

MEMORANDUM FOR THE CHAIR, COMMITTEE ON LEGISLATIVE BRANCH  
AND PUBLIC FINANCE

SUBJECT: Issues Before the Committee with Respect to  
Article X (Taxation and Public Finance)

This memorandum is aimed at helping the Chair and the members of the Committee on Legislative Branch and Public Finance with an overview of the issues before the Committee relating to Article X (Taxation and Public Finance). About 12 proposals relating to this article have been discussed with legal counsel; not all of them have been formally introduced before the Convention.

1. Section 1: Public Purpose

Relying on advice of counsel, some delegates have proposed that the requirement in this section that the legislature shall define public purpose be deleted. This is one of the relatively noncontroversial proposals in this area.

2. Section 6: Liquidation of Deficits

It has been proposed that certain transitional provisions in this section might be deleted. Other delegates want to require that the legislature be required to produce a deficit reduction plan that would reduce any deficit in the following fiscal year.

3. Section 8: Control of Public Finance

It has been proposed that this section might be deleted as dealing with essentially a legislative matter. However, the Attorney General's Office has recommended that the section describing the functions of the Department of Finance be retained.

4. Section 5: Real Property Taxes

Some delegates have discussed eliminating this provision which prohibits real property taxes unless approved by a three-fourths vote in the Senatorial district in which the tax is to be levied. Some believe that the legislature should be given the authority to levy such taxes on commercial property. A broader proposal would delete all limitations of the legislature's authority to levy real property taxes.

5. Section 9: Taxpayer's Right of Action

The Governor has recommended that this constitutional provision be deleted and a proposal to accomplish that objective is before the Committee. Another proposal, however, would amend the section to use the mechanism of taxpayer actions to enforce

the section to use the mechanism of taxpayer actions to enforce constitutional provisions within a reasonable time after their ratification.

#### 6. New Provisions

Some delegates have considered imposing a requirement of popular initiative before any new taxes can be imposed in the CNMI. Another new suggestion is that all tax rebates be placed into a trust fund so as to ensure that they can be used only for that purpose.

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