

OMNIBUS INSULAR AREAS ACT OF 1995

MARCH 5, 1996.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. YOUNG of Alaska, from the Committee on Resources,
submitted the following

R E P O R T

[To accompany H.R. 1332]

[Including cost estimate of the Congressional Budget Office]

The Committee on Resources, to whom was referred the bill (H.R. 1332) to establish certain policies and responsibilities with respect to the administration of the Rongelap Resettlement Trust Fund, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Omnibus Insular Areas Act of 1995”.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title.

TITLE I—RONGELAP

- Sec. 101. Short title.
- Sec. 102. Policy regarding assistance for resettlement of people of Rongelap.
- Sec. 103. Responsibilities relating to Rongelap Resettlement Trust Fund.
- Sec. 104. Trustee and other fund personnel.
- Sec. 105. Resettlement expenditures and activities.
- Sec. 106. Transfer of unexpended and unobligated funds.

TITLE II—AMERICAN SAMOA

- Sec. 201. Short title.
- Sec. 202. Findings.
- Sec. 203. Authorization of funding.
- Sec. 204. Establishment of trust.
- Sec. 205. Uses of trust funds.
- Sec. 206. Disbursement of trust funds.
- Sec. 207. Audits.
- Sec. 208. Audits by the United States.
- Sec. 209. Settlement of disputes.
- Sec. 210. Criminal violations.
- Sec. 211. Definitions.

TITLE III—COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Sec. 301. Termination of annual direct grant assistance.

TITLE IV—TERRITORIAL ADMINISTRATIVE CESSATION ACT

Sec. 401. Short title.

Sec. 402. Congressional findings.

Sec. 403. Elimination of Office of Territorial and International Affairs.

Sec. 404. Certain activities not funded.

TITLE I—RONGELAP

SEC. 101. SHORT TITLE.

This title may be cited as the “Rongelap Recovery and Community Self-Reliance Act”.

SEC. 102. POLICY REGARDING ASSISTANCE FOR RESETTLEMENT OF PEOPLE OF RONGELAP.

The purposes of this title are to improve the legal and policy framework for fulfillment of the objectives of section 103(i) of Public Law 99–239 (99 Stat. 1783) and to prescribe the manner in which the Rongelap Resettlement Trust Fund established pursuant to Public Law 102–154 (105 Stat. 1009) shall be administered in order to achieve the goal of early and safe resettlement of the people of Rongelap. The measures set forth in this title are appropriate and necessary in light of the results of scientific studies on the habitability of Rongelap conducted pursuant to section 103(i) of Public Law 99–239 and are intended to enable the people of Rongelap to exercise greater self-determination and local self-government, and to take control of their own destiny and become more self-reliant, through a resettlement program consistent with the wishes of the Rongelapese people themselves. United States assistance to the people of Rongelap for purposes of resettlement shall be as directed by Congress and will be completed upon determination by Congress that the United States has provided the total of its contribution to the rehabilitation of Rongelap Island and resettlement of the Rongelap people pursuant to section 103(i) of Public Law 99–239 and applicable provisions of Public Law 102–154. All such assistance shall be subject to the financial accountability provisions of this title and shall be provided within the framework of the government-to-government relationship between the Republic of the Marshall Islands and the United States as defined by the Compact of Free Association Act of 1985.

SEC. 103. RESPONSIBILITIES RELATING TO RONGELAP RESETTLEMENT TRUST FUND.

(a) SECRETARY OF THE INTERIOR.—

(1) TRANSFER OF FUNDS TO TRUSTEE OF RONGELAP RESETTLEMENT TRUST FUND.—Consistent with the Rongelap Resettlement Trust Fund agreement between the Department of the Interior, the Republic of the Marshall Islands, and the Rongelap Atoll Local Government, dated May 13, 1992, funds appropriated in any fiscal year for the purpose of increasing the corpus of the Rongelap Resettlement Trust Fund shall be transferred by the Secretary of the Interior to the trustee thereof, and the Department of the Interior shall be administratively responsible for effecting all such transfers of funds appropriated for this purpose as required by law.

(2) LIMITATION OF DEPARTMENT OF THE INTERIOR ACTIVITIES TO THOSE PROVIDED BY TRUST FUND AGREEMENT.—The activities of the Department of the Interior with respect to management of the Rongelap Resettlement Trust Fund shall be limited to those provided for in the trust fund agreement referred to in paragraph (1), as it may from time to time be amended.

(b) TRUSTEE.—

(1) DUTIES, OBLIGATIONS AND LEGAL RESPONSIBILITIES.—The duties, obligations and legal responsibilities of the trustee with respect to the Rongelap Resettlement Trust Fund shall be as set forth in the trust fund agreement referred to in subsection (a)(1), to which the United States, the Republic of the Marshall Islands and the Rongelap Atoll Local Government are parties with legal rights and powers to enforce the terms of the trust as set forth therein, and in applicable law.

(2) DISTRIBUTION OF FUNDS.—All funds contributed to the Rongelap Resettlement Trust Fund referred to in subsection (a) of this section shall be distributed by the trustee and used as determined by the Rongelap Atoll Local Government consistent with applicable provisions of this title, Public Law 102–154, and the resettlement plan submitted to the United States Congress on March 15, 1995, in accordance with Report 103–551 of the House of Representatives, and referred to in Rongelap Atoll Local Government Council Resolution No. 95–20.

(c) AUDITS.—

(1) **IN GENERAL.**—In addition, management or use of trust assets shall be subject to the authority of the Comptroller General of the United States to conduct financial audits of all trust transactions and activities, in the same manner as provided in section 110(c) of Public Law 99-239. The Inspector General of the Department of the Interior also shall be authorized to audit the use of Rongelap Resettlement Trust Fund assets.

(2) **NOTICE REGARDING USE OF FUNDS OUTSIDE SCOPE OF TRUST.**—If at any time it is determined by the cognizant audit authority that funds distributed by the trustee to the Rongelap Atoll Local Government have been used for purposes outside the statutory scope of the trust, such audit authority shall, at a time and in a manner which is lawful and does not interfere with any ongoing investigative process, law enforcement activity or other activities or operations required under applicable regulations and procedures, notify the chairman of the Committee on Energy and Natural Resources of the United States Senate, the chairman of the Committee on Resources of the United States House of Representatives, the Republic of the Marshall Islands, the Rongelap Atoll Local Government, and the trustee, of such determination so that the trustee and the parties to the trust agreement may exercise their legal rights and powers, including recovery of such funds.

(d) **RETENTION OF UNITED STATES AUTHORITY OVER TRUST FUND.**—The United States Congress shall retain its authority over the trust fund as set forth in the trust agreement referred to in subsection (a)(1) and applicable statutes, including Public Law 102-154.

SEC. 104. TRUSTEE AND OTHER FUND PERSONNEL.

(a) **TRUSTEE QUALIFICATIONS.**—The trustee of the Rongelap Resettlement Trust Fund shall be a qualified United States financial institution with considerable experience in the administration of similar trusts and which serves as the trustee manager or custodian of over \$1,000,000,000 in assets. If the trustee on the date of enactment of this Act does not meet the qualification criteria, a new trustee which does satisfy these requirements shall in due course be appointed subject to the procedures set forth in the trust fund agreement referred to in section 103(a).

(b) **INVESTMENT FUND MANAGERS AND ADVISERS AND CONSULTANTS.**—Investment fund managers and advisers or consultants designated by the Rongelap Atoll Local Government in accordance with the trust agreement to provide services in connection with management of the Rongelap Resettlement Trust Fund must be registered with the Securities and Exchange Commission and be in compliance with applicable provisions of the Investment Advisers Act of 1940 (15 U.S.C. 80b-1 et seq.)

SEC. 105. RESETTLEMENT EXPENDITURES AND ACTIVITIES.

(a) **ACTIVITIES.**—The Rongelap Atoll Local Government shall have the discretion, to the extent determined by the Rongelap Atoll Local Government Council acting within its lawful authority, to include in the resettlement program activities described in the Memorandum of Understanding of February 21, 1992, between the Department of the Interior, Department of Energy, the Republic of the Marshall Islands, and the Rongelap Atoll Local Government.

(b) USE OF ANNUAL INCOME.—

(1) **IN GENERAL.**—With respect to each fiscal year following the establishment of the Rongelap Resettlement Trust Fund pursuant to Public Law 102-154, the authority of the Rongelap Atoll Local Government and the trustee, within the statutory scope and purpose of the trust, shall include distribution of up to 50 percent of the annual income (interest and earnings) of the trust fund, but in no year more than \$500,000, increased in accordance with paragraph (2), to provide local government support and programs for the benefit of the people of Rongelap, including funding for food, shelter, medicine, infant care, sanitation, personal hygiene and other basic human needs arising from dislocation and adjustment during resettlement, as well as local government administrative and operations costs and expenses arising directly from or which are directly connected to the resettlement process.

(2) **ADJUSTMENT.**—The amount referred to in paragraph (1) shall be increased annually by the same proportion as the percentage increase in the United States Consumer Price Index For All Urban Consumers (published by the Bureau of Labor Statistics, Department of Labor) for the most recent year preceding the date on which the increase, if any, is calculated.

(c) AVAILABILITY OF ASSISTANCE FOR RESETTLEMENT IN THE MARSHALL ISLANDS OTHER THAN ON RONGELAP.—

(1) **GOAL OF RESETTLEMENT ON RONGELAP.**—The Congress supports the goal of enabling the entire Rongelap community to achieve resettlement in accord-

ance with Resolution Number 95–20 adopted by the Rongelap Atoll Local Government Council on March 9, 1995, consistent with the findings of scientific studies conducted pursuant to section 103(i) of Public Law 99–239 which indicate that agreed upon radiation exposure limits can be met at Rongelap Island if certain risk mitigation measures are taken.

