BRIEFING PAPERS

NATIONAL GOVERNOR'S ASSSOCIATION

WINTER MEETING
FEBRUARY 26-28, 1989

Prepared by: Bureau of Planning
February 1989

NGA Briefing Papers - Winter 1989

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National Governors' Association

Winter Meeting

The American states have met the economic and social challenges of the 1980s with creativity, resilience, and pragmatism. A broad-based, bipartisan consensus has taken shape around a practical, results-oriented approach to governing. But now a new century and a quickly emerging international economy present an entirely new set of obstacles and demands, testing the resolve and capacity of state government. Trade and federal budget deficits further complicate the picture.

What direction to take, what choices to make, what resources to develop will be among the important issues facing the nation's Governors when they convene in Washington, D.C., February 26-28 for the National Governors' Association's 1989 Winter Meeting. As chairman of the association, I urge you to attend this important meeting of the chief executives of America's states and territories. The meeting will center on this year's initiative, AMERICA IN TRANSITION: THE INTERNATIONAL FRONTIER, and will continue the association's work with the new administration and Congress.

The AMERICA IN TRANSITION initiative advances on two fronts. Looking BEYOND OUR BORDERS the states will examine how best to improve international education and compete in international markets. BEYOND OUR BORDERS will be the emphasis on Sunday, February 26.

On the second front—WITHIN OUR BORDERS—the states will explore domestic markets and the investments needed to make U.S. business and workers more productive. WITHIN OUR BORDERS will be the focus of sessions on Monday, February 27.

The American states have a vital stake in the policies of the Congress and the new administration. How the states can expand world trading ties while helping communities, bolstering families, and increasing individual economic opportunity will be the first order of business as the Governors sit down with the new President, officials of his administration, and the leadership of the House and Senate. The critical issues to be discussed include transportation, education, environmental protection, child care, worker retraining, energy, crime and corrections, science and technology, research and development, and the federal budget deficit.

America is in transition. And never has it been more important that levels of government unite to meet the challenge. I hope you will join us for this timely meeting

Sincerely,

Gerald L. Baliles
Governor of Virginia
NGA Chairman

MEETING PROGRAM

SATURDAY, FEBRUARY 25, 1989

1:00 p.m. - 1:30 p.m.	Opening Press Conference

SUNDAY, FEBRUARY 26, 1989
BEYOND OUR BORDERS

What are the challenges of the international economy and how can Americans compete in the global marketplace? BEYOND OUR BORDERS will look at these issues. Through task forces and NGA's standing committees, the Governors will discuss how to create new foreign markets—and regain America's position in the international marketplace; how to use international education to help Americans know and understand their customers in the world marketplace; and how to use U.S. research and technology to tap new markets throughout the world—and offer the United States unprecedented opportunity.

Sunday's sessions will focus on these and other critical issues.

11:15 a.m. - 12:45 p.m.	NGA Executive Committee and Standing Committee Chairs
1:00 p.m. - 2:45 p.m.	Special Session—BEYOND OUR BORDERS*
3:00 p.m. - 4:30 p.m.	Committee on Agriculture and Rural Development Governor George A. Sinner, North Dakota, chairman Committee on International Trade and Foreign Relations Governor Booth Gardner, Washington, chairman Committee on Justice and Public Safety Governor Michael N. Castle, Delaware, chairman
4:45 p.m. - 5:45 p.m.	Time Available for Meetings of Regional Governors' Organizations
6:00 p.m. - 7:00 p.m.	Reception for Meeting Attendees
Evening	Evening with President and Mrs. Bush *(tentative)* *Governors and Spouses Only*

*Open to all Governors

MONDAY, FEBRUARY 27, 1989
WITHIN OUR BORDERS

What are the keystones of U.S. domestic policy? WITHIN OUR BORDERS will begin by discussing the most critical target for ensuring the future—our children. Second, we will look at how we can regain American markets by directing our resources to improving our infrastructure. Both are essential to our future economic health. NGA task forces and standing committees will examine how to regain American markets, how to compete more effectively by improving our infrastructure so we can move goods from place to place, and how to ensure the future by investing in our children.

Monday's sessions will focus on these and other critical issues.

8:30 a.m. – 10:00 a.m.	Committee on Economic Development and Technological Innovation Governor Edward D. DiPrete, Rhode Island, chairman Committee on Energy and Environment Governor Madeleine M. Kunin, Vermont, chair
10:30 a.m. – 11:30 a.m.	Meeting with President Bush *(tentative)* *Governors Only*
10:30 a.m. – 11:30 a.m.	Work Session for Governors' Staff Assistants
12:15 p.m. – 1:30 p.m.	Governors-only Luncheon
12:15 p.m. – 1:30 p.m.	Luncheon Work Sessions for Governors' Staff Assistants and Press Aides
1:45 p.m. – 3:15 p.m.	Special Session—WITHIN OUR BORDERS*
3:30 p.m. – 5:00 p.m.	Committee on Human Resources Governor Richard F. Celeste, Ohio, chairman Committee on Transportation, Commerce, and Communications Governor Kay A. Orr, Nebraska, chair
5:15 p.m. – 6:15 p.m.	NGA Center Board of Advisors

