AGREEMENT TO ESTABLISH A SELF-GOVERNING COMMONWEALTH OF THE MARIANA ISLANDS IN POLITICAL UNION WITH THE UNITED STATES OF AMERICA

Whereas, pursuant to a Trusteeship Agreement with the Security Council of the United Nations, the United States of America presently administers the Mariana Islands District of the Trust Territory of the Pacific Islands; and

Whereas, the Charter of the United Nations and the aforesaid Trusteeship Agreement guarantee the people of the Mariana Islands District the right freely to express their wishes for self-government or independence; and

Whereas, for over twenty years, the people of the Mariana Islands District, through public petition and referendum, have clearly expressed their desire for political union with the United States; and

Whereas, the people of the Mariana Islands District, through their duly elected representatives in the Mariana Islands District Legislature, have constituted the Marianas Political Status Commission and authorized that body to negotiate with the United States on the future political status of the Mariana Islands District; and

Whereas, the United States, recognizing its responsibilities under the Charter of the United Nations and the Trusteeship Agreement and supporting the desire of the people of the Mariana Islands District to exercise their

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inalienable and sovereign right of self-determination, has authorized the Personal Representative of the President of the United States to negotiate with the Marianas Political Status Commission on the future political status of the Mariana Islands District; and

Whereas, the people of the Mariana Islands District and the people of the United States share the goals and values found in the American system of government based upon the principles of government by consent, individual freedom, and democracy;

Now, therefore, on this _____ day of _____, 197_, the Marianas Political Status Commission and the Personal Representative of the United States have made and entered into an Agreement to Establish a Self-Governing Commonwealth of the Mariana Islands in Political Union with the United States of America. This Commonwealth Agreement shall become mutually binding according to its terms and effective as provided herein after it is approved by resolution of the Mariana Islands District Legislature, approved by the people of the Mariana Islands District in a plebiscite, and enacted into law in accordance with the constitutional processes of the United States.

Title I -- Definitions

Section 101:

"Trusteeship Agreement" means the Trusteeship Agreement entered into between the Security Council of the United Nations and the United States of America, approved by Joint Resolution of the United States Congress July 18, 1947, Pub. L. No. 80-204, 61 Stat. 397, which made the United States the administering authority for the Trust Territory of the Pacific Islands.

Section 102:

"Mariana Islands District" means the Mariana Islands District of the Trust Territory of the Pacific Islands, which consists of those islands and the territorial waters thereof which lie within the area north of 14° north latitude, south of 21° north latitude, west of 150° east longitude and east of 144° east longitude.

Section 103:

The "Marianas Political Status Commission" means the body authorized by the people of the Mariana Islands District, through their duly elected representatives in the Mariana Islands District Legislature, to negotiate with the United States on the future political status of the Mariana Islands District.

Section 104:

"Commonwealth Agreement" means the Agreement to Establish a Self-Governing Commonwealth of the Mariana Islands in Political Union with the United States, entered into between the Marianas Political Status Commission and the Personal Representative of the President of the United States on ____ day of _____, 197_.

Section 105:

"Commonwealth" means the Commonwealth of the Mariana Islands.

Title II -- Political Relationship

Section 201.

(a) The relations between the people of the present Mariana Islands District of the Trust Territory of the Pacific Islands and the United States shall be governed by the Agreement to Establish a Self-Governing Commonwealth of the Mariana Islands in Political Union with the United States of America, which shall be mutually binding according to its terms.

(b) Insofar as the Commonwealth Agreement shall affect the relations between the people of the Mariana Islands District and the United States prior to termination of the Trusteeship Agreement, such provisions are not intended to affect the duties and obligations owed by the United States to the United Nations and to the people of the Mariana Islands District under the Trusteeship Agreement, but to be consistent with those duties and obligations.

Section 202.

The Mariana Islands District shall become a self-governing commonwealth, to be known as "The Commonwealth of the Mariana Islands."

Section 203.

Upon termination of the Trusteeship Agreement, the Commonwealth of the Mariana Islands shall achieve political union with the United States and the United States shall have

sovereignty in the Commonwealth in accordance with the terms of the Commonwealth Agreement.

Section 204.

(a) The people of the Commonwealth of the Mariana Islands shall govern themselves in accordance with a Constitution of their own adoption. The Constitution of the Commonwealth of the Mariana Islands shall be framed by representatives of the people of the present Mariana Islands District and approved by popular vote. The people of the Commonwealth of the Mariana Islands shall retain the right to initiate and approve constitutional amendments according to procedures provided in the Constitution.

(b) The Constitution of the Commonwealth of the Mariana Islands shall provide for a republican form of government, with separate executive, legislative, and judicial branches, a bill of rights, a popularly elected chief executive and legislature, and in all other respects shall be consistent with this Commonwealth Agreement and with those provisions of the United States Constitution and of federal laws applicable in the Commonwealth of the Mariana Islands.

(c) Except as provided in Section 1202(c) below, the United States shall have no authority to review and disapprove the original provisions of the Constitution. Further, the United States shall have no authority to review and disapprove any amendments to the Constitution; the

federal courts, however, shall be competent to determine whether the Constitution and amendments thereto are consistent with the Commonwealth Agreement and with those provisions of the United States Constitution and of federal laws applicable in the Commonwealth of the Mariana Islands.

Section 205.

(a) The authority of the Commonwealth of the Mariana Islands shall extend to all matters of local concern and shall be exercised in a manner which is not inconsistent with this Commonwealth Agreement or with provisions of the United States Constitution or federal laws applicable in the Commonwealth of the Mariana Islands.

(b) This Commonwealth Agreement, together with the provisions of the United States Constitution, treaties of the United States, and federal laws applicable in the Commonwealth of the Mariana Islands, shall be the supreme law of the Commonwealth and the courts of the Commonwealth shall be bound thereby, anything in the Constitution or laws of the Commonwealth to the contrary notwithstanding.

Section 206.

The United States shall have full responsibility for and authority in conducting foreign affairs affecting the Commonwealth of the Mariana Islands and providing for the defense of the islands and territorial waters constituting the Commonwealth.

Section 207.

