

JUN 3 1975

OPTIONAL FORM NO. 10  
MAY 1962 EDITION  
GSA GEN. REG. NO. 27

UNITED STATES GOVERNMENT

Department of the Treasury  
Washington, D.C.

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*Memorandum*  
Schmitz  
Capt

MVTrent  
Archer  
J. de Graffenried

TO : James F. Dring **Col Smith** DATE: June 2, 1975  
Director, Legislation and Regulations Div.

FROM : David S. Foster **DSF**  
Deputy International Tax Counsel

SUBJECT: Draft Tax Legislation for Northern Marianas Islands

The Department of the Interior has asked us to prepare draft legislation implementing the tax provisions of the "Covenant" between the Northern Marianas Islands (at the present time forming a part of the Trust Territory of the Pacific Islands) and the United States. The Northern Marianas Islands are scheduled to become a U.S. possession in the near future, once the Covenant has been approved by Congress and by a plebiscite in the Northern Marianas.

The taxation provisions of the Covenant (attached hereto) are contained in Article VI thereof. It appears that the only sections which require draft legislation at the present time are sections 601 and 602, which establish a "mirror" income tax system for the Northern Marianas and put limitations on the right of the Northern Marianas to give income tax rebates. Section 604 authorizes Congress to impose excise taxes on Northern Marianas products if it wishes, but until Congress makes known its intentions no legislation on this question needs to be drafted. Similarly, section 606 requires that amendments be made to the social security tax provisions of chapters 2 and 21 of the Code, but because of the substantial amendments which must also be made to the Social Security Act in order to implement section 606, it is assumed that the Department of Health, Education and Welfare will draft the necessary legislation.

It appears to us that three pieces of draft legislation must be prepared, reflecting the following rules in Article VI of the Covenant:

1. The rules in subsections (a) and (c) of section 601, imposing a "mirror" Code on the Northern Marianas Islands. These rules would not be included in the Code but would be part of a separate "organic act" approved by



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Congress. The draft legislation should follow closely section 31 of the Guam Organic Act, as amended [48 U.S.C. §1421i].

2. The rule in subsection (b) establishing a "collection district" system between the United States and the Northern Marianas. It is intended that the collection district system be a "three-cornered" one which would also embrace Guam. In this connection, you may wish to adapt the attached marked-up draft which was prepared by our office several months ago with respect to the Virgin Islands. In preparing the draft, the special rules applicable to Guam and the United States in section 7654 of the Code should not be extended to include the Northern Marianas. However, this portion of the draft would also require an amendment to section 931 to make that section inapplicable to individual citizens of the United States.

3. The rule in section 602 imposing limitations on income tax rebates which the Northern Marianas legislature can grant. This rule should be included as an amendment to the Code, similar to the limitations on the Virgin Islands rebate system in section 934 of the Code, and in general the draft should follow section 934. With respect to individuals, the draft should also contain the two further limitations with respect to federal employees, and source of gain or loss on the sale or exchange of securities, that are contained in section 934(c).

Attachment

cc: Mr. Adrian deGraffenried ✓ (w/o attachment)  
Department of the Interior  
Room 3356



Department of State

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TELEGRAM

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FOLLOWING REPEAT USUN 1851 ACTION SECSTATE INFO  
CINCPACREP GUAM 31 MAY.

QUOTE

LIMITED OFFICIAL USE USUN 1851

DEPT PLEASE PASS INTERIOR FOR DOTA AND OMSN

CINCPACREP FOR HICOM, STATUS LNO, AND PLEBISCITE COMMISSIONER

E.O. 11652: N/A

TAGS: PFOR UN TQ US

SUBJECT: TRUSTEESHIP COUNCIL: TTPI

1. IT IS INTERESTING TO NOTE THAT AT OPENING OF TRUSTEESHIP COUNCIL ON TTPI, MAY 27, PERMREPS OF BULGARIA, CUBA AND TANZANIA FOLLOWED PROCEEDINGS ATTENTIVELY. A BULGARIAN REP SAT IN ON SECOND DAY'S ACTIVITIES, JOINED BY FIJIAN PERMREP AND TWO MEMBERS OF HIS STAFF. CUBAN PERMREP REAPPEARED ON THIRD DAY OF HEARINGS.

