

AN ACT

To further amend title 55 of the Code of the Federated States of Micronesia (Annotated), as amended by Public Law No. 20-168, by creating a new chapter 18 to establish legal guidance, criteria and procedures for a State or the National Government to make a request for a Resiliency Distribution, Special Needs Distribution, or Unspent Economic Assistance Distribution, pursuant to the 2023 Compact Trust Fund Agreement, and for other purposes.

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

1 Section 1. Title 55 of the Code of the Federated States of
2 Micronesia (Annotated), as amended, is hereby amended by creating
3 a new chapter 18 entitled: "Compact Trust Fund Distributions".

4 Section 2. Chapter 18 of title 55 of the Code of the
5 Federated States of Micronesia (Annotated), as amended, is hereby
6 amended by inserting a new section 1801 to read as follows:

7 "Section 1801. Congressional Intent. The purpose of
8 this Act is to establish legal guidance, criteria and
9 procedures for a State or the National Government to
10 request the withdrawal of funds from the Compact Trust
11 Fund for a Resiliency Distribution pursuant to Article
12 18 of the 2023 Compact Trust Fund Agreement, a Special
13 Needs Distribution pursuant to Article 19 of the 2023
14 Compact Trust Fund Agreement, or an Unspent Economic
15 Assistance Distribution pursuant to Article 20 of the
16 2023 Compact Trust Fund Agreement".

17 Section 3. Chapter 18 of title 55 of the Code of the Federated

1 States of Micronesia (Annotated), as amended, is hereby amended
2 by inserting a new section 1802 to read as follows:

3 "Section 1802. Applicability. A request for a
4 Resiliency, Special Needs, or Unspent Economic
5 Assistance Distribution from the Compact Trust Fund
6 shall be governed by the provisions of this Act".

7 Section 4. Chapter 18 of title 55 of the Code of the
8 Federated States of Micronesia (Annotated), as amended, is hereby
9 amended by inserting a new section 1803 to read as follows:

10 "Section 1803. Definitions. For purposes of this Act:

11 (a) "2003 Trust Fund Agreement" means the *Agreement*
12 *Between the Government of the Federated States of*
13 *Micronesia and the Government of the United States of*
14 *America Implementing Section 215 and Section 216 of the*
15 *Compact, as amended, Regarding a Trust Fund, done at*
16 Palikir on May 14, 2003;

17 (b) "2023 Amended Compact" means the *Compact of Free*
18 *Association, as amended, Between the Government of the*
19 *Federated States of Micronesia and the Government of the*
20 *United States of America, done at Palikir on May 14,*
21 2003, as amended, by the *Agreement Between the*
22 *Government of the Federated States of Micronesia and the*
23 *Government of the United States of America to Amend the*
24 *Compact of Free Association, as amended, done at Palikir*
25 on May 23, 2023;

1 (c) "2023 Compact Trust Fund Agreement" means the
2 *Agreement Between the Government of the Federated States*
3 *of Micronesia and the Government of the United States of*
4 *America Regarding the Compact Trust Fund*, done at
5 Palikir on May 23, 2023;

6 (d) "Compact Trust Fund" means the trust fund
7 established pursuant to Article 2 of the 2003 Trust Fund
8 Agreement;

9 (e) "Joint Trust Fund Committee" means the governing
10 body of the Compact Trust Fund which serves as trustee
11 of the fund;

12 (f) "President" means the President of the Federated
13 States of Micronesia;

14 (g) "Resiliency Distribution" means a transfer of
15 funds from the Compact Trust Fund to the Government of
16 the Federated States of Micronesia, pursuant to Article
17 18 of the 2023 Compact Trust Fund Agreement, to support
18 the sectors described in Section 261(a) of the 2023
19 Amended Compact, or other sectors as mutually decided by
20 the Signatory Governments, or to support the
21 environmental and infrastructure sectors described in
22 Sections 261(a)(5) and (6) of the 2023 Amended Compact
23 in particular;

24 (h) "Secretary" means the Secretary of the Department
25 of Finance and Administration of the National Government

1 of the Federated States of Micronesia;

2 (i) "Special Needs Distribution" means a transfer of
3 funds from the Compact Trust Fund to the Government of
4 the Federated States of Micronesia, pursuant to Article
5 19 of the 2023 Compact Trust Fund Agreement, for
6 unforeseen singular expenses relating to projects in the
7 sectors described in Section 261(a) of the 2023 Amended
8 Compact that cannot reasonably be financed from other
9 sources of revenue;

10 (j) "State" means any state of the Federated States
11 of Micronesia;

12 (k) "Unspent Economic Assistance Distribution" means
13 a transfer of funds from the Compact Trust Fund to the
14 Government of the Federated States of Micronesia,
15 pursuant to Article 20 of the 2023 Compact Trust Fund
16 Agreement, to support the sectors described in Section
17 261(a) of the 2023 Amended Compact, or other sectors as
18 mutually decided by the Signatory Governments."

19 Section 5. Chapter 18 of title 55 of the Code of the
20 Federated States of Micronesia (Annotated), as amended, is hereby
21 amended by inserting a new section 1804 to read as follows:

22 "Section 1804. Availability of Funds for Distribution.
23 The Secretary shall, by April 15 of every year, inform
24 each State Governor, the President, and the Speaker of
25 Congress of the funds available for distribution for the

1 upcoming fiscal year under the Resiliency Distribution
2 Cap, Special Needs Distribution Cap and Unspent Economic
3 Assistance Distribution Cap.”

4 Section 6. Chapter 18 of title 55 of the Code of the
5 Federated States of Micronesia (Annotated), as amended, is hereby
6 amended by inserting a new section 1805 to read as follows:

7 “Section 1805. Procedures for Making a Request.

