



COMMONWEALTH PORTS AUTHORITY

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July 2, 1985

Hon. Lorenzo I. Guerrero, Chairman
Committee on Finance and Other Matters
Second Northern Marianas Constitutional
Convention
Saipan, CM 96950

Dear Mr. Chairman:

Thank you for the opportunity to comment on various Delegate Proposals set for hearing by your Committee on Friday, June 28, at 3:00 p.m. As we noted at the hearing, we regret that we did not receive the Notice of Hearing insufficient time to allow us to prepare written comments in advance of the hearing. However, we hope that our oral testimony, and these written comments, will suffice.

The Authority believes that Delegate Proposals No. 5-85, 68-85, 85-85, 89-85, 99-85, and 108-85 would not have any significant impact upon the Authority or its activities. Accordingly, the Authority does not believe it appropriate to comment on these measures.

The Authority respectfully disagrees, however, with Delegate Proposals No. 110-85 and 132-85. Number 110-85 would require the Authority, and all other autonomous agencies of the Commonwealth, to submit its budget to the Legislature, for review and approval.

We believe that the question of legislative review of the budgets of autonomous agencies is more properly a subject for legislative consideration than it is for Constitutional amendment.

Even aside from that point, the Authority sees no necessity for legislative approval of its budget, since unlike nearly all other Government agencies and activities, the Authority neither seeks nor obtains appropriated funds for any purpose other than capital improvement projects at the seaports of the Commonwealth.

Moreover, in accordance with the provisions of Public Law No. 3-68, and the Commonwealth Ports Authority Act, the Authority is already required to submit its budget to the Governor for his review and approval; and the Governor is

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required to transmit our budget to the Legislature for its information and consideration. To date, this process has worked well; we assume that, if the Legislature had any problems with our budget, we would have heard about them.

Finally, we wish to note that we are by law required to submit an annual report to the Governor and the Legislature each year. During every year of our existence, we have done so. The report, which contains audited financial statements, adequately discloses and describes our revenues and expenditures.

The Authority is required by law to be self-sustaining. We have met this obligation, and we intend to continue meeting it in the future. Our record of success speaks for itself. We would therefore respectfully suggest that the application of Delegate Proposal No. 110-85 to self-sufficient agencies such as the Authority would be unnecessary and unwise.

For related reasons, we must strenuously object to Delegate Proposal No. 132-85. The wording of this measure is difficult to comprehend. We assume that, in prohibiting "deficit-financing", the measure intends to prohibit financing by the use of such means as revenue bonds.

Financing of this nature is the only way, short of legislative appropriation, that the Authority can undertake badly-needed capital improvement projects at the airports and seaports of the Commonwealth. We are certain that we need not remind the Committee how important these facilities are to the Commonwealth, where air and sea transportation are our economic lifelines. Today's users do not wish to pay dollars today for the construction of a facility which will last twenty years; they might not be here in twenty years, and would therefore not get full value for their dollars. Accordingly, the only rational method of financing such project is through debt financing such as revenue bonds. To the extent that this method of financing would be prohibited by Delegate Proposal No. 132-85, we think that the proposal would be extremely unwise.

The subject of financing has received the detailed consideration of the Legislature over the past few months, which consideration has culminated in the enactment of Public Law No. 4-49, the Commonwealth Development Authority Act. Under the new law, the Commonwealth Development Authority has broad review powers over the issuance of public indebtedness. At the very least, this new regime ought to be given a chance. We respectfully suggest that Delegate Proposal No. 132-85 might

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more properly be considered the subject of legislative action than of a Constitutional amendment.

We therefore urge that both of these measures be filed.

Please do not hesitate to contact us, whenever we may be of any further assistance to the Committee or to the Convention. We appreciate your courtesy and consideration.

Very truly yours,



CARLOS A. SHODA
Executive Director