

SECOND NORTHERN MARIANAS CONSTITUTIONAL CONVENTION

SAIPAN, CM 96950

Telephone

6517/6572

Officers

Herman T. Guerrero, President
Vicente M. Calvo, 1st Vice President
David M. Cing, 2nd Vice President
Maria T. Pangelinan, 3rd Vice President
William B. Nabors, Convention Secretary
Juan T. Lizama, Floor Leader

REPORT TO THE CONVENTION BY THE
COMMITTEE ON FINANCE AND OTHER MATTERS

Subject: Committee Recommendation No. 49

Members

Lorenzo I. Deleon Guerrero
Alonzo Iglisomar
David L. Igitol
Rita H. Inos
Benusto R. Kalpat
Estevan M. King
Luis M. Limes
Jesus P. Mafnas
Paul A. Manglona
James M. Mendiola
Aniceto H. Mundo
Felicidad T. Ogumoro
Karl T. Reyes
Joaquin A. Tenorio
Francisco Tomokane
William S. Torres
Ramon G. Villagomez
Ignacio Villanueva

The Committee on Finance and Other Matters recommends that the Convention meeting in Committee of the Whole adopt the attached recommendation with respect to operating deficits of the Commonwealth Government.

The Committee's recommended constitutional amendment addresses the matter of operating deficit and not public debt. Section 4, Article X of the Constitution prohibits public indebtedness for operating expenses of the government.


The intent of Delegate Proposal No. 268-85 has been incorporated in the Committee's amendment. The Committee recommendation adds three new sentences to Section 4 which would require the legislature to adopt a seven (7) year plan to liquidate the government operations deficit incurred since the inception of the Commonwealth Government. The deficit is estimated at \$15 million up through fiscal year 1985.

The plan will require the government to repay the EDLF, CIP, and retirement fund contributions it has "borrowed" to fund government operations. If the legislature fails to act, a citizen may have the court impose a debt retirement plan on the government.

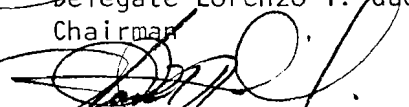
The Committee recommendation also would require the government to retire in a succeeding fiscal year any future operations deficits.

Your Committee is in accord with the intent and purpose of Delegate Proposal No. 268-85 and recommends its passage on final reading in the form attached hereto on Committee Draft 1.

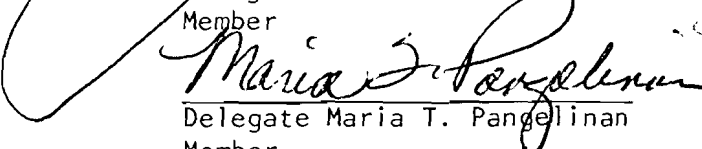
Respectfully submitted,



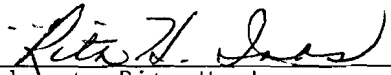
Delegate Lorenzo I. Guerrero
Chairman



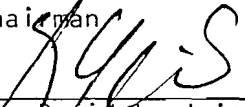
Delegate James M. Mendiola
Member



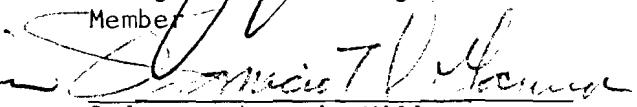
Delegate Maria T. Pangelinan
Member



Delegate Rita H. Inos
Vice-Chairman



Delegate David L. Igitol
Member



Delegate Ignacio Villanueva
Member

A PROPOSED CONSTITUTIONAL AMENDMENT

To add two new sections to Article X relative to the liquidation of deficits, and requiring employment ceilings in appropriations acts.

BE IT ADOPTED BY THE SECOND CONSTITUTIONAL CONVENTION:

Upon ratification pursuant to Section 5 of Article XVIII of the Commonwealth of the Northern Mariana Islands Constitution and Public Law No. 4-30, the Constitution of the Commonwealth of the Northern Mariana Islands is amended as follows:

1 I. Effective upon ratification, two new sections are added to
2 Article X to read:

3 "Section _____. Liquidation of Deficits. Before October 1,
4 1986, the legislature shall adopt a seven-year plan in which the
5 government operations deficit through fiscal year 1985 shall be
6 retired in equal shares. If the person may bring an action to
7 require the government to reallocate its expenditures in
8 accordance with a deficit reduction plan. If an operating deficit
9 is incurred in future fiscal years, the government shall retire
10 the deficit during the second consecutive fiscal year following
11 the year."

