

A BILL FOR AN ACT

To appropriate from the General Fund of the Federated States of Micronesia for the fiscal year ending September 30, 2002, all sums directly or indirectly received as the FSM's portion of revenue sharing on the penalties and interest component of delinquent tax proceeds, in an amount not to exceed \$941,164, for the purpose of repaying money owed by Chuuk State in accordance with the Financial Stabilization Program, and for other purposes.

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

1 Section 1. Definitions. As used in this act:

2 (1) "Financial Stabilization Program" means the program
3 established by the President of the Federated States of
4 Micronesia (the "FSM") and the Governor of the State of Chuuk
5 (the "State").

6 (2) "MOU" means that memorandum of understanding entered
7 into by the FSM and the States on June 10, 2002, which guides
8 policy with respect to inter-governmental financial relations
9 between the FSM and the State, and by which the FSM and the State
10 agreed to utilize the FSM's portion of revenue sharing on certain
11 delinquent tax proceeds for the purpose of repaying money owed by
12 the State in accordance with the Financial Stabilization Program.

13 Section 2. Authorization. The President of the FSM is
14 hereby authorized to utilize the FSM's portion of revenue sharing
15 on the penalties and interest component of delinquent tax
16 proceeds owed by the State for wages and salaries tax, penalties

1 and interest for the purpose of repaying money owed by the State
2 in accordance with the Financial Stabilization Program, subject
3 to the limitations of the MOU and this act.

4 Section 3. Appropriation. All sums directly or indirectly
5 received as the FSM's portion of the revenue sharing component of
6 payments by the State for wages and salaries tax, penalties and
7 interest, in an amount not to exceed \$941,164, are hereby
8 appropriated from the General Fund of the Federated States of
9 Micronesia for the fiscal year ending September 30, 2002, for the
10 purpose of repaying money owed by the State in accordance with
11 the Financial Stabilization Program, which payment shall be made
12 directly to the creditor by the FSM. The funds appropriated
13 herein shall be first applied to pay off the State's obligations
14 to the Social Security Administration in an amount not to exceed
15 \$698,995; any remaining funds shall be applied to pay off
16 existing accounts payable to offshore medical providers.

17 Section 4. Reporting. The President of the FSM shall
18 report to the Congress of the Federated States of Micronesia and
19 the Governor of Chuuk State no later than December 31, 2002, on
20 the expenditure of all funds appropriated by this act.

21 Section 5. All funds appropriated by this act shall be
22 allotted, managed, administered, and accounted for in accordance
23 with applicable law, including, by not limited to, the Financial
24 Management Act of 1979. The allottee of all funds appropriated
25 by this act shall be the President of the Federated States of

1 Micronesia or the President's designee. The allottee shall be
2 responsible for ensuring that these funds, or so much thereof as
3 may be necessary, are used solely for the purpose specified in
4 this act, and that no obligations are incurred in excess of the
5 sum appropriated. The authority of the allottee to obligate
6 funds appropriated by this act shall not lapse.

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

10 Date: 6/25/02 Introduced by: /s/ Joseph J. Urusemal
Joseph J. Urusemal
11 (by request)

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