(a) Except as otherwise provided in this Commonwealth Agreement, the United States, in accordance with Article IV, Section 3, Clause 2 of the Constitution of the United States, may make legislation applicable within the Commonwealth of the Mariana Islands, except that legislation which the United States could not make applicable within the several States may be made applicable within the Commonwealth only if such legislation specifically provides that it shall be applicable within the Commonwealth of the Mariana Islands and if, taking into account the right of self-government retained by the people of the Commonwealth, there is a compelling national interest in the application of such legislation within the Commonwealth.

(b) Notwithstanding any provision of this Commonwealth Agreement, or of the Constitution or laws of the United States, or of the Constitution or laws of the Commonwealth of the Mariana Islands, neither the United States nor the Commonwealth shall have any authority to alter or to impair, without the consent of the other, the following provisions of this Agreement: Titles II, III, VI, VII, Section 803, Title IX, Sections 1101, 1203 and 1205.

(c) The consent required under Subsection (b) of this Section shall be given as follows:

(1) Consent by the United States shall be given by the Congress of the United States through the enactment of a law providing for approval or providing for the delegation of the power of approval to an official of the United States.

(2) Consent by the Commonwealth of the Mariana Islands shall be given by the Legislature of the Commonwealth of the Mariana Islands through the enactment of a law providing for approval, or, if the Legislature so provides by law, by the people of the Commonwealth in a referendum where a majority of the qualified votes cast are in favor of giving consent.

Section 208.

(a) Except as provided in subsection (b), the exercise within the Commonwealth of the Mariana Islands of the authority of the United States or of the authority of the Commonwealth, as the case may be, shall be in accordance with the following provisions of the Constitution of the United States as if the Commonwealth were a State of the Union: Article I, Section 9, Clauses 2 and 3; Article IV, Section 1 and Section 2, Clause 1; Amendments I through IX; Amendment XIII; Amendment XIV, Section 1, Sentence 2; Amendments XV, XIX and XXVI.

(b) Nothing in this Commonwealth Agreement, or in the portions of the Constitution or laws of the United

States which are or which may be made applicable to the Commonwealth, shall be deemed to prohibit the Commonwealth

(1) from regulating, in the interest of maintaining the culture and traditions of the people of the Mariana Islands, the alienation of interests in real property so as to restrict the acquisition of such interests to persons of Marianan descent; or

(2) [from providing in the Constitution of the Commonwealth that members of the legislative branch may be selected without regard to population].

Section 209.

(a) The Commonwealth of the Mariana Islands shall not be considered an instrumentality or agency of the United States.

(b) Citizens of the Commonwealth shall be entitled to all privileges and immunities of citizens in the several States.

(c) Full faith and credit shall be given in the United States, its territories and possessions, and the Commonwealth of Puerto Rico, and in the several States to the public acts, records and judicial proceedings of the Commonwealth of the Mariana Islands.

WHITE STATE

Section 210.

It is the intention of the parties hereto that cases or controversies arising under this Commonwealth Agreement shall be justiciable in the courts of the United States and that the limitations upon the exercise of federal authority specified herein shall be enforceable in such proceedings.

Section 211.

All public officials and employees of the Commonwealth of the Mariana Islands, its agencies, instrumentalities and political subdivisions, before entering upon their respective duties, shall be required to take an oath or affirmation to support those provisions of the United States Constitution and laws of the United States that are applicable in the Commonwealth of the Mariana Islands and to support the Constitution and laws of the Commonwealth.

Title III -- United States Citizenship and Nationality

Section 301.

Except as otherwise provided in Section 302 of this Title, the following persons, and their children under the age of eighteen years on the date of termination of the Trusteeship Agreement, who are not citizens or nationals of the United States under any other provisions of law, and who have taken no affirmative steps to preserve or acquire foreign nationality, are declared to be citizens of the United States:

(a) All persons born in the Mariana Islands District or Commonwealth of the Mariana Islands who are citizens of the Trust Territory of the Pacific Islands on the date of termination of the Trusteeship Agreement, and who on that date reside or are domiciled in the Commonwealth of the Mariana Islands or in the United States, the Virgin Islands, Guam, the Commonwealth of Puerto Rico or any other possession or territory of the United States;

(b) All persons who are citizens of the Trust Territory of the Pacific Islands on the date of termination of the Trusteeship Agreement, who have been domiciled continuously in the Mariana Islands District or Commonwealth of the Mariana Islands for at least five years immediately prior to that date, and who, if of age to do so, have

registered to vote in district elections in the Mariana Islands District prior to January 1, 1975; and

(c) All persons who are not citizens of the Trust Territory of the Pacific Islands on January 1, 1974, but who, on the date of termination of the Trusteeship Agreement, have been domiciled continuously for at least five years in the Mariana Islands District of Commonwealth of the Mariana Islands and who, on that date, owe no allegiance to any foreign state.

Section 302.

Any person who becomes a citizen of the United States solely by virtue of the provisions of Subsections (a) through (c) of Section 301 may within six months after the date of termination of the Trusteeship Agreement or within six months after reaching the age of eighteen years, whichever date is the later, make a declaration under oath before any federal court or a court of general jurisdiction in the Commonwealth of the Mariana Islands in the form as follows:

> "I . . . being duly sworn, hereby declare my intention to become a national but not a citizen of the United States."

Section 303.

All persons born in the Commonwealth of the Mariana Islands on or after the date of termination of the Trusteeship Agreement, and subject to the jurisdiction of the United States, shall be citizens of the United States.

Section 304.

(a) After the date of termination of the Trusteeship Agreement, immediate relatives (that is, children, spouse, parents, brothers and sisters) of persons who are citizens or nationals of the United States who are domiciled in the Commonwealth, shall have a right to become naturalized citizens of the United States to the same extent as persons residing in a State.

(b) After the date of termination of the Trusteeship Agreement, persons born outside the United States of parents either or both of whom are citizens or nationals of the United States who are domiciled in the Commonwealth shall become citizens of the United States at birth (and shall have the right to retain such citizenship thereafter) under the same terms and conditions as persons born outside of the United States of parents either or both of whom became citizens of the United States by virtue of being born in a State.

