

A BILL FOR AN ACT

To further amend title 30 of the Code of the Federated States of Micronesia, as amended, by enacting a new section 202 in order to allow the Federated Development Authority to authorize the FSM Development Bank to turn over to the States unexpended money in the State subaccounts of the Investment Development Fund under certain circumstances, and to cease to administer such funds, and for other purposes.

BE IT ENACTED BY THE CONGRESS OF THE FEDERATED STATES OF MICRONESIA:

1           Section 1. Title 30 of the Code of the Federated States of  
2 Micronesia, as amended, is hereby further amended by adding a new  
3 section 202 to read as follows:

4           "Section 202. Distribution of funds in State earmarked  
5           subaccounts to the States.

6           (1) Notwithstanding any provision of Public Law No.  
7           5-122, as amended, if the Federated Development Authority  
8           determines that the level of lending from the State earmarked  
9           subaccounts in the Investment Development Fund is not  
10           adequate, taking into consideration the economic condition of  
11           the Federated States of Micronesia and the wishes of the  
12           individual States as expressed by the State Governors, it  
13           shall have the authority to suspend the lending procedures  
14           set forth in Public Law No. 5-122, as amended, with respect  
15           to the State-earmarked subaccounts, and to direct the FSM  
16           Development Bank to distribute to the States any funds not  
17           yet obligated or earmarked remaining in such subaccounts;

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1 provided however, that the recipient States must have enacted  
2 legislation to provide for the use of the distributed funds  
3 in a manner consistent with the purpose and guidelines of the  
4 Investment Development Fund set forth in section 15(1) of  
5 Public Law No. 5-122.

6 (2) If a State has not passed the legislation required  
7 under subsection (1) of this section within six (6) months of  
8 the decision of the FDA to suspend the lending procedures  
9 under Public Law No. 5-122, as amended, the distribution of  
10 subaccount funds to that State shall be nullified and the  
11 Public Law No. 5-122 lending procedures shall be reinstated  
12 for said State's earmarked subaccount, and the FSM  
13 Development Bank shall also be reinstated in its review and  
14 approval role for that subaccount. In case of such  
15 reinstatement, the State shall not be able to request the FDA  
16 to suspend once again the Public Law No. 5-122 lending  
17 procedures before one year has elapsed from the date of the  
18 reinstatement.

19 (3) If the funds in all State earmarked subaccounts are  
20 distributed in accordance with subsection (1) of this  
21 section, the FDA and the FSM Development Bank shall cease to  
22 administer that portion of the Investment Development Fund.  
23 Congress may reactivate the State earmarked subaccounts and  
24 the administrative roles of the FDA and the FSM Development  
25 Bank by appropriating not less than one million dollars to

