

A BILL FOR AN ACT

To further amend title 55 of the Code of the Federated States of Micronesia, as amended, by further amending chapter 3, as enacted by Public Law No. 13-72 and amended by Public Laws Nos. 13-85, 13-93, 18-12, 18-25, and 18-57, to bring the FSM's Internal Fiscal Procedures for Compact Implementation into compliance with the 2023 Amended Compact, and for other purposes.

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

1           Section 1. Title 55 of the Code of the Federated States of  
2 Micronesia, as amended, is hereby further amended by amending  
3 chapter 3 entitled: "Internal Fiscal Procedures for 2023 Amended  
4 Compact Implementation".

5           Section 2. Section 301 of Title 55 of the Code of the  
6 Federated States of Micronesia, as enacted by Public Law No.  
7 13-72, is hereby amended to read as follows:

8           "Section 301. Purpose. The purpose of this chapter is  
9 to establish fiscal procedures for the Compact period  
10 beginning in Fiscal Year [~~2004~~2024]. The provisions set  
11 forth hereinafter recognize the right of the State  
12 Governments and the National Government of the Federated  
13 States of Micronesia to authorize the use of Compact  
14 funds in accordance with their own respective laws,  
15 plans, policies and prerogatives consistent with the  
16 terms and conditions set forth in the 2023 Amended

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1 Compact and contained herein. The President is hereby  
2 empowered to ensure compliance with such terms and  
3 conditions, and to ensure accountable financial  
4 management of all Compact funds."

5 Section 3. Section 302 of Title 55 of the Code of the  
6 Federated States of Micronesia, as enacted by Public Law No.  
7 13-72, is hereby amended to read as follows:

8 "Section 302. Definitions.

9 For purposes of this chapter only, the following terms  
10 shall have the following meanings:

11 (1) '2003 Trust Fund Agreement' means the  
12 Agreement Between the Government of the Federated States  
13 of Micronesia and the Government of the United States of  
14 America Implementing Section 215 and Section 216 of the  
15 Compact, as Amended Regarding a Trust Fund, done at  
16 Palikir on May 14, 2003.

17 (2) '2004 Fiscal Procedures Agreement' means the  
18 Agreement Concerning Procedures for the Implementation  
19 of United States Economic Assistance Provided in the  
20 Compact of Free Association, as amended, Between the  
21 Government of the Federated States of Micronesia and the  
22 Government of the United States of America, done at  
23 Palikir on February 27, 2004.

24 (3) '2023 Amended Compact' means the Amended  
25 Compact, as amended by the Agreement Between the

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1           Government of the Federated States of Micronesia and the  
2           Government of the United States of America to Amend the  
3           Compact of Free Association, as Amended, done at Palikir  
4           on May 23, 2023.

5           (4) '2023 Fiscal Procedures Agreement' means  
6           Agreement Concerning Procedures for the Implementation  
7           of United States Economic Assistance Provided in the  
8           2023 Amended Compact Between the Government of the  
9           Federated States of Micronesia and the Government of the  
10          United States of America, done at Palikir on May 23,  
11          2023.

12          (5) '2023 Trust Fund Agreement' means the  
13          Agreement Between the government of the Federated States  
14          of Micronesia and the Government of the United States of  
15          America Regarding the Compact Trust Fund, done at  
16          Palikir on May 23, 2023.

17          ~~(1)~~(6) 'Accrued Expenditures' means charges  
18          incurred by a Government during a given period requiring  
19          the provision of funds for: (a) goods and other tangible  
20          property received; (b) services performed by employees,  
21          contractors, sub-grantees, subcontractors, and other  
22          third party non-contractors; and (c) other amounts  
23          becoming owed under programs for which no current  
24          services or performance is required, such as annuities,  
25          insurance claims, and other benefit payments, all as

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1 evidenced by a pending disbursements report.

2 (7) 'Amended Compact' means the Compact of Free  
3 Association, as Amended Between the Government of the  
4 United States of America and the Government of the  
5 Federated States of Micronesia, done at Palikir on May  
6 14, 2003, which entered into force on June 25, 2004.

7 ~~[(2)]~~ (8) 'Annual Financial Report' means [the  
8 Annual Report of the President of the Federated States  
9 of Micronesia to the Government of the United States in  
10 compliance with Section 214 of the Compact]the report  
11 required under Article VI(1)(b)(i) of the 2023 Fiscal  
12 Procedures Agreement.

13 (9) 'Annual Implementation Plan' means the plan  
14 required under Article V(3) of the 2023 Fiscal  
15 Procedures Agreement.

16 (10) 'Annual Performance Report' means the report  
17 required under Article VI(2)(a) of the 2023 Fiscal  
18 Procedures Agreement.

19 (11) 'Audit Grant' means a grant to the  
20 Government of the Federated States of Micronesia to  
21 conduct the annual Audits required under Article VIII of  
22 the 2023 Fiscal Procedures Agreement.

23 (12) 'Audits' mean financial, program and  
24 management audits, including the determination as to  
25 whether the Government of the Federated States of

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1           Micronesia has met the requirements set forth in the  
2           2023 Amended Compact, or its related agreements,  
3           regarding the purpose for which Sector Grants or other  
4           assistance are to be used; determinations as to the  
5           propriety of the financial transactions of the  
6           Government of the Federated States of Micronesia with  
7           respect to such Sector Grants or assistance; and the  
8           substantiation of appropriate follow-up actions by the  
9           Signatory Governments.

10                   (13) 'Closeout' means the normal process by which  
11           the awarding agency determines that all applicable  
12           administrative actions and all required work on the  
13           Grant have been completed.

14           ~~(3)~~(14) 'Compact' means the Compact of Free  
15           Association, as ~~(A)~~amended, and its related agreements  
16           entered into by the Government of the Federated States  
17           of Micronesia and the Government of the United States  
18           and enacted as United States Public Law No. 108-188,  
19           unless otherwise specified herein.

20           ~~(4)~~(15) 'Compact Budget Request' means the annual  
21           Compact funding request for the upcoming Fiscal Year and  
22           estimated funding levels for the two subsequent Fiscal  
23           Years.

24           ~~(5)~~(16) 'Congress' means the Congress of the  
25           Federated States of Micronesia, unless otherwise

1 specified herein.

2 (17) 'Contract' means a Contract funded under a  
3 Sector Grant or Sub-Grant. It also means a sub-contract  
4 under a Contract.

