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A BILL FOR AN ACT

To further amend title 30 of the Code of the Federated States of Micronesia by amending sections 201 and 202 thereof, as amended by Public Law No. 12-75, and by repealing chapter 3 consisting of sections 301 through 320 in their entirety, in order to effect transfer of funds remaining in the Investment Development fund, with private-sector funds being transferred to the capital account of the FSM Development Bank and State earmarked subaccount funds being distributed to each respective State, and with concurrent assignment of loan security documentation, collection and enforcement rights thereof, and for other purposes.

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

1           Section 1. Section 201 of title 30 of the Code of the  
2 Federated States of Micronesia, as amended, is hereby amended to  
3 read as follows:

4           "Section 201. Investment Development Fund.

5           (1) The FSM Development Bank shall cease to administer  
6 all portions of the Investment Development Fund on  
7 October 1, 2014. All funds remaining in the Investment  
8 Development Fund on October 1, 2014 are transferred as  
9 follows:

10           (a) All funds remaining within the private-sector  
11 reserve are transferred to the FSM Development Bank  
12 capital fund. All payments and deposits due to the  
13 private-sector reserve thereafter shall be deposited to  
14 the capital fund. The FSM Development Bank shall  
15 administer the transferred funds pursuant to this title  
16 and its bylaws.

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1           (b) All funds remaining within each State  
2           earmarked subaccount are distributed to each respective  
3           State. All loans funded from the State earmarked  
4           subaccounts, and loan security documentation, collection  
5           and enforcement rights thereto are assigned respectively  
6           to each State. All future payments and deposits due  
7           thereof after to a State earmarked subaccount shall be  
8           made directly to the respective State. FSM Development  
9           Bank shall provide written notice of the assignments to  
10          each affected borrower.

11           (c) The FSM Development Bank shall prepare a  
12           report on the transfer and distribution of Investment  
13           Development Funds as provided in this Act. Such report  
14           shall include information on the financial status of the  
15           transfer for the private-sector reserve, distribution  
16           each State earmarked subaccount, and the assignment of  
17           the subject loans and loan security documentation. Such  
18           report shall be transmitted to the President, the  
19           Congress of the Federated States of Micronesia, and the  
20           Governor of each State no later than sixty days  
21           following the effective date of the transfer,  
22           distribution, and assignment."

23           ~~[There is hereby created the Investment Development Fund~~  
24           ~~(hereinafter, the "Fund") separate from the General Fund~~  
25           ~~and other funds].~~

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1           ~~[(2) The sum of \$12,000,000 received from the United~~  
2           ~~States as grant funds pursuant to section 111 of United~~  
3           ~~States Public Law 99 239, or so much thereof as may be~~  
4           ~~necessary, together with any and all investment earnings~~  
5           ~~accrued thereon since the date of receipt by the~~  
6           ~~National Government and the date such sum is transferred~~  
7           ~~to the Fund, is hereby appropriated from the General~~  
8           ~~Fund of the Federated States of Micronesia for the~~  
9           ~~fiscal year ending September 30, 1989, for the purpose~~  
10           ~~of capitalizing the Investment Development Fund. The~~  
11           ~~sum of \$8,000,000 received from the United States as~~  
12           ~~grant funds pursuant to section 111 of United States~~  
13           ~~Public Law 99 239, or so much thereof as may be~~  
14           ~~necessary, together with any and all investment earnings~~  
15           ~~accrued thereon since the date of receipt by the~~  
16           ~~National Government and the date such sum is transferred~~  
17           ~~to the Fund, is hereby appropriated from the General~~  
18           ~~Fund of the Federated States of Micronesia for the~~  
19           ~~fiscal year ending September 30, 1991, for the purpose~~  
20           ~~of further capitalizing the Investment Development Fund.~~  
21           ~~In addition, all earnings accrued on investment of the~~  
22           ~~Fund, all repayments of principal and interest and~~  
23           ~~penalties on loans made from the Fund, all cash assets~~  
24           ~~recovered on loans made from the Fund, and all fees,~~  
25           ~~charges, and penalties collected in relation to~~

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1           ~~administration of the Fund shall be deposited into the~~  
2           ~~Fund.]~~

3           ~~[(3) The Fund created by this section shall be~~  
4           ~~allotted, disbursed, managed, administered, and~~  
5           ~~accounted for in accordance with this section, with the~~  
6           ~~"Agreement Between the Government of the United States~~  
7           ~~and the Government of the Federated States of Micronesia~~  
8           ~~Regarding the Investment Development Fund of the~~  
9           ~~Federated States of Micronesia Concluded Pursuant to~~  
10           ~~Section 111(c) of United States Public Law 99-239," with~~  
11           ~~the Investment Development Act of 1988 and other~~  
12           ~~applicable laws, and with such guidelines, policies, and~~  
13           ~~procedures as may be established by the Federated~~  
14           ~~Development Authority. The allottee shall be~~  
15           ~~responsible for ensuring that these funds, or so much~~  
16           ~~thereof as may be necessary, are used solely for the~~  
17           ~~purpose specified in this act, and that no obligations~~  
18           ~~are incurred in excess of the sums appropriated. The~~  
19           ~~authority of the allottee to obligate funds appropriated~~  
20           ~~by this act shall not lapse.~~

21           ~~(4) Any unexpended money in the Fund shall not~~  
22           ~~revert to the General Fund or lapse at the end of a~~  
23           ~~fiscal year."]~~

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1           Section 2. Section 202 of chapter 2 of title 55 of the Code  
2 of the Federated States of Micronesia, as amended by Public Law  
3 Nos. 12-75, is hereby further amended to read as follows:

4           "Section 202. Distribution of funds in the State  
5 earmarked subaccounts to the States.

6           (1) Notwithstanding any provision of the Public Law  
7 No. 5-22, as amended, if requested by the Governor of a  
8 State, the Federated Development Authority shall direct  
9 the FSM Development Bank to distribute to that State any  
10 funds not yet obligated remaining in its State-earmarked  
11 subaccount.

12           (2) The FDA and the FSM Development Bank shall cease  
13 to administer any portions of the Investment Development  
14 Fund distributed in accordance with subsection (1) of  
15 this section. The FDA and the FSM Development Bank  
16 shall administer all funds not distributed in accordance  
17 with subsection (1) of this section, and any future  
18 deposit into a State-earmarked subaccount, in accordance  
19 with Public Law No. 5-122.

20           (3) This section is repealed effective October 1,  
21 2014."

22           Section 3. Section 301 through 320 of chapter 2 of title 30  
23 of the Code of the Federated States of Micronesia are hereby  
24 repealed in their entirety.

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1           Section 4. This act shall become law upon approval by  
2 the President of the Federated States of Micronesia or upon  
3 its becoming law without such approval.

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5 Date: 5/26/14

Introduced by: /s/ Florencio S. Harper

Florencio S. Harper

(by request)

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