
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 1. Section 221 of title 54 of the Code of the
2 Federated States of Micronesia (Annotated), as amended, is
3 hereby amended to read as follows:

4 "Section 221. Levy and rates.

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

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

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

14 (3) perfumery, cosmetics, and toiletries,
15 including cologne and other toilet waters,
16 articles of perfumery, whether in sachets or
17 otherwise, and all preparations used as
18 applications to the hair or skin, lipsticks,

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- 1 pomades, powders, and other toilet preparations
2 not having medicinal properties, at the rate of
3 25 percent *ad valorem*;
- 4 (4) soft drinks, drink mixes, drink
5 preparations, coffee, tea, and nonalcoholic
6 beverages, at the rate of 25 percent *ad valorem*,
7 provided, however, that any beverage having a
8 fruit juice content of 25 percent or more by
9 volume shall be at the rate of three percent *ad*
10 *valorem*;
- 11 (5) beer and malt beverages, at the rate of
12 \$0.25 per 12 fluid ounces;
- 13 (6) distilled alcoholic beverages, at the rate
14 of 12 dollars per gallon;
- 15 (7) wine at the rate of 30 percent *ad valorem*;
- 16 (8) foodstuffs for human consumption, at the
17 rate of three percent *ad valorem*; provided,
18 however, that fresh and frozen fish and seafood,
19 shall be at the rate of 25 percent *ad valorem*;
- 20 (9) gasoline and diesel fuel, at the rate of
21 five cents per gallon;
- 22 (10) laundry bar soap, at the rate of 25 percent *ad*
23 *valorem*; [~~and~~]
- 24 (11) automobiles, ten years or older, weighing less
25 than 1,400 kg, at the rate of 25 percent, CIF;

1 (12) automobiles, ten years or older, weighing
2 1,400 kg or more, at the rate of 50 percent, CIF;
3 ~~[(11)]~~ (13) automobiles, less than ten years old,
4 regardless of their weight, at a rate of 10 percent,
5 CIF; and
6 (14) all other imported products, except those
7 specified above, at the rate of four percent ad
8 valorem."

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

13 "Section 805. Distribution of revenues.

14 (1)(a) The treasurer of the Federated States of
15 Micronesia shall pay eighty percent of the net taxes
16 collected pursuant to section 221(9) of this title, and
17 fifty percent ~~[at]~~ of the National Government's share of
18 all other net taxes collected pursuant to sections 121,
19 141, and 221 of this title into the treasury of the State
20 government to which the taxes are attributable for
21 appropriation by the State legislature.

22 (b) An additional twenty percent of the total
23 of all other net taxes collected pursuant to sections
24 121, 141, and 221 of this title after the Treasurer

1 of the Federated States of Micronesia has
2 administered distribution under subsection (A) shall
3 be deposited by the treasurer of the Federated States
4 of Micronesia into the State sub-account "A" of the
5 FSM Trust Fund on behalf of the National Government
6 for the State government to which the taxes are
7 attributable. The additional twenty percent (20%)
8 deposited by the National Government into individual
9 States sub-account A may not be withdrawn by the
10 States.

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

22 (d) The treasurer of the Federated States of
23 Micronesia shall pay the national government's share
24 of the net taxes collected pursuant to sections
25 221(11)-(13) of this title, into a fund designated

