

STANDING COMMITTEE REPORT NO. 16-121

RE: C.B. NO. 16-152/JGO

SUBJECT: AMENDING SECTION 115 OF TITLE 50 REGARDING COLLECTION OF
PAYMENTS FROM OPERATORS OF AIRCRAFT AND SEA VESSELS

NOVEMBER 22, 2010

The Honorable Isaac V. Figir
Speaker, Sixteenth Congress
Federated States of Micronesia
Fifth Special Session, 2010

Dear Mr. Speaker:

Your Committee on Judiciary and Governmental Operations, to which was
jointly referred C.B. No. 16-152, entitled:

"A BILL FOR AN ACT TO AMEND SECTION 115 OF TITLE 50 OF THE CODE OF
THE FEDERATED STATES OF MICRONESIA, FOR THE PURPOSE OF ENABLING
DIVISIONS OF THE NATIONAL GOVERNMENT RESPONSIBLE FOR IMMIGRATION,
CUSTOMS, AND QUARANTINE TO DEFRAY THE COSTS OF OVERTIME ACCRUED BY
THEIR OFFICIALS BY COLLECTING PAYMENTS FROM THE OPERATORS OF AIRCRAFT
AND SEA VESSELS, AND FOR OTHER PURPOSES.",

begs leave to report as follows:

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

Your Committee held a public hearing on C.B. No. 16-152, along with
C.B. 16-151, which establishes a revolving fund for immigration,
customs, and quarantine overtime payments, on November 18, 2010, in
Palikir.

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The Secretary of Finance and Administration stated that he believes that these bills are a good approach to address the issue of overtime. However, based on difficulties in collecting overtime payments from operators under the current system, he questioned how realistic the expectation was that collections would completely defray overtime costs even with the new approach provided by these bills.

The Director of SBOC stated that the bills were good in terms of their stated objectives. He also stressed the need for departments to manage their activities to minimize the need for overtime.

The Chief of Immigration and Labor expressed his strong support for the bills, and in particular that they would create a source of funding for overtime that would obviate the need to keep coming to Congress for supplemental appropriations. He suggested that regulations should allow for the suspension of inspections for operators who fail to make payments until their accounts have been settled. He also suggested that operators be invoiced on a bi-weekly, rather than a monthly, basis.

The Assistant Secretary for Accounting recognized that there has been a problem with collections and suggested consideration of means other than billing after the work has been performed. She stated that in FY 2010, only \$104,000 was collected, and overtime payments of over \$700,000 had been incurred. Continental Micronesia has made no payments for at least ten years; at a meeting three years ago, the company apparently indicated it had not been consistently billed and expressed concerns with respect to the calculation of overtime.

There was some discussion of how overtime is calculated; in particular, whether periods of leave are included in calculating whether staff have worked their regular hours, and the status of regulations providing for a two-hour minimum of overtime per vessel regardless of the actual hours worked. Legal staff emphasized that this bill does not change the current definition of overtime in 50

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FSMC 115 as "actual hours worked in excess of 40 actual hours per week."

The divisions indicated they had the staff and resources to bill operators pursuant to this bill. Notably, the Department of Immigration previously carried out its own billing prior to its merger with the Department of Labor.

Your Committee received no comments in opposition to passage of the bill.

Your Committee on Judiciary and Government Operations is in accord with the intent and purpose of C.B. No. 16-152, upon concurrent your committee on way & means and recommends its passage on First Reading, and that it be placed on the Calendar for Second and Final Reading in the form attached hereto as C.B. No. 16-152.

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Respectfully Submitted,

/s/ Peter Sitan

Peter Sitan, chairman

Tiwiter Aritos, vice chairman

/s/ Dohsis Halbert

Dohsis Halbert, member

/s/ Isaac V. Figir

Isaac V. Figir, member

/s/ Fredrico O. Primo

Fredrico O. Primo, member

/s/ Roger S. Mori

Roger S. Mori, member

/s/ Paliknoa K. Welly

Paliknoa K. Welly, member