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A BILL FOR AN ACT

To repeal section 201 through 215 of title 22 of the Code of the Federated States of Micronesia, as amended by Public Law No. 11-26, in their entirety and inserting new sections 201 through 212 in lieu thereof, in order to dissolve the Federated States of Micronesia Coconut Development Authority, and repose the responsibility for coconut development in the Federated States of Micronesia Petroleum Corporation, and for other purposes.

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

1           Section 1. Sections 201 through 215 of title 22 of the Code  
2 of the Federated States of Micronesia, as amended by Public Law  
3 No. 11-26, are hereby repealed in their entirety.

4           Section 2. Title 22 of the Code of the Federated States of  
5 Micronesia, as amended, is hereby further amended by inserting a  
6 new section 201 to read as follows:

7                   "Section 201. Short title. This chapter may be cited as  
8                   the "Coconut Tree Products Act of 2013".

9           Section 3. Title 22 of the Code of the Federated States of  
10 Micronesia, as amended, is hereby further amended by inserting a  
11 new section 202 to read as follows:

12                   "Section 202. Background. In order to enhance the  
13                   capacity for the manufacturing, processing, and  
14                   distribution of biofuel from the coconut tree as a  
15                   supplemental source of fuel in the Federated States of  
16                   Micronesia, to better facilitate the buying, selling,

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1           exporting, manufacturing, and processing of copra and  
2           other coconut tree products from within the Federated  
3           States of Micronesia, and to do so as a self-sustaining  
4           enterprise, it is the determination of Congress to  
5           dissolve the Authority and transfer its responsibilities  
6           and functions to a more business oriented entity as  
7           provided in this chapter."

8           Section 4. Title 22 of the Code of the Federated States of  
9           Micronesia, as amended, is hereby further amended by inserting a  
10          new section 203 to read as follows:

11           "Section 203. Definitions. Unless the context requires  
12           otherwise, as used in this chapter:

13           (1) "Authority" means the Federated States of  
14           Micronesia Coconut Development Authority, which is  
15           dissolved pursuant to section 204 of this chapter;

16           (2) "CEO" means the Chief Executive Officer of the  
17           Corporation;

18           (3) "Congress" means the Congress of the Federated  
19           States of Micronesia;

20           (4) "Corporation" means the Federated States of  
21           Micronesia Petroleum Corporation established under  
22           chapter 2 of title 27 of the Code of the Federated  
23           States of Micronesia;

24           (5) "Government" means the Government of the Federated  
25           States of Micronesia;

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1           (6) "President" means the President of the Federated  
2           States of Micronesia; and

3           (7) "Works" means the selling, buying, exporting,  
4           manufacturing, processing, and distribution of copra and  
5           other coconut tree products, and including all  
6           activities for which the Corporation is empowered under  
7           section 206 to undertake."

8           Section 5. Title 22 of the Code of the Federated States of  
9           Micronesia, as amended, is hereby further amended by inserting a  
10          new section 204 to read as follows:

11           "Section 204. Dissolution of the Authority. The  
12           Authority is hereby dissolved."

13          Section 6. Title 22 of the Code of the Federated States of  
14          Micronesia, as amended, is hereby further amended by inserting a  
15          new section 206 to read as follows:

16           "Section 205. Transfer of assets, liabilities and  
17           employees. (1) The rights to, interests in, and  
18           ownership of all the assets of the Authority, of  
19           whatever description and wherever located including, but  
20           not limited to, equipment and leasehold interests, are  
21           hereby fully transferred to the Corporation free of any  
22           lien or encumbrance. The Government shall be  
23           responsible for the settlement or discharge of any lien  
24           or encumbrance upon such assets.

25           (2) Unless an express assumption of liability is

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1           executed by the Corporation, the Corporation shall not  
2           assume, nor shall it be deemed to have assumed, any  
3           liability of the Authority. The Government shall be  
4           responsible for the settlement or discharge of any  
5           liability of the Authority, which the Corporation has  
6           not expressly assumed.

7           (3) Unless the Corporation expressly agrees otherwise,  
8           it shall not be required to assume, acquire or maintain  
9           the employment of any employee of the Authority. The  
10          Government shall be responsible for the layoff,  
11          redundancy, re-assignment, or placement (whichever may  
12          be appropriate) of all employees of the Authority, which  
13          the Corporation does not expressly agree to assume,  
14          acquire, or maintain in its employment."

15          Section 7. Title 22 of the Code of the Federated States of  
16          Micronesia, as amended, is hereby further amended by inserting a  
17          new section 206 to read as follows:

18          "Section 206. Powers of the Corporation. In addition to,  
19          and without limiting any of its powers under chapter 2  
20          of title 27 of the Code of the Federated States of  
21          Micronesia, the Corporation shall be authorized to:

22                 (1) engage in the manufacturing and processing of  
23                 biofuel and other products derived from the coconut  
24                 tree;

25                 (2) buy, collect, market, sell, and distribute coconut

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1           biofuel and deal generally in the buying, collection,  
2           marketing, selling, and distribution of all other  
3           products derived from the coconut tree;

4           (3) fix all prices to be paid to producers or sellers  
5           of copra and other products derived from the coconut  
6           tree in the Federated States of Micronesia, collect and  
7           receive all moneys it derives from copra or other  
8           coconut tree products, administer and invest said  
9           moneys, disburse said moneys as required to stabilize  
10           the price of copra or other coconut tree products, and  
11           perform all acts and things necessary or proper in  
12           connection with or incidental to the buying, selling,  
13           exporting, manufacturing, and processing of copra and  
14           other coconut tree products;

