

On My Mind

11/29/02

<I>[Please forgive the tardiness of this week's column; apparently the web page server crashed Friday, and was not restored until Monday afternoon.]</I>

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It's not at all clear that the CNMI government will be able to find an institution willing to lend it the \$19 million dollars required to pay people the refunds and rebates that are still owed for this year. On the other hand, it is not at all clear that even if the government were to find \$19 million dollars, using it to pay the refunds and rebates would be the best use of that money.

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It is pretty obvious why the governor and the legislature have decided those rebates and refunds should be paid out now. Christmas is coming, and the money would no doubt be very welcome to most recipients. That, in turn, would make the governor and members of the legislature very popular. They could even argue that putting that \$19 million into the economy would also benefit the private sector, and would therefore eventually benefit the government in the form of increased tax revenue.

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That's the short term view. Over the long term, it is not so clear that paying out rebates and refunds would necessarily be the best use of that money. While \$19 million dollars are but a drop in the bucket compared to the \$92 million the government owes the Northern Mariana Islands Retirement Fund, wouldn't it perhaps be better to reduce that debt than the debt to tax payers? Over the long term, more people will be far more dependent on the Retirement Fund than are dependent, for other than some extra spending money, on rebates and refund repayments.

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Though the Constitution prohibits using such borrowed money for operational expenses, that would hardly seem any more of an operational expense than paying people their refunds and rebates

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The question, of course, is whether the governor and the members of the House and Senate are more concerned with instant popularity or the survival and long-term health of the retirement system.

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That \$92 million dollar shortfall, it should be noted, is only for the retirement system. It does not include the shortfall in the health insurance program or the workman's compensation program, also administered by the NMIRF.

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A news story from the recently held National Governors Association (which apparently no one from the CNMI attended?) reports that many states face similar problems of budget shortfall. "State budgets are in their worst shape since World War II, and soaring health care costs and a sputtering economy that hurt tax collections are to blame," says the report.

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States are raising cigarette taxes, sales taxes, alcohol and gasoline taxes, corporate and personal income taxes, as well as various fees, such as driver's licenses and filing of court records, in their search for more funds. But the Association's executive director believes that states will continue to have a very difficult time for at least the next two or three years, "until, in particular, we get some major reforms in the Medicaid program."

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If I were the governor's public information officer, I sure would have been calling attention to such comparisons. It isn't only the CNMI government that's in financial trouble. It seems like a lot of states are, too. Not that that lets our governor or the legislature off the hook, but it does lend some perspective to the situation.

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As a wordsmith, I find it puzzling that the new law requiring businesses to record their every sale, so that there is a more accurate basis for determining their gross receipts tax, has been named the "sales receipt act." "Sales receipt" usually means the receipt given to the customer, but most customers don't save their sales receipts, so requiring businesses to issue a sales receipt for every customer purchase doesn't seem to make a lot of sense.

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It turns out that the expectation is that every sales person will have access to and use a cash register that records the date of sale, the item sold, and the price of the item, and creates a receipt in the process. Thus, providing a receipt to the buyer would also create a record for the seller which, in turn, the seller would presumably be required to report on his quarterly Business Gross Receipts statement.

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In effect this means that most sellers will have to go out and purchase a machine that meets those requirements - a hidden cost to the seller built into the law. But surely there are cheaper, perhaps even simpler, ways to record all that information without necessarily generating a receipt? There's a sense of not going outside the box in all of this.....

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Unless the thought is that if sellers are not required to issue receipts, they would be tempted to falsify the amount of the sale? So wouldn't it be more appropriate to call it the "truth in sales" law? or the "sales record" act?

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Nevertheless, there are signs that the search for ways to reduce government expenditures - and increase revenue - is finally becoming more practical, substantial and realistic. The Sales Receipt Act should go into effect as soon as the regulations are approved. In addition, the House has now suggested that future tax rebates be phased out, that the Qualifying Certificate program be amended to exclude existing businesses, and that the number of government holidays be reduced - all good ideas. Hopefully, one or more will - sooner rather than later - be enacted into law.

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Another government "give-away" that has been badly draining resources and is long overdue for

being phased out is the 30% bonus given to “early” retirees. It serves no rational purpose. Passed during an election year, and originally intended as a one-time bonus to make way for younger people to join the government work force, the provision has instead become a permanent and costly retirement benefit. It’s high time that, too, was eliminated from the books.

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Yet our illustrious governor persists in spending money unnecessarily. Now he’s announced that he will be traveling to Washington, D.C. and will personally deliver the newly-passed law creating a local national guard to members of the U.S. Congress. Isn’t that the function of our Washington Representative - to represent the CNMI and its interests in Washington? Has the governor forgotten that he no longer holds that post? Doesn’t he know how to delegate?

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It may not be the biggest tourist attraction on island, but it certainly is one of the more challenging ones. The hike down to Forbidden Island - and especially the hike back up - isn’t for everyone. It’s steep and requires a certain amount of agility as well as just plain stamina. But for those who can manage, it is a satisfying trek, the sheltered swimming hole and surrounding tide pools inviting and intriguing, completion of the climb up and down a testament to one’s ability and strength.

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Yet without warning, the Department of Lands and Natural Resources has now declared the site closed. A news item in yesterday’s <I>Variety</I> announcing the opening of something called “Forbidden Island Lookout” states that “Access to the beach and to Forbidden Island itself is forbidden.” There is no explanation of why or for how long.

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Shouldn’t there have been a hearing? Or proposed regulations published? Some opportunity for the public to ask questions, provide input, raise objections? The site is public land. Is it really legal to arbitrarily close it off, without any forewarning, to residents and tourists alike?

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The first installment of the CNMI’s first locally written, produced and acted tv soap opera saw its debut Thanksgiving evening. It is scheduled to be shown again Saturday, November 30 and Monday, December 2, on channel 7 at 8:00 p.m. It will also be aired on channel 7 on Sunday at 12:30 p.m. It is wonderful! Well-acted, well-written, on target - and typical soap opera - it left me eager and impatient for the next installment.

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A ten-installment series is projected, but the project needs funds to continue beyond the second installment. A contribution given to any member of the cast or crew, or a check made out to Marianas Community Productions and sent to P.O. Box 504989, would be most welcome.

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A day late, but no less sincere: Happy Thanksgiving!