***Open to all Governors**

TUESDAY, FEBRUARY 28, 1989

8:00 a.m. – 9:15 a.m.	Breakfast Meetings of the Democratic Governors' Association and the Republican Governors Association
9:30 a.m. – 12 Noon	Plenary Session—AMERICA IN TRANSITION: THE INTERNATIONAL FRONTIER
12:15 p.m. – 12:45 p.m.	Closing Press Conference
1:00 p.m. – 4:00 p.m.	Governors' Meetings with Congressional Leadership

GENERAL INFORMATION

The nation's Governors will convene in Washington, D.C., February 26-28, for the National Governors' Association 1989 Winter Meeting. The meeting will be held at the Hyatt Regency Washington on Capitol Hill, 400 New Jersey Avenue, N.W.

Attendance at the NGA winter meeting is by invitation. All attendees, including representatives of the media, must register for the meeting and for housing accommodations by completing the attached registration and housing form. For logistical or program information, call NGA at 202/624-5300. Media inquiries should be directed to NGA's Office of Public Affairs, at 202/624-5330. For information about ancillary meetings, contact the individual organizations directly.

REGISTRATION PROCEDURES

The attached form should be used to register for the meeting and for housing. Completed forms, along with applicable registration fee, should be mailed to the NGA Registration Center at the address indicated on the form no later than **February 3, 1989.** Registration or housing requests will not be taken over the telephone or by the hotel directly.

A separate registration form must be completed for **each** meeting attendee. **The NGA registration center will not accept reproductions or photocopies of original registration forms.** If additional forms are needed, call NGA at 202/624-5300.

Registration Fees. The applicable registration fee must accompany your completed registration form. **Forms received without the registration fee will not be processed.** Checks (payable to the National Governors' Association), credit cards, vouchers, or the equivalent, may be used to pay registration fees. NGA accepts only VISA, MasterCard or Choice credit cards. **NGA does not accept the American Express card for payment of registration fees.**

Registration fees, minus a $20.00 handling fee, will be refunded provided **written notice of cancellation is postmarked and mailed to the NGA Registration Center no later than February 15, 1989.** No refunds will be made for cancellations after that date.

HOTEL ACCOMMODATIONS

Hotel accommodations will be available at the Hyatt Regency Washington on Capitol Hill. A block of rooms at special rates has been reserved for meeting attendees. **The Registration Center will make hotel reservations based on completed registration forms. The hotel will not accept reservations directly from meeting attendees.** Accommodations will be reserved on a first-received basis. Reservations will be confirmed directly by the hotel. Requests for rooms received after February 3, 1989, will be filled as space is available. Individuals are responsible for their own hotel charges. If direct billing is desired, contact the credit manager at the Hyatt Regency at 202/737-1234.

TRANSPORTATION

Meeting attendees are responsible for individual travel arrangements to and from Washington, as well as ground transportation during their stay.

REGISTRATION AND CREDENTIALS

Registration materials and credentials will be available at the NGA Registration Desk, located in the Escalator Lobby on the lower level of the Hyatt Regency. Media representatives can obtain credentials and press materials at the NGA Press

COMMITTEE ON AGRICULTURE AND RURAL DEVELOPMENT

RURAL DEVELOPMENT INITIATIVES (RDI)

Rural Development Initiatives (RDI) were established to assist the development and improve the economic health of small towns which were losing economic opportunities, or developing at a slower rate than their metropolitan counterparts.

The USDA rural development initiatives are designed to facilitate the exchange of information at all levels so that each good idea, each available resource and each successful project can be shared and used by other rural areas. The RDI helps provide a range of options and oportunities available to America's small towns searching for economic relief. The RDI although not complete, does provide a list of rural development resources available. Under the direction of the Deputy secretary and the Office of the Under Secretary for Small Community and Rural Development, the Department (USDA) launched its Six-Point Rural Regeneration Initiative for FY 87-88.

Although Guam is in complete agreement and supports the Department's six point rural regeneration initiative plan, Guam is not a Rural Community, and probably can not benefit from this program. Unlike the Hawaiian Islands which has a total land mass of approximately 6,424 square miles and distinct urban and rural areas, Guam is a small community (212 square miles) with a combination of both urban and rural type activities and development. The Commonwealth of the Northern Mariana Islands is similar to Hawaii in that it also has distinct rural and urban areas, with Saipan acting as the urban area and the other islands of the CNMI acting as rural areas, isolated from the urban.

Guam develops its own special initiatives in order to promote rural type economic development and to meet other special needs of rural type areas. These are handled through master plans, community design plans, and/or legislation, which provides for the development and upgrade of infrastructure for the island as a whole. There is no separation of urban-rural areas by distance or geographical barriers (ocean, etc.). Rural activities can be found in both small scale (i.e. backyard garden plots), and large scale commercial type farming ventures (greater than one acre), throughout the island of Guam, and the access to urban opportunities is unhindered.

