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A BILL FOR AN ACT

To amend Public Law No. 12-36 by amending section 1 thereof to change the use of certain funds appropriated to Chuuk State, by amending section 6 thereof to change the use of certain funds previously appropriated for the construction and repair of damages to the outer island airstrips in the Nation, by amending section 7 thereof to change the allottee for certain funds, and for other purposes.

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

1           Section 1. Section 1 of Public Law No. 12-36 is hereby  
2 amended to read as follows:

3           "Section 1. All sums directly or indirectly received  
4 as the FSM's portion of the revenue sharing component  
5 of payments by the State for wages and salaries tax,  
6 penalties and interest, in an amount not to exceed  
7 \$941,164, are hereby appropriated from the General Fund  
8 of the Federated States of Micronesia for the fiscal  
9 year ending September 30, 2002, for [~~the purpose of~~  
10 ~~funding a loan (the "Loan") from the National~~  
11 ~~Government of the Federated States of Micronesia (the~~  
12 ~~"FSM") to the State of Chuuk (the "State") on the terms~~  
13 ~~hereinafter specified]~~ programs and project grants in  
14 the State of Chuuk.

15           ~~[(1) Financial Terms. The Loan shall:~~

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1           ~~(a) provide for a three (3) year grace period~~  
2           ~~during which no interest or payment shall be due;~~

3           ~~(b) provide for payment of principal in equal~~  
4           ~~installments beginning on the date three years from the~~  
5           ~~date of the first disbursement under the Loan, and~~  
6           ~~continuing on the ninetieth day thereafter and each~~  
7           ~~ninetieth day thereafter for a period of five (5)~~  
8           ~~years;~~

9           ~~(c) shall not bear interest or provide for~~  
10          ~~penalties; and~~

11          ~~(d) be used for the purpose of repaying money~~  
12          ~~owed by the State in accordance with the Financial~~  
13          ~~Stabilization Program, which payment shall be made~~  
14          ~~directly to the creditor by the FSM. "Financial~~  
15          ~~Stabilization Program" means the program established by~~  
16          ~~the President of the Federated States of Micronesia~~  
17          ~~(the "FSM") and the Governor of the State. The funds~~  
18          ~~appropriated herein shall be first applied to pay off~~  
19          ~~the State's obligations to the Social Security~~  
20          ~~Administration in an amount not to exceed \$698,995; any~~  
21          ~~remaining funds shall be applied to pay off existing~~  
22          ~~accounts payable to offshore medical providers.~~

23          ~~(2) Loan Agreement. The Loan shall be evidenced by a~~  
24          ~~Loan Agreement between the FSM and the State which:~~

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1           ~~(a) is specifically and properly authorized by~~  
2           ~~the legislature of the State; and~~

3           ~~(b) contains such other provisions as the~~  
4           ~~President may require.~~

5           ~~(3) Delegation. While the President shall remain~~  
6           ~~involved and informed, he may delegate the authority to~~  
7           ~~negotiate, sign, and/or administer the Loan Agreement~~  
8           ~~and other relevant documents. The right to delegate~~  
9           ~~the performance of an act includes the right to ratify~~  
10          ~~the performance of the act after the fact.~~

11          ~~(4) Authorization. The President of the FSM is~~  
12          ~~hereby authorized to utilize the FSM's portion of~~  
13          ~~revenue sharing on the penalties and interest component~~  
14          ~~of delinquent tax proceeds owed by the State for wages~~  
15          ~~and salaries tax, penalties and interest for the~~  
16          ~~purpose of repaying money owed by the State in~~  
17          ~~accordance with the Financial Stabilization Program,~~  
18          ~~subject to the limitations of the MOU and this act.~~

19          ~~(5) Reporting. The President of the FSM shall report~~  
20          ~~to the Congress of the Federated States of Micronesia~~  
21          ~~and the Governor of Chuuk State no later than December~~  
22          ~~31, 2002, on the expenditure of all funds appropriated~~  
23          ~~by this section.]"~~

24          Section 2. Section 6 of Public Law No. 12-36 is hereby

1 amended to read as follows:

2 "Section 6. The sum of \$280,000, or so much thereof as  
3 may be necessary, is hereby appropriated from the  
4 General Fund of the Federated States of Micronesia for  
5 the fiscal year ending September 30, 2002 for [~~the~~  
6 ~~construction and repair of damages to the outer island~~  
7 ~~airstrips in the Nation]~~ road paving and other programs  
8 and projects in the Nation. The sum appropriated under  
9 this section shall be apportioned as follows:

- 10 (1) Nanmadap Road paving..... \$ 100,000
- 11 (2) Pohnpei State public projects and programs 80,000
- 12 (3) Yap State - Outer Island Transportation. 40,000
- 13 (4) Kosrae State public projects and programs 50,000
- 14 (5) Chuuk State - Northwest Islands
- 15 Transportation ..... 10,000"

16 Section 3. Section 7 of Public Law No. 12-36 is hereby  
17 amended to read as follows:

18 "Section 7. All funds appropriated by this act shall  
19 be allotted, managed, administered, and accounted for  
20 in accordance with applicable law, including, [~~by~~] but  
21 not limited to, the Financial Management Act of 1979.  
22 The allottee of all funds appropriated by sections [~~1,7~~]  
23 3, 4, 5 and 6 of this act shall be the President of the  
24 Federated States of Micronesia or the President's



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