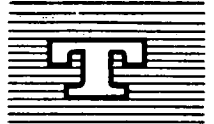
2. FIJIANS ATTENDED MEETINGS SPORADICALLY DURIN LAST TC SESSION ON TTPI. THEIR INTEREST AND THAT OF BULGARIANS, CUBANS AND TANZANIANS PRESUMABLY OCCASIONED BY THEIR MEMBERSHIP (TANZANIA  
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UNITED NATIONS  
TRUSTEESHIP  
COUNCIL

09  
STORAGE



Distr.  
GENERAL

T/PET.10/94  
2 June 1975

ORIGINAL: ENGLISH

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PETITION FROM MR. BALERIO U. PEDRO CONCERNING THE TRUST  
TERRITORY OF THE PACIFIC ISLANDS

(Circulated in accordance with rule 85, paragraph 1, of  
the rules of procedure of the Trusteeship Council)

23 May 1975

The President  
Trusteeship Council  
United Nations  
United Nations, N.Y., N.Y. 10017

Dear Mr. President:

I humbly request to make a statement before the honourable United Nations Trusteeship Council's summer session, 1975, regarding the petitions I have submitted to the Trusteeship Council, for compensation of Angaur phosphate mining claims.

I think this would be my last statement before the Council on behalf of the leaders and the people of Angaur Island, Palau, Caroline Islands of Micronesia.

I hope to hear from you soon.

Very respectfully yours,

(Signed) Balerio U. PEDRO

p.s. Attached is a memorandum on my authority as the representative of the Angaur people.

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Enclosure

Angaur Municipality  
Palau Islands  
Western Caroline Islands 96940

23 April 1975

TO: Honourable United Nations Trusteeship Council  
FROM: Angaur Municipal Council  
SUBJECT: Our Representative to the United Nations

We, the undersigned members of the Angaur Municipal Council, agree fully with the memorandum, dated 6 May 1970, of the Angaur Chiefs to appoint and authorize Balerio Uwes Pedro to work to get the fair and just compensations for mining Angaur phosphate deposits from 1909 to 1955. 1/

Signed by the following members of Angaur Municipal Council:

Kaiichi Delemel

Jiro Alfred

Rafael R

Joseph Antipas

Blau M.

Edward Saburo

/Illegible/

Attested by:

(Signed) Angaur Magistrate

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14571 (B)

(CABLE TV PLANNED FOR PALAU) 1975

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KOROR, JUNE 2 (MNS)---FOR THE FIRST TIME, THE PEOPLE OF PALAU CAN EXPECT TO BE WATCHING TELEVISION IN THEIR HOMES WITHIN THE NEXT FEW MONTHS, ACCORDING TO PALAU DISTRICT INFORMATION OFFICER DAVID NGIRMIDOL.

THE NEWLY CREATED CORPORATION CALLED MICRONESIAN NATIONAL COMMUNICATION NETWORK, LTD., (MNSN) WHICH IS OWNED BY FIVE PALAUANS WILL RUN AND OPERATE A CABLE TELEVISION IN PALAU.

FINAL AGREEMENT HAS BEEN REACHED WITH THE PALAU DISTRICT ADMINISTRATOR AND THE DISTRICT DIRECTOR OF PUBLIC WORKS, DAVID SHAY, OVER THE "PERPETUAL EASEMENT RIGHT IN CERTAIN STRIPS OF LAND ACROSS THE LENGTH AND BREADTH OF KOROR MUNICIPALITY, TO ERECT, MAINTAIN, REPAIR, REBUILD, OPERATE AND PATROL ALL ELECTRIC POWER TRANSMISSION LINE STRUCTURES, WIRES, CABLE, AND ANY NECESSARY APPURTENANCES."

HASHIDA KEBEKOL, SECRETARY OF MNSN SAID THAT THE MAIN LINES COULD BE INSTALLED WITHIN A MONTH AND IT IS SPECULATED THAT BY OCTOBER OF THIS YEAR THE STATION WILL GO ON THE AIR.

THE FACILITY WILL HAVE FIVE CHANNEL COLOR CAPABILITY WITH INITIAL PROGRAMMING WHICH INCLUDES FOUR AND HALF HOURS OF TELECASTING DAILY FROM 6 P.M. TO 10:30 P.M.

