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A BILL FOR AN ACT

To further amend Public Law No. 5-122, as amended by Public Laws Nos. 6-21, 6-109 and 7-106, by further amending section 15, as amended by Public Law No. 7-106, and by amending section 16 for the purpose of changing the amount that may be spent annually on administering the Investment Development Fund, reducing limitations on terms of loans, and for other purposes.

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

1 Section 1. Section 15 of Public Law No. 5-122, as amended by Public
2 Law No. 7-106, is hereby further amended to read as follows:

3 "Section 15. Expenses.

4 (1) Subject to the procedures specified in this section,
5 Investment Development Fund moneys may be used to pay
6 expenses of the Development Bank relating to administration of
7 the Fund, the Board of Advisors, the study and reports required
8 by section 20 of this act, and investment of the Fund, and may
9 also be used to reimburse expenses incurred pursuant to
10 subsection (6) of section 6 of Public Law No. 4-51, as amended
11 by Public Law No. 4-88. Except as otherwise provided in
12 subsection (2) of section 18 of this act, such expenses shall be
13 assessed against the private-sector reserve created by section
14 17 of this act.

15 (2) No later than April 1 of the year preceding a given
16 fiscal year, the Development Bank shall submit to the Federated
17 Development Authority for approval a budget request for the
18 upcoming fiscal year and budget projections for each of the two
19 subsequent fiscal years. The budget request shall include
20 estimates as to its costs of administering the Investment
21 Development Fund, with such information and detail as the
22 Federated Development Authority may determine. The budget
23 request shall be reviewed and approved by the Board of Directors
24 of the Development Bank prior to its submission to the Federated
25 Development Authority. In no event shall this budget request

1 exceed ~~\$130,000~~ a sum equal to one and one-half percent of the
 2 aggregate outstanding principal loan balance of all loans made
 3 from the Investment Development Fund, averaged over the most
 4 recent 12-month period for which such data is available at the
 5 time of the budget request.

6 (3) No later than April 1 of the year preceding a given
 7 fiscal year, the Board of Advisors shall submit to the Federated
 8 Development Authority for approval a budget request for the
 9 upcoming fiscal year and budget projections for each of the two
 10 subsequent fiscal years. The budget request shall include
 11 estimates as to the costs of operations of he Board of Advisors,
 12 with such information and detail as the Federated Development
 13 Authority may determine.

14 (4) No later than April 1 of the year preceding a given
 15 fiscal year, the President of the Federated States of Micronesia
 16 shall submit to the Federated Development Authority for approval
 17 a budget request for the upcoming fiscal year and budget request
 18 for the upcoming fiscal year and budget projections for each of
 19 the two subsequent fiscal years. The budget request shall include
 20 estimates as to the costs of the study and annual reports
 21 required by subsection (1) of section 20 of this act, with such
 22 information and detail as the Federated Development Authority
 23 may determine.

24 (5) Subject to such overall policies and limitations as
 25 may be established by the Federated Development Authority,

1 expenses associated with the investment of Investment
2 Development Fund moneys may be paid out of the Fund by the
3 Development Bank without prior approval.

4 (6) The Federated Development Authority shall establish
5 such reprogramming and other budgetary policies with respect to
6 the funds referred to in subsections (2), (3), (4), and (5) of this
7 section as it deems appropriate.

8 (7) Summary information on the budget requests or
9 approved budgets provided for in subsections (2), (3), and (4) of
10 this section shall be included in the annual budget submission
11 required by section 103 of title 55 of the Code of the Federated
12 States of Micronesia."

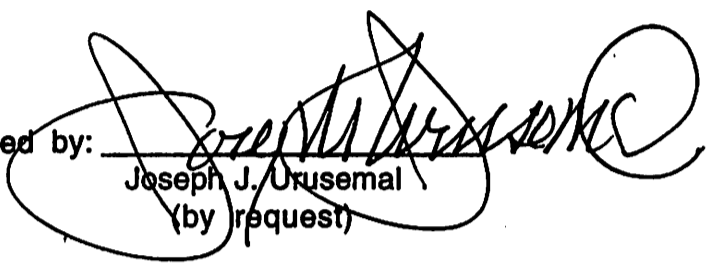
13 Section 2. Section 16 of Public Law No. 5-122 is hereby amended to
14 read as follows:

15 "Section 16. Limitations on terms of loans. All loans made from
16 the Investment Development Fund shall be at ~~any interest rate~~
17 ~~of less than or equal to five percent, except that~~
18 ~~funding funded from State earmarked subaccounts~~
19 ~~created pursuant to section 17 of this act, may, at the~~
20 ~~elect of the sponsoring State or National Government,~~
21 ~~be interest-free as long as the financing institution is a~~
22 ~~government or public corporation, or a business~~
23 ~~association in which a government or public corporation~~
24 ~~has a financial interest, and may have a grace period~~
25 ~~during which no interest or principal payments are~~

1 required of not more than 3 years such an interest rate
 2 and with such a grace period, if any, as the Development Bank
 3 applies to similar loans made from its own funds, subject however
 4 to such limitations as the Federated Development Authority may
 5 establish by guidelines of general applicability."

6 Section 3. This act shall become law upon approval by the President of
 7 the Federated States of Micronesia for upon its becoming law without such
 8 approval.

9
 10 Date: 5/30/96

11 Introduced by: 
 12 Joseph J. Urusemal
 13 (by request)