5 [~~(6) 'Fiscal Procedures Agreement' means the~~  
6 ~~'Agreement Concerning Procedures for the Implementation~~  
7 ~~of United States Economic Assistance Provided in the~~  
8 ~~Compact of Free Association, as amended, Between the~~  
9 ~~Government of the United States and the Government of~~  
10 ~~the Federated States of Micronesia' entered into in~~  
11 ~~connection with the Compact.]~~

12 ~~[(7)]~~(18) 'Fiscal Year' means each one year period  
13 beginning October 1 and ending on the next following  
14 September 30. Each Fiscal Year shall be designated by  
15 the number of the calendar year in which such Fiscal  
16 Year ends.

17 ~~[(8)]~~(19) 'Government' means a State Government or the  
18 National Government of the Federated States of  
19 Micronesia, unless otherwise specified.

20 ~~[(9)]~~(20) 'Grant Award' means a formal award of a  
21 Sector Grant, Audit Grant, Infrastructure Maintenance  
22 Fund contribution or Disaster Assistance Emergency Fund  
23 contribution, in the form of money, or property in lieu  
24 of money, [offer of funds] by the Government of the  
25 United States of America to the Government of the

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1           Federated States of Micronesia under the 2023 Amended  
2           Compact. The term does not include technical assistance  
3           instead of money, or other assistance in the form of  
4           revenue sharing, loans, loan guarantees, interest  
5           subsidies, insurance, or direct appropriations.  
6           ~~[pursuant to the terms of the Compact for the purpose of~~  
7           ~~funding programs and activities within a specific~~  
8           ~~Sector].~~

9                   (21) 'Infrastructure Development Plan' means the  
10           plan required under Article V(2) of 2023 Fiscal  
11           Procedures Agreement.

12                   (22) 'Infrastructure Maintenance Fund' means the  
13           maintenance assistance account established by the  
14           Government of the Federated States of Micronesia  
15           pursuant to Section 211 of the Amended Compact and  
16           Article VII of the 2004 Fiscal Procedures Agreement.

17           ~~[(10)]~~(23) 'JEMCO' means the Joint Economic Management  
18           Committee established pursuant to the Compact and the  
19           2004 Fiscal Procedures Agreement.

20           ~~[(11)]~~(24) 'Obligation' shall have the same meaning as  
21           defined in the respective Financial Management Acts of  
22           the Governments.

23           ~~[(12)]~~(25) 'Operational Grants' means ~~[a grant~~  
24           ~~associated with a]~~ Sector Grants other than the Sector  
25           Grants for infrastructure. ~~[program that continues from~~

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1 ~~a given period to a subsequent period as defined in~~  
2 ~~Article I, Section 1 of the Fiscal Procedures~~  
3 ~~Agreement.]~~

4 ~~(13) 'Original Compact' means the Compact of Free~~  
5 ~~Association between the Government of the Federated~~  
6 ~~States of Micronesia and the Government of the United~~  
7 ~~States in the form that was effective as of November 3,~~  
8 ~~1986 through September, 2003.~~

9 ~~[(14)](26) 'Plan for the Division of Annual Economic~~  
10 ~~Assistance' means the comprehensive plan for the~~  
11 ~~division of economic assistance for a Fiscal Year,~~  
12 ~~including Annual Grant budgets by Sector, as described~~  
13 ~~in Article V, Section 1(b) of the 2004 Fiscal Procedures~~  
14 ~~Agreement, and may include such additional reports,~~  
15 ~~narratives, summaries, documentation and other~~  
16 ~~information as the President deems appropriate.~~

17 ~~[(15)](27) 'Secretary' means the Secretary of the~~  
18 ~~Department of Finance and Administration for the~~  
19 ~~Federated States of Micronesia, or his successor in the~~  
20 ~~executive structure of the National Government of the~~  
21 ~~Federated States of Micronesia.~~

22 ~~[(16)](28) 'Sector' means one of the six grant sectors~~  
23 ~~described in [Section 211(a) of the Compact and Article~~  
24 ~~II, Section 1, of the Fiscal Procedures~~  
25 ~~Agreement] Article I, Section 211 of the 2023 Amended~~



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1           Compact and Article II(1) of the 2023 Fiscal Procedures  
2           Agreement, as such sectors may be adjusted during the  
3           term of the Compact.

4           ~~[(17)]~~(29) 'Sector Grant' means a Grant described in  
5           Article II(1) of the 2023 Fiscal Procedures Agreement  
6           for education, health care, public infrastructure, the  
7           environment, public sector capacity building, private  
8           sector development, enhanced reporting and  
9           accountability, or other sectors as mutually decided by  
10          the Signatory Governments. [the funds that are to be  
11          ~~provided pursuant to a given Sector.]~~

12          ~~[(18)]~~(30) 'State' means any of the states of the  
13          Federated States of Micronesia.

14                 (31) 'Strategic Development Plan' means the  
15          development plan required under Section 261© of the 2023  
16          Amended Compact.

17                 (32) 'Sub-Grant' means a sub-award of a Grant,  
18          made by the Government of the Federated States of  
19          Micronesia to an eligible recipient, including but not  
20          limited to local governments."

21          Section 4. Section 303 of Title 55 of the Code of the  
22          Federated States of Micronesia, as enacted by Public Law No.  
23          13-72, and as amended by Public Laws Nos. 13-85, 13-93, 18-12,  
24          18-25 and 18-57 is hereby further amended to read as follows:

25                 "Section 303. Division of Compact Funds [æ]Among

1 National and State Governments.

2 (1) The Compact Budget Requests for Fiscal Years  
3 2005 and 2006 of the National Government and of each  
4 State Government under section 305 of this chapter shall  
5 be based upon a division of Compact funds in the  
6 following proportions:

7	Chuuk	38.57%
8	Kosrae	11.06
9	Pohnpei	25.69
10	Yap	16.03
11	National Government	8.65

12 (2) For Fiscal Years 2007 to 2013, the chief  
13 executives of the National Government and each of the  
14 State Governments shall have the authority to enter,  
15 from time to time, into one or more agreements setting  
16 forth the proportionate amounts of Compact funds that  
17 shall be the basis of each Government's Compact Budget  
18 Request under sections 305 and 306 of this chapter,  
19 provided that the National Government's proportionate  
20 amount of Compact funds for each Fiscal Year shall be  
21 ten percent (10%) of the estimated level of Compact  
22 funding for that year. An agreement regarding the  
23 division of Compact funds, other than the National  
24 Government's ten percent (10%) share, may be limited to  
25 a specified period of time and shall only be effective

1           when signed by the chief executive of each and every  
2           Government.