(c) For the purposes of Subsections (a) and (b) of this Section, and for the purpose of a national becoming a citizen of the United States, and for no other purpose, residence or physical presence in the Commonwealth of the Mariana Islands after the effective date of this Title shall satisfy any residence or physical presence requirement of the nationality and naturalization laws of the United States

to the same extent as residence or physical presence, respectively, in a State.

Section 305.

The courts of general jurisdiction established under the Constitution of the Commonwealth of the Mariana Islands and the United States District Court for the Mariana Islands shall have jurisdiction to naturalize persons as citizens of the United States in accordance with applicable law.

Section 306.

For the purposes of this Title, domicile means that place where a person maintains a residence with the intention of continuing such residence for an unlimited or indefinite period, and to which such person has the intention of returning whenever he is absent, even for an extended period.

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Title IV -- Applicability of United States Laws

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Section 401

(a) Except insofar as the applicability of a law of the United States is determined by other sections of this Commonwealth Agreement, and except insofar as the authority of the United States to make laws applicable within the Commonwealth of the Mariana Islands is limited by other provisions of this Commonwealth Agreement,

(1) every law of the United States which has provisions making it effective within the Territory of Guam on the effective date of this section and which is of general application within the several States on the effective date of this section, shall be applicable within the Commonwealth of the Mariana Islands in the same manner and to the same extent as it is applicable within the several States; provided, however,

(i) that any such law which provides financial assistance or which is part of the federal banking laws shall apply in the same manner and to the same extent as it applies within the Territory of Guam, and

[(ii) that the minimum wage provisions of the Fair Labor Standards Act shall not apply within the Commonwealth of the Mariana Islands; and]

(2) the following laws shall apply within the Commonwealth of the Mariana Islands as follows:

(i) Titles I, X, XIV, and XVI of the Social Security Act shall apply within the Commonwealth of the Mariana Islands in the same manner and to the same extent as they apply within the Territory of Guam; and

(ii) Those provisions of the Public Health Services Act which do not come within the provisions of subsection (a)(1) of this section, Title III of the Consolidated Farmers Home Administration Act, and the Federal Crop Insurance Act shall apply within the Commonwealth of the Mariana Islands in the same manner and to the same extent as they apply within the several States.

(b) [reserved for provisions relating to lower local matching share and to the use of funds from federal sources for such share].

(c) The laws made applicable or inapplicable by this Section 401 shall continue to be applicable or inapplicable as the case may be until such time as their applicability or inapplicability shall be altered pursuant to the Commonwealth Agreement.

Section 402.

(a) The President of the United States shall appoint a commission of seven persons, none of whom shall be employees of the United States Government and at least three of whom shall be citizens of the Trust Territory of the Pacific Islands who are and have been for at least five years domiciled continuously in the Mariana Island District or in the Commonwealth, to survey the field of federal statutory laws and to make recommendations, to the Congress of the United States within two years after the effective date of this Section as to which statutes of the United States not made applicable in the Commonwealth of the Mariana Islands by Section 401(a) hereof shall be made applicable in the Commonwealth and as to which statutes of the United States made applicable in the Commonwealth by Section 401(a) shall be declared inapplicable. In formulating its recommendations, the commission shall take into consideration the effect of each federal law on the local conditions in the Commonwealth of the Mariana Islands, the federal policies embodied in the law, and the consistency of the law with the provisions and purposes of the Commonwealth Agreement.

029587

(b) Unless the House of Representatives or the Senate of the United States enacts legislation which specifically disapproves all or part of the recommendations made pursuant to subsection (a) within one year after the recommendations have been transmitted to Congress, all or part of those recommendations (as the case may be), shall have the force and effect of law.

(c) The enactment into law of this Commonwealth Agreement shall constitute an authorization for and appropriation of $_____ to support the work of such commission.

Section 403.

The following laws, to the extent not incompatible with the Commonwealth Agreement, which are applicable in the Mariana Islands District on the effective date of this Section, shall remain in force and effect until and unless repealed by the Commonwealth of the Mariana Islands pursuant to local law:

(a) The statutory laws, executive and district orders, and judicial decisions of the Trust Territory of the Pacific Islands;

(b) The statutory laws of the Mariana Islands District Legislature; and

(c) The laws and ordinances of local municipalities within the Mariana Islands District.

Title V -- United States Judicial Authority

Section 501.

(a) The Commonwealth of the Mariana Islands shall constitute the judicial district of the Mariana Islands, which is hereby established within Chapter 5 of Title 28 of the United States Code. There shall be in the judicial district of the Mariana Islands a district court which shall be a court of record known as the "United States District Court for the District of the Mariana Islands" and which shall be a court of the United States and a district court of the United States. The judicial district of the Mariana Islands shall be within the same judicial circuit of the United States as is the judicial district of Hawaii.

(b) The President shall appoint, by and with the advice and consent of the Senate, one district judge for the judicial district of the Mariana Islands who shall hold office for a term of eight years, and until his successor is chosen and qualified, unless sooner removed by the President for cause. Upon the expiration of the eight-year term, the President shall appoint, by and with the advice and consent of the Senate, a judge or judges for the judicial district of the Mariana Islands who shall hold office during good behavior. From that time forward, the United States District Court for the District of

029589

the Mariana Islands shall be a court established pursuant to Article III of the Constitution of the United States.

Section 502.

(a) The United States District Court for the District of the Mariana Islands, in addition to its jurisdiction as a district court of the United States and the jurisdiction conferred upon it by Section 305, shall have such original and appellate jurisdiction in all other causes in the Commonwealth of the Mariana Islands as the Constitution or laws of the Commonwealth may provide.

(b) Upon the expiration of one eight-year term for the judge of the United States District Court for the District of the Mariana Islands and upon the appointment and qualification of a successor who shall hold office during good behavior, all additional original and appellate jurisdiction, if any, authorized pursuant to Section 502(a) shall terminate. No proceeding pending in the United States District Court for the District of the Mariana Islands at the time of such termination shall abate, but such proceedings as are no longer within the jurisdiction of the court shall be transferred to the appropriate court of the Commonwealth of the Mariana Islands. Termination of such additional jurisdiction of the United States District Court for the District of the Mariana Islands shall not affect the right to appeal from and appellate review of final decisions of the court rendered prior to such termination, whether or not an appeal therefrom shall have been perfected prior to such termination.

Section 503.

