A BILL FOR AN ACT

To further amend Public Law No. 5-122, as amended by Public Laws Nos. 6-21, 6-109, and 7-106, by amending section 5 for the purpose of clarifying the class of potential recipients of Investment Development Fund loans and authorizing the Federated Development Authority to further restrict that class, and for other purposes.

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

1 Section 1. Section 5 of Public Law No. 5-122 is hereby
2 amended to read as follows:
3
4 "Section 5. Purposes and guidelines.
5 (1) Investment Development Fund moneys shall be
6 used only:
7 (a) To finance projects which will:
8 (i) Have their operations located
9 primarily within the Federated States of Micronesia;
10 (ii) Improve the balance of payments
11 position of the Federated States of Micronesia;
12 (iii) Increase the value of visible and
13 invisible exports or result in import substitution;
14 (iv) Demonstrably result in positive
15 economic return; and
16 (v) Contribute to the furtherance of
17 close economic and commercial relations between the
18 United States of America and the Federated States of
19 Micronesia, encourage the productive presence of
20 citizens and commercial enterprises of the United States
21 in the Federated States of Micronesia or otherwise
22 compensate the Federated States of Micronesia for the
23 loss of the tax and trade incentives affected by Title
24 IV of United States Public Law 99-239 as provided for in
25 the Investment Development Fund Agreement and as further
26 defined by the Federated Development Authority;
(b) To finance projects which will provide
direct services to projects identified in paragraph (a)
of this subsection and are in compliance with the
conditions in subparagraphs (iv) and (v) of such
paragraph; or
(c) For the expenses specified in section 15
of this act.

(2) The qualified recipients of financings from the
Investment Development Fund "as follows must be one
or more of the following persons or entities:

(a) Private citizens of the Federated States
of Micronesia and corporations, partnerships, joint
ventures, or other business entities with a minimum of
20 percent ownership by citizens or by the
National or State Governments of the Federated States of
Micronesia and public corporations thereof interest; and
or

(b) The National and State Governments of the
Federated States of Micronesia and public corporations
thereof; PROVIDED that, any project which involves
direct participation by the National or State
Governments of the Federated States of Micronesia,
including public corporations thereof, shall include an
evaluation by such government of the desirability of
future divestiture of the project to the private sector
and, if appropriate, identification of possible strategies and estimated timetables for accomplishing such divestiture; and PROVIDED FURTHER that nothing herein shall preclude the Federated Development Authority from establishing, through guidelines of general application, more restrictive requirements for qualified recipients of financings from the Investment Development Fund."

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.

Date: 10/30/94

Introduced by: Joseph C. Urusmal
(by request)