

# 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

Members

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

Subject: Committee Recommendation No. 59

The Committee on Finance and Other Matters recommends that the Convention adopt Committee Recommendation No. \_\_\_\_\_ relative to a Uniform Fiscal Management Policy. The proposed constitutional amendment would add two new sections of Article X, Taxation and Public Finance, of the Constitution.

The first section would centralize the control and regulation of appropriated public funds for the three branches of government. The amendment would prevent the legislature or any other agency from establishing its own, separate Finance Office. Public corporations that do not depend on appropriated public funds would be the only exception to the centralized public fund management policy.

The Department of Finance would be required to promulgate regulations that require public officials to provide full and reasonable documentation that public funds are expended for public purposes. In the past, the Department of Finance felt it was required to accept an expending officials mere assertion that public funds were spent for public purposes. If this amendment is adopted, the Department would have the power to require by regulation that a public official state the persons present, summarize the business discussed, and describe with particularity the public nature of the business. The Committee feels regulations such as these could halt the improper entertainment and travel expenses that have been incurred so often in the past.

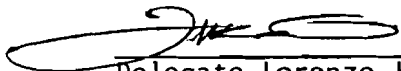
The second new section added to Article X is a taxpayer's and other person's right of action. The Committee feels the Constitution is an extremely important document to which the government and its instrumentalities must adhere. Sometimes when the government fails to adhere to the Constitution, a person cannot get the government to voluntarily respect the requirement of the Constitution. For example, although the Constitution may prohibit the government from incurring public debt for government operating expenses, the government might ignore the provision and borrow money from a local bank to meet operating expenses. As a practical matter, government officials who disagree with the government's action may not be in a position to stop the


action. If the new Section on taxpayer's and other person's rights of action is approved, such persons could obtain a court decree requiring the government to adhere to the Constitution. Because the private person upheld a significant public "right, privilege, or immunity," the person would not be required to pay his court costs or his reasonable attorney's fees. If the private person is unsuccessful, the court would not award him the court costs or reasonable attorney's fees.

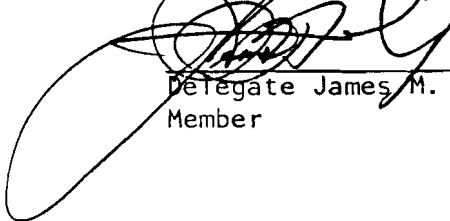
The Committee feels the Commonwealth courts can monitor the new section by requiring full documentation that the fees the courts award are in fact reasonable. This practice is already followed in certain types of cases.

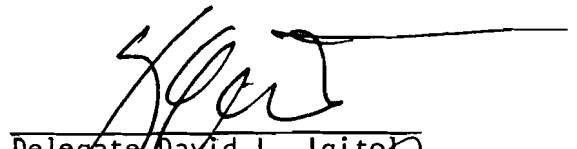
The Committee recommendation's basic purpose is to provide two new tools by which the government will be required to keep its financial affairs in a sound condition. The proposed Uniform Fiscal Management Policy gives the Department of Finance new authority to control and regulate the expenditure of public funds. In addition, the fiscal management policy recognizes that because the Constitution sets forth minimum standards to guide the financial and other conduct of the government, it is the right of every taxpayer and other person (nonprofit or religious institution) to enforce and uphold those standards in the courts.

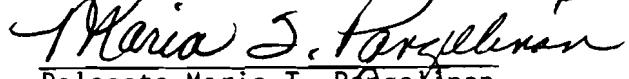
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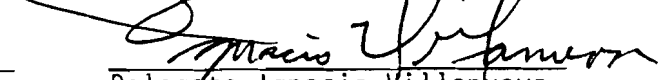
  
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Vice-Chairman

  
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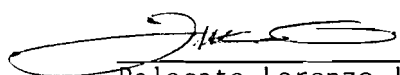
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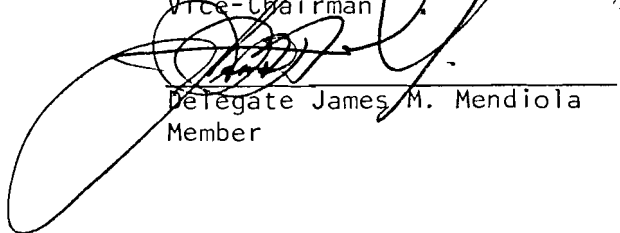
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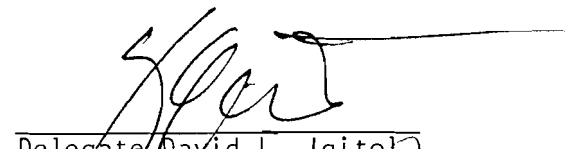
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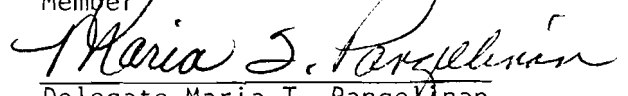
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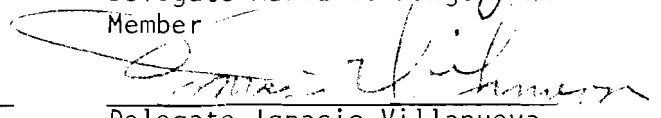
  
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A PROPOSED CONSTITUTIONAL AMENDMENT

To propose an amendment to Article X of the Northern Marianas Constitution to provide for a Uniform Fiscal Management Policy.

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, new Sections \_\_\_ and \_\_\_ are added to  
2 Article X - Taxation and Public Finance to read:

3 "Section \_\_\_\_\_. Control of Public Finance. The Department of  
4 Finance shall control and regulate the expenditure of public funds  
5 appropriated for the three branches of government. The Department shall  
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16 *Adopted by POW - 7/17/85*  
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20 Committee on Finance and Other Matters  
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17 Adopted, as amended, by the Committee of the Whole and the Convention on  
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