15           (4) purchase or otherwise acquire, operate, maintain,  
16           lease, sell, and dispose of factories, warehouses,  
17           facilities, machineries, expellers, grinders, presses,  
18           filters, cookers, tanks, and other apparatus, raw  
19           materials, equipment, utensils, supplies, parts, and  
20           other goods, wares, products, and merchandise related to  
21           the business of manufacturing, storing, and processing  
22           products derived from the coconut tree;

23           (5) enter into and perform such contracts, leases,  
24           agreements, or other transactions as may be necessary in  
25           the performance or undertaking of the Works, and on such

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1           terms as it may deem appropriate;

2           (6) use the proceeds derived from the Works to buy,  
3           sell, hold for investment, and deal in securities of  
4           every description, including mortgages, bonds,  
5           debentures, promissory notes, commercial paper, and  
6           securities of other classes;

7           (7) determine the character of and the necessity for  
8           its obligations and expenditures and the manner in which  
9           they shall be incurred, allowed, and paid in respect of  
10           the buying, selling, manufacturing, and processing of  
11           copra and other coconut tree products;

12           (8) execute all instruments necessary or appropriate  
13           in the exercise of any of its powers;

14           (9) to operate and manage the Works, either directly  
15           or through contracts with third parties; and

16           (10) take such other actions as may be incidental,  
17           necessary or appropriate to carry out the powers herein  
18           or hereafter specifically conferred upon it."

19           Section 8. Title 22 of the Code of the Federated States of  
20           Micronesia, as amended, is hereby further amended by inserting a  
21           new section 207 to read as follows:

22           "Section 207. Contracts. (1) All contracts for  
23           construction projects involving \$20,000 more, or for the  
24           purchase of personal property involving \$10,000 or more,  
25           to be made in the performance or undertaking of the

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1           Works, or in connection with the Works, by the  
2           Corporation, shall be let by free and open competitive  
3           bidding, by sealed bids, to the lowest responsible  
4           bidder. A notice requesting bids shall be published as  
5           widely as practicable at least ten days before bids are  
6           received. The Corporation shall have the discretion to  
7           reject any and all bids, and to re-advertise.

8           (2) If, after rejecting bids for materials and  
9           supplies, the Corporation determines that the materials  
10          and supplies may be purchased at a lower price in the  
11          open market, such purchase may be authorized without  
12          further requirement for bidding.

13          (3) No bidding may be required for the purchase or  
14          leasing of real property, or for the purchase of copra  
15          or other coconut tree products in connection with the  
16          Works."

17          Section 9. Title 22 of the Code of the Federated States of  
18          Micronesia, as amended, is hereby further amended by inserting a  
19          new section 208 to read as follows:

20                "Section 208. Exempt from license. The Corporation  
21                shall be exempt from the license required under chapter  
22                3 of this title."

23          Section 10. Title 22 of the Code of the Federated States of  
24          Micronesia, as amended, is hereby further amended by inserting a  
25          new section 209 to read as follows:

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1           "Section 209. Debts not Government's. Subject to section  
2           205 hereof, the debts or obligations of the Corporation  
3           shall not be the debts or obligations of the Government,  
4           nor shall the Government be responsible for the same."

5           Section 11. Title 22 of the Code of the Federated States of  
6 Micronesia, as amended, is hereby further amended by inserting a  
7 new section 210 to read as follows:

8           "Section 210. Annual report. The Corporation shall  
9           file with the President and the Congress, within 30 days  
10           after the close of the fiscal year of the Corporation,  
11           an annual report generally stating the activities in the  
12           performance or undertaking of the Works. The annual  
13           report shall contain a profit-and-loss statement on the  
14           Works during the preceding fiscal year, and a statement  
15           of assets and liabilities as of the close of such  
16           year. The annual report shall be considered a public  
17           document and made available for public inspection."

18           Section 12. Title 22 of the Code of the Federated States  
19 of Micronesia, as amended, is hereby further amended by inserting  
20 a new section 211 to read as follows:

21           "Section 211. Tax liability. The Corporation shall be  
22           liable for the payment of any tax, assessment or  
23           contribution as may be required by law in respect of the  
24           Works. Nothing herein shall be deemed to exempt  
25           employees and independent contractors of the Corporation



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1           from any tax liability for services rendered to the  
2           Corporation in connection with the Works."

3           Section 13. Title 22 of the Code of the Federated States of  
4 Micronesia, as amended, is hereby further amended by inserting a  
5 new section 212 to read as follows:

6           "Section 212. Effect on Corporation's enabling law.  
7           Nothing in this chapter shall be deemed to have altered  
8           the legal personality, privileges, rights, protections,  
9           disabilities, and liabilities of the Corporation, as  
10           defined in chapter 2 of title 27 of the Code of the  
11           Federates States of Micronesia, nor to have diminished  
12           or in any way detracted from the Corporation's powers,  
13           functions, responsibilities, duties, obligations, and  
14           charges as mandated in chapter 2 of title 27 of the Code  
15           of the Federates States of Micronesia."

16           Section 14. This act shall become law upon approval by the  
17 President of the Federated States of Micronesia or upon its  
18 becoming law without such approval.

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20 Date: 9/16/13

Introduced by: /s/ Florencio S. Harper  
Florencio S. Harper  
(by request)