A BILL FOR AN ACT

To enact a new chapter 2 of title 42 ("Economic Development") of the Code of the Federated States of Micronesia to establish a "Federated States of Micronesia Visitors Authority", and for other purposes.

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

- 1 Section 1. This act shall be known and may be cited as the
- 2 Federated States of Micronesia Visitors Authority Act.
- 3 Section 2. Title 42 of the Code of the Federated States of
- 4 Micronesia is hereby enacted by adding a new chapter 2 entitled
- 5 "Federated States of Micronesia Visitors Authority."
- 6 Section 3. Title 42 of the Code of the Federated States of
- 7 Micronesia is hereby enacted by adding a new section 201 of
- 8 chapter 2 to read as follows:
- 9 "Section 201. Establishment. The Federated States of
- 10 <u>Micronesia Visitors Authority (hereinafter "FSMVA") is</u>
- 11 <u>hereby created and established as a non-profit public</u>
- 12 <u>corporation and the existence of the corporati</u>on shall
- 13 be perpetual."
- 14 Section 4. Title 42 of the Code of the Federated States of
- 15 Micronesia is hereby enacted by adding a new section 202 of
- 16 chapter 2 to read as follows:
- "Section 202. Mission and Objectives.
- 18 (1) The primary mission of the FSMVA is to create a
- 19 sustainable tourism industry as a significant

| 1 | contributor to the nation's development, coordinated |
|----|---|
| 2 | with other sectors of the economy, based on the FSM's |
| 3 | particular natural and cultural resources. |
| 4 | (2) Principal Objectives of the FSMVA are: |
| 5 | (a) To ensure that FSM is so promoted and |
| 6 | marketed as a visitor destination for the purpose of |
| 7 | maximizing sustainable and long-term benefits to the |
| 8 | FSM; |
| 9 | (b) To develop, implement, and promote strategies |
| 10 | for sustainable tourism development in the FSM; |
| 11 | (c) To advise the National and State Governments |
| 12 | and the FSM tourism industry on matters relating to the |
| 13 | development, implementation, and promotion of those |
| 14 | strategies; and |
| 15 | (d) To seek to increase tourism's contribution to |
| 16 | the FSM economy." |
| 17 | Section 5. Title 42 of the Code of the Federated States of |
| 18 | Micronesia is hereby enacted by adding a new section 202 of |
| 19 | chapter 2 to read as follows: |
| 20 | "Section 202. Specific Functions. Specific functions |
| 21 | of the FSMVA are: |
| 22 | (1) To market and promote the FSM overseas as a |
| 23 | visitor destination for leisure, business, conference |
| 24 | and special interest travel into and among all the |
| 25 | states of the FSM; |

| 1 | (2) To enhance awareness overseas of FSM as a visitor |
|----|--|
| 2 | <pre>destination;</pre> |
| 3 | (3) To coordinate the overseas promotional efforts of |
| 4 | the FSM tourism industry, in co-operation with the State |
| 5 | tourism industry in FSM; |
| 6 | (4) To work to eliminate or reduce barriers to travel |
| 7 | into and among the FSM States in order to provide a |
| 8 | positive and competitive business environment, including |
| 9 | coordinating with relevant national and state entities |
| 10 | on issues affecting airlines, air route development, and |
| 11 | other access issues; |
| 12 | (5) To work with other national and state entities to |
| 13 | conduct market development-related research as necessary |
| 14 | and to collect, analyze, evaluate and regularly publish |
| 15 | comprehensive data on the tourism industry in the FSM; |
| 16 | (6) To provide all appropriate means of support to the |
| 17 | tourism industry in the FSM consistent with the aims and |
| 18 | objectives of the FSMVA; |
| 19 | (7) To foster visitors' satisfaction by means of |
| 20 | working to enhance the quality of all tourism products |
| 21 | and services and monitoring, investigating and |
| 22 | responding to complaints about problems resulting |
| 23 | directly or indirectly from the tourism industry in each |
| 24 | state and taking appropriate action as necessary; |
| 25 | (8) To foster harmonious relations between residents |