(2) RESETTLEMENT ASSISTANCE.—(A) To ensure that members of the Rongelap community who do not choose to return to Rongelap in light of these scientific findings are able to end their dislocation and settle somewhere in the Marshall Islands, assistance for construction of family housing and other resettlement assistance may be provided to members of the Rongelap community who elect to settle at a location in the Marshall Islands other than Rongelap Atoll on the same basis as assistance provided for those who elect to return to Rongelap, subject to the authority and discretion of the Rongelap Atoll Local Government to determine the schedule, terms, specifications and scope of such assistance in the context of the overall community resettlement program at Rongelap Atoll, which shall remain the primary objective for management and use of trust fund assets.

(B) Assistance provided pursuant to subparagraph (A) to those who elect to resettle at a place other than Rongelap shall not include measures to be employed or benefits to be provided for those resettling at Rongelap Atoll for the purpose of mitigating risks posed by radiological conditions at Rongelap.

(C) Any Rongelapese person receiving assistance for resettlement at a location other than Rongelap Atoll pursuant to subparagraph (A) shall be ineligible for such assistance for the purposes of resettling again later at Rongelap Atoll. The preceding sentence shall cease to apply once all members of the Rongelap community, as defined and recognized by the Nuclear Claims Tribunal established pursuant to section 177 of the Compact of Free Association (as contained in Public Law 99–239), have received resettlement assistance at Rongelap or assistance on the same basis, except as provided in subparagraph (B), at another location of their choosing.

(3) SCOPE OF TRUST.—The assistance activities authorized in this section shall be deemed to be within the scope of the trust notwithstanding any provision of Public Law 102–154 to the contrary.

(d) FOOD IMPORTATION.—The trustee of the Rongelap Resettlement Trust Fund shall make no distribution from the corpus of the Trust which as a matter of prudent financial management in the judgment of the trustee would be inconsistent with the objective of ensuring that funds will be available for as long as the trust fund agreement referred to in section 103(a)(1) is in effect for the purpose of providing imported food and locally produced food which meets relevant health and safety standards in amounts sufficient to meet the nutritional needs of the Rongelap community residing at Rongelap Atoll.

SEC. 106. TRANSFER OF UNEXPENDED AND UNOBLIGATED FUNDS.

All funds appropriated pursuant to the authorization contained in section 103(i) of Public Law 99–239 for scientific radiological studies to determine the habitability of Rongelap Island in the Republic of the Marshall Islands, or which have been obligated for use by the “Rongelap Resettlement Project” to support such studies, which as of the date of enactment of this Act have not been expended shall be transferred to the Rongelap Atoll Local Government and expended only pursuant to a budget approved by the Rongelap Local Government Council and for activities consistent with the purposes for which such funds were appropriated, including scientific research and island rehabilitation measures connected to resettlement of Rongelap.

TITLE II—AMERICAN SAMOA

SEC. 201. SHORT TITLE.

This title may be cited as the “American Samoa Economic Development Act of 1995”.

SEC. 202. FINDINGS.

The Congress finds that—

(1) funding for the United States territory of American Samoa has been based on the joint resolution entitled “Joint Resolution to provide for accepting, ratifying, and confirming cessions of certain islands of the Samoan group to the United States, and for other purposes”, as amended (48 U.S.C. 1661), with commitments being made on a yearly basis;

(2) American Samoa is locally self-governing with a constitution of its own adoption and the direct election of the Governor since 1977;

(3) the territory of American Samoa has had difficulty in planning and implementing comprehensive and sustainable infrastructure based solely on annual ad hoc grants; and

(4) the territory of American Samoa and the United States would benefit from a multiyear funding commitment which promotes economic development and self-sufficiency and requires compliance with financial management accounting standards, the establishment of semiautonomous public utility authorities utilizing cost-recovery principles, and the phaseout of Federal subsidies for Government operations.

SEC. 203. AUTHORIZATION OF FUNDING.

(a) IN GENERAL.—There are authorized to be appropriated to the Secretary of the Interior for the Government of American Samoa \$34,500,000, backed by the full faith and credit of the United States, for each of fiscal years 1996 through 2005. Such amounts shall not be released to the Government of American Samoa if the conditions in this title are not met, and are subject to the limits specified in the table in subsection (b), to be used for—

- (1) construction of capital assets of American Samoa;
- (2) the operations of the Government of American Samoa; and
- (3) reduction of unbudgeted debt.

(b) TABLE OF MULTIYEAR FUNDING.—The table referred to in this subsection is as follows:

[In millions of dollars]

Fiscal year	Year #	Operations	Construction	Deficit reduction (100% match)	Total
1996	1	23.0	8.5	3.0	34.5
1997	2	23.0	8.5	3.0	34.5
1998	3	23.0	8.5	3.0	34.5
1999	4	21.0	10.5	3.0	34.5
2000	5	18.0	13.5	3.0	34.5
2001	6	15.0	19.5		34.5
2002	7	12.0	22.5		34.5
2003	8	9.0	25.5		34.5
2004	9	6.0	28.5		34.5
2005	10	3.0	31.5		34.5

SEC. 204. ESTABLISHMENT OF TRUST.

(a) IN GENERAL.—The Government of American Samoa shall establish a trust into which the amounts appropriated pursuant to section 203 are placed.

(b) TRUSTEE.—

(1) IN GENERAL.—A trustee to administer the trust established by this section shall be nominated by the Governor of American Samoa with concurrence of the Secretary of the Interior, and confirmed by both Houses of the Legislature of American Samoa pursuant to local law, and shall be a United States financial institution with considerable experience in the administration of similar trusts and which serves as the trustee manager or custodian of over \$1,000,000,000 in trust assets (hereafter in this title referred to as the “trustee”). The trustee shall not be the independent auditor required by section 207. The trustee shall be paid by the Government of American Samoa.

(2) REPLACEMENT.—The trustee may be terminated only by mutual agreement between the trustee and the Government of American Samoa, or at the end of its contract for services as trustee, or for good cause. Termination of a trustee for good cause must be recommended by the Governor of American Samoa and approved by both Houses of the Legislature of American Samoa.

(3) OTHER TERMS AND CONDITIONS.—The trustee shall be subject to such other conditions as the Government of American Samoa may provide under local law so long as such conditions do not conflict with Federal laws or regulations or with applicable trust fund agreement provisions governing administration of the trust.

(4) RESPONSIBILITY OF TRUSTEE.—A qualified trustee appointed under this title shall perform its duties subject to the governing law of the jurisdiction in which the principal office of the trustee is located. Administration of the trust

to achieve the objectives of this title shall be in accordance with a trust fund agreement between the Government of American Samoa and the trustee governing the trust. Such agreement shall provide that the trustee shall use reasonable and prudent care and reasonable and prudent due diligence in the exercise of the powers and the performance of the duties prescribed in this title and the trust agreement. The trust agreement may prescribe further the specific duties of the trustee, as well as those of other parties identified in this title, including audit authorities and the Government of American Samoa.

(5) LIABILITY.—

(A) IN GENERAL.—The trustee shall be liable for any release of funds which is not authorized by this title. Upon a determination of liability under this subsection, the trustee shall reimburse the United States Treasury in the amount of the unauthorized release of funds within 90 days of such determination.

(B) EXCEPTION.—The trustee shall not be liable for—

(i) any mistake or other action taken in good faith, or for any loss unless resulting from the trustee's own default, negligence, or bad faith; or

(ii) any act or omission mandated by law or by the process or final order of any court of appropriate jurisdiction.

(C) REIMBURSEMENT.—In the event the trustee is determined by a court to have acted in bad faith in breach of its duties under this title, the trustee shall reimburse the United States Treasury in the amount of any loss resulting therefrom.

(c) TRUST FUNDS.—

(1) DEPOSIT; INVESTMENT.—The trust funds shall be deposited in an account or accounts of a financial institution insured by the Federal Deposit Insurance Corporation pursuant to regulations and direction of the Department of the Treasury, and, to the extent such funds are available for investment, may be invested by the Government of American Samoa, or the trustee if so designated, in only federally insured accounts or issues of bonds, notes or other redeemable instruments of the Government of the United States.

(2) USE OF INTEREST AND DIVIDENDS.—Interest or dividends earned from investment of trust funds under paragraph (1) may be used for projects contained on the approved master plan of capital needs developed under section 205, or for the costs of managing the trust.

(3) AVAILABILITY AND USE OF FEDERAL FUNDS.—Federal funds made available for the purposes described in section 203(a)(1) may be used only on projects from the approved master plan of capital needs.

(d) REPORTS.—Within 90 days after the end of each fiscal year, the trustee shall submit an annual report to the chairmen and ranking minority members of the Committee on Energy and Natural Resources and the Committee on Appropriations of the United States Senate, the Committee on Resources and the Committee on Appropriations of the United States House of Representatives, the Government of American Samoa, the Comptroller General of the United States, and the Inspector General of the Department of the Interior. The report shall include at a minimum the financial statements of the account or accounts in which it holds trust funds pursuant to this title.

SEC. 205. USES OF TRUST FUNDS.

(a) CAPITAL NEEDS.—

(1) MASTER PLAN OF CAPITAL NEEDS.—No funds appropriated pursuant to this title shall be released by the trustee for construction of capital assets without the submission by the Government of American Samoa to the trustee of a master plan of capital needs that ranks projects in order of priority for at least five years. The master plan shall be approved by the Governor and passed by both Houses of the Legislature of American Samoa pursuant to such laws as the Government of American Samoa may enact. The master plan of capital needs may be amended at any time, but all amendments must be approved by the Governor and passed by both Houses of the Legislature of American Samoa. The plan shall include the capital needs of all the islands of American Samoa.

