AN ACT

To further amend section 609A of title 55 of the Code of the Federated States of Micronesia (Annotated), as amended by Public Laws Nos. 21-104, 21-120, 21-211, 21-232 and 22-47 in order to extend the expiration date of the Tourism Sector Mitigation Fund, and for other purposes.

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

Section 1. Section 609A of title 55 of the Code of the Federated States of Micronesia (Annotated), as amended by Public Laws Nos. 21-104, 21-120, 21-211, 21-232 and 22-47, is hereby further amended to read as follows:

“Section 609A. Tourism Sector Mitigation Fund.

(1) There is created a Tourism Sector Mitigation Fund to be used to partially offset the economic losses of the businesses in the tourism industry and individuals working in the tourism industry who were laid off in the Federated States of Micronesia during the coronavirus epidemic.

(2) Moneys for the Tourism Sector Mitigation Fund shall be derived from coronavirus epidemic appropriations by the Congress of the Federated States of Micronesia and the State legislatures, United States grants, funds designated for such purposes from international organizations and from any and all other appropriate sources.
(3) Tourism sector businesses operating in the Federated States of Micronesia seeking relief from the Tourism Sector Mitigation Fund must show tax returns from the previous year in order to establish their losses claimed under this fund. Individuals in the tourism sector, who are seeking compensation for lost wages due to being laid off as a result of the economic downturn, must submit their last paycheck stub and a statement from their employer in the tourism industry, who laid them off, evidencing their unemployment. The President shall issue regulations for equitable compensation for affected businesses, including a possible cap on the amount of a valid claim.

a) A tourism sector business will be eligible for the following relief in the relevant quarter to be calculated as follows:

(i) a rebate for reimbursement purposes equivalent to 100% of the Wages and Salaries paid by the taxpayer to the employees of the tourism sector business for personal services relating to producing the Gross Revenue for the business;

(ii) a rebate for reimbursement purposes equivalent to 100% for the Social Security contributions paid by the tourism sector business in respect of its
employees in the quarter pursuant to section 902 of title 53 of the FSM Code (Annotated);

(iii) a rebate for reimbursement purposes equivalent to 100% for the Gross Revenue Tax (plus any penalties and interest) payable by the tourism sector business in the relevant quarter pursuant to section 141 of title 54 of the FSM Code (Annotated);

(iv) a rebate for reimbursement purposes equivalent to 100% for the bank interest on business loans paid by the tourism sector business to an FSM domiciled branch of an FSM registered bank;

(v) additional relief may be added per regulations; and

(vi) businesses that can show a direct economic loss as a result in the downturn experienced by the tourism sector are eligible to receive assistance under this section subject to the requirements under 609A(3)(i)-(v).

(4) The distributions from the funds shall be managed and administered by a committee named by the President comprising representatives of the Departments of Resources and Development; Finance and Administration; Justice; and Environment, Climate Change and Emergency Management. The committee shall report quarterly to Congress on the status of the fund
and distributions therefrom.

(5) For the purposes of this fund tourism sector businesses shall include hotel operators, car rentals, tour operators, resorts, dive shops, airlines or any other tourist specific business not mentioned above. Other businesses not specifically mentioned above may apply for assistance under this section; PROVIDED THAT, they meet the following criteria:

(a) They can demonstrate that their business relies significantly on the supply of goods and services to the tourism sector; or

(b) They can demonstrate that their business has been significantly impacted by the COVID-19 public health emergency declaration.

(6) The Tourism Sector Mitigation Fund shall expire on December 31, 2022. Any unexpended funds shall lapse into the FSM Trust Fund."
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

June 3rd, 2022

/s/ David W. Panuelo
David W. Panuelo
President
Federated States of Micronesia