

AMERICAN SAMOA DEVELOPMENT ACT OF 1997

MARCH 20, 1997.—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

REPORT

[To accompany H.R. 757]

[Including cost estimate of the Congressional Budget Office]

The Committee on Resources, to whom was referred the bill (H.R. 757) to develop the economy of Samoa, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment (stated in terms of the page and line number of the introduced bill) is as follows:

On page 2, line 11, strike “shall” and insert “may”.

PURPOSE OF THE BILL

The purpose of H.R. 757 is to develop the economy of Samoa.

BACKGROUND AND NEED FOR LEGISLATION

American Samoa is an unorganized, unincorporated territory of the United States. The five easternmost islands of the Samoan archipelago and the southernmost island of the Tokelau chain constitute what was previously named Eastern Samoa and is today called American Samoa. Some 55,000 people reside in the islands, predominantly all Samoans, including many relatives from the western Samoan islands of the separate sovereign nation of Western Samoa.

The United States Congress has plenary authority over all possessions, which includes the territory of American Samoa, pursuant to the “territorial clause” of the U.S. Constitution, Article IV, Section 3, Clause 2. In 1929, Congress delegated this authority for the islands of eastern Samoa to the President of the United States, who as Commander-in-Chief, had administered the easternmost is-

lands of the Samoa archipelago through a continuous Naval presence since 1900. United States Naval contact with Samoa began as early as 1839. While the President initially delegated this authority to the Secretary of the Navy, in 1951 the Secretary of the Interior assumed responsibility for the islands.

The existing Secretarial Order provides for self-governance of American Samoa under a republican form of government pursuant to a locally-adopted constitution. However, unlike the local constitutional governments of the United States territories of Puerto Rico and the Northern Mariana Islands, federal law requires Congressional approval of any changes to the American Samoa Constitution. In 1977 the voters of American Samoa began to elect the Governor in place of a Presidentially-appointed one. Since 1981, American Samoa has been represented in Congress by a delegate in the House of Representatives.

American Samoa's economy is driven mainly by two tuna canneries, one garment manufacturing plant and the local government. The two tuna canning plants have provided stable employment for the past 30 years. However, there is increasing concern in American Samoa that businesses operating in the territory will no longer be competitive with other countries which have lower wages, fewer environmental restrictions and a better geographic position. Such economic concerns are largely based on recent U.S. and international changes in trade and tax policies, principally the reduction in tariffs under North American Free Trade Agreement and the General Agreement on Tariffs and Trade, and the repeal of the possessions tax credit (Section 936 of the Internal Revenue Code), which are accentuated given that American Samoa is outside of the United States customs territory. The tuna operations employ one-third of the labor force, and with derivative businesses account for over one-half of the economic activity in the territory.

The world economy is rapidly changing and American Samoa does not have the technical expertise to develop a comprehensive approach to guide its economy through this period of transition. H.R. 757 would establish a short-term, unpaid Presidential commission to temporarily bring together the expertise of individuals experienced in tax and trade policy and economic development who would analyze the territory's current economic condition and provide recommendations to Congress and the leaders in Samoa.

The goal of H.R. 757 is for the private-public Commission to formulate timely and effective fiscal, trade, and economic models to be used to increase the diversity and size of the Samoan economy. Recommendations of the Commission for private sector led development in the territory require private sector input, while considering Samoa's unique historical and cultural characteristics, geographical location, infrastructure, natural resources of the land and the surrounding oceans, and the political, social, and legal relations with nearby Pacific islands.

The Commission will examine the benefits of including American Samoa in the United States customs territory, and thereby in the existing North American Free Trade Agreement, which only includes the U.S. territory of Puerto Rico. In addition, the Commission will examine the benefits of including American Samoa in any future Asia-Pacific free trade agreement. As part of the examina-

tion of American Samoa as part of existing and prospective free trade agreements, the Commission will focus on possible trade and economic models in which American Samoa is the focal point of joint economic activities with adjacent island areas: Western Samoa, Tonga, Niue, the Cook Islands and Tokelau.