| 1 | and visitors by establishing programs with relevant |
|-----|---|
| 2 | state offices to raise awareness of the financial, |
| 3 | economic, social and cultural impact of tourism among |
| 4 | the people of the FSM; |
| 5 | (9) To work closely with relevant national and state |
| 6 | agencies to promote the training of FSM citizens in |
| 7 | matters related to the tourism industry; |
| 8 | (10) To develop, introduce and exercise licensing and |
| 9 | regulatory functions in respect of tourism enterprises |
| 10 | at a time and of a type that the Board may determine; |
| 11 | <u>and</u> |
| 12 | (11) To engage in all lawful activities to promote |
| 13 | tourism development in the nation." |
| 14 | Section 6. Title 42 of the Code of the Federated States of |
| 15 | Micronesia is hereby enacted by adding a new section 203 of |
| 16 | chapter 2 to read as follows: |
| 17 | "Section 203. Principal Office. The principal office |
| 18 | of this organization shall be located within the |
| 19 | territory of the Federated States of Micronesia at a |
| 20 | place to be designated by the Board of Directors of this |
| 21 | organization." |
| 22 | Section 7. Title 42 of the Code of the Federated States of |
| 23 | Micronesia is hereby enacted by adding a new section 204 of |
| 24 | chapter 2 to read as follows: |
| 2.5 | "Section 204 Legal Powers Subject to any existing |

| 1 | statutory limitation or limitations hereafter enacted, |
|-----|--|
| 2 | the FSMVA, through its officers and agents, is |
| 3 | authorized to engage in any activities that will further |
| 4 | market and promote the development of the tourism |
| 5 | industry in the Federated States of Micronesia. The |
| 6 | FSMVA's authority shall include, but not be limited to, |
| 7 | the following: |
| 8 | (1) To make and use a common seal and to alter the |
| 9 | <pre>same at pleasure;</pre> |
| LO | (2) To enter into contracts and execute all |
| L1 | instruments necessary or appropriate in the exercise of |
| L2 | any of its powers; |
| L3 | (3) To sue or be sued in its corporate name to the |
| L 4 | extent authorized by law; |
| L5 | (4) To acquire, in any lawful manner, real, personal, |
| L 6 | or mixed property, either tangible or intangible; to |
| L7 | hold, maintain, use, and operate such property; |
| L8 | (5) To establish minimum national quality standards |
| L 9 | for all aspects of the tourism industry in the country |
| 20 | to provide guidance to visitors in their selection of |
| 21 | operators/accommodation etc. and also to provide an |
| 22 | incentive to businesses to raise standards; |
| 23 | (6) To establish reasonable charges for any of its |
| 24 | services, where it deems appropriate and to otherwise |
| 25 | provide for a means of raising funds and revenue, and to |

| 1 | determine the character of and necessity for its |
|----|--|
| 2 | obligations and expenditures and the manner in which |
| 3 | they shall be incurred, allowed and paid; |
| 4 | (7) To associate with like organizations of other |
| 5 | states, territories, nations or regions, or agencies or |
| 6 | instrumentality's thereof, and to enter into contracts |
| 7 | and cooperative agreements with any person, firm, |
| 8 | association or corporation which may be deemed necessary |
| 9 | or appropriate for the conduct of its activities; |
| 10 | (8) To form or cause to be formed, promote, aid and |
| 11 | invest, in any reasonable manner within its means and |
| 12 | purposes, in the promotion of any FSMVA or other firm, |
| 13 | association or entity which may enhance the development |
| 14 | of the tourism industry in the FSM; |
| 15 | (9) To act as agent for or of any other person or |
| 16 | entity; |
| 17 | (10) To establish criteria for general membership in |
| 18 | FSMVA, allowing classes of membership based on such |
| 19 | classification of tourism businesses, quality assurance |
| 20 | and licensing schemes, the level of financial |
| 21 | contribution to FSMVA and voting rights as the Board may |
| 22 | from time to time determine; |
| 23 | (11) To establish the selection criteria and procedures |
| 24 | for the member of the FSMVA Board of Directors |
| 25 | representing the general membership of FSMVA; |

