



Commonwealth of the Northern Mariana Islands  
Office of the Governor

Saipan, Mariana Islands 96950

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JUL 12 1985

Mr. Lorenzo I. Guerrero  
Chairman, Committee on Finance  
and other matters  
Second Northern Marianas Constitutional  
Convention  
Saipan, CM 96950

Dear Chairman Guerrero:


Reference is made to your letter of July 7, 1987 regarding 704(a) of the Covenant and Delegate Proposal No 186. Unfortunately, a copy of the proposal was not attached to your letter.

Section 704(a) has been interpreted to prevent funds appropriated by Congress for operations, CIP or EDLF to be used for any other purpose. For example, unobligated EDLF funds cannot be used for CIP or operations under existing Covenant provisions. The issue whether interest can be diverted or funds spent under a Declaration of a State of Emergency remains unresolved.

Although Congress appropriates the funds pursuant to applicable provisions of the Covenant and was mandated to do so for the first seven years, it was required that the CNMI submit its justifications to the Department of Interior and OMB. You will recall that our government was severely chastised for not doing so during its first appearance before Congressional Committees given oversight responsibilities over the CNMI. The fact that we submit a detailed budget submission does not, however, mean that our Legislature cannot, through the appropriation process, determine priorities at the local level. For example, assume that \$1,000,000 is appropriated by Congress pursuant to our budget submission for road repairs. The Legislature may then determine how the money is expended locally and prioritize needs. In short, we are not entirely restricted by what we have previously provided the Congress or the various departments and agencies of the Executive Branch. Further, I recall a lawsuit which concluded that any expenditure of public funds, including federal funds must be done pursuant to any appropriation act enacted in accordance with Sections 5 and 6 of the Constitution of the Northern Mariana Islands.

Any proposed amendments regarding Covenant funding and the manner in which it is expended should be very carefully considered as we are currently in the process of modifying price practices and procedures. Any amendments to the Covenant will, of course, require Congressional action.

Sincerely,

A handwritten signature in cursive script, appearing to read "Pedro A. Tenorio", is written over a horizontal line.

PEDRO A. TENORIO  
Lieutenant Governor