
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 Law No. 21-211, in order to modify the eligibility requirement for "other businesses" that are entitled to financial assistance under the Tourism Sector Mitigation Fund by replacing "and" with "or" in subsection (5) of section 609A, 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 Law No. 21-211, is hereby further amended to read as follows:

4 "Section 609A. Tourism Sector Mitigation Fund.

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

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

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 to be
16 calculated as follows:

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

22 (ii) a rebate for reimbursement purposes
23 equivalent to 100% for the Social Security contributions
24 paid by the tourism sector business in respect of its
25 employees in the quarter pursuant to section 902 of

1 title 53 of the FSM Code (Annotated);

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

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

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

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

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

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

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

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

14 (6) The Tourism Sector Mitigation Fund shall expire
15 at the end of fiscal year 2021. Any unexpended funds
16 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: 1/28/21

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

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