3           (3)     The Compact Budget Requests for Fiscal  
4           Year[~~s~~] 2014 of the National Government and of each  
5           State Government under section 305 of this chapter shall  
6           be based upon a division of Compact funds in the  
7           following proportions, except for Supplemental Education  
8           Grants under section 105 of the Amended Compact:

9	Chuuk	40.11%
10	Kosrae	11.50
11	Pohnpei	26.72
12	Yap	16.67
13	National Government	5.00

14           (4)     The Compact Budget Requests for Fiscal  
15           Year[~~s~~] 2015 [~~and thereafter~~] of the National Government  
16           and of each State Government under section 305 of this  
17           chapter shall be based on a division of Compact funds in  
18           the following proportions, except Supplemental Education  
19           Grants under section 105 of the Amended Compact:

20	Chuuk	42.22%
21	Kosrae	12.10
22	Pohnpei	28.13
23	Yap	17.55
24	National Government	0.00

25           The above formula applies after JEMCO funds the College

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1 of Micronesia.

2 (5) For Fiscal Years 2016 and thereafter, the  
3 chief executives of the National Government and each of  
4 the State Governments shall have the authority to enter,  
5 from time to time, into one or more agreements setting  
6 forth the proportionate amounts of Compact funds that  
7 shall be the basis of each Government's Compact Budget  
8 Request under sections 305 and 306 of this chapter,  
9 provided that the National Government's proportionate  
10 amount of Compact funds for each Fiscal Year, after  
11 funding the College of Micronesia, shall be zero percent  
12 (0%) of the estimated level of Compact funding for that  
13 year, excepting Supplemental Education Grants under  
14 Section 105 of the Amended Compact. An agreement  
15 regarding the division of Compact funds, other than the  
16 National Government's zero percent (0%) share, may be  
17 limited to a specified period of time and shall only be  
18 effective when signed by the chief executive of each and  
19 every Government."

20 Section 5. Section 304 of Title 55 of the Code of the  
21 Federated States of Micronesia, as enacted by Public Law No. 13-  
22 72, is hereby amended to read as follows:

23 "Section 304. Compact Planning Estimates. No later  
24 than November 15 of the Fiscal Year preceding a given  
25 Fiscal Year, the President shall transmit the following

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1 Compact planning estimates to each State Government:

2 (1) Estimated levels of Compact funding  
3 available to each respective State for the upcoming  
4 Fiscal Year. Such estimates shall:

5 (a) be in accordance with [~~any agreement for~~  
6 ~~division of Compact funds entered into pursuant to~~]  
7 section 303 of this chapter[ ~~that is effective for the~~  
8 ~~relevant Fiscal Year~~]; and

9 (b) reflect the estimated available Compact  
10 funds after removal of the COM funds, but including any  
11 unobligated Grant funds that have been allowed to carry-  
12 over, under the provisions of Section 317 of this  
13 chapter.[~~decrement; and~~]

14 (2) Estimated levels of Compact funding  
15 available for the two Fiscal Years subsequent to the  
16 upcoming Fiscal Year."

17 Section 6. Section 306 of Title 55 of the Code of the  
18 Federated States of Micronesia, as enacted by Public Law No.  
19 13-72, and as amended by Public Laws Nos. 13-93, 18-12, 18-25  
20 and 18-57 is hereby further amended to read as follows:

21 "Section 306. Plan For the Division of Annual Economic  
22 Assistance.

23 (1) The President shall consolidate the Compact  
24 Budget Requests of all of the States and the National  
25 Government [~~Compact Budget Requests~~], conforming with

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1 the requirements of section 103 of this title, into the  
2 Plan for the Division of Annual Economic Assistance.  
3 ~~[The National Government Compact Budget Request included~~  
4 ~~in the Plan for the Division of Annual Economic~~  
5 ~~Assistance shall constitute, for Fiscal Year 2007 and~~  
6 ~~each fiscal year thereafter, ten percent (10%) of the~~  
7 ~~estimated level of Compact funding for that year. For~~  
8 ~~Fiscal Year 2014, the National Government Compact Budget~~  
9 ~~Request included in the Plan for the Division of Annual~~  
10 ~~Economic Assistance shall constitute five percent (5%)~~  
11 ~~of the estimated level of Compact funding for that year,~~  
12 ~~except Supplemental Education Grants under Section 105~~  
13 ~~of the Amended Compact. For Fiscal Year 2015 and each~~  
14 ~~fiscal year thereafter, after funding the College of~~  
15 ~~Micronesia, the National Government Compact Budget~~  
16 ~~Request included in the Plan for the Division of the~~  
17 ~~Annual Economic Assistance shall constitute zero percent~~  
18 ~~(0%) of the estimated level of Compact funding for that~~  
19 ~~year, except Supplemental Education Grants under Section~~  
20 ~~105 of the Amended Compact.] No modification to a~~  
21 State's Compact Budget Request shall be made in the  
22 consolidation process without the prior consent of the  
23 relevant State Government, except to the extent that  
24 such Compact Budget Request exceeds the estimated levels  
25 of Compact funding provided to that State Government

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1           pursuant to section 304 of this chapter.

2           (2) No later than July 3 of the year preceding a  
3           given Fiscal Year, the President shall submit the Plan  
4           for the Division of Annual Economic Assistance to [~~the~~  
5           ~~Government of the United States~~]JEMCO and shall transmit  
6           a copy to Congress and to each State Government."

7           Section 7. Section 307 of Title 55 of the Code of the  
8           Federated States of Micronesia, as enacted by Public Law No.  
9           13-72, is hereby amended to read as follows:

10           "Section 307. Grant Allocations – Approval,  
11           Notification, Rejection.

12           (1) Upon receipt of notice of approval by JEMCO of  
13           Sector Grant allocations, the President shall transmit  
14           such notice to Congress and to each State Government.

15           (2) The National Government or any State Government  
16           may reject all or any portion of its proportional share  
17           of an approved Sector Grant allocation for the upcoming  
18           Fiscal Year. Written notice of such rejection detailing  
19           those portions rejected by amount and by Sector shall be  
20           provided to the President not later than September 20 of  
21           the current Fiscal Year.

22           (3) The President shall immediately transmit written  
23           notification of any rejection of an approved Sector  
24           Grant allocation to the Government of the United States.