| 1 | (12) To secure both from within and from without the |
|-----|---|
| 2 | Federated States of Micronesia financial resources to |
| 3 | achieve the purposes of this legislation; |
| 4 | (13) To foster economic activities and to cooperate |
| 5 | with other institution within and without the Federated |
| 6 | States of Micronesia in supporting activities for |
| 7 | tourism development in the nation; |
| 8 | (14) To represent the Federated States of Micronesia |
| 9 | with regard to tourism matters in such international |
| LO | organizations and fora in which the Federated States of |
| L1 | Micronesia is represented, subject to the policy |
| L2 | guidance of the Government of the Federated States of |
| L3 | Micronesia; and |
| L 4 | (15) To do any and all things necessary to carry out |
| L 5 | its purposes and exercise powers given and granted in |
| L 6 | this legislation." |
| L 7 | Section 8. Title 42 of the Code of the Federated States of |
| L8 | Micronesia is hereby enacted by adding a new section 205 of |
| L 9 | chapter 2 to read as follows: |
| 20 | "Section 205. <u>FSM Tourism Attraction Fund</u> . |
| 21 | (1) There is hereby created and established the |
| 22 | 'Tourism Attraction Fund', hereinafter referred to as |
| 23 | the 'Fund', separate from the General Fund of the |
| 24 | Federated States of Micronesia and all other funds. |
| 25 | (2) The purpose of the fund is to establish an ongoing |

| 1 | revolving fund to allow appropriations for and revenues |
|-----|---|
| 2 | from the operations of the FSMVA to be used for the |
| 3 | operations of the FSMVA and for capital investment or |
| 4 | acquisition by the FSMVA. |
| 5 | (3) All future appropriations for the operations of |
| 6 | the FSMVA as well as revenues received from the |
| 7 | operations of the FSMVA as well as revenues received |
| 8 | from the operations of the FSMVA and any other moneys |
| 9 | raised or received by the FSMVA shall be deposited in |
| LO | the Fund. All funds appropriated to the FSMVA shall be |
| L1 | considered grants in aid. Any unexpended moneys in this |
| L2 | Fund shall not revert to the General Fund nor lapse at |
| L3 | the end of the fiscal year. The Fund shall be |
| L 4 | administered by the Board of Directors of the FSMVA." |
| L 5 | Section 9. Title 42 of the Code of the Federated States of |
| L 6 | Micronesia is hereby enacted by adding a new section 206 of the |
| L7 | new chapter 2 to read as follows: |
| L 8 | "Section 206. <u>Debts and obligations of the FSMVA</u> |
| L 9 | (1) Unless otherwise expressly provided by law, the |
| 20 | debts and obligations of the FSMVA shall not be debts or |
| 21 | obligations of the Government of the Federated States of |
| 22 | Micronesia, nor shall be the Government of the Federated |
| 23 | States of Micronesia be responsible for any such debts |
| 24 | or obligations. |
|) 5 | (2) The ESMIN shall endeaver to maintain adoquate |

1 insurance coverage to protect itself against liability 2 for bodily injury or death of any person and against 3 liability for loss of or damages to property as the 4 result of the operations or maintenance of real property, facilities and improvements, and vehicles and 5 other equipment owned or used by the FSMVA." 6 7 Section 10. Title 42 of the Code of the Federated States of Micronesia is hereby enacted by adding a new section 207 of chapter 2 to read as follows: 10 "Section 207. Tax liability. 11 The FSMVA shall exist and operate solely for the benefit of the public and shall be exempt from any taxes or 12 13 assessments except import taxes or assessments on any of its property, operations, or activities. Nothing herein 14 shall be deemed to exempt employees and independent 15 16 contractors of the FSMVA from tax liability for services 17 rendered to the FSMVA; and the FSMVA shall be liable for 18 employer's contributions to the Social Security System of the Federated States of Micronesia in the manner provided 19 20 by law." 21 Section 11. Title 42 of the Code of the Federated States of Micronesia is hereby enacted by adding a new section 208 of 22 23 chapter 2 to read as follows: 24 "Section 208. Board of Directors - Compositions. 25 The affairs of the FSMVA shall be managed and its

