NINETEENTH CONGRESS OF THE FEDERATED STATES OF MICRONESIA

FIRST SPECIAL SESSION, 2015   C.B. NO. 19-44

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A BILL FOR AN ACT

To further amend title 54 of the Code of the Federated States of
Micronesia (Annotated), as amended by Public Law No. 18-107, by
amending section 805 thereof, to provide the State Governments with
additional tax revenue for the Health and Education sectors, and for
other purposes.

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

1   Section 1. Purpose. The purpose of this act is to provide

2   additional revenue to the State Governments to appropriate in

3   the Health and Education sectors. According to the current law

4   the National Government keeps 30% of tax revenues and the

5   intent of this act is to transfer the National Government's

6   entire share to the States, except for 7.5% which will be used

7   for the National Merit Scholarship.

8   Section 2. Section 805 of title 54 of the Code of the

9   Federated States of Micronesia (Annotated), as amended by

10 Public Law No. 18-107, is hereby further amended to read as

11 follows:

12   "Section 805. Distribution of revenues.

13   (1)(a) The [t]Treasurer of the Federated States

14   of Micronesia shall pay eighty percent of the net

15   taxes collected pursuant to section 221(9) of this

16   title, and fifty percent at the National Government's

17   share of all other net taxes collected pursuant to

18   sections 121, 141, and 221 of this title into the

1   treasury of the State [g]Government to which the

2   taxes are attributable for appropriation by the State

3   legislature.

4   (b) An additional twenty percent of the total

5   of all other net taxes collected pursuant to sections

6   121, 141, and 221 of this title after the Treasurer

7   of the Federated States of Micronesia has

8   administered distribution under subsection (a) shall

9   be deposited by the [t]Treasurer of the Federated

10   States of Micronesia into the State sub-account "A"

11   of the FSM Trust Fund on behalf of the National

12   Government for the State [g]Government to which the

13   taxes are attributable. The additional twenty

14   percent (20%) deposited by the National Government

15   into individual States sub-account "A" may not be

16   withdrawn by the States.

17   (c) Twenty-five percent of the amount

18   remaining, after the transfer of funds pursuant to

19   subsections 1(a) and 1(b) of this section, of the net

20   taxes collected pursuant to subsection 221(1) of this

21   title shall be placed in an account to be used solely

22   for post-graduate school scholarships or full-time

23   post-secondary courses of study leading to commercial

24   Federal Aviation Administration (FAA) licenses,

25   ratings and certifications. The allottee of the

1   scholarship funds shall be the President of the

2   Federated States of Micronesia or his designee; and

3   [(d) Except as specifically provided in parts

4   (a), (b) and (c) of this subsection, all net taxes

5   collected shall be part of the General Fund of the

6   Federated States of Micronesia, subject to

7   appropriation by Congress pursuant to title 55 of the

8   Code of the Federated States of Micronesia.]

9   (d) All remaining funds after distribution as

10   provided in parts (a), (b) and (c) of this

11   subsection, shall be deposited into the treasury of

12   the State Government where the taxes are collected

13   for appropriation by the States at their discretion

14   for use in the Health and Education sectors, provided

15   that the States must submit a detailed annual

16   accounting of the expenditures of these funds by

17   December 31 of each year.

18   (2) 'Net taxes' as used in subsection (1) of this

19   section means gross collections of taxes, penalties,

20   interest, or other related charges less refunds."

21   Section 3. This act will come into effect on October 1,

22 2015.

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1   Section 4. This act shall become law upon approval by the

2 President of the Federated States of Micronesia or upon its

3 becoming law without such approval.

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5 Date: 7/15/15   Introduced by: /s/ Alik L. Alik
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