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A BILL FOR AN ACT

To further amend Public Law No. 5-122, as amended by Public Laws Nos. 6-21, 6-109, and 7-106, by further amending section 15, as amended by Public Law No. 7-106, and by amending section 16 for the purpose of changing the amount that may be spent annually on administering the Investment Development Fund, reducing limitations on terms of loans, and for other purposes.

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

1 Section 1. Section 15 of Public Law No. 5-122, as amended
2 by Public Law No. 7-106, is hereby further amended to read as
3 follows:

4 "Section 15. Expenses.

5 (1) Subject to the procedures specified in this
6 section, Investment Development Fund moneys may be used
7 to pay expenses of the Development Bank relating to
8 administration of the Fund, the Board of Advisors, the
9 study and reports required by section 20 of this act,
10 and investment of the Fund, and may also be used to
11 reimburse expenses incurred pursuant to subsection (6)
12 of section 6 of Public Law No. 4-51, as amended by
13 Public Law No. 4-88. Except as otherwise provided in
14 subsection (2) of section 18 of this act, such expenses
15 shall be assessed against the private-sector reserve
16 created by section 17 of this act.

17 (2) No later than April 1 of the year preceding a
18 given fiscal year, the Development Bank shall submit to
19 the Federated Development Authority for approval a
20 budget request for the upcoming fiscal year and budget
21 projections for each of the two subsequent fiscal years.
22 The budget request shall include estimates as to its
23 costs of administering the Investment Development Fund,
24 with such information and detail as the Federated
25 Development Authority may determine. The budget request

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1 shall be reviewed and approved by the Board of Directors
2 of the Development Bank prior to its submission to the
3 Federated Development Authority. In no event shall this
4 budget request exceed \$130,000 a sum equal to one and
5 one-half percent of the aggregate outstanding principal
6 loan balance of all loans made from the Investment
7 Development Fund, averaged over the most recent 12-month
8 period for which such data is available at the time of
9 the budget request.

10 (3) No later than April 1 of the year preceding a
11 given fiscal year, the Board of Advisors shall submit to
12 the Federated Development Authority for approval a
13 budget request for the upcoming fiscal year and budget
14 projections for each of the two subsequent fiscal years.
15 The budget request shall include estimates as to the
16 costs of operations of the Board of Advisors, with such
17 information and detail as the Federated Development
18 Authority may determine.

19 (4) No later than April 1 of the year preceding a
20 given fiscal year, the President of the Federated States
21 of Micronesia shall submit to the Federated Development
22 Authority for approval a budget request for the upcoming
23 fiscal year and budget projections for each of the two
24 subsequent fiscal years. The budget request shall
25 include estimates as to the costs of the study and

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1 annual reports required by subsection (1) of section 20
2 of this act, with such information and detail as the
3 Federated Development Authority may determine.

4 (5) Subject to such overall policies and
5 limitations as may be established by the Federated
6 Development Authority, expenses associated with the
7 investment of Investment Development Fund moneys may be
8 paid out of the Fund by the Development Bank without
9 prior approval.

10 (6) The Federated Development Authority shall
11 establish such reprogramming and other budgetary
12 policies with respect to the funds referred to in
13 subsections (2), (3), (4), and (5) of this section as
14 it deems appropriate.

15 (7) Summary information on the budget requests or
16 approved budgets provided for in subsections (2), (3),
17 and (4) of this section shall be included in the annual
18 budget submission required by section 103 of title 55 of
19 the Code of the Federated States of Micronesia."

20 Section 2. Section 16 of Public Law No. 5-122 is hereby
21 amended to read as follows:

22 "Section 16. Limitations on terms of loans. All loans
23 made from the Investment Development Fund shall be at an
24 interest rate of less than or equal to five percent,
25 except that fundings funded from State-~~admin~~marked

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1 subaccounts created pursuant to section 17 of this act,
 2 may, at the election of the sponsoring State or National
 3 Government, be interest-free as long as the financing
 4 recipient is a government or public corporation, or a
 5 business association in which a government or public
 6 corporation has a financial interest, and may have a
 7 grace period during which no interest or principal
 8 payments are required of not more than 3 years such an
 9 interest rate and with such a grace period, if any, as
 10 the Development Bank applies to similar loans made from
 11 its own funds, subject however to such limitations as
 12 the Federated Development Authority may establish by
 13 guidelines of general applicability."

14 Section 3. This act shall become law upon approval by the
 15 President of the Federated States of Micronesia or upon its
 16 becoming law without such approval.

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 18 Date: 2/22/94

Introduced by: 
 Joseph J. Urusemal
 (by request)

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