COMMITTEE ON INTERNATIONAL TRADE

&

FOREIGN RELATIONS

Textile Legislation:

Overview:
The Textile and Apparel Trade Bill of 1987 is a protectionist legislation which initially included provisions for limiting the amount of textiles that insular areas can import into the U.S. mainland and which defined products manufactured on Guam, CNMI, and American Samoa as "foreign". This proposed provision, however, was not passed by Congress.

At present, Guam is afforded the ability to have sweaters manufactured on Guam to enter the U.S. Customs Zone duty free through Headnote 3(a) of the Tariff Schedules. The Courts however have held that Congress has not provided Guam with relief from quotas and has held it is a function of the federal Executive Branch to establish quotas. Currently Guam's textiles are allowed to enter the U.S. through a Hong Kong visa waiver. This waiver permits 160,000 dozen sweaters made on Guam to enter the U.S. under Hong Kong as the country of origin without affecting Hong Kong's quota. This arrangement is a result of the Multi-Fibre Agreement of 1974 that was renegotiated in July 1985.

Laws and regulations which treat Guam and other American Flag Territories as "foreign" negatively impact on the islands' manufacturing industries. Specifically, they negatively impact the labor market and overall economies of the developing noncontiguous territories.

Recommended Action:
Guam should seek NGA's support opposing any policy which would limit its ability to export the goods it manufactures into the United States. Such a policy would be in keeping with NGA's policy position with respect to supporting free trade with Canada.

Guam should also seek NGA's support of Article 5 of the draft Commonwealth Act. Article 5 would allow goods manufactured on Guam to be treated as domestic by the U.S. and be free from quotas, duties and other restrictions when they enter the U.S. Custom's Zone, while at the same time providing the United States the same considerations with respect to U.S. goods imported into Guam.

Headnote 3(a): Textiles, Watch Manufacturing and Other Manufacturing Industies:

Overview:
Guam is accorded trade preference with the United States by General Headnote 3(a) of the Tariff Schedules of the United States. Headnote 3(a) allows Guam to export its manufactured goods duty-free into the Customs Territory of the United States where at least fifty percent of the value of the good has been added in Guam. If the materials used to produce the eligible article are not wholly the product or manufacture of Guam, the product must undergo a "substantial transformation" into a new and different article of commerce.

In the case of the garment industry, the definition of "substantial transformation" is ambiguous and requires individual rulings to determine whether the process constitutes a substantial transformation. Guam has been granted a "waiver of visa" under Hong Kong's quota to allow 160,000 dozen sweaters to be shipped into the U.S. In the case of the watch industry, Guam has a total annual quota of 1 million watches and watch movements. Guam's sole watch producer, however, has only been given an annual quota of 500,000 units.

The changes to Headnote 3(a) and the ambiguity of the regulation negatively impact Guam's trade relations with the U.S. The quotas placed on its manufacturing industries adversely affect employment.

Because of the quota restrictions, prospective firms have been withdrawing their plans for locating on Guam.

Recommended Action:
Guam should seek NGA's support of Article 5 of the draft Commonwealth Act which provides for no duties, quotas or tarriffs on goods shipped between Guam and the United States.

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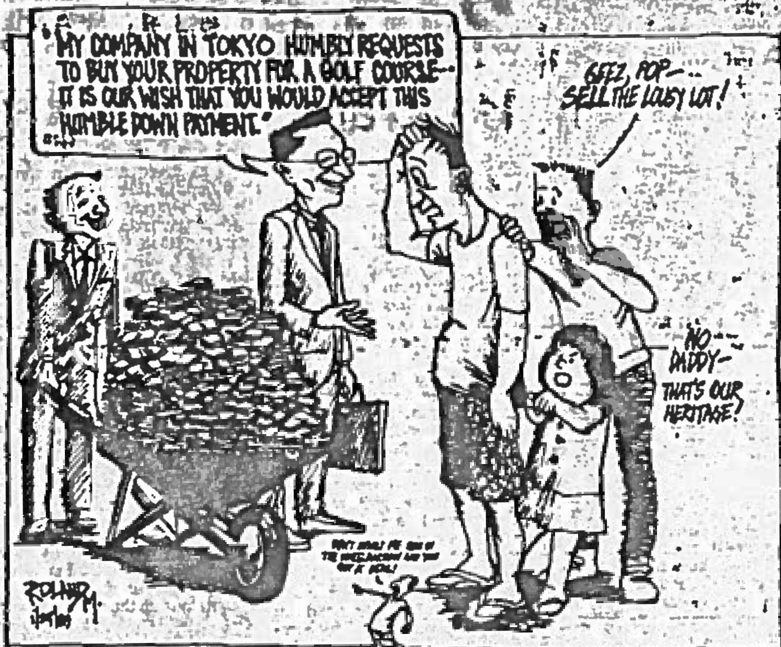

Don't mess with my land

Pipe Dreams
Joe Murphy

I would be furious if I worked hard to pay for a new car and then a few years later, the governor told me that I couldn't sell it.

In my culture the same thing applies to land. I bought land here in good faith, without restrictions, working 10 long years to acquire it, paying out big bucks, sacrificing many things to do so. To be told at a later point I couldn't sell it to anybody offering enough money would be tantamount to confiscation.

