its present form. We would suggest something in the following order:

"All Capital Improvement Funds (CIP) allocated for Rota and Tinian shall be appropriated in lump-sum by the Legislature for reallocation by each respective mayor with the advice and consent of each island's Legislative Delegation." Note that we omit Section 2. We feel that both Rota and Tinian lack the administrative capabilities to provide the necessary book keeping services and meet reporting requirements, which are all essential to responsible fiscal accountability.

Should your Committee require additional information or clarification on any of the foregoing comments or recommendations, do call on us.

Sincerely yours,



Lorenzo I.G. Cabrera
Executive Director