



The President
Palikir, Pohnpei
Federated States of Micronesia

PRESIDENTIAL COMM. NO. 18-217
FSM CONGRESS

February 11, 2014

The Honorable Dohsis Halbert
Speaker
Eighteenth Congress of the Federated States of Micronesia
Palikir, Pohnpei, FM 96941



Dear Speaker Halbert:

I am pleased to transmit the following congressional, which I have signed to become Public Law No. 18-40:

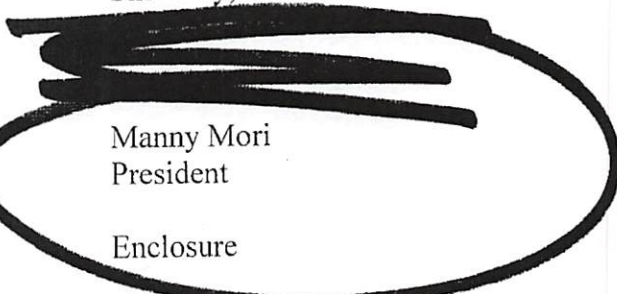
Congressional Act No. 18-43: "AN ACT TO FURTHER AMEND SECTIONS 403, 407, 421, 423 AND 425 OF TITLE 30 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA, AS ENACTED BY PUBLIC LAW NO. 15-29, BY INCREASING AND SETTING A CEILING FOR CORPORATE INCOME TAX TO BE INVESTED IN A FSM VENTURE FUNDS, DECREASE PERCENTAGES OF INCOME TAX INVESTED INTO A FSM VENTURE FUND, CHANGE THE DURATION AND THE EXPIRATION DATE OF BOTH NEW INVESTMENTS AND NEW VENTURE FUNDS, AND FOR OTHER PURPOSES."

This act introduces improvement into the Venture Funds Act of 2007 in order to make it more attractive to major corporation.

I thank Congress for passing this act.

With warm personal regards, I remain,

Sincerely,



Manny Mori
President

Enclosure

xc: Chief Justice, FSM Supreme Court
Secretary, Department of Justice
Director, Office of SBOC
Legislative Counsel, CFSM
Library, CFSM
FSM PIO



CONGRESS OF THE FEDERATED STATES OF MICRONESIA

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PRESIDENTIAL COMM. NO. 18-217
FSM CONGRESS

Office of the Chief Clerk

January 31, 2014



His Excellency Manny Mori
President
Federated States of Micronesia
Palikir, Pohnpei FM 96941

Dear President Mori:

I have the honor to transmit herewith Congressional Act No. 18-43, "AN ACT TO FURTHER AMEND SECTIONS 403, 407, 421, 423 AND 425 OF TITLE 30 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA, AS ENACTED BY PUBLIC LAW NO. 15-29, BY INCREASING AND SETTING A CEILING FOR CORPORATE INCOME TAX TO BE INVESTED IN A FSM VENTURE FUNDS, DECREASE PERCENTAGES OF INCOME TAX INVESTED INTO A FSM VENTURE FUND, CHANGE THE DURATION AND THE EXPIRATION DATE OF BOTH NEW INVESTMENTS AND NEW VENTURE FUNDS, AND FOR OTHER PURPOSES", which was passed by the Eighteenth Congress of the Federated States of Micronesia, Third Regular Session, 2014, by a two-thirds vote of all the State delegations as required and as duly certified.

Sincerely yours,

Liwiana Ramon Ioanis
Chief Clerk, Congress of the
Federated States of Micronesia

Enclosures



PRESIDENTIAL COMM. NO. 18-217
FSM CONGRESS

EIGHTEENTH CONGRESS OF THE
FEDERATED STATES OF MICRONESIA
THIRD REGULAR SESSION
JANUARY 10 - 29, 2014

PUBLIC LAW No. 18-40

An Act

TO FURTHER AMEND SECTIONS 403, 407, 421, 423 AND 425 OF TITLE 30 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA, AS ENACTED BY PUBLIC LAW NO. 15-29, BY INCREASING AND SETTING A CEILING FOR CORPORATE INCOME TAX TO BE INVESTED IN A FSM VENTURE FUNDS, DECREASE PERCENTAGES OF INCOME TAX INVESTED INTO A FSM VENTURE FUND, CHANGE THE DURATION AND THE EXPIRATION DATE OF BOTH NEW INVESTMENTS AND NEW VENTURE FUNDS, AND FOR OTHER PURPOSES.

