

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. 50

Members

Lorenzo I. Deleon Guerrero
Alonzo Iglisomar
David L. Igitol
Rita H. Inos
Benusto R. Kalpat
Estevan M. King
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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 the Commonwealth budget and the governor's annual report to the legislature.

The proposed amendment would clarify the existing provision of the Constitution regarding the Commonwealth budget and at the same time expand on the matters to be included in the governor's annual report to the legislature.

Under Section 1 of the proposed amendment, the governor would be required to submit and the legislature to approve a balanced budget for the Commonwealth Government in every fiscal year. A balanced budget means revenues are at least equal to outlays. To ensure a balanced budget, the Committee incorporated provisions of Delegate Proposal No. 99-85 and your Governmental Institutions Committee's findings and recommendations. Delegate Proposal No. 99-85 will require that the level of anticipated revenue should be determined by the Executive Branch for purposes of developing an annual budget for submission to the legislature. Presently, the legislature may approve an annual budget based on only its own determination of anticipated revenue irrespective of the executive branch's determination.

Over the past years, the Commonwealth government has been faced with a continuing shortage of funds. The Governor's estimated figures of total revenues have been increased significantly without adequate support that such additional revenues would and/or could be realized. Moreover, the Commonwealth has experienced time and time again the inability of the legislature to agree with itself on the total estimated resources and revenues available for appropriation. Delegate Proposal No. 99-85 will prevent the legislature from appropriating funds in excess of the amount of revenue estimated as being available from existing resources.

The budget shall set forth the program priorities and detailed budget justification for all branches of the government, including boards, commissions, bureaus, and public corporations,

provided that the inclusion of the budget programs of public corporations in the annual budget submission is for information and oversight purposes only.

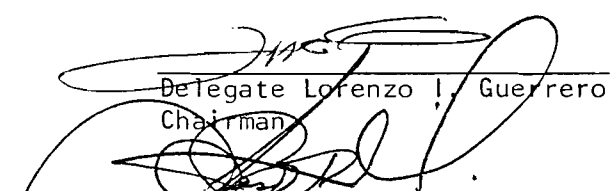
The requirement that the budget be submitted to the legislature no later than ten months (and eight months if there is a change in administration) prior to the beginning of each fiscal year has been deleted in order to conform to the federal budget deadlines. These budget deadlines are addressed in I CMC, Division 7, Section 7201.

On the governor's annual report to the legislature, the Committee added a provision which would require the governor to include in his annual address to the legislature, a comprehensive annual financial report prepared in accordance with generally accepted governmental accounting principles established by the American Institute of Certified Public Accountants. The financial report shall be due within one hundred twenty (120) days from the close of the fiscal year.

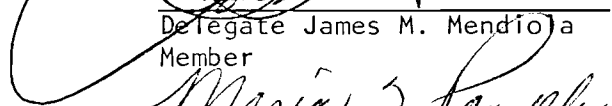
The Committee believes that the proposed amendment requiring a balanced budget sets the Commonwealth in the right financial course. The annual report offers the public an opportunity to grasp a vision of the whole picture of what the government has done and what it intends to do.

Your Committee is in accord with the intent and purpose of Delegate Proposal No. 85-85 and 99-85 and recommends its passage on final reading in the form attached hereto as Committee Draft 1.