25           (4) Except with respect to Compact funds rejected

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1           pursuant to subsection (2) of this section or disputed  
2           pursuant to section 308 of this chapter, each recipient  
3           Government agrees to abide by all terms and conditions  
4           enumerated in each Sector Grant Award, the provisions of  
5           this chapter and the terms of the 2023 Amended Compact,  
6           including the 2023 Fiscal Procedures Agreement."

7           Section 8. Section 308 of Title 55 of the Code of the  
8           Federated States of Micronesia, as enacted by Public Law No.  
9           13-72, and amended by Public Law No. 13-85, is hereby further  
10          amended to read as follows:

11           "Section 308. Appeal of Special Conditions.

12           ~~[(1)]~~ If, at any time, JEMCO or the Government of the  
13           United States imposes, or notifies the Federated States  
14           of Micronesia of its intent to impose, any special  
15           conditions or restrictions on any Compact Grant Awards,  
16           the President shall immediately notify any and all  
17           affected State Governments thereof and provide such  
18           Government(s) with copies of all relevant documentation,  
19           including the explanation that is received from the  
20           Government of the United States or JEMCO of the  
21           conditions and restrictions and the reasons therefor.  
22           The President shall involve the Governments of any State  
23           to which the conditions or restrictions might apply in  
24           the consultation with the Government of the United  
25           States or JEMCO concerning the condition or restriction.



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1           ~~[(2) Any affected Government may, subject to the terms~~  
2           ~~of this subsection, dispute the decision to impose~~  
3           ~~special conditions or restrictions by submitting a~~  
4           ~~written appeal for reconsideration within twenty (20)~~  
5           ~~days of the Federated States of Micronesia's receipt of~~  
6           ~~the Grant Award to which such conditions or restrictions~~  
7           ~~were attached or the date notification of the intent to~~  
8           ~~impose special conditions was received by the Federated~~  
9           ~~States of Micronesia from the Government of the United~~  
10           ~~States, in accordance with the terms of the Fiscal~~  
11           ~~Procedures Agreement. Any and all such appeals shall be~~  
12           ~~addressed to the Government of the United States and~~  
13           ~~routed through the Office of the President. The~~  
14           ~~President shall submit any such appeal(s) to the~~  
15           ~~Government of the United States within ten (10) days of~~  
16           ~~his receipt thereof unless the President determines that~~  
17           ~~the submitting of the appeal is not in the best~~  
18           ~~interests of the nation.]"~~

19           Section 9. Section 309 of Title 55 of the Code of the  
20 Federated States of Micronesia, as enacted by Public Law No.  
21 13-72, and amended by Public Law No. 13-85, is hereby further  
22 amended to read as follows:

23           "Section 309. Grant Acceptance.

24           The President shall sign and return to the Government of  
25           the United States each Grant Award, unless rejected

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1           pursuant to section 307(3) [~~hereof~~] of this chapter, and  
2           shall transmit a copy thereof to Congress and each State  
3           Government although, pursuant to Article 5(5)(a) of the  
4           2023 Fiscal Procedure Agreement, the Government of the  
5           Federated States of Micronesia can signify its  
6           acceptance of Grants by accepting payments of the  
7           Grants."

8           Section 10. Section 311 of Title 55 of the Code of the  
9           Federated States of Micronesia, as enacted by Public Law No.  
10          13-72, is hereby amended to read as follows:

11           "Section 311. Compact Financial Assistance Fund.

12           (1) There is hereby created a "Compact Financial  
13           Assistance Fund" to be administered by and under the  
14           authority of the Secretary.

15           (2) The Compact Financial Assistance Fund shall be  
16           established at a bank or commercial financial  
17           institution organized in accordance with the laws of the  
18           United States or a state of the United States; or,  
19           subject to the approval of the Government of the United  
20           States, a bank or commercial financial institution  
21           organized in accordance with the laws of the Federated  
22           States of Micronesia, in either case for the purpose of  
23           receiving payments of Grant funds pursuant to the  
24           Compact pursuant to Article 4, Section 5(a) of the 2023  
25           Fiscal Procedures Agreement.

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1           (3) The purpose of the Compact Financial Assistance  
2 Fund is to account for Compact funds received from the  
3 Government of the United States by the Government of the  
4 Federated States of Micronesia on behalf of itself and  
5 each of the States from the time of receipt of such  
6 Compact funding and until such funding is disbursed to  
7 the respective Government to which such funding accrues.

8           (4) Funds will be received into the Compact Financial  
9 Assistance Fund quarterly for Operational Grants and on  
10 the basis of Accrued Expenditure for Infrastructure  
11 Sector Grants.

12           (5) The accounting records and accounts maintained for  
13 the fund shall be in sufficient detail to provide a full  
14 and complete accounting of Compact funds received by the  
15 Federated States of Micronesia."

16           Section 11. Section 312 of Title 55 of the Code of the  
17 Federated States of Micronesia, as enacted by Public Law No.  
18 13-72, is hereby amended to read as follows:

19           "Section 312. Operational Reserve Fund.

20           (1) There is hereby created an "Operational Reserve  
21 Fund" to be administered by and under the authority of  
22 the Secretary, pursuant to Article IV, Section 5(b)(2)  
23 of the 2004 Fiscal Procedures Agreement.

24           (2) The Operational Reserve Fund shall be an  
25 interest-bearing account established at a bank or

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1 commercial financial institution organized in accordance  
2 with the laws of the United States or a state of the  
3 United States; or, subject to the approval of the  
4 Government of the United States, a bank or commercial  
5 financial institution organized in accordance with the  
6 laws of the Federated States of Micronesia, in either  
7 case for the purpose of receiving payments of Grant  
8 funds pursuant to Article IV, Section 5(b)(2) of the  
9 2004 Fiscal Procedures Agreement.

10 (3) Funds on deposit in the Operational Reserve Fund  
11 ~~[may]were to~~ be used to cover unanticipated delays of  
12 payments from the Government of the United States of  
13 funds in respect of Grant Awards, provided that the  
14 Government of the United States has approved any such  
15 use of funds.

16 (4) In the event of an unanticipated delay of  
17 payments, the Secretary shall promptly notify the  
18 President and the Government of each affected State.

19 ~~(5) [If requested by the Government of a State~~  
20 ~~affected by an unanticipated delay of payments, the~~  
21 ~~President shall make reasonable efforts to obtain~~  
22 ~~approval from the Government of the United States for~~  
23 ~~the use of Operational Reserve Funds.~~

24 ~~(6)]~~ As the 2023 Amended Compact and the 2023 Fiscal  
25 Procedures Agreement no longer provide for the existence

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1           of the Operational Reserve Account, [A]any unobligated  
2           funds remaining in the Operational Reserve Fund as of  
3           the end of Fiscal Year 2024 [date of the final payment  
4           in respect of Operational Grants during any Fiscal Year]  
5           shall be treated as other Compact Funds as specified at  
6           Section 317 of this chapter[disbursed pursuant to  
7           section s317(5) of this chapter].

