A BILL FOR AN ACT

To further amend title 30 of the Code of the Federated States of Micronesia by amending sections 201 and 202 thereof, as amended by Public Law No. 12-75, and by repealing chapter 3 consisting of sections 301 through 320 in their entirety, in order to effect transfer of funds remaining in the Investment Development fund, with private-sector funds being transferred to the capital account of the FSM Development Bank and State earmarked subaccount funds being distributed to each respective State, and with concurrent assignment of loan security documentation, collection and enforcement rights thereof, and for other purposes.

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

Section 1. Section 201 of title 30 of the Code of the Federated States of Micronesia, as amended, is hereby amended to read as follows:

"Section 201. Investment Development Fund.

(1) The FSM Development Bank shall cease to administer all portions of the Investment Development Fund on October 1, 2014. All funds remaining in the Investment Development Fund on October 1, 2014 are transferred as follows:

(a) All funds remaining within the private-sector reserve are transferred to the FSM Development Bank capital fund. All payments and deposits due to the private-sector reserve thereafter shall be deposited to the capital fund. The FSM Development Bank shall administer the transferred funds pursuant to this title and its bylaws."
(b) All funds remaining within each State earmarked subaccount are distributed to each respective State. All loans funded from the State earmarked subaccounts, and loan security documentation, collection and enforcement rights thereto are assigned respectively to each State. All future payments and deposits due thereof after to a State earmarked subaccount shall be made directly to the respective State. FSM Development Bank shall provide written notice of the assignments to each affected borrower.

(c) The FSM Development Bank shall prepare a report on the transfer and distribution of Investment Development Funds as provided in this Act. Such report shall include information on the financial status of the transfer for the private-sector reserve, distribution each State earmarked subaccount, and the assignment of the subject loans and loan security documentation. Such report shall be transmitted to the President, the Congress of the Federated States of Micronesia, and the Governor of each State no later than sixty days following the effective date of the transfer, distribution, and assignment.”

[There is hereby created the Investment Development Fund (hereinafter, the "Fund") separate from the General Fund and other funds].
[(2) The sum of $12,000,000 received from the United States as grant funds pursuant to section 111 of United States Public Law 99-239, or so much thereof as may be necessary, together with any and all investment earnings accrued thereon since the date of receipt by the National Government and the date such sum is transferred to the Fund, is hereby appropriated from the General Fund of the Federated States of Micronesia for the fiscal year ending September 30, 1989, for the purpose of capitalizing the Investment Development Fund. The sum of $8,000,000 received from the United States as grant funds pursuant to section 111 of United States Public Law 99-239, or so much thereof as may be necessary, together with any and all investment earnings accrued thereon since the date of receipt by the National Government and the date such sum is transferred to the Fund, is hereby appropriated from the General Fund of the Federated States of Micronesia for the fiscal year ending September 30, 1991, for the purpose of further capitalizing the Investment Development Fund. In addition, all earnings accrued on investment of the Fund, all repayments of principal and interest and penalties on loans made from the Fund, all cash assets recovered on loans made from the Fund, and all fees, charges, and penalties collected in relation to
administration of the Fund shall be deposited into the
Fund.

[(3) The Fund created by this section shall be
allotted, disbursed, managed, administered, and
accounted for in accordance with this section, with the
"Agreement Between the Government of the United States
and the Government of the Federated States of Micronesia
Regarding the Investment Development Fund of the
Federated States of Micronesia Concluded Pursuant to
Section 111(e) of United States Public Law 99-239," with
the Investment Development Act of 1988 and other
applicable laws, and with such guidelines, policies, and
procedures as may be established by the Federated
Development Authority. The allottee shall be
responsible for ensuring that these funds, or so much
thereof as may be necessary, are used solely for the
purpose specified in this act, and that no obligations
are incurred in excess of the sums appropriated. The
authority of the allottee to obligate funds appropriated
by this act shall not lapse.

(4) Any unexpended money in the Fund shall not
revert to the General Fund or lapse at the end of a
fiscal year."]
Section 2.  Section 202 of chapter 2 of title 55 of the Code of the Federated States of Micronesia, as amended by Public Law Nos. 12-75, is hereby further amended to read as follows:

"Section 202.  Distribution of funds in the State earmarked subaccounts to the States.

(1) Notwithstanding any provision of the Public Law No. 5-22, as amended, if requested by the Governor of a State, the Federated Development Authority shall direct the FSM Development Bank to distribute to that State any funds not yet obligated remaining in its State-earmarked subaccount.

(2) The FDA and the FSM Development Bank shall cease to administer any portions of the Investment Development Fund distributed in accordance with subsection (1) of this section. The FDA and the FSM Development Bank shall administer all funds not distributed in accordance with subsection (1) of this section, and any future deposit into a State-earmarked subaccount, in accordance with Public Law No. 5-122.

(3) This section is repealed effective October 1, 2014."

Section 3.  Section 301 through 320 of chapter 2 of title 30 of the Code of the Federated States of Micronesia are hereby repealed in their entirety.
Section 4. 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: 5/26/14

Introduced by: /s/ Florencio S. Harper

Florencio S. Harper
(by request)