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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.]