

## A BILL FOR AN ACT

To further amend title 54 of the Code of the Federated States of Micronesia, as amended, by further amending section 805, as amended by Public Law No. 7-41, to provide that wages and salaries of National Government employees be deemed to be collected in their State of current residence for revenue sharing purposes, and for other purposes.

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

1       Section 1. Section 805 of title 54 of the Code of the Federated  
2 States of Micronesia, as amended by Public Law No. 7-41, is hereby  
3 further amended to read as follows:

4           "Section 805. Distribution of revenues.

5               (1) The treasurer of the Federated States of  
6 Micronesia shall pay eighty percent of the net taxes  
7 collected pursuant to section 201(9) of this title, and  
8 fifty percent of all other net taxes collected pursuant  
9 to sections 121, 141, and 201 of this title, into the  
10 treasury of the State government to which the taxes are  
11 attributable for appropriation by the State legislature.

12               (2) For purposes of article IX, section 5 of the  
13 Constitution of the Federated States of Micronesia, taxes  
14 collected on the wages and salaries of a National  
15 Government employee under section 121 of this title shall  
16 be deemed to be collected in the employee's State of  
17 current residence if such is within the Federated States of  
18 Micronesia.

19               (3) 'Net taxes' as used in subsection (1) of this  
20 section means gross collections of taxes, penalties,  
21 interest, or other related charges less refunds and less  
22 the cost of administration.

23               (4) 'Cost of administration' as used in subsection  
24 (3) of this section means the cost determined to be  
25 allocatable to each State by the Congress of the Federated

1 States of Micronesia when making appropriations for the  
2 operating expenses of the Revenue Division.

3 (45) The revenue office in each State may administer  
4 the taxes of the State in which located, but those duties  
5 shall not interfere with the administration of taxes  
6 imposed by the laws of the Federated States of Micronesia.  
7 All costs in excess of those funded by appropriations of  
8 the Congress of the Federated States of Micronesia required  
9 for the administration of State taxes shall be borne  
10 entirely by the State."

11 Section 2. This act shall become law upon approval by the  
12 President of the Federated States of Micronesia or upon its becoming  
13 law without such approval.

14  
15 Date: 10/12/98

Introduced by:

  
Joseph J. Urusemal