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A BILL FOR AN ACT

To appropriate the sum of \$1,500,000 from the General Fund of the Federated States of Micronesia for the fiscal year ending September 30, 1998, for the purpose of establishing the National Government Small Business Loan Guarantee Matching Fund Program to further implement the objectives of the Public Sector Reform Program by providing each of the four states with matching funds to guarantee loans for private sector business activities through existing lending institutions, and for other purposes.

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

1 Section 1. Title. This act is known and may be cited as  
2 the "National Government Small Business Loan Guarantee Matching  
3 Fund Program Act."

4 Section 2. Appropriation. The sum of \$1,500,000, or so  
5 much thereof as may be necessary, is hereby appropriated from  
6 the General Fund of the Federated States of Micronesia for the  
7 fiscal year ending September 30, 1998 for the purpose of  
8 establishing the National Government Small Business Loan  
9 Guarantee Matching Fund Program to further implement the  
10 objectives of the Public Sector Reform Program by providing  
11 each of the four states with matching funds to guarantee loans  
12 for private sector business activities through commercial  
13 lending institutions. The sum appropriated by this section  
14 shall be apportioned, subject to the provisions of section 2 of  
15 this act, as follows:

- 16 (1) Chuuk . . . . . \$530,000
- 17 (2) Kosrae. . . . . 200,000
- 18 (3) Pohnpei . . . . . 420,000
- 19 (4) Yap . . . . . 350,000

20 Section 2. Eligibility for and disbursement of matching  
21 funds.

22 (1) Matching funds shall be computed and disbursed to  
23 a state on a dollar for dollar ratio basis, provided that the  
24 National Government's share shall not exceed the amount of  
25 funds appropriated by the state for its small business loan

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1 guarantee program, and further provided that at the time of  
2 disbursement the state has duly enacted legislation:

3 (a) the purpose of which establishes and  
4 appropriates necessary and adequate funding for a small  
5 business loan guarantee program through lending institutions to  
6 qualified borrowers, and which guarantee is covered by the  
7 state or a lawful entity thereof, to secure repayment, either  
8 in whole or part, of the small business loan;

9 (b) that, in the event of default by a borrower,  
10 and prior to a call on the state's guarantee, requires the  
11 lending institution to diligently institute its best efforts to  
12 either restructure or recoup the loan; and

13 (c) provides for a maximum guarantee ceiling of  
14 85% of the proportion of any loan guaranteed to a borrower;  
15 whereupon,

16 (2) the Secretary of Finance is hereby authorized to  
17 make a disbursement to the eligible state from moneys available  
18 by this act, without further authorization or appropriation of  
19 the Congress of the Federated States of Micronesia.

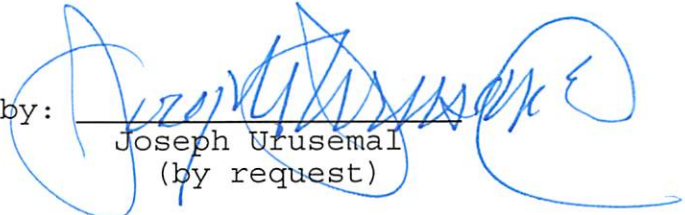
20 Section 2. All funds appropriated by this act  
21 shall be allotted, managed, administered, and accounted for in  
22 accordance with applicable law, including, but not limited to,  
23 the Financial Management Act of 1979. The allottee shall be the  
24 President, or his designee. He shall be responsible for  
25 ensuring that these funds, or so much thereof as may be

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1 necessary, are used solely for the purpose specified in this  
2 act, and that no obligations are incurred in excess of the sum  
3 appropriated. The authority of the allottee to obligate funds  
4 appropriated by this act shall not lapse.

5 Section 3. This act shall become law upon approval by the  
6 President of the Federated States of Micronesia or upon its  
7 becoming law without such approval.

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9 Date: 11/10/97  
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11 Introduced by:   
12 Joseph Urusemal  
13 (by request)

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