For purposes of appeals from decisions of the courts of appeals to the Supreme Court of the United States, the laws of the Commonwealth of the Mariana Islands shall be treated as if they were the laws of a State.

Section 504.

For purposes of review by the Supreme Court of the United States of final judgments or decrees, the courts of the Commonwealth of the Mariana Islands shall be treated as if they were courts of a State.

Section 505.

For purposes of the original jurisdiction of the district courts based on diversity of citizenship, the Commonwealth of the Mariana Islands shall be treated as if it were a State.

Section 506.

The laws of the United States which govern relations between the courts of the United States and the courts of the several States with respect to appeals, certiorari, removal of causes, issuance of writs of habeas corpus, and other matters or proceedings shall in similar matters or proceedings govern the relations between the courts of the United States and the courts of the Commonwealth of the Mariana Islands.

Section 507.

Jurisdiction, venue, procedure, and other matters affecting the operation of the courts of the Commonwealth of the Mariana Islands shall be governed by the Constitution and laws of the Commonwealth.

Title VI -- Taxation and Customs

Section 601.

(a) Those persons who reside in the Commonwealth of the Mariana Islands and not in any other part of the United States, and who, if prior to termination of the Trusteeship Agreement, would be eligible to become United States citizens or nationals pursuant to Title III of this Commonwealth Agreement, or who, if after termination of the Trusteeship Agreement, have become United States citizens or nationals pursuant to Title III of this Commonwealth Agreement, shall be subject to federal income tax only on United States source income, not on income earned in the Commonwealth. Such persons shall not be subject to United States gift and estate taxation except with respect to property situated in the United States outside the Commonwealth.

(b) For purposes of determining under Subsection (a) of this Section what persons would be eligible to become United States citizens or nationals pursuant to Title III of the Commonwealth Agreement, the requirement of Section 301(b) and (c) that persons be domiciled continuously in the Mariana Islands District or Commonwealth of the Mariana Islands for at least five years prior to termination shall instead be read as requiring that persons be domiciled continuously in the Mariana Islands District

or Commonwealth of the Mariana Islands for at least five years prior to the beginning of the period or the date of the event for which the tax treatment in Section 601(a) is claimed.

Section 602.

United States citizens, other than those described in Section 601, and United States corporations doing business in the Commonwealth of the Mariana Islands shall not be subject to federal income tax on any foreign source income (including income earned in the Commonwealth) if they derive 80 percent of their gross income from sources within the Commonwealth and other United States possessions and if 50 percent of such gross income is derived from the active conduct of a trade or business in the Commonwealth and other United States possessions.

Section 603.

Except as otherwise provided herein, the Commonwealth of the Mariana Islands shall be considered a "possession" for all purposes of administering the internal revenue laws of the United States; provided, however, that the enactment of the Commonwealth Agreement shall hereby amend Subsection 872(b)(4) of the Internal Revenue Code to continue its application with respect to bonds purchased in the District of the Mariana Islands prior to the date of the signing of the Commonwealth Agreement.

029594

Section 604.

[(a) That portion of the Trust Territory Social Security Retirement Fund which has been paid in by persons who are citizens of the Commonwealth, together with interest and earnings thereon, shall be paid over to the Social Security Administration of the United States, to be held as a separate fund (to be supplemented by the United States if necessary) to pay benefits to such citizens eligible for benefits in accordance with the laws of the Trust Territory of the Pacific Islands at the time the Commonwealth is established.]

[(b) Those laws of the United States which impose taxes to support the Old Age, Survivors, Disability and Health Insurance Trust Funds shall be applicable within the Commonwealth, but the tax on employees and employers within the Commonwealth shall be at the rate of one per centum of so much of the employee's income as is subject to tax during the first year after the establishment of the Commonwealth, and shall increase by one percentage point (or fraction thereof), on both the employer and the employee, each year until the rate of tax on employers and employees within the Commonwealth is the same as in a State.]

[(c) Persons in the Commonwealth shall receive benefits from the Old Age, Survivors, Disability and Health Insurance Trust Funds of the United States in the same manner and to the same extent as persons in a State, provided however, that no person who receives benefits under both subsections (a) and (c) hereof shall

receive a total amount which exceeds the maximim to which he would have been entitled if he had contributed to the Old Age, Survivors, Disability and Health Insurance Trust Funds throughout the entire period he contributed either to those Funds or to the Trust Territory Social Security Retirement Fund.]

Section 605.

The Commonwealth of the Mariana Islands shall have exclusive authority to enact, amend or repeal its internal revenue laws; provided, however, that the Commonwealth shall enact no law which a State would not have the power to enact imposing any tax or levy upon the property of the United States or of the Government of the Trust Territory of the Pacific Islands.

Section 606.

All bonds issued by or on behalf of the Commonwealth of the Mariana Islands shall be exempt, as to principal and interest, from taxation by the United States or by any State, territory, possession, the Commonwealth of Puerto Rico, the District of Columbia, or any political subdivision thereof.

Section 607.

The Commonwealth of the Mariana Islands shall not be included within the customs territory of the United States. The Commonwealth of the Mariana Islands shall have exclusive authority to enact laws providing for customs duties on imports into the Commonwealth from foreign countries, provided that this authority shall not

be exercised in a manner inconsistent with the international obligations of the United States, including the General Agreement on Tariffs and Trade ("GATT").

Section 608.

Exports from the Commonwealth of the Mariana Islands shall enter the customs territory of the United States free of any import duty; provided, however, that if more than 50 percent of the value of a product is derived from foreign materials, such product shall not be considered an "export from the Commonwealth of the Mariana Islands" for purposes of this Section. The United States shall, if necessary in order to carry out this agreement, endeavor to obtain a special exemption to the GATT.

Section 609.

The United States shall seek to obtain from foreign countries favorable treatment for exports from the Commonwealth of the Mariana Islands. In particular, the United States shall encourage other countries to consider the Commonwealth of the Mariana Islands a "developing territory" within the meaning of the June 25, 1971 GATT waiver regarding preferential tariff treatment for goods from developing countries and territories.

Section 610.

The Commonwealth of the Mariana Islands shall have the exclusive authority to impose duties on exports from its territory.

Section 611.

