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U.S. MARIANAS II

5-23-73 PRESENTATION

I. Background.

- Pattern in other U.S. territories is similar: the USG has followed a policy of encouraging and assisting them to become more self-sufficient.
- This has resulted in gradual lessening of reliance and direct Congressional appropriations.
- Guam, Puerto Rico, Virgin Islands, no longer receive direct annual grant assistance.

II. U.S. Approach to Marianas

- We should follow above approach of working toward self-sufficiency.
- Level of assistance "would depend largely upon mutually determined needs of the Marianas Government and people taking into account local revenues and other sources of local government funds".

III. Sources of Funds

- Must set needs and requirements. Also must determine sources of revenue.

A. Present sources:

1. Marianas share of import duties collected by COM in Marianas;
2. Minor income from licensing fees;
3. Federal Programs (\$2.5 million in FY 73);
4. Mariana Islands share of Federal Grants to the TTPI as a whole (\$7.1 million FY 73).

B. Future sources (non-military):

1. Disposal of public lands;

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2. Disposal of real and personal property left by TT;
3. New import duties;
4. Direct income tax;
5. Property taxes, sales or excise taxes;
6. New or existing Federal Programs

C. Future Sources (military):

1. Impact of military on revenues could be considerable if current U.S. plans implemented.
2. Any assessment of the financial relationship would be incomplete without taking into account the "possible dramatic increase in revenues which you would derive from this source".
3. Following figures are estimates based on preliminary planning data and, therefore, represent current best judgments--they do not include any multiplier, which we estimate at 2 $\frac{1}{2}$ -3:
 - a. six years of constructions should provide \$39.8 million;
 - b. labor force of 1,000 will be required during construction and as many as possible will be hired locally;
 - c. Base operations will have an "economic impact of \$15 million per year when base completed".
 - d. completed base will require 600 local employees;
 - e. Once base is completed, U.S. personnel will pay \$4 million per year, which would be rebated.