

STANDING COMMITTEE REPORT NO. 14-56

RE: C.B. NO. 14-32

SUBJECT: GRT EXEMPTION FOR RECYCLING AND WASTE REMOVAL

SEPTEMBER 26, 2005

The Honorable Peter M. Christian
Speaker, Fourteenth Congress
Federated States of Micronesia
Second Regular Session, 2005

Dear Mr. Speaker:

Your Committee on Ways and Means, to which was referred C.B. No. 14-32, entitled:

"A BILL FOR AN ACT TO FURTHER AMEND TITLE 54 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA, AS AMENDED, BY AMENDING SECTION 112 THEREOF TO EXEMPT, FROM THE GROSS REVENUES TAX, PROCEEDS FROM WASTE RECYCLING AND CERTAIN OTHER ACTIVITIES THAT PROMOTE ENVIRONMENTAL QUALITY, AND FOR OTHER PURPOSES.",

begs leave to report as follows:

The intent and purpose of the bill are expressed in its title.

The purpose of the bill is to promote the environmental clean-up of our islands by providing a tax exemption on proceeds received from waste recycling and the removal of waste from the Federated States of Micronesia. Your committee held public hearings on the bill, along with other tax measures, in Yap, Chuuk and Kosrae. The witnesses from all of the states were very supportive of the bill. The only comment received was that the list recyclable waste should be expanded to include aluminum and plastic. Your committee agrees with this comment.

Your committee believes that one of our greatest assets is our natural environment and that the preservation of our environment is of great importance to our nation. Your committee hopes that this tax exemption will encourage local businesses to participate in waste recycling and removal and assist in the prevention of the degradation our natural environment caused by waste products.

Your committee does not believe that providing an exemption for waste recycling and waste removal would adversely impact our local revenues since the exemption is limited to the proceeds derived from waste recycling or removal and very few, if any, businesses currently generate proceeds from these services.

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In addition your committee recommends the following technical amendments:

1. Page 4, line 21, delete "metal," and insert "plastic, aluminum, tin or other scrap metal," in lieu thereof.
2. Page 4, line 24, following "appliances," insert "batteries,".
3. Page 5, line 2, following "appliances," insert "batteries,".

With the foregoing amendments, your Committee on Ways and Means is in accord with the intent and purpose of C.B. No. 14-32 and recommends its passage on First and that it be placed on the Calendar for Second and Final Reading, in the form attached hereto as C.B. 14-32, C.D.1.

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Respectfully submitted,

Isaac V. Figir, chairman

Roosevelt D. Kansou, vice
chairman

Manny Mori, member

Dohsis Halbert, member

Simiram Sipenuk, member

Peter M. Christian, member

Claude H. Phillip, member