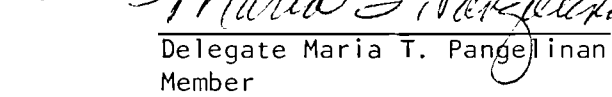
Respectfully submitted,



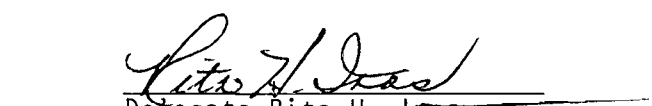
Delegate Lorenzo I. Guerrero
Chairman



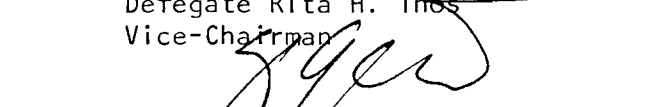
Delegate James M. Mendioja
Member



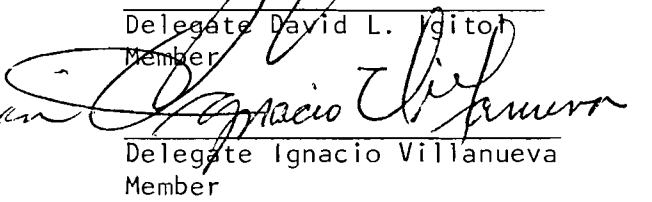
Delegate Maria T. Pangellinan
Member



Delegate Rita H. Imos
Vice-Chairman



Delegate David L. Vgitor
Member



Delegate Ignacio Villanueva
Member

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7/16/85

A PROPOSED CONSTITUTIONAL AMENDMENT

To amend Section 9(a) and (b) of Article III of the Northern Marianas Constitution to mandate a balanced budget for the CNMI Government in every fiscal year.

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. Effective upon ratification, Section 9(a) and (b) of Article III is amended to read:

"Section 9. Executive Functions.

(a) The governor shall submit to the legislature a proposed annual balanced budget for the following fiscal year. The proposed balanced budget shall describe anticipated revenues of the Commonwealth and recommend expenditures of Commonwealth funds. The anticipated revenues shall not be increased by the legislature without the consent of the governor. In preparing the proposed balanced budget, the governor shall consider submissions made by the mayors of Rota, Saipan, Tinian and Aguiguan, and the islands north of Saipan as to the budgetary needs of those islands and by the executive assistant appointed under section 18 of this article. The governor's submission to the legislature with respect to the budget shall state the governor's disposition of the budgetary requests contained in these submissions and may include recommended legislation with respect to taxation. If a balanced budget is approved by the legislature, the governor may not reallocate appropriated funds except as provided by law. If a balanced budget is not approved before the first day of the fiscal year, appropriations for government operations and obligations shall be at the level for the previous fiscal year.

1 (b) The governor shall report at least annually to the
2 legislature regarding the affairs of the Commonwealth and new
3 measures that are necessary or desirable. The report shall include
4 a comprehensive annual financial report prepared in accordance with
5 generally accepted governmental accounting principles."
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10 Adopted by Committee of the Whole and Convention on July 15, 1985
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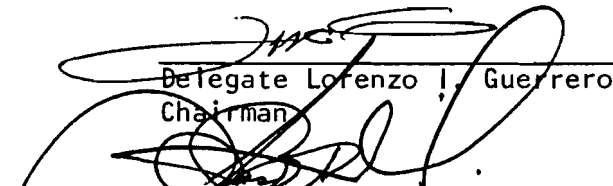
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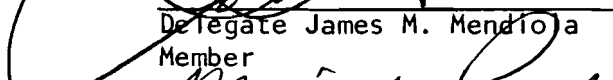
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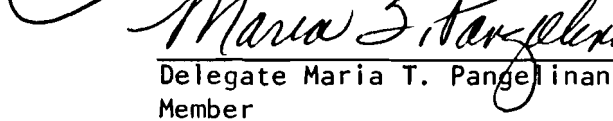
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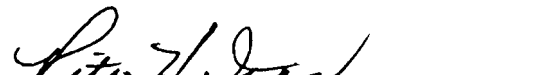
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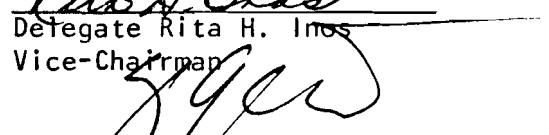
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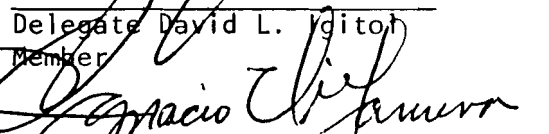
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*Adopted by vote of
the whole 7/15/85*