

Marianas Public Land Trust

P.O. BOX 1089 SAIPAN, CM 96950

July 12, 1985

Mr. Lorenzo I. Guerrero
Chairman, Committee on Governmental Finance
Second NMI Constitutional Convention
Saipan, CM 96950

Re: Delegate Proposal 277-85

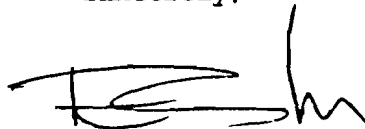
Dear Mr. Guerrero:

The Trust believes that this proposal will erode the soundness and security of the Trust's principal by creating a potential contingent liability in the form of a bond guarantee. The purpose or intent of this trust is to ensure that funds received from the rental of CNMI public lands will benefit all of its residents. In the case of the Tinian lease money, this payment is for usage up to one hundred years. Without a secure trust, future generations, whose land has been committed on a long time basis, may not be able to enjoy any financial benefit.

The Trustees believe that this proposal should be dropped as it is subject to abuse by creating an unsound issue of bonds that otherwise might not occur. The Commonwealth nor the Trust can afford a default on a bond issue. Let each bond issuance be valued on their own merits without the backing of the Trust's assets.

If this proposal is to remain, we feel that the Trust should have an oversight authority to ensure that its guarantee is limited to only financially sound issues. Such a concurrence would at least provide a balance allowing leverage of Commonwealth assets while ensuring, to the extent practicable, maximum security of the Trust's assets.

Sincerely,



Eloy S. Inos
Chairman

ESI/klm

Oct. 6, 1978

Northern Marianas Variety

LETTERS TO THE EDITOR

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Dear Editor:

"Unified Budget" is a nominal term, therefore, it needs definition. Its definition cannot be arbitrarily developed; one must refer to the Northern Marianas Constitution, its analysis, committee reports, and practices of the Republican form of government. Unified Budget has become street jargon for most Northern Marianas people. The Northern Marianas Legislature has consistently argued that the constitutional power of the Legislature cannot be overshadowed by any executive definition of a "Unified Budget."

Professor Desiderio's explanation on the annual budget of the Commonwealth better illustrates and strengthens our position in the Legislature:

"Article III, Section 9 of the Constitution states that 'the Governor shall submit to the Legislature a proposed annual budget...' Section 9 further indicates that the Legislature will approve an annual budget. However, Section 9 does not require that the annual budget approved by the Legislature be identical to the proposed annual budget submitted by the Governor. The 'Analysis' of the Constitution of the Northern Marianas Islands (hereinafter 'Analysis') is clear:

"The Legislature may approve, modify, or reject the Governor's budget. The budget document is a plan for collection of revenue and expenditure of funds. It does not constitute legislation with respect to raising revenue, to authorization, or to appropriation of Commonwealth funds. Revenue bills, authorization bills, and appropriation bills may derive, but are passed separately from the budget." (Analysis, P. 75)

"The fact is that the Constitution does not require that the Legislature approve the Governor's proposed annual budget. It explicitly recognizes that the Legislature can change, even reject, that budget.

"The Analysis also brings out another point: The budget is not legislation. It is only a plan specifying anticipated revenue and recommended expenditures. Approval of the budget does not authorize anyone to spend Commonwealth funds. The appropriate legislation for the authorization to expend Commonwealth funds is an appropriations act. Without an appropriations act, Commonwealth funds cannot be spent or obligated for any particular purpose.

"Furthermore, although the Analysis indicates that the Legislature will approve an annual budget, it does not require that the approval be in the form of a bill. All that is prescribed is that an annual budget be approved. Legislative approval can be by resolution or by bill. A joint resolution approving the budget is sufficient. Of course, any subsequent authorization for expenditure of funds must be in bill form, (an appropriations act) which could be approved or vetoed by the Governor. But approval of the annual budget, which is only a guideline for the expenditure of funds, does not require that legislation be passed and signed by the Governor.

"Finally, once an annual budget is approved, the Legislature is free to appropriate funds even if in doing so it deviates from the approved budget.

"The Analysis concludes: 'No appropriation bill may be enacted during any fiscal year until the budget for that year has been approved. However, once the budget is passed, the Legislature is free to deviate from the appropriation levels specified in the budget for the fiscal year. The budget is a guide. It is not a limitation.'"

/s/ Robert Desiderio
Professor of Law

Editor, this and no other has been the basis of our argument.

Oscar C. Rasa
Speaker

House of Representatives
Northern Marianas Commonwealth Legislature