

On My Mind
8/27/10

If ever there were a time to "think outside the box" - to put aside normal procedures and come up with out-of-the-ordinary ones - that time is now! There are only five weeks left until the start of the new fiscal year, when, if no budget is in place, government is supposed to come to a stop - except for "certain government services and employees [that] shall remain available **as provided by law** [emphasis added] in order to deliver services essential to the health, safety, and welfare of the people of the Commonwealth and to protect against damage to and destruction of property..." as the CNMI Constitution puts it.

With no law in place as to what those services will consist of, it has been rumored that the governor will declare yet another emergency, and make those decisions himself.

Unfortunately, in the available time frame it isn't very realistic to expect the legislature to come up with a law identifying what those services are, if the legislature follows the usual pattern of a House bill being introduced, debated, passed, sent to the Senate, again debated and most likely amended, the amendments rejected by the House, a conference committee set up, the bill modified once again, debated again, and both houses having to pass it one more time, at which point it could face a veto which the legislature might or might not be able to over-ride. It is time, in other words, to think outside the box, as to how to get such a law passed by October 1, the start of the next fiscal year.

Last month, Minority Leader Diego T. Benavente did introduce H.B. 17-91, which identified the essential functions that would continue to be funded, but according to a story in the 8/19 *Marianas Variety*, it has been buried in committee, and besides, calls for a 60-day period for agencies to identify their essential personnel, for which there is no longer time.

Senate President Paul A. Manglona has taken the first several steps of going outside the box, according to the 8/24 issue of the *Variety*, both in urging all Senators, not only its fiscal affairs committee, to get involved in the budget bill, and in saying he would welcome any House member willing to work on the bill with the Senate. He has also imposed a two-week deadline for coming up with a finished product.

However, even if the Senate does meet its schedule, passage of a balanced budget before the start of the new fiscal year does not seem all that likely, given the past performance of House majority members.

Would the good Senator be willing to go a bit further, and propose to the House that they sit in a committee of the whole to put together the law that would govern, should the budget bill not pass in time? That would put an extra burden on Senate members - trying to work on the budget bill and the "what if" bill at the same time, but these aren't ordinary

times - in fact, these are crisis times - and extraordinary effort may well be necessary to deal with them.

To what extent would the House leadership cooperate? Looks like it would be a good test of self-interest and/or blind party loyalty vs. the good of the Commonwealth, doesn't it?

Governors can be impeached, but what can one do about derelict legislators? According to the CNMI Constitution, they can be recalled, as spelled out in Article IX, Section 3. They can be recalled by the voters of an island or a district. Unfortunately, according to a survey of state practices, the CNMI's Constitution has set one of the highest requirements for doing so - it takes a vote of 40% of the persons qualified to vote for that legislator. In other states, the percentage is as low as 10% - though most seem to be in the 15% to 25% range. See < <http://www.ncsl.org/LegislaturesElections/ElectionsCampaigns/RecallofStateOfficials/tabid/16581/Default.aspx> >.

Another barrier to recalling legislators is that the vote on the recall must wait for the next regularly scheduled election - which wouldn't help, in terms of House members - unless a special election has been provided by law. Given the make-up of the House, it is not likely that the House would pass any such law, more's the pity!

If memory serves correctly, the House Speaker did rashly say, once, that he'd be willing to step down, if House members wanted him to..... Would he still? Would they?

It is interesting to note that in all the discussions of how to generate more revenue, the imposition of a general sales tax on goods and services does not seem to have surfaced. All but five states (Alaska, Oregon, Montana, Delaware, and New Hampshire) make use of a sales tax ranging from a high of 8.25% in California to a low of 1.225% for food in Missouri. Some states exempt food, most exempt prescription drugs. The full story is available on < <http://www.taxadmin.org/fta/rate/sales.pdf> >.

A sales tax would hit everyone far more fairly than the seemingly illogical and arbitrary pattern of license increases recently proposed by the House in its attempt to find ways to increase revenue. It would ease the concern of the Chamber of Commerce, which does not want to see rebates reduced or cancelled - though, at least on an individual basis (rather than corporate/business) gradual reduction of the rebate would also appear a rational basis for generating revenue.

Moreover, a general sales tax would bring in additional revenue far sooner than would

roilin Froilan's casino, which would take a minimum of five years - to find financing, to negotiate for land, to design the facility, to obtain required permits, to do actual construction, to secure adequate airline connections, not to mention the legal protests that are bound to arise - before it would begin to generate any income at all. Admittedly, even the sales tax could take a year to implement, given that one would have to pass a law, write regulations, and establish a mechanism for monitoring and collecting the tax. But that's a lot less than five years.....

So that those of low income aren't unduly squeezed, the law could be written to exempt all food purchased using food stamps.

A cut in pay and a sales tax both at the same time? It's better than losing one's job altogether. Not being a mathematician, I don't know how to juggle the figures, but perhaps the sales tax would generate enough to ease the cut in pay?

Short takes:

- On the subject of food stamps, yesterday's *Saipan Tribune* reported that our illustrious governor has, to date, taken no action on a revised memorandum of agreement that our non-voting delegate to Congress has persuaded the U.S. Department of Agriculture to offer the CNMI. The revised MoU would result in more food stamp assistance, especially to recipients in Rota and Tinian. Surely the welfare of CNMI residents outweighs any grudge the governor may hold against the delegate?

- Which brings to mind the conspiracy theory now making the rounds on the coconut wireless: there is a deliberate effort on the part of the administration and the House majority to impose ever more severe hardship on the people, until they capitulate and vote for a casino on Saipan. We await evidence to the contrary.....

- Another story in yesterday's *Trib* reported that the administration and the Retirement Fund would work together to "educate" voters on the legislative initiative that would authorize issuance of a pension obligation bond. So who will present the other side?

- One doesn't usually think of dirt as a resource, but next Friday's "First Friday" film at the American Memorial Park Auditorium is all about dirt: how it's become degraded, and how to restore its value. The film starts at 6:30 p.m., and is free.

- Two petitions related to the budget crisis are making the rounds: one asking the Public Auditor to audit CNMI legislators' discretionary expenditures, and a second urging the legislature to pass a responsible budget. Petitions are available at < <http://www.thepetitionsite.com/1/audit-the-cnmi-legislature/> >and at < <http://www.thepetitionsite.com/1/no-to-slush-fund-increase/> >. Those wishing to help

with the circulation of petitions "on the ground" can call Leila Staffler at haveia@gmail.com (Leila) or Tina Sablan at tinasablan@gmail.com , or 285-3935.

- Representative Stanley T. Torres' claim in his letter to the editor in yesterday's *Trib* that the legislators' additional discretionary funds would pay for school bus stops, roadside mowing in the villages, etc., is deceptive. The legislators already get some \$80,000 in discretionary funds to do that. The additional moneys given to them came from elsewhere - the Legislative Bureau, I believe - and are supposed to support entirely different functions..