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ARTICLE V

Applicability of Laws

Section 501

(a) The following provisions of the Constitution of the United States will be applicable within the Northern Mariana Islands as if the Northern Mariana Islands were a State of the Union: Article I, Section 9, Clauses 2, 3 and 8; Article I, Section 10, Clauses 1 and 3; Article IV, Section 1, [sentence 1]; Article IV, Section 2; Amendments 1 through 9, inclusive; Amendment 13, [Section 1]; Amendment 14, Sections 1 and 5; Amendment 15, [Section 1]; Amendment 19, [sentence 1]; Amendment 26, [Section 1].

(b) Future amendments to the Constitution of the United States which do not apply of their own force in the Northern Mariana Islands will become applicable within the Northern Mariana Islands only with the approval of the Government of the Northern Mariana Islands and the United States Congress.

Section 502. The following laws of the United States in existence on the effective date of this section and subsequent amendments to those laws will be applicable in the Northern Mariana Islands:

(a) Except as otherwise provided for in Subsection (b) of this Section and Sections 503, 605 and 1003 of this Agreement, those laws which on that date are applicable to Guam and of general applicability in the several States.

(b) Those laws which provide financial assistance [spell out] or are part of the federal banking laws [spell out] will apply in the same manner and to the same extent as they apply within the Territory of Guam.

(c) Title I of the Public Health Services Act.

(d) The Micronesian Claims Act.

(e) Those laws not described in the preceding four paragraphs which are applicable within the Trust Territory of the Pacific Islands but not their subsequent amendments, unless specifically made applicable to the Northern Mariana Islands. Unless expressly otherwise provided such laws will cease to be applicable to the Northern Mariana Islands upon the termination of the Trusteeship Agreement.

Section 503. The following laws of the United States presently inapplicable to the Trust Territory of the Pacific Islands will not apply to the Northern Mariana Islands except in the manner and to the extent made applicable by the United States Congress after termination of the Trusteeship Agreement:

(a) The immigration and naturalization laws of the United States;

(b) The coastwise shipping laws of the United States, except as they apply to United States Government shipments; and

(c) The minimum wage provisions of the Fair Labor Standards Act, except as they apply to employees and contractors of the United States Government.

[Section 504. The Secretary of Commerce will issue regulations which provide that persons who are nationals but not citizens of the United States and who are domiciled in the Northern Mariana Islands will be considered citizens of the United States for the purpose of such provisions of the maritime and shipping laws of the United States as he deems appropriate.]

Section 50[5]. The President will appoint a Commission on Federal Laws to survey the field of federal statutory laws and to make recommendations to the United States Congress as to which statutes of the United States not applicable within the Northern Mariana Islands should be made applicable and to what extent and in what manner, and which statute applicable should be made inapplicable and to what extent and in what manner. The Commission will consist of seven persons (at least three of whom will 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 appointments) who will be representative of the federal, local, private, and public interests in the applicability of federal laws within the Northern Mariana Islands. The Commission will make its final report and recommendations to the Congress within two years after the effective date of this section, and before that time may make such interim reports and recommendations to the Congress as it considers appropriate to facilitate the transition of the Northern Mariana Islands to its new political status. In formulating its recommendations, the Commission will take into consideration the effect of potential

effect of each federal law on local conditions within the Northern Mariana Islands, the federal policies embodied in the law, and the provisions and purposes of this Agreement. [Unless the House of Representatives or the Senate adopts a resolution which specifically disapproves all or part of the recommendations made in the final report of the Commission within one year after the final report has been received by the Congress, all or part of the recommendations therein, as the case may be, will have the force and effect of law.]

Section 50[6]. The laws of the Trust Territory of the Pacific Islands, of the Mariana Islands District and its local municipalities, and all other Executive and District orders of a local nature applicable within the Northern Mariana Islands on the effective date of this Section and not inconsistent with this Agreement or with the provisions of the Constitution of the United States or federal laws applicable within the Northern Mariana Islands will remain in force and effect until and unless repealed by the Government of the Northern Mariana Islands.

Notes:

Presidential suspension of application in Trusteeship to Article IX

Social Security in Article VII

Internal Revenue in Article VI

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ARTICLE VI

Revenue and Taxation Provisions

Section 601. [Awaiting proposals from MPSC Counsel on application of the Internal Revenue Code in the Marianas].  
Section 60[2].

(a) The Northern Mariana Islands will 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 possessions.

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

(d) To the extent such treatment would be consistent with the international obligations of the United States, exports from the Northern Mariana Islands into the customs territory of the United States, will be subject to the same treatment as exports from the Territory of Guam into the customs territory of the United States. The United States will, if necessary in order to extend such treatment, endeavor to obtain appropriate waivers or modifications of its international obligations.

(e) The United States will seek to obtain from foreign countries favorable treatment for exports from the Northern Mariana Islands, and will encourage other countries to consider the Northern Mariana Islands a developing territory. Section 60[3].

