

AN ACT

To appropriate from the General Fund of the Federated States of Micronesia for the fiscal year ending September 30, 2003, all sums directly or indirectly received as the proceeds of the first tranche of the FSM National Government's portion of the Private Sector Development Program Loan from the Asian Development Bank, in an amount not to exceed \$300,000, for the purpose of funding a steering committee on tax reform, and for other purposes.

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

1           Section 1. Authorization. The President of the FSM is  
2 hereby authorized to utilize the proceeds of the first tranche of  
3 the FSM National Government's portion of the Private Sector  
4 Development (PSD) Program Loan from the Asian Development Bank, in  
5 an amount not to exceed \$300,000, for the following purposes:

6           (1) the establishment and funding of a steering committee  
7 to guide development of the tax reform process including as  
8 necessary study tours with key policy makers to observe  
9 implementation of modern tax systems in the Pacific island  
10 countries;

11           (2) development of a tax reform implementation plan with  
12 provision for stakeholder inputs leading to the development of  
13 model legislation;

14           (3) public outreach including hearings and meetings in all  
15 four States, leading to the refinement of the tax reform proposal  
16 in advance of submission to legislative bodies; and

17           (4) improvement of tax administration highlighting those

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1 areas that will support effective implementation of the eventual  
2 tax reform proposal; subject to the limitations of the PSD  
3 Program Loan terms and this act.

4 Section 2. Appropriation. All sums directly or indirectly  
5 received as the proceeds of the first tranche of the FSM National  
6 Government's portion of the PSD Program Loan, in an amount not to  
7 exceed \$300,000, for the purposes set forth in this act.

8 Section 3. Reporting. The President of the FSM shall report  
9 to the Congress of the Federated State of Micronesia and to the  
10 Governor of each State no later than December 31, 2003, on the  
11 expenditure of all funds appropriated by this act.

12 Section 4. Allotment and management of funds and lapse date.

13 (1) All funds appropriated by this act shall be allotted,  
14 managed, administered, and accounted for in accordance with  
15 applicable law, including, but not limited to, the Financial  
16 Management Act of 1979. The allottee of all funds appropriated by  
17 this act shall be the President of the Federated States of  
18 Micronesia or the President's designee. The allottee shall be  
19 responsible for ensuring that these funds, or so much thereof as  
20 may be necessary, are used solely for the purpose specified in  
21 this act, and that no obligations are incurred in excess of the  
22 sum appropriated.

23 (2) The authority of the allottee to obligate funds  
24 appropriated by this act shall not lapse.

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Section 5. 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: 11/12/02                      Introduced by: /s/ Joseph J. Urusemal  
Joseph J. Urusemal  
(by request)

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