



## COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

**Ralph DLG. Torres**  
Governor

**Victor B. Hocog**  
Lieutenant Governor

The Honorable Rafael S. Demapan  
Speaker, House of Representatives  
Nineteenth Northern Marianas  
Commonwealth Legislature  
Saipan, MP 96950

**27 SEP 2016**

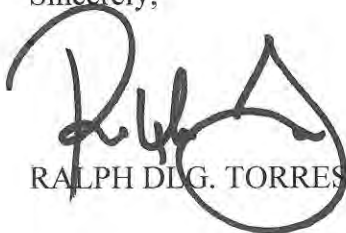
The Honorable Francisco M. Borja  
Senate President, The Senate  
Nineteenth Northern Marianas  
Commonwealth Legislature  
Saipan, MP 96950

Dear Mr. Speaker and Mr. President:

This is to inform you that I have signed into law **House Bill No. 19-126, HD2, HS1** entitled, "To amend 1 CMC § 3405 regarding the Judicial Building Fund; and to authorize the Commonwealth government to enter into loan agreement with the USDA." which was passed by the House of Representatives and the Senate of the Nineteenth Northern Marianas Commonwealth Legislature.

This bill becomes **Public Law No. 19-67**. Copies bearing my signature are forwarded for your reference.

Sincerely,



RALPH DLG. TORRES

cc: Lt. Governor; Attorney General's Office; Press Secretary; Judicial Branch; Law Revision Commission; Secretary of Finance; Public Auditor; Public Defenders Office; Special Assistant for Administration; Special Assistant for Programs and Legislative Review



# *House of Representatives*

19<sup>th</sup> NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

P.O. BOX 500586  
SAIPAN, MP 96950

August 24, 2016

The Honorable Ralph DLG. Torres  
Governor  
Commonwealth of the Northern  
Mariana Islands  
Capitol Hill  
Saipan, MP 96950

Dear Governor Torres:

I have the honor of transmitting herewith for your action **H. B. No. 126, HD2, HS1**, entitled: "To amend 1 CMC § 3405 regarding the Judicial Building Fund; and to authorize the Commonwealth Government to enter into a loan agreement with the USDA.", which was passed by the House of Representatives and the Senate of the Nineteenth Northern Marianas Commonwealth Legislature.

Sincerely yours,



Linda B. Muña  
House Clerk

Attachment



*Nineteenth Legislature  
of the  
Commonwealth of the Northern Mariana Islands*

**IN THE HOUSE OF REPRESENTATIVES**

**Third Regular Session**

**January 26, 2016**

**Representative Antonio P. Sablan**, of Saipan, Precinct 1 (*for himself*, Representatives George N. Camacho, Joseph P. Deleon Guerrero, Lorenzo I. Deleon Guerrero, Glenn L. Maratita, Felicidad T. Ogumoro, and Edmund S. Villagomez,) in an open and public meeting with an opportunity for the public to comment, introduced the following Bill:

**H. B. No. 126, HD2, HS1**

**AN ACT**

**TO AMEND 1 CMC § 3405 REGARDING THE JUDICIAL BUILDING FUND; AND TO AUTHORIZE THE COMMONWEALTH GOVERNMENT TO ENTER INTO A LOAN AGREEMENT WITH THE USDA.**

The Bill was referred to the House Committee on Ways and Means, which submitted Standing Committee Report 19-83; adopted 3/4/16.

**THE BILL WAS PASSED BY THE HOUSE OF REPRESENTATIVES ON FIRST AND FINAL READING, WITH THE AFFIRMATIVE VOTE OF TWO-THIRDS OF THE MEMBERS VOTING ON JULY 14, 2016;**

*with amendments* in the form of H. B. 19-126, HD2, HS1 and transmitted to the **THE SENATE.**

The Bill was referred to the Senate Committee on Fiscal Affairs, which submitted Standing Committee Report 19-114; adopted 8/22/16.