[(a) The United States may levy excise taxes on goods and services manufactured, sold or used in the Northern Mariana Islands in the same manner and to the same extent as such taxes are applicable within the several States.]

[(b) The Northern Mariana Islands will have the authority to impose excise taxes upon goods manufactured or sold within its territory or upon goods imported into its territory, provided that such excise taxes imposed on goods imported into its territory must be consistent with the international obligations of the United States.]

Section 60[4]. [Proposals to be supplied by U.S. on Social Security  
Section 60[5]. (a) All bonds issued by the Government of the Northern Mariana Islands or by its authority will 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.

(b) For so long as the United States Government provides direct financial assistance pursuant to Article VII of this agreement, the Government of the Northern Mariana Islands will 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 assessed valuation of the property within the Northern Mariana Islands.

ARTICLE 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 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) Approval of this Agreement by the United States Congress will 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



fishermen and to agricultural and marine cooperatives.

(b) The United States will also make available without cost to the Northern Mariana Islands the full range of Federal services and programs available to the Territories of the United States.

(c) Funds provided under Subsection (a) of this Section not obligated or expended by the 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 which the funds were appropriated. Funds provided under Subsection (a) of this Section will 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.

(d) The enactment into law of this Agreement will constitute and 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.

(e) The amounts authorized [and appropriated] by Subsection (a) of this Section will be adjusted for each fiscal year by a percentage which is the same as the percentage change in the Guam Consumer Price Index using 1975 as the base year.

(f) Upon expiration of the authorization [and appropriation] provided in Subsection (a) of this Section, the annual level of payments in each category listed in Subsection (a) of this Section will continue until Congress authorizes and appropriates

a different amount.

Section 703. There will be paid into the Treasury of the Government of the Northern Mariana Islands, to be expended to the benefit of the people thereof as the Government may by law prescribe, the proceeds of all customs duties and federal income taxes derived from the Northern Mariana Islands including the amount of taxes deducted and withheld by the United States under Chapter 24 of the Internal Revenue Code with respect to compensation paid to members of the Armed Forces who are stationed in the Northern Mariana Islands but who have no income tax liability to the Northern Mariana Islands with respect to such compensation by virtue of the Soldiers and Sailors Civil Relief Act, the proceeds of all taxes collected under the internal revenue laws of the United States on articles produced in the Northern Mariana Islands and transported to the United States, its territories or possessions, or consumed in the Northern Mariana Islands, and the proceeds of any other taxes which may be levied by the Congress on the inhabitants of the Northern Mariana Islands, and all quarantine, passport, immigration and nationalization fees collected in the Northern Mariana Islands, except that nothing in this Section shall be construed to apply to any tax imposed by Chapters 2 or 21 of Title 26, United States Code.

Section 704. The Government of the Northern Mariana Islands shall submit to the President of the United States 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.

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ARTICLE VIII

Land

Section 801. The title to real and personal property remaining in the Mariana Islands District on the date of termination of the Trusteeship Agreement which is owned or held by the Government of the Trust Territory of the Pacific Islands will be transferred to the Government of the Northern Mariana Islands.

Section 802 ff. [Land areas to be acquired by the United States for defense purposes, to include disclaimer of present U.S. intent to acquire more land for defense purposes]

Section 80[3]. In the event it should become necessary in the future for the Government of the United States to acquire any interest in land not already made available to it under this Agreement, it may, upon notice to the Government of the Northern Mariana Islands, acquire for public purposes in accordance with established federal laws and procedures any interests in land in the Northern Mariana Islands, whether owned or controlled by private parties or by the Government of the Northern Mariana Islands, by purchase, lease, exchange, gift or otherwise under such terms and conditions as may be negotiated by the parties. In such event, however, the United States Government will:

(a) Seek to acquire only the minimum of land necessary to accomplish the public purpose for which the land is sought,

respecting the scarcity and special importance of land in the Northern Mariana Islands;

(b) endeavor to obtain the minimum interest in land necessary to accomplish such public interest, acquiring title only if a lesser interest would not be sufficient to serve the public purpose; and

(c) attempt to acquire an interest in public rather than private land whenever the public purpose can be accomplished by the use of such public land.

Section 80[4]. (a) The United States Government will in all cases attempt to acquire any interest in land for public purposes by voluntary means. In the event this is not possible the United States will have and may exercise within the Commonwealth the power of eminent domain to the same extent and in the same manner as it has and can exercise the power of eminent domain in a State of the Union, observing the principles set forth in subsection (a), (b) and (c) of Section 80[3]; provided, however, that in addition to all other requirements of law the United States will not exercise the power of eminent domain to acquire any interest in land within the Commonwealth until the Congress of the United States has by law explicitly authorized and approved the exercise of the power of eminent domain to obtain a particular interest in a particular parcel of land in the Commonwealth.

