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A BILL FOR AN ACT

To authorize the Secretary of the Department of Finance to borrow on the credit of the Federated States of Micronesia for the purpose of funding economic development projects, to authorize the appropriation of funds to be used for redemption of certificates on or before maturity date, and for other purposes.

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

1 Section 1. The Secretary of the Department of Finance, with the
2 approval of the President of the Federated States of Micronesia, based on
3 a plan approved by Congress, is hereby authorized to borrow, from time
4 to time, on the credit of the National Government of the Federated
5 States of Micronesia, for the purpose of funding economic development
6 projects within the Federated States of Micronesia, such sum or sums as
7 in his judgment may be necessary, and to issue therefor, at such price
8 or prices and upon such terms and conditions as he may determine, savings
9 certificates of the Federated States of Micronesia on which interest to
10 maturity may be discounted at such rate or rates and computed in such
11 manner as he may prescribe. It is the duty of the Secretary of Finance
12 to take every step necessary to make the certificates issued pursuant
13 to this section of this act marketable.

14 Section 2. The savings certificates issued pursuant to section 1
15 of this act shall be in such form or forms and denomination or denomina-
16 tions and subject to such terms and conditions of issue, conversion,
17 redemption, maturity, payments, rate or rates of interest, and time or
18 times of payment of interest as the Secretary of the Department of
19 Finance, from time to time at or before the issuance thereof, may
20 prescribe. Such savings certificate so issued shall be payable at such
21 time, not exceeding 5 years from the date of its issue, and may be
22 redeemable before maturity, upon such terms and conditions as the
23 Secretary of Finance may prescribe. The Secretary of Finance shall
24 report quarterly to the Speaker of the Congress and the President of
25 the Federated States of Micronesia on the amounts, terms, and conditions

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C.B. No. 4-2

1 of such savings certificates so issued and not yet matured.

2 Section 3. There is hereby created within the National Treasury
3 of the Federated States of Micronesia a Special Economic Development
4 Fund.

5 Section 4. All money borrowed on the credit of the National
6 Government of the Federated States of Micronesia pursuant to this act,
7 and any accrued interest thereon, shall be deposited in the Special
8 Economic Development Fund. Prior to withdrawal of any money from this
9 fund the President shall first submit to the Congress for approval by
10 resolution the economic development project or projects that he desires
11 to fund with these monies. The documentation submitted which describes
12 the development project or projects shall include a narrative description
13 of the project or projects. This narrative shall include as a minimum
14 the project name, location, administering agency, and scope and design
15 of the project or projects. If Congress is not in session, the appropriate
16 committee shall review and approve the manner of distribution of the funds.
17 The Congress or the committee shall complete its review within 30 days of
18 submission. If the Congress or the appropriate committee fails to act
19 within 30 days of submission, the proposed distribution of funds shall be
20 deemed approved. The President shall be the allottee of the funds and
21 shall have the authority to make suballotments to the Governors at such
22 times and in such manner as may be required by sound financial management
23 techniques. All funds which have been allotted to the President or
24 suballotted to the Governors of the States shall be administered, managed,
25 and accounted for in accordance with applicable law, including, but not

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C.B. No. 4-2

1 limited to, the Financial Management Act of 1979, and regulations pursuant
2 thereto.

3 Section 5. The sum of such savings certificates outstanding shall
4 not at any one time exceed in aggregate \$10 million. The Secretary of
5 Finance may issue or cause to be issued stamps to evidence payments for
6 or on account of such certificates.

7 Section 6. There is hereby authorized the appropriation of such
8 sum as may be necessary out of the General Fund of the Federated States
9 of Micronesia to establish a sinking fund to redeem certificates issued
10 pursuant to section 1 of this act at or prior to maturity date.

11 Section 7. This act shall become law upon approval by the President
12 of the Federated States of Micronesia or upon its becoming law without
13 such approval.

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15 Date: 5/13/85

Introduced by: Elias H. Thomas
Elias H. Thomas

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