| 1 | corporate powers exercised by a Board of Directors, |
|-----|---|
| 2 | hereinafter referred to as "the Board." |
| 3 | Section 12. Title 42 of the Code of the Federated States of |
| 4 | Micronesia is hereby enacted by adding a new section 209 of |
| 5 | chapter 2 to read as follows: |
| 6 | "Section 209. Board of Directors - Composition. |
| 7 | The Board shall consist of seven members, majority of |
| 8 | whom should be actively and directly involved in the |
| 9 | tourism industry as well as related fields such as |
| L 0 | traditional cultural and environment/historical |
| L1 | <pre>preservation, provided that:</pre> |
| L2 | (1) One member shall be appointed by the President of |
| L3 | the Federated States of Micronesia with the advice and |
| L 4 | consent of the Congress; |
| L 5 | (2) One member to represent each State shall be |
| L 6 | appointed by the President after consultation with |
| L 7 | respective State Governor; |
| L 8 | (3) One member chosen by and from among the general |
| L 9 | membership of the FSMVA; |
| 20 | (4) The chief executive officer of the FSMVA shall |
| 21 | serve ex officio as a member of the Board and who shall |
| 22 | have no power to vote except in the event of a tie; and |
| 23 | (5) In appointing members of the Board criteria and |
| 24 | procedures shall be utilized which are fair, objective, |
|) 5 | practical do not discriminate on the basis of sex |

| 1 | marital status, physical handicap, race, religion or |
|----|---|
| 2 | political preference, place of origin or ancestry and |
| 3 | result in the impartial selection and appointment of the |
| 4 | ablest persons for Board membership." |
| 5 | Section 13. Title 42 of the Code of the Federated States of |
| 6 | Micronesia is hereby enacted by adding a new section 210 of |
| 7 | chapter 2 to read as follows: |
| 8 | "Section 210. Board of Directors - Organizational |
| 9 | meeting. |
| 10 | (1) The first organizational meeting of the Board |
| 11 | shall be held not later than 45 days after majority of |
| 12 | the appointments of the members of the Board have become |
| 13 | effective. |
| 14 | (2) At the first such meeting, the appointed members |
| 15 | of the Board shall determine by lot the length of their |
| 16 | initial terms, with three members serving initial terms |
| 17 | of one year, two serving initial terms of two years, and |
| 18 | two serving initial terms of three years." |
| 19 | Section 14. Title 42 of the Code of the Federated States of |
| 20 | Micronesia is hereby enacted by adding a new section 211 of |
| 21 | chapter 2 to read as follows: |
| 22 | "Section 211. Board of directors - Terms of office. |
| 23 | (1) Those members serving on the board pursuant to |
| 24 | subsections (1) to (3) of section 2610 shall serve on |
| 25 | the Board for a period of three years, except that the |

| 1 | initial terms of office and the filling of vacancies |
|----|---|
| 2 | shall be as provided by this legislation. |
| 3 | (2) The chief executive officer shall serve on the |
| 4 | Board for the duration of his or her tenure in that |
| 5 | office. |
| 6 | (3) Notwithstanding sub clause (1) above, a member |
| 7 | whose term of office has expired shall continue to hold |
| 8 | office until a) the member is reappointed, or b) the |
| 9 | member vacates the office when his or her replacement |
| 10 | has been appointed and confirmed. |
| 11 | (4) With the exception of the chief executive office |
| 12 | as specified in subsection (2), any Board member |
| 13 | appointed for two consecutive three-year terms of office |
| 14 | shall be obliged to resign from the Board at the |
| 15 | <pre>completion of the second term."</pre> |
| 16 | Section 15. Title 42 of the Code of the Federated States of |
| 17 | Micronesia is hereby enacted by adding a new section 212 of |
| 18 | chapter 2 to read as follows: |
| 19 | "Section 212. Board of Directors - Vacancies. |
| 20 | (1) A vacancy on the Board shall be filed for the |
| 21 | unexpired portion of the term in the same manner as |
| 22 | originally filled. Upon determination that a vacancy |
| 23 | exists, the chairman or, in his absence, the presiding |
| 24 | officer of the board shall issue a notice of vacancy to |
| 25 | all members of the Reard and the parties responsible for |

1 filling the vacancy. (2) A member whose term has expired and no replacement 3 has been confirmed by Congress or selected by the 4 members of FSMVA may continue to serve until a replacement has been confirmed by the Congress or 5 selected by members of the FSMVA." 6 7 Section 16. Title 42 of the Code of the Federated States of 8 Micronesia is hereby enacted by adding a new section 213 of 9 chapter 2 to read as follows: 10 "Section 213. Board of Directors - Removal. (1) Members of the Board may be removed from the Board 11 for failure to attend two consecutive meetings of the 12 13 Board. (2) A member may be <u>removed by a two-thirds majority</u> 14 vote of all other members of the Board for neglect of 15 16 duty or malfeasance in office. Notification of intent 17 to call for removal pursuant to this section shall be 18 made at least 30 days in advance, by means which shall 19 be described in the bylaws of the FSMVA, and shall 20 include a summary of the basis of the charges against 21 the member and identification of the witnesses to be 22 called and evidence to be used. 23 (3) The Supreme Court of the Federated States of 24 Micronesia shall have jurisdiction to hear claims of 25 wrongful removal."

