

TITLE II

United States Citizenship and Nationality

Section 201. Except as otherwise provided in Section 202, the following persons and their children under the age of 18 years on the effective date of this Section, 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 Northern Mariana Islands who are citizens of the Trust Territory of the Pacific Islands on the day preceeding the effective date of this Section, and who on that date reside or are domiciled in the Northern Mariana Islands or in any area in or under the jurisdiction of the United States;

(b) All persons who are citizens of the Trust Territory of the Pacific Islands on the day preceeding the effective date of this Section, who have been domiciled continuously in the Northern Mariana Islands for at least five years immediately prior to that data, and who, unless under age, 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 and who do not owe allegiance to any foreign state, who are domiciled in the Northern Mariana

Islands on the day preceeding the effective date of this Section and who have been so domiciled continuously since at least January 1, 1974.

Section 202. Any person who becomes a citizen of the United States solely by virtue of the provisions of Section 201 may within six months after the effective date of that Section or within six months after reaching the age of 18 years, which ever date is the latter, become a national but not a citizen of the United States by making a declaration under oath before any federal court or a court of general jurisdiction in the Commonwealth in the form as follows:

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

Section 203. All persons born in the Commonwealth on or after the effective date of this Section and subject to the jurisdiction of the United States, shall be citizens of the United States.

TITLE III

Constitution of the Commonwealth of the Northern
Mariana Islands

Section 301. The people of the Northern Mariana Islands shall frame and approve a Constitution in accordance with this Agreement. The people of the Northern Mariana Islands shall retain the right to initiate and to approve amendments to their Constitution in accordance with a procedure to be provided therein.

Section 302. The United States shall have no authority to review or to disapprove the original provisions of the Constitution except as provided in Section _____ [initial approval]. Further, the United States shall have no authority to review or to disapprove any amendments to the Constitution. The federal courts, however, shall be competent to determine whether the Constitution and the amendments thereto are consistent with this Agreement and with those provisions of the Constitution of the United States and federal laws applicable within the Northern Mariana Islands.

Section 303. (a) The Constitution of the Commonwealth shall provide for a republican form of government with separate executive, legislative, and judicial branches and shall contain a bill of rights.

(b) The executive power of the Commonwealth shall be vested in a popularly-elected governor and such other officials as may be provided for by the Constitution.

(c) The legislative power of the Commonwealth shall be vested in a popularly-elected legislature, and shall extend

to all rightful subjects of legislation. Nothing in this Agreement or in the provisions of the United States Constitution or federal laws applicable within the Commonwealth shall prevent the Constitution of the Commonwealth from providing for a distribution of the membership of the legislature on a basis [other than merely population.] [which provides appropriate representation for all of the Islands within the Commonwealth.]

(d) The judicial power of the Commonwealth shall be vested in such courts as the Constitution may provide. The operation of the courts of the Commonwealth shall be compatible with the federal judicial system of the United States.

TITLE IV

United States Judicial Authority

Section 401. The Northern Mariana Islands shall constitute a judicial district of the United States. There shall be in the judicial district of the Northern Mariana Islands a District Court which shall be a court of record known as the "United States District Court for the Northern Mariana Islands" which shall be a court of the United States and a District Court of the United States. The judicial district of the Northern Mariana Islands shall be within the same judicial circuit as is the judicial district of the State of Hawaii.

Section 402. (a) The President shall nominate and by with the advice and consent of the Senate, shall appoint a District Judge for the judicial district of the Northern Mariana Islands, who shall hold office for a term of eight years, and until a successor is chosen and qualified, unless sooner removed by the President for cause.

(b) Until such time as a District Judge for the judicial district of the Northern Mariana Islands is chosen and qualified in accordance with Subsection (a) of this Section and whenever thereafter it is made to appear that such an assignment is necessary for the proper dispatch of the business of the Court, the Chief Judge of the Ninth Judicial Circuit of the United States may assign the Judge of the District Court

of Guam or a Circuit or District Judge of the Ninth Circuit, or the Chief Justice of the United States may assign any other United States Circuit or District Judge with the consent of the Judge so assigned and of the Chief Judge of his Circuit, to serve temporarily as a Judge of the United States District Court for the Northern Mariana Islands.

Section 403. The United States District Court for the Northern Mariana Islands shall have the same jurisdiction as a United States District Court for a District within the State of the Union. In addition, the United States District Court for the Northern Mariana Islands shall have the jurisdiction conferred upon it by Section _____ of this Agreement [naturalization], and such original and appellate jurisdiction as the Constitution or laws of the Northern Mariana Islands may provide.

