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AN ACT

To declare the national policy on Sovereign Immunity and to provide for a limited waiver of immunity for specific types of claims, and for other purposes.

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

1       Section 1. Policy. Implicit in the sovereignty of a nation is the  
2 right and power to determine whether, how, when and under what circum-  
3 stances civil actions of any nature may be brought against it. The  
4 Constitutional Convention determined that the National Government be  
5 accountable for civil wrongs to its citizenry at such time and under such  
6 terms and conditions as found appropriate from the national experience.  
7 It is, therefore, at this time in our national history the policy of the  
8 National Government of the Federated States of Micronesia to grant redress  
9 for civil wrongs by waiving sovereign immunity to the extent prescribed  
10 in this act.

11       Section 2. Limited Waiver of Sovereign Immunity. Actions upon the  
12 following claims may be brought against the Federated States of Micronesia  
13 with original and exclusive jurisdiction residing in the Trial Division of  
14 the Supreme Court of the Federated States of Micronesia, and prior to its  
15 organization, in the Trial Division of the High Court of the Trust Terri-  
16 tory of the Pacific Islands:

17           (1) Claims for recovery of any tax alleged to have been  
18 erroneously or illegally collected, or any penalty claimed to have been  
19 collected without or beyond legal authorization, or any sum alleged to  
20 have been excessive or improperly collected under applicable tax laws of  
21 the Federated States of Micronesia.

22           (2) Claims for damages, injunction or mandamus arising out of



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1 alleged improper administration of statutory laws of the Federated States  
2 of Micronesia, or any regulations issued pursuant to such statutory laws.

3 (3) Claims, whether liquidated or unliquidated, upon an express  
4 or implied contract with the Federated States of Micronesia.

5 (4) Claims for injury or loss of property or personal injury or  
6 death caused by the negligent or wrongful act or omission of an employee of  
7 the National Government while acting within the scope of his office or  
8 employment, under circumstances where the National Government, if a private  
9 person, would be liable to the claimant in accordance with the law of the  
10 place where the act or omission occurred. Recovery on an individual claim  
11 as set out in this subsection shall not exceed \$20,000.

12 (5) Claims for any injuries suffered consequent upon conduct of  
13 a National Government employee or agent acting under color of authority  
14 which violates those individual rights secured under Article IV of the  
15 Constitution of the Federated States of Micronesia. Compensatory relief  
16 granted for damages incurred from such violation shall not exceed \$20,000.

17 Section 3. Extent of Court's Jurisdiction. The jurisdiction of the  
18 court shall extend to any set-off, affirmative defense, counterclaim or  
19 other claim or demand whatever pleaded by the National Government of the  
20 Federated States of Micronesia, or other properly joined party to such  
21 action, against any plaintiff commencing an action under this act.

22 Section 4. Civil Actions by the National Government Not Limited.  
23 Nothing in this act shall be construed as a limitation upon the right of  
24 the Federated States of Micronesia to bring a civil action upon claims  
25 of any nature. In any civil action brought by the Federated States of

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1 Micronesia, the jurisdiction of the court shall extend to any set-off,  
2 affirmative defense, counterclaim or other claim or demand whatever  
3 pleaded by the named defendant or defendants, or other properly joined  
4 party to such action, against the Federated States of Micronesia.

5 Section 5. Payment of Judgments. Money judgments rendered against  
6 the Federated States of Micronesia pursuant to the provisions of this act  
7 shall be paid from such funds as may be appropriated by the Congress of  
8 the Federated States of Micronesia.

9 Section 6. Date of Accrual of Claims. Claims for which actions are  
10 permitted against the Federated States of Micronesia under the provisions  
11 of this act must accrue on or after the effective date of this act.

12 Section 7. This act shall become law upon approval by the President  
13 of the Federated States of Micronesia, or upon its becoming law without  
14 such approval.

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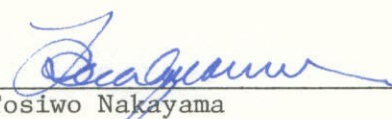
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Feb. 12, 1981

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Tosiwo Nakayama  
President  
Federated States of Micronesia

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