
A BILL FOR AN ACT

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:

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

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

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

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

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

23 Section 4. Title 30 of the Code of the Federated States of
24 Micronesia is hereby further amended by adding a new section 203 of
25 chapter 2 to read as follows:

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C. B. No. 6-24

1 "Section 203. Commercial Fisheries Development Revolving
2 Fund; Deposits. One-half of all funds received by the
3 Federated States of Micronesia pursuant to the 'Treaty on
4 Fisheries between the Governments of Certain Pacific
5 Islands States and the Government of the United States of
6 America' and any successor agreements shall be deposited
7 into the Fund."

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

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

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

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

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

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

24 (ii) Demonstrably result in positive
25 economic return;

R & D

C. B. No. 6-24

1 (iii) Be consistent with the Overall
 2 Economic Development Plan; and
 3 (iv) Meet any other guidelines that may be
 4 established by law.

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

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

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

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

23 "Section 205. Commercial Fisheries Development Revolving
 24 Fund; Investment. The Fund shall be invested at the
 25 discretion of the Development Bank; PROVIDED that, no

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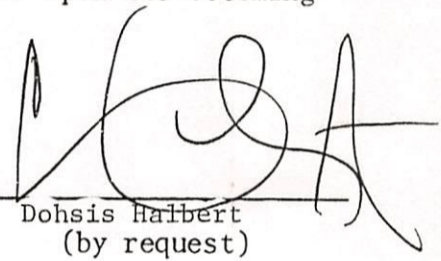
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C. B. No. 6-24

1 assets of the Fund shall be invested in equity securities
 2 or debt instruments with maturities exceeding 5 years;
 3 PROVIDED FURTHER that, no assets of the Fund shall be
 4 deposited in a bank with assets of less than \$2 billion
 5 unless fully insured or collateralized by United States
 6 Treasury Securities at 102 percent."

7 Section 7. This act shall become law upon approval by the
 8 President of the Federated States of Micronesia or upon its becoming
 9 law without such approval.

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 11 Date: 5-27-89

Introduced by: 
 Dohsis Halbert
 (by request)

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