8 (a) A request by a state government for a
9 Resiliency, Special Needs, or Unspent Economic
10 Assistance Distribution shall be addressed to the
11 President with a copy to the Secretary, and must:

12 (1) be signed by the Governor and certified by the
13 state Director of Finance; and

14 (2) if required by state law, include a copy of
15 legislative approval of the request.

16 (b) A request by the National Government for a
17 Resiliency, Special Needs, or Unspent Economic
18 Assistance Distribution must be approved by Congress by
19 resolution.”

20 Section 7. Chapter 18 of title 55 of the Code of the Federated
21 States of Micronesia (Annotated), as amended, is hereby amended
22 by inserting a new section 1806 to read as follows:

23 “Section 1806. Request Requirements.

24 (a) A request for a Resiliency Distribution must
25 be submitted to the Secretary by June 1 for the upcoming

1 fiscal year and include the following information:

2 (1) The amount requested as a Resiliency Distribution
3 in the upcoming fiscal year, including the specific
4 amount requested under paragraph 2(a), and the specific
5 amount requested under paragraph 2(b), of Article 18 of
6 the 2023 Compact Trust Fund Agreement;

7 (2) A description of how any amounts to be used under
8 paragraph 2(a) of this Article would be allocated among
9 the sectors described in section 261(a) of the 2023
10 Amended Compact, or other sectors as mutually decided by
11 the Federated States of Micronesia and the United
12 States;

13 (3) A description of how any amounts to be used under
14 paragraph 2(b) of this Article would be allocated among
15 the environmental and infrastructure sectors described
16 in sections 261(a)(5) and (6) of the 2023 Amended
17 Compact;

18 (4) Proposed expenditures for the upcoming fiscal
19 year by program, including a detailed breakdown by
20 object classes, as defined under the laws of the
21 Federated States of Micronesia; and

22 (5) For any amounts that would be allocated to the
23 infrastructure sector, a description of which projects
24 included in the Infrastructure Development Plan the
25 amounts would fund.

1 (b) A request for a Special Needs Distribution
2 shall include the following information:

3 (1) The total amount requested as a Special Needs
4 Distribution in the upcoming fiscal year; and

5 (2) A description on how the amount requested would
6 be used only for unforeseen singular expenses relating
7 to projects that in support of the sectors described in
8 Section 261(a) of the 2023 Amended Compact; and

9 (3) An explanation as to why other sources of revenue
10 cannot be used for such expenses.

11 (c) A request for an Unspent Economic Assistance
12 Distribution shall include the following information:

13 (1) The total amount requested as an Unspent Economic
14 Assistance Distribution in the upcoming fiscal year;

15 (2) A description of how the amount would be
16 allocated among the sectors described in Section 261(a)
17 of the 2023 Amended Compact, or other sectors as
18 mutually decided by the Signatory Governments;

19 (3) Proposed expenditures for the upcoming fiscal
20 year by program, including a detailed breakdown of
21 object class, as defined under the laws of the Federated
22 States of Micronesia;

23 (4) A description of how the allocation would further
24 one or more of the multiyear objectives of the relevant
25 sector as well as one or more of the goals and broads

1 strategies as described in the approved Strategic
2 Development Plan; and

3 (5) For any amounts that would be allocated to the
4 infrastructure sector, a description of which projects
5 included in the Infrastructure Development Plan the
6 amounts would fund.”

7 Section 8. Chapter 18 of title 55 of the Code of the
8 Federated States of Micronesia (Annotated), as amended, is hereby
9 amended by inserting a new section 1807 to read as follows:

10 “Section 1807. Verification of Requests.

11 (a) Upon receipt of a request for a Resiliency,
12 Special Needs, or Unspent Economic Assistance
13 Distribution, the Secretary shall review the request in
14 conjunction with the Office of Compact Management to
15 determine whether the request is:

16 (1) in compliance with the requirements of this Act;

17 (2) is in compliance with any distribution formula
18 for Compact Funds; and

19 (3) is within the relevant distribution cap for such
20 funds.

21 (b) Any deficiency in a request shall be
22 immediately brought to the attention of the requesting
23 government for rectification.”

24 Section 9. Chapter 18 of title 55 of the Code of the Federated
25 States of Micronesia (Annotated), as amended, is hereby amended

1 by inserting a new section 1808 to read as follows:

2 "Section 1808. Submission to the Joint Trust Fund
3 Committee.

4 (a) The Secretary shall submit a request for a
5 Resiliency, Special Needs, or Unspent Economic
6 Assistance Distribution that is in compliance with this
7 Act to the Joint Trust Fund Committee for its
8 consideration.

9 (b) The Secretary submission to the Joint Trust
10 Fund Committee shall include the following information
11 in the request:

12 (1) A proposed timeline for the disbursement of the
13 amount requested;

14 (2) A description of the monitoring and evaluation
15 framework, including performance metrics, to be applied
16 to ensure compliance with Article 21 of the 2023 Compact
17 Trust Fund Agreement; and

18 (3) the information and documentation identified in
19 section 1806(a) for a resiliency distribution request,
20 section 1806(b) for a special needs distribution
21 request, and section 1806(c) for an unspent economic
22 assistance distribution request.

23 (c) Requests for a Resiliency Distribution shall
24 be submitted to the Joint Trust Fund Committee by July
25 15 for the upcoming fiscal year. Requests for a Special

1 Needs or Unspent Economic Assistance Distribution may be
2 submitted at any time.”

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

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October 25 _____, 2024

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Wesley W. Simina
President
Federated States of Micronesia

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