February 3, 2015

The Honorable Dohsis Halbert
Speaker
Eighteenth Congress
Federated States of Micronesia
Palikir, Pohnpei FM 96941

Dear Speaker Halbert:

I am transmitting the following Congressional Act, which I signed to become Public Law No. 18-107:

Congressional Act No. 18-111, “AN ACT TO FURTHER AMEND TITLE 54 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA, AS AMENDED BY PUBLIC LAWS NOS. 10-68, 13-21, 13-60, AND 15-24, BY AMENDING SECTION 805 THEREOF, TO INCREASE THE STATE SHARE OF TAXES COLLECTED FROM FIFTY PERCENT (50%) TO SEVENTY PERCENT (70%) WITH THE ADDITIONAL TWENTY PERCENT (20%) DEPOSITED BY THE ADDITIONAL GOVERNMENT INTO THE STATE SUB-ACCOUNT A TO OF THE FSM TRUST FUND, AND FOR OTHER PURPOSES.”

In my communication to Congress during this session, I recommended for the passage of an amendment increasing the revenue share of the States from 50% to 70%. If that bill were approved, the States could have used the additional funding to help grow their economies and improve and sustain the delivery of essential services to our citizens.

I congratulate Congress for its diligent efforts on the passage of this important piece of legislation. I reiterate support for this new revenue sharing scheme for the states. And, in as much as I support building the state sub-accounts in the FSM Trust Fund, I still firmly believe that this new scheme should also include targeted economic infrastructure projects.

For that reason, I urge Congress to condition any additional revenue sharing to the adoption by the States of pending reform measures that are essential ingredients of the 2023 Action Plan. For example, passage of enabling legislations for the tax reform, foreign direct investment legislation, improved land dispute resolution systems, and the establishment of time standards based on the FSM Supreme Court.

In view of the foregoing consideration, I will soon transmit to Congress proposed amendments that will incorporate the conditions explained above.
The Honorable Dohsis Halbert  
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In the meantime, I have signed the Act to become public law since the Act remains aligned with the setting aside of funds that I have recommended to Congress as an immediate response to the fiscal deficit experienced by the States.

Sincerely,

[Signature]

Manry Morii  
President

xc:  Chief Justice, FSM Supreme Court  
Secretary, Department of Justice  
Director, Office of SBOC  
Legislative Counsel, CFSM  
Library, CFSM  
PIO, FSM
January 28, 2015

His Excellency Manny Mori
President
Federated States of Micronesia
Palikir, Pohnpei FM 96941

Dear President Mori:

I have the honor to transmit herewith Congressional Act No. 18-111, "AN ACT TO FURTHER AMEND TITLE 54 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA, AS AMENDED BY PUBLIC LAWS NOS. 10-68, 13-21, 13-60, AND 15-24, BY AMENDING SECTION 805 THEREOF, TO INCREASE THE STATE SHARE OF TAXES COLLECTED FROM FIFTY PERCENT (50%) TO SEVENTY PERCENT (70%) WITH THE ADDITIONAL TWENTY PERCENT (20%) DEPOSITED BY THE ADDITIONAL GOVERNMENT INTO THE STATE SUB-ACCOUNT A TO OF THE FSM TRUST FUND, AND FOR OTHER PURPOSES.", which was passed by the Eighteenth Congress of the Federated States of Micronesia, Sixth Regular Session, 2015, by a two-thirds vote of all the State delegations as required and as duly certified.

Sincerely yours,

Liwiana Ramon Idanis
Chief Clerk, Congress of the Federated States of Micronesia

Enclosures
An Act

TO FURTHER AMEND TITLE 54 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA, AS AMENDED BY PUBLIC LAWS NOS. 10-68, 13-21, 13-60, AND 15-24, BY AMENDING SECTION 805 THEREOF, TO INCREASE THE STATE SHARE OF TAXES COLLECTED FROM FIFTY PERCENT (50%) TO SEVENTY PERCENT (70%) WITH THE ADDITIONAL TWENTY PERCENT (20%) DEPOSITED BY THE ADDITIONAL GOVERNMENT INTO THE STATE SUB-ACCOUNT A TO OF THE FSM TRUST FUND, AND FOR OTHER PURPOSES.

