A BILL FOR AN ACT

To further amend title 54 of the Code of the Federated States of Micronesia, as amended, by amending section 805 thereof, and for other purposes.

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

Section 1. Section 805 of title 54 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 10-68, 13-21 and 13-60, is hereby further amended to read as follows:

"Section 805. Distribution of revenues.

(1)(a) The treasurer of the Federated States of Micronesia shall pay eighty percent of the net taxes collected pursuant to section 221(9) of this title and, beginning January 1, 2004 and continuing thereafter, fifty percent of all other net taxes collected pursuant to section 121, 141, and 221 of this title into the treasury of the State government to which the taxes are attributable for appropriation by the State legislature.

(b) Twenty five percent of the amount remaining, after the transfer of funds pursuant to subsection 1(a) of this section, of the net taxes collected pursuant to subsection 221(1) of this title shall be placed in an account to be used solely for post-graduate school scholarships. The allottee of the scholarship funds shall be the President of the Federated States of Micronesia or his designee;
(c) There is hereby created an 'Economic
Development Fund'. Deposits shall be made to said fund
at the end of each fiscal year to the extent that net
taxes collected under section 221 of this title during
the year just concluded, after deduction of the amounts
required by parts (a) and (b) of this subsection, exceed
the collections, calculated similarly, in fiscal year
2004, provided that no such deposit shall be made if at
the end of the fiscal year, the balance in said fund
equals or exceeds $1 million. Monies deposited in the
Economic Development Fund shall be used only for the
purpose of financing economic development projects and
programs within the Federated States of Micronesia. The
President of the Federated States of Micronesia shall be
the allottee of funds deposited in the Economic
Development Fund.

(d) Except as specifically provided in parts (a),
(b), and (c) of this subsection, all net taxes
collected shall be part of the General Fund of the
Federated States of Micronesia, subject to appropriation
by Congress pursuant to title 55 of the Code of the
Federated States of Micronesia.

(2) 'Net taxes' as used in subsection (1) of this
section means gross collections of taxes, penalties,
interest, or other related charges less refunds."
Section 2. 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: 1/17/05

Introduced by: /s/ Sabino S. Asor
Sabino S. Asor