

A BILL FOR AN ACT

To further amend chapter 6 of title 55 of the Code of the Federated States of Micronesia (Annotated), as amended, by adding a new subsection (a) to section 609A (3), for the purpose of ensuring that tourism sector businesses are properly compensated for their losses during the COVID-19 pandemic, and for other purposes.

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

1           Section 1. Chapter 6 of title 55 of the Code of the  
2 Federated States of Micronesia (Annotated), as amended, is hereby  
3 amended by adding new subsection(a) to section 609A(3) to read as  
4 follows:

5           "Section 609A. Tourism Sector Mitigation Fund.

6                   (1) There is created a Tourism Sector Mitigation  
7 Fund to be used to partially offset the economic losses  
8 of the businesses in the tourism industry and  
9 individuals working in the tourism industry who were  
10 laid off in the Federated States of Micronesia during  
11 the coronavirus epidemic.

12                   (2) Moneys for the Tourism Sector Mitigation Fund  
13 shall be derived from coronavirus epidemic.  
14 appropriations by the Congress of the Federated States  
15 of Micronesia and the State legislatures, United States  
16 grants, funds designated for such purposes from  
17 international organizations and from any and all other  
18 appropriate sources.

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1           (3) Tourism sector businesses operating in the  
2 Federated States of Micronesia seeking relief from the  
3 Tourism Sector Mitigation Fund must show tax returns  
4 from the previous year in order to establish their  
5 losses claimed under this fund. Individuals in the  
6 tourism sector, who are seeking compensation for lost  
7 wages due to being laid off as a result of the economic  
8 downturn, must submit their last paycheck stub and a  
9 statement from their employer in the tourism industry,  
10 who laid them off, evidencing their unemployment. The  
11 President shall issue regulations for equitable  
12 compensation for affected businesses, including a  
13 possible cap on the amount of a valid claim.

14           (a) A tourism sector business will be eligible  
15 for the following relief in the relevant quarter:

16           (i) subsidy of 100% for the wages, salaries,  
17 and benefits reasonably paid by the taxpayer to or on  
18 behalf of employees of the tourism sector business  
19 for personal services relating to producing the Gross  
20 Revenue for the business;

21           (ii) rebate of 100% for the Social Security  
22 contributions paid by the tourism sector business in  
23 respect of its employees in the quarter pursuant  
24 to section 902 of title 53 of the FSM Code (Annotated);

25           (iii) rebate of 100% for the Gross Revenue

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1           Tax (plus any penalties and interest) payable by the  
2           tourism sector business in the relevant quarter pursuant  
3           to section 141 of title 54 of the FSM Code (Annotated);  
4                   (iv) rebate of 100% for the bank interest on  
5           business loans paid by the tourism sector business to a  
6           FSM domiciled branch of a FSM registered bank; and  
7                   (v) Additional relief may be added per  
8           regulations.

9           (4) The distributions from the funds shall be  
10          managed and administered by a committee named by the  
11          President comprising representatives of the Departments  
12          of Resources and Development; Finance; Justice; and  
13          Environment, Climate Change and Emergency Management.  
14          The committee shall report quarterly to Congress on the  
15          status of the fund and distributions therefrom.

16          (5) For the purposes of this fund tourism sector  
17          businesses shall include hotel operators, car rentals,  
18          tour operators, resorts, dive shops, airlines or any  
19          other tourist specific business not mentioned above.

20          (6) The Tourism Sector Mitigation Fund shall expire  
21          at the end of fiscal year 2021. Any unexpended funds  
22          shall lapse into the Disaster Relief Fund.”  
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1           Section 2. This act shall become law upon approval by the  
2 President of the Federated States of Micronesia or upon its  
3 becoming law without such approval.

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5 Date: 5/14/20                           Introduced by: /s/ Wesley W. Simina

Wesley W. Simina

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