

---

A BILL FOR AN ACT

To further amend section 609A of title 55 of the Code of the Federated States of Micronesia (Annotated), as amended by Public Laws Nos. 21-104 and 21-120, in order to allow for other businesses not previously covered by Public Law No. 21-120 impacted by the COVID-19 pandemic to also receive tourism mitigation financial assistance from the National Government, and for other purposes.

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

1           Section 1. Section 609A title 55 of the Code of the  
2 Federated States of Micronesia (Annotated), as amended by Public  
3 Laws Nos. 21-104 and 21-120, is hereby further amended to read as  
4 follows:

5           "Section 609A. Tourism Sector Mitigation Fund.

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

---

1           appropriate sources.

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

15                 (a) A tourism sector business will be eligible  
16                 for the following relief in the relevant quarter to be  
17                 calculated as follows:

18                         (i) a rebate for reimbursement purposes  
19                         equivalent to 100% of the Wages and Salaries paid by the  
20                         taxpayer to the employees of the tourism sector business  
21                         for personal services relating to producing the Gross  
22                         Revenue for the business;

23                         (ii) a rebate for reimbursement purposes  
24                         equivalent to 100% for the Social Security contributions  
25                         paid by the tourism sector business in respect of its

---

---

1 employees in the quarter pursuant to section 902 of  
2 title 53 of the FSM Code (Annotated);

3 (iii) a rebate for reimbursement purposes  
4 equivalent to 100% for the Gross Revenue Tax (plus any  
5 penalties and interest) payable by the tourism sector  
6 business in the relevant quarter pursuant to section 141  
7 of title 54 of the FSM Code (Annotated);

8 (iv) a rebate for reimbursement purposes  
9 equivalent to 100% for the bank interest on business  
10 loans paid by the tourism sector business to a FSM  
11 domiciled branch of a FSM registered bank;

12 (v) additional relief may be added per  
13 regulations; and

14 (vi) businesses that can show a direct  
15 economic loss as a result in the downturn experienced by  
16 the tourism sector are eligible to receive assistance  
17 under this section subject to the requirements under  
18 609A(3)(i)-(v).

19 (4) The distributions from the funds shall be managed  
20 and administered by a committee named by the President  
21 comprising representatives of the Departments of  
22 Resources and Development; Finance and Administration;  
23 Justice; and Environment, Climate Change and Emergency  
24 Management. The committee shall report quarterly to  
25 Congress on the status of the fund and distributions

1           therefrom.

2           (5) For the purposes of this fund tourism sector  
3           businesses shall include hotel operators, car rentals,  
4           tour operators, resorts, dive shops, airlines or any  
5           other tourist specific business not mentioned above.  
6           Other businesses not specifically mentioned above may  
7           apply for assistance under this section; PROVIDED THAT,  
8           they meet the following criteria:

9                   (a) They can demonstrate that their business  
10                   relies significantly on the supply of goods and services  
11                   to the tourism sector; and

12                   (b) They can demonstrate that their business has  
13                   been significantly impacted by the COVID-19 public  
14                   health emergency declaration.

15           The inclusion of other businesses' access to the Fund is  
16           at the sole discretion of the Committee.

17           (6) The Tourism Sector Mitigation Fund shall expire  
18           at the end of fiscal year 2021. Any unexpended funds  
19           shall lapse into the Disaster Relief Fund."

20           Section 2. This act shall become law upon approval by the  
21           President of the Federated States of Micronesia or upon its  
22           becoming law without such approval.

23

24   Date: 8/11/20

Introduced by: /s/ Florencio S. Harper

Florencio S. Harper

(by request)

25