**THE BILL WAS PASSED BY THE SENATE ON FIRST AND FINAL READING, WITH THE AFFIRMATIVE VOTE OF TWO-THIRDS OF THE MEMBERS VOTING ON AUGUST 22, 2016;**

*without amendments and was returned to* **THE HOUSE OF REPRESENTATIVES.**

**THE BILL WAS FINALLY PASSED ON JULY 14, 2016.**

  
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**Linda B. Muña, House Clerk**



*Nineteenth Legislature  
of the  
Commonwealth of the Northern Mariana Islands*  
**IN THE HOUSE OF REPRESENTATIVES**

Second Day, Fifth Special Session

July 14, 2016

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**H. B. No. 19-126, HD2, HS1**

**AN ACT**

**TO AMEND 1 CMC § 3405 REGARDING THE JUDICIAL BUILDING FUND; AND TO AUTHORIZE THE COMMONWEALTH GOVERNMENT TO ENTER INTO A LOAN AGREEMENT WITH THE USDA.**

**Be it enacted by the Nineteenth Northern Marianas Commonwealth Legislature:**

1           **Section 1. Findings.** The Legislature finds that the CNMI Government currently  
2 owes the Retirement Settlement Fund approximately \$4.5 million on the mortgage of the  
3 Guma Hustisia in Susupe, Saipan. The loan has matured, but it is not fully paid. Under the  
4 mortgage's current terms, the CNMI Government must pay approximately \$120,000 per  
5 month. The Judiciary collects approximately \$50,000 to \$60,000 per month in court fines  
6 and fees and these monies are used to partially pay the debt. In order to account for the  
7 difference between the amount due and the Judiciary's collections, however, the mortgage  
8 provides that any shortfall be paid from the General Fund, which places a significant burden  
9 on the Commonwealth's limited resources.

10           Recognizing that the CNMI Government is unable to pay the mortgage with just the  
11 Judiciary's fines and fees, the Retirement Settlement Fund has proposed that the outstanding  
12 balance be refinanced. Under this refinancing, the CNMI Government would satisfy the  
13 \$4.5 million debt by agreeing to a ten-year repayment period at an interest rate of 7.75%.

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**HOUSE BILL 19-126, HD2, HS1**

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1 Under their proposal, monthly payments will be approximately \$52,000 per month for ten  
2 years.

3 Succinctly stated, the Judiciary's current collections are not able to satisfy the debt  
4 outright, but are able to satisfy the Retirement Settlement Fund's refinancing proposal.  
5 The refinancing interest rate, however, does not reflect the low interest rates generally  
6 available in the United States for long-term debt secured by real property.  
7 Additionally, agreeing to the Settlement Fund's terms would exhaust the vast majority of  
8 these fines and fees. By directing all of these monies for the exclusive purpose of paying off  
9 the outstanding loan, the CNMI Government gives up the opportunity to use these monies for  
10 enhancing legal services in the Commonwealth.

11 The Legislature further finds that the existing facilities housing the Commonwealth  
12 Supreme Court, Commonwealth Superior Court, Judicial Administration Office, and Law  
13 Revision Commission are inadequate to meet the current and anticipated future needs of our  
14 unified Judicial Branch on Saipan, Tinian, and Rota. Further, the Office of the Attorney  
15 General and Public Defender's Office require facilities adequate for their operation.  
16 The Judiciary agrees that court fines and fees may be used for capital improvements of their  
17 respective offices. Construction of a new building(s) and/or the expansion and renovation of  
18 the current buildings located on all three islands for the Judiciary is of the utmost importance.

19 Being mindful of the CNMI Government's obligation to the Retirement Settlement  
20 Fund, the unfavorable terms of their refinancing proposal, and the need to expand judicial  
21 facilities, as well as the Office Attorney General and Public Defender's Office, the  
22 Legislature finds that the CNMI Government should take advantage of a low-cost loan  
23 through the United States Department of Agriculture's Rural Development Loan Program.  
24 As the program requires the CNMI Government to borrow, at least, double the amount  
25 currently owed to the Retirement Settlement Fund, the CNMI Government will be able to  
26 pay-off the outstanding mortgage on the Guma Hustisia, and make necessary renovations and  
27 expansions on the Judicial facilities on Saipan, Tinian, and Rota, the Office of the Attorney  
28 General, and Public Defender's Office. The Legislature finds that these renovations and  
29 expansions are necessary for the people of the Commonwealth to have access to justice and

## HOUSE BILL 19-126, HD2, HS1

1 that the creation of a Justice Center Fund to repay the USDA Rural Development Loan is  
2 appropriate.

3 The USDA Rural Development Loan's terms are favorable. The loan is set at a  
4 fixed rate, currently 2.75%, and is free of pre-payment penalties. Furthermore, the repayment  
5 period may be set between ten and forty years, depending on the needs of the  
6 Commonwealth. In contrast to the original loan, which required approximate monthly  
7 payments of \$102,000, the Legislature finds that the USDA loan payments can be less than  
8 the Judiciary's anticipated monthly collections of \$50,000 to \$55,000.

