AN ACT

To further amend title 55 of the Code of the Federated States of Micronesia, as amended, by amending section 317 thereof to clarify that capital project funds of any State distributed between that State and its municipal governments shall be transferred to the current account of the respective government, and for other purposes.

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

1. Section 1. Section 317 of title 55 of the Code of the Federated States of Micronesia, as amended by Public Law No. 13-24, is hereby further amended to read as follows.

"Section 317. Capital project account close-out and transition. Recognizing that the FSM has already met the 40% requirement of section 211 of the Compact with respect to capital project funds, it shall be possible, after September 30, 2003, for funds to be transferred from the capital account to the current account of a government under certain circumstances, as set forth in subsections (1) and (2) below.

(1) Available Compact capital project funds allotted to the States, their municipalities, or the National Government that lapse or are de-appropriated pursuant to the laws of the respective government shall revert to the current account of the respective government upon presentment of the relevant legislation to the Secretary of Finance."
(2) The State finance officer will close out Compact
capital project accounts upon project completion and
ensure that no obligation of funds occurs after project
completion. The close-out process will be conducted on
a timely basis. The Secretary of Finance will assist in
the close-out procedure of capital accounts after three
months following project completion, if such close-out
has not been conducted by the State finance officer.
Unused spending authority resulting from project close-
out will revert to the current account of the respective
government and shall be available for reallocation after
appropriation.

(3) Nothing in this section shall be deemed to change
or modify the distribution of capital account funds
between a State and any of its municipalities as it
existed as of September 30, 2003."

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.

September 30, 2004

/s/ Joseph J. Urusemal
Joseph J. Urusemal
President
Federated States of Micronesia