I recognize fully that some cultures, particularly rural ones, place other values on land. They want to pass it along to their children to ensure that the children will always be able to farm and eat.

At the same time I recognize that there is a vital difference between land on a small island such as Guam, or land on the U.S. mainland. Land is already in tight supply here. The U.S. government owns 30 percent of the land. GovGuam owns about the same acreage. Vast hunks of our land, particularly in the mountains in the south may be uninhabitable.

I know what Gov. Joe Ada is trying to say, and he is probably right. Unfortunately he himself sold off a piece of his land to foreign interests, and now this makes him look like a hypocrite. Do as I say, not as I do.

There are strong concerns that the Japanese particularly, buoyed by the soaring yen, could buy up much of Guam, and then somehow control the island s politics through this gambit. Of course it would be much better if landowners could use their land as collateral, buying into the businesses that will be put on that land. It would also be better to lease the land than sell it outright. Jo'nt ventures sound very good.

What we really need is a monitoring system on Guam and in the entire United States. Nobody really knows the extent of the problem. How much land have the Japanese, the Chinese, the Koreans or the mainlanders bought? Nobody knows because we don't monitor that. We must.

Twenty-five years ago there was little land sold on Guam. It had very little value because nobody had any money and there were no outsiders coming in.

Yes, monitor land sales and report them. Yes, try to get into joint ventures, using land as capital. Yes, try to lease land instead of selling it. This is a have, have-not issue. Those people who have no land, perhaps comprising half the island, would like to see outsiders excluded so the prices can be brought down so they can acquire land. Those who have land are going to reject this idea with every means at their disposal, including the U.S. Constitution.

Protecting us from ourselves

By VINCENT A. LEON GUERRERO

For years our civic and economic leaders have spent untold sums of money to attract businesses to invest in our island. So it is rather difficult to rationalize the argument that we should now put a stop to the massive development of our island. That is not to say that we cannot still develop some sort of strategy that encourages a stronger participation of our landowners in any development activity.

With the weakened U.S. dollar, foreign investors continue to storm our shores. These investors do not share the same ideology as with those in earlier times. This new breed seems to view investment options abroad in comparison to the options at home. In this context one can appreciate why they are willing to pay above the going rate for parcels of land. Land values in their countries are out of reach to most. More of their countrymen are traveling abroad, and there is money to be made as a result. As more of our lands fall into the hands of foreign investors with their limitless resources, locals may soon be pressured out of the market due to increased land values. This is not what we had envisioned in our efforts to attract new monies to the island.

What to do now is not a simple task. Can our leadership put a halt to this phenomenon without alienating local landowners who may be able to reap financial gains at levels never dreamed of? The temptation of becoming instant mil-

Opposing view

lionaires may outweigh the prudent thing to do. Whose responsibility is it to protect us from ourselves anyway? In the short term, legislation may be necessary to deal with the issue.

In the long haul, I feel that the answer to these questions lies with our commonwealth, since actions taken through legislative action now will not protect us from future actions by another legislature. The foundations laid within the framework of a constitution can provide protection from the influences of external pressures to change legislation in favor of investors. Meanwhile, I favor the introduction of legislative remedies that would revamp our Territorial Planning Commission to limit the degree that it is able to change land use restrictions without question. I also believe that requiring social and environmental impact studies on large land purchases, tied to major development schemes may mitigate trends. Our penchant for giving away tax exemptions, rebates and such other gifts should cease. The island's economy is no longer fragile as in our early days.

Obviously, as growth pressures continue to mount, emotions will run high on both sides of the equation. What is needed is continued dialogue between our leaders and residents. The task won't be easy, but it is a subject that we cannot afford to neglect.

Vincent A. Leon Guerrero is chief of staff for Sen. Elizabeth P. Arriola.

Stop stifling development

By TONY ARTERO

As a real estate broker and a realtor I see this issue as having two very strong opposing views of capitalist and environmentalist.

Meeting both concerns on development is a reality in many places. We can do the same on Guam. But first, we need to address above all, the fundamentally wrong "military land takeover and land use restrictions" that almost all local officials from the past and up to now choose to ignore.

Unless that wrong is corrected, whatever we do on Guam toward economic development will forever be only a patch-up, temporary solution. A moratorium is not the answer to an economic problem. I hope that the following will shed some light.

Because the island of Guam consists of merely 225 square miles, the objective is simply for the maximum and best use of the available land. It's only

Opposing view

through this approach, and by being mindful to agricultural, aquacultural, residential commercial, industrial and other needed uses can we successfully reach a balanced and lasting economic development. We must also try and maximize the use of the abundance of our solar energy and other natural resources on and around the island, with total regard in protecting our environment. Basically, "It's not what we have but it's what we do with what we have."

The present location of the airstrip for the international airport and the Naval Air Station poses a great threat to life and good health to the majority of our people.

We must relocate these two air terminals to the northern part of the island where the takeoffs and landings will be mostly over the water. The international airport can be at Northwest Field, and NAS at Andersen. By doing so, we will remove the hazards of potential aircraft accidents over several villages and areas where large numbers of people usually gather and the health hazards of daily noise pollution over populated central Guam by both military and commercial aircraft.

