

tember 20, 1984, industrial development bonds (within the meaning of section 103(b)(2)<sup>1</sup> of title 26).

**(b) Exemption of all bonds from income taxation by State and local governments**

**(1) In general**

The interest on any bond or other obligation issued by or on behalf of the Government of American Samoa shall be exempt from taxation by the Government of American Samoa and the governments of any of the several States, the District of Columbia, any territory or possession of the United States, and any subdivision thereof.

**(2) Exemption applicable only to income taxes**

The exemption provided by paragraph (1) shall not apply to gift, estate, inheritance, legacy, succession, or other wealth transfer taxes.

**(c) Cross reference**

For exclusion of interest for purposes of Federal income taxation, see section 103 of title 26.

(Pub. L. 98-454, title II, §202, Oct. 5, 1984, 98 Stat. 1733; Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095; Pub. L. 108-326, §1(a), Oct. 16, 2004, 118 Stat. 1270.)

**Editorial Notes**

REFERENCES IN TEXT

Section 103, referred to in subsec. (a), which related to interest on certain governmental obligations was amended generally by Pub. L. 99-514, title XIII, §1301(a), Oct. 22, 1986, 100 Stat. 2602, and as so amended relates to interest on State and local bonds. Section 103(b)(2), which prior to the general amendment defined industrial development bond, relates to the applicability of the interest exclusion to arbitrage bonds.

AMENDMENTS

2004—Subsec. (b). Pub. L. 108-326 amended heading and text generally, substituting provisions relating to exemption of all bonds from income taxation by State and local governments for provisions relating to exemption from taxation and definition of State.

1986—Subsecs. (a), (c). Pub. L. 99-514 substituted “Internal Revenue Code of 1986” for “Internal Revenue Code of 1954”, which for purposes of codification was translated as “title 26” thus requiring no change in text.

**Statutory Notes and Related Subsidiaries**

EFFECTIVE DATE OF 2004 AMENDMENT

Pub. L. 108-326, §2, Oct. 16, 2004, 118 Stat. 1270, provided that: “This Act [amending this section] shall apply to obligations issued after the date of the enactment of this Act [Oct. 16, 2004].”

**CHAPTER 14—TRUST TERRITORY OF THE PACIFIC ISLANDS**

- Sec. 1681. Continuance of civil government for Trust Territory of the Pacific Islands; assistance programs; maximum fiscal year costs; reimbursement.
- 1681a. Appointment of High Commissioner.
- 1681b. Transfer of functions from government comptroller for Guam to Inspector General, Department of the Interior.

<sup>1</sup> See References in Text note below.

- Sec. 1681c, 1682. Repealed or Omitted.
- 1683. Auditing of transactions of Trust Territory of the Pacific Islands.
- 1684. Expenditure of funds for administration of Trust Territory of the Pacific Islands.
- 1685. Transfer of property or money for administration of Trust Territory of the Pacific Islands.
- 1686, 1687. Omitted.
- 1688. Trust Territory of the Pacific Islands Economic Development Loan Fund.
- 1689. Plan for use of grant to Trust Territory of the Pacific Islands Economic Development Loan Fund; loans; terms.
- 1690. Loans from Trust Territory of the Pacific Islands Economic Loan Fund; restrictions; guarantees.
- 1691. Fiscal control and accounting procedures for plan for use of grant.
- 1692. Comprehensive annual financial report by chief executives of governments of the Marshall Islands, Federated States of Micronesia, Palau, and Northern Mariana Islands; contents; other reports.
- 1693. Audit of government; access to books, records, etc.
- 1694 to 1694e. Transferred.
- 1695. Federal education and health care programs; nonapplicability or nonparticipation.

**Executive Documents**

TERMINATION OF TRUST TERRITORY OF THE PACIFIC ISLANDS

The Trust Territory of the Pacific Islands, which included the Northern Mariana Islands, the Federated States of Micronesia, the Marshall Islands, and Palau, terminated. The Trusteeship Agreement terminated with respect to the Republic of the Marshall Islands on Oct. 21, 1986, with respect to the Federated States of Micronesia and the Commonwealth of the Northern Mariana Islands on Nov. 3, 1986, and with respect to the Republic of Palau on Oct. 1, 1994. See Proc. No. 5564, Nov. 3, 1986, 51 F.R. 40399, set out as a note under section 1801 of this title, and Proc. No. 6726, Sept. 27, 1994, 59 F.R. 49777, set out as a note under section 1931 of this title.