The Commission will be comprised of six members appointed by the President. Three of the Members shall be from nominations from the Governor of American Samoa and the Secretary of the Interior. Members of the Commission will serve without compensation. While the American Samoa Development Act commission is non-paid, funding for any logistical and administrative support by the Department of the Interior comes from ongoing territorial technical assistance. There is no requirement to reimburse members of the Commission for travel and other expenses.

A report with recommendations of the Commission are to be submitted to the President and the Congressional committees of jurisdiction no later than June 30, 1999. The Commission terminates three months after the transmission of the report and recommendations.

The Commission provided for in H.R. 757 is similar to the provision which was the subject of a Committee on Resources hearing and became Section 8 of H.R. 1332, which passed the House in the 104th Congress by a vote of 398 to 5. The Senate adjourned before acting on the legislation in the 104th Congress. In addition, H.R. 757 is nearly identical to Section 11 of S. 210 of the current Congress. The Senate Committee on Energy and Natural Resources held a hearing on S. 210 on February 6, 1997, where the Administration testified in support of the goals of the legislation but preferred they be accomplished at the discretion of the Secretary of the Interior under existing authority, instead of being directed in law by Congress.

COMMITTEE ACTION

H.R. 757 was introduced on February 13, 1997, by Congressman Eni F.H. Faleomavaega (D-AS). The bill was referred to the Committee on Resources. On March 12, 1997, the Full Resources Committee met to consider H.R. 757. Congressman Faleomavaega offered a technical amendment regarding the authorization for Members of the Commission to be reimbursed for expenses incurred related to their work on the Commission was changed from "shall" to "may" be reimbursed for travel, subsistence and other necessary expenses incurred by them in performance of their duties of the Commission. The amendment was adopted by voice vote. The bill, as amended, was then ordered favorably reported to the House of Representatives by voice vote.

COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

With respect to the requirements of clause 2(1)(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.

FEDERAL ADVISORY COMMITTEE STATEMENT

The functions of the proposed advisory committee authorized in H.R. 757 are not currently being nor could they be performed by one or more agencies, an advisory committee already in existence or by enlarging the mandate of an existing advisory committee.

CONSTITUTIONAL AUTHORITY STATEMENT

Article I, section 8, and Article IV, section 3 of the Constitution of the United States grants Congress the authority to enact H.R. 757.

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. 757. 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. 757 does not contain any new budget authority, spending authority, credit authority, or an increase or decrease in revenues or tax expenditures.

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. 757.

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. 757 from the Director of the Congressional Budget Office.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, March 19, 1997.

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. 757, the American Samoa Development Act of 1997.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Kristen Layman.

Sincerely,

JUNE E. O'NEILL, *Director.*

Enclosure.

H.R. 757—American Samoa Development Act of 1997

CBO estimates that implementing H.R. 757 would cost the federal government \$600,000 over fiscal years 1997 through 1999, assuming that the amounts authorized by the bill are made available. H.R. 757 would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply. This bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act of 1995 and would not have a significant impact on the budgets of state, local, or tribal governments.

H.R. 757 would create a six-member commission to make recommendations to the President and the Congress on policies necessary to provide a secure local economy in American Samoa through 2020. The bill would require the commission to submit a report to the President, the Senate Committee on Energy and Natural Resources, and the House Committee on Resources no later than June 30, 1999. The report would include the recommendations of the commission, an analysis of the capability of American Samoa to meet projected needs, projections of the need for direct or indirect federal assistance for operations or infrastructure, and a historical overview of American Samoa and its relationship to the United States. The commission would terminate three months after the submission of the report.

In addition to the direct costs of the commission at the authorized level of \$600,000, implementing H.R. 757 could result in further costs if other federal agencies detail employees to the commission. Any such additional costs are not likely to be significant.

The CBO staff contact for this estimate is Kristen Layman. This estimate was approved by Paul N. Van de Water, Assistant Director for Budget Analysis.

COMPLIANCE WITH PUBLIC LAW 104-4

H.R. 757 contains no unfunded mandates.

CHANGES IN EXISTING LAW

If enacted, H.R. 757 would make no changes in existing law.