(2) FUNDS FOR CONSTRUCTION OF CAPITAL ASSETS.—Funds for the construction of capital assets shall be paid to the Government of American Samoa, the relevant semiautonomous agency, or a contractor only after approval by the trustee. The trustee shall approve the release of funds only for construction projects for a public purpose in the areas of communications, electrical power, water, waste water, disposal of solid waste, roads, schools, school transportation system, air, water and surface transportation, ports, harbors, storage and transpor-

tation facilities of fuels or other forms of energy, health, and construction of government-owned buildings. Funding made available for construction of capital assets may only be used for projects listed on the master plan of capital needs as set forth in this section. To the extent an appropriation is available, the projects contained on the master list with the highest priority are to be funded. Funding made available for construction of capital assets may only be used for projects which comply with the procurement requirements set forth in subtitle A of part 12, Code of Federal Regulations.

(3) **YOUTH FACILITIES.**—At least \$3,000,000 per year of any funding made available pursuant to section 203(a)(1) may only be used for the construction or repair of capital assets primarily available for the school-age residents of American Samoa, such as (but not limited to) school buildings, libraries on school premises and the books contained therein, and athletic facilities on school premises. Beginning with fiscal year 1997, these projects shall be incorporated into the master plan of capital needs required under paragraph (1). Facilities for the American Samoa Community College are included within the purview of this section. For fiscal year 1996, construction of the following is authorized: \$1,000,000 for a library for the American Samoa Community College; \$1,000,000 to expand the gymnasium at the American Samoa Community College; \$750,000 for a gymnasium for Samoana High School; \$100,000 for the renovation of the library, computer room, and toilet facilities at Fagaitua High School; \$50,000 for the renovation of the library, computer room and toilet facilities for Manu'a High School; \$50,000 for the renovation of the library and toilet facilities at Aua Elementary School; and \$50,000 for the renovation of the library and toilet facilities for Fitiuta, Faleasao, Ofu-Olosega, and Aunu'u Elementary Schools.

(4) **REQUIREMENT OF SEMIAUTONOMOUS AGENCIES.**—Beginning with fiscal year 1997, no funds for the construction of capital assets shall be released by the trustee in the areas of communications, electrical power, public health, transportation, water, and wastewater until there is established by local law semi-autonomous agencies of the Government of American Samoa for the category in which the funding is required.

(5) **MAINTENANCE PLAN.**—For fiscal years 1997 and all following years, ten percent of the estimated cost of each project shall not be released by the trustee for the construction of capital assets until the Government of American Samoa, or the appropriate semiautonomous agency if required, submits to the trustee a maintenance plan covering the anticipated life of the project and the maintenance of the project is initially funded. The maintenance plan shall include the estimated cost of maintaining and repairing the project and identify a source to fund the estimated maintenance and repairs for the anticipated life of the project. The initial funding for this maintenance plan shall be in the amount of five percent of the cost of the project. Federal funds made available for the purposes described in section 203(a)(1) may be used for the initial funding. Other Federal funds made available pursuant to this title may not be used for this purpose. Funds set aside pursuant to this paragraph may be used for the maintenance and repair of any capital asset within the purview of the government or the appropriate semiautonomous agency.

(b) **DEBT REDUCTION.**—Any funding made available pursuant to section 203(a)(3) used to reduce the unbudgeted debt of the Government of American Samoa must be matched, on a dollar for dollar basis, by funds provided by the Government of American Samoa or the relevant semiautonomous agency from revenue raised from non-Federal sources.

(c) **PROHIBITED USES OF FUNDS.**—Neither the funds appropriated pursuant to this title, nor any interest or dividends earned on those funds may be transferred to other accounts, or loaned to other accounts or agencies; nor may these funds, interest or dividends be used as collateral for loans made by the local government.

SEC. 206. DISBURSEMENT OF TRUST FUNDS.

(a) **OPERATIONS.**—Trust funds to be used for the operations of the Government of American Samoa shall be disbursed in equal amounts on a monthly basis, on the first business day of each month of the fiscal year. An extra drawdown may be made once each fiscal year in an amount not to exceed ten percent of the amounts appropriated for the fiscal year for the purposes of section 203(a)(2), and only for purposes caused by extreme or territorial emergencies deemed unforeseeable by the trustee.

(b) **CONSTRUCTION.**—Trust funds to be used for the construction of capital assets shall be released by the trustee—

(1) to the Government of American Samoa or the relevant semiautonomous agency, only upon completion of identifiable portions of the construction work

if the work is performed by employees of the Government of American Samoa or the relevant semiautonomous agency, or

(2) a bona fide contractor of the Government of American Samoa or relevant semiautonomous agency pursuant to the terms of a construction contract, on an invoice presented to the Government of American Samoa or the relevant semiautonomous agency and approved by appropriate officials of the Government of American Samoa or the relevant semiautonomous agency.

(c) DEBT REDUCTION.—Trust funds to be used for unbudgeted debt reduction made available under section 203(a)(3) shall be released by the trustee on submission by the Government of American Samoa or the relevant semiautonomous agency of proof of payment from non-Federal sources for debt reduction.

SEC. 207. AUDITS.

(a) IN GENERAL.—

(1) REQUIRED.—Beginning with fiscal year 1996, the Government of American Samoa must obtain, at its own expense, a comprehensive financial audit meeting the requirements of chapter 75 of title 31, United States Code, and subtitle A, part 12 of title 43, Code of Federal Regulations, which requires that an independent audit be made in accordance with generally accepted government auditing standards covering financial and compliance audits. The audit shall determine whether the financial statements of the American Samoa Government present fairly its financial position and the results of its financial operations in conformance with generally accepted accounting principles. The audit shall include the funds held in trust pursuant to this title.

(2) INDEPENDENT AUDITOR'S OPINION.—Beginning with fiscal year 2000, the audit required under this section must include all the requirements of paragraph (1) and an independent auditor's opinion that the financial statements of the Government of American Samoa present fairly, in all material respects, its financial position and the results of its financial operations, in conformance with generally accepted accounting principles.

(b) SUBMISSION OF AUDIT REPORT TO UNITED STATES.—Reports of audits required in this section along with the local government's corrective action plan to resolve any deficiencies reported shall be transmitted by the Governor of American Samoa to the chairmen and ranking members of the Committee on Energy and Natural Resources and the Committee on Appropriations of the United States Senate, the Committee on Resources and the Committee on Appropriations of the United States House of Representatives, the Comptroller General of the United States, and the Inspector General of the Department of the Interior within 180 days of the end of each fiscal year for which the United States provides funding under this title.

(c) FAILURE TO OBTAIN AUDIT.—In the event the Government of American Samoa does not obtain a qualifying audit within the time required by this section, the Inspector General of the Department of the Interior shall notify the appropriate Federal agencies and the trustee not to disburse additional funds available under section 203(a)(2) for the operations of the Government of American Samoa, or any unobligated funds available under section 203(a)(1) for the construction of capital assets, until such time as a qualifying audit is received and the previously reported deficiencies corrected and the report of that audit is forwarded as required by this section. Notwithstanding the preceding sentence, one emergency disbursement may be made per year under the provisions of section 206 of this title, even if a qualifying audit report is not obtained or the deficiencies identified by an audit have not been corrected.

SEC. 208. AUDITS BY THE UNITED STATES.

(a) IN GENERAL.—The Comptroller General of the United States and the Inspector General of the Department of the Interior shall have the authority to conduct audits of all funds of all branches and semiautonomous authorities of the Government of American Samoa. Nothing in this title shall be construed to restrict the authority of these or other Federal agencies to audit government funds as authorized by Federal law.

(b) CORRECTIVE ACTION.—Where appropriate, audit reports of the Comptroller General and the Inspector General shall include reasonable time limits on recommendations for corrective action. Such recommendations and the respective time limits may be amended from time to time as the audit authority deems appropriate. Deficiencies on which recommendations for corrective action are made shall be designated major or minor.

(c) AUDIT COMMENT.—The Government of American Samoa, and any relevant semiautonomous agency, shall be afforded the opportunity to comment on, and propose remedial action to, draft audit reports before they become final, and the com-

ments and proposed corrective action shall be published as part of the final audit report.

(d) OTHER LAWS.—The requirements of this section are in addition to any other Federal law governing financial audits of American Samoa.

(e) SUBMISSION OF REPORTS.—Audit reports prepared by the Comptroller General or the Inspector General shall be submitted to the chairmen and ranking members of the Committee on Energy and Natural Resources and the Committee on Appropriations of the United States Senate, the Committee on Resources and the Committee on Appropriations of the United States House of Representatives, the Government of American Samoa, and the trustee.

(f) FAILURE TO CORRECT DEFICIENCIES OF UNITED STATES AUDITORS.—If the cognizant audit authority determines that the Government of American Samoa has not corrected a major deficiency noted in audit reports submitted pursuant to subsection (b) within the time prescribed for that major deficiency, the cognizant audit authority shall notify the appropriate Federal agencies and the trustee not to disburse additional funds available under section 203(a)(2) for the operations of the Government of American Samoa, or any unobligated funds available under section 203(a)(1) for the construction of capital assets, until such time as the cognizant audit authority notifies the trustee and the appropriate Federal agencies that the major deficiency has been corrected, or disallowed costs have been recovered, whichever may be appropriate.

