AN ACT

To further amend Title 55 of the Code of the Federated States of Micronesia, as amended, by amending sections 303 and 306 thereof to modify the division formula for Compact funds, and for other purposes.

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

Section 1. Section 303 of Title 55 of the Code of the Federated States of Micronesia, as enacted by Public Law No. 13-72, is hereby amended to read as follows:

"Section 303. Division of Compact Funds among National and State Governments.

(1) The Compact Budget Requests for Fiscal Years 2005 and 2006 of the National Government and of each State Government under section 305 of this chapter shall be based upon a division of Compact funds in the following proportions:

<table>
<thead>
<tr>
<th>State</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chuuk</td>
<td>38.57%</td>
</tr>
<tr>
<td>Kosrae</td>
<td>11.06%</td>
</tr>
<tr>
<td>Pohnpei</td>
<td>25.69%</td>
</tr>
<tr>
<td>Yap</td>
<td>16.03%</td>
</tr>
<tr>
<td>National Government</td>
<td>8.65%</td>
</tr>
</tbody>
</table>

(2) For Fiscal Year 2007 and thereafter, the chief executives of the National Government and each of the State
Governments shall have the authority to enter, from time to time, into one or more agreements setting forth the proportionate amounts of Compact funds that shall be the basis of each Government's Compact Budget Request under sections 305 and 306 of this chapter, provided that the National Government's proportionate amount of Compact funds for each Fiscal Year shall be ten percent (10%) of the estimated level of Compact funding for that year. An agreement regarding the division of Compact funds, other than the National Government's ten percent (10%) share, may be limited to a specified period of time and shall only be effective when signed by the chief executive of each and every Government."

Section 2. Section 306 of Title 55 of the Code of the Federated States of Micronesia, as enacted by Public Law No. 13-72, is hereby amended to read as follows:

"Section 306. Plan For the Division of Annual Economic Assistance.

(1) The President shall consolidate the Compact Budget Requests of all of the States and the National Government Compact Budget Request, conforming with the
requirements of section 103 of this title, into the Plan for the Division of Annual Economic Assistance. The National Government compact Budget Request included in the Plan for the Division of Annual Economic Assistance shall constitute, for Fiscal Year 2007 and each fiscal year thereafter, ten percent (10%) of the estimated level of Compact funding for that year. No modification to a State's Compact Budget Request shall be made in the consolidation process without the prior consent of the relevant State Government, except to the extent that such Compact Budget Request exceeds the estimated levels of Compact funding provided to that State Government pursuant to section 304 of this chapter.

(2) No later than July 3 of the year preceding a given Fiscal Year, the President shall submit the Plan for the Division of Annual Economic Assistance to the Government of the United States and shall transmit a copy to Congress and to each State Government."
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.

May 6, 2005

/s/ Redley Killion for
Joseph J. Urusemal
President
Federated States of Micronesia