

A BILL FOR AN ACT

To appropriate the sum of \$5,000,000 from the General Fund of the Federated States of Micronesia for the fiscal year ending September 30, 2013, to offset effects of the next five years of decrement of Compact Funding for the administration of the governments of FSM, Chuuk, Kosrae, Pohnpei, and Yap, and for other purposes.

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

1           Section 1. Purpose. Pursuant to section 216 of the  
2 Compact of Free Association between FSM and the USA, the amount  
3 of sector grant funding received by FSM began decreasing in  
4 2007 at the rate of \$800,000 per year. This annual decrease is  
5 often referred to as "the decrement" and has been a cause of  
6 alarm for government administrators as their funding has  
7 decreased annually over the last five years and will continue  
8 to decrease until 2023. The only long-term solution for FSM  
9 and its component states is to become a fully self-sustaining  
10 administration through fostering private sector growth and  
11 implementing a sensible tax collection plan, which generates  
12 sufficient funds without reliance on outside assistance. Yet,  
13 Congress is concerned that immediate anxiety over the decrement  
14 could distract from state governments' focus on implementing  
15 the kind of long-ranging reforms needed to put FSM and its  
16 component states on the road to self-sufficiency. Thus,  
17 Congress is appropriating this one-time infusion of money to  
18 allay fears over the decrement for the next five years.

1           This \$5,000,000 amount, given all at once and up front, is  
 2 to be stewarded wisely by states in accordance with their  
 3 internal legislative processes as they shepherd their citizens  
 4 through the next five years of Compact Funding cuts. The funds  
 5 appropriated under this section shall be apportioned according  
 6 to the Compact Distribution Formula.

7           Section 2. The sum of \$5,000,000, or so much thereof as  
 8 may be necessary, is hereby appropriated from the General Fund  
 9 of the Federated States of Micronesia for the fiscal year  
 10 ending September 30, 2013, to offset effects of the next five  
 11 years of decrement of Compact Funding for the national and  
 12 state governments. The funds shall be apportioned as follows:

13	1. Kosrae State.....	\$	545,000
14	2. Pohnpei State.....		1,265,500
15	3. Chuuk State.....		1,900,000
16	4. Yap State.....		789,500
17	5. FSM National Government.....		500,000

18           Section 3. Allotment and management of funds and lapse  
 19 date. All funds appropriated by this act shall be allotted,  
 20 managed, administered and accounted for in accordance with  
 21 applicable laws, including, but not limited to, the Financial  
 22 Management Act of 1979. The allottee shall be responsible for  
 23 ensuring that these funds, or so much thereof as may be  
 24 necessary, are used solely for the purpose specified in this  
 25 act, and that no obligations are incurred in excess of the sum

1 appropriated. The allottee of the funds appropriated under  
2 section 1 of this act shall be the Governor of the appropriate  
3 state for each of the respective states, or their designess,  
4 and the President of the Federated States of Micronesia or his  
5 designee for the FSM National Government portion. The  
6 authority of the allottee to obligate funds appropriated by  
7 this act shall lapse on September 30, 2018.

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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12 Date: 1/10/13

Introduced by: /s/ Dohsis Halbert  
Dohsis Halbert

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