On My Mind
12/06/02

The CNMI's reputation for being a "flip-flop" government got a major boost this week when its Department of Finance was forced to amend its just-issued emergency regulations - which required poker parlors to shut down from 10:00 p.m. until 10:00 a.m. every day - to allow the parlors to remain open all night after all. This time, though, it wasn't the legislature that did the flip-flopping, it was a department within the executive branch.

To begin with, the idea of cutting off the significant source of revenue the poker parlors are said to generate makes no sense whatsoever, what with the government already suffering such a severe shortage of cash-flow. Moreover, imposing such a drastic change in operations on poker parlor operators with no consultation and no warning would seem more appropriate to a dictatorship than a supposed representative democracy.

As could have been expected, the powerful poker lobby wasted no time voicing its objections to such a sudden, drastic and debilitating ruling. Able to afford high-priced lawyers, its members rushed to court for an injunction to delay implementation of the punitive regulations. And the Department of Finance, apparently belatedly recognizing the foolishness of its decision, just as quickly backed down and offered a compromise: poker parlors could stay open 24 hours a day if they provided uniformed guards and drew up security plans.

Shutting down poker parlors for at least part of the night - say at midnight, or perhaps 2 a.m. - is a good idea. Not only could that be expected to cut down on the number of hold-ups at poker parlors - the alleged intent of the emergency regulations - but it could also be expected to reduce the amount of money lost from family incomes, the number of mothers and fathers out all night instead of home with their children. But it should have been done rationally, with forewarning and consultation, with a more realistic appraisal of the consequences.

With the irrepressible Congressman Stanley Torres calling for a hearing into the whole affair, maybe we'll learn how it was that such a poorly-thought-out regulation ever came into being to begin with.

How to overcome the impression that the CNMI cannot be relied upon to mean what is says is a different, and far more difficult problem.

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A reader has suggested that while eliminating tax rebates and the awarding of qualifying certificates to local businesses - mentioned in last week's column as a means of increasing government revenues - might save the government money, in the long run both result in an increased flow of money into the economy, and therefore should not be abolished.

"While in the very short term, there would be more money in the government coffers, starting with the very next tax year [if rebates were not given], many high income taxpayers would

choose to pay their taxes elsewhere. Without the tax rebates, those taxpayers would have no reason to file in the CNMI. Granted, the rebates are a huge expense to the CNMI, but that expense buys taxpayers, and the CNMI needs all the taxpayers it can get,” the reader said.

In addition, “the CNMI's private sector greatly benefits from the dollars pumped into the economy from the tax rebates. It's sort of a forced savings plan for many residents, who immediately spend their rebate money at CNMI businesses. Again, it's a costly government expense, but one that has a direct benefit to the private sector, unlike many, many other government expenses,” his e-mail said.

In regards to qualifying certificates, he wrote, “while the Qualifying Certificate program clearly could use some tweaking (e.g., the Sandcastle got way too good a deal) it shouldn't exclude existing businesses, because it is far easier to get new investment from existing businesses than to bring in totally new business. For example, the Hyatt wants to invest $30-40 million in a complete rebuild of its property, providing it can get a QC. No prudent company that does its due diligence would invest anywhere near that amount in a new business in the CNMI, absent some really shady dealing that would be bad for the CNMI in the long run.”

Food for thought, as my colleague would say. But without hard data, there can be no clear answer, one way or another. To prevent another potential flip-flop in government policy, it might be prudent if legislators were to take a careful look at the trade-offs in terms of revenue generation of both measure before taking action.

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Short takes:

The warnings by the Division of Environmental Quality that particular beaches show excessive concentrations of fecal indicator bacteria and that the public should not fish or swim in such areas for “the next 48 hours” would be much more useful if it were known WHEN those tests were conducted, and therefore, when the 48 hour warning expired. The newspaper reports almost never provide that date. Presumably, the DEQ reports do.
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The premise, by Northern Marianas College, that in a couple of years, the lab school program will have “saturated” the market with trained teachers, is unrealistic. Teachers - as is true of a number of other professionals here - often do not stay in their jobs very long. They get married, they move off island, they become administrators, they move into other careers, they have children, they retire. The turnover, in short, is rather high. It is more likely that the need for trained teachers will be on-going, constant. And thus the need for a lab school, too, will be on-going, a constant.
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Another unrealistic proposal: the Commonwealth Ports Authority's request that the CNMI government take over the cost of operating the Tinian and Rota airports. CPA is making the request, according to a report in <I>Tribune</I> last week, “to cushion the declining revenues posted by the Saipan International Airport.”

It’s bad enough that the CPA is trying to foist off on others its own responsibilities as a means of cutting costs, particularly when the CPA has a history of poor fund management - and no history of attempting to improve cost management within its own operation. But just where does CPA think that the government is going to find the resources to take on additional unbudgeted costs when the government is already in dire financial straits? Keep dreaming, CPA!
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Not so much unrealistic as deceptive is Continental’s current advertised “holiday special” to Bali. Touted as costing only $399.00, the price rapidly goes up if the”holiday” includes Christmas week. The special supposedly includes pick-up at the airport, three free nights - breakfast included - at one of a choice of six hotels, and free return to the airport from the hotel.

HOWEVER, that fare is from Guam. To go from Saipan costs an extra $55. If the traveler chooses not to take the ungodly connecting flight that leaves Saipan at 4:30 a.m. (with a departure from Guam not until 6:30 p.m. that night) but to go to Guam the night before so as to get a good night’s sleep, the traveler must pay the full one-way fare of $135, because the overnight in Guam is considered a “stop-over” - not allowed on the holiday package.

Wait. There’s more. Because of the holiday, travelers must also pay a surcharge of between $13 and $39 per night (depending on the hotel selected) for their hotel room, which is, in fact, absurd, since many hotel rooms in Bali do not cost that much. And as if that wasn’t enough, there is yet another charge, a “compulsory xmas/nyear eve dinner rate” for which the cost is listed, ominously, as “TBA.”

A bargain? From Continental? Don’t you believe it!