SIXTH CONGRESS OF THE FEDERATED STATES OF MICRONESIA  
FOURTH REGULAR SESSION, 1990  
C. B. No. 6-305

A BILL FOR AN ACT

To further amend title 30 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 5-122 and 6-80, by amending section 122, as established by Public Law No. 5-122, and by amending section 17 of Public Law No. 5-122 to appropriate the sum of $8,000,000 from the General Fund of the Federated States of Micronesia for the fiscal year ending September 30, 1991, for the purpose of further capitalizing the Investment Development Fund, and for other purposes.

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

Section 1. Section 122 of title 30 of the Code of the Federated States of Micronesia, as established by Public Law No. 5-122, is hereby amended to read as follows:

"Section 122. Investment Development Fund.

(1) There is hereby created the Investment Development Fund (hereinafter, the 'Fund') separate from the General Fund and other funds.

(2) The sum of $12,000,000 received from the United States as grant funds pursuant to section 111 of United States Public Law 99-239, or so much thereof as may be necessary, together with any and all investment earnings accrued thereon since the date of receipt by the National Government and the date such sum is transferred to the Fund, is hereby appropriated from the General Fund of the Federated States of Micronesia for the fiscal year ending September 30, 1989, for the purpose of capitalizing the Investment Development Fund. The sum of $8,000,000 received from the United States as grant funds pursuant to section 111 of United States Public Law 99-239, or so much thereof as may be necessary, together with any and all investment earnings accrued thereon since the date of receipt by the National Government and the date such sum is transferred to the Fund, is hereby appropriated from the General Fund of the Federated States of Micronesia for the fiscal year ending September 30, 1991, for the purpose of
further capitalizing the Investment Development Fund. In
addition, all earnings accrued on investment of the Fund,
all repayments of principal and interest and penalties on
loans made from the Fund, all cash assets recovered on
loans made from the Fund, and all fees, charges, and
penalties collected in relation to administration of the
Fund shall be deposited into the Fund.

(3) The Fund created by this section shall be
allotted, disbursed, managed, administered, and accounted
for in accordance with this section, with the 'Agreement
Between the Government of the United States and the
Government of the Federated States of Micronesia Regarding
the Investment Development Fund of the Federated States of
Micronesia Concluded Pursuant to Section 111(c) of United
States Public Law 99-239,' with the Investment Development
Act of 1988 and other applicable laws, and with such
guidelines, policies, and procedures as may be established
by the Federated Development Authority. The allottee shall
be responsible for ensuring that these funds, or so much
thereof as may be necessary, are used solely for the
purpose specified in this act, and that no obligations are
incurred in excess of the sums appropriated. The authority
of the allottee to obligate funds appropriated by this act
shall not lapse.

(4) Any unexpended money in the Fund shall not revert
to the General Fund or lapse at the end of a fiscal year."

Section 2. Section 17 of Public Law No. 5-122 is hereby amended to read as follows:

"Section 17. Allocations to the States; Private-sector reserve.

(1) With respect to the amounts to be provided pursuant to section 111(b)(1)(i) of United States Public Law 99-239 and article II, paragraphs 2(a) and (b) of the Investment Development Fund Agreement, $31,000,000 4,600,000 shall be placed in subaccounts within the Fund for each of the States of Pohnpei and Truk, and $21,000,000 3,600,000 shall be placed in subaccounts within the Fund for each of the States of Kosrae and Yap. The funds in the State-earmarked subaccounts shall be available only to qualified recipients whose application for financing is sponsored by the State from whose earmarked subaccount the financing shall be funded. An additional $21,000,000 3,600,000 shall be placed in a private-sector reserve, which shall be available for financing to qualified recipients which are not State or National Governments, public corporations thereof, or business associations in which a government or public corporation has a financial interest, for projects whose total financing from the Fund shall equal or exceed $500,000, or when the balance of the private-sector reserve should fall below $500,000, a lesser
amount. The remaining such amounts provided by the United States shall be retained in the Fund and invested in accordance with section 18 of this act, but shall not be disbursed except when authorized by subsequent legislation.

(2) All repayments of principal and interest and penalties on loans made from a State's earmarked subaccount of the Fund and all cash assets recovered on such loans shall be credited to that State's earmarked subaccount. All other repayment of principal and interest and penalties, cash assets recovered, and other fees, charges, and penalties shall be credited to the private-sector reserve."

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.

[Signature] Claude H. Phillip

Date: Oct. 25/90

Introduc[ed by]: Claude H. Phillip