

FIFTEENTH NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

FOURTH REGULAR SESSION, 2007

**PUBLIC LAW NO. 15-126
SENATE BILL NO. 15-102, HS1, HD2**

AN ACT

**TO IMPOSE AN EMPLOYER RETIREMENT CONTRIBUTION
RATE OF EIGHTEEN PERCENT FOR EMPLOYEES FUNDED BY
THE GENERAL FUND; AND FOR OTHER PURPOSES.**

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

1 **Section 1. Findings and purpose.** The Commonwealth Legislature finds that the
2 suspension of employer retirement contribution payments under Public Law 15-15 expired
3 on September 30, 2007. The Legislature finds that the current employer retirement
4 contribution rate, as determined by an actuarial study, is 36.7%. Due to a drastic decrease in
5 resources over the past 24 months, however, the CNMI Government can only afford to remit
6 a reduced contribution rate of 18% for salaries paid from the General Fund. The difference
7 between the 18% and 36.7% contribution will accrue as a liability to the government. The
8 purpose of this Act is to meet the government's obligation to remit employer retirement
9 contributions for employees funded by the General Fund while at the same time preserving
10 diminished government resources.

11 It is the intent of the Legislature that this Act shall not be inconsistent with the
12 Employee Retirement Income Security Act (ERISA, 29 U.S.C. §1001 et seq.), particularly
13 with regard to the CNMI Defined Contribution plan established by Public Law 15-13. Any
14 conflict in law should be resolved in favor of the federal statute.

1 **Section 2. Employer retirement contribution.**

- 2 (a) Notwithstanding 1 CMC §8362 or any other provision of law, the Public School
3 System (PSS) and employers of employees funded by the General Fund shall
4 remit a retirement contribution of 18% of the total salary of the employee.
5 Except as provided by law, employer retirement contributions under this section
6 shall be deducted from the agency's personnel appropriations. The Secretary of
7 Finance shall remit employer retirement contributions not later than the end of
8 each quarter of the fiscal year. This section shall be retroactive to October 1,
9 2007.
- 10 (b) Any difference between the actuarially calculated contribution rate and the sum
11 remitted by the employer shall accrue as a liability for the government and shall
12 not be excused or waived by this provision.
- 13 (c) This section shall apply to salaries funded from the PSS budget and the General
14 Fund only. Employer retirement contributions for employees not funded by the
15 PSS budget or the General Fund, including but not limited to federally funded
16 employees, and employees of autonomous agencies, including but not limited to
17 the CNMI Government Health and Life Insurance Office, Commonwealth
18 Development Authority, Commonwealth Ports Authority, Commonwealth
19 Utilities Corporation, N.M.I. Retirement Fund, N.M.I Housing Corporation, the
20 Office of the Public Auditor, and the Department of Public Lands, shall not be
21 affected by this provision. Retirement contributions for those employees shall be
22 made according to law.
- 23 (d) Any savings realized by PSS as a result of this section shall be applied to the "all
24 others" account in the PSS budget, and shall be apportioned to the schools for
25 budgetary needs according to student population. The expenditure authority for
26 apportioned funds shall be the school principal.
- 27 (e) The Northern Mariana Islands Retirement Fund (NMIRF) is authorized to
28 liquidate assets held to cover any shortfall in retiree distributions.

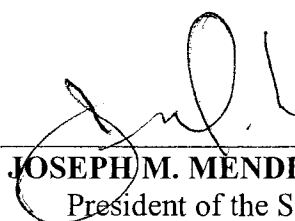
1 **Section 3. Severability.** If any provision of this Act or the application of any such
2 provision to any person or circumstance should be held invalid by a court of competent
3 jurisdiction, the remainder of this Act or the application of its provisions to persons or
4 circumstances other than those to which it is held invalid shall not be affected thereby.

5 **Section 4. Savings clause.** This Act and any repealer contained herein shall not be
6 construed as affecting any existing right acquired under contract or acquired under statutes
7 repealed or under any rule, regulation or order adopted under the statutes. Repealers
8 contained in this Act shall not affect any proceeding instituted under or pursuant to prior
9 law. The enactment of this Act shall not have the effect of terminating, or in any way
10 modifying, any liability, civil or criminal, which shall already be in existence on the date
11 this Act becomes effective.

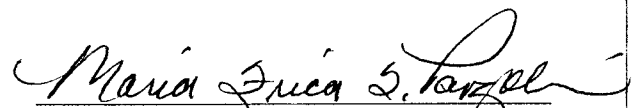
12 **Section 5. Effective date.** This Act shall take effect upon its approval by the
13 Governor or its becoming law without such approval.

CERTIFIED BY:

ATTESTED BY:

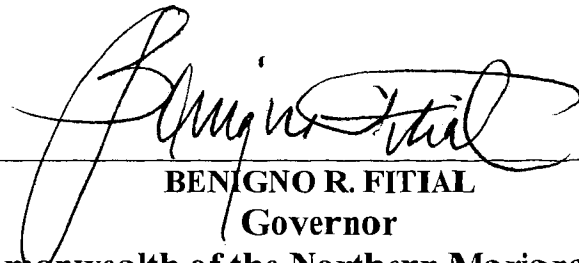


JOSEPH M. MENDIOLA
President of the Senate



MARIA ERICA T. PANGELINAN
Senate Legislative Secretary

APPROVED this 24th day of JANUARY 2008



BENIGNO R. FITIAL
Governor

Commonwealth of the Northern Mariana Islands