(b) Notwithstanding the provisions of Subsection (a) of this Section, upon a determination by the President that an

interest in land in the Commonwealth is needed for national defense purposes, the United States may take such an interest in land by eminent domain to the same extent and in the same manner as it can take an interest in land in eminent domain in a State of the Union. No interest in land taken pursuant to the preceding sentence will extend beyond nine months, at the end of which period the interest in land will revert to the original owner thereof, unless the United States shall have obtained an interest in such land under Section 80[3] or subsection (a) of this Section.

Section 80[5]. Except as otherwise provided in this Article, and notwithstanding the provisions of Article V, the Government of the Northern Mariana Islands will regulate the alienation of all public and private real property or interests in such property for the purpose of restricting acquisition of such property or interests to persons of Northern Mariana Islands ancestry and will regulate the extent to which land now classified as public land can be held by individuals.

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ARTICLE X

Approval, Effective Dates and Definitions

Section 1001.

(a) The Agreement will be promptly submitted to the Mariana Islands District Legislature for its approval. Within [120] days after its approval by the Mariana Islands District Legislature it will be submitted to the people of the Mariana Islands District for approval in a plebiscite to be called by the United States Secretary of the Interior. Approval must be by a majority of those voting in the plebiscite. All residents of the Mariana Islands who would be eligible to vote in elections in the Mariana Islands District if such elections were held on the day of the plebiscite shall be eligible to vote in the plebiscite. The results of the plebiscite shall be certified by the Secretary to the President of the United States.

(b) The Agreement will be approved by the United States in accordance with its Constitutional processes.

(c) The President of the United States will issue a proclamation announcing a date upon which the Commonwealth will be established, when he finds:

(1) That the Agreement has been approved as set forth in subsections (a) and (b); and

(2) That the people of the Mariana Islands District have adopted a Constitution pursuant to the Agreement; and

(3) That the Trusteeship Agreement has been terminated or will terminate on the date on which the Commonwealth will be established.

Section 1002. The provisions of this Agreement shall become effective as follows, unless otherwise specifically provided:

(a) Article II, Sections 201-203 [Local Constitution], Article V, Section 505 [Commission on Federal Laws]; and Article X [Approval, Effective Dates and Definitions] will become effective upon approval of this Agreement by the United States and the people of the Northern Mariana Islands.

(b) Article I, Section 102, 103 and 105 [Supremacy clause, self-government, mutual consent]; Article IV [U.S. Judicial Authority]; Article V, Sections 501-504 [Applicability of U.S. Constitution and Laws]; and Section 506 [TT Laws]; Articles VI [Taxes] and VII [Finance]; Article VIII, Section 802 and Section 805 [U.S. Land; Alienation]; and Article IX, Sections 901 and 902 [Resident Commissioner and Consultation] will become effective 180 days after this Agreement has been approved and the Constitution of the Northern Mariana Islands has been approved as determined and declared by the President.

(c) The remainder of this Agreement shall become effective upon the establishment of the Commonwealth of the Northern Mariana Islands.

Section 1003.

(a) The application of any law of the United States or provision of the United States Constitution which would other-



wise apply within the Northern Mariana Islands may be suspended until termination of the Trusteeship Agreement if the President finds and declares that the application of such law or provision of the United States Constitution prior to termination of the Trusteeship Agreement would be inconsistent with the Trusteeship Agreement.

(b) Any determination of the President that the Trusteeship Agreement is or will be terminated on a certain day will be final and will not be subject to review by any authority of [the Trust Territory of the Pacific Islands,] the Northern Mariana Islands or the United States, including the courts thereof.

Section 1004. The Constitution of the Commonwealth of the Northern Mariana Islands will become effective in accordance with its terms on the same day that the provisions of this Agreement specified in subsection (b) of Section 1002 become effective, provided that if the President finds and declares that the effectiveness of any provision of the Constitution prior to termination of the Trusteeship Agreement would be inconsistent with the Trusteeship Agreement such provision shall be ineffective until establishment of the Commonwealth. Upon the establishment of the Commonwealth as provided in Section 1001, the Constitution will become effective in its entirety in accordance with its terms, as the Constitution of the Commonwealth of the Northern Mariana Islands.

Section 1005. As used in this Agreement:

(a) "Trusteeship Agreement" means the Trusteeship Agreement entered into between the Security Council of the United Nations and the United States of America;

(b) "Northern Mariana Islands" means the area now known as the Mariana Islands District of the Trust Territory of the Pacific Islands, which lies within the area north or  $14^{\circ}$  north latitude, south of  $21^{\circ}$  north latitude, west of  $150^{\circ}$  east longitude and east of  $144^{\circ}$  east longitude;

(c) "Government of the Northern Mariana Islands" includes, as appropriate, the Government of the Mariana Islands District of the Trust Territory of the Pacific Islands at the time this Agreement is signed, its agencies and instrumentalities, and its successors, including the Government of the Commonwealth of the Northern Mariana Islands.

(d) "Territory or possession" with respect to the United States includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa and the Panama Canal Zone.