
A BILL FOR AN ACT

To further amend title 55 of the Code of the Federated States of Micronesia (Annotated), as amended, by adding a new section 1222 for the purpose of requiring ten percent (10%) of all National Government fishing fees collected in a fiscal year to be deposited into the FSM Trust Fund, and to ~~[further amend sections 1015, 1017 and 1019 of title 37 of the Code of the Federated States of Micronesia (Annotated), as amended by Public Law No. 18-71,]~~ add a new section 324 of title 54 of the Code of the Federated States of Micronesia (Annotated), as amended, for the purpose of requiring fifty percent (50%) of the tax on all premiums collected from captive insurance companies in a fiscal year to be deposited into the FSM Trust Fund, and for other purposes.

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

1 Section 1. Title 55 of the Code of the Federated States of
2 Micronesia (Annotated), as amended, is hereby further amended by
3 adding new sections 1223, to read as follows:

4 "Section 1222. Transfer of Fishing Access Fees. Ten
5 percent (10%) of all National Government revenue
6 deriving from fishing access fees collected in a
7 fiscal year shall be deposited into the FSM Trust
8 Fund. The Department of Finance and Administration
9 shall be responsible for transmitting a report to
10 Congress no fewer than ten (10) days prior to any
11 Congressional session, indicating the portion of any
12 new available appropriable revenue derived from
13 fishing access fees that is to be deposited into the
14 FSM Trust Fund. This section shall take effect on

1 October 1, 2018."

2 ~~[Section 2. Section 1015 of Title 37 of the Code of the~~
3 ~~Federated States of Micronesia (Annotated), as amended by Public~~
4 ~~Law No. 18-71, is hereby further amended to read as follows:~~

5 ~~"Section 1015. Tax on Premium Collected.~~

6 ~~(1) Each captive insurance company shall pay into~~
7 ~~the General Fund of the Federated States of Micronesia~~
8 ~~on or before June 1 each year, a tax on gross premiums~~
9 ~~as follows:~~

10 ~~(a) .05 percent of gross premiums for~~
11 ~~insurance written on all risks or property resident,~~
12 ~~situated or located within the Federated States of~~
13 ~~Micronesia, and on risks and property situated~~
14 ~~elsewhere upon which no premium tax is otherwise paid~~
15 ~~during the year ending on the preceding March 31, less~~
16 ~~return premiums and less any reinsurance accepted;~~

17 ~~(b) the annual maximum aggregate tax on~~
18 ~~premiums to be paid by a captive insurance company~~
19 ~~calculated under subsection (a) of this section shall~~
20 ~~be \$20,000.00.~~

21 ~~(2) Two or more captive insurance companies under~~
22 ~~common ownership and control shall be taxed, as though~~
23 ~~they were a single captive insurance company.~~

24 ~~(a) For the purpose of this section common~~
25 ~~ownership and control shall mean:~~

1 ~~(i) in the case of stock corporation, the~~
2 ~~direct or indirect ownership of 80 percent or more of~~
3 ~~the outstanding voting stock of two or more~~
4 ~~corporation by the same shareholder or shareholders;~~
5 ~~and~~

6 ~~(ii) in the case of mutual corporation, the~~
7 ~~direct or indirect ownership of 80 percent or more of~~
8 ~~the surplus and the voting power of two or more~~
9 ~~corporations by the same member or members.~~

10 ~~(3) Annually, [ten] one hundred percent of the~~
11 ~~premium tax revenues collected pursuant to this~~
12 ~~section [or \$150,000, whichever is greater shall be~~
13 ~~transferred to the Insurance Board for the regulation~~
14 ~~of captive insurance companies under this chapter] the~~
15 ~~FSM Trust Fund. [Any fund derived hereunder shall be~~
16 ~~deposited in the revolving fund established under~~
17 ~~Section 1017.]~~

18 ~~(4) The tax provided for in this section shall be~~
19 ~~calculated on an annual basis, notwithstanding~~
20 ~~policies or contracts of insurance or contracts or~~
21 ~~reinsurance issued on a multiyear basis. In the case~~
22 ~~of multiyear policies or contracts, the premium shall~~
23 ~~be prorated for purposes of determining the tax under~~
24 ~~this section."~~

25 ~~Section 3. Section 1019 of Title 37 of the Code of the~~

1 ~~Federated States of Micronesia (Annotated), as amended by Public~~
2 ~~Law No. 18-71, is hereby further amended to read as follows:~~

3 ~~"Section 1019. The revolving fund shall hold all fees~~
4 ~~collected under section 1003(3) [and funds derived~~
5 ~~under section 1015(3)]."~~

6 Section 2. Title 54 of the Code of the Federated States of
7 Micronesia (Annotated), as amended, is hereby further amended by
8 adding a new section 324, to read as follows:

9 "Section 324: Fifty percent (50%) of the tax generated
10 pursuant to section 321 of this subsection shall be
11 deposited into the FSM Trust Fund."

12 Section 3. This act shall become law upon approval by the
13 President of the Federated States of Micronesia or upon its
14 becoming law without such approval.

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16 Date: 5/24/18

Introduced by: /s/ Isaac V. Figir
Isaac V. Figir

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