The Commonwealth of the Mariana Islands shall have the exclusive authority to impose excise taxes upon goods manufactured or sold in the Commonwealth and upon goods imported into the Commonwealth; provided that such excise taxes as are imposed on goods imported into the Commonwealth shall be consistent with the international obligations of the United States.

Section 612.

There shall be paid into the Treasury of the Commonwealth, to be expended for the benefit of the people as the Government of the Commonwealth may by law prescribe, all federal revenue (other than sums collected by the United States in accordance with Section 604) derived from the Commonwealth, including: (a) the proceeds of all taxes or other levies collected under the internal revenue laws of the United States on articles produced in the Commonwealth and transported to the United States, its territories, or possessions; (b) the proceeds of any other taxes which may, consistent with this Commonwealth Agreement, be levied by the Congress on the inhabitants of the Commonwealth of the Mariana Islands; (c) all federal quarantine, passport, immigration, and naturalization

fees collected in the Commonwealth of the Mariana Islands; and (d) the proceeds of all federal income taxes collected by the United States on wages and other income earned in the Commonwealth of the Mariana Islands by all persons subject to such tax.

Title VII -- Other Laws

Section 701. [reserved for immigration]

Section 702. Jones Act

110 Get exemption 1st. (a) The coastwise laws of the United States shall not extend to the Commonwealth of the Mariana Islands.

(b) The prohibitions in the laws of the United States against foreign vessels landing fish or fish products in the United States shall not extend to the Commonwealth of the Mariana Islands.

111 (c) The Secretary of Commerce shall issue regulations which provide that for the purposes of such provisions of the maritime and shipping laws of the United States as he deems appropriate in the circumstances, persons who are not citizens of the United States and who are domiciled in the Commonwealth shall be considered citizens of the United States.

[THE NEXT PAGE IS PAGE 34]

Title VIII -- United States Financial Assistance

Section 801.

The United States shall provide direct financial support to the Government of the Commonwealth of the Mariana Islands for local government operations and programs, for capital improvement projects and for economic development until such time as the Commonwealth has achieved a standard of living comparable to that within other parts of the United States and until the Government of the Commonwealth can meet the financial responsibilities of self-government from its own resources.

Section 802.

Such direct financial assistance shall consist of guaranteed levels of economic support for periods of not less than five years as herein provided, so as to permit orderly planning for government operations and economic development by the Commonwealth Government.

Section 803.

(a) The enactment into law of this Commonwealth Agreement shall constitute an authorization for and an appropriation of the following guaranteed annual levels of direct grant assistance to the Commonwealth of the Mariana Islands for each of the five fiscal years beginning with fiscal year 1978:

(1) $10 million for budgetary support for government operations; and

(2) $4.5 million for capital improvement projects; and

(3) $1.5 million for an economic development loan fund.

Such of the above sums as are not expended by the Commonwealth during any fiscal year shall remain available for expenditure by the Commonwealth in subsequent fiscal years for any of the above purposes.

(b) The enactment into law of this Commonwealth Agreement shall also constitute an authorization for and an appropriation of a pro rata share of each of the three guaranteed levels of direct grant assistance in subsection (a) for that period between the effective date of this section and the beginning of fiscal year 1978.

Nope!

(c) The amounts authorized and appropriated by subsection (a) shall be adjusted for each fiscal year by a percentage which corresponds to the percentage change in the Guam Consumer Price Index using 1975 as the base year.

(d) Upon the expiration of the five year period, the annual level of payments in each category listed in subsection (a) shall continue until Congress passes a law which appropriates a different amount.

Section 804.

The Commonwealth Government will submit to the President of the United States or his appointed representative an annual report on the administration of the funds transferred to the Commonwealth pursuant to Section 803 and such reports shall be transmitted by the President to the United States Congress.

Section 805.

(a) Not later than two years prior to the expiration of any multi-year period for which a commitment of guaranteed annual levels of financial assistance has been made, appropriate representatives of the United States designated by the President and duly authorized officials of the Commonwealth of the Mariana Islands shall meet to discuss the annual levels of guaranteed assistance required for the next proceeding multi-year period.

(b) The parties shall negotiate in good faith to reach agreement on the level of such required financial assistance as may be necessary:

(1) to raise the average level of per capita income in the Commonwealth of the Mariana Islands in order to eliminate any substantial disparities between the standard of living in the Commonwealth and that prevailing within other parts of the United States;

(2) to move the Government of the Commonwealth progressively toward economic self-sufficiency; and

(3) to build toward an adequate physical, economic and social infrastructure, to provide necessary public services and programs, and to encourage and promote the economic development of the Commonwealth.

(c) In these negotiations the parties shall take into consideration the needs of the people of the Commonwealth of the Mariana Islands and also their capacity to shoulder an

increasing local tax burden and to supplement and expand their sources of revenue otherwise than from direct financial assistance of the United States.

(d) The parties shall prepare a report setting forth the results of their negotiations and their recommendations for the annual levels of guaranteed assistance required for the next proceeding multi-year period. This report shall be transmitted to the Chief Executive and the Legislature of the Commonwealth of the Mariana Islands and to the President and the Congress of the United States.

Section 806.

The enactment into law of this Commonwealth Agreement shall constitute an authorization for an appropriation by the Congress of the United States of such additional funds as may be necessary and appropriate to carry out the provisions and purposes of this Commonwealth Agreement.

Title IX -- Public Property of the Commonwealth and Property Required by the United States

Section 901.

The title and all other rights to and interests in the real and personal property in the Mariana Islands District owned or held by the Government of the Trust Territory of the Pacific Islands shall be transferred to the Commonwealth of the Mariana Islands upon the effective date of this Section; provided, however, that the President of the United States may exclude from this Section, for a period not to extend beyond the termination of the Trusteeship Agreement, such property and interests in property as are required for active use by the Government of the Trust Territory of the Pacific Islands in its administration of the Trust Territory.

Section 902.

(a) Upon the effective date of this Section, the Government of the Commonwealth of the Mariana Islands shall cause the Mariana Islands Public Land Corporation, or its successor-in-interest to the land acquired pursuant to the Public Land Transfer Act, to enter into lease agreements with the Government of the United States for the following land and waters:

(1) [Tinian base -- description of land area];

(2) [Isley Air Field -- 250 acres of land located near the south end of Isley Field];

(3) [Farallon de Medinilla -- the entire island];

(4) [Other -- Coast Guard, post office, etc.?].

