FOURTEENTH CONGRESS OF THE FEDERATED STATES OF MICRONESIA

FIFTH REGULAR SESSION, 2006

A BILL FOR AN ACT

To amend Public Law No. 6-69, by amending section 17 thereof, to release the financial obligation of the National Fisheries Corporations to pay its debt to the National Government, and for other purposes.

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

1 Section 1. Purpose. Public Law No. 6-69 is an Act that provides funding in a form of a loan from the National Government to the National Fisheries Corporation. In this Act, an amount of $3,100,000 from the National Government treasury is provided for the initial capitalization of the National Fisheries Corporation participation in certain Tuna Industrial Joint Venture Projects and Longline Shorebased Development Joint Ventures, and an amount of $4,649,000 from the National Government treasury is provided for additional capitalization for National Fisheries Corporation participation in Tuna Industrial Fisheries Joint Ventures and to authorize the National Government to participate in a borrowing under the Compact Funds Financing Act for the purpose of promoting fisheries development in the Federated States of Micronesia.

2 The terms and conditions of this loan to the National Fisheries Corporation are set forth in section 17 of this Act. Apparently, the National Fisheries Corporation is not able to satisfy the loan with an estimated $2,701,959.00 balance due and owing to the National Government. Due to unforeseeable circumstances which is beyond the power and control of the National Fisheries
Corporation, the amounts due and owing to the National Government can not be satisfied as of March 1994. The National Fisheries Corporation has exhausted its effort to pay its debt. Further, the unpaid loan has created a bad portfolio for the Corporation in the banking business arena. Thus relieving the Corporation from this debt would allow the Corporation to start afresh in its operation. The purpose of this amendment to Public Law No. 6-69 is for the National Government officials to release the financial obligation of the Corporation specifically on this loan.

Section 2. Section 17 of Public Law No. 6-69 is hereby amended to read as follows:

"Section 17. The sum appropriated under section 3 of this act and the sum authorized to be appropriated under section 5 of this act shall be loaned from the National Government to the National Fisheries Corporation. Such loans shall not be subject to the provisions of the Financial Management Act of 1979. Such loans shall be made on reasonable terms to be established by the President of the Federated States of Micronesia in consultation with the President of the Development Bank of the Federated States of Micronesia; PROVIDED, each loan agreement shall provide that repayment shall begin 3 years after the date of execution of each loan agreement; and PROVIDED FURTHER, each loan agreement shall provide that only the principal of the loans shall
be paid and that no interest shall be paid on the
loans[•] PROVISIONED FURTHER, in the case the National
Fisheries Corporation is not able to secure payment to
satisfy its debt with the National Government, the
National Government officials may release the National
Fisheries Corporation of its financial obligation."

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.

Date: 9/4/06

Introduced by: /s/ Peter Sitan

Peter Sitan