The elimination of the required airport clear zones and various oppressive military restrictions on land use throughout the island would free up much needed vital real estate that could and should be put to more productive use. This will also reduce the current practice of ravaging available fertile agricultural lands for a variety of development.

The relocation of the Naval Air Station to Andersen Air Force Base will result in millions of tax dollars saved from unnecessary spending.

Tony Artero is a Guam realtor and landowner.

Outside money a real plus

By ANDREW GAYLE

The spectacle gripping the imagination of every Chamorro is the native Hawaiian at the bottom of the heap in his own community, owning little of the islands' real estate, none of the prosperity of the rest of the community. The fear is real, the prospect of such a fate being not totally unrealistic.

But the analogy between Guam and Hawaii is false. Hawaiian lands were owned by Hawaiian royal families and were sold to outsiders by those very leaders. In Guam title to land is dispersed among thousands of families. Each Chamorro can negotiate on his own in selling or leasing property. Secondly, Hawaii was inundated by thousands of imported laborers of Oriental origin brought in to work the sugar plantations. Their descendants are now a majority of Hawaii's residents, leaving Hawaiians at only 20 percent of the population. Such an inundation can never occur in Guam under existing laws. Chamorros are doing well in maintaining their status: They make up the bulk of all employees, they own most of the businesses, they play major roles in the professions, and society in general. What has worked for Chamorros is willingness to be educated in the ways of modern community. They need not fear

Opposing view

that if more land is sold to outsiders they will end up like the Hawaiians with no political or economic power. Chamorros compete successfully with outsiders. Which outside investor is more important or more successful then Eddie Calvo? What outside lawyer has done better then Joaquin Arriola? What outside physician is more successful then John Taitano? Outsider investments develop Guam and enrich its people. America's greatest progress in the nineteenth century when Europe and investors poured billions of dollars into American lands and companies. The only thing to happen were a moratorium to be declared would be the enrichment of lawyers and politicians who would quickly determine how to evade it. By maintaining the present system whereby any landowner can sell, lease or otherwise develop his property any way he pleases, Chamorros obtain funds not otherwise available, develop their properties in ways not otherwise possible. And continue to stand tall in a homeland where their role will remain as significant as ever.

Andrew Gayle is a Guam attorney.

COMMITTEE ON CRIMINAL JUSTICE

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PUBLIC PROTECTION

Drug Control and System Improvement Grant Program

The Drug Control and System Improvement Grant Program is a newly created grant program under the Omnibus Drug Initiative Act of 1988 and for the most part, is a consolidation of the State and Local Assistance for Narcotics Control Grant Program and the former Criminal Justice Block Grant Program. While it provides federal assistance to the states in order to fight violent crime, its primary purpose is to assist states in their narcotics control efforts. The amount of federal funds which would otherwise be available to Guam, the Commonwealth of the Northern Mariana Islands and American Samoa to fight violent crime and illicit drugs under this newly created grant program however, has been significantly reduced as a result of a technical amendment contained in Section 6092(b) of U.S. Public Law 100-690. On the surface the Technical Amendment appears to be harmless; but in essence, it combines the three Pacific territories and defines them together as one state. Under the Narcotics Control Grant Program, Congress had previously defined all of the U.S. territories as states. While funding to the three Pacific territories has been significantly cut, the other two territories, the Virgin Islands and Puerto Rico, continue to be defined as states and received no funding cuts.

FUNDING

As a result of the Technical Amendment Guam will receive a 46% reduction in funds available to us for FY 1989 as compared to FY 1988, while the States and other U.S. Territories will receive an increase in funding. In particular, the Virgin Islands and Puerto Rico will both receive increases in their funding in addition to maintaining their status' as individual states. A comparative breakdown of FY 1988 and FY 1989 federal funding for the Territories is as follows:

TERRITORY	FY 1988	FY 1989	DIFFERENCE	
GUAM	**514,000**	**285,000**	**229,000**	**DECREASE**
CNMI	502,000	96,900	405,100	DECREASE
AMERICAN SAMOA	504,000	188,100	315,900	DECREASE
PUERTO RICO	869,000	1,007,000	138,000	INCREASE
VIRGIN ISLANDS	512,000	539,000	27,000	INCREASE

IMPACT

The impact of the reduced funding will not only affect programs initiated under the Narcotics Control Grant Program, but will also affect Guam's ability to initiate any additional activities now eligible under the Drug Control and System Improvement Grant Program. In 1987 and 1988 Guam developed a Narcotics Control State Plan to guide the island's drug control efforts. Included in the State Plans are programs which were developed to address particular areas of concern on Guam. The reduction in funding will limit Guam's ability to continue the programs that have already been initiated and will prevent its ability to expand them in order to deal with Guam's continuing drug problems. Additionally, Guam will not be able to augment its current Narcotics Control State Plan with the additional programs targeting violent crimes as set forth in the Drug Control and System Improvement Grant Program.