THE STATION WILL EMPHASIZE EDUCATIONAL AS WELL AS ENTERTAINMENT PROGRAMS. THE TV STATION WILL PROVIDE TELEVISION SETS AND WILL SERVICE AND REPAIR THEM AT A COST OF \$15 TO \$20 PER MONTH.

IT IS ANTICIPATED THAT 257 INDIVIDUAL HOUSES IN KOROR WILL RENT OR OWN TELEVISION SETS DURING THE FIRST YEAR AND THE NUMBER WILL INCREASE THEREAFTER. LONG RANGE PLANS INCLUDE EXTENSION OF THE TV SERVICES TO BABELTHUAP ISLAND.

THE OWNERS AND MEMBERS OF THE BOARD OF DIRECTORS OF THE MNSN ARE: HIGH CHIEF IBEDEL YUTAKA GIBBON, PRESIDENT; HARVEY KLOULUBAK, VICE-PRESIDENT; HASHIDA KEBEKOL, SECRETARY; MITSUO SOLANG, TREASURER AND JOHNSON TORIBIONG, CORPORATION ATTORNEY.

(ESCAP OFFICIALS VISITED SAIPAN)

SAIPAN, JUNE 2 (MNS)---TWO OFFICIALS OF THE ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC (ESCAP) WERE ON SAIPAN LAST WEEK MEETING WITH GOVERNMENT OFFICIALS AND MEMBERS OF THE CONGRESS OF MICRONESIA TO DISCUSS THE POSSIBILITY OF CLOSER TIES WITH ESCAP.

J. B. P. MARAMIS, ESCAP EXECUTIVE SECRETARY AND H. RUDY GONTHA, SPECIAL ASSISTANT, ARE TOURING THE SOUTH PACIFIC ISLANDS OF THE COOK ISLANDS, FIJI, TONGA, WESTERN SAMOA AND PAPUA-NEW GUINEA.

ACCORDING TO MARAMIS, THE TRUST TERRITORY WILL BE GETTING CONSULTANTS AND OTHER EXPERTISE ASSISTANCE FROM ESCAP WHO WILL WORK ON THE COMPREHENSIVE AND BALANCED DEVELOPMENTAL POLICY FOR MICRONESIA. DISCUSSIONS OF CLOSER AND MORE ACTIVE INVOLVEMENT OF ISLAND AREAS WITH ESCAP ACTIVITIES AND IDENTIFICATION OF AREAS IN WHICH ESCAP COULD BE OF ASSISTANCE IN THE ISLAND DEVELOPMENT TOOK PLACE WHILE MARAMIS WAS ON SAIPAN.

ESCAP IS A REGIONAL BODY OF THE UNITED NATIONS HEADQUARTERED IN BANGKOK, THAILAND.

THE TRUST TERRITORY IS AN ASSOCIATE MEMBER OF ESCAP WHICH HAS A TOTAL MEMBERSHIP OF 39 COUNTRIES. MARAMIS AND GONTHA LEFT SAIPAN FRIDAY, (MAY 30).

14572

(INCENTIVE AWARDS RECIPIENTS)

SAIPAN, JUNE 2 (MNS)---THREE EMPLOYEES OF THE TRUST TERRITORY GOVERNMENT RECEIVED INCENTIVE AWARDS FROM DEPUTY

HIGH COMMISSIONER PETER T. COLEMAN IN A SPECIAL CEREMONY AT HIS OFFICE ON FRIDAY, (MAY 2).

THEY ARE DANIEL OGOMURO, FRANCISCO B. MANIBUSAN AND JESUS TENORIO, ALL FROM SAIPAN.

THE THREE WERE SELECTED BY THE HEADQUARTERS INCENTIVE AWARDS COMMITTEE AS THE RECIPIENTS OF THIS YEAR'S AWARDS BECAUSE OF THEIR SUPERIOR PERFORMANCES IN THE GOVERNMENT.

OGOMURO, AN EQUIPMENT OPERATOR AT THE COMMUNICATIONS DIVISION, HAS PERFORMED MAJOR MECHANICAL REPAIRS, EXPERT ADJUSTMENTS AND REPLACEMENTS OF WORN OUT PARTS, WHICH REQUIRES A SKILLED MECHANIC.

