



HOUSE OF REPRESENTATIVES
FOURTEENTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE
FIRST SPECIAL SESSION, 2005

PUBLIC LAW NO. 14-82
H. B. No. 14-323, HS1, SS1

AN ACT

To amend 4 CMC § 5611(c) to allow transfer of a business license within the garment industry under certain conditions; and for other purposes.

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

1 **Section 1. Findings and Purpose.** The Legislature finds that the current period of
2 adjustment within the garment industry in the CNMI presents a necessity for relaxing the
3 wholesale prohibition on the transfer of business licenses under Title 4 of the Commonwealth
4 Code. The Legislature, however, is mindful that strict criteria and conditions must be
5 established to insure that only such relaxation does not result in the violation of the moratorium
6 on the number of qualified garment manufacturers established in Public Law 11-76, as
7 amended. The Legislature further recognizes the need to maintain compliance with the 15,727
8 ceiling on the number of garment workers within the CNMI. Therefore, the Department of
9 Finance in consultation with the Office of Attorney General is instructed to establish criteria
10 and conditions that implement the intent of this Act within 30 days of its effective date.

11 The purpose of this legislation is to stimulate economic growth by allowing the
12 Department of Finance to transfer business licenses for purposes of garment manufacturing to
13 new investors or existing garment manufacturers listed in Schedule A of Public Law 11-76
14 under certain conditions.

15 **Section 2. Amendment.** 4 CMC § 5611(c) is hereby amended to read as follows:

1 “(c) Terms. Licenses issued under this section are valid for one year and are
2 not transferable. Provided, however, the Department of Finance may transfer a
3 business license to an applicant for garment manufacturing if a license is:

4 (1) revoked; or

5 (2) not renewed; or

6 (3) otherwise permitted to lapse; or

7 (4) if the Department of Finance, in consultation with the Department of Labor, finds
8 that a garment manufacturer has ceased operation;

9 under the following conditions:

10 (A) upon a written finding from the Secretary of Finance that the
11 conditions set forth in 4 CMC § 5701(b)(2)-(3) are satisfied; and upon

12 (B) posting of a cash bond, irrevocable letter of credit or other form of
13 financial assurances in an amount of, and for the purposes set forth, in
14 regulations jointly promulgated by the Department of Finance and Department
15 of Labor; no event shall the amount be less than the aggregate cost for
16 repatriation of the workers employed by the license holder.

17 “The amendment set forth in this section shall not apply to any business license
18 held by garment manufacturers listed in Schedule A of P.L. 11-76, as amended, which
19 ceased operations prior to January 1, 2005.”

20 **Section 3. Amendment.** 4 CMC §5703 is hereby amended as follows:

21 “§ 5703. Restriction on Renewal of License. Notwithstanding any other
22 provision of law, the Department of Finance shall not renew or cause to be renewed to
23 any applicant a business license for the purpose of garment manufacturing unless the
24 applicant is a qualified manufacturer and can show the following:

25 (a) That the applicant held a valid business license for the purpose of
26 garment manufacturing and was engaged in the manufacturing of textiles or
27 textile products prior to January 1, 1995 or pursuant to 4 CMC § 5611(c); or

(b) That the applicant was issued a valid business license for the purpose of garment manufacturing between January 1, 1995 and the effective date of this Act or pursuant to 4 CMC § 5611(c); and

(c) That the garment manufacturer's operations in the Commonwealth employs, on a full time basis, at least 20% US citizens, who are also residents of the CNMI, in management or supervisory positions, provided further that the garment manufacturer shall provide the necessary training to ensure compliance with this section. Failure to comply with this provision will be grounds for the Department of Commerce to refuse to renew or cause to be renewed the garment manufacturer's license, subject to an administrative proceeding. A garment manufacturer found to be in violation of this subsection or any other provision of law applicable to the business license of a garment manufacturer is subject to a civil penalty not to exceed \$5,000 per day of noncompliance, the payment of which shall be a condition for license renewal.”

Section 4. Compliance. Nothing in this Act shall modify the requirement for strict adherence to 4 CMC § 5708, “Garment Manufacturing Industry Cap and Non-Resident Worker Quota.” 4 CMC § 5708(c) shall be used to reallocate garment workers to a garment manufacturer licensed pursuant to 4 CMC § 5611(c) and in accordance with rules and regulations promulgated by the Department of Labor.

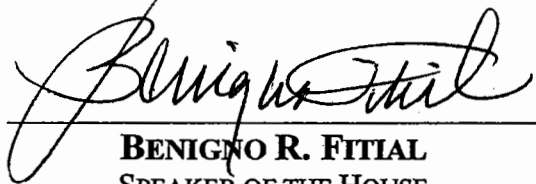
Section 5. Regulations. The Department of Labor and Department of Finance shall promulgate emergency regulations for the implementation of this Act within 30 days of its effective date. The Attorney General shall provide legal assistance to accomplish this deadline.

Section 6. Severability. If any provision 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 7. 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 8. Effective Date. This Act shall take effect upon its approval by the Governor or becoming law without such approval.


CERTIFIED BY:


BENIGNO R. FITIAL
SPEAKER OF THE HOUSE

ATTESTED TO BY:


EVELYN C. FLEMING
HOUSE CLERK

Approved on this 2nd day of August, 2005


JUAN N. BABAUTA
GOVERNOR

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS