



COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
OFFICE OF THE GOVERNOR
PROGRAMS & LEGISLATIVE REVIEW OFFICE

Caller Box 10007 • Capital Hill • Saipan, MP 96950 Telephone: (670) 664-2286/2288 • Facsimile: (670) 664-2313

February 25, 2014

Honorable Ralph DLG. Torres
Senate President, The Senate
Eighteenth Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

Honorable Joseph P. Deleon Guerrero
Speaker, House of Representatives
Eighteenth Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

Dear Mr. President and Mr. Speaker:

This is to inform you that Senate Bill No. 18-26, entitled, "To authorize the Governor to negotiate a settlement and resolution of the judgments entered against the CNMI Government; and for other purposes", which was passed by the Eighteenth Northern Marianas Commonwealth Legislature and transmitted to the Governor on January 15, 2014, became law without the Acting Governor's signature.

This bill became **Public Law No. 18-37**, on February 23, 2014.

Sincerely,

A handwritten signature in black ink, appearing to read "Victoria T. Guerrero".

Victoria T. Guerrero
Special Assistant for Programs and Legislative Review

cc: Attorney General's Office
Press Secretary
Mayor of Saipan
Mayor of Rota
Mayor of Tinian
Mayor of Northern Islands
Commonwealth Law Revision
Programs and Legislative Review Office



THE SENATE
Eighteenth Northern Marianas Commonwealth Legislature
P. O. Box 500129
Saipan, MP 96950

January 15, 2014

The Honorable Eloy S. Inos
Governor
Commonwealth of the Northern
Mariana Islands
Saipan, MP 96950

Dear Governor Inos:

I have the honor of transmitting herewith Senate Bill No. 18-26, entitled, "To authorize the Governor to negotiate a settlement and resolution of the judgments entered against the CNMI Government; and for other purposes," which was passed by the Senate and the House of Representatives of the Eighteenth Northern Marianas Commonwealth Legislature.

Sincerely,

A handwritten signature in cursive script, appearing to read "Dolores S. Bermudes".

Dolores S. Bermudes
Senate Clerk

Attachment



THE SENATE
EIGHTEENTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

SENATE BILL NO. 18-26

AN ACT

TO AUTHORIZE THE GOVERNOR TO NEGOTIATE A SETTLEMENT AND RESOLUTION OF THE JUDGMENTS ENTERED AGAINST THE CNMI GOVERNMENT; AND FOR OTHER PURPOSES.

SENATE ACTION

Offered by Senator(s) Victor B. Hocog, Francisco Q. Cruz, Joaquin H. Borja, Ray N. Yumul, Jovita M. Taimanao

Date: June 19, 2013

Referred to: None

Standing Committee Report No.: None

Final Reading: August 29, 2013

HOUSE ACTION

Referred to: Committee on Ways and Means

Standing Committee Report No.: 18-77 Adopted on 12/19/13

First and Final Reading: January 09, 2014

DOLORES S. BERMUDES
SENATE CLERK

EIGHTEENTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

FIFTH SPECIAL SESSION, 2013

S. B. NO. 18-26

AN ACT

TO AUTHORIZE THE GOVERNOR TO NEGOTIATE A SETTLEMENT AND RESOLUTION OF THE JUDGMENTS ENTERED AGAINST THE CNMI GOVERNMENT; AND FOR OTHER PURPOSES.

BE IT ENACTED BY THE EIGHTEENTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE:

1 **Section 1. Short Title.** This Act may be cited as “The Judgment Settlement Act of
2 2013.”

3 **Section 2. Findings and Purpose.** The Legislature acknowledges that an identical
4 bill was passed in the Seventeenth Legislature in 2011, but the governor vetoed the bill. The
5 governor’s veto message noted that claimants would be allowed to circumvent the
6 legislative appropriation power “while impacting the General Fund by offsetting and
7 crediting tax obligations.” The veto message further noted that the language of the bill is
8 broad and it does not provide defined boundaries of negotiations, which may cause more
9 harm to the General Fund and other government agencies. The terms of the settlement
10 negotiations as agreed by the parties should define the boundaries.

11 The legislature is also cognizant that there are 17 judgments amounting to over \$27
12 million that have not been paid. The earliest existing judgment is over 9 years old and it
13 continues to accrue interest. The lowest judgment is \$34,250 and the highest is \$5,919,849.
14 Although not all the judgments accrue interest, the ones that do continue to add on the debt
15 of the CNMI Government. In at least one case, the accrued interest has already surpassed
16 the principle judgment thus doubling the debt of the government for that case.

SENATE BILL NO. 18-26

1 The Legislature finds that the total revenue identified for Fiscal Year 2014 is
2 \$123,400,000 after adjusting for debt service appropriations, earmarked funds, and other
3 legal obligations. With the identified revenue available for the 2014 Budget, and most likely
4 true for subsequent budgets, it is clearly unlikely to satisfy the existing judgments.
5 Additionally, the Legislature recognizes that a judgment claimant may seek an equitable
6 remedy in a Federal court case that may bypass the legislative appropriation process to
7 satisfy a judgment. Therefore, it is necessary to find other ways to satisfy or at least reduce
8 the existing government judgments.

9 The purpose of this Act is to authorize the governor to negotiate settlements and
10 resolve the enormous government liability. Claimants should be provided the opportunity to
11 consider other methods of judgment satisfaction other than cash payment as it will benefit
12 the Commonwealth. Such method would authorize the Governor to negotiate with the
13 claimants to effectuate a reasonably prompt and equitable resolution of the judgments.

14 **Section 3. Authority.** Notwithstanding 1 CMC § 7207, the Governor of the
15 Commonwealth is authorized and empowered to negotiate settlement and payment of
16 judgments entered against the government. Such settlement may include offsets and credits
17 on any tax obligation or other obligations of the claimants or members of their immediate
18 family or third parties who may have such obligations and payments of cash from the
19 Commonwealth General Fund or other funds set aside for payments of judgments; including
20 all other settlement methods, authorized by law, other than cash as agreed by the parties.

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.

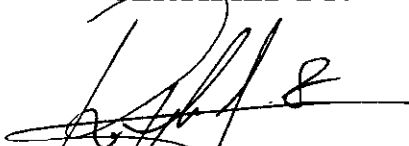
25 **Section 5. Savings Clause.** This Act and any repealer contained herein shall not be
26 construed as affecting any existing right acquired under contract or acquired under statutes
27 repealed or under any rule, regulation or order adopted under the statutes. Repealers
28 contained in this Act shall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

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

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

CERTIFIED BY:



RALPH DLG. TORRES
PRESIDENT OF THE SENATE

ATTESTED BY:



JOVITA M. TAIMANAO
SENATE LEGISLATIVE SECRETARY

_____ this _____ day of _____, 2014

Jude U. Hofschneider
Acting Governor

Commonwealth of the Northern Mariana Islands