IMPACT ON THE UNITED STATES

Because Guam has been identified by the United States Drug Enforecement Administration as a transshipment point for Southeast Asian drugs headed for the United States, it is important that Guam receives adequate funding to continue its interdiction efforts. Furthermore, as Guam is located outside of the United States Customs zone, U.S. Customs does not play an active role in Guam's interdiction efforts. Therefore, if Guam does not effectively interdict the drugs that come through the island, the drugs will ultimately make their way to the United States

BACKGROUND ON THE TECHNICAL AMENDMENT

Title I of the Omnibus Crime Control and Safe Street Act of 1968 (Omnibus Crime Control Act) established today's law enforcement programs under the U.S. Department of Justice. All subsequent law enforcement acts passed by Congress amend the 1968 Act.

The Omnibus Crime Control Act's Title I definitions are contained in Section 901(a)(2). Up until 1984, Guam, as well as the other territories, were defined as States and as a result a number of the U.S. Department of Justice programs were extended to us.

In 1984, with the enactment of the Justice Assistance Act of 1984, Section 901(a)(2) [definition of a state] was amended and Guam, American Samoa and Commonwealth of the Northern Mariana Islands were deleted from the definition of a State. Not only could the Pacific territories not participate in the Criminal Justice Block Grant Program, which was established under the Act of 1984, they were also not eligible to participate in other programs created under Title I of the Omnibus Crime Control Act.

In 1986, the Omnibus Territories Act, Public Law 99-396, amended Section 901(a)(2) and once again included Guam, CNMI, and American Samoa under the definition of a State under Title I of the Omnibus Crime Control Act of 1968. However, Public Law 99-396 also contained a catch that only in the case of Section 407(a) of the Omnibus Crime Control Act, Guam, CNMI, and American Samoa were to be considered a state. Specifically, Public Law 99-396 established the following definition under the Omnibus Crime Control Act's Section 901(a);

> (2) "State" means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, American Samoa, Guam, and the Northern Mariana Islands: Provided that for the purposes of Section 407(a) American Samoa, Guam, and the Northern Mariana Islands shall be considered as one state and that for these purposes, 33 per centrum of the amounts allocated shall be allocated to American Samoa, 50 per centrum to Guam and 17 per Centrum to the Northern Mariana Islands.

Section 407(a) pertained to the Criminal Justice Block Grant Program's funding allocation formula established for states. Funding for the Narcotics Control Act was not impacted as the definition of a State was uncluded under Section 1305, thus the Pacific Territories were not negatively impacted.

Under Public Law 100-690's Drug Control and System Improvement Grant Program, Guam and the Other Pacific Teritories would have each been treated as a state as the state funding allocation formula for the grant program is to be established under Section 506(a) of the Omnibus Crime Control Act. However, due to the Technical Amendment contained in U.S. Public Law 100-690, Section 6092(b), the Pacific Territories are not eligible to receive full state funding. This is because the Technical Amendment replaces Section 407(a) with Section 506(a) in the Omnibus

Crime Act's definition of a State. The net affect of this change is that the Pacific Territories will now be treated as one state instead of as separate states.

RECOMMENDATIONS

The Governor should seek NGA's support to actively lobby with Congress and the Department of Justice to have Section 6092(b) of Public Law 100-690 deleted and Section 901(a)(2) of the Omnibus Crime Control and Safe Streets Act of 1968, as amended by the 1986 Omnibus Territories Act, must be amended by deleting the following:

> Provided that for the purposes of Section 407(a) [506(a) under the technical amendment] American Samoa, Guam, and the Northern Mariana Islands shall be considered as one state and that for these purposes, 33 per centrum of the amounts allocated shall be allocated to American Samoa, 50 per centrum to Guam and 17 per centrum to the Northern Mariana Islands.

It should be noted, that while the elimination of either of the Sections would have the same net effect, it is more desirable if both Sections were deleted.

The Governor should seek NGA suppport of the resolution regarding the restoration of full funding to the Pacific Territories under the Drug Control and System Improvement Grant Program which was previously submitted to the National Governors' Association. The resolution has been referred to the Committee on Justice and Public Safety for review and possible adoption. If the resolution is adopted by the Committee, it will be presented at the NGA Winter Meeting for adoption by the Association. A copy of the resolution is provided on the following page.

RESTORATION OF FULL FUNDING FOR PACIFIC TERRITORIES UNDER THE DRUG CONTROL AND SYSTEM IMPROVEMENT GRANT PROGRAM

Drugs and violent crimes that arise from the use of drugs continues to be an increasing threat to all Americans. In order to fight the war on drugs and violent crimes it is essential that every state and territory be equally afforded adequate funds to effectively participate in the Nation's battle against drugs.

The Omnibus Drug Initiative Act of 1988's "Drug Control and System Improvement Grant Program" (U.S. Public Law 100-690) contains a technical amendment in Section 6092(b) that defines Guam, American Samoa, and the Commonwealth of the Mariana Islands (CNMI) as one state. This Technical Amendment significantly reduces the amount of funding Guam and the other Pacific Territories will receive and in effect reduces their ability to carry out the goals and objectives set forth in the Omnibus Drug Initiative Act of 1988. Inadequate funds not only affects the Pacific Territories, but also the Nation as a whole. As a transshipment point for Southeast Asian drugs bound for the United States, it is imperative that Guam, American Samoa, and the CNMI be equally treated as single states, along with the other U.S. Territories, so that they can continue their interdictive efforts for drugs headed to the United States as well drug-related problems on their respective Islands.

