April 15, 2015

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

Dear Speaker Halbert:

I am transmitting the following Congressional Act, which became Public Law No. 18-119 due to veto override by Congress:

Congressional Act No. 18-120, entitled: “AN ACT TO AMEND SECTION 1213 OF TITLE 55 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA (ANNOTATED), AS AUTHORIZED BY PUBLIC LAW NO. 18-96, BY ADDING A NEW SUBSECTION (3), TO REQUIRE THE DEPOSIT OF FUNDS APPROPRIATED TO THE FSM TRUST FUND WITHIN 90 DAYS FROM APPROPRIATION, AND TO REQUIRE THE SECRETARY OF FINANCE AND ADMINISTRATION TO SUBMIT PROOF OF DEPOSIT WITHIN TEN BUSINESS DAYS FROM THE DATE OF DEPOSIT, AND FOR OTHER PURPOSES.”

Thank you.

Sincerely,

Manny Mori
President

Enclosure:

Xc: Chief Justice, FSM Supreme Court
    Secretary, DOJ
    Director, SBOC
    Legislative Counsel, CFSM
    Library, CFSM
    FSM PIO
April 13, 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. 18-120, "AN ACT TO AMEND SECTION 1213 OF TITLE 55 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA (ANNOTATED), AS AUTHORIZED BY PUBLIC LAW NO. 18-96, BY ADDING A NEW SUBSECTION (3), TO REQUIRE THE DEPOSIT OF FUNDS APPROPRIATED TO THE FSM TRUST FUND WITHIN 90 DAYS FROM APPROPRIATION, AND TO REQUIRE THE SECRETARY OF FINANCE AND ADMINISTRATION TO SUBMIT PROOF OF DEPOSIT WITHIN TEN BUSINESS DAYS FROM THE DATE OF DEPOSIT, AND FOR OTHER PURPOSES.", which was repassed on April 11, by the Eighteenth Congress of the Federated States of Micronesia, Sixth Special Session, 2015, by a three-fourths vote of all the State delegations as required and as duly certified.

Sincerely yours,

[Signature]

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

Enclosures
An Act

TO AMEND SECTION 1213 OF TITLE 55 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA (ANNOTATED), AS AUTHORIZED BY PUBLIC LAW NO. 18-96, BY ADDING A NEW SUBSECTION (3), TO REQUIRE THE DEPOSIT OF FUNDS APPROPRIATED TO THE FSM TRUST FUND WITHIN 90 DAYS FROM APPROPRIATION, AND TO REQUIRE THE SECRETARY OF FINANCE AND ADMINISTRATION TO SUBMIT PROOF OF DEPOSIT WITHIN TEN BUSINESS DAYS FROM THE DATE OF DEPOSIT, AND FOR OTHER PURPOSES.

INTRODUCED BY: SENATOR WESLEY W. SIMINA
DATE: FEBRUARY 2, 2015

REPASSED: APRIL 11, 2015

Liwiana Ramon Ioains
Chief Clerk, FSM Congress
ACT NO. 18–120

(CONGRESSIONAL BILL NO. 18–264, C.D.1)

I hereby certify that on April 11 the foregoing act was repassed by the Eighteenth Congress of the Federated States of Micronesia, Sixth Special Session, 2015, by a three-fourths vote of all the State delegations as required under article IX, section 2(q), of the Constitution of the Federated States of Micronesia.

Dohsis Halbert
Speaker
Congress of the Federated States of Micronesia
AN ACT

To amend section 1213 of title 55 of the Code of the Federated States of Micronesia (Annotated), as authorized by Public Law No. 18-96, by adding a new subsection (3), to require the deposit of funds appropriated to the FSM Trust Fund within 90 days from appropriation, and to require the Secretary of Finance and Administration to submit proof of deposit within ten business days from the date of deposit, and for other purposes.

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

Section 1. Section 1213 of title 55 of the Code of the Federated States of Micronesia (Annotated), as authorized by Public Law No. 18-96, is hereby amended by adding a new subsection (3), to read as follows:

"Section 1213. Accounts.

(1) The Fund shall be divided into an A Account, a B Account and an S Account.

(2) All contributions to the Fund shall be deposited to the A Account, except for the contributions which qualify to be deposited to the S Account, as provided for in section 1211(2) of this chapter. Thereafter, the Board shall ensure that a portion of the Fund returns in each financial year is reinvested at the end of that financial year as capital of the A Account, such portion being the amount necessary to maintain the opening balance of the A Account's capital for the following financial year at the real value of all contributions to
the Fund minus all principal repayments made on loans to
the Fund.

(3) All contributions to the Fund shall be deposited
within 90 days from the date of appropriation. The
Secretary of Finance and Administration shall submit
proof of deposit and a balance statement to the Congress
of the Federated States of Micronesia within the next 10
business days from the deposit.

(4) Repayment of loans to the Fund and payment of the
expenses of the Fund shall be made from the A
Account. The amount, if any, of Fund returns in each
financial year which remains after such repayment of
loans and payment of expenses, and after reinvestment in
accordance with subsection (2) of this section, shall be
transferred to the B Account. Except as provided in
this subsection or upon termination of the Fund, no
funds may ever be removed from the A Account.

(5) The B Account shall consist of funds transferred
from the A Account and the returns therefrom while in
the B Account. Funds in the B Account may be
distributed to the National Government in accordance
with section 1214 of this chapter or transferred to the
A Account in accordance with section 1215 of this
chapter. Except as provided in this subsection or upon
termination of the Fund, no funds may ever be removed
from the B Account.

(6) It is anticipated that funds in the A Account will be placed in longer term, higher yielding investments than are funds in the B Account.

(7) Funds in the S Account may be used by the contributing governments to offset the negative impact of reductions, if any, under the Renewed Compact as follows:

(a) no withdrawals shall be made from the S Account by any contributing government that receives a funding level during the first year of the Renewed Compact that is greater than, the same as, or within four percent (4%) of, its Baseline Funding level. Any contributing government that is prohibited from making a withdrawal from the S Account by this subsection, may make a transfer pursuant to section 1215(2) of this chapter;

(b) in the event that any contributing government's funding level during the first year of the Renewed Compact is reduced by more than four percent (4%) but less than twenty percent (20%) of its Baseline Funding level, that contributing government shall be entitled to draw, upon request, an amount from the S Account each year as follows, PROVIDED THAT, each contributing government shall be limited to withdrawing
no more than the total of its contributions and the earnings on its contributions:

(i) first year: up to the amount of reduction minus four percent (4%) of the Baseline Funding level;

(ii) second year: up to the amount of reduction minus eight percent (8%) of the Baseline Funding level;

(iii) third year: up to the amount of the reduction minus 12 percent (12%) of the Baseline Funding level;

(iv) fourth year: up to the amount of the reduction minus 16 percent (16%) of the Baseline Funding level;

(v) fifth year: up to the amount of the reduction minus 20 percent (20%) of the Baseline Funding level;

(c) in the event that any contributing government's funding level during the first year of the Renewed Compact is reduced by more than 20 percent (20%) of the Baseline Funding level, that contributing government shall be entitled to draw down, upon request, an amount in each year, in a manner to be determined by an Act of the Congress of the Federated States of Micronesia following consultations with the affected
Section 2. This act shall become law upon approval by the President of the Federated States of Micronesia or upon its becoming law without such approval.

__________________________, 2015

Evermore

Manny Mori
President
Federated States of Micronesia