

	Land Issues			Economic Issues		
	Restrictions on Land Holding	Disposition of Public Lands	Future Federal Land Requirements	Taxes	Customs	Eligibility for Federal Programs and Grants
<p><b>RECOMMENDATION:</b> <u>A Commonwealth by Compact</u></p>	<p>a) Oppose application of the privileges and immunities clause. b) Develop specific proposals for restrictions on land holding.</p>	<p>Propose guidelines. Tentatively: a) All lands (incl. submerged lands) now in TPI or Federal Govt. control shall be transferred to the future Marianas Govt. b) U.S. Govt. gets only those lands specifically agreed to and on agreed terms.</p>	<p>Propose guidelines. Tentatively: U.S. Govt. cannot acquire any land in future without following procedures which fully respect the internal self-government of the Marianas and the scarcity of land.</p>	<p>No general recommendation on whether fed. income taxes should apply or not. a) If fed. income taxes apply, insist that proceeds go to Marianas. b) Seek tax exemption on interest on Marianas Govt. bonds. c) Matching fund?</p>	<p>See Study, pp. 89-91. a) Determine which are more important federal programs. b) Negotiate these on an item-by-item basis later. c) Establish a joint Commission to consider other programs. See guidelines in the Study, p. 92.</p>	
<p>1. Unorganized, unincorporated territory (e.g., American Samoa). 1/</p>	<p>a) Privileges &amp; immunities clause not made applicable. b) Substantial restrictions on land holding to protect native Samoans.</p>	<p>American Samoan Govt. controls limited public lands. Special provisions for submerged lands with the Secretary of Interior having a major role.</p>	<p>Federal eminent domain.</p>	<p>Essentially federal income tax laws plus local taxes.</p>	<p>a) Imports. Most items are duty-free. b) Exports. Preferential tariffs on goods to U.S. (i.e., free entry for local goods).</p>	<p>See attachment 1, item 14.</p>
<p>2. Organized, unincorporated territory (e.g., Guam and Virgin Islands). 1/</p>	<p>a) Privileges &amp; immunities clause made applicable. b) No substantial restrictions on land holding.</p>	<p>Public lands controlled by Guam Govt., except those reserved by U.S. in 1950 or taken subsequently. Special provisions for submerged lands with Secretary of Interior having major role.</p>	<p>Federal eminent domain. Also, in Guam's case, sweeping powers to the President to designate military reservations.</p>	<p>a) Fed. income taxes. Proceeds go to Guam. Also, local taxes. b) Tax-exempt status on bonds.</p>	<p>a) Imports. Guam is essentially duty-free. b) Exports. Preferential tariffs on goods to the U.S. (i.e., free entry for local goods).</p>	<p>See attachments 2 and 3, item 14.</p>
<p>3. Commonwealth a. Without Compact (e.g., U.S. proposal of May 1970). 1/</p>	<p>a) Privileges &amp; immunities clause made applicable. b) Attempted to limit ownership on long-term basis to residents.</p>	<p>All public lands (incl. submerged lands) transferred to Micronesian Govt., except that U.S. Govt. could retain for three years lands presently held in order to reassess its needs.</p>	<p>Elaborate consultation provisions, but essentially Federal eminent domain if consultation fails.</p>	<p>Federal income tax laws applicable, with proceeds paid to Micronesia plus a matching fund. (U.S. said the Micronesians could choose not to have fed. income tax.) Also, presumably local taxes.</p>	<p>a) Imports. No duties allowed on U.S. goods. Set own duties on foreign goods. b) Exports. Preferential tariffs on goods to the U.S. (i.e., free entry for local goods).</p>	<p>See attachment 5, item 14.</p>
<p>b. With Compact (e.g., Puerto Rico). 1/</p>	<p>a) Privileges &amp; immunities clause made applicable. b) No substantial restrictions on land holding.</p>	<p>Puerto Rican Govt. given control of all public lands (incl. submerged lands) in 1917, except those then reserved by U.S. Govt. for "public purposes."</p>	<p>Federal eminent domain.</p>	<p>a) Federal income taxes do not apply. Local tax system. b) Tax-exempt status on bonds.</p>	<p>Puerto Rico is part of U.S. customs area, though a special duty on coffee.</p>	<p>See attachment 4, item 14.</p>
<p>4. Free Association (e.g., Draft Compact). 1/</p>	<p>a) Privileges &amp; immunities clause apparently not made applicable. b) Draft Compact silent on restrictions on land holding. Presumably possible.</p>	<p>Draft Compact not complete. Presumably all public lands transferred to Micronesian Govt., except those reserved to U.S. for defense purposes.</p>	<p>Ambiguous. Govt. of Micronesia bound to establish procedures and negotiate in good faith. U.S. probably able to take property under its responsibility for defense.</p>	<p>Draft Compact not address this. Presumably much flexibility.</p>	<p>Nothing in draft Compact. Presumably much flexibility.</p>	<p>Nothing in draft Compact. Presumably much flexibility.</p>

1/ The actual analogies (e.g., American Samoa) are used to flesh out the description of the particular political status alternatives. However, note that all the characteristics of an analogy are not required by the particular status alternative. For example, unlike Puerto Rico, a Commonwealth with Compact could have the federal income tax laws applicable.