8           ~~[(7) The Secretary shall pay all interest and other~~  
9           ~~earnings on the Operational Reserve Account to the~~  
10          ~~Government of the United States pursuant to Article IV,~~  
11          ~~Section 5(b)(2) of the Fiscal Procedures Agreement.~~

12          ~~(8) If the President and the Government of every~~  
13          ~~State agree that the Operational Reserve Account is no~~  
14          ~~longer necessary, the President shall use reasonable~~  
15          ~~efforts to obtain the consent of the Government of the~~  
16          ~~United States to discontinue its use.]"~~

17          Section 12. Section 313 of Title 55 of the Code of the  
18          Federated States of Micronesia, as enacted by Public Law No.  
19          13-72, is hereby amended to read as follows:

20          "Section 313. Infrastructure Maintenance Fund.

21                 (1) There is hereby created an "Infrastructure  
22                 Maintenance Fund" to be administered by and under the  
23                 authority of the Secretary.

24                 (2) The Infrastructure Maintenance Fund shall be  
25                 comprised of five interest-bearing accounts, one for

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1 each Government, established at a bank or commercial  
2 financial institution organized in accordance with the  
3 laws of the United States or a State of the United  
4 States; or, subject to the approval of the Government of  
5 the United States, a bank or commercial financial  
6 institution organized in accordance with the laws of the  
7 Federated States of Micronesia, in either case for the  
8 purpose of receiving infrastructure maintenance  
9 contributions from the Government of the United States  
10 and any voluntary contribution from the Government of  
11 the Federated States of Micronesia pursuant to Article  
12 VII, Section [7](9) of the 2023 Fiscal Procedures  
13 Agreement.

14 ~~(3) [Not later than February 15 of each Fiscal Year,~~  
15 ~~each Government shall contribute from non-Compact~~  
16 ~~sources not less than five percent of its proportional~~  
17 ~~share of annual public infrastructure grants for that~~  
18 ~~Fiscal Year to the Infrastructure Maintenance Fund,~~  
19 ~~provided that a Government may delay such contribution,~~  
20 ~~or any portion thereof, until August 1 of that Fiscal~~  
21 ~~Year by written notification thereof to the President.]~~

22 ~~(4)~~ The Secretary shall deposit the voluntary  
23 contributions of each Government into that Government's  
24 account in the Infrastructure Maintenance Fund.

25 ~~(5)~~ The President shall certify to the Government of

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1           ~~the United States, pursuant to Article VII, Section~~  
2           ~~{7(b)}9(c) of the Fiscal Procedures Agreement, the~~  
3           ~~consolidated total amount of contributions to the~~  
4           ~~Infrastructure Maintenance Fund for each Fiscal Year:~~

5                     ~~(a) Not later than March 1 with respect to~~  
6           ~~contributions received on or before February 15; and~~

7                     ~~(b) Not later than August 15 with respect to~~  
8           ~~contributions received after February 15.~~

9           ~~{6)}(4) The Secretary shall deposit each Governments~~  
10          ~~proportional share of the annual[matching] contributions~~  
11          ~~received from the Government of the United States into~~  
12          ~~each Government's account in the Infrastructure~~  
13          ~~Maintenance Fund [proportionally] based upon the~~  
14          ~~distribution formula for division of Compact funds among~~  
15          ~~National and State Governments, as specified in Section~~  
16          ~~305 of this chapter. [amount contributed by each~~  
17          ~~Government in that Fiscal Year.~~

18          ~~[(7) Not later than ninety (90) days after the end of~~  
19          ~~each Fiscal year, the President shall transmit an annual~~  
20          ~~statement[financial report for] the previous Fiscal~~  
21          ~~Year, pursuant to Article VII, Section {7(b)}9(c) of the~~  
22          ~~2023 Fiscal Procedures Agreement, showing all deposits~~  
23          ~~into the Infrastructure Maintenance Fund by the~~  
24          ~~Government of the United States and the Governments of~~  
25          ~~the Federated States of Micronesia during the Fiscal~~

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1 ~~Year, the amount of income generated by the [f]Fund~~  
2 ~~during the Fiscal Year and the [f]Fund balance.~~

3 (8)(5) Each Government shall submit to the President an  
4 annual infrastructure maintenance plan not later than  
5 May 15 detailing the planned uses of funds available to  
6 that Government from the Infrastructure Maintenance  
7 Fund.

8 ~~(9) The President shall submit to the Government of~~  
9 ~~the United States an annual infrastructure maintenance~~  
10 ~~plan not later than July 3.]~~

11 [(10)](6) Funds on deposit in the Infrastructure  
12 Maintenance Fund shall be utilized by each Government in  
13 accordance with its infrastructure maintenance plan.

14 [(11)](7) The Secretary shall disburse available funds  
15 from the Infrastructure Maintenance Fund account of a  
16 requesting Government after the President has submitted  
17 the required Annual Infrastructure Maintenance Plan to  
18 the Government of the United States and:

19 (a) the requesting Government has submitted  
20 Accrued Expenditure reports evidencing an authorized  
21 expenditure or obligation of such funds; and

22 (b) the Secretary has determined that the  
23 requesting Government has complied with each relevant  
24 requirement under this section."

25 Section 13. Section 314 of Title 55 of the Code of the



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1 Federated States of Micronesia, as enacted by Public Law No.  
2 13-72, is hereby amended to read as follows:

3 "Section 314. Drawdown Procedures - Cash Disbursement  
4 to National and State Treasuries.

5 (1) Pursuant to Article IV, Section 5 of the 2023  
6 Fiscal Procedures Agreement, the Government of the  
7 Federated States of Micronesia will receive an advance  
8 payment for Compact Sector Operational Grants equivalent  
9 to one-quarter (1/4) of the Fiscal Year Operational  
10 Grants, [~~two-twelfths (2/12) of the annual total~~] at the  
11 beginning of each quarter of the Fiscal Year and will  
12 receive advance payments for Accrued Expenditures  
13 related to the Sector Grants for infrastructure  
14 projects. [~~equivalent to one-twelfth (1/12) of the~~  
15 ~~annual total at the beginning of each subsequent month~~  
16 ~~of the Fiscal Year, except November.~~]

17 (2) Any State Government or the Secretary may request  
18 an accelerated disbursement of Operational Grant funds  
19 by submitting to the President an outlay analysis for  
20 the Fiscal Year. [~~an Annual Cash Drawdown Schedule for~~  
21 ~~Compact Operational Grants for the upcoming Fiscal Year~~  
22 ~~based upon appropriated budgets.~~] The request shall  
23 detail by month the Government's anticipated cash  
24 disbursement requirements from Compact Sector  
25 Operational Grants, and shall include supporting

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1 documentation.