(g) NOTICE REGARDING USE OF FUNDS OUTSIDE SCOPE OF TRUST.—If at any time it is determined by the cognizant audit authority that funds distributed by the trustee to the Government of American Samoa have been used for purposes outside the statutory scope of the trust, such audit authority shall, at a time and in a manner which is lawful and does not interfere with any ongoing investigative process, law enforcement activity or other activities or operations required under applicable regulations and procedures, notify the chairman and ranking member of the Committee on Energy and Natural Resources of the United States Senate, the chairman and ranking member of the Committee on Resources of the United States House of Representatives, the Government of American Samoa, and the trustee, of such determination so that the trustee and the Government of American Samoa may exercise their legal rights and powers, including recovery of such funds.

SEC. 209. SETTLEMENT OF DISPUTES.

The High Court of American Samoa is authorized to resolve disputes which arise under this title pursuant to its rules of procedure.

SEC. 210. CRIMINAL VIOLATIONS.

Prosecution of violations of Federal or local criminal law which occur concerning funds appropriated pursuant to this title may be brought in local and Federal courts, as appropriate.

SEC. 211. DEFINITIONS.

As used in this title, the following definitions apply:

(1) The term “area of disbursement” means one of the three authorized purposes for which funds may be disbursed found at paragraphs (1) through (3) of section 203(a).

(2) The term “cognizant audit authority” means the Comptroller General of the United States, or the Inspector General of the Department of the Interior.

(3) The term “extreme or territorial emergencies” means serious situations or occurrences which happen unexpectedly and have a significant impact on the finances of the territory, including acts of God which cause severe disruption of public services such as transportation, medical services, and utility services.

(4) The term “master plan of capital needs” means a list of capital assets needed by the Government of American Samoa, including any semiautonomous agencies which may be created before or after the date of the enactment of this title, to provide for efficient and effective operation of the government. The master plan may be completed before or after the date of the enactment of this title, so long as it meets the requirements set forth in section 205.

(5) The term “semiautonomous agency” means an agency within the executive branch of the Government of American Samoa which has the following characteristics:

(A) The agency is created by local statute, either before or after the date of the enactment of this title.

(B) The agency is managed by a board of directors, the individual directors of which are nominated by the Governor of American Samoa and confirmed by the Legislature of American Samoa.

(C) The terms of the directors are staggered.

(D) The board of directors has control over the budget for that agency, although the entity may be funded in part by grants or loans from the Federal Government or the Government of American Samoa.

(E) The board of directors has the authority to set rates or fees collected by the agency for the service it provides, subject to local law.

(6) The term "unbudgeted debt" means debt incurred for a lawful purpose by the Government of American Samoa, or any of its agencies, departments, or offices, in fiscal years prior to fiscal year 1996, including debt which has been caused because more funds were spent than were lawfully appropriated for a particular budget item or because revenue for a budget item did not meet budgeted estimates.

TITLE III—COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

SEC. 301. TERMINATION OF ANNUAL DIRECT GRANT ASSISTANCE.

(a) **TERMINATION.**—Pursuant to section 704(d) of the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America (48 U.S.C. 1681 note), the annual payments under section 702 of the Covenant shall terminate as of September 30, 1995.

(b) **REPEAL.**—Sections 3 and 4 of the Act of March 24, 1976 (Public Law 94-241; 48 U.S.C. 1681 note), as amended, are repealed, effective October 1, 1995.

(c) **CONFORMING AMENDMENTS.**—Section 5 of such Act (48 U.S.C. 1681 note) is amended—

(1) by striking out "agreement identified in section 3 of this Act" and inserting in lieu thereof "Agreement of the Special Representatives on Future United States Financial Assistance for the Government of the Northern Mariana Islands, executed July 10, 1985, between the special representative of the President of the United States and the special representatives of the Governor of the Northern Mariana Islands"; and

(2) by striking out "Committee on Interior and Insular Affairs" and inserting in lieu thereof "Committee on Resources".

TITLE IV—TERRITORIAL ADMINISTRATIVE CESSATION ACT

SEC. 401. SHORT TITLE.

This title may be cited as the "Territorial Administrative Cessation Act".

SEC. 402. CONGRESSIONAL FINDINGS.

The Congress finds that—

(1) each of the four political subdivisions of the United Nations Trust Territory of the Pacific Islands, known as the Japanese Mandated Islands, have successfully entered into distinct self-governing entities, thereby culminating in the final termination of the Trusteeship and the end of the trusteeship responsibilities of the United States as administering authority of the Trust Territory on October 1, 1994;

(2) the United States territories have developed progressively increased local self-government over the past five decades;

(3) the territories predominantly deal directly with Federal agencies and departments, as a State would;

(4) the administering responsibilities of the Department of the Interior with respect to the insular areas has declined substantially during the past five decades; and

(5) Federal-territorial relations can be enhanced and Federal fiscal conditions improved by the elimination of unnecessary Federal bureaucracy.

SEC. 403. ELIMINATION OF OFFICE OF TERRITORIAL AND INTERNATIONAL AFFAIRS.

(a) **IN GENERAL.**—The Office of Territorial and International Affairs of the Department of the Interior, established pursuant to the Order of the Secretary of the Interior 3046, of February 14, 1980, as amended, is hereby abolished.

(b) **TERMINATION OF POSITION OF ASSISTANT SECRETARY.**—Section 5315 of title 5, United States Code, is amended by striking "Assistant Secretaries of the Interior (6)" and inserting "Assistant Secretaries of the Interior (5)".

(c) EFFECTIVE DATE.—Subsection (a) and the amendment made by subsection (b) shall take effect on the first day of the first fiscal year that begins after the date of the enactment of this Act.

SEC. 404. CERTAIN ACTIVITIES NOT FUNDED.

Amounts may not be made available for the following program activities for assistance to territories for fiscal years beginning after September 30, 1995, as identified under the appropriations account numbered 14-0412-0-1-808:

- (1) technical assistance, item 00.12;
- (2) maintenance assistance, item 00.14;
- (3) disaster fund, item 00.17; and
- (4) insular management controls, item 00.19.

PURPOSE OF THE BILL

The purpose of H.R. 1332 is to provide for increased self-government in the insular areas.

BACKGROUND AND NEED FOR LEGISLATION

RONGELAP RESETTLEMENT

In January 1986 Congress approved an overall settlement of claims arising from the U.S. nuclear testing program conducted in the Marshall Islands from 1946 to 1958 in Public Law 99-239). The question of resettlement of Rongelap Island was not resolved because it was reported to Congress in mid-1985 that the entire Rongelap community had decided to abandon their homeland due to uncertainty and concern about the risk to human health posed by residual radiological contamination. As a result, even though resettlement of Bikini and Eneertak was provided for by the United States under the settlement, the people of Rongelap remain a dislocated population.

However, due to the uncertainty and controversy surrounding the Rongelap resettlement issue, Congress did provide for “a complete survey of radiation and other effects of the nuclear testing program relating to the habitability of Rongelap Island” and authorized funds for an independent scientific team to survey and prepare a report “as to steps needed to restore the habitability of Rongelap Island”. This report would serve to establish the scientific basis for the U.S., in cooperation with the national government of the Republic of the Marshall Islands and the Rongelap Atoll Local Government, to take “such steps (if any) as are necessary to restore the habitability of Rongelap and return the Rongelap people to their homeland.”

In accordance with Section 103(i) of Public Law 99-239 and Section 5(5)(8) of Marshall Islands Nitijela Resolution No. 62 (N.D. 2), independent scientific studies of the habitability of Rongelap were conducted from 1992 to 1994. The studies concluded that without specific measures to mitigate risk of exposure to radiation Rongelap is not safe for human habitation under standards established in 1992 by agreement between the United States, the Marshall Islands and the Rongelap Atoll Local Government. The report did include recommended measures to mitigate risk to human health due to radiological contamination at Rongelap so that persons returning to resettle Rongelap could do so safely under the 1992 standards. These measures included removal of soil at housing and community building sites, potassium treatment of contaminated soil that is not

removed to block up-take of radiation in food chain, and importation of food to prevent exposure to radiation through reliance on local diet. The measures have been formally accepted by the U.S. Department of Energy, the U.S. Department of the Interior (DOI) and the National Academy of Science Committee on Radiological Safety in the Marshall Islands.

Based on these studies, Congress provided funds in fiscal year 1995 for Rongelap resettlement, including preparation of cost estimates and a resettlement plan (H. Rep. 103-551). Through DOI Rongelap contracted with the engineering firm that did the original resettlement plan in 1987. Instead of escalating the cost or even increasing estimates to keep up with inflation, Rongelap and the engineers embraced the discipline of current budgetary trends and modified the plan so that cost estimates came down from the 1987 figure of \$93.2 million to \$85.8 million.

On March 9, 1995, the Rongelap Atoll Local Government Council adopted Resolution 95-20, thereby formally adopting the official resettlement plan prepared in accordance with Section 103(j) of Public Law 99-239 and House of Representatives Report 103-551.

In furtherance of the Rongelap resettlement process, between 1992 and 1994, Congress made annual contributions through the DOI budget (totaling \$5.9 million) to the Rongelap Resettlement Trust Fund established under Public Law 102-154. In fiscal year 1995, Congress contributed an additional \$5 million to the resettlement trust fund through the budget of the Department of Defense. Total U.S. contributions to the trust fund are \$10.9 million.

The official resettlement plan for Rongelap will require \$85 million for full implementation. Resettlement will not be possible unless the U.S. makes a significant contribution to the resettlement trust fund so that a full resettlement program can be financed over a period of years. The engineering firm which prepared the Rongelap resettlement plan worked for the Atomic Energy Commission during the testing program, and has managed the logistics for Bikini resettlement. Based on that experience, the engineering experts estimate that Rongelap will need a minimum of \$60 million in the trust fund to commence the resettlement program. Since certain infrastructure projects would be required first, in addition to soil removal and potassium treatment of remaining soil, the Rongelap resettlement trust will have to be managed quite carefully to achieve resettlement working with an amount in the trust fund that is less than the full cost.

