STANDING COMMITTEE REPORT NO. 18-285

RE: C.B. NO. 18-270/W&M

SUBJECT: REPEAL OF THE UNIFIED REVENUE AUTHORITY ACT OF 2010

APRIL 14, 2015

The Honorable Dohsis Halbert Speaker, Eighteenth Congress Federated States of Micronesia Seventh Special Session, 2015

Dear Mr. Speaker:

Your Committee on Ways & Means, to which was assigned Congressional Bill No. 18-270, entitled:

"A BILL FOR AN ACT TO REPEAL PUBLIC LAW NO. 16-75, WHICH ESTABLISHED A FEDERATED STATES OF MICRONESIA UNIFIED REVENUE AUTHORITY, IN ITS ENTIRETY, ALLOWING FOR A THREE-MONTH TRANSITION PERIOD, AND FOR OTHER PURPOSES.",

begs leave to report as follows:

The intent and purpose of this act is expressed in its title.

Your Committee on Ways & Means has held numerous hearings throughout the duration of the 18<sup>th</sup> Congress regarding the implementation, legality, and necessity of the Unified Revenue Authority (hereafter "URA"). As a result, Congress passed Congressional Resolution No. 18-220, urging the President to delay the implementation of the URA until all the components of tax reform were in place. The President ignored Congress' request and forged on with the transition of the Customs and Tax Authority (hereafter "CTA") to the URA.

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APRIL 14, 2015

Congress then introduced Congressional Bill 18-229 in the Fifth Special Session, which sought to repeal the public law creating the URA in its entirety. C.B. No. 18-229 was defeated in part due to a request to allow for local business owners to utilize the services of the URA and determine its necessity. Now that time has passed and the URA is in place, there is a consensus amongst the Committee Members to move forward and repeal the URA in its entirety.

Your committee would like to point out that C.B. No. 18-270 provides three months for the URA to fully transition back to the CTA. As the CTA is a government agency your Committee proposes an amendment to C.B. No. 18-270 to allow for those employees who transitioned from governmental employees to private contracts, as required by the URA, to have their government benefits fully restored. The three month transition period and the restoration of benefits will allow for a smooth transition to status quo ante.

Your Committee pointed out in Standing Committee Report No. 18-256 that the implementation of the URA without all the pieces of the tax reform in place would result in unintended consequences and political fragmentation. This is now taking place. Your Committee would like to reiterate that Congress remains committed to the tax reform process and encourages its advancement. Your Committee notes that once all four states show the willingness to proceed with the process, Congress is willing to revisit all relevant and necessary tax reform measures.

Your Committee would like to offer the following amendments to C.B. No. 18-270, to read as follows:

- 1. Page 1, between line 7 & 8, insert "Section 3. Federal benefits shall be fully restored to all employees of the URA whom transitioned from the CTA to the amount they would have attained had their employment not been interrupted."
- Page 1, line 8, after "Section" delete "3" and insert "4" in lieu thereof.

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## CONCLUSION

Your Committee has carefully reviewed Congressional Bill 18-270. Your Committee on Ways and Means is in accord with the intent and purpose of C.B. No. 18-270, 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. 18-270, C.D.1.

Respectfully submitted,

/s/ Isaac V. Figir Isaac V. Figir, chairman /s/ Peter M. Christian Peter M. Christian

Tony H. Otto, member

Yosiwo P. George, member

/s/ David W. Panuelo David W. Panuelo, member /s/ Wesley W. Simina Wesley W. Simina, member

/s/ Joseph J. Urusemal Joseph J. Urusemal, member