It is the position of the National Governors' Association that the Technical Amendment be repealed and that Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands continue to be recognized as individual states.

COMMITTEE ON ECONOMIC DEVELOPMENT

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TECHNOLOGICAL INNOVATION

Committee on Economic Development and Technological Innovation

The chairman has indicated that the following topics will be discussed:

1. Bonds. The recently passed Technical Corrections bill does not go far enough in relaxing the overreach in bond regulations caused by the 1986 Tax Reform Act.

2. Housing. Congressional action is required to establish a national housing policy.

3. Technology. The state role in expanding US markets through commercialization of new technologies will be examined.

4. Research Agenda. Ideas for topics for research/analysis/technical assistance are solicited.

5. Economic Development. Thoughts about combining economic development strategies with infrastructure and environmental issues are solicited.

COMMITTEE ON ENERGY AND ENVIRONMENT

Nuclear Waste

Despite widespread opposition by other Pacific Islanders, a proposal to store nuclear waste in the atoll islands of the Marshalls still is circulating. In fact, there is now talk of a hearing being held on the idea, first advanced by Marshallese President Amata Kabua.

The latest in the repository proposal comes from a Nevada Congresswoman who is the leading supporter of sending all US nuclear waste to the Marshall Islands. She said that the House will hold hearings in the Marshalls on the proposal this month. She is, of course, an opponent of storing nuclear waste in Nevada.

The idea of nuclear waste storage in the Marshalls has been greeted skeptically by some energy and congressional officials because the Marshalls are low islands, easily flooded by typhoons. Kabua's plan is economic related. He thinks that the Marshalls could make money by becoming the nuclear dump for the world.

This is not the first proposal to store nuclear waste in this general vicinity of the Pacific Region. The Japanese Government has been attempting to store its nuclear waste in the Marianas Trench and the US Government has taken a policy position in support of Japan. To date, the London Convention, an international body which governs the storage of nuclear waste, has blocked Japan's efforts.

RECOMMENDATION:

Guam must take every opportunity to lodge protests against nuclear testing and the establishment of waste depositories in the Pacific Region. In particular, a strong policy position must be taken against the storage of any nuclear waste in the Pacific Region. The storage of nuclear waste will negatively impact upon Guam's environment and upon its social and economic development pursuits.

MILITARY LAND USE

The federal government owns approximately 44,500 acres of land on Guam, roughly 1/3 of Guam's limited 212 square miles. The vast majority of this land was taken from individual land owners through military condemnation procedures following the recapture of Guam at the end of World War II. Vast tracks of some of Guam's most valuable real estate were included in the condemned parcels.

MILITARY UNDERUSE

Much of what was taken by military authorities has been idle and unproductive since its taking. In 1977, the Navy and Air Force Commands on Guam identified 5,388 acres of under-utilized military land as "releasable". Nearly 1,000 acres were subsequently retained by DOD. Another 1,000 acres, including submerged lands, have since been transferred to the Government of Guam. Another 3,500 acres, however, of "releasable" land, not needed for the national defense or even military recreational purposes, remain off limits to civilian personnel within the military reservations of Guam.

CIVILIAN NEED

Civilian need for developable land is continuously growing. Much of Guam's undeveloped civilian land holdings however, cannot be developed for agricultural, residential or commercial purposes. Moreover, some land owners are prevented from developing their lands by DOD because they are land locked by military holdings.

NO RETRIBUTION

Guam has thus far been unsuccessful in applying for Section 2 Impact Aid to offset the revenue lost in real property taxes as a result of the military holdings. A catch-22 situation exists: federal regulations require that the assessed value of the properties be verified with original documents but virtually all of lands were taken during the Navy administered post-war years and original documents are not available. The support of Congress is needed to obtain special legislation to correct this injustice.

SUMMARY

Guam's continued economic growth cannot be assured if DOD is allowed to continue its unrealistic land banking activities.

Guam should solicit the support of the NGA to have the Department of Defense realistically review its property holdings and release underutilized military lands to civilian authorities when and where the national defense is not endangered.

EXTENSION OF THE TERRITORIAL SEA TO 12 MILES

In December 1988, President Reagan, through proclamation, extended the U.S. Territorial Sea from 3NM to 12NM. While Reagan was careful to state that this extension in no way changed Coastal States' authority into the new area, there are compelling reasons for acting otherwise.

From the "new Fèderalism" perspective, the role of the Federal Government is diminished,(VIS-A-VIS: state responsibilities and authorities). There is no argument that the Federal Government has the role of national defense, ensurance of rights of innocent passage, and treaty making, whether the territorial sea be one foot or two hundred miles. In that regard, it is the Federal Government's role that has not changed. But with regard to States' rights; the Union is defined by the Geographical states and territories, and the state and territories are defined by geographical borders. The central, Interior role of the Federal Government is as arbitrator between the various states. That role has not changed, whether the Territorial Sea is one foot or two hundred miles, (i.e., the Federal arbitrates boundary and other inter-state disputes between "common" borders).