9 Therefore, the most practical and efficient use of court collected fines and fees is for  
10 the CNMI to avail itself of the USDA Rural Development Loan Program in order to pay-off  
11 the Retirement Settlement Fund and renovate and expand governmental facilities. In order to  
12 do that, it is necessary to create a Judicial Building Fund Revolving Account. All court fines  
13 and fees collected by the CNMI Government shall go into the revolving account and be used  
14 to service the debt payment to the USDA.

15 **Section 2. Repeal and Reenact.** 1 CMC § 3405 is repealed and reenacted to read as  
16 follows:

17 **“§ 3405. Justice Center Fund.**

18 (a) There is hereby established a revolving fund within the Department of  
19 Finance that shall be known and designated as the Justice Center Fund Revolving  
20 Account. This revolving account shall be accounted for separately from the  
21 General Fund. Commencing on the date of disbursement of the loan proceeds from  
22 USDA, all criminal and civil fines and all revenues collected by the courts of the  
23 Commonwealth pursuant to 1 CMC § 3403, and all fines or fees collected pursuant to  
24 any other law and remitted or paid to the Commonwealth Treasury pursuant to  
25 7 CMC § 3206 and 7 CMC § 3251, shall be deposited and credited to the Justice  
26 Center Fund Revolving Account. In the event that the USDA loan proceeds have not  
27 been disbursed, all fines, fees, and revenues set forth herein shall be applied to the  
28 outstanding balance on the judicial building mortgage.

HOUSE BILL 19-126, HD2, HS1

1 (b) The purpose and sole use of the Justice Center Fund Revolving Account  
2 shall be to pay the principal, interest, expenses, and establish reserves associated with  
3 the USDA Rural Development Loan.

4 (c) The expenditure authority for the Justice Center Fund Revolving Account  
5 shall be the Chief Justice.

6 (d) Upon certification by the Secretary of Finance that all expenses and debts  
7 associated with the USDA Rural Development Loan have been paid in full and  
8 discharged, the Justice Center Fund Revolving Account's purpose shall be used as  
9 follows:

10 (1) Fifteen percent of the funds collected pursuant to Section 3405 (a)  
11 of this Act shall remain in the Justice Center Fund Revolving Account to be  
12 used to supplement the maintenance needs of the Judiciary's facilities; and

13 (2) The remaining eighty-five percent shall be deposited into the  
14 General Fund for appropriation by the Legislature.”

15 **Section 3. Authorization.** Notwithstanding any law to the contrary,  
16 the Commonwealth of the Northern Mariana Islands is hereby authorized to enter into a loan  
17 agreement with the USDA for a sum not to exceed \$15,000,000 for the purposes of paying  
18 off its current mortgage and for the expansion and improvement of projects related to the  
19 building facilities of the Judiciary, Office of the Attorney General, and the Public Defender's  
20 Office.

21 **Section 4. Severability.** If any provision of this Act or the application of any such  
22 provision to any person or circumstance should be held invalid by a court of competent  
23 jurisdiction, the remainder of this Act or the application of its provisions to persons or  
24 circumstances other than those to which it is held invalid shall not be affected thereby.

25 **Section 5. Savings Clause.** This Act and any repealer contained herein shall not be  
26 construed as affecting any existing right acquired under contract or acquired under statutes  
27 repealed or under any rule, regulation or order adopted under the statutes. Repealers  
28 contained in this Act shall not affect any proceeding instituted under or pursuant to prior law.  
29 The enactment of the Act shall not have the effect of terminating, or in any way modifying,

**HOUSE BILL 19-126, HD2, HS1**

1 any liability, civil or criminal, which shall already be in existence on the date this Act  
2 becomes effective.

3 **Section 6. Effective Date.** This Act shall take effect upon its approval by the  
4 Governor or becoming law without such approval.


Attested to by:

  
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**Linda B. Muña, House Clerk**

Certified by:

  
\_\_\_\_\_  
**SPEAKER RAFAEL S. DEMAPAN**  
*House of Representatives*  
*19<sup>th</sup> Northern Marianas Commonwealth Legislature*

Approved this 27<sup>th</sup> day of September, 2016

  
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**RALPH DLG. TORRES**  
*Governor*  
*Commonwealth of the Northern Mariana Islands*