It is the desire and the intention of the United States Government, the Government of the Republic of the Marshall Islands and the Rongelap Atoll Local Government to provide a mechanism for the implementation of the Rongelap resettlement plan, and to bring about resettlement of the people of Rongelap in the Republic of the Marshall Islands consistent with the wishes of the community and its members. Subject to the terms of a Rongelap Resettlement Trust Fund Agreement between the United States, the Republic of the Marshall Islands and the Rongelap Atoll Local Government, it is appropriate at this time to enable the local government to carry out an island rehabilitation and population resettlement program for Rongelap and bring to completion the U.S. commitment to resettlement as set forth in Public Law 99-239.

AMERICAN SAMOA

American Samoa is an unorganized, unincorporated possession of the United States. Congress has plenary authority over all possessions pursuant to the "territories clause" of the U.S. Constitution [Art. 4, §3]. This authority was delegated to the President of the United States, who further delegated it to the Secretary of the Navy, and in 1951, to the Secretary of the Interior.

The main islands of American Samoa were ceded to the United States by two deeds of cession in 1900 and 1904. These deeds of cession were ratified by Congress in 1929. To this day, pursuant to a 1929 law (48 U.S.C. 1661) "all civil, judicial, and military powers" are vested in the President of the United States. The only reservation of this power granted by Congress to the President is that in 1983 congress prohibited any changes to the Constitution of American Samoa without an act of Congress.

American Samoa's society reflects both traditional values and Western influences. The traditional Samoan social structure is built around extended families, or aiga. Family members acknowledge allegiance to the island leadership hierarchy comprised of family leaders, or matai. Matai are responsible for the welfare of their respective aiga and play a central role in protecting and allocating family lands.

American Samoa's government is a constitutional democracy with executive, legislative and judicial branches. The executive branch consists of over 20 offices and departments providing services such as public safety, public works, education and health. The executive branch is headed by a governor popular elected to a four-year term. The legislature, or Fono, is comprised of 18 senators, 20 representatives, and one delegate. Senators are chosen by 12 local councils in accordance with Samoan custom (not by popular vote) and serve four-year terms. Representatives are elected by popular vote to represent 17 established districts and serve two-year terms. A non-voting delegate is elected to represent the people of the former Tokelau Atoll (initially called La Isla de le Gente Hermosa, by the Spanish explorer Pedro de Quiros, or Olohena in Tokelauan or Olosega Mamea in Samoan).

There never has been a specific authorization for meeting the needs of the residents of American Samoa other than a 1929 Joint Resolution of congress which accepted, ratified, and confirmed the cessions of the islands now known as American Samoa. The result of this relatively informal structure is that the Government of American Samoa has been funded on a yearly basis from discretionary funds, most recently within DOI.

The annual setting of a funding level of American Samoa has made it difficult for the elected leaders of American Samoa to plan systematic improvements. For example, to bring the generation and distribution systems for electrical power up to acceptable standards, the American Samoa Power Authority adopted a five-year modernization plan. Because the authority did not know from year to year if its modernization would receive Federal assistance, actual purchases of equipment had to be made one year at a time and discounts which would have been available to a purchaser with a secure source of funding were lost.

Congress has long recognized the benefits of multi-year funding for its developing territories and has provided funding similar in principle to the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia and the Republic of Palau.

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS (NMI)

The Northern Mariana Islands, previously part of the United States-administered Trust Territory of the Pacific Islands and now a U.S. territory, have received a generous stream of special grants from the Federal Government since NMI chose to come under U.S. sovereignty. The special grant authorization is contained in the 1976 law approving the NMI Covenant which provided the framework for the current Federal-territorial relationship. It appears the grants have produced the intended results as the Marianas now enjoy one of the highest standards of living in the Pacific.

NMI Governor Froilan Tenorio testified before the Subcommittee on Native American and Insular Affairs on January 31, 1995, that NMI no longer needs the funds and asked Congress to eliminate the special annual grant. The Governor stated:

I strongly think the time must come to end the annual Federal payment to the Northern Marian Islands. The Federal Government is not helping us by giving us this money. . . . In fact, Federal subsidies do us more harm than good because they perpetuate our dependence on the Federal Government and they come with too many Federal strings attached.

NMI still has yet to expend over \$80 million in accumulated special annual grant funds from current and prior years.

OFFICE OF TERRITORIAL AND INTERNATIONAL AFFAIRS

Congressman Elton Gallegly introduced legislation in the 103rd Congress to end the administration of territories from DOI. This would mirror an earlier precedent involving the unincorporated territory of Puerto Rico. By an Executive Memorandum issued by President John F. Kennedy in 1961, Puerto Rico ceased to be administered by DOI, having achieved a significant level of self-governance. Since that time, the other territories of American Samoa, Guam, the Northern Mariana Islands, and the Virgin Islands have also developed similar levels local self-governance. Congressman Gallegly reintroduced his measure in the 104th Congress (H.R. 1332).

In January 1995, the Clinton Administration finally agreed to end the administration of territories by announcing the closure of the Office of Territorial and International Affairs. Although the action was claimed to be a major example of reinventing government and cutting Federal costs, the Administration's proposal would save only \$1 million per year, in stark contrast to the \$120 million over seven years realized by H.R. 1332.

COMMITTEE ACTION

H.R. 1332, the Rongelap Recovery and Self-Reliance Act, was introduced on March 28, 1995, by Congressman Elton Gallegly and Delegate Eni Faleomavaega. H.R. 1306, American Samoa Economic Development Act, was introduced on March 23, 1995, by Delegate Faleomavaega and Congressman Gallegly. Both bills were referred to the Committee on Resources and within the Committee to the Subcommittee on Native American and Insular Affairs. In addition, Congressman Gallegly introduced H.R. 602, the Omnibus Territories Act, on January 20, 1995. The bill contained provisions terminating the DOI Office of Territorial and International Affairs and the annual special grant to NMI. H.R. 602 was referred to the Committees on Resources, Economic and Educational Opportunities, Judiciary, and Ways and Means. Within the Committee on Resources, the bill was referred to the Subcommittee on Native American and Insular Affairs.

On January 31, 1995, the Subcommittee on Native American and Insular Affairs held a hearing on H.R. 602, which would, among other things, end the position of the Assistant Secretary of the Interior for Territorial and International Affairs and certain technical assistance programs for the territories. The Administration testified the Assistant Secretary position would end and the Office of Territorial and International Affairs would be substantially downsized as part of the President's Reinventing Government initiative.

The Subcommittee on Native American and Insular Affairs held a hearing on March 29, 1995, to discuss H.R. 1306 and H.R. 1332. Representatives of the Marshall Islands and the Rongelap Community testified in support of the provisions regarding Rongelap. The Administration testified in support of measures for the rehabilitation and resettlement of Rongelap and economic development of American Samoa. However, the Administration (represented by DOI) was opposed to the elimination of DOI's role as administrator of funding for American Samoa, as provided by H.R. 1306.

On April 5, 1995, the Subcommittee met to mark up H.R. 1332. Congressman Gallegly offered an amendment in the nature of a substitute which included four titles: Rongelap Recovery and Community Self-Reliance Act from H.R. 1332, the American Samoa Economic Development Act from H.R. 1306, Commonwealth of the Northern Mariana Islands from H.R. 602, and the Territorial Administrative Cessation Act from H.R. 602. The amendment was adopted by roll call vote of 7-0 as follows:

SUBCOMMITTEE ON NATIVE AMERICAN AND INSULAR AFFAIRS

Date: April 5, 1995.

Bill Number: H.R. 1332.

Amendment or Matter voted on: Gallegly Amendment to H.R. 1332.

	Yea	Nea	Present		Yea	Nea	Present
Gallegly	X	.....	.....	Faleomavaega	X	.....	.....
Young .....	.....	.....	.....	Kildee	X	.....	.....
Gilcrest .....	.....	.....	.....	Williams .....	.....	.....	.....
Jones	X	.....	.....	Johnson	X	.....	.....

	Yea	Nea	Present		Yea	Nea	Present
Hastings	X	.....	.....	Romero-Barcello .....	.....	.....	.....
Matcalf .....	.....	.....	.....	Underwood	X	.....	.....
Longley .....	.....	.....	.....	

The bill as amended was then ordered favorably reported to the Full Committee in the presence of a quorum.

On May 17, 1995, the Full Resources Committee met to consider H.R. 1332. Congressman Gallegly offered an amendment in the nature of a substitute to address concerns raised by the Administration and others regarding the accountability of American Samoa for Federal funds which would be appropriated over a 10 year period. Title II, the American Samoa Economic Development Act, was modified to strengthen accountability standards and clarify mechanisms which will stop the flow of funds if an audit discrepancy determined by the Inspector General or General Accounting Office is not timely resolved. Congressman George Miller offered an amendment to the Gallegly amendment relating to the full faith and credit of the United States and the funding provided to American Samoa. The Miller amendment by defeated by voice vote. Delegate Underwood offered and withdrew an amendment to the Gallegly amendment relating to the cessation of Office of Territorial and Internal Affairs multi-year projects. Delegate Underwood offered a second amendment to the Gallegly amendment which restored annual funding to NMI. The amendment failed by voice vote. Delegate Faleomavaega offered an amendment to the Gallegly amendment. The amendment clarified that the specific amounts of Federal funds authorized to American Samoa during each year of the 10 year period of the Act shall not be released if the conditions in the Act are not met. The Faleomavaega amendment passed by voice vote. The Gallegly amendment in the nature of a substitute, as amended, passed by voice vote. On May 24, 1995, the bill as amended was ordered favorably reported to the House of Representatives, in the presence of a quorum, by the Committee on Resources.