Section 17. Title 42 of the Code of the Federated States of 1 Micronesia is hereby enacted by adding a new section 214 of chapter 2 to read as follows: 4 "Section 214. Corporate Bylaws. (1) The Board may, by majority vote of its entire 5 membership, adopt, amend, or repeal bylaws of the FSMVA 6 7 which shall provide for the management of the business of the FSMVA, the organization, membership in the 8 9 organization, meetings, and procedures of the Board, the 10 duties of the officer and employees of the FSMVA, and the preparation and submission of required reports. 11 Bylaws may not be adopted, amended, or repealed except 12 13 after one week of written notice to each director. 14 (2) The bylaws shall include a statement of ethical conduct for the Board members. Such statement shall 15 16 include, but is not limited to, a provision prohibiting 17 Board members from participating in any action involving 18 a possible conflict of interest or from realizing a 19 financial gain, other than compensation provided pursuant to this legislation, from their position as 20 21 Board members." 22 Section 18. Title 42 of the Code of the Federated States of Micronesia is hereby enacted by adding a new section 215 of 23 24 chapter 2 to read as follows:

25

"Section 215. Board of Directors - Officers.

| 1 | The Board shall elect from among its members a chairman, |
|----|---|
| 2 | vice chairman, and secretary-treasurer. The chairman |
| 3 | shall ordinarily preside at Board meetings. In his |
| 4 | absence the vice chairman shall preside. The bylaws |
| 5 | shall provide for determination of the presiding officer |
| 6 | in the absence of these officers." |
| 7 | Section 19. Title 42 of the Code of the Federated States of |
| 8 | Micronesia is hereby enacted by adding a new section 216 of |
| 9 | chapter 2 to read as follows: |
| 10 | "Section 216. Board of Directors - Meetings. |
| 11 | Regular meetings shall be held not less than twice per |
| 12 | calendar year, at such times and place or places as |
| 13 | shall be determined by the bylaws. Special meetings |
| 14 | shall be called by the chairman on his own initiative, |
| 15 | or by petition of majority of the entire membership of |
| 16 | the Board, pursuant to notice as shall be provided in |
| 17 | the bylaws." |
| 18 | Section 20. Title 42 of the Code of the Federated States of |
| 19 | Micronesia is hereby enacted by adding a new section 217 of |
| 20 | chapter 2 to read as follows: |
| 21 | "Section 217. Board of Directors - Quorum. |
| 22 | (1) A majority of the entire membership of the Board |
| 23 | shall constitute a quorum. No Board member shall be |
| 24 | entitled to vote his or her vote by proxy. The Board |
| 25 | shall act only by resolution at a meeting duly held. |

| 1 | Any resolution or action of the Board shall require an |
|----|---|
| 2 | affirmative vote of the majority of the members present |
| 3 | at a properly held meeting of the Board. |
| 4 | (2) A majority of the entire membership of the Board |
| 5 | shall be required to adopt, amend, or repeal the bylaws. |
| 6 | Unless otherwise provided in the corporate bylaws or in |
| 7 | this chapter, the Robert's Rules of Parliamentary |
| 8 | Procedure shall be used as the rules of procedure |
| 9 | governing the Boards proceedings." |
| 10 | Section 21. Title 42 of the Code of the Federated States of |
| 11 | Micronesia is hereby enacted by adding a new section 218 of |
| 12 | chapter 2 to read as follows: |
| 13 | "Section 218. Board of Directors - Committees. |
| 14 | The Board may create such committee of the Board as it |
| 15 | deems necessary or appropriate. No committee or |
| 16 | committee member shall act in place of the Board and |
| 17 | committee decisions must be approved by the Board." |
| 18 | Section 22. Title 42 of the Code of the Federated States of |
| 19 | Micronesia is hereby enacted by adding a new section 219 of |
| 20 | chapter 2 to read as follows: |
| 21 | "Section 219. Board of Directors - Record of meetings. |
| 22 | (1) The secretary-treasurer, or in his absence another |
| 23 | member designated by the bylaws, shall keep full and |
| 24 | accurate minutes of all meetings. |
| 25 | (2) The Board shall publish and disseminate the |

