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A BILL FOR AN ACT

To further amend title 30 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 5-122 and 6-80, by amending section 122, as established by Public Law No. 5-122, and by amending section 17 of Public Law No. 5-122 to appropriate the sum of \$8,000,000 from the General Fund of the Federated States of Micronesia for the fiscal year ending September 30, 1991, for the purpose of further capitalizing the Investment Development Fund, and for other purposes.

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

1 Section 1. Section 122 of title 30 of the Code of the Federated
2 States of Micronesia, as established by Public Law No. 5-122, is
3 hereby amended to read as follows:

4 "Section 122. Investment Development Fund.

5 (1) There is hereby created the Investment Development
6 Fund (hereinafter, the 'Fund') separate from the General
7 Fund and other funds.

8 (2) The sum of \$12,000,000 received from the United
9 States as grant funds pursuant to section 111 of United
10 States Public Law 99-239, or so much thereof as may be
11 necessary, together with any and all investment earnings
12 accrued thereon since the date of receipt by the National
13 Government and the date such sum is transferred to the
14 Fund, is hereby appropriated from the General Fund of the
15 Federated States of Micronesia for the fiscal year ending
16 September 30, 1989, for the purpose of capitalizing the
17 Investment Development Fund. The sum of \$8,000,000
18 received from the United States as grant funds pursuant to
19 section 111 of United States Public Law 99-239, or so much
20 thereof as may be necessary, together with any and all
21 investment earnings accrued thereon since the date of
22 receipt by the National Government and the date such sum is
23 transferred to the Fund, is hereby appropriated from the
24 General Fund of the Federated States of Micronesia for the
25 fiscal year ending September 30, 1991, for the purpose of

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1 further capitalizing the Investment Development Fund. In
2 addition, all earnings accrued on investment of the Fund,
3 all repayments of principal and interest and penalties on
4 loans made from the Fund, all cash assets recovered on
5 loans made from the Fund, and all fees, charges, and
6 penalties collected in relation to administration of the
7 Fund shall be deposited into the Fund.

8 (3) The Fund created by this section shall be
9 allotted, disbursed, managed, administered, and accounted
10 for in accordance with this section, with the 'Agreement
11 Between the Government of the United States and the
12 Government of the Federated States of Micronesia Regarding
13 the Investment Development Fund of the Federated States of
14 Micronesia Concluded Pursuant to Section 111(c) of United
15 States Public Law 99-239,' with the Investment Development
16 Act of 1988 and other applicable laws, and with such
17 guidelines, policies, and procedures as may be established
18 by the Federated Development Authority. The allottee shall
19 be responsible for ensuring that these funds, or so much
20 thereof as may be necessary, are used solely for the
21 purpose specified in this act, and that no obligations are
22 incurred in excess of the sums appropriated. The authority
23 of the allottee to obligate funds appropriated by this act
24 shall not lapse.

25 (4) Any unexpended money in the Fund shall not revert

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1 to the General Fund or lapse at the end of a fiscal year."

2 Section 2. Section 17 of Public Law No. 5-122 is hereby amended
3 to read as follows:

4 "Section 17. Allocations to the States; Private-sector
5 reserve.

6 (1) With respect to the amounts to be provided
7 pursuant to section 111(b)(1)(i) of United States Public
8 Law 99-239 and article II, paragraphs 2(a) and (b) of the
9 Investment Development Fund Agreement, ~~\$3,000,000~~ 4,600,000
10 shall be placed in subaccounts within the Fund for each of
11 the States of Pohnpei and Truk, and ~~\$2,000,000~~ 3,600,000
12 shall be placed in subaccounts within the Fund for each of
13 the States of Kosrae and Yap. The funds in the
14 State-earmarked subaccounts shall be available only to
15 qualified recipients whose application for financing is
16 sponsored by the State from whose earmarked subaccount the
17 financing shall be funded. An additional ~~\$2,000,000~~
18 3,600,000 shall be placed in a private-sector reserve, which
19 shall be available for financing to qualified recipients
20 which are not State or National Governments, public
21 corporations thereof, or business associations in which a
22 government or public corporation has a financial interest,
23 for projects whose total financing from the Fund shall
24 equal or exceed \$500,000, or when the balance of the
25 private-sector reserve should fall below \$500,000, a lesser

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1 amount. The remaining such amounts provided by the United
2 States shall be retained in the Fund and invested in
3 accordance with section 18 of this act, but shall not be
4 disbursed except when authorized by subsequent legislation.

5 (2) All repayments of principal and interest and
6 penalties on loans made from a State's earmarked subaccount
7 of the Fund and all cash assets recovered on such loans
8 shall be credited to that State's earmarked subaccount.
9 All other repayment of principal and interest and
10 penalties, cash assets recovered, and other fees, charges,
11 and penalties shall be credited to the private-sector
12 reserve."

13 Section 3. This act shall become law upon approval by the
14 President of the Federated States of Micronesia or upon its becoming
15 law without such approval.

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17 Date: Oct. 25/90

Introduced by:

Claude H. Phillip
Claude H. Phillip

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