(b) The terms of the lease agreements with respect to each of the areas described in subsection (a) of this section shall include the following:

(1) The Government of the Commonwealth of the Mariana Islands shall make the land available to the United States for fifty years and shall provide the United States with one option to renew the lease, for a further fifty-year period.

(2) Upon a failure of the United States during a period of five years to make substantial and frequent use of the land (or of any significant portion thereof) for the purposes for which the land was made available, such land shall revert to the Mariana Islands Public Lands Corporation or its successor-in-interest.

(3) [reserved for price or mechanism for determining price; and for provisions relating to periodic review of lease payments and adjustment for inflation].

(4) Consistent with the intended use by the United States, the people of the Marianas shall be allowed maximum use of the land and other natural resources made available to the United States and of the facilities built upon that land.

(5) In the course of building the infrastructure and facilities necessary for United States

Government operations, the United States shall, to the extent practicable, work jointly with the people of the Marianas in promoting the development of the local community.

(6) [The United States shall pay all costs of relocating San Jose Village, if relocation is necessary].

(7) In utilizing the land made available to it, the United States shall act in a manner which accords full respect to the environment of the Mariana Islands.

(8) The United States guarantees that when it enters into civilian construction and supply contracts relating to military activities engaged in on the land made available by the Commonwealth of the Mariana Islands, the United States shall make every effort to utilize the resources and services of the people of the Marianas.

(9) Any person with a grievance relating to the presence of the United States military in the Commonwealth may submit such grievance to a Joint Committee on Civil-Military Affairs composed of two representatives appointed by the United States (at least one of whom shall be a military officer) and three representatives appointed by the Commonwealth Government. The Joint Committee shall make a good faith effort to resolve the grievance.

(10) Upon an adjudication by a court of proper jurisdiction that the United States has breached any provision of the Commonwealth Agreement, and upon the failure of the United States to correct the breach within a reasonable time, the Government of the Commonwealth of the Mariana Islands may cause the lease to be terminated.

Section 903.

(a) Upon the effective date of this Section, the Government of the Commonwealth of the Mariana Islands shall cause the Mariana Islands Public Land Corporation, or its successor-in-interest to the land acquired pursuant to the Public Land Transfer Act, to enter into covenants running with the land for the benefit of the United States with respect to the following land and waters:

(1) [Tanapag Harbor -- description of land area];

(2) [Isley Air Field -- description of land area];

(b) The terms of such covenants shall restrict civilian use of the land in a manner consistent with military use by the United States at a future time and will provide that the land would be available to the United States if needed for military purposes at a future time.

Section 904.

Upon the effective date of the leases provided for in Section 902, all rights of the United States with respect to

land in the Commonwealth of the Mariana Islands shall be governed by the Commonwealth Agreement and leases entered into thereunder, any prior agreements between the Trust Territory of the Pacific Islands and the United States notwithstanding.

Section 905.

The lease of land to the United States through the Mariana Islands Public Land Corporation or otherwise shall not be construed as indicating that the Government of the Commonwealth has ceded to the United States its legislative authority or political jurisdiction over such land.

Section 906.

(a) The Commonwealth of the Mariana Islands shall take all steps necessary to preserve the rights and interests of the United States under the lease agreements described in Section 902 and the covenants described in Section 903.

(b) The Commonwealth shall exercise its power of eminent domain or shall authorize the Mariana Islands Public Land Corporation, or its successor-in-interest to the land acquired pursuant to the Public Land Transfer Act, to exercise the power of eminent domain to whatever extent necessary to effectuate the lease agreements and covenants described in this Title.

(c) Whenever the Commonwealth of the Mariana Islands shall acquire title to the lands which are subject to the lease

agreements and covenants described in Sections 902 and 903, it shall also assume the duties and responsibilities of its predecessor-in-interest under such lease agreements and covenants.

Section 907.

The United States shall have the power of eminent domain within the Commonwealth of the Mariana Islands in accordance with the following provisions:

(a) The United States shall never obtain an interest in land greater than a long-term lease subject to reversion to the Commonwealth Government in the event of the failure of the United States to use the land substantially and frequently for the purpose for which it was acquired.

(b) With the exception of interests in property which extend for less than one year, the United States shall not acquire interests in land directly from private landowners either by direct negotiation or by condemnation.

(c) For the purpose of acquiring an interest in land to be used for nonmilitary purposes, or for the purpose of acquiring an interest in Tanapag Harbor or Isley Field (described in Section 903(a)), the United States shall seek a decision of the [Commonwealth Land Commission] or legislation from the Commonwealth Government, which would direct the transfer of the interest in the land to the United States.

(1) If the decision of the Commonwealth Land Commission or the legislation passed by the Commonwealth Government is in accord with the amount of and the interest in the land sought by the United States, but the decision or legislation provides for a higher price than was offered by the United States for such land, a judicial determination of "just compensation" shall be had if requested by the parties.

(2) If the decision of the Commonwealth Land Commission or the legislation of the Commonwealth Government is not in accord with the request made by the United States for the amount of and the interest in the land, or if neither the Land Commission nor the Commonwealth Legislature acts upon the request of the United States within a reasonable length of time, the United States shall be entitled to seek a court order transferring the land to it upon payment of just compensation. In such a proceeding, or in a proceeding to obtain an interest in land pursuant to subsection (b), the court shall consider, in addition to any other issue properly brought before it, the issue of whether the United States has a legitimate need for

the land and the issue of whether the amount of land and the estate in land proposed to be taken are the minimum required to meet that need.

(3) Without detracting from the right of parties in the proceedings of Paragraphs (1) and (2) above to request a jury trial on any other appropriate issue, any party to such proceeding shall have the right to a jury trial on the issue of "just compensation."

(d) The United States shall not seek to acquire an interest in any land located in the Commonwealth for military purposes by means of the involuntary procedures set out in Subsection (c) of this Section; provided, however, that upon a declaration of war or upon the existence of other lawful hostile military action by the United States armed forces and upon a declaration by the President of the United States that particular land is needed for either of those purposes, the United States shall have authority to take such land in the same way that it could take land in the several States, and provided further that the United States may obtain the use of land for military purposes at any time with the agreement of the Government of the Commonwealth.