| 1 | minutes of all of its meetings within 30 calendar days |
|----|---|
| 2 | of the conclusion of a meeting." |
| 3 | Section 23. Title 42 of the Code of the Federated States of |
| 4 | Micronesia is hereby enacted by adding a new section 220 of |
| 5 | chapter 2 to read as follows: |
| 6 | "Section 220. Board of Directors - Compensation of |
| 7 | <u>directors</u> . |
| 8 | Those members of the Board who are Government employees, |
| 9 | both State and National, shall receive no compensation |
| 10 | at all. Compensation of members of the Board who are |
| 11 | not Government employees shall be established by the |
| 12 | Board. All members of the Board shall be entitled to |
| 13 | per diem at established Federated States of Micronesia |
| 14 | rates when traveling on the FSMVA's business. For the |
| 15 | purpose of this section, "Government employees" |
| 16 | includes, but is not limited to, employees of those |
| 17 | Government agencies or entities created and funded by |
| 18 | National or State laws." |
| 19 | Section 24. Title 42 of the Code of the Federated States of |
| 20 | Micronesia is hereby enacted by adding a new section 221 of |
| 21 | chapter 2 to read as follows: |
| 22 | "Section 221. Management. |
| 23 | (1) There shall be a chief executive officer of the |
| 24 | FSMVA, whose compensation, title, and term-of-office |
| 25 | shall be determined by the Board. The chief executive |

1 officer shall be responsible for the management of the operations of the FSMVA, and shall, in accordance with 3 the policies established by the Board, recruit, retain, 4 direct, and terminate the services of employees. Subject to the Board's approval, the chief executive 5 6 officer shall select and train citizens of the Federated 7 States of Micronesia to manage and operate the FSMVA. 8 (2) Subject to the approval of the Board, the Chief 9 Executive Officer may employ a Deputy Manager and such other support staff as necessary. The duties and 10 compensation of such personnel shall be determined by 11 the chief executive officer with the advice and consent 12 13 of the Board." 14 Section 25. Title 42 of the Code of the Federated States of Micronesia is hereby enacted by adding a new section 222 of 15 16 chapter 2 to read as follows: 17 "Section 222. Budget preparation. (1) The chief executive officer shall prepare in 18 advance of each fiscal year an annual budget for the 19 20 FSMVA, taking into consideration anticipated capital and operational expenditures and anticipated revenues. The 21 22 FSMVA shall use the same fiscal calendar as that of the 23 Government of the Federated States of Micronesia. The 24 budget shall indicate the operational, capital, 25 maintenance requirements of the FSMVA that will be met

with the anticipated revenues of the FSMVA, if any, and 1 such essential requirements as cannot be met without 3 increase in the rate of revenues or outside financial 4 assistance. 5 (2) The FSMVA is authorized to seek supplementary 6 appropriations from the Congress of the Federated States 7 of Micronesia and from other lawful sources within the Federated States of Micronesia, in such amount and under 8 such terms and conditions as it deems necessary and 9 10 proper to market and promote the development of the tourism industry." 11 Section 26. Title 42 of the Code of the Federated States of 12 Micronesia is hereby enacted by adding a new section 223 of 13 14 chapter 2 to read as follows: "Section 223. Accounts and records. 15 (1) The Board and the chief operating officer shall be 16 17 jointly responsible to ensure that accurate records of 18 the FSMA's business transactions are kept. Such records 19 shall include, but not be limited to, accounting of all income and expenditure, and assets, both tangible and 20 intangible, and liabilities of the FSMVA. 21 22 (2) The Board, as soon as practical but no later than 23 180 days after the close of each governmental fiscal 24 year, shall submit to the President, the Congress, and 25 the Governor of each State the following annual reports:

| 1 | (i) Annual Statement of Projected outputs; |
|----|---|
| 2 | a) the FSMVMA's projected outputs |
| 3 | during the next fiscal year; |
| 4 | b) the FSMVA's best estimate of the |
| 5 | cost to the FSMVA of providing those outputs; |
| 6 | c) how the FSMVA intends to assess |
| 7 | (including financial and non-financial performance |
| 8 | measures) and report on the extent to which it in fact |
| 9 | provides those outputs; and |
| 10 | d) any liabilities the FSMVA intends to |
| 11 | incur during the next fiscal year. |
| 12 | (ii) Annual Financial Report: |
| 13 | a) Financial report showing results of |
| 14 | operations for the preceding fiscal year and the |
| 15 | financial status of the FSMVA on the last day thereof. |
| 16 | b) Statement of the extent to which the |
| 17 | impacts of the FSMVA's outputs in that year and previous |
| 18 | years on, and the consequence of those outputs for, the |
| 19 | number of visitors to the FSM during that year, and the |
| 20 | amount of the money they spent in FSM. |
| 21 | (3) The Public auditor shall audit the financial |
| 22 | statements and books of account of the FSMVA no less |
| 23 | <pre>frequently than annually."</pre> |
| 24 | Section 27. Title 42 of the Code of the Federated States of |
| 25 | Micronesia is hereby enacted by adding a new section 224 of |

chapter 2 to read as follows: 2 "Section 224. Employees of FSMVA. 3 (1) The staff of the FSMVA shall initially be 4 transferred from the Tourism Unit in the Division of Sectoral Development of the Department of Economic 5 6 Affairs. Such staff as are so transferred shall remain 7 subject to the FSM Public Service System, if they are subject to such system, for a transition period not to 8 exceed one year. After this period the employees so 9 transferred, like all employees including the chief 10 operating officer, shall be exempt from the FSM Public 11 12 Service System Act unless required by the rules and 13 regulations authorized by this legislation; 14 (2) In appointing and promoting officials and other employees of the FSMVA, criteria and procedures shall be 15 16 utilized which are fair, objective, practical, do not discriminate on the basis of sex, marital status, 17 physical handicap, race, religious or political 18 19 preference, place of origin or ancestry, and result in the impartial selection of the ablest person for the 20 21 particular job. 22 (3) Except for officials of the FSMVA serving at the pleasure of the Board, every employee of the FSMVA shall 23 24 be entitled to hold his/her position during good 25 behavior, subject to suspension, demotion, layoff, or

dismissal only as provided in the personnel regulations 1 of the FSMVA approved by the Board; PROVIDED that the 3 tenure of a contract employee is the term stated in 4 his/her contract. No employee of the FSMVA shall be suspended, demoted, laid off, dismissed, or otherwise 5 6 discriminated against because of sex, marital status, 7 physical handicap, race, religious or political 8 preference, place of origin or ancestry. 9 (4) Each employee, including the chief executive officer, shall be eligible to participate in any FSM 10 Government health and life insurance or prepaid health 11 12 plan, or other government benefit programs; and 13 (5) No member of the Board may at the same time serve 14 as an employee of the FSMVA, except for the Chief Executive Officer." 15 Section 28. Title 42 of the Code of the Federated States of 16 Micronesia is hereby enacted by adding a new section 225 of 17 18 chapter 2 to read as follows: "Section 225. Severability. 19 If any provision of this legislation or the application 20 21 thereof to any person or circumstance is held invalid, 22 the invalidity does not affect other provisions or 23 applications of this legislation which can be given 24 effect without the invalid provision or application, and 25 to this end the provisions of this legislation are

| 1 | severable." |
|----|---|
| 2 | Section 29. Title 42 of the Code of the Federated States of |
| 3 | Micronesia is hereby enacted by adding a new section 226 of |
| 4 | chapter 2 to read as follows: |
| 5 | "Section 226. Appropriation Authorized. |
| 6 | For each fiscal year there is authorized to be |
| 7 | appropriated such sums as may be necessary for the FSMVA |
| 8 | to carry out the provisions of this legislation." |
| 9 | Section 30. 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. |
| 12 | |
| 13 | Date: 9/2/04 Introduced by: /s/ Henry C. Asugar_ |
| 14 | Henry C. Asugar (by request) |
| 15 | |
| 16 | |
| 17 | |
| 18 | |
| 19 | |
| 20 | |
| 21 | |
| 22 | |
| 23 | |
| 24 | |
| 25 | |

23 of 23