Section 404. (a) For purposes of appeals from decisions of the federal Courts of Appeals to the Supreme Court of the United States, for purposes of review by the Supreme Court of final judgments and decrees, and for purposes of the original jurisdiction of the District Courts based on diversity of citizenship, the Northern Mariana Islands shall be treated as if it were a State of the Union.

(b) The laws of the United States which govern the 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 govern the relations between the Courts of the United States and the local courts of the Northern Mariana Islands as if the Northern Mariana Islands were a State of the Union.

TITLE V

Applicability of Certain Federal Laws

Section 501. (a) Except insofar as the applicability of a law of the United States within the Northern Mariana Islands is determined by other Sections of this Agreement, and except insofar as the applicability of a law of the United States within the Northern Mariana Islands would be inconsistent with this Agreement, laws of the United States described in this Section in existence on the effective date of this Section, and subsequent amendments to such laws, shall be applicable or inapplicable within the Northern Mariana Islands as provided in this Section. Laws made applicable or inapplicable by this Section 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 this Agreement.

(b) Those laws which provide financial assistance, or which are part of the federal banking laws, or which are part of Title I, X, or XIV, of the Social Security Act on the effective date of this Section shall apply in the same manner and to the same extent as they apply within the Territory of Guam.

(c) Those laws not described in Subsection (b) of this Section which have provisions making them applicable within the Territory of Guam, and which are of general application within the several States, on the effective date of this Section,

shall be applicable in the same manner and to the same extent as they are of general application within the several States; provided that those laws which are part of the Public Health Services Act which are not described in this Subsection shall apply in the same manner and to the same extent as they are of general application within the several States.

(d) Those laws not described in Subsection (b) or (c) of this Section which have provisions making them applicable within the Northern Mariana Islands on the effective date of this Section shall be applicable in the same manner and to the same extent as they are applicable on the effective date of this Section until termination of the Trusteeship Agreement, and [(except for the Micronesian Claims Act)] shall thereafter be inapplicable.

Section 502. Any law of the United States which would otherwise be applicable within the Northern Mariana Islands shall be inapplicable until termination of the Trusteeship Agreement, if the President of the United States finds and declares that the application of such law prior to termination of the Trusteeship Agreement would be inconsistent with the Trusteeship Agreement.

Section 503. (a) The immigration and naturalization laws of the United States shall not apply within the Northern Mariana Islands until made applicable by Congress after termination of the Trusteeship Agreement.

(b) After the date of termination of the Trusteeship Agreement, immediate relatives (that is, children, spouse, parents, brother and sisters) of persons who are nationals or citizens 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 the United States.

(c) 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 the United States of parents either or both of whom became citizens of the United States by virtue of being born in a State.

(d) For purposes of Subsection (b) and (c) 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 shall satisfy any residence or physical presence requirements of the nationality and naturalization laws of the United States to the same extent as residence or physical presence respectively, in a State.

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

Section 504. (a) The coastwise laws of the United States, and any prohibition in the laws of the United States against foreign vessels landing fish or fish products in the United States, shall not apply within the Northern Mariana Islands until made applicable by Congress after termination of the Trusteeship Agreement.

(b) The Secretary of Commerce shall issue regulations which provide that for 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.

Section 505. The minimum wage provisions of the Fair Labor Standards Act shall not apply within the Northern Mariana Islands until made applicable by Congress after termination of the Trusteeship Agreement.

Section 506. The President of the United States shall appoint a Commission of seven persons, 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 Northern Mariana Islands at the time of their appointment, to serve in the field of federal statutory laws and to make recommendations to the Congress of the United States within two years after the establishment of the Commission, as to which statutes of the United States not applicable within the Northern Mariana Islands should be made applicable, and which statutes applicable should be made inapplicable. In formulating its recommendations, the Commission shall take into consideration the effect of each federal law on the local conditions within the Northern Mariana Islands, the federal policies embodied in the law, and the consistency of the law with the provisions and purposes of this Commonwealth Agreement.

TITLE VI

Revenue and Taxation Provisions

Section 601. [Application of the Internal Revenue Code as federal tax in the Marianas.]

Section 602. (a) [Application of the Internal Revenue Code as a local tax in the Marianas.]

(b) [Authority of the local government to adjust the application of the Internal Revenue Code as a local tax; "provided however, that the Government of the Northern Mariana Islands shall enact no law [which a state would not have the power to enact] imposing any tax or levy on the property of the United States or of the Government of the Trust Territory of the Pacific Islands."]