The Fed's role then, in extension of water areas, is in proclaiming U.S. jurisdiction for the States (as opposed to "instead of" or in "supremacy to" the states). State claims must follow a rational nexus (reasonable line or connection to the claim), and the Feds should then protect that state claim. In other words, Missouri can demonstrate no claim to resources off California's coast.

This claim must be made by the states (and territories) through the law making body (Congress). It is suggested that NGA adopt resolution requesting Congress make necessary adjustment to laws. Basis for assertion: it is the members of the Union that define the Union, not an "imperial injunction" from an independent Federal body.

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COMMITTEE ON HUMAN RESOURCES

IMPACT OF THE COMPACT OF FREE ASSOCIATION

The Compact of Free Association Act of 1985 (P.L.99-239) defines the political relationship between the United States government and the Federated States of Micronesia (FSM) and the Republic of the Marshall Islands (RMI). Because of potential impacts of certain Compact provisions on the United States territories and commonwealths and the State of Hawaii, Compact language stipulates that the President shall report yearly to the Congress with respect any adverse consequences resulting from the Compact, and to make recommendations for corrective action.

The NGA urges the Department of Interior to assist with the monitoring and evaluation of the nature and extent of the Compact's impact. Should adverse consequences be determined, especially any caused by unrestricted entry, residence, employment, and school attendance, the NGA urges the Congress to address the recommendations of the reports fairly and expeditiously to ensure that the quality of life for all residents in the U.S. will be maintained.

FEDERAL DECENNIAL CENSUSES IN THE OUTLYING AREAS

The Outlying Areas of the United States, which include American Samoa, the Northern Mariana Islands, Puerto Rico, the Virgin Islands, and Guam, are entitled under Title 13, Census, to have federal housing and population censuses conducted decennially by the federal government.

Through a special arrangement with the Census Bureau, the governors of the Outlying Areas conduct their censuses under plans approved or prescribed by the Secretary of the Department of Commerce. The Outlying Areas do not need to follow the federal census questionnaire developed for use in the 50 states, but may instead develop independent questionnaires. These provisions are partially in concession for the fact that the total population of the Outlying Areas is not included in the total population counts of the United States. However, the use of special questionnaires is of less value than it would initially appear, because only severely limited decennial census tabulations, and no special studies, are conducted by the Census Bureau for the Outlying Areas.

The NGA urges the Census Bureau to work with the Outlying Areas to ensure greater data access in future decennial censuses of population and housing than has been previously allowed.

COMMITTEE ON TRANSPORTATION, COMMERCE & COMMUNICATIONS

DEFENSE ACCESS ROADS

Pursuant to 23 USC 210, the Defense Access Roads Program provides a means by which the federal government can pay its share of the cost for new roads, highway improvements and repairs. Presently, GovGuam is seeking funding for the design of Route 3 (NCS); Routes 1 and 2 (Agana to Agat); and Route 15 (back road to AAFB). No funding has yet to be identified for construction. Each of these roads services major military installations and military assistance in funding them could ensure expeditious completion.

The Governor could request the Admiral's assistance in furthering our understanding of this program, how it works, and funding potentials. The Governor could request that the Admiral designate his representative to work with GovGuam (Department of Public Works) in the following areas:

1. The identification of access roads critical to defense needs on Guam; and
2. Coordination with the Military Traffic Management Command which is apparently responsible for the integration of defense needs into the nation's highway programs.

Attached is the federal regulations covering this program.

Subcommittee on Telecommunications:

Overview:

NGA recognizes that there exists a strong linkage between economic development and telecommunications. NGA also recognizes the vital role telecommunications play in the effecient and effective operations of state governments. The Governors will be exploring telecommunication issues in an effort to develop a national communication policy position.

Due to Guam's geographic distance from the U.S. mainland, telecommunications play a significant role in the island's economic development effort as well as providing a vital link between the Government of Guam and the federal Government. While telecommunication is critical to Guam's overall development, Guam is designated as international rather than domestic under the Communications Act of 1934 (this Act regulates interstate and foreign commerce in communications). As a result of Guam's designation as international, long distance toll charges to and from Guam are significantly higher. Businesses, the Government of Guam and residents are adversely affected by these high rates. In additon, other forms of telecommunication such as imagery (facsimile) and data transmissions are more expensive. These inflated rates negatively impact Guam's development. It is important to note that Puerto Rico and the Virgin Islands have recently been designated as domestic and as such are now enjoying significantly lower telecommunication rates. Section 903 of the draft Commonwealth Act recognizes the importance of telecommunication and provides that Guam is to be designated as domestic.

Recommended Action:

It should be brought to NGA's attention that Guam is designated as international. Guam should pursue within any resolution that may be developed and adopted by NGA, support of Section 903 of the draft Commanwealth Act which would change Guam's designation to domestic.