SECTION-BY-SECTION ANALYSIS

Section 1. Short title; Table of contents

The short title of the bill is the “Omnibus Insular Areas Act of 1995”. This section also contains a table of contents.

TITLE I—RONGELAP

Section 101. Short title

The short title of this title is the “Rongelap Recovery and Community Self-Reliance Act”.

Section 102. Policy regarding assistance for resettlement of people of Rongelap

This section explains that the purpose of the bill is to accomplish resettlement consistent with U.S. commitments and provides that the extent of future funding for Rongelap resettlement is solely within the discretion of Congress.

Section 103. Responsibilities Relating to Rongelap resettlement trust fund

The section clarifies that the role of the Department of Interior in transferring funds appropriated by Congress to the Rongelap Resettlement Trust Fund is administrative in nature, and involves policy or oversight of trust management and the resettlement process only to the extent specifically required under the applicable legal instruments establishing the Rongelap Resettlement Trust Fund. Section 103 also provides for audit of trust fund activities by the Comptroller General and the Department of Interior Inspector General, and expressly reserves Congressional authority of the trust fund.

Section 104. Trustee and other fund personnel

This section sets forth certain requirements and qualifications for the trustee and those who might serve as fund managers and investment advisers to the Rongelap Atoll Local Government.

Section 105. Resettlement expenditures and activities

This section defines the scope of the trust and authorizes the use of up to 50 percent of certain components of the trust fund's annual earnings to meet basic human needs of the community and administrative expenses arising from the resettlement process. Annual earnings are defined in a way that allows the funds to grow and protects the corpus from inflation, even after the distribution authorized by this section.

Section 105 also recognizes that some members of the Rongelap community may not choose to return to reside permanently at Rongelap even if measures to mitigate risk are implemented, and authorizes appropriately limited resettlement assistance to those who elect to resettle elsewhere in the Marshall Islands. Such assistance is restricted to avoid "double-dipping".

Section 106. Transfer of unexpended and unobligated funds

Section 106 is a housekeeping measure which recognizes that the Rongelap Resettlement Project which managed the scientific studies required under Section 103(i) of Public Law 99-239 will be entering a new phase now that the Scientific Management Team is disbanding and the report on resettlement of Rongelap Island is complete. All funding which has been made available for scientific studies but not expended now properly should be transferred to the Rongelap Atoll Local Government for use consistent with the purpose for which such funds were appropriated, including on-going scientific research and radiological monitoring during resettlement.

TITLE II—AMERICAN SAMOA

Section 201. Short title

This section sets forth the short title of the title as the "American Samoa Economic Development Act of 1995".

Section 202. Findings

Section 202 details Congressional findings which recite the prior authorization for Federal assistance to American Samoa, the dif-

facilities in long-term planning if the next year's funding is not known, and the benefits to be derived from a multi-year source of funds.

Section 203. Authorization of funding

This section provides a ten-year authorization of \$34.5 million per year for the territory. The funding would be available for construction of capital assets, government operations and reduction of government debt. Debt reduction requires 100 percent matching by American Samoa. The funding would not be released by the U.S. Treasury Department unless the conditions of the bill are met.

Section 204. Establishment of trust

This section requires the Government of American Samoa to place the Federal funds disbursed pursuant to this title in a trust to be disbursed by a trustee. The trustee would be appointed and removed pursuant to local law, with the appointment subject to the concurrence of the U.S. Secretary of the Interior. The trustee is required to submit an annual report to Congress, DOI and the Government of American Samoa.

The requirement that the trustee be a financial institution with over \$1 billion in trust assets is intended to provide considerable security of the trust assets yet not be a requirement so burdensome as to eliminate competition. The Committee has researched the asset requirement included in the bill and believes it is a fair compromise between the two competing interests.

While the Committee trusts the Government of American Samoa to select a responsible trustee, concern was expressed that there should be some Federal review of the process through which the trustee is selected. It is felt that the concurrence of the Secretary of the Interior will ensure any trustee nominated by the Governor is responsible and meets the requirements of the law. The Committee recognizes that the Government of American Samoa may find it beneficial to establish a selection process, and set forth operating procedures pursuant to local law. Section 204 provides for that possibility.

Paragraph (b)(4) ensures that the trustee will comply with both laws of the state in which its principal office is located as well as all applicable laws in American Samoa.

Paragraph (b)(5) is intended to hold the trustee responsible for the disbursement of funds inconsistent with the terms of this bill. If it is determined that an illegal disbursement was made, the full amount of the disbursement must be paid to the U.S. Treasury. This serves to make the U.S. taxpayers whole again, and serves as a prospective disincentive to the trustee, as the amount of the penalty could exceed the trustee's fees for any given year. The good faith exception to the general rule of liability on the part of the trustee is intended to protect the trustee from liability based on actions required of the trustee by others.

The requirement in subsection (c) that the trust funds be deposited in an account or accounts in accordance with regulations of the Department of the Treasury is intended to ensure the Federal Government does not transmit funds to the Government of American Samoa until they are needed. Concern has been expressed that

without this provision, the Government of American Samoa would be entitled all funds for construction projects at the beginning of each fiscal year. Furthermore, because of the annual deficits under which the Federal Government is currently operating and the requirement the funds be placed in accounts or bonds, notes or other redeemable instruments backed by the full faith and credit of the United States, the Federal government could, in effect, be providing tens of millions of dollars to American Samoa, and paying interest on the money as well. This provision is intended to remove that possibility.

The requirement in subsection (c) that the Federal funds be deposited in an account or accounts of a financial institution which is insured by the Federal Deposit Insurance Corporation is intended to take advantage of other Federal laws which ensure the soundness of commercial depository institutions.

The requirement contained in subsection (d) that the trustee submit an annual report within 90 days of the end of each fiscal year, will assist American Samoa in preparing for its annual audit by an independent auditor, and will give Congress and the executive branch a "quick look" at how the Federal funds were disbursed during the prior fiscal year.

Section 205. Uses of trust funds

This section specifies the purposes for which trust funds could be used and the requirements to receive funds. The primary requirements for American Samoa to receive funds are that American Samoa must develop a master plan of capital needs, provide a maintenance plan for each project constructed, and establish semi-autonomous government agencies before it can receive construction funds. At least \$3 million per year of the construction money must be used for youth facilities.

The Committee notes that the Government of American Samoa has, with the assistance of DOI and the Army Corps of Engineers, developed an initial master plan of capital needs. The Committee understands that American Samoa may wish to further refine this plan as time goes on, but for purposes of this bill, the master plan as it exists, once passed by the local legislature, will meet the requirements of this legislation. No new master plan is required, and no Federal approval is required.

The requirement for the existence of semiautonomous agencies is intended to make the Government of American Samoa more efficient, and to assist the government in identifying areas of its operations which can and should be self-supporting. The success of the American Samoa Power Authority (ASPA) is noted and, in fact, ASPA was used as a model in setting forth the minimal requirements of the semiautonomous agencies required under this bill.

The Committee notes that the Government of American Samoa is not meeting the needs of the younger residents of the territory. As the education and development of the youth in the territory are considered fundamental requirements of operating a local government, the Committee has included a requirement that at least \$3 million per year be used for the construction or repair of capital assets primarily available for the school-age residents of American Samoa. For fiscal year 1996, illustrative projects are provided, with

the expectation that beginning with fiscal year 1997 the needs of territory's youth, including those attending the American Samoa Community College, will be included in the master plan of capital needs.

The Committee has been concerned that in American Samoa, as well as in the other insular areas, Federal funds are used to construct capital assets, but that these capital assets are not available to the residents of the territories for as long as they should be because the assets are not properly maintained. In years past, the Committee has supported the Operations, Maintenance and Improvement Program operated by the Office of Territories and International Affairs as a method of demonstrating to the territories the benefit of regular preventative maintenance programs. As Congress continues to tighten its belt in an effort to balance the Federal budget, the Committee believes this demonstration at Federal expense has served its purpose and it is now time for the territories to maintain the assets provided by U.S. taxpayers. To this end, this bill requires American Samoa to develop a maintenance plan for each capital asset that is constructed with funds appropriated pursuant to this authorization. Federal funds identified for the construction of capital assets may be used to initially fund this plan, but once the asset is placed in service and the initial funding is depleted, local funds must be used to repair and maintain it.

The Committee notes that while preliminary reports for fiscal year 1995 indicate that the executive branch of the Government of American Samoa is operating at or under budget, the Committee is concerned that prior years have not always been managed in such a prudent fashion, the result of which is a considerable debt owed by American Samoa to Federal agencies, private creditors and other local government funds. While there is considerable reluctance to assist American Samoa by "bailing it out" from a hole it dug for itself through inadequate management and financial controls, the Committee acknowledges American Samoa will find it very difficult to pay off its debt without some assistance. For this reason, and with the expectation that American Samoa has righted itself, the Committee has proposed a mechanism by which the Federal Government will, in effect, pay for one-half of this debt. The matching local funds need not be provided all at once, but rather, as American Samoa pays off old debt with funding from non-federal sources, it may receive a partial reimbursement after each payment is made.

The uses of funds prohibited in paragraph (c) are intended to ensure the Federal funds are not lost through misuse or diverted to other accounts and purposes.

Section 206. Disbursement of trust funds

Section 206 detail show trust funds will be disbursed: operations funding will be disbursed on a monthly basis, construction funds on proof that the work has been completed.

