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 the "National Government Small Business Loan Guarantee Matching Fund Program Act."

2. Section 2. Appropriation. The sum of $1,500,000, or so much thereof as may be necessary, is hereby appropriated 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 commercial lending institutions. The sum appropriated by this section shall be apportioned, subject to the provisions of section 2 of this act, as follows:

   (1) Chuuk ................. $530,000
   (2) Kosrae .................. 200,000
   (3) Pohnpei ................. 420,000
   (4) Yap ...................... 350,000

3. Section 2. Eligibility for and disbursement of matching funds. (1) Matching funds shall be computed and disbursed to a state on a dollar for dollar ratio basis, provided that the National Government's share shall not exceed the amount of funds appropriated by the state for its small business loan
guarantee program, and further provided that at the time of
disbursement the state has duly enacted legislation:
(a) the purpose of which establishes and
appropriates necessary and adequate funding for a small
business loan guarantee program through lending institutions to
qualified borrowers, and which guarantee is covered by the
state or a lawful entity thereof, to secure repayment, either
in whole or part, of the small business loan;
(b) that, in the event of default by a borrower,
and prior to a call on the state's guarantee, requires the
lending institution to diligently institute its best efforts to
either restructure or recoup the loan; and
(c) provides for a maximum guarantee ceiling of
85% of the proportion of any loan guaranteed to a borrower;
whereupon,

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

Section 2. All funds appropriated by this act
shall be allotted, managed, administered, and accounted for in
accordance with applicable law, including, but not limited to,
the Financial Management Act of 1979. The allottee shall be the
President, or his designee. He shall be responsible for
ensuring that these funds, or so much thereof as may be
necessary, are used solely for the purpose specified in this act, and that no obligations are incurred in excess of the sum appropriated. The authority of the allottee to obligate funds appropriated by this act shall not lapse.

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

Date: January 10

Introduced by: Joseph Urusemal (by request)