INTRODUCED BY SENATOR: FLORENCIO S. HARPER (BY REQUEST)

DATE: JANUARY 15, 2014

REFERRED TO: COMMITTEE ON RESOURCES AND DEVELOPMENT

S.C.R. NO. 18-110 – JANUARY 28, 2014

FIRST READING: JANUARY 28, 2014

SECOND READING: JANUARY 29, 2014

A handwritten signature in black ink, appearing to read "Liwiana Ramon Ioanis".

Liwiana Ramon Ioanis
Chief Clerk, FSM Congress



CONGRESS OF THE FEDERATED STATES OF MICRONESIA

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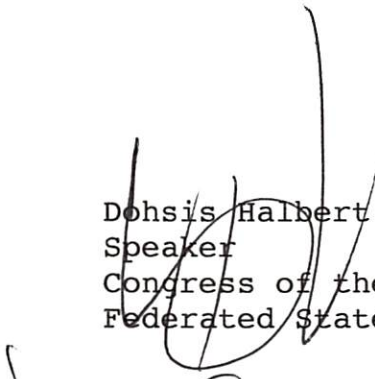
Office of the Speaker

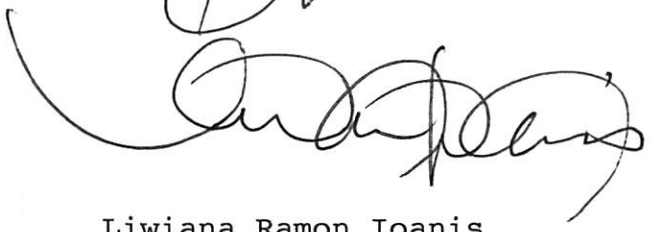
PRESIDENTIAL COMM. NO. 18-217
FSM CONGRESS

ACT NO. 18-43

(CONGRESSIONAL BILL NO. 18-119, C.D.1)

We hereby certify that on January 29 the foregoing act passed Second and Final Reading of the Eighteenth Congress of the Federated States of Micronesia, Third Regular Session, 2014, by a two-thirds vote of all the State delegations as required under article IX, section 20, of the Constitution of the Federated States of Micronesia.


Dohsis Halbert
Speaker
Congress of the
Federated States of Micronesia


Liwiana Ramon Ioanis
Chief Clerk
Congress of the
Federated States of Micronesia

EIGHTEENTH CONGRESS OF THE FEDERATED STATES OF MICRONESIA

THIRD REGULAR SESSION, 2014

CONGRESSIONAL BILL NO. 18-119, C.D.1

PUBLIC LAW NO. 18-40

AN ACT

To further amend sections 403, 407, 421, 423 and 425 of title 30 of the Code of the Federated States of Micronesia, as enacted by Public Law No. 15-29, by increasing and setting a ceiling for corporate income tax to be invested in a FSM venture funds, decrease percentages of income tax invested into a FSM venture fund, change the duration and the expiration date of both new investments and new venture funds, and for other purposes.

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

1 Section 1. Section 403 of title 30 of the Code of the
2 Federated States of Micronesia, as enacted by Public Law No.
3 15-29, is hereby amended to read as follows:

4 "Section 403. Creation.

5 (1) Any Major Corporation that pays corporate income
6 tax to the FSM exceeding \$100,000,000 but not exceeding
7 \$500,000,000 in any one calendar year may require that
8 an amount equivalent to up to 50% of the amount of
9 income taxes it paid will be invested by the FSM into a
10 FSM Venture Fund, and that the Major Corporation may
11 also select the Fund Manager for this Fund.

12 (2) Any Major Corporation that pays corporate income
13 tax to the FSM exceeding \$500,000,000 in any one
14 calendar year may require that an amount equivalent to
15 up to 50% of \$500,000,000 and up to 75% of the amount in
16 excess of \$500,000,000 of income taxes it paid will be
17 invested by the FSM into a FSM Venture Fund, and that

PUBLIC LAW NO. 18-40

1 the Major Corporation may also select the Fund Manager
2 for this Fund.

3 (3) These FSM Venture Funds, hereinafter each
4 referred to as a 'Fund', will invest in new industries
5 that may include software development, development of
6 new drugs, medicines, and medical devices and
7 procedures, entertainment, Internet content and
8 distribution, telecommunication devices and access, high
9 growth technology businesses benefiting from the rapid
10 adoption and deployment of broadband and mobile
11 technologies, development of new and improved materials,
12 new forms of energy and other types of investments that
13 that Fund Manager may deem worthy."

14 Section 2. Section 407 of title 30 of the Code of the
15 Federated States of Micronesia, as enacted by Public Law No.
16 15-29, is hereby amended to read as follows:

17 "Section 407. Duration of funds. Each Fund will end on
18 the date that is the earlier of 10 years from the date
19 the Fund was created, or December 31, 2032. At the end
20 of the life of a Fund, the following amounts must be
21 paid to investors: (1) the original capital amount
22 invested in the funds by that investor; and (2) 20% of
23 any amount remaining in the Fund after repayment of the
24 original capital amount and all interest payments are
25 made to investors. Each investor's share of the 20% of

~~PUBLIC LAW NO. 18-40~~

1 any amount remaining in the Fund after repayment of the
2 original capital amount and all interest payments are
3 made to investors will be in proportion to each
4 investor's original investment in the Fund.

5 Notwithstanding the preceding sentence, beginning in
6 2023, all Funds must begin returning the original
7 capital amount to the investors, by making equal
8 payments each year so that the entire payment of the
9 original capital amount to the investors is made by the
10 earlier of 10 years from the creation of the Fund, or
11 December 31, 2032. Any installment payment of the
12 original capital amount will be paid to the investors
13 within [0]30 days of the end of each fiscal year, except
14 for payments for the final year of the Fund.

15 Furthermore, interest at the rate of 3% per annum of any
16 Capital amount in the Fund at the beginning of the
17 fiscal year will also be paid to the investors within 30
18 days of the end of each fiscal year, except for the
19 final year of the Fund. Any payments due to the
20 investors for the final year of the Fund will be due on
21 the earlier of the last day for the fiscal year of the
22 Fund, or December 31, 2032."

23 Section 3. Section 421 of title 30 of the Code of the
24 Federated States of Micronesia, as enacted by Public Law No. 15-29,
25 is hereby repealed in its entirety.

PUBLIC LAW No. 18-40

1 Section 4. Section 423 of title 30 of the Code of the
2 Federated States of Micronesia, as enacted by Public Law No.
3 15-29, is hereby amended to read as follows:

4 "Section 423. Appraiser's annual report. Ninety days
5 before the end of the final year of the Fund, an
6 independent appraiser qualified in the valuation of
7 companies will value each of the holdings in the Fund,
8 and the overall Fund. The appraiser will issue a report
9 detailing the current value of each investment, and the
10 methodology for determining each investment's valuation.
11 The report will be signed by the appraiser and sent
12 directly to each investor 30 days before the end of the
13 final year of the Fund. The cost of the appraiser will
14 be an appropriate expense of the Fund. Six months
15 before the end of the final year of the Fund, the Fund
16 Manager will recommend an appraiser to the President of
17 the Federated States of Micronesia Development Bank. If
18 the Board of Directors of the Federated States of
19 Micronesia Development Bank approves the recommendation,
20 the appraiser will be hired. If it does not, the matter
21 will be decided by the arbitration panel described in
22 the contract between the Investors and the Fund
23 Manager."

24 Section 5. Section 425 of title 30 of the Code of the
25 Federated States of Micronesia, as enacted by Public Law No.

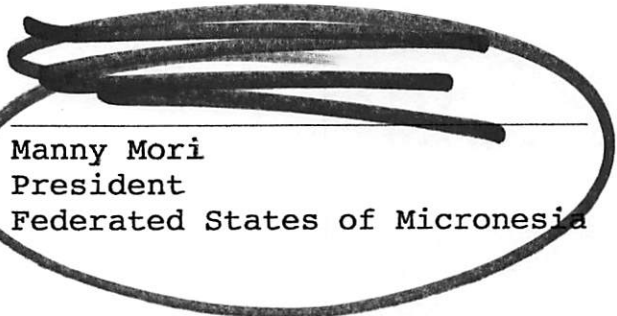
PUBLIC LAW No. 18-40

1 15-29, is hereby amended to read as follows:

2 "Section 425. Expiration date. No new investments may
3 be made and no Funds created pursuant to section 403 of
4 this act, specifically section 401, on or after April 1,
5 2025, unless extended by law. The provisions in this
6 act, specifically Section 401, will expire on January 1,
7 2033, unless extended by law."

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

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13
14 February 11, 2014
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20 Manny Mori
21 President
22 Federated States of Micronesia
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