Section 603. (a) The Northern Mariana Islands shall not be included within the customs territory of the United States.

(b) The Government of the Northern Mariana Islands may in a manner consistent with the international obligations of the United States, levy duties on goods imported into its territory from any area other than the United States, its territories or its possessions.

(c) The Government of the Northern Mariana Islands shall have the exclusive authority to impose duties on exports from its territory.

(d) Exports from the Northern Mariana Islands into the United States, its territories and possessions shall be

subject to the same treatment as exports from the Territory of Guam into the customs territory of the United States.

The United States, shall, if necessary to make its international commitments consistent with its obligations under this Subsection, endeavor to obtain appropriate alterations in its international commitments.

(e) The United States shall seek to obtain from foreign countries favorable treatment for exports from the Northern Mariana Islands, and shall encourage other countries to consider the Northern Mariana Islands a developing territory.

Section 604. The Northern Mariana Islands shall have the exclusive authority to impose local excise taxes upon goods manufactured or sold within its territory or upon goods imported into its territory provided, that such excise taxes as are imposed on goods imported into its territory shall be consistent with the international obligations of the United States.

Section 605. (a) 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 Northern Mariana Islands, but the tax on employees and employers within the Northern Mariana Islands the rate of one percent of so much of the employee's income as is subject to tax during the first year after the effective date of this Section, and

shall increase by one percentage point (or fraction thereof), on both the employer and employee each year until the rate of tax on employers and employees within the Northern Mariana Islands is the same as in a State.

(b) Persons in the Northern Mariana Islands shall received 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 this Subsection and under Subsection (c) of this Section shall receive a total amount which exceeds the maximum 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.

(c) That portion of the Trust Territory Social Security Retirement Fund which has been paid in by persons who are domiciled in the Northern Mariana Islands, together with interest and earnings thereon, shall be paid over the Social Security Administration of the United States to be held as a separate fund (and to be supplemented by the United States if necessary) to pay benefits to such persons eligible for benefits in accordance with the laws of the Trust Territory of the Pacific Islands upon the effective date of this Section.

Section 606/ All bonds issued by the Government of the Northern Mariana Islands or by its authority shall be exempt, as to principal and interest, from taxation by the United States, or by any State, territory or possession of the United States, or any political subdivision of any of them.

Section 607. There shall be paid into the Treasury of the Government of the Northern Mariana Islands to be expended for the benefit of the people of the Northern Mariana Islands as the Government of the Northern Mariana Islands may by law prescribe the proceeds of all taxes collected under the Internal Revenue Laws of the United States derived from the Northern Mariana Islands or due to articles produced in the Northern Mariana Islands, and all quarantine, passport, immigration or naturalization fees collected in the Northern Mariana Islands, but nothing in this Section shall be construed to apply to any tax imposed by Chapters 2 or 21 of Title 26, United States Code, regarding Social Security and self-employment taxes.

TITLE VII

United States Financial Assistance

Section 701. The Government of the United States will undertake together with the Government of the Northern Mariana Islands measures which will assist the people of the Northern Mariana Islands to achieve a standard of living comparable to that within other parts of the United States and to develop the economic resources needed to meet the financial responsibilities of local self-government. To this end, the United States will provide direct financial support to the Government of the Northern Mariana Islands for local government operations, for programs for capital improvements and for economic development. The initial period of such support will be seven years, as provided in Section 702.

Section 702. (a) The enactment into law of this Agreement shall constitute an authorization for and an appropriation of the following guaranteed annual levels of direct grant assistance to the Government of the Northern Mariana Islands for each of the seven fiscal years following enactment:

- (1) \$8 million for budgetary support for government operations; and
- (2) \$4 million for capital improvement projects, of which \$500,000 each year shall be reserved for such projects on the Island of Tinian and \$500,000 each year shall be reserved for such projects on

the Island of Rota; and

(3) \$1.5 million for an economic loan fund, of which \$500,000 shall be reserved for small loans to farmers and fisherman and to agricultural and marine cooperatives.

(d) Funds provided under Subsection (a) of this Section not obligated or expended by Government of the Northern Mariana Islands during any fiscal year shall remain available for obligation or expenditure by the Government in subsequent fiscal years for the purpose for the funds were appropriated. Funds provided under Subsection (a) of this Section shall be considered to be local revenues of the Government of the Northern Mariana Islands when used as the local share required to obtain federal programs and services.

(c) The enactment into law of this Agreement shall constitute an authorization for and an appropriation of a pro-rata share of the funds provided under Subsection (a) of this Section for that period between enactment and the beginning of the next succeeding fiscal year.

