

AN ACT

To further amend sections 1214 and 1217 of title 55 of the Code of the Federated States of Micronesia (Annotated), as amended by Public Laws Nos. 18-74 and 19-67, to correct typographical errors made in the engrossment of Public Law No. 19-67, to amend the date when funds from the FSM Trust Fund may be distributed to a State or the National Government, or withdrawn by a State, to October 1, 2024, and for other purposes.

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

1 Section 1. The purpose of this Act is to correct
2 typographical errors made in the engrossment of Public Law No.
3 19-67. Typographical errors in engrossing led to repeated
4 references to "Sub-A account" rather than "Sub-Account". This
5 Act corrects those references. This Act also amends the date
6 when funds from the FSM Trust Fund may be distributed to a State
7 or the National Government under 55 F.S.M.C. §1214, or withdrawn
8 by a State under 55 F.S.M.C. §1217, to October 1, 2024.

9 Section 2. Section 1214 of title 55 of the Code of
10 the Federated States of Micronesia (Annotated), as amended
11 by Public Law No. 19-67, is hereby further amended to read
12 as follows:

13 "Section 1214. Distributions to National Government.

14 (1) At the end of each financial year the Board
15 shall determine the maximum amount of funds available
16 for distribution to the National Government in the
17 following fiscal year. Such amount shall be the lesser

1 of 5 percent of the average total Fund balances of the 5
2 previous financial years (inclusive) or the entire
3 balances of Account B. For the years 2017, 2018, 2019,
4 2020, and 2021, the average shall be calculated with the
5 available number of years since 2016. For the purposes
6 of this calculation, the balances of the State Sub-
7 Accounts are calculated separately and subject to
8 provisions in section 1217 of this chapter.

9 (2) In order to enable the National Government to
10 prepare its annual budget and estimates for the next
11 fiscal year, by January 30 of each year the Board shall
12 inform the National Government of the maximum amount of
13 funds available for distribution in the next fiscal
14 year.

15 (3) The Board shall distribute to the National
16 Government each fiscal year the maximum amount of funds
17 available for distribution or such lesser amount as the
18 National Government may specify. The distribution shall
19 be made at such times and in such proportions as the
20 National Government and the Board agrees.

21 (4) Notwithstanding the foregoing, no funds shall be
22 distributed to the National Government prior to October
23 1, 2024.

24 (5) Funds distributed to the National Government
25 shall be deposited in the General Fund of the FSM for

1 appropriation and expenditure consistent with the
2 purposes of the Fund. Such appropriation and
3 expenditure may, but need not, include transfers to
4 other levels of government in the FSM for their use in
5 ways consistent with the purposes of the Fund.

6 (6) This section may apply to the State Sub-Account's
7 A and B with additional provisions defined in section
8 1217 of this title."

9 Section 3. Section 1217 of title 55 of the Code of the
10 Federated States of Micronesia (Annotated), as amended by Public
11 Laws Nos. 18-74 and 19-67, is hereby further amended to read as
12 follows:

13 "Section 1217. Other participating government accounts.

14 (1) There are hereby-created State Sub-Accounts,
15 including A and B sub-accounts, for each of the States
16 of the Federated States of Micronesia; with the
17 condition that the State Sub-Account A for each
18 individual state must meet an initial threshold balance
19 of \$2,000,000 USD, independent of the balance of the
20 other state's Sub-Account A, before establishing a State
21 Sub-Account B for that state.

22 (2) Any donor, including the State and Foreign
23 Governments may make contributions to a State Sub-
24 Account or Sub-Accounts.

1 (3) National Government contributions to State sub-
2 accounts shall only be to the long-term, Sub-Account A
3 of that state or states.

4 (4) Contributions to a State Sub-Account made by the
5 National Government shall remain the property of the
6 National Government unless conditions are met for
7 transfers to Sub-Account B, with the relevant State
8 being the beneficiary of the proceeds subject to the
9 conditions of the Account B. Contributions made by the
10 National Government to a State Sub-Account shall not be
11 withdrawn or disbursed except to cover the compensation
12 and expenses of the Fund managers and custodians in
13 carrying out their duties in administration of the
14 Fund in accordance with sections 1212 and 1213.

15 (5) State Sub-Accounts shall be subject to this
16 chapter and shall be managed and administered in the
17 same manner as the National Government Accounts A and
18 B except that distributable funds or assets shall be
19 made available to the other participating governments
20 rather than the National Government.

21 (6) States may withdraw their own contributions to
22 their States Sub-Account A and contributions made on
23 their behalf by NGO's and other donors if allowed under
24 the terms of the contribution, beginning October 1,
25 2024.

1 (7) In the event that a state meets the initial
2 threshold requirement to establish a State Sub-Account B
3 under (1) above, States may withdraw from their State
4 Sub-Account B beginning October 1, 2024. Fund expenses
5 shall be prorated between the accounts of different
6 governments in proportion to their relative share of the
7 total Fund."

8 Section 4. This act shall become law upon approval by the
9 President of the Federated States of Micronesia or upon its
10 becoming law without such approval.

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_____ March 5, 2019

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/s/ Peter M. Christian
Peter M. Christian
President
Federated States of Micronesia

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