To further amend title 30 of the Code of the Federated States of Micronesia, as amended by Public Law No. 5-122, by adding a new chapter 2, to create the Commercial Fisheries Development Revolving Fund to provide funds for the development of commercial fisheries projects in the Federated States of Micronesia, and for other purposes.

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

Section 1. Title 30 of the Code of the Federated States of Micronesia is hereby further amended by adding a new chapter 2 entitled "Commercial Fisheries Development Fund."

Section 2. Title 30 of the Code of the Federated States of Micronesia is hereby further amended by adding a new section 201 of chapter 2 to read as follows:

"Section 201. Commercial Fisheries Development Revolving Fund; Establishment. There is hereby created and established within the Federated States of Micronesia Development Bank the Commercial Fisheries Development Revolving Fund, hereinafter referred to as the 'Fund,' separate from the General Fund of the Federated States of Micronesia and all other funds."

Section 3. Title 30 of the Code of the Federated States of Micronesia is hereby further amended by adding a new section 202 of chapter 2 to read as follows:

"Section 202. Commercial Fisheries Development Revolving Fund; Purpose. The purpose of the Fund is to provide loans to promote the development of commercial fisheries within the Federated States of Micronesia. Such loans will be distributed in accordance with the procedures established in section 204 of this act."

Section 4. Title 30 of the Code of the Federated States of Micronesia is hereby further amended by adding a new section 203 of chapter 2 to read as follows:
"Section 203. Commercial Fisheries Development Revolving Fund; Deposits. One-half of all funds received by the Federated States of Micronesia pursuant to the 'Treaty on Fisheries between the Governments of Certain Pacific Islands States and the Government of the United States of America' and any successor agreements shall be deposited into the Fund."

Section 5. Title 30 of the Code of the Federated States of Micronesia is hereby further amended by adding a new section 204 of chapter 2 to read as follows:

"Section 204. Commercial Fisheries Development Revolving Fund; Distribution.

(1) The moneys deposited into the Fund may be used to provide loans to promote commercial fisheries development projects in the Federated States of Micronesia without further appropriation. PROVIDED that:

(a) Such moneys are provided to a citizen of the Federated States of Micronesia;

(b) To be eligible for funding, a project must:

(1) Improve the balance of payments position of the Federated States of Micronesia by either increasing the value of visible or invisible exports or result in import substitution;

(ii) Demonstrably result in positive economic return;
(iii) Be consistent with the Overall Economic Development Plan; and

(iv) Meet any other guidelines that may be established by law.

(2) Determination of eligibility for funding shall be made by the Federated States of Micronesia Development Bank based on the factors established in subsection (1) of this section; PROVIDED that, no loans may be issued for an amount of less than $250,000.

(3) The Federated States of Micronesia Development Bank may establish procedures and guidelines that are consistent with this section for the evaluation of projects submitted for funding.

(4) The moneys deposited into the Fund may be expended without further appropriation for the reasonable and necessary expenses of the investment of the Fund and for its administration; PROVIDED that, such expenses shall not exceed two percent of the value of the assets of the Fund in any given year."

Section 6. Title 30 of the Code of the Federated States of Micronesia is hereby further amended by adding a new section 205 of chapter 2 to read as follows:

"Section 205. Commercial Fisheries Development Revolving Fund; Investment. The Fund shall be invested at the discretion of the Development Bank; PROVIDED that, no
assets of the Fund shall be invested in equity securities or debt instruments with maturities exceeding 5 years; PROVIDED FURTHER that, no assets of the Fund shall be deposited in a bank with assets of less than $2 billion unless fully insured or collateralized by United States Treasury Securities at 102 percent.

Section 7. 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: √-27-89

Introduced by: [Signature]

Dohsis Haihart
(by request)