Title X -- Consultation Between the Parties

Section 1001.

(a) At the request of the Commonwealth of the Mariana Islands or at the request of the United States, and not less frequently than once every five years, a meeting shall be held between representatives of the United States Government and representatives of the Government of the Commonwealth of the Mariana Islands to discuss the relationship between the Commonwealth and the United States.

(b) In preparation for that meeting, the President of the United States shall designate a representative of the United States Government to meet with the Chief Executive of the Commonwealth of the Mariana Islands for the purpose of establishing an agenda for the meeting.

(c) After the determination of the agenda, the President of the United States shall designate representatives of appropriately high rank from each of the agencies concerned with the agenda items who shall meet with an equal number of duly authorized representatives of the Commonwealth.

(d) The representatives of the United States and the representatives of the Commonwealth shall negotiate in good faith with respect to the items on the agenda.

(e) The representatives shall prepare a report setting forth the results of their discussions and their

recommendations for resolving any issues with respect to the relationship between the Commonwealth and the United States. This report shall be transmitted to the Chief Executive and the Legislature of the Commonwealth of the Mariana Islands and to the President and the Congress of the United States.

Section 1002.

(a) In the exercise of its responsibilities in conducting the foreign affairs of the Commonwealth of the Mariana Islands, the Government of the United States shall give sympathetic consideration to the advice of the Government of the Commonwealth on international matters directly affecting the Commonwealth.

(b) The United States shall support membership by the Commonwealth in regional or other international organizations concerned with social, economic, educational, scientific, technical and cultural matters of concern to the Commonwealth to the extent such organizations will permit this membership. The Commonwealth Government, with the acquiescence of the United States Secretary of State, may negotiate and sign agreements with any international organization of which it is a member, provided that those agreements apply only to the Commonwealth of the Mariana Islands and not to other parts of the United States.

(c) The United States shall assist and facilitate the establishment by the Commonwealth of the Mariana Islands of offices in the United States and abroad to promote local

tourism and other economic or cultural interests of the Commonwealth.

(d) The United States shall consult fully with the Government of the Commonwealth in regard to the efforts of the United States, pursuant to Section 608 hereof, to obtain favorable treatment by foreign countries for exports from the Commonwealth.

Title XI -- Delegates and Resident Commissioner

Section 1101.

At such time as the population of the Commonwealth of the Mariana Islands exceeds 50,000 persons, or sooner as determined by the Congress of the United States, the qualified electors of the Commonwealth of the Mariana Islands shall choose a Delegate from the Commonwealth to the House of Represenatives of the Congress of the United States.

(a) The Delegate from the Commonwealth of the Mariana Islands shall be entitled to receive official recognition by all the departments and agencies of the Government of the United States upon presentation through the Department of State of a certificate of election from the Chief Executive of the Commonwealth.

(b) The Delegate shall receive the same compensation, allowances, and benefits as a member of the House of Representatives, and shall be entitled to all privileges and immunities of office as a Representative in the House of Representatives; provided, however, that the Delegate shall not have a vote on the floor of the House; provided that the clerk hire allowance of the Delegate shall be a single per annum gross rate that is 60 percent of the clerk hire allowance of a Member; and provided that the transportation expenses incurred by the Delegate in traveling on official

business between Washington, D.C. and the Commonwealth of the Mariana Islands by the nearest usual route shall not be reimbursed in an amount which exceeds the cost of four round trips each year.

(c) The Delegate from the Commonwealth of the Mariana Islands shall be at least twenty-five years of age on the date of the election; shall be a citizen of the United States; shall be a resident of the Commonwealth of the Mariana Islands; and shall not be a candidate for any other office on the date of the election.

(d) The initial term of office of the Delegate of the Commonwealth of the Mariana Islands shall expire on the third of January of the next proceeding odd numbered year following his election; thereafter, such Delegate shall be elected for a term of two years from the third day of January following his election.

(e) In case of a vacancy in the office of the Delegate from the Commonwealth of the Mariana Islands by death, resignation, or permanent disability, the office shall remain vacant until a special election has been held and a successor elected and qualified.

Section 1102.

Until such time as a non-voting delegate has been selected pursuant to Section 1101, the Commonwealth Government may appoint, or provide by law for the election of, a Resident Commissioner to the United States, whose term of office shall be determined by the Commonwealth and who shall be entitled to receive official recognition as such Commissioner by all of the departments and agencies of the Government of the United States upon presentation of a certificate of commission from the Chief Executive of the Commonwealth. The United States shall provide the Resident Commissioner with the same salary as a Representative in the House of Representatives; a clerk hire allowance which is a single per annum gross rate of 60 percent of the clerk hire allowance of a Representative; a reasonable allowance for the cost of an office located in Washington, D.C.; and the cost of four round trips each year between the Commonwealth of the Mariana Islands and Washington, D.C. incurred in traveling on official business by the nearest usual route.

[THE NEXT PAGE IS PAGE 55]

029621

Title XII -- Transition

Section 1201.

(a) This Commonwealth Agreement shall become mutually binding between the parties and effective in accordance with its terms when both the people of the Mariana Islands District and the United States shall have approved the Agreement as provided in subsections (b) and (c) below.

(b) Approval by the people of the Marianas will be given as follows:

(1) After the signing of this Agreement, duly authorized representatives of the Mariana Islands Political Status Commission shall promptly submit the Commonwealth Agreement to the members of the Mariana Islands District Legislature for approval by a resolution which must be carried by a majority of all members authorized to vote;

(2) Upon approval by the Mariana Islands District Legislature as provided in paragraph (1) above, the High Commissioner of the Trust Territory of the Pacific Islands shall, within thirty days after such approval, issue a proclamation for a plebiscite on the Commonwealth Agreement to be held not more than 120 days after the date of the proclamation. All residents of the Mariana Islands District who would be entitled to vote in a general election in the District if such election were held on the day the plebiscite is conducted shall be eligible to vote in the plebiscite. Such

persons shall be asked to vote "yes" or "no" on the following proposition:

> "The people of the Mariana Islands District hereby approve the Agreement to Create a Self-Governing Commonwealth of the Mariana Islands in Political Union with the United States of America."