2 (3) The President shall use reasonable efforts to  
3 obtain the approval of the Government of the United  
4 States for any accelerated disbursement of Operational  
5 Grant funds and shall promptly notify the affected State  
6 Government or Secretary of a decision by the Government  
7 of the United States.

8 (4) The Secretary shall request Cash Disbursement for  
9 non-Operational Grants (Sector Grants for  
10 infrastructure) from the Government of the United States  
11 on behalf of each Government on the basis of [~~a~~]Accrued  
12 [~~e~~]Expenditures pursuant to Article IV, section 5(b)(ii)  
13 of the 2023 Fiscal Procedures Agreement.

14 (5) Upon receipt of Compact funds, the Secretary  
15 shall determine whether the amount and allocation of  
16 such funds is consistent with the Sector Grant Awards.  
17 The Secretary shall immediately notify the President and  
18 the Government of any affected State of any discrepancy  
19 and determine the cause.

20 (6) If the Secretary determines that Compact funds  
21 have been withheld or suspended pursuant to Article IV,  
22 Section 5(c) of the 2023 Fiscal Procedures Agreement,  
23 the Secretary shall immediately notify the President  
24 and, if the withholding or suspension affects a State,  
25 the Government of that State. The Secretary shall

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1 withhold from disbursement to the affected Government  
2 that portion of the Compact funds not received as a  
3 result of such withholding or suspension.

4 (7) Any Government whose Compact funding is withheld  
5 or suspended pursuant to Article IV, Section 5(c) of the  
6 2023 Fiscal Procedures Agreement may dispute such  
7 withholding or suspension through the Office of the  
8 President and in the manner set forth in the 2023 Fiscal  
9 Procedures Act.

10 (8) Unless otherwise provided in this section, the  
11 Secretary shall disburse funds from the Compact  
12 Financial Assistance Fund to the National Treasury and  
13 each State Treasury not later than the close of the  
14 business day following the day upon which the Secretary  
15 receives notice of the receipt of such funds."

16 Section 14. Section 315 of Title 55 of the Code of the  
17 Federated States of Micronesia, as enacted by Public Law No.  
18 13-72, is hereby amended to read as follows:

19 "Section 315. Reprogramming/Re-Allocation of Compact  
20 Funds.

21 (1) No Government shall re-allocate Compact funds  
22 from one Sector to another Sector during the course of  
23 the Fiscal Year.

24 (2) A Government [~~shall~~]may reprogram funds,  
25 consistent with the Annual Implementation Plan, upon

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1           obtaining the required approval (as set out in (3) or  
2           (4) below), only between October 1 and June 30 of any  
3           Fiscal Year PROVIDED THAT the such reprogramming is  
4           permissible outside of the period October 1 to June 30  
5           only if it is necessary in an emergency to protect  
6           public health and safety. [and only within an approved  
7           Sector Grant upon receipt of the prior written approval  
8           of the President].

9           (3) [~~The President shall not unreasonably withhold~~  
10           ~~approval of requests~~] [f]For reprogramming of the  
11           amounts that are less than the lesser of: [up to]  
12           fifteen percent (15%) of a Government's [proportional]  
13           share of a [total] Sector Grant for the Fiscal Year  
14           [budget] or [its]the Government's proportional share of  
15           \$1,000,000[~~, whichever is less~~] – the President's  
16           approval is required, however that approval shall not  
17           unreasonably be withheld, PROVIDED that the [~~, within an~~  
18           approved Sector Grant during the Fiscal Year; provided  
19           that such] reprogramming request does not include, and  
20           would not require, any of the following:

21                   (a) any revision of the scope or performance  
22                   objectives of a Sector Grant or infrastructure project;

23                   (b) an extension of the period of funding  
24                   availability;

25                   (c) changes in key persons specifically named in

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1 a Sector Grant award;

2 (d) the contracting out or otherwise obtaining  
3 the services of a third party to perform non-  
4 construction related activities (except general support  
5 services) that are central to the purposes of the Sector  
6 Grant; or

7 (e) any revision that would result in the need  
8 for additional funding over and above the original  
9 award.

10 (4) For proposed [~~changes in Sector Grant~~  
11 ~~budgets and projects~~]reprogramming that would include or  
12 require any of the revisions described at (3)(a)-(e) or  
13 exceed the financial limits provided in subsection (3)  
14 of this section, the approval of the President and the  
15 Government of the United States is required. [†]The  
16 President shall use his best efforts to obtain the prior  
17 approval of the Government of the United States.

18 (5) As part of the Annual Financial Reports, the  
19 Governments shall provide a summary document of all  
20 reprogramming by sector."

21 Section 15. Section 316 of Title 55 of the Code of the  
22 Federated States of Micronesia, as enacted by Public Law No.  
23 13-72, is hereby amended to read as follows:

24 "Section 316. Internal Reporting Requirements.

25 (1) For each fiscal quarter, not later than

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1           twenty (20) days after the end of such fiscal quarter,  
2           each State Government and the Secretary shall submit to  
3           the President the following reports:

4                   (a) for all Governmental fund types:

5                           (i) a statement of revenues and  
6                           expenditures;

7                           (ii) a comparison of budget and actual  
8                           expenditures by function;

9                   (b) with respect to Operational Grants, a budget  
10           execution report for each function, including major  
11           offices, cost centers, budget activities and performance  
12           reports; and

13                   (c) with respect to all Sector Grants for public  
14           infrastructure, including the [~~matching share of the~~]  
15           Infrastructure Maintenance Fund contribution, the  
16           information required to complete a US Federal Form` SF-  
17           425 (or any successor to that form).

