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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 amending section 5 for the purpose of clarifying the class of potential recipients of Investment Development Fund loans and authorizing the Federated Development Authority to further restrict that class, and for other purposes.

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

1 Section 1. Section 5 of Public Law No. 5-122 is hereby

2 amended to read as follows:

3 "Section 5. Purposes and guidelines.

4 (1) Investment Development Fund moneys shall be
5 used only:

6 (a) To finance projects which will:

7 (i) Have their operations located
8 primarily within the Federated States of Micronesia;

9 (ii) Improve the balance of payments
10 position of the Federated States of Micronesia;

11 (iii) Increase the value of visible and
12 invisible exports or result in import substitution;

13 (iv) Demonstrably result in positive
14 economic return; and

15 (v) Contribute to the furtherance of
16 close economic and commercial relations between the
17 United States of America and the Federated States of
18 Micronesia, encourage the productive presence of
19 citizens and commercial enterprises of the United States
20 in the Federated States of Micronesia or otherwise
21 compensate the Federated States of Micronesia for the
22 loss of the tax and trade incentives affected by Title
23 IV of United States Public Law 99-239 as provided for in
24 the Investment Development Fund Agreement and as further
25 defined by the Federated Development Authority;

(b) To finance projects which will provide direct services to projects identified in paragraph (a) of this subsection and are in compliance with the conditions in subparagraphs (iv) and (v) of such paragraph; or

(c) For the expenses specified in section 15 of this act.

(2) The qualified recipients of financings from the Investment Development Fund ~~are as follows~~ must be one or more of the following persons or entities:

(a) Private citizens of the Federated States of Micronesia and corporations, partnerships, joint ventures, or other business entities with a minimum of 20 percent ~~citizen~~ ownership by citizens or by the National or State Governments of the Federated States of Micronesia and public corporations thereof ~~interest; and~~ or

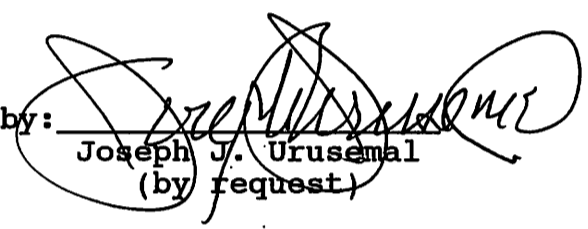
(b) The National and State Governments of the Federated States of Micronesia and public corporations thereof; PROVIDED that, any project which involves direct participation by the National or State Governments of the Federated States of Micronesia, including public corporations thereof, shall include an evaluation by such government of the desirability of future divestiture of the project to the private sector

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1 and, if appropriate, identification of possible
2 strategies and estimated timetables for accomplishing
3 such divestiture; and PROVIDED FURTHER that nothing
4 herein shall preclude the Federated Development
5 Authority from establishing, through guidelines of
6 general application, more restrictive requirements for
7 qualified recipients of financings from the Investment
8 Development Fund."

9 Section 2. This act shall become law upon approval by the
10 President of the Federated States of Micronesia or upon its
11 becoming law without such approval.

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13 Date: 10/20/94

Introduced by: 
Joseph J. Urusemal
(by request)

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