The purpose of this section is to provide for the orderly release of funds by the Federal Government. Section 207 sets forth certain financial requirements which must be met if American Samoa is to continue receiving Federal funding. Section 206 provides that even if these conditions are not met, the Government of American

Samoa may receive one disbursement not to exceed ten percent of the amount appropriated for that year for the operations of American Samoa if the territory experiences an extreme or territorial emergency deemed unforeseeable by the trustee.

Section 206 also establishes a procedure by which the funding for the construction of capital assets may be paid to the Government of American Samoa, and semiautonomous agencies of the Government of American Samoa, or a bona fide contractor of the Government, depending on the circumstances of each contractual commitment.

Paragraph (c) of Section 206 sets forth the procedure to be used for assisting American Samoa in paying down its unbudgeted debt incurred in fiscal years prior to 1995. Upon presentation to the trustee of proof that the government of American Samoa has made a payment from non-federal sources on debt incurred prior to fiscal year 1995, the trustee shall pay to American Samoa one-half of the amount paid by it. The total Federal expenditure in any fiscal year shall not exceed \$3 million. It is intended that these funds shall be made available in fiscal years 1996 through 2000, but that if any of the funds are not used in the year they become available, they shall remain available until expended, or until there is no additional qualifying debt to be paid, in which case the funds shall remain in the U.S. Treasury.

Section 207. Audits

Section 207 states the requirement that the Single Audit Act applies to these funds and requires that the audit be completed within 180 days from the end of each fiscal year. If American Samoa cannot obtain an audit report with an opinion within the allotted time, no additional Federal funds for the operation of the Government of American Samoa or unobligated construction money may be disbursed until a satisfactory audit report is submitted.

The accuracy of the financial accounting required by the bill increases after five years. For the first five fiscal years (1996–2000), the financial audit report shall contain an auditor's opinion, but the opinion may be qualified. For fiscal years 2001–2005, the requirement is that the opinion of the independent auditor must be unqualified, or what is known as a "clean opinion". Reports on which an independent auditor does not express an opinion or on which the opinion expressed is adverse do not meet the requirements of this legislation for any of the ten years. Audit reports are submitted to Congress and DOI.

The recitation of the Single Audit Act and Code of Federal Regulations is not intended to place any new audit requirements on American Samoa. The intent is simply to affirm that the requirements of the cited Federal laws and regulations apply to funds appropriated pursuant to this bill.

Paragraph (c) of Section 207 identifies the DOI Inspector General as the one who shall make the notification to the trustee not to release additional Federal funds if the audit requirements contained in the bill are not met.

Section 208. Audits by the United States

This section restates the authority of the Comptroller General and the DOI Inspector General to audit all funds of the Government of American Samoa, and other Federal agencies to audit the use of their funds. These are not new requirements. Federal auditors are given the authority to set time limits as to when the discrepancies should be corrected. The trustee must withhold future operations funding and unobligated construction funding if a major discrepancy is not corrected in the time prescribed by the audit authority. Each audit authority may amend the time it has prescribed for the correction of a major deficiency. The Committee expects that unless an administrative error was made, any amendments to time limits would be to extend the time limit rather than to shorten it. The trustee is held accountable for funds it disburses for purposes outside the scope of the bill.

The Committee is aware of the repeated statements in audit reports, and Federal reviews of the finances of the American Samoa Government, that part of the internal problem of financial management of American Samoa is that appropriate corrective action has not always been taken. The Committee is convinced that when given the responsibility to manage its own affairs, when coupled with advance notification that government leaders will be held accountable for their actions, the Government of American Samoa will properly manage its financial affairs. Section 208 is intended to give American Samoa that opportunity.

Section 209. Settlement of disputes

Section 209 gives the High Court of American Samoa jurisdiction to resolve disputes which arise pursuant to this title. This provision was included to ensure this bill would not be construed to exclude the High Court of American Samoa as a venue available for resolution of disputes which arise under the provisions of this bill. This bill is not intended to exclude the parties to any disputes which arise under the provisions of this bill from settling the disputes through non-judicial means available under the applicable Federal, state or territorial laws, nor is Section 209 intended to exclude as venues Federal courts which have jurisdiction under other Federal law and the U.S. Constitution.

Section 210. Criminal violations

This section restates existing authority that violations of Federal or local criminal law concerning funds appropriated pursuant to this title may be brought in local or Federal court, as appropriate.

Section 211. Definitions

This section defines several terms used in Title II.

TITLE III—COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Section 301. Termination of annual direct grant assistance

The annual special grant assistance to the Northern Mariana Islands is terminated as of September 30, 1995. Any amounts previously appropriated but not obligated as of the date of enactment may not be obligated.

TITLE IV—TERRITORIAL ADMINISTRATIVE CESSATION ACT

Section 401. Short title

The short title of this part is the “Territorial Administration Cessation Act.”

Section 402. Congressional findings

The Congressional findings highlight the recent end of the United Nations Trust Territory of the Pacific Islands and corresponding trusteeship responsibilities of the United States. In addition, the U.S. territories have developed progressively increased self-governance during the past five decades, and Federal-territorial relations can be enhanced and fiscal conditions improved by the elimination of unnecessary Federal bureaucracy.

Section 403. Elimination of office of territorial and international affairs

The Office of Territorial and International Affairs of the Department of the Interior, established by Secretarial Order in 1980, is eliminated. The position of Assistant Secretary for the Office is terminated by reducing the authorized number of assistant secretaries of the Interior from six to five. The provisions would take effective the first day of the first fiscal year following the date of enactment.

Section 404. Certain activities not funded

No further amounts may be expended for certain assistance programs for territories administered by Interior: technical and maintenance assistance, disaster fund, and insular management controls.

COMMITTEE OVERSIGHT FUNDINGS AND RECOMMENDATIONS

With respect to the requirements of clause 2(l)(3) of rule XI of the Rules of the House of Representatives, and clause 2(b)(1) of rule X of the Rules of the House of Representatives, the Committee on Resources’ oversight findings and recommendations are reflected in the body of this report.

INFLATIONARY IMPACT STATEMENT

Pursuant to clause 2(l)(4) of rule XI of the Rules of the House of Representatives, the Committee estimates that the enactment of H.R. 1332 will have no significant inflationary impact on prices and costs in the operation of the national economy.

COST OF THE LEGISLATION

Clause 7(a) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs which would be incurred in carrying out H.R. 1332. However, clause 7(d) of that Rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under Section 403 of the Congressional Budget Act of 1974.

COMPLIANCE WITH HOUSE RULE XI

1. With respect to the requirement of clause 2(l)(3)(B) of rule XI of the Rules of the House of Representatives and Section 308(a) of the Congressional Budget Act of 1974, H.R. 1332 does not contain any new budget authority, credit authority, or an increase or decrease in revenues or tax expenditures. The bill does increase mandatory spending.

2. With respect to the requirement of clause 2(l)(3)(D) of rule XI of the Rules of the House of Representatives, the Committee has received no report of oversight findings and recommendations from the Committee on Government Reform and Oversight on the subject of H.R. 1332.

3. With respect to the requirement of clause 2(l)(3)(C) of rule XI of the Rules of the House of Representatives and Section 403 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for H.R. 1332 from the Director of the Congressional Budget Office.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 16, 1995.

Hon. DON YOUNG,
*Chairman, Committee on Resources,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1332, the Omnibus Insular Areas Act of 1995. Because the bill would affect direct spending, pay-as-you-go procedures would apply.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

JAMES L. BLUM
(For June E. O'Neill, Director).

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: H.R. 1332.
2. Bill title: Omnibus Insular Areas Act of 1995.
3. Bill status: As ordered reported by the House Committee on Resources on May 24, 1995.

4. Bill purpose: H.R. 1332 contains the following four titles:

Title I, the Rongelap Recovery and Community Self-Reliance Act, would make several administrative changes to the Rongelap Resettlement Trust Fund.

Title II would provide spending authority of \$34.5 million for each of the fiscal years 1996 through 2005 for payments to American Samoa and would place conditions on the use of those funds.

Title III would terminate the guaranteed annual payments made by the United States to the Northern Mariana Islands.

Title IV, the Territorial Administrative Cessation Act, would eliminate the Office of Territorial and International Affairs (OTIA)

of the Department of the Interior, including certain assistance programs managed by that office.

5. Estimated cost to the Federal Government: Enacting H.R. 1332 would increase mandatory spending but would have no significant effect on discretionary spending, relative to current law. Total funding for activities covered by the bill would be \$34.5 million a year over the 1996–2000 period, compared to 1995 funding of \$76 million. The budgetary effects of the legislation are summarized below:

[By fiscal year, in millions of dollars]

	1995	1996	1997	1998	1999	2000
SPENDING SUBJECT TO APPROPRIATIONS ACTION						
Spending Under Current Law and Under H.R. 1332 ¹						
Budget Authority	48					
Estimated Outlays	49	19				
MANDATORY SPENDING						
Spending Under Current Law:						
Budget Authority	28	28	28	28	28	28
Estimated Outlays	5	17	29	41	28	28
Proposed Changes:						
Budget Authority		7	7	7	7	7
Estimated Outlays		18	24	19	13	4
Spending Under H.R. 1332:						
Budget Authority	28	35	35	35	35	35
Estimated Outlays	5	35	53	60	41	32

¹The 1995 budget authority is the amount appropriated for that year. The bill would eliminate the OTIA and change the funding for American Samoa from discretionary spending to mandatory spending. The proposed changes under the mandatory spending heading reflect this category change.

The costs of this bill fall within budget function 800.

6. Basis of Estimate: Authorizations of Appropriations. For fiscal year 1995, current law provides about \$19 million for the OTIA and certain small assistance programs managed by that office and about \$29 million for American Samoa (which is also administered by OTIA). H.R. 1332 would eliminate the OTIA and its related programs and change the funding for American Samoa from discretionary to mandatory. Current law provides no funding for these programs for fiscal years after 1995, and this bill would not authorize any appropriations for them.