18                           ~~[(i) a Standard Form SF 269, or reasonable~~  
19                           ~~facsimile thereof approved by the Government~~  
20                           ~~of the United States; and~~

21                           ~~(ii) a Federal Cash Transactions Report, or~~  
22                           ~~a Standard Form SF 272, or reasonable~~  
23                           ~~facsimile thereof approved by the Government~~  
24                           ~~of the United States.]~~

25                   (2) The Members of JEMCO appointed by the

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1 Federated States of Micronesia shall at least twice  
2 annually submit written reports to the President,  
3 Congress and the States including the following  
4 information:

5 (a) a summary of actions taken by JEMCO  
6 since the date of the last report to Congress;

7 (b) a description of any significant  
8 unresolved issues before JEMCO or relating to the  
9 Compact;

10 (c) the schedule for future JEMCO meetings.

11 Such reports shall be submitted to Congress no later  
12 than April 1 and September 15 of each year, and at  
13 such other times as there may be significant  
14 developments relating to the interpretation or  
15 implementation of the Compact.

16 (3) At least twice annually the members  
17 appointed by the Federated States of Micronesia to the  
18 Joint Trust Fund Committee, formed pursuant to the  
19 *Agreement Between the Government of the United States*  
20 *of America and the Government of the Federated States*  
21 *of Micronesia Implementing Section 215 and Section 216*  
22 *of the Compact, As Amended, Regarding a Trust Fund,*  
23 shall submit reports to the President, Congress and  
24 the States including the following information:

25 (a) the current balance of the funds in the

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1 Compact Trust Fund and a comparison with the  
2 balances as of: (i) the same date of the previous  
3 year; and (ii) the date of the last previous  
4 report to Congress;

5 (b) an analysis of the performance of  
6 investments made with funds in the Compact Trust  
7 Fund, including a comparison with generally-  
8 accepted measures of investment performance for  
9 the same period; and

10 (c) a description of significant investment  
11 strategy decisions relating to funds in the  
12 Compact Trust Fund.

13 Such reports shall be submitted to Congress no later  
14 than April 1 and September 15 of each year, and at such  
15 other times as there may be significant developments  
16 relating to the Compact Trust Fund."

17 Section 16. Section 317 of Title 55 of the Code of the  
18 Federated States of Micronesia, as enacted by Public Law No.  
19 13-72, is hereby further amended to read as follows:

20 "Section 317. Availability of Grant Funds. [~~Compact~~  
21 ~~Quarterly Financial Reporting Requirements.~~

22 ~~For each fiscal quarter, not later than thirty (30) days~~  
23 ~~after the end of such fiscal quarter, the President~~  
24 ~~shall submit to the Government of the United States a~~  
25 ~~consolidated report reflecting information provided in~~



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1 ~~each of the reports provided pursuant Section 315 of~~  
2 ~~this chapter.]~~

3 (1) For Fiscal Year 2025 and thereafter,  
4 pursuant to Section 218 of the 2023 Amended Compact, and  
5 Article VI, Section 1(c) and Article IX of the 2023  
6 Fiscal Procedures Agreement, Sector Grant funds that are  
7 unobligated by each respective Government by the end of  
8 the Fiscal Year shall:

9 (a) for Operational Grants – shall be  
10 deposited into the Trust Fund, as required by  
11 Article IX, Section 3(a) of the 2023 Fiscal  
12 Procedures Agreement; and

13 (b) for Sector Grants for public  
14 infrastructure – shall remain available for  
15 obligation in a subsequent Fiscal Year as  
16 described in the terms and conditions of the  
17 Sector Grant, as required by Article IX,  
18 Section 3(b) of the 2023 Fiscal Procedures  
19 Agreement.

20 (2) For Fiscal Year 2024 only, the amount of  
21 Sector funds that were unobligated by each respective  
22 Government in the previous Fiscal Years, shall remain  
23 available in the same sector for Fiscal Year 2024."

24 Section 17. Section 318 of Title 55 of the Code of the  
25 Federated States of Micronesia, as enacted by Public Law No.

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1 13-72, is hereby amended to read as follows:

2 "Section 318. Internal Annual Final Cash Transactions  
3 Report. Not later than eighty (80) days after the end  
4 of each Fiscal Year, each State Government and the  
5 Secretary shall submit to the President a final cash  
6 transactions report for each Sector Grant. For  
7 Operational Grants, through Fiscal Year 2023 only, the  
8 reports shall include the amount of any unobligated  
9 Operational Grant funding that will carry over to  
10 subsequent Fiscal Years."

11 Section 18. Section 319 of Title 55 of the Code of the  
12 Federated States of Micronesia, as enacted by Public Law No.  
13 13-72, is hereby amended to read as follows:

14 "Section 319. Compact Annual Final Cash Transactions  
15 Report. Not later than ninety (90) days after the end  
16 of each Fiscal Year, the President shall submit to the  
17 Government of the United States a final cash  
18 transactions report for each Sector Grant. For  
19 Operational Grants, through Fiscal Year 2023 only, the  
20 reports shall include the amount of any unobligated  
21 Grant funding that will carry over to subsequent Fiscal  
22 Years."

23 Section 19. Section 320 of Title 55 of the Code of the  
24 Federated States of Micronesia, as enacted by Public Law No.  
25 13-72, is hereby amended to read as follows:

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1 "Section 320. [~~Annual~~] Plans and Reports of the  
2 President to the Government of the United States.

3 (1) There are three plans that the President is  
4 required to provide to JEMCO and the Government of the  
5 United States prior to receiving Grant Awards (pre-  
6 award requirements). For these reports, JEMCO is  
7 required to review and concur with (or reject portions  
8 of the plan that relate to the use of Sector Grants)  
9 within sixty (60) days of their submission. Pursuant  
10 to Article V Section 4 of the 2023 Fiscal Procedure  
11 Agreement, JEMCO may extend the due date of these  
12 plans upon receiving a justified request to do so.

13 The plans are:

14 (a) The Strategic Development Plan – this  
15 plan is due no later than March 31, 2024, and  
16 thereafter at appropriate intervals. This plan  
17 must satisfy the requirements of Section 261(c)  
18 of the 2023 Amended Compact and Article V,  
19 Section 1 of the 2023 Fiscal Procedures  
20 Agreement.

21 (b) The Infrastructure Development Plan –  
22 this plan is due no later than March 31, 2024,  
23 and thereafter at appropriate intervals. This  
24 plan must satisfy the requirements of Article V,  
25 Section 2 of the 2023 Fiscal Procedure Agreement

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1                   and must include:

2                               (i) a single, integrated list of State  
3                               and National projects for new and  
4                               reconstructed capital infrastructure to be  
5                               funded with the Sector Grant for public  
6                               infrastructure;

7                               (ii) for each project, a preliminary  
8                               cost estimate, scope of work, and  
9                               implementation schedule; and

10                              (iii) an explanation of how each proposed  
11                              project reasonably furthers one or more of  
12                              the goals and broad strategies in the  
13                              Strategic Development Plan.

