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Memorandum of Understanding

This Memorandum of Understanding is entered into by the Special Joint Committee on Marianas Separation of the Congress of Micronesia and the Ad Hoc Committee on Administration Contingency Planning for the Marianas Separation of the Mariana Islands District Legislature.

Whereas, the Mariana Islands District Legislature and the people of the Mariana Islands have approved the "Covenant To Establish A Commonwealth Of The Northern Mariana Islands In Political Union With The United States of America", which Covenant has been submitted to the Congress of the United States, and

Whereas, the Mariana Islands District Legislature has expressed its desire for the institution of a separate administration in the Mariana Islands prior to the initiation of constitutional government in the Mariana Islands,

Therefore, the parties have entered into the following agreements which shall serve as the basis for a proposal by the parties to the Secretary of the Interior that, in the event that the Secretary establishes a separate administration in the Mariana Islands prior to the institution of constitutional government, the secretarial orders establishing such separate administration incorporate the terms of this Memorandum. Both parties agree to use their best efforts to secure ratification of this Memorandum respectively, by the Congress of Micronesia and by the Mariana Islands District Legislature.

Article I

Land Use

Upon the initiation of separate administration in the Mariana Islands, title to lands presently used by the Government of the Trust Territory shall, under the terms of Secretarial Order No. 2969, vest in the Resident Commissioner or such other executive officer of the Government of the Mariana Islands as the Secretary shall designate. Such title shall be encumbered by the exclusive right of the Trust Territory Government to continue to occupy and use these lands until relocation of the capitol is completed. Such use by the Government of the Trust Territory shall be reasonable, and shall reflect the residual rights of the Government of the Mariana Islands. Any disputes arising from such use shall be resolved by the High Commissioner of the Trust Territory, and the Resident Commissioner, or other designated executive, of the Mariana Islands.

Article II

Applicability of Laws

The present capital of the Trust Territory of the Pacific Islands is located on Saipan in the Mariana Islands. Both parties support the request of the Congress of Micronesia for the provision of funds by the United States Congress for the establishment of a Micronesian capital outside the Marianas. It is agreed that the following provisions shall serve to delineate the respective authority of the Government of the Trust Territory and the Government of the Mariana Islands with respect to matters other than taxation prior to the relocation of the capital:

Section 1. Trust Territory Capital District.

Subject to the provisions of Sections 2 and 4 of this Article, the Government of the Mariana Islands shall exercise no governmental authority within the Trust Territory Capital District, as defined by Attachment A to this Memorandum. The Government of the Trust Territory shall prohibit the establishment of commercial operations in the Capital District, other than those reasonably incident to its governmental functions. Neither Government shall impair the right of ingress to or egress from the Capital District.

Section 2. Minimum Wage Laws.

Minimum wage laws enacted by the Government of the Mariana Islands shall not apply to employees of the Trust Territory Government. Such laws may apply to all other persons employed in the Mariana Islands regardless of where such persons are employed.

Section 3. General Legislative Authority.

The Government of the Mariana Islands shall exercise exclusive authority in the Mariana Islands excluding the Capital District subject to the rights of the Trust Territory Government under Article I of this Memorandum.

Section 4. Establishment of a Joint Commission.

There shall be established a Joint Commission, composed of representatives of the Trust Territory Government and the Government of the Mariana Islands. It shall be the responsibility of the Joint Commission to establish procedures which will facilitate the enforcement of criminal and civil laws by both Governments.

Article III

Apportionment of Funds Appropriated  
by the Congress of Micronesia for Fiscal Year 1976

Section 1. General Formula.

All funds appropriated by the Congress of Micronesia for the 1976 Fiscal Year, and allocated for expenditure in the Mariana Islands District shall, to the extent that they have not been so expended by March 31, 1976, be transferred to the Government of the Mariana Islands. All revenues presently accruing to the Congress of Micronesia from the Mariana Islands District shall continue to so accrue until March 31, 1976. Representatives of the Mariana Islands serving in the Congress of Micronesia shall resign on or before March 31, 1976.

Section 2. Student Loan Funds.

Loans made from the revolving loan fund established by Section of P.L. 6-26 to students residing in the Mariana Islands shall be repaid to the Government of the Mariana Islands. One sixth (1/6) of the money remaining in the fund as of March 31, 1976 shall be transferred to the Government of the Mariana Islands.

Section 3. Commercial Loan Funds.

All funds approved for disbursement to citizens of the Mariana Islands from the Production Development Loan Fund, the Marine Development Loan Fund and the Agricultural Development Loan Fund as of March 31, 1976 shall be so disbursed. After such disbursements have been made, all

outstanding loans to citizens of the Mariana Islands shall be repaid to the Government of the Mariana Islands. All monies from these funds which are uncommitted as of March 31, 1976, shall remain in the funds.

Section 4. Copra Stabilization Board; Copra Processing Authority.

Copra producers in the Mariana Islands shall have the option to continue to participate in the activities of the Copra Stabilization Board. So long as such participation continues, the Government of the Mariana Islands shall bear a proportionate share of appropriations necessary to sustain the operations of the Board.

Copra producers in the Mariana Islands shall have access to the facilities of the Copra Processing Authority on the same basis as producers from the remaining districts.

Article IV

Distribution of Funds Appropriated by the  
United States Congress for the  
Government of the Trust Territory

Section 1. General Formula.

All funds appropriated by the United States Congress for the Government of the Trust Territory which are specifically identified in the budget request submitted by the Government of the Trust Territory as funds to be expended in the Mariana Islands shall, subject to any reduction in requested level of funding by the United States Congress, be transferred by the Government of the Trust Territory to the Government of the Mariana Islands.

All funds appropriated by the United States Congress for the general operations of the Trust Territory Government shall remain with the Trust Territory Government. The Trust Territory Government shall continue to provide the same services in the Mariana Islands as it presently provides until the institution of constitutional government in the Mariana Islands.

Section 2. Economic Development Loan Funds.

All loans made to citizens of the Mariana Islands from the Economic Development Loan Funds appropriated by the United States Congress which are outstanding on the date on which separate administration of the Mariana Islands District is initiated shall be repayable to the Government of the Mariana Islands. A pro rata portion of the monies reserved from these funds for the purpose of guaranteeing loans made by private institutions shall be transferred to the Government of the Mariana Islands upon the initiation of separate administration. All other loans outstanding as of the date of separate administration shall be repayable to the Trust Territory Government. All monies appropriated by the United States Congress but unloaned as of the date of separate administration, and all further appropriations by the United States Congress for the Economic Development Loan Program shall remain with the Trust Territory Government.

Article V

Congressional Immunity

Members of the Congress of Micronesia shall be immune from

arrest, save for felony and from service of process at all times when they are present in the Mariana Islands as a result of their official duties. Members of the legislative body of the Mariana Islands shall enjoy the same immunity in the remaining districts of the Trust Territory.

Article VI

Free Movement of Goods

Goods from outside of the Trust Territory entering into any of the districts, including the present Mariana Islands District, but destined to be reshipped to any other district shall not be subject to any import tax levied by the district of initial entry, or any other district through which they are transhipped. No district, including the present Mariana Islands District shall levy any export tax or other restriction on goods destined for any of the remaining districts. No district, including the present Mariana Islands District shall levy any import tax on goods, the shipment of which originates in any of the remaining districts.

Article VII

Job Protection

No employee of the Trust Territory Government or of the Government of the Mariana Islands shall be denied continued employment on the basis of separate administration of the Mariana Islands.

Article VIII

Taxation