AS A RESULT, THE WORK OF THE GROUND MAINTENANCE CREW FOR THE KAGMAN ANTENNA FIELD HAS BEEN ABLE TO CONTINUE WITHOUT INTERRUPTION.

IN VIEW OF HIS SUPERIOR PERFORMANCE, OGOMURO WAS AWARDED \$175 WITH A RECOMMENDATION BY THE INCENTIVE AWARDS COMMITTEE THAT THE DIVISION OF COMMUNICATIONS RE-EVALUATE HIS DUTIES AND RESPONSIBILITIES FOR A POSSIBLE RECLASSIFICATION.

THE OTHER RECIPIENTS WERE FRANCISCO B. MANIBUSAN AND JESUS TENORIO, ALSO FROM THE DIVISION OF COMMUNICATIONS. EACH RECEIVED \$150 IN RECOGNITION OF THEIR OUTSTANDING COMMUNICATIONS WORK. BOTH WORK AS MAINTENANCE MEN AT THE KAGMAN RELAY STATION.

ATTENDING THE PRESENTATION CEREMONY WERE, IN ADDITION TO DEPUTY HIGH COMMISSIONER COLEMAN, THE CHAIRMAN OF THE HEADQUARTERS INCENTIVE AWARDS COMMITTEE JONATHAN KOSHIBA AND THE CHIEF OF COMMUNICATIONS DIVISION, VICTORINO T. BORJA.

(CETA FUNDS MODIFICATION SUBMITTED)

SAIPAN, JUNE 2 (MMS)---A MODIFICATION OF THE FISCAL YEAR 1975 CETA FUNDS (COMPREHENSIVE EMPLOYMENT AND TRAINING ACT) TO ADD \$17,815 IN ACCORDANCE WITH U.S. PUBLIC LAW 93-203 HAS BEEN MADE, ACCORDING TO A RELEASE FROM THE OFFICE OF THE HIGH COMMISSIONER.

THE REVISED ENROLLMENT AND FUNDING ALLOCATIONS TOTALED \$348,000. THE BREAKDOWN IS AS FOLLOWS:

ENROLLMENT, CLASSROOM TRAINING, FROM 236 TO 404; ON THE JOB TRAINING, FROM 202 TO 31; WORK EXPERIENCE, 219 TO 224 FOR A TOTAL OF 659.

EXPENDITURES, CLASSROOM TRAINING, \$119,000 TO \$198,000; ON THE JOB TRAINING, FROM \$84,000 TO \$25,000; WORK EXPERIENCE, FROM \$94,000 TO \$115,000; SERVICE TO PARTICIPANTS, FROM \$33,000 TO \$10,000 FOR A TOTAL OF \$348,000.

REDUCED ENROLLMENT WILL ENABLE US TO CONCENTRATE ON FEWER PLANNED ENROLLEES FOR A LONGER PERIOD OF TIME. FY 1976 FUNDS WILL BE USED TO DEVELOP ADDITIONAL CLASSROOM TRAINING AND WORK EXPERIENCE FOR NEW PARTICIPANTS, ACCORDING TO A CETA SPOKESMAN.

THE GRANT MODIFICATION IS AVAILABLE FOR EXAMINATIONS AT THE HEADQUARTERS TRAINING DIVISION, DEPARTMENT OF PERSONNEL AND EACH DISTRICT PERSONNEL OFFICE ON REGULAR WORKING DAYS BETWEEN THE HOURS OF 7:30 - 4:30.

INTERESTED PARTIES MAY SUBMIT WRITTEN COMMENTS WITHIN 30 DAYS OF THIS PUBLICATION TO HONORABLE EDWARD E. JOHNSTON, HIGH COMMISSIONER, TRUST TERRITORY OF THE PACIFIC ISLANDS, SAIPAN, MARIANA ISLANDS, 96950 OR MR. WILLIAM J. HALTIGAN, ASSISTANT REGIONAL DIRECTOR FOR MANPOWER, U.S. DEPARTMENT OF LABOR, 450 GOLDEN GATE AVENUE, SAN FRANCISCO, CALIFORNIA 94102.