14                              (c) The Annual Implementation Plan -  
15                              this plan is due no later than July 15 of each  
16                              year. This plan should be developed in  
17                              conjunction with the budget process and must  
18                              satisfy the requirements of Article V, Section 3  
19                              of the 2023 Fiscal Procedures Agreement,  
20                              including that it details the proposed uses and  
21                              expenditure of Sector Grants. Additionally, for  
22                              infrastructure projects that will be funded by a  
23                              Sector Grant, there are specific requirements  
24                              that must be included in the Annual  
25                              Implementation Plan.

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1           (2) A consolidated Annual Infrastructure  
2           Maintenance Plan must be submitted by the President to  
3           the Government of the United States, pursuant to  
4           Article VII, Section 9(e) of the 2023 Fiscal Procedure  
5           Agreement. This Plan must be submitted before the  
6           funds in the Infrastructure Maintenance Fund are  
7           available for use each year.

8           (3) The Section 264 Report must be provided by  
9           the President to JEMCO and the Government of the  
10          United States, in Fiscal Year 2024 and every two years  
11          thereafter. This report must satisfy the requirements  
12          of Section 264 of the 2023 Amended Compact, which  
13          requires the report to state the use of Sector Grant  
14          assistance and other assistance provided by the  
15          Government of the United States during the previous  
16          two Fiscal Years, and report on the progress of the  
17          Governments in meeting program and economic goals.  
18          JEMCO shall review the Section 264 Report within 30  
19          days of its submission.

20          (4) There are two post-award reports that the  
21          President must provide to the Government of the United  
22          States and to JEMCO. Pursuant to Article VI, Section  
23          2(b), the Government of the Federated States of  
24          Micronesia is required to consult with the Government  
25          of the United States in choosing a qualified third-

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1           party, and in retaining that third-party to assist  
2           with the preparation and submission of the two post-  
3           award reports. These two reports are:

4                   (a) The Annual Financial Report –

5                               (i) For Fiscal Year 2023, the  
6                               Government of the Federated States of  
7                               Micronesia is required to provide the Annual  
8                               Financial Report to the President of the  
9                               United States and to JEMCO. JEMCO shall  
10                              review and comment on the Report and make  
11                              appropriate recommendations. These are  
12                              requirements under Section 214 of the 2023  
13                              Amended Compact.

14                              (ii) For Fiscal Years 2024 and  
15                              thereafter, [N]not later than [the last day  
16                              in February of each]180 days after the end  
17                              of each Fiscal [y]Year, unless such due date  
18                              is extended by JEMCO after receiving a  
19                              justified request, the President shall  
20                              submit the Annual Financial Report to the  
21                              [President]Government of the United States  
22                              and JEMCO in accordance with [Article V,  
23                              Section 1(d)]Article VI, Section 1(b) of the  
24                              2023 Fiscal Procedures Agreement [and  
25                              Section 214 of the Compact], and shall

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1 transmit copies of the Annual Financial  
2 Report to the Congress and the Government of  
3 each State; and

4 (b) The Annual Performance Report - this report  
5 must be provided to the Government of the Untied  
6 States and to JEMCO each year, no later than 180 days  
7 after the end of the Fiscal Year, unless JEMCO has  
8 extended the due date upon receiving a justified  
9 request. The content of this report must satisfy  
10 Article VI, Section 2(a) of the 2023 Fiscal Procedures  
11 Agreement.

12 (5) The United States Federal Form SF-425, or any  
13 successors thereto, must also be prepared annually  
14 with regard to the Infrastructure Maintenance Fund  
15 contribution, and submitted by the President to the  
16 Government of the United States within 180 days of the  
17 end of the Fiscal Year. This report shall include  
18 accounting information and a status of progress fir  
19 each project funded from Grant."

20 Section 20. Section 321 of Title 55 of the Code of the  
21 Federated States of Micronesia, as enacted by Public Law No.  
22 13-72, is hereby amended to read as follows:

23 "Section 321. Accounting and Record Keeping.

24 (1) All obligation and expenditure of Compact Funds  
25 shall be in accordance with the Compact and this

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1 chapter.

2 (2) The financial reporting systems of each  
3 Government shall provide full disclosure of the  
4 financial position and results of operations of each  
5 accounting fund in accordance with a uniform and  
6 standardized format. The financial information  
7 generated from these systems shall include, but not be  
8 limited to, all pertinent information needed to prepare  
9 the comprehensive [a]Annual [f]Financial [r]Report[s],  
10 the Annual Performance Report, the Strategic Development  
11 Plan, the Infrastructure Development Plan, the  
12 Infrastructure Maintenance Plan, the Form SF-425 Report  
13 on uses of the Infrastructure Maintenance Fund, the  
14 Annual Implementation Plan, as well as the biennial  
15 Section 264 Report as required by the 2023 Fiscal  
16 Procedures Agreement and the 2023 Amended Compact."

17 Section 21. Section 323 of Title 55 of the Code of the  
18 Federated States of Micronesia, as enacted by Public Law No.  
19 13-72, is hereby amended to read as follows:

20 "Section 323. Enforcement.

21 (1) Each State Government and the Secretary shall  
22 immediately report to the President any violation of  
23 this chapter.

24 (2) If the President of the Federated States of  
25 Micronesia determines that any Government is not in



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1 compliance with one or more provisions of the 2023  
2 Amended Compact, the 2023 Fiscal Procedures Agreement,  
3 any provision of this chapter, or rules and regulations  
4 promulgated pursuant to this chapter, he shall confer  
5 with the appropriate Government in an effort to remedy  
6 the effects of such noncompliance and to ensure future  
7 compliance with such provisions.

8 (3) Notwithstanding any provision to the contrary in  
9 this chapter, the President may withhold Compact  
10 financial assistance until such time as the non-  
11 compliant Government has complied with all of the  
12 provisions of the 2023 Amended Compact, the 2023 Fiscal  
13 Procedures Agreement, any provision of this chapter, and  
14 any rules and regulations promulgated pursuant to this  
15 chapter."

16 Section 22. This act shall become law upon approval by the  
17 President of the Federated States of Micronesia or upon its  
18 becoming law without such approval.

19  
20 Date: 8/3/23

Introduced by: /s/ Isaac V. Figir  
Isaac V. Figir

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