(d) The amounts authorized and appropriated by Subsection (a) of this Section 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.

(e) Upon expiration of the authorization and appropriation provided in Subsection (a) of the Section, the annual level of payments in each category listed in Subsection (a) of this Section shall continue until Congress authorizes and appropriates a different amount.

Section 703. (a) The Government of the Northern Mariana Islands shall submit the the President of the United States [or his appointed representative] an annual report on the administration of the funds transferred to the Government of the Northern Mariana Islands pursuant to Section 702, and such reports shall be transmitted by the President to the Congress of the United States.

[(b) During the seven year period provided for by Section 702, the Government of the Northern Mariana Islands shall authorize no public indebtedness (other than bonds or other obligations of the Government payable solely from revenues derived from any public improvement or undertaking) in excess of ten percentum of the aggregate [tax] valuation of the real property [and improvements thereon] within the Northern Mariana Islands.]

Title XI. Approval Transitional and Other Provisions.

This Title will include provisions relating to the approval of the status agreement and the local Constitution. It will also include provisions relating to the interim applicability of local laws and Phase I assistance. It will include a section dealing with the effective dates of various provisions of the status agreement. This Title might also contain definitions of certain important terms. The Covenant now defines "Government of the Northern Marianas" and "the Northern Mariana Islands" in its substantive provisions. It seems preferable to permit those provisions to read smoothly and to put all definitions into one place. This also eliminates any confusion as to whether the definition applies only to the particular Title in which it is found or throughout the document.

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OUTLINE OF MARIANAS STATUS AGREEMENT

Title I -- Political Relationship.

This Title will include the matters relating to the political relationship between the United States and the Northern Mariana Islands. Provisions in the Commonwealth Agreement relating to the Constitution of the Commonwealth will be moved to Title III. Provisions relating to the applicability of the United States Constitution, to the justiciability of controversies arising under the Agreement, and to the oaths of public officials who will be left in Title I.

Title II -- United States Citizenship and Nationality.

This Title has been revised to be almost identical with Article II of the Covenant. The grant of jurisdiction to naturalize found in Covenant Section 204 has been moved to Title V, as have the provisions of the Commonwealth Agreement dealing with naturalization. The definition of domicile in both drafts has been eliminated as unnecessary.

Title III -- Constitution of the Commonwealth of the Northern Mariana Islands.

The Covenant contains a separate Article on this subject, although the Commonwealth Agreement did not. This Title deals only with the substance of the Constitution; transitional provisions relating to its approval are moved to Title XI dealing with transition. The Covenant contains approval provisions in its Article III. Provisions relating to the apportionment of the Legislature are included in this Title.

Title IV -- United States Judicial Authority.

This Title is a revision of Title V of the Commonwealth Agreement which reflects the discussions in the Joint Drafting Committee.

Title V -- Applicability of United States Laws.

This Title is an extensive revision of Title IV

of the Commonwealth Agreement. It also includes matters which had been dealt with in Title VII of the Commonwealth Agreement. Section 403 of the Commonwealth Agreement, and its counterpart Section 403(a)(4) of the Covenant are moved to Title XI dealing with transition.

Title VI -- Revenue and Taxation Provisions.

This Title is a revision of Title VI of the Commonwealth Agreement and its counterpart, Article V of the Covenant. It covers the applicability of the Internal Revenue Code, customs and excise taxes, social security taxes and benefits, exemption from taxation for Marianas bonds, and the cover-over provision.

Title VII -- United States Financial Assistance.

This Title is a revision of Title VIII of the Commonwealth Agreement. It covers only direct financial assistance, unlike Article VI of the Covenant. Provisions relating to limitations of local indebtedness, if to be included at all, should be included in this Title and tied to direct the United States financial assistance. Provisions relating to consultation about subsequent economic assistance are eliminated from this Title and moved to Title IX relating to consultation between the parties generally.

Title VIII -- Public Property of the Commonwealth and Property to be Used by the United States.

This Title will include matters covered by Title IX of the Commonwealth Agreement and Article VIII of the Covenant. Provisions permitting (or requiring) the local government to impose land alienation restrictions will be placed in this Title rather than as an exception to the applicability of the United States Constitution.

Title IX -- Consultation Between the Parties.

This Title will cover matters covered by Title X and Section 804 of the Commonwealth Agreement. There are no comparable provisions in the Covenant.

Title X -- Washington Representation for the Commonwealth.

This Title is reserved for whatever agreement is reached by the parties with respect to Washington representation.