

WORKING DRAFT

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TITLE V

Applicability of United States Laws

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Section 501(a). The 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 apply within the Northern Mariana Islands as provided herein, except insofar as the applicability of a law of the United States within the Northern Mariana Islands is inconsistent with other Sections of 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; and the Public Health Services Act shall apply in the same manner and to the same extent as it is of general application within the several states.

(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;

(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 except in the manner and to the extent 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 or laws 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 except in the manner and to the extent made applicable by Congress after termination of the Trusteeship Agreement.

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

Section 505. The minimum wage provisions of the Fair Labor Standards Act shall not apply within the Northern Mariana Islands except in the manner and to the extent 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 survey 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 VIRevenue 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, duties or fees levied on the inhabitants of, or derived from or on account of, the Northern Mariana Islands, by the United States, except that this Section shall not apply to any tax imposed by Chapters 2 or 21 of Title 26, United States Code, regarding Social Security and self-employment taxes.