The Commonwealth Agreement shall be approved if a majority of the qualified votes cast in the plebiscite favor the adoption of the proposition.

(c) Approval by the United States shall be given when the Commonwealth Agreement has been enacted into law in accordance with the constitutional processes of the United States.

Section 1202.

(a) Following approval of the Commonwealth Agreement by the people of the Mariana Islands District, the Mariana Islands District Legislature shall establish a convention to draft the Constitution of the Commonwealth of the Mariana Islands, the provisions of which shall be consistent with this Commonwealth Agreement.

(b) Upon completion of the Constitution of the Commonwealth, and upon approval of the Commonwealth Agreement pursuant to Section 1201, the Chairman of the Constitutional Convention shall inform the High Commissioner of the Trust Territory of the Pacific Islands of the completion of the Constitution of the Commonwealth. Within 30 days of being

so informed, the High Commissioner shall issue a proclamation for a referendum to be held not more than 120 days after the date of the proclamation. All residents of the Mariana Islands District who would be eligible to vote in general elections in the District if such elections were held on the day the referendum is conducted shall be eligible to vote "yes" or "no" on the following proposition:

> "The people of the Mariana Islands District hereby adopt the Constitution of the Commonwealth of the Mariana Islands as proposed by the Constitutional Convention."

The Constitution shall be approved if a majority of the qualified votes cast in the referendum favor the adoption of the proposition. The High Commissioner of the Trust Territory of the Pacific Islands shall, within thirty days following the referendum, certify the results of the referendum to the Chairman of the Constitutional Convention, who shall within seven days certify the results of the referendum to the President of the United States.

(c) Within 30 days of receiving a certification from the Chairman of the Constitutional Convention that the people of the Mariana Islands District have approved the Constitution of the Commonwealth, the President of the United States shall determine whether the Constitution as approved is consistent with this Commonwealth Agreement. If the President of the United States determines that the Constitution is not consistent with the Commonwealth Agreement,

he shall immediately certify that determination, stating the reason for his determination, to the Chairman of the Constitutional Convention for further action. The procedures set forth in this subsection shall be repeated until the Constitution is determined by the President of the United States to be consistent with the Commonwealth Agreement. The President of the United States shall immediately certify such a determination to the Chairman of the Constitutional Convention.

Section 1203.

Within 30 days of the Presidential certification that the Constitution of the Commonwealth of the Mariana Islands, as approved by the people, is consistent with the Commonwealth Agreement, the President of the United States shall issue a proclamation announcing that the Commonwealth of the Mariana Islands shall be established 180 days after the date of the proclamation.

Section 1204.

During the 180 days between the proclamation of the President given pursuant to Section 1203 and the establishment of the Commonwealth of the Mariana Islands, the Commonwealth Government shall be organized as provided in the Constitution of the Commonwealth of the Mariana Islands.

Section 1205.

Following the establishment of the Commonwealth as specified in the Presidential Proclamation required by Section 1203:

(a) The relations between the United States and the people of the Commonwealth shall be governed by the Commonwealth Agreement;

(b) All provisions of this Commonwealth Agreement shall become effective, except Section 203 and Title III, which shall become effective upon termination of the Trusteeship Agreement.

Section 1206.

(a) The United States shall make all good faith efforts to terminate the Trusteeship Agreement at the earliest practical date, in its entirety or insofar as it affects the Commonwealth of the Mariana Islands.

(b) At such time as the President of the United States determines that the Trusteeship Agreement, in its entirety or insofar as it affects the Commonwealth, has been terminated, he shall immediately issue a proclamation to that effect and thereupon Section 203 and Title III shall become fully effective.

(c) The determination of the President of the United States under subsection (b) above shall be final and shall not be subject to review by any authority of the Commonwealth of the Mariana Islands or of the United States, including the courts of either.

(d) If the President of the United States determines that a further plebiscite on future status is necessary

immediately prior to termination of the Trusteeship Agreement, such a plebiscite shall be held to provide the people of the Commonwealth of the Mariana Islands with an opportunity to reaffirm their commitment to the Commonwealth Agreement.

Section 1207.

The United States may, for purposes of administration, separate the Mariana Islands District from the remainder of the Trust Territory of the Pacific Islands to the extent and in the manner requested by the Mariana Islands District Legislature; provided, however, that in no event shall such separation occur later than upon the date the Commonwealth is established.

Section 1208.

The Marianas Political Status Commission and the President's Personal Representative have agreed that a Joint Commission on Transition shall be established upon the signing of this Agreement for the purpose of conducting transitional studies, programs and events relating to the establishment of the Commonwealth of the Mariana Islands. The Joint Commission on Transition shall consist of the following eight members: the Chairman of the Marianas Political Status Commission or its successor; the President of the District Legislature; two current or former members of the Marianas Political Status Commission, one from Tinian and one from Rota, appointed by the Mariana Islands District Legislature; the Marianas District Administrator; the Personal Representative of the President of the United States for Micronesian Status

Negotiation, the Director of the Office of Territorial Affairs of the Department of the Interior; and a representative to be designated by the United States. If the Joint Commission on Transition is not already established at the time the Commonwealth Agreement is approved as provided in Section 1201 hereof, it shall be established immediately upon such approval. The Marianas Political Status Commission and the President's Personal Representative have further agreed that the United States will provide such sums as are needed for the work of the Joint Commission on Transition, but in no event less than $1,210,000. Upon the approval of the Commonwealth Agreement as provided in Section 1201 hereof, the United States shall make available such sums as have not previously been paid over or such additionals sums as may be necessary for the work of the Joint Commission on Transition.

Title XIII -- Miscellaneous

Section 1301.

The invalidity of any provision of this Commonwealth Agreement shall not affect the validity of the remaining provisions hereof.

Section 1302.

Any table of contents or headings of titles are not a part of this Commonwealth Agreement and shall not be deemed to affect the meaning or construction of any of its provisions.

SIGNED at_____ on the_____

day of_____, 197__.

FOR THE MARIANAS POLITICAL STATUS COMMISSION	FOR THE UNITED STATES OF AMERICA
_____	_____

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