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A BILL FOR AN ACT

To amend title 51 of the Code of the Federated States of Micronesia by repealing chapter 1 in its entirety and enacting a new chapter 1 for the purposes of revising restrictions on the employment of nonresident labor and creating the Resident Workers' Training Fund of the Federated States of Micronesia, and for other purposes.

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

1 Section 1. Chapter 1 of title 51 of the Code of the Federated States
2 of Micronesia is hereby repealed in its entirety, and a new chapter 1 is
3 enacted to read as follows:

4 "Section 111. Short title. This chapter is known and may be
5 cited as the 'Nonresident and Resident Workers Act.'

6 Section 112. Definitions. For purposes of this chapter,
7 unless it is otherwise provided or the context requires a
8 different construction, application or meaning.

9 (1) 'Division of Labor' means the Division of Labor of
10 the Federated States of Micronesia Department of Resources and
11 Development.

12 (2) 'Employer' means any individual, partnership,
13 association, or corporation hiring employees in the Federated
14 States of Micronesia and any individual who has in his employ a
15 domestic servant, but does not include any branch or agency of
16 any government.

17 (3) 'Fund' means the Resident Workers' Training Fund.

18 (4) 'Nonresident worker' means any person who is capable
19 of performing services or labor and who is not a citizen of the
20 Federated States of Micronesia or an immigrant alien admitted to
21 the Federated States of Micronesia for permanent residence under
22 title 50 of this Code, including persons acting in a professional,
23 managerial, or executive capacity.

24 (5) 'Resident worker' means any person who is capable of
25 performing services or labor and who is a citizen of the Federated

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1 States of Micronesia or an immigrant alien admitted to the Federated
2 States of Micronesia for permanent residence under the provisions
3 of title 50 of this Code, including persons acting in a profes-
4 sional, managerial, or executive capacity.

5 (6) 'Tax' means the Nonresident Workers' Employment Tax.

6 (7) 'Total cost' means the cost of hiring a nonresident worker,
7 including salary and any of the following which are provided to a
8 nonresident worker by an employer: cost of recruitment; transportation
9 to and from point of hire; shipping of household effects to and from
10 point of hire; storage of household effects; insurance; housing;
11 meals; utilities; use of a vehicle for personal use in the Federated
12 States of Micronesia; and any other goods or services other than gifts
13 with a total value per year of under one hundred dollars (\$100).

14 Section 113. Statement of purpose. The Congress of the Federated
15 States of Micronesia declares that it is essential to the long-term
16 development of a balanced, stable, and prosperous economy in the
17 Federated States of Micronesia that Federated States of Micronesia
18 resident workers be given preference in employment in occupations
19 and industries in the Federated States of Micronesia, and that the
20 long-term public interest requires that the employment of non-
21 resident workers in such occupations and industries not impair
22 the wages and working conditions of resident workers. Nevertheless,
23 the Congress realizes that nonresident workers are needed over time
24 due to a lack of training and technology and a shortage of skilled
25 resident workers, and finds that restrictions on nonresident labor

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1 which were in effect prior to the effective date of this act are
2 having a deleterious short-term effect on economic development.
3 The purpose of this act is to revise those restrictions which
4 unduly impair economic development, while at the same time
5 establishing an economic incentive, in the form of a Nonresident
6 Workers' Employment Tax, for employers to give
7 preference to resident workers. In order to enable resident
8 workers to become more skilled and decrease the need for nonresident
9 workers, this act also establishes a Resident Workers' Training
10 Fund to be funded by the Tax.

11 Section 114. Repatriation deposit. Any employer hiring a non-
12 resident worker must give the Federated States of Micronesia
13 National Government a deposit of funds sufficient to pay for the
14 employee's return transportation to his home country. If, at the
15 time a nonresident worker's contract is renewed, transportation
16 costs have increased, an additional deposit must be made to cover
17 this increase. These deposits shall be placed in an interest-
18 bearing account to be administered by the Division of Labor. Money
19 may be withdrawn from this account only for the following two
20 purposes:

21 (1) To return an employer's deposit with such interest as
22 has been earned, if a nonresident employee terminates employment in
23 the Federated States of Micronesia and is repatriated at the
24 employer's expense; or

25 (2) To pay for repatriation or deportation if an employer

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1 does not pay for transportation at the time a nonresident
2 employee terminates his employment. Interest earned on a deposit
3 may be used to pay for any increase in air fare when money is
4 withdrawn for this purpose.

5 Section 115. Nonresident Workers' Employment Tax. Each employer
6 employing one or more nonresident workers shall pay a Nonresident
7 Workers' Employment Tax equal to one-half of one percent of the
8 total cost of employing the nonresident worker or workers.

9 Section 116. Resident Workers' Training Fund. There is hereby
10 created a Resident Workers' Training Fund, to be administered by
11 the Division of Labor. All revenues collected under the Nonresident
12 Workers' Employment Tax shall be deposited in this Fund.

13 Section 117. Grants from Fund. The Division of Labor may make
14 grants from this Fund to occupational training programs administered
15 by the Federated States of Micronesia National Government or any
16 State, municipal, or traditional government within the Federated
17 States of Micronesia.

18 Section 118. Loans from Fund. The Division of Labor may make
19 loans from the Fund to private organizations which provide
20 occupational training within the Federated States of Micronesia,
21 and to resident workers who will use the loans to participate in
22 occupational training programs.

23 Section 119. Criteria for grants and loans. The primary criteria
24 to be used in determining grant and loan recipients is the like-
25 lihood that persons receiving the training so funded will obtain

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1 employment as a result of the training.

2 Section 120. Reports from grant and loan recipients. Any
3 training program, whether public or private, which receives a
4 grant or loan, must furnish the Division of Labor with quarterly
5 reports containing a list of all resident workers who are currently
6 participating in the program or who have completed the program
7 within the past year, and indicating each participant's current
8 employment status. If less than eighty percent of the students
9 who successfully complete a training program have not obtained
10 employment within 90 days of such completion, the program will not
11 be eligible to receive further grants or loans from the Fund.

12 Section 121. Certification. Every program receiving grants or
13 loans from the Fund must develop a means of certifying that
14 resident workers who have successfully completed its program have
15 achieved a sufficient level of skill to engage in the trade or
16 occupation they received training in.

17 Section 122. Rules and regulations. The Division of Labor may
18 promulgate any rules and regulations necessary to implement this
19 act in a manner consistent with its purposes.

20 Section 123. Management of funds. All funds placed in the
21 nonresident workers' repatriation account and the Resident Workers'
22 Training Fund shall be managed in accordance with the Financial
23 Management Act of 1979, except to the extent of any direct conflict
24 between this chapter and that Act.

25 Section 124. Reports to Congress. The Division of Labor shall

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1 report to Congress on a quarterly basis regarding all activities
2 it has undertaken and all monies it has received or spent
3 pursuant to this chapter."

4 Section 2. This act shall take effect 6 months after its approval
5 by the President of the Federated States of Micronesia, or 6 months after
6 its becoming law without such approval.

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8 Date: 10/16/85

Introduced by: ✓
Pedro Harris

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