There could be some increased costs to the Department of the Interior to assume the responsibilities of OTIA in administering the payment to American Samoa. However, CBO estimates that these costs would not be significant.

Direct Spending: Current law provides a guaranteed annual grant of about \$28 million to the Northern Mariana Islands. Beginning in fiscal year 1996 H.R. 1332 would terminate this grant and would guarantee an annual payment of \$34.5 million to American Samoa. Estimated outlays for these grants are based on the projected uses for the funds, such as for building construction and operations, and the anticipated rates of spending for these uses. CBO expects that funds for American Samoa would spend at a faster rate than those for the Northern Marianas, leading to higher outlays than under current law. In addition to the new direct spending for American Samoa, spending for the Northern Marianas would

continue through 1999 from budget authority provided in 1995 and prior years.

7. Pay-as-you-go considerations: Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts through 1998. Because this bill would affect direct spending, pay-as-you-go procedures would apply. These effects are summarized in the following table.

[By fiscal year, in millions of dollars]

	1995	1996	1997	1998
Change in outlays	0	18	24	19
Change in receipts	(¹)	(¹)	(¹)	(¹)

¹ Not applicable.

8. Estimated cost to State and local governments: None.

9. Estimate comparison: None.

10. Previous CBO estimate: None.

11. Estimate prepared by: Mark Grabowicz.

12. Estimate approved by: Robert A. Sunshine, for Paul N. Van de Water, Assistant Director for Budget Analysis.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC., February 29, 1996.

Hon. DON YOUNG,
*Chairman, Committee on Resources,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed intergovernmental mandates cost estimate for H.R. 1332, the Omnibus Insular Areas Act of 1995. CBO provided a federal cost estimate for this bill on June 16, 1995.

The bill would impose an intergovernmental mandate on the government of American Samoa, but the direct costs of complying with this mandate would not exceed the \$50 million threshold established in Public Law 104-4. The bill would impose no new private sector mandates.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

JUNE E. O'NEILL, *Director.*

CONGRESSIONAL BUDGET OFFICE ESTIMATED COST OF
INTERGOVERNMENTAL MANDATES

1. Bill number: H.R. 1332.
2. Bill title: Omnibus Insular Areas Act of 1995.
3. Bill status: As ordered reported by the House Committee on Resources on May 24, 1995.
4. Bill purpose: H.R. 1332 contains the following four titles:
Title I, the Rongelap Recovery and Community Self-Reliance Act, would make several administrative changes to the Rongelap Resettlement Trust Fund.

Title II would provide spending authority of \$34.5 million for each of the fiscal years 1996 through 2005 for federal payments to

American Samoa and would place conditions on the use of those funds.

Title III would terminate the guaranteed annual payments made by the United States to the Northern Mariana Islands.

Title IV, the Territorial Administrative Cessation Act, would eliminate the Office of Territorial and International Affairs (OTIA) of the Department of the Interior, including certain assistance programs managed by that office.

5. Intergovernmental mandates contained in bill: Title II of H.R. 1332 would require the government of American Samoa to obtain a comprehensive financial audit, beginning with fiscal year 1996. The bill would further require the American Samoan government to submit audit reports along with plans to resolve any deficiencies to various Congressional committees and federal agencies. These requirements would be mandated as defined in Public Law 104-4. That law defines state governments to include territories of the United States, including American Samoa and the Northern Mariana Islands.

6. Estimated direct costs to State, local, and tribal governments: (a) Is the \$50 Million Threshold Exceeded? No. (b) Total Direct Costs of Mandates: CBO estimates that this mandate would impose no significant direct costs on the government of American Samoa. (c) Estimate of Necessary Budget Authority: Not applicable.

7. Basis of estimate: This estimate is based on information provided by officials of the U.S. Department of the Interior.

CBO estimates that American Samoa will spend between \$500,000 and \$750,000 per year to obtain the audits required by this bill, but we also expect that they would incur these costs in the absence of this legislation. American Samoa is required to obtain a comprehensive financial audit under current law, and it is currently taking steps to comply with that requirement.

8. Appropriation or other Federal financial assistance provided in bill to cover mandate costs: While this bill authorizes payments from the federal government to American Samoa, it would specifically require that the audit be obtained at the territory's expense.

9. Other impacts on State, local, and tribal governments: H.R. 1332 would authorize guaranteed annual payments to American Samoa of \$34.5 million over fiscal years 1996 through 2005. The bill would also terminate existing authority for guaranteed annual payments of \$28 million to the Northern Mariana Islands.

10. Previous CBO estimate: None.

11. Estimate prepared by: Marjorie Miller.

12. Estimate approved by: Robert A. Sunshine, for Paul N. Van de Water, Assistant Director for Budget Analysis.

COMPLIANCE WITH PUBLIC LAW 104-4

1. The Congressional Budget Office (CBO) has identified in H.R. 1332 an intergovernmental mandate on the Government of American Samoa by requiring a comprehensive financial audit beginning in Fiscal Year 1997. The Committee on Resources disagrees with this assessment because the bill merely requires compliance with existing law.

2. According to CBO, the cost of the audit will be between \$500,000 and \$750,000 per year, although CBO also recognizes

that "American Samoa is required to obtain a comprehensive financial audit under current law and is currently taking steps to comply with that requirement." The benefit of the audit will be to ensure financial accountability for the \$34,500,000 in U.S. funds appropriated for American Samoa for each of Fiscal Years 1996 through 2005.

3. The mandate affects only the public sector (the Government of American Samoa).

4. Paying for the mandate will not affect the competitive balance between the Government of American Samoa and the private sector.

5. Section 203 of H.R. 1332 directs that \$34,500,000 be made available for each of Fiscal Years 1996 through 2005 for the Government of American Samoa. Funds under Section 203 may be used to fund the mandated audit, which is estimated to cost the Government of American Samoa between \$500,000 and \$750,000 per year.

6. The Committee intends that the audit mandate for American Samoa be entirely funded through appropriated funds.

7. If the audit mandate is funded, there is no need for a mechanism used to allocate funding among jurisdictions since funds will be provided directly to the Government of American Samoa and the Government will be responsible for conducting the audit.

8. Current appropriations to the Department of the Interior for the Government of American Samoa exist to cover the direct costs of the mandated audit.

9. H.R. 1332 is not intended to preempt any State, local, tribal law, or American Samoan law.

DEPARTMENTAL REPORTS

The Committee has received no departmental reports on H.R. 1332.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

ACT OF MARCH 24, 1976

JOINT RESOLUTION To approve the "Covenant To Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America", and for other purposes

* * * * *

[SEC. 3. Pursuant to section 701 of the foregoing Covenant, enactment of this section shall constitute a commitment and pledge of the full faith and credit of the United States for the payment of \$228 million at guaranteed annual amounts of direct grant assistance for the Government of the Northern Mariana Islands for an additional period of seven fiscal years after the expiration of the initial seven-year period specified in section 702 of said Covenant, which assistance shall be provided according to the schedule of

payments contained in the Agreement of the Special Representatives on Future United States Financial Assistance for the Government of the Northern Mariana Islands, executed July 10, 1985, between the special representative of the President of the United States and the special representatives of the Governor of the Northern Mariana Islands. The islands of Rota and Tinian shall each receive no less than a 1/8 share and the island of Saipan shall receive no less than a 1/4 share of annualized capital improvement project funds, which shall be no less than 80 per centum of the capital development funds identified in the schedule of payments in paragraph 2 of part II of the Agreement of the Special Representatives. Funds shall be granted according to such regulations as are applicable to such grants.

[SEC. 4. (a) Section 704(c) of the foregoing Covenant shall not apply to the Federal financial assistance which is provided to the Government of the Northern Mariana Islands pursuant to section 3 of this Act.

[(b) Upon the expiration of the period of Federal financial assistance which is provided to the Government of the Northern Mariana Islands pursuant to section 3 of this Act, payments of direct grant assistance shall continue at the annual level provided for the last fiscal year of the additional period of seven fiscal years until Congress otherwise provides by law.]

SEC. 5. Should the Secretary of the Interior believe that the performance standards of the [agreement identified in section 3 of this Act] *Agreement of the Special Representatives on Future United States Financial Assistance for the Government of the Northern Mariana Islands, executed July 10, 1985, between the special representative of the President of the United States and the special representatives of the Governor of the Northern Mariana Islands* are not being met, he shall notify the Government of the Northern Mariana Islands in writing with the intent to resolve such issue in a mutually agreeable and expeditious manner and notify the Committee on [Interior and Insular Affairs] *Resources* of the House of Representatives and the Committee on Energy and Natural Resources of the Senate. Should the issue not be resolved within thirty days after the notification is received by the Government of the Northern Mariana Islands, the Secretary of the Interior may request authority from Congress to withhold payment of an appropriate amount of the operations funds identified in the schedule of payments in paragraph 2 of part II of the Agreement of the Special Representatives for a period of less than one year but no funds shall be withheld except by Act of Congress:

* * * * *

SECTION 5315 OF TITLE 5, UNITED STATES CODE

* * * * *

§ 5315. Positions at level IV

Level IV of the Executive Schedule applies to the following positions, for which the annual rate of basic pay shall be the rate de-

terminated with respect to such level under chapter 11 of title 2, as adjusted by section 5318 of this title:

Deputy Administrator of General Services.

Associate Administrator of the National Aeronautics and Space Administration.

Assistnt Administrators, Agency for International Development (6).

* * * * *

Assistant Secretaries of the Interior [(6)] (5).

* * * * *

