CONGRESS OF THE FEDERATED STATES OF MICRONESIA
P. O. Box PS 3
Palikir, Sokehs
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COMMITTEE ON
WAYS AND MEANS

STANDING COMMITTEE REPORT NO. 21-50

RE: C.A. NO. 21-120 (P.C. N0. 21-301)/W&M

SUBJECT: VETO OVERRIDE

July 01, 2020

The Honorable Wesley W. Simina
Speaker, Twenty-First Congress
Federated States of Micronesia
Sixth Special Session, 2020

Dear Mr. Speaker:

Your Committee on Ways and Means to which was referred Presidential Communication No. 21-301, regarding the veto of Congressional Act No. 21-120, entitled:

> "AN ACT TO FURTHER AMEND CHAPTER 1 OF TITLE 54 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA (ANNOTATED), AS AMENDED, BY ADDING A NEW SUBCHAPTER VI, FOR THE PURPOSE OF PERMITTING THE TAXATION OF UNEMPLOYMENT ASSISTANCE, AND FOR OTHER PURPOSES.",

begs leave to report as follows:

The intent and purpose of this act are expressed in its title.

Your Committee has reviewed Congressional Act No. 21-120, and the accompanying veto message (P.C. No. 21-301). Your Committee notes that the unemployment assistance grant that is forthcoming is more than enough to compensate an unemployed citizen of the Federated States of Micronesia even after the taxation is taken into account. Your Committee believes that the revenue generated by taxing this windfall will benefit many other programs in the nation that are now struggling due to the COVID-19 pandemic.

STANDING COMMITTEE REPORT NO. 21-50

RE: C.A. NO. 21-120 (P.C. NO. 21-302)/W&M

SUBJECT: VETO OVERRIDE

July 01, 2020

Your Committee further notes that during hearings on this bill, the Department of Finance and Administration and the Social Security Administration both supported the tax. Taxing for social security purposes would, in fact, protect the benefits and eligibility of the unemployed to the social security safety net. Your Committee has reviewed the President's comments in P.C. No. 21-301 and your Committee has determined that the veto is purely based on policy.

CONCLUSION

Your Committee has reviewed the veto of Congressional Act No. 21-120 and the veto message (P.C. No. 21-301). Your Committee finds that the decision made by the Executive was made based on policy and not on a legal or constitutional defect of the Act. Your Committee recommends overriding the veto of Congressional Act No. 21-120.

STANDING COMMITTEE REPORT NO. 21-50

RE: C.A. NO. 21-120 (P.C. NO. 21-302)/W&M

SUBJECT: VETO OVERRIDE

July 01, 2020

Respectfully submitted,

Isaac V. Figir, chairman

Dion G. Neth, member

Victor V. Gouland, member

Robson U. Romolow, member

I do not Concur!!!

Ferny S. Perman, member

Joseph J. Urusemal, member

Paliknow K. Welly, member

I don't consent!!

STANDING COMMITTEE REPORT NO. 21-50

RE: C.A. NO. 21-120 (P.C. NO. 21-302)/W&M

SUBJECT: VETO OVERRIDE

July 01, 2020

Respectfully submitted,

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Joseph J. Urusemal, member

Paliknow K. Welly, member

*The President*
*Palikir, Pohnpei*
*Federated States of Micronesia*

PRESIDENTIAL COMM. NO. 21-301
FSM CONGRESS

June 18th, 2020

The Honorable Wesley W. Simina
Speaker
Twenty-First Congress of the
Federated States of Micronesia
Palikir, Pohnpei FM 96941

Dear Speaker Simina:

I am pleased to transmit the following Congressional Act, which I have vetoed for the reasons stated below:

> Congressional Act No. 21-120, entitled: "AN ACT TO FURTHER AMEND CHAPTER 1 OF TITLE 54 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA (ANNOTATED), AS AMENDED, BY ADDING A NEW SUBCHAPTER VI, FOR THE PURPOSE OF PERMITTING THE TAXATION OF UNEMPLOYMENT ASSISTANCE, AND FOR OTHER PURPOSES".

This act imposes income tax and social security tax upon individuals when the intention behind the COVID-19 mitigation assistance is to provide immediate relief to our people who are suffering from the global recession. This tax would be unfair and burdensome to our people who recently lost their jobs with no prospects of recovery anytime soon. The ongoing pandemic is not showing any slowdown. As such, it would be reasonable to assume that this will last for sometime. This tax will not help alleviate human hardships but will only exacerbate them.

I strongly believe that signing this act into law is unnecessary, and is in direct conflict with the spirit and intent of the purpose of the unemployment assistance. Furthermore, it has very real potential to undermine our Nation's credibility regarding the manner in which we accept and treat the very generous assistance offered by our closest friends and partners. Thank you.

Sincerely,

David W. Panuelo
President

RECEIVED
JUN 18 2020
FSM Congress
Speakers Office

**CONGRESS OF THE FEDERATED STATES OF MICRONESIA**
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*Office of the Chief Clerk*

RECEIVED
MAY 28 2020
Office of the
President FSM

May 28, 2020

His Excellency David W. Panuelo
President
Federated States of Micronesia
Palikir, Pohnpei FM 96941

Dear President Panuelo:

I have the honor to transmit herewith Congressional Act No. 21-120, "AN ACT TO FURTHER AMEND CHAPTER 1 OF TITLE 54 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA (ANNOTATED), AS AMENDED, BY ADDING A NEW SUBCHAPTER VI, FOR THE PURPOSE OF PERMITTING THE TAXATION OF UNEMPLOYMENT ASSISTANCE, AND FOR OTHER PURPOSES.", which was passed by the Twenty-First Congress of the Federated States of Micronesia, Fourth Regular Session, 2020, by a two-thirds vote of all the State delegations as required and as duly certified.

Sincerely yours,

Liwiana Ramon Ioanis
Chief Clerk, Congress of the
Federated States of Micronesia

Enclosures

ACT NO. 21-120
(CONGRESSIONAL BILL NO. 21-194, C.D.1)

TWENTY-FIRST CONGRESS OF THE
FEDERATED STATES OF MICