



Office of the Mayor  
Northern Islands  
Commonwealth of the Northern Mariana Islands  
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JOSEPH T. OGUMORO  
Mayor of Northern Islands

July 27, 1995

Hon. Jose R. Lifoifoi *HL*  
Chairman, Committee on Land  
and Personal Rights  
Third Northern Mariana Islands  
Constitutional Convention  
Caller Box 10007  
Saipan, MP 96950

Dear Chairman Lifoifoi:

Warm greetings to you and other honorable delegates of your Committee!

I am in receipt of your Committee's Report No. 4 proposing to amend Article XIV by mandating that *"Royalties and other fees paid to the Commonwealth with respect to resources protected by this Article shall be shared with the municipalities at the rate of five percent"*. I want to thank you and your legal assistant for the opportunity to comment on this proposal. A special note of gratitude is extended to Delegate Justo S. Quitugua for submitting this very important proposal.

Delegate Amendment Number 004 provides the mechanism for local municipalities to benefit from resources generated from within their jurisdiction. As such, I am in full support of this proposal. In light of the recent move to centralize government services, this proposal will assure some measure of fairness in the distribution of our limited resources by requiring a very small percentage of the fees to directly benefit the municipalities. A similar effort was initiated by the CNMI Legislature through House Local Bill No. 9-11 (*The Northern Islands Pozzolan, Basalt, Coral, Lava and Sand Severance Tax Act of 1994*) calling for a 5% of the taxes to benefit the residents of the Northern Islands. Unfortunately, the H.L.B 9-11 was promptly vetoed by Governor Tenorio. In justifying his veto, Governor Tenorio noted that he didn't believe in earmarking any public funds and that the local delegation was not the proper forum to pass appropriation laws.

As you know, I am on record that I strongly support the empowerment of local government as I truly believe that it is the best way to make government more accountable to the people and truly responsive to the needs of our respective

*Rec'd 7/31/95-og*

Hon. Jose R. Lifofoi  
July 27, 1995  
page 2

communities. Our government has been in existence for close to 20 years now and I thought that we have adequately and sufficiently learned our lessons that the current intergovernmental structure as provided for in our Constitution does not work. For local government to truly exist, it must be empowered with the ability to generate and appropriate revenues independent of the central government. With exception to Delegate Amendment #4, the general direction being taken by the Third Constitutional Convention seem to be the opposite. I am afraid that this is going to be the price we will pay for electing mostly inexperience delegates to this important assembly.

Again, thank you for the opportunity to share my views with you and other honorable members of this Committee. If you have any questions regarding this comment or about any of my proposed Constitutional amendments, please feel free to contact me at your convenience. In the meantime, I look forward to the successful passage of the Delegate Amendment No. 004.

Thank you.

Sincerely,



JOSEPH T. OGUMORO  
Mayor

xc: Hon. David L. Igitol, Chairman, Saipan & Northern Islands Third Municipal Council  
Hon. Herman T. Guerrero, President, Third Northern Mariana Islands Constitutional Convention  
Hon. Justo S. Quituga, Delegate, Third Northern Mariana Islands Constitutional Convention  
Mr. Rodney J. Jacob, Legal Team, Third Northern Mariana Islands Constitutional Convention  
File

THIRD SENATORIAL DISTRICT DELEGATION  
NINTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

SESSION, 1994

HOUSE LOCAL BILL NO. 9-11

A LOCAL REVENUE BILL FOR AN ACT  
FOR THE THIRD SENATORIAL DISTRICT

To levy a tax on the taking of pozzolan, basalt, coral, lava or sand within the Northern islands for commercial purposes and to designate the use of these funds for the benefit of the residents of the Northern Islands; and for other purposes.

BE IT ENACTED BY THE THIRD SENATORIAL DISTRICT DELEGATION PURSUANT TO CHAPTER 4 OF DIVISION 1 OF TITLE 1 OF THE COMMONWEALTH CODE:

1 Section 1. Title. This Act shall be cited as the  
2 "Northern Islands Pozzolan, Basalt, Coral, Lava and Sand  
3 Severance Tax Act of 1994."

4 Section 2. Findings and Purpose. The Third Senatorial  
5 District Delegation finds that certain of the islands north of  
6 Saipan are rich in deposits of pozzolan, basalt coral, lava  
7 and sand having a high commercial value. The delegation also  
8 finds that the Northern Islands lack the necessary  
9 infrastructure and other amenities for their residents to  
10 enjoy the standard of living other Commonwealth residents are  
11 accustomed to. It is the purpose of this local legislation to  
12 establish a tax on the taking of pozzolan, basalt, coral, lava  
13 or sand in the Northern Islands and to designate the use of  
14 these funds for the benefit of the residents of the Northern  
15 Islands.

H. L. B. NO. 9-11

1 Section 7. Severability. If any section of this Act  
 2 should be declared invalid by a court of competent  
 3 jurisdiction, the remainder of this Act shall not be affected  
 4 thereby.

5 Section 8. Effective Date. This Act shall take effect  
 6 upon its approval by the Governor, or upon its becoming law  
 7 without such approval.

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 9 Date: prefiled: 3/04/94 Introduced by: Maria T. Peter  
 Rep. Maria "Malua" T. Peter

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 11  
 12 Rep. Jesus T. Attao

12 [Signature]  
 13 Rep. Jesus P. Mafnas

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 15 Rep. Benjamin A. Sablan

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 18 Reviewed for legal sufficiency: \_\_\_\_\_  
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1           Section 3. Pozzolan, Basalt, Coral, Lava and Sand  
2 Severance Tax. A severance tax is imposed upon the taking of  
3 pozzolan, basalt, coral, lava and sand within the Northern  
4 Islands for commercial purposes consisting of 5 percent of the  
5 fair market value of the pozzolan, basalt, coral, lava or  
6 sand. Every person subject to pay this tax shall file a  
7 quarterly return with the Department of Finance reporting such  
8 information as required by the Department of Finance to  
9 administer and enforce collection of the tax.

10           Section 4. Designation of Funds. The funds collected  
11 under this Act shall be placed in a special account for  
12 appropriation by the Third Senatorial District Delegation for  
13 the benefit of the residents of the Northern Islands. The  
14 Mayor of the Northern Islands shall submit a request for  
15 appropriations to the Chairman of the Third Senatorial  
16 District Delegation which outlines proposed uses for the funds  
17 collected under this Act for consideration by the delegation.

18           Section 5. Regulations. The Director of Finance is  
19 authorized to promulgate rules and regulations to carry out  
20 the intent of this Act.

21           Section 6. Penalties. The provisions of 4 CMC Sections  
22 1814 through 1817 shall apply to this Act insofar as they are  
23 applicable.