

STANDING COMMITTEE REPORT NO. 23-17

RE: C.B. NO. 23-35/W&M

SUBJECT: DEPOSITS TO THE FSM TRUST FUND

SEPTEMBER 19, 2023

The Honorable Esmond B. Moses
Speaker, Twenty-Third Congress
Federated States of Micronesia
Second Regular Session, 2023

Dear Mr. Speaker:

Your Committee on Ways and Means, to which was referred
Congressional Bill No. 23-35, entitled:

"A BILL FOR AN ACT TO FURTHER AMEND SECTION 325 OF TITLE
54 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA
(ANNOTATED), AS AMENDED, AND SECTION 1223 OF TITLE 55 OF
THE CODE OF THE FEDERATED STATES OF MICRONESIA
(ANNOTATED), AS AMENDED, TO REDUCE TO ZERO PERCENT (0%)
THE DISTRIBUTIONS TO THE FSM TRUST FUND FROM THE REVENUE
SOURCES: TAXES ON MAJOR CORPORATIONS AND FISHING ACCESS
FEES, AND FOR OTHER PURPOSES.",

begs leave to report as follows:

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

Congressional Bill No. 23-34 amends 54 F.S.M.C §325 and 55
F.S.M.C §1223, concerning deposits made into the FSM Trust
Fund. Under current law, 50% of the taxes generated pursuant
to 54 F.S.M.C. §321 (major corporations tax) and 20% of all
National Government revenue derived from fishing access fees
are deposited into the FSM Trust Fund. C.B. No. 23-34 proposes
reducing to 0% deposits into the FSM Trust Fund from these
revenue sources.

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Your Committee notes that in light of recent events, this is an appropriate time to review and reconsider these automatic deposits into the FSM Trust Fund. The Constitutional Amendment requiring the sharing of fishing access fees with the State Governments will have a substantial impact on the revenue available for National Government operations. While the National Government is adjusting to the effects of the revenue decrease, your Committee finds this is an appropriate time to suspend the automatic deposits into the FSM Trust Fund, and notes that Congress can still make appropriations into the FSM Trust Fund as revenue allows.

Conclusion

Your Committee has carefully reviewed Congressional Bill No. 23-35. Your Committee on Ways and Means is in accord with the intent and purpose of C.B. No. 23-35, 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. 23-35.

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Respectfully submitted,

/s/ Isaac V. Figir
Isaac V. Figir, chairman

/s/ Perpetua S. Konman
Perpetua S. Konman, vice-chairwoman

/s/ Peter M. Christian
Peter M. Christian, member

/s/ Tiwiter Aritos
Tiwiter Aritos, member

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

/s/ Paliknoa K. Welly
Paliknoa K. Welly, member

/s/ Victor V. Gouland
Victor V. Gouland, member