For provisions relating to the Northern Mariana Islands, formerly set out as notes under section 1681 of this title, see chapter 17 (§1801 et seq.) of this title. For provisions relating to the Federated States of Micronesia, the Marshall Islands, and Palau, formerly set out as notes under section 1681 of this title, see chapter 18 (§1901 et seq.) of this title.

**§ 1681. Continuance of civil government for Trust Territory of the Pacific Islands; assistance programs; maximum fiscal year costs; reimbursement**

(a) Until Congress shall further provide for the government of the Trust Territory of the Pacific Islands, all executive, legislative, and judicial authority necessary for the civil administration of the Trust Territory shall continue to be vested in such person or persons and shall be exercised in such manner and through such agency or agencies as the President of the United States may direct or authorize.

(b) The head of any department, corporation, or other agency of the executive branch of the Government may, upon the request of the Secretary of the Interior, extend to the Trust Territory of the Pacific Islands, with or without reimbursement, scientific, technical, and other assistance under any program administered by

such agency, or extend to the Trust Territory any Federal program administered by such agency, if the assistance or program will promote the welfare of the Trust Territory, notwithstanding any provision of law under which the Trust Territory may otherwise be ineligible for the assistance or program: *Provided*, That the Secretary of the Interior shall not request assistance pursuant to this subsection that involves, in the aggregate, an estimated non-reimbursable cost in any one fiscal year in excess of \$150,000: *Provided further*, That the cost of any program extended to the Trust Territory under this subsection shall be reimbursable out of appropriations authorized and made for the government of the Trust Territory pursuant to section 2 of this Act, as amended. The provisions of this subsection shall not apply to financial assistance under a grant-in-aid program.

(June 30, 1954, ch. 423, § 1, 68 Stat. 330; Pub. L. 88-487, § 1, Aug. 22, 1964, 78 Stat. 601.)

#### Editorial Notes

##### REFERENCES IN TEXT

Section 2 of this Act, referred to in subsec. (b), means section 2 of act June 30, 1954, set out as a note below.

##### CODIFICATION

Section was formerly classified to section 1435 of this title.

##### AMENDMENTS

1964—Pub. L. 88-487 designated existing provisions as subsec. (a) and added subsec. (b).

#### Statutory Notes and Related Subsidiaries

##### NOTES TRANSFERRED

For provisions relating to the Northern Mariana Islands, formerly set out as notes under this section, see chapter 17 (§1801 et seq.) of this title. For provisions relating to the Federated States of Micronesia, the Marshall Islands, and Palau, formerly set out as notes under this section, see chapter 18 (§1901 et seq.) of this title.

##### SIMILAR PROVISIONS

Similar provisions continuing the civil government for the Trust Territory of the Pacific Islands until June 30, 1954, were contained in act Aug. 8, 1953, ch. 383, §§ 1, 2, 67 Stat. 494, 495.

##### AUTHORIZATION OF APPROPRIATIONS

Pub. L. 87-541, July 19, 1962, 76 Stat. 171, provided in part that not more than \$15,000,000 be authorized to be appropriated for the fiscal year 1963.

Section 2 of act June 30, 1954, as amended July 19, 1962, Pub. L. 87-541, 76 Stat. 171; May 10, 1967, Pub. L. 90-16, § 1, 81 Stat. 15; Oct. 21, 1968, Pub. L. 90-617, § 1, 82 Stat. 1213; Dec. 24, 1970, Pub. L. 91-578, 84 Stat. 1559; Sept. 21, 1973, Pub. L. 93-111, § 1, 87 Stat. 354; May 28, 1975, Pub. L. 94-27, § 1, 89 Stat. 95; Apr. 1, 1976, Pub. L. 94-255, § 1, 90 Stat. 299; Oct. 15, 1977, Pub. L. 95-134, title I, § 101, 91 Stat. 1159; Mar. 12, 1980, Pub. L. 96-205, title I, § 101, 94 Stat. 84; Dec. 24, 1980, Pub. L. 96-597, title IV, § 401, 94 Stat. 3478, provided that: "There are authorized to be appropriated not to exceed \$25,000,000 for fiscal year 1967, for fiscal year 1975, \$75,000,000 for fiscal year 1976, \$80,000,000; for the period beginning July 1, 1976, and ending September 30, 1976, \$15,100,000; for fiscal year 1977, \$80,000,000; and such amounts as were authorized but not appropriated for fiscal years 1975, 1976, and 1977; for fiscal year 1978, \$90,000,000; for fiscal year 1979, \$122,700,000; for fiscal year 1980, \$112,000,000; for fiscal

