

AN ACT

To amend title 6 of the Code of the Federated States of Micronesia (Annotated), to amend section 707 thereof, to clarify that State funds and assets in the custody or control of a department or entity of the National Government shall under no circumstances be subject to a writ of garnishment, and for other purposes.

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

1           Section 1. Purpose. The purpose of this Act is to clarify  
2 the existing anti-garnishment statute pertaining to State funds  
3 that are in the custody or control of the National Government.  
4 Said funds have been exempt from writ of garnishment since Public  
5 Law No. 10-142 enacted 6 F.S.M.C. 707; this Act emphasizes and  
6 reiterates that the funds are prohibited from garnishment in all  
7 circumstances, including to satisfy an obligation related to a  
8 cause of action conferred by national statute. Congress finds it  
9 is within its authority to establish parameters for a statute  
10 enacted by Congress. Further, Congress notes that, as funds that  
11 are necessary for the support of a person and his dependents are  
12 exempt from attachment under 6 F.S.M.C. 1405, funds that are  
13 necessary for State operations should also be exempt from  
14 garnishment, and it is not the purview of the National Government  
15 to make those determinations regarding State funds, budgets, and  
16 operations. Nothing in this act prohibits a writ of garnishment  
17 or attachment of State funds that are in State custody or control.

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1           Section 2. Section 707 of title 6 of the Code of the  
2 Federated States of Micronesia (Annotated) is hereby amended to  
3 read as follows:

4           "Section 707. Garnishment of funds or other assets  
5 belonging to or owed to a State that are under the  
6 custody or control of the National Government is  
7 prohibited. A department or entity of the National  
8 Government of the Federated States of Micronesia shall  
9 under no circumstances be subject to writ of garnishment  
10 or other judicial process to apply funds or other assets  
11 that are in the custody or control of the department or  
12 entity, if such funds or other assets belong to or are  
13 owed to a State of the Federated States of Micronesia,  
14 to satisfy an obligation of the State to a third person.  
15 This prohibition includes funds and assets that would be  
16 garnished to satisfy an obligation of the State  
17 resulting from a cause of action expressly conferred by  
18 national statute. Nothing herein shall imply that  
19 authority exists to issue a writ of garnishment or other  
20 process against the National Government in any  
21 circumstance."

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

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August 23 \_\_\_\_\_, 2021

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/s/ David W. Panuelo  
David W. Panuelo  
President  
Federated States of Micronesia

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