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, to provide that wages and salaries of National Government employees be deemed to be collected in the State of current residence for revenue sharing purposes, 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 of Micronesia, as amended by Public Law No. 7-41, is hereby further amended to read as follows:

"Section 805. Distribution of revenues.

(1) The treasurer of the Federated States of Micronesia shall pay eighty percent of the net taxes collected pursuant to section 201(9) of this title, and fifty percent of all other net taxes collected pursuant to sections 121, 141, and 201 of this title, into the treasury of the State government to which the taxes are attributable for appropriation by the State legislature.

(2) For purposes of article IX, section 5 of the Constitution of the Federated States of Micronesia, taxes collected on the wages and salaries of a National Government employee under section 121 of this title shall be deemed to be collected in the employee's State of current residence if such is within the Federated States of Micronesia.

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

(4) 'Cost of administration' as used in subsection (3) of this section means the cost determined to be allocatable to each State by the Congress of the Federated
States of Micronesia when making appropriations for the
operating expenses of the Revenue Division.

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

Section 2. 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: 10/12/98

Introduced by: [Signature]
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