

AN ACT

To further amend title 55 of the Code of the Federated States of Micronesia, as amended, by amending section 317 thereof to clarify that capital project funds of any State distributed between that State and its municipal governments shall be transferred to the current account of the respective government, and for other purposes.

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

1 Section 1. Section 317 of title 55 of the Code of the
2 Federated States of Micronesia, as amended by Public Law No. 13-
3 24, is hereby further amended to read as follows.

4 "Section 317. Capital project account close-out and
5 transition. Recognizing that the FSM has already met
6 the 40% requirement of section 211 of the Compact with
7 respect to capital project funds, it shall be possible,
8 after September 30, 2003, for funds to be transferred
9 from the capital account to the current account of a
10 government under certain circumstances, as set forth in
11 subsections (1) and (2) below.

12 (1) Available Compact capital project funds allotted
13 to the States, their municipalities, or the National
14 Government that lapse or are de-appropriated pursuant to
15 the laws of the respective government shall revert to
16 the current account of the respective government upon
17 presentment of the relevant legislation to the Secretary
18 of Finance.

1 (2) The State finance officer will close out Compact
2 capital project accounts upon project completion and
3 ensure that no obligation of funds occurs after project
4 completion. The close-out process will be conducted on
5 a timely basis. The Secretary of Finance will assist in
6 the close-out procedure of capital accounts after three
7 months following project completion, if such close-out
8 has not been conducted by the State finance officer.
9 Unused spending authority resulting from project close-
10 out will revert to the current account of the respective
11 government and shall be available for reallocation after
12 appropriation.

13 (3) Nothing in this section shall be deemed to change
14 or modify the distribution of capital account funds
15 between a State and any of its municipalities as it
16 existed as of September 30, 2003."

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25 Section 2. This act shall become law upon approval by the
26 President of the Federated States of Micronesia or upon its

1 becoming law without such approval.

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September 30, 2004

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/s/ Joseph J. Urusemal

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Joseph J. Urusemal

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President

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Federated States of Micronesia

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