12 "Section _____. Government Employment. In the annual
13 appropriations acts, the legislature shall establish ceilings
14 on the number of persons that may be employed by each branch,
15 department, agency, authority and public corporation of the
16 Commonwealth to which public funds are appropriated. Except
17 upon specific approval by joint resolution of the legislature,
18 no public funds may be expended for personnel in excess of the
19 ceilings so established."

20

21 PASSED ON SECOND AND FINAL READING ON JULY 18, 1985

A PROPOSED CONSTITUTIONAL AMENDMENT

To amend Article X, Section 4 to add the prohibition against public debt.

BE IT ADOPTED BY THE SECOND CONSTITUTIONAL CONVENTION:

Upon ratification pursuant to Section 5 of Article XVIII of the Commonwealth of the Northern Mariana Islands Constitution and Public Law No. 4-30, the Constitution of the Commonwealth of the Northern Mariana Islands is amended as follows:

- 1 1. Effective upon ratification, Section 4, Article X is hereby amended
2 to read:
3 "Section 4: Public Debt Limitation. Public indebtedness
4 other than bonds or other obligations of the government payable
5 solely from the revenues derived from a public improvement or
6 undertaking may not be authorized in excess of ten percent of
7 the aggregate assessed valuation of the real property within
8 the Commonwealth. Public indebtedness may not be authorized
9 for operating expenses of the Commonwealth government or its
10 political subdivisions. Before January 1, 1987, the legislature
11 shall adopt a seven-year plan in which the government operations
12 deficit through fiscal year 1985 shall be retired. If the
13 legislature fails to adopt or adhere to the plan, any person
14 may bring an action to require the government to reallocate its
15 expenditures in accordance with a court ordered plan. If an
16 operating deficit is incurred in future fiscal years, the
17 government shall retire the deficit during the succeeding fiscal
18 year."

19
20
21 Adopted by the Committee of the Whole and by the Convention
on July 15, 1985.

FLOOR AMENDMENT TO CR NO. 49

1. Replace the title with the following:

To add two new sections to Article X relative to the liquidation of deficits, and requiring employment ceilings in appropriations acts.

2. Strike out lines 1-17 and replace with the following:

- I. Effective upon ratification, two new sections are added to Article X to read:

Section _____. Liquidation of Deficits. Before October 1, 1986, the legislature shall adopt a seven-year plan in which the government operations deficit through fiscal year 1985 shall be retired in equal shares. If the legislature fails to adopt or adhere to the plan, any person may bring an action to require the government to reallocate its expenditures in accordance with a deficit reduction plan. If an operating deficit is incurred in future fiscal years, the government shall retire the deficit during the second consecutive fiscal year following the year.

Section _____. Government Employment. In the annual appropriations acts, the legislature shall establish ceilings on the number of persons that may be employed by each branch, department, agency, authority and public corporation of the Commonwealth to which public funds are appropriated. Except upon specific approval by joint resolution of the legislature, no public funds may be expended for personnel in excess of the ceilings so established.

Committee on Finance and Other Matters

FLOOR AMENDMENT TO CR NO. 49

1. Replace the title with the following:

To add two new sections to Article X relative to the liquidation of deficits, and requiring employment ceilings in appropriations acts.

2. Strike out lines 1-17 and replace with the following:

1. Effective upon ratification, two new sections are added to Article X to read:

Section _____. Liquidation of Deficits. Whenever a government operations deficit should occur in the General Fund of the Commonwealth as a result of a shortfall in revenue collections or for any other reason, the legislature shall reduce the appropriations for the second fiscal year following the fiscal year in which the deficit occurred below the amount of anticipated revenues for that fiscal year in an amount equal to or greater than the amount of the deficit. The deficit shall be liquidated in such manner; Provided, that in the event the deficit to be liquidated exceeds fifteen percent of the total operations budget for the previous fiscal year, the legislature may carry-forward the excess for liquidation in the next fiscal year. In the event actual revenues for a fiscal year in which the legislature was required to take the action specified by this section are insufficient to liquidate the deficit, the unliquidated portion of the deficit shall be considered a deficit for the fiscal year for which the action was required to be taken. For purposes of liquidating the cumulative deficit incurred through fiscal year 1984, the deficit shall be divided into seven equal portions, each of which shall be added to any deficit which the legislature shall liquidate under this section.

Section _____. Government Employment. In the annual appropriations acts, the legislature shall establish ceilings on the number of persons that may be employed by each branch, department, agency, authority and public corporation of the Commonwealth. Except upon specific approval by joint resolution of the legislature, no public funds may be expended for personnel in excess of the ceilings so established."

