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A BILL FOR AN ACT

To further amend title 54 of the Code of the Federated States of Micronesia, as amended, by further amending section 805, as amended by Public Law No. 7-41, by increasing the distribution of net taxes to the State, and further requiring a report on the effect of this act on the revenue of the respective governmental entities, providing for effective dates of this law, and for other purposes.

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

1 Section 1. Section 805 of title 54 of the Code of the Federated States
2 of Micronesia, as amended by Public Law No. 7-41, is hereby further amended
3 to read as follows:

4 "Section 805. Distribution of revenues.

5 (1) The treasurer of the Federated States of Micronesia
6 shall pay eighty percent of the net taxes collected pursuant to
7 section 201(9) of this title, and fifty percent of all other net taxes
8 collected pursuant to sections 121, 141, and 201 of this title, into
9 the treasury of the State government to which the taxes are
10 attributable for appropriation by the State legislature. In addition
11 to the amount set forth above, ten percent of all net taxes
12 collected pursuant to sections 121, 141, and 201 of this title shall
13 be paid by the treasurer into the treasury of the State
14 government to which the taxes are attributable for appropriation
15 by the State legislature only for certain designated purposes. The
16 certain designated purposes referred to in this section shall be
17 limited to projects that have economic development as their
18 primary purpose or to improvements to the infrastructure of the
19 transportation, communication, power, water, sewage, or
20 garbage utility systems within the State.

21 (2) 'Net taxes' as used in subsection (1) of this section
22 means gross collections of taxes, penalties, interest, or other
23 related charges less refunds and less the cost of administration.

24 (3) 'Cost of administration' as used in subsection (2) of
25 this section means the cost determined to be allocatable to each

1 State by the Congress of the Federated States of Micronesia
2 when making appropriations for the operating expenses of the
3 Revenue Division.

4 (4) The revenue office in each State may administer the
5 taxes of the State in which located, but those duties shall not
6 interfere with the administration of taxes imposed by the laws of
7 the Federated States of Micronesia. All costs in excess of those
8 funded by appropriations of the Congress of the Federated
9 States of Micronesia required for the administration of State
10 taxes shall be borne entirely by the State."

11 Section 2. Section 1 of this act shall become effective on October 1,
12 1996.

13 Section 3. The President of the Federated States of Micronesia shall
14 submit to the Congress not later than April 1, 1996, a report showing the
15 impact of this act on the revenues of the respective governmental entities for
16 fiscal years 1997, 1998, and 1999.

17 Section 4. This act shall become law upon approval by the President of
18 the Federated States of Micronesia or upon its becoming law without such
19 approval.

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21 Date: 3/21/95

Introduced by: Jack Fritz
Jack Fritz

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