

THIRTEENTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

SECOND REGULAR SESSION, 2002

Public Law 13-39
H.B. NO. 13-228

A BILL FOR AN ACT

TO AMEND SECTIONS 3, 4, AND 5 OF P.L. 13-17, AS AMENDED BY P.L. 13-25; AND FOR OTHER PURPOSES. .

**BE IT ENACTED BY THE THIRTEENTH NORTHERN MARIANAS
COMMONWEALTH LEGISLATURE:**

Section 1. Intent and Purpose. Interim financing is needed to secure the public debt mandated under PL 13-17, as amended. The purpose of this Act is to clarify existing language that, through the Commonwealth Development Authority, the Marianas Public Lands Authority, in fulfilling its statutory mandate, may arrange for interim financing of the public debt to fund the retirement of land compensation claims against the Commonwealth.

Section 2. Repeal and Reenactment. Section 3 of PL 13-17, as amended by PL 13-25, is repealed and reenacted to read as follows:

Section 3. Public Debt Authorization.

a) This Act is a Bond Authorization Act within the meaning of PL 11-3. The Commonwealth Development Authority (CDA) for and in the name and on behalf of the Commonwealth is hereby authorized, at the request and after consultation with the Marianas Public Lands Authority (MPLA), to issue in one or more series up to \$40,000,000 in principal amount of general obligation bonds of the Commonwealth for the purpose of completing the acquisition of various parcels of real property through funding the retirement of land compensation claims against the Commonwealth for land taking by eminent domain or other legal process. The CDA, at the request of and after consultation with the MPLA, is also authorized to secure on behalf of the Commonwealth bond proceeds anticipation financing for such purposes from a financial institution in a principal amount up to \$40,000,000. In consultation with MPLA, CDA is further

authorized to pledge as additional security for the bonds, and for any interim financing for the Commonwealth, the Land Compensation Fund established by Section 4 hereof, and on such priority and terms as CDA in consultation with MPLA determines to be in the best interest of the Commonwealth. The funds borrowed under the interim financing shall be retired from funds generated by the bond issuance or from other sources, including pledged collateral, provided herein for payment of the bonds.

(b) The public debt authorized herein shall be issued pursuant to and as “bonds” within the meaning of Public Law 11-3 (4 CMC § 10451-10466) and payable in United States currency and not in the equivalent amount of any foreign currency.

(c) The authorization for public debt hereunder is made only for the purpose of acquisition of real property through funding the retirement of land compensation claims against the Commonwealth, and only to a total principal amount of indebtedness not to exceed \$40,000,000 outstanding at any time, inclusive of any commission or fee, and costs of issuance, reserves, credit enhancement or other similar expenses.

(d) The public debt authorized herein is only authorized with a true interest rate not exceeding 7% per annum simple interest on the principal amount remaining outstanding and unpaid and with repayment terms not exceeding 30 years for payment in full of principal and interest.

(e) The public debt authorized herein shall be backed by the full faith and credit of the Commonwealth Government and shall be a debt of the Commonwealth.

Section 3. Amendment. Section 4 of PL 13-17 is amended by modifying existing subsection (b), by adding a new subsection (c), by revising existing subsection (c) to be redesignated as “(d)”, and by redesignating affected subsections accordingly:

(b) The purpose of the Fund shall be to pay principal and interest on any financing entered into by the Commonwealth for the acquisition of real property through funding of the retirement of land compensation claims against the Commonwealth as authorized by this Act.

(c) The CDA, for and in the name and on behalf of the Commonwealth, may pledge as additional security for, and provide for payment of, principal and interest on the bonds and any interim financing from amounts in the Fund, and covenant not to amend subparagraph (ii) of 4 CMC ' 1403(e) as amended in Section 4 of this act in any manner that would impair the security for the bonds or interim financing.

(d) Transfer of Bond Proceeds to MPLA. After satisfying any commission or fee, costs of issuance, reserves, credit enhancement or other similar expenses, CDA shall transfer the remaining balance of the bond proceeds to MPLA which shall deposit these funds into an account separate from its operational accounts. The funds in such account are hereby appropriated, without requiring further legislative appropriation, for the purpose of paying out land compensation claims subject to conditions necessary to maintain tax exemption of the bonds or any interim financing. The Commissioner of MPLA shall have expenditure authority over the funds in the account subject to approval of claims by the Board.

Section 4. Repeal and Reenactment. Subparagraph

(ii) of 4 CMC ' 1403(e), as enacted by PL 13-17, and subsequently amended by PL 13-25, is repealed and reenacted to read as follows:

(ii) After the amount in subparagraph (i) has been transferred, and notwithstanding any law to the contrary, and beginning when the Commonwealth initially obtains the interim or other financing authorized by this Act, the Department of Finance shall deposit the balance of the amount of the liquid fuel tax collected under 4 CMC ' 1403(a) and the entire amount of the aviation tax collected under 4 CMC ' 1403(b) into the Land Compensation Fund to the extent necessary to maintain a balance in such Fund at all times sufficient to pay all

principal of and interest on the bonds becoming due during the next succeeding 12 months. Such funds are continually appropriated for the sole purpose of paying the principal and interest on any financing, including any interim financing, authorized by this Act. Provided, that, in the event the amount in the Land Compensation Fund is insufficient to cover any requisite payment upon such financing, the Governor shall, notwithstanding any law to the contrary, pay the remaining balance of such payment from the general fund. The funds in the Land Compensation Fund shall be nonlapsing except, upon certification by the Secretary of Finance that all principal and interest on all financing has been paid in full and discharged, any funds remaining in the Land Compensation Fund shall lapse to the general fund.

Section 5. Severability. If any provisions of this Act or the application of any such provision to any person or circumstance should be held invalid by a court of competent jurisdiction, the remainder of this Act or the application of its provisions to persons or circumstances other than those to which it is held invalid shall not be affected thereby.

Section 6. Savings Clause. This Act and any repealer contained herein shall not be construed as affecting any existing right acquired under contract or acquired under statutes repealed or under any rule, regulation or order adopted under the statutes. Repealers contained in this Act shall not affect any proceeding instituted under or pursuant to prior law. The enactment of the Act shall not have the effect of terminating, or in any way modifying, any liability, civil or criminal, which shall already be in existence on the date this Act becomes effective.

Section 7. Article X, Section 3 Certification. Upon passage of this bill by the Legislature, by a vote of at least two-thirds of the members in each house, the Speaker of the House of Representatives and the President shall certify and the House Clerk and the Senate Legislative Secretary shall attest to the passage of this bill by such two-thirds vote, in accordance with Article X, Section 3 of the Commonwealth Constitution. Such

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certification and attestation shall form a part of the engrossed bill for transmittal to the Governor, and shall serve as affirmation of the full faith and credit of the Commonwealth Government with respect to this bond issuance.

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

Passed by the House of Representatives and by the Senate with the affirmative vote of two-thirds of the members in each house.

CERTIFIED BY:

/S/ _____
HEINZ S. HOFSCHEIDER
SPEAKER OF THE HOUSE

/S/ _____
PAULA MANGLON
PRESIDENT OF THE SENATE

ATTESTED TO BY:

/S/ _____
EVELYN C. FLEMING
HOUSE CLERK

/S/ _____
THOMAS P. VILLAGOMEZ
SENATE LEGISLATIVE SECRETARY

Approved this 13th day of December, 2002

/S/ _____
JUAN N. BABAUTA
GOVERNOR
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS