A BILL FOR AN ACT

To further amend section 805 of title 54 of the Code of the Federated States of Micronesia (Annotated), as amended by Public Laws Nos. 18-107, 21-152, 22-57 and 22-139, to authorize on an extraordinary basis that the Chuuk State’s share of the extra 20% of net taxes collected during fiscal year 2023 be remitted to the Municipal Governments for the purpose of supplementing their operations, and for other purposes.

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

Section 1. Section 805 of title 54 of the Code of the Federated States of Micronesia (Annotated), as amended by Public Laws Nos. 18-107, 22-152, 22-57, and 22-139, is hereby further amended to read as follows:

"Section 805. Distribution of revenues

(1) Distribution to the States.

(a) The treasurer of the Federated States of Micronesia shall pay eighty percent of the net taxes collected pursuant to section 221(9) of this title, and fifty percent of all other net taxes collected pursuant to sections 121, 141, and 221 of this title into the treasury of the State Government to which the taxes are attributable for appropriation by the State legislature.

(b) Subject to Part (e) below, an additional twenty percent for the total of all other net taxes collected pursuant to sections 121, 141, and 221 of this title after the Treasurer of the Federated States of
Micronesia has administered distribution under part (a) shall be deposited by the Treasurer of the Federated States of Micronesia into the States’ sub-account “A” of the FSM Trust Fund on behalf of the National Government for the State government to which the taxes are attributable. The additional twenty percent (20%) deposited by the National Government into individual States sub-account A may not be withdrawn by States.

(c) Twenty-five percent of the amount remaining, after the transfer of funds pursuant to parts (a) and (b) of this subsection, of the net taxes collected pursuant to subsection 221(1) of this title shall be placed in an account to be used solely for post-graduate school scholarships or full-time post-secondary courses of study leading to commercial Federal Aviation Administration (FAA) licenses, ratings and certifications. The allottee of the scholarship funds shall be the President of the Federated States of Micronesia or his designee;

(d) Except as specifically provided in parts (a), (b) and (c) of this subsection, all net taxes collected shall be part of the General Fund of the Federated States of Micronesia, subject to appropriation by Congress pursuant to title 55 of the Code of the Federated States of Micronesia.
(e) On an extraordinary basis the extra 20% of net taxes collected during fiscal years 2021 and 2022, as defined in part (b) of this subsection above, shall be remitted to the States and not to the FSM Trust Fund. On an extraordinary basis, [Chuuk State's and] Kosrae State's share of the extra 20% of net taxes, as provided in part (b) of this subsection above, collected during fiscal year 2023 shall not be deposited into the FSM Trust Fund but be remitted in full to Kosrae State. For Chuk State’s share of the extra 20% of net taxes, as provided in part (b) of this subsection above, collected during the fiscal year 2023 shall be not deposited into the FSM Trust Fund but shall be remitted in full to the Municipal Governments of Chuuk State. For Pohnpe State, its share for fiscal year 2023 shall be remitted to fuel wholesalers for the purpose of providing a fuel subsidy on gasoline, diesel, and kerosene to Pohnpe residents. For Yap State, its share for Fiscal Year 2023 shall be deposited into the FSM Trust Fund, as provided in part (b) of this subsection above.

(2) ‘Net taxes’ as used in subsection (1) of this section means gross collections of taxes, penalties, Interest, or other related charges less refunds.”

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.

Date: 9/6/22  
Introduced by: /s/ Victor V. Gouland

Victor V. Gouland