INTRODUCED BY SENATOR: ISAAC V. FIGIR
DATE: JUNE 24, 2013

REFERRED TO: COMMITTEE ON WAYS AND MEANS
S.C.R. NO. 18-240 – OCTOBER 03, 2014
FIRST READING: NOVEMBER 27, 2014
SECOND READING: JANUARY 26, 2015

Liwiana Ramon Ioannis
Chief Clerk, FSM Congress
ACT NO. 18-111

(CONGRESSIONAL BILL NO. 18-21, C.D.1, C.D.2)

We hereby certify that on January 26 the foregoing act passed Second and Final Reading of the Eighteenth Congress of the Federated States of Micronesia, Sixth Regular Session, 2015, by a two-thirds vote of all the State delegations as required under article IX, section 20, of the Constitution of the Federated States of Micronesia.

Dohsis Balbert
Speaker
Congress of the Federated States of Micronesia

Liwiana Ramon Ioannis
Chief Clerk
Congress of the Federated States of Micronesia
AN ACT

To further amend title 54 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 10-68, 13-21, 13-60, and 15-24, by amending section 805 thereof, to increase the state share of taxes collected from fifty percent (50%) to seventy percent (70%) with the additional twenty percent (20%) deposited by the additional Government into the state sub-account A to of the FSM Trust Fund, and for other purposes.

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

1 Section 1. Section 805 of title 54 of the Code of the
2 Federated States of Micronesia, as amended by Public Laws Nos.
3 10-68, 13-21, 13-60, and 15-24 is hereby further amended to
4 read as follows:

5 "Section 805. Distribution of revenues.
6 (1)(a) The treasurer of the Federated States of
7 Micronesia shall pay eighty percent of the net taxes
8 collected pursuant to section 221(9) of this title,
9 and fifty percent at the National Government's share
10 of all other net taxes collected pursuant to sections
11 121, 141, and 221 of this title into the treasury of
12 the State government to which the taxes are
13 attributable for appropriation by the State
14 legislature.
15 (b) An additional twenty percent of the total
16 of all other net taxes collected pursuant to sections
17 121, 141, and 221 of this title after the Treasurer
of the Federated States of Micronesia has
administered distribution under subsection (A) shall
be deposited by the treasurer of the Federated States
of Micronesia into the State sub-account "A" of the
FSM Trust Fund on behalf of the National Government
for the State government to which the taxes are
attributable. The additional twenty percent (20%)
deposited by the National Government into individual
States sub-account A may not be withdrawn by the
States.

(c) Twenty-five percent of the amount
remaining, after the transfer of funds pursuant to
subsections 1(a) and 1(b) of this section, of the net
taxes collected pursuant to subsection 221(1) of this
title shall be placed in an account to be used solely
for post-graduate school scholarships or full-time
post-secondary courses of study leading to commercial
Federal Aviation Administration (FAA) licenses,
ratings and certifications. The allottee of the
scholarship funds shall be the President of the
Federated States of Micronesia or his designee;

(d) Except as specifically provided in parts
(a), (b) and (c) of this subsection, all net taxes
collected shall be part of the General Fund of the
Federated States of Micronesia, subject to
appropriation by Congress pursuant to title 55 of the
Code of the Federated States of Micronesia.

(2) 'Net taxes' as used in subsection (1) of this
section means gross collections of taxes, penalties,
interest, or other related charges less refunds."

Section 2. This act will come into effect on October 1,
2015.

Section 3. This act shall become law upon approval by the
President of the Federated States of Micronesia or upon its
becoming law without such approval.

February 3, 2015

Manny Mori
President
Federated States of Micronesia