A BILL FOR AN ACT

To amend sections 221 and 805 of title 54 of the Code of the Federated States of Micronesia (Annotated), as amended by Public Law No. 18-107, to increase the import duties levied on used vehicles, to designate the use of certain revenues collected under 221, and for other purposes.

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

1. Section 221. Levy and rates.

The following import duties are hereby levied on all products specified herein which are imported into the FSM:

(1) cigarettes, at the rate of $0.025 per cigarette, provided that this rate shall increase by $0.005 per cigarette on January 1 of each of the years 2007, 2009, 2011, 2013 and 2015;

(2) tobacco, other than cigarettes, at the rate of 50 percent ad valorem;

(3) perfumery, cosmetics, and toiletries, including cologne and other toilet waters, articles of perfumery, whether in sachets or otherwise, and all preparations used as applications to the hair or skin, lipsticks,
pomades, powders, and other toilet preparations not having medicinal properties, at the rate of 25 percent ad valorem;

(4) soft drinks, drink mixes, drink preparations, coffee, tea, and nonalcoholic beverages, at the rate of 25 percent ad valorem, provided, however, that any beverage having a fruit juice content of 25 percent or more by volume shall be at the rate of three percent ad valorem;

(5) beer and malt beverages, at the rate of $0.25 per 12 fluid ounces;

(6) distilled alcoholic beverages, at the rate of 12 dollars per gallon;

(7) wine at the rate of 30 percent ad valorem;

(8) foodstuffs for human consumption, at the rate of three percent ad valorem; provided, however, that fresh and frozen fish and seafood, shall be at the rate of 25 percent ad valorem;

(9) gasoline and diesel fuel, at the rate of five cents per gallon;

(10) laundry bar soap, at the rate of 25 percent ad valorem; [and]

(11) automobiles, ten years or older, weighing less than 1,400 kg, at the rate of 25 percent, CIF;
(12) automobiles, ten years or older, weighing
1,400 kg or more, at the rate of 50 percent, CIF;

(13) automobiles, less than ten years old,
regardless of their weight, at a rate of 10 percent,
CIF; and

(14) all other imported products, except those
specified above, at the rate of four percent ad
valorem."

Section 2. Section 805 of title 54 of the Code of
the Federated States of Micronesia (Annotated), as amended
by Public Law No. 18-107, is hereby further amended to
read as follows:

"Section 805. Distribution of revenues.

(1)(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 the National Government’s share 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) An additional twenty percent of 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 subsection (A) shall be deposited by the treasurer of the Federated States of Micronesia into the State 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 the States.

(c) Twenty-five percent of the amount remaining, after the transfer of funds pursuant to subsections 1(a) and 1(b) of this section, 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) The treasurer of the Federated States of Micronesia shall pay the national government’s share of the net taxes collected pursuant to sections 221(11)-(13) of this title, into a fund designated
for road maintenance as established by the States.

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(e) Except as specifically provided in parts (a), (b), (c) and (d) 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.

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(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 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: 7/2/21 Introduced by: /s/ Ferny S. Perman
Ferny S. Perman