A PROPOSED CONSTITUTIONAL AMENDMENT

To amend Article X, Section 4 to add the prohibition against public debt.

BE IT ADOPTED BY THE SECOND CONSTITUTIONAL CONVENTION:

Upon ratification pursuant to Section 5 of Article XVIII of the Commonwealth of the Northern Mariana Islands Constitution and Public Law No. 4-30, the Constitution of the Commonwealth of the Northern Mariana Islands is amended to read as follows:

1 Effective upon ratification, Section 4, Article X is hereby amended
2 to read:

3 "Section 4: Public Debt Limitation. Public indebtedness
4 other than bonds or other obligations of the government payable
5 solely from the revenues derived from a public improvement or
6 undertaking may not be authorized in excess of ten percent of
7 the aggregate assessed valuation of the real property within
8 the Commonwealth. Public indebtedness may not be authorized
9 for operating expenses of the Commonwealth government or its
10 political subdivisions. Before January 1, 1987, the legislature
11 shall adopt a seven-year plan in which the government operations
12 deficit through fiscal year 1985 shall be retired. If the
13 legislature fails to adopt or adhere to the plan, any person
14 may bring an action to require the government to reallocate its
15 expenditures in accordance with a court ordered plan. If an
16 operating deficit is incurred in future fiscal years, the govern-
17 ment shall retire the deficit during the succeeding fiscal year."

18

19

20

21

SECOND NORTHERN MARIANAS CONSTITUTIONAL CONVENTION

SAIPAN, CM 96950

Telephone
6517/6572

Officers

Herman T. Guerrero, President
Vicente M. Calvo, 1st Vice President
David M. Cing, 2nd Vice President
Maria T. Pangellinan, 3rd Vice President
William B. Nabors, Convention Secretary
Juan T. Lizama, Floor Leader

REPORT TO THE CONVENTION BY THE
COMMITTEE ON FINANCE AND OTHER MATTERS

Subject: Committee Recommendation No. 49

Members

Lorenzo I. Deleon Guerrero
Alonzo Iglisomar
David L. Igitol
Rita H. Inos
Benusto R. Kalpat
Estevan M. King
Luis M. Limes
Jesus P. Mafnas
Paul A. Mangiona
James M. Mendiola
Aniceto H. Mundo
Felicidad T. Ogunoro
Karl T. Reyes
Joaquin A. Tenorio
Francisco Tomokane
William S. Torres
Ramon G. Villagomez
Ignacio Villanueva

The Committee on Finance and Other Matters recommends that the Convention meeting in Committee of the Whole adopt the attached recommendation with respect to operating deficits of the Commonwealth Government.

The Committee's recommended constitutional amendment addresses the matter of operating deficit and not public debt. Section 4, Article X of the Constitution prohibits public indebtedness for operating expenses of the government.


The intent of Delegate Proposal No. 268-85 has been incorporated in the Committee's amendment. The Committee recommendation adds three new sentences to Section 4 which would require the legislature to adopt a seven (7) year plan to liquidate the government operations deficit incurred since the inception of the Commonwealth Government. The deficit is estimated at \$15 million up through fiscal year 1985.

The plan will require the government to repay the EDFL, CIP, and retirement fund contributions it has "borrowed" to fund government operations. If the legislature fails to act, a citizen may have the court impose a debt retirement plan on the government.

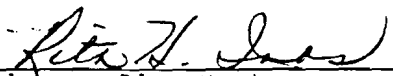
The Committee recommendation also would require the government to retire in a succeeding fiscal year any future operations deficits.

Your Committee is in accord with the intent and purpose of Delegate Proposal No. 268-85 and recommends its passage on final reading in the form attached hereto on Committee Draft 1.


Respectfully submitted,



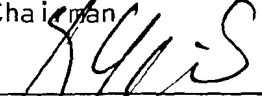
Delegate Lorenzo I. Guerrero
Chairman



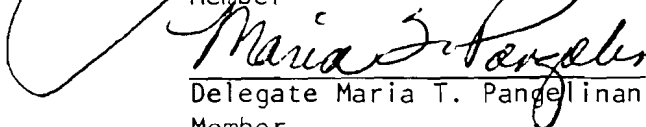
Delegate Rita H. Inos
Vice-Chairman



Delegate James M. Mendiola
Member



Delegate David L. Igitol
Member



Delegate Maria T. Pangellinan
Member



Delegate Ignacio Villanueva
Member