

A BILL FOR AN ACT

To establish legal guidance, criteria and procedures for making a request for a Special Needs Distribution and a Resiliency Distribution from the Compact Trust Fund pursuant to the 2023 Amendment of the Compact of Free Association Between the Federated States of Micronesia and the United States, and for other purposes.

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

1 Section 1. Congressional intent. The purpose of this act
2 is to establish clear legal guidance, criteria and the agreed
3 rules of procedures on the withdrawal of funds from the Compact
4 Trust Fund for the purpose of Resiliency Distribution in
5 accordance with Article 18 of the Compact Trust Fund Agreement
6 between fiscal years 2024 and 2043 to support the environmental
7 and infrastructure sectors described in sections 211(a)(5) and
8 (6) of the 2023 Amended Compact, and also the withdrawal of
9 funds from the Compact Trust Fund for the purpose of Special
10 Needs Distribution made pursuant to Article 19 of the 2023 Trust
11 Fund Agreement for unforeseen singular expenses relating to
12 projects in the sectors described in Section 211(a) of the 2023
13 Amended Compact that cannot reasonably be financed from other
14 sources of revenue.

15 Section 2. Any requests for Resiliency and Special Needs
16 Distribution shall be governed by the provisions of this act.

17 Section 3. Procedures for making a request. A request for
18 Special Needs and Resiliency Distributions shall be addressed to

1 the President with a copy to the Secretary. Such request shall
2 comply with the following requirements:

3 (a) The request must be signed by the Governor of a
4 FSM State.

5 (b) The request shall be certified by the Director of
6 Finance of the requesting FSM State.

7 (c) The request shall be accompanied by the following
8 supporting documentation and information:

9 (i) Information or indication whether the request
10 is one made under section 2(a) or section 2(b) of
11 Article 18 of the 2023 Trust Fund Agreement, or both.
12 Section 2(a) refers to a Resiliency Distribution to
13 support the sectors described in section 211(a) of the
14 2023 Amended Compact, or other sectors as mutually
15 decided by the Federated States of Micronesia and the
16 United States; whereas, section 2(b) allows for the use
17 of funds for the environment and infrastructure sectors
18 as described in sections 211(a) (5) and (6) of the 2023
19 Amended Compact.

20 (ii) The total amount that the requesting FSM
21 State is requesting to be disbursed as a Resiliency
22 Distribution in the upcoming fiscal year and the
23 specific amounts being requested under paragraph 2(a)
24 and paragraph 2(b).

25 (iii) A description of how any amounts to be used

1 under paragraph 2(a) of this Article would be allocated
2 among the sectors described in section 211(a) of the
3 2023 Amended Compact, or other sectors as mutually
4 decided by the Federated States of Micronesia and the
5 United States.

6 (iv) A description of how any amounts to be used
7 under paragraph 2(b) of this Article would be allocated
8 among the environmental and infrastructure sectors
9 described in sections 211(a) (5) and (6) of the 2023
10 Amended Compact.

11 (v) Proposed expenditures for the upcoming fiscal
12 year by program, including a detailed breakdown by
13 object classes as defined under the laws of the
14 Federated States of Micronesia.

15 (vi) For any amounts that would be allocated to
16 the infrastructure sector, a description of which
17 projects included in the Infrastructure Development Plan
18 the amounts would fund.

19 (vii) A proposed timeline for the disbursement of
20 the amount requested.

21 (viii) A description of the monitoring and
22 evaluation framework, including performance metrics, to
23 be applied to ensure compliance with Article 21 of the
24 2023 Trust Fund Agreement.

25 Section 4. (a) A request for a Resiliency Distribution shall

1 be made in compliance with the provisions of section 3 hereof.

2 (b) A request for Special Needs Distribution
3 shall be accompanied by information that it will be used
4 only for unforeseen singular expenses of the Government
5 of the Federated States of Micronesia relating to
6 projects that cannot reasonably be financed from other
7 sources of revenue, so long as the projects are to
8 support the sectors described in section 211(a) of the
9 2023 Amended Compact.

10 Section 5. The Office of Compact Management or the Secretary
11 may request for any additional information to clarify or amplify
12 the request, if deemed necessary or reasonable.

13 (a) If a State law provides that such request for
14 distribution requires a legislative approval, either by
15 state law or by resolution, then a copy of the
16 legislative approval shall likewise be provided.

17 (b) Information whether the request is in compliance
18 with any distribution formula for Compact funds, if such
19 is in effect or applicable.

20 Section 6. The Secretary may from time to time issue an
21 advisory guideline through a regulation containing information as
22 to how much each FSM State is eligible to request for withdrawal
23 under Resiliency or Special Needs Distribution, including any cap
24 of distributions.

25 Section 7. (a) Upon receipt of a request for Resiliency and

1 Special Needs Distribution, the Secretary shall review the
2 request in conjunction with the Office of Compact Management to
3 determine whether the request is in compliance with the
4 requirements under this act. Any deficiency in the request shall
5 be immediately brought to the attention of the requesting FSM
6 State for rectification.

7 (b) A request that is in compliance with this act
8 shall be forwarded to the Joint Trust Fund Committee for
9 its consideration.

10 (c) Any withdrawal shall be subject to a final
11 approval by the President.

12 Section 8. The Resiliency Distribution shall be governed by
13 Article 18 of the 2023 Trust Fund Agreement. Resiliency
14 Distribution is available from fiscal year 2024 through fiscal
15 year 2043. The Resiliency Distribution is available to support
16 the sectors in section 211(a) of the 2023 Amended Compact.

17 Section 9. The Special Needs Distribution shall be governed
18 by Article 19 of the 2023 Trust Fund Agreement. Special Needs
19 Distribution is available from fiscal year 2024 through fiscal
20 year 2043.

21 Section 10. For the purpose of this act, the following terms
22 shall have the following definitions:

23 (a) "Amended Compact" means the Compact of Free
24 Association Between the Federated States of Micronesia
25 and the United States as amended in 2023.

1 (b) "Joint Trust Fund Committee" means the governing
2 body of the Trust Fund which serves as the trustee of
3 the Compact Trust Fund.

4 (c) "President" means the President of the Federated
5 States of Micronesia.

6 (d) "Resiliency Distribution" means the distribution
7 or withdrawal funds from the Compact Trust Fund
8 established under the Amended Compact as provided under
9 Article 18 of the 2023 Compact Trust Fund Agreement to
10 support the environmental and infrastructure sectors
11 described in sections 211(a)(5) and (6) of the 2023
12 Amended Compact.

13 (e) "Secretary" means the Secretary of the Department
14 of Finance & Administration of the National Government
15 of the Federated States of Micronesia.

16 (f) "Special Needs Distribution" means the
17 distribution or withdrawal funds from the Compact Trust
18 Fund established under the Amended Compact as provided
19 under Article 19 of the 2023 Compact Trust Fund
20 Agreement for unforeseen singular expenses relating to
21 projects in the sectors described in Section 211(a) of
22 the 2023 Amended Compact that cannot reasonably be
23 financed from other sources of revenue.

24 (g) "State" means any of the states of the Federated
25 States of Micronesia.

1 (h) "2023 Compact Trust Fund Agreement" means the
2 Trust Fund Agreement entered into by the Federated
3 States and the United States as amended in 2023.

4 Section 11. This act shall become law upon approval by the
5 President of the Federated States of Micronesia or upon its
6 becoming law without such approval.

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8 Date: 4/2/24

 Introduced by: /s/ Quincy Lawrence
 Quincy Lawrence
 (by request)

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