years after fiscal year 1980, such sums as may be necessary, including, but not limited to, sums needed for completion of the capital improvement program; for a basic communications system; for a feasibility study and construction of a hydroelectric project on Ponape; for expenditure by grant or contract for the installation, operation, and maintenance of communications systems which will provide internal and external communications; and up to but not to exceed \$8,000,000 for the construction of such buildings as are required for a four-year college to serve the Micronesian community (no appropriations for the construction of such buildings shall, however, be made (A) until, but not later than one year after the date of the enactment of this Act [Apr. 1, 1976], the President causes a study to be made by an appropriate authority to determine the educational need and the most suitable educational concept for such a college and transmits such study, together with his recommendations, to the Committees on Interior and Insular Affairs of the Senate and House of Representatives of the United States within said one year period and (B) until 90 calendar days after the receipt of such study and recommendations which shall be deemed approved unless specifically disapproved by resolution of either such committee), and \$1,800,000 for a human development project in the Marshall Islands plus such sums as are necessary, for each of such fiscal years, or periods, to offset reductions in, or the termination of, Federal grant-in-aid programs or other funds made available to the Trust Territory of the Pacific Islands by other Federal agencies, to remain available until expended, to carry out the provisions of this Act [this section] and to provide for a program of necessary capital improvements and public works related to health, education, utilities, highways, transportation facilities, communications, and public buildings: *Provided*, That except for funds appropriated for the activities of the Peace Corps no funds appropriated by any Act shall be used for administration of the Trust Territory of the Pacific Islands except as may be specifically authorized by law."

##### INVENTORY AND STUDY OF MOST UNIQUE AND SIGNIFICANT NATURAL, HISTORICAL, ETC., RESOURCES OF TRUST TERRITORY OF THE PACIFIC ISLANDS

Pub. L. 97-357, title II, § 205, Oct. 19, 1982, 96 Stat. 1708, directed Secretary of the Interior to conduct a comprehensive inventory and study of the most unique and significant natural, historical, cultural and recreational resources of Trust Territory of the Pacific Islands with objective of preservation of their values and their careful use and appreciation by the public, along with a determination of their potential for attracting tourism, further provided that such inventory and study was to be conducted in full cooperation and consultation with affected governmental officials and the interested public, and was to identify areas or sites which qualified to be listed on Registry of Natural Landmarks and National Register of Historic Places, and further provided that a full report on such inventory and study was to be transmitted to the respectively involved governments and Congress no later than two complete calendar years after Oct. 19, 1982.

##### ESTABLISHMENT OF PERMANENT LOCATION FOR DISPLACED PEOPLE OF BIKINI ISLAND; PROGRESS REPORT TO CONGRESS; CONTENTS

Pub. L. 95-348, § 2(c), Aug. 18, 1978, 92 Stat. 488, directed Secretary of the Interior to prepare and submit to Congress by July 1, 1979, a progress report on efforts to establish a permanent location for displaced people of Bikini Island.

##### DISASTER RELIEF

Section 3 of act June 30, 1954, ch. 423, as added Pub. L. 90-617, § 2, Oct. 21, 1968, 82 Stat. 1213, and amended Pub. L. 91-606, title III, § 301(k), Dec. 31, 1970, 84 Stat. 1759; Pub. L. 93-288, title VII, § 702(k), formerly title VI, § 602(k), May 22, 1974, 88 Stat. 164, renumbered Pub. L.

103-337, div. C, title XXXIV, §3411(a)(1), (2), Oct. 5, 1994, 108 Stat. 3100; Pub. L. 100-707, title I, §109(w), Nov. 23, 1988, 102 Stat. 4710, provided that: "There are hereby authorized to be appropriated such sums as the Secretary of the Interior may find necessary, but not to exceed \$10,000,000 for any one year, to alleviate suffering and damage resulting from major disasters that occur in the Trust Territory of the Pacific Islands. Such sums shall be in addition to those authorized in section 2 of this Act [set out as a note above] and shall not be subject to the limitations imposed by section 2 of this Act. The Secretary of the Interior shall determine whether or not a major disaster has occurred in accordance with the principles and policies of sections 102(2) and 401 of the [Robert T. Stafford] Disaster Relief and Emergency Assistance Act [42 U.S.C. 5122(2), 5170]."

#### ISLAND TRADING COMPANY OF MICRONESIA

Act Aug. 8, 1953, ch. 383, §3, 67 Stat. 495, provided that notwithstanding the provisions of the Interior Department Appropriation Act, 1953 (Pub. L. 470, ch. 597, 66 Stat. 445), the Island Trading Company of Micronesia not have succession after Dec. 31, 1954.

#### AUTHORIZING APPROVAL OF TRUSTEESHIP AGREEMENT FOR THE TERRITORY OF THE PACIFIC ISLANDS

Act July 18, 1947, ch. 271, 61 Stat. 397, authorized President to approve, on behalf of the United States, the trusteeship agreement between the United States and the Security Council of the United Nations for the former Japanese mandated islands (to be known as the Territory of the Pacific Islands) which was approved by the Security Council on Apr. 2, 1947.

#### Executive Documents

##### EXECUTIVE ORDER NO. 10265

Ex. Ord. No. 10265, eff. June 29, 1951, 16 F.R. 6419, which related to transfer of administration of Trust Territory of the Pacific Islands, was superseded by Ex. Ord. No. 11021, eff. May 8, 1962, 27 F.R. 4409, formerly set out below.

##### EXECUTIVE ORDER NO. 11021

Ex. Ord. No. 11021, eff. May 7, 1962, 27 F.R. 4409, as amended by Ex. Ord. No. 11944, eff. Oct. 25, 1976, 41 F.R. 47215, which related to administration of Trust Territory of the Pacific Islands, was superseded by Ex. Ord. No. 12569, Oct. 16, 1986, 51 F.R. 37171, set out as a note under section 1901 of this title.

#### § 1681a. Appointment of High Commissioner

Any appointment made on or after May 10, 1967, to the office of the High Commissioner of the Trust Territory of the Pacific Islands shall be made by the President by and with the advice and consent of the Senate.

(Pub. L. 90-16, §2, May 10, 1967, 81 Stat. 15.)

#### § 1681b. Transfer of functions from government comptroller for Guam to Inspector General, Department of the Interior

##### (a) Functions, powers, and duties transferred

The following functions, powers, and duties heretofore vested in the government comptroller for Guam with respect to the government of the Trust Territory of the Pacific Islands and the government of the Northern Mariana Islands are hereby transferred to the Inspector General, Department of the Interior, for the purpose of establishing an organization which will maintain a satisfactory level of independent audit oversight of the governments of the Marshall Islands, the Federated States of Micronesia, Palau, and the Northern Mariana Islands:

(1) The authority to audit all accounts pertaining to the revenue and receipts of the governments of the Marshall Islands, the Federated States of Micronesia, Palau, and the Northern Mariana Islands, and of funds derived from bond issues, and the authority to audit, in accordance with law and administrative regulations, all expenditures of funds and property pertaining to the aforementioned governments including those pertaining to trust funds held by such governments.

(2) The authority to report to the Secretary of the Interior, the High Commissioner of the Trust Territory of the Pacific Islands, the chief executives of the governments of the Marshall Islands, the Federated States of Micronesia, Palau, and the Northern Mariana Islands all failures to collect amounts due the governments, and expenditures of funds or uses of property which are irregular or not pursuant to law.

##### (b) Scope of authority transferred

The authority granted in paragraph (a) shall extend to all activities of the governments of the Marshall Islands, the Federated States of Micronesia, Palau, and the Northern Mariana Islands, and shall be in addition to the authority conferred upon the Inspector General by chapter 4 of title 5. This section is not subject to termination under section 502(a)(3) of the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America (90 Stat. 263, 268).

##### (c) Transfer of personnel, assets, etc., of office of government comptroller for Guam to Office of Inspector General, Department of the Interior

In order to carry out the provisions of this section, the personnel, assets, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds employed, held, used, arising from, available or to be made available, of the office of the government comptroller for Guam related to its audit function, with respect to the government of the Trust Territory of the Pacific Islands and the government of the Northern Mariana Islands are hereby transferred to the Office of Inspector General, Department of the Interior.

(June 30, 1954, ch. 423, §4, as added Pub. L. 97-357, title II, §203(b), Oct. 19, 1982, 96 Stat. 1707; amended Pub. L. 117-286, §4(b)(94), Dec. 27, 2022, 136 Stat. 4352.)

#### Editorial Notes

##### REFERENCES IN TEXT

Section 502(a)(3) of the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America, referred to in subsec. (b), is contained in section 1 of Pub. L. 94-241, set out as a note under section 1801 of this title.

##### PRIOR PROVISIONS

A prior section 1681b, acts June 30, 1954, ch. 423, §4, as added Sept. 21, 1973, Pub. L. 93-111, §2, 87 Stat. 354; amended Oct. 15, 1977, Pub. L. 95-134, title II, §203(b), 91 Stat. 1162; Mar. 12, 1980, Pub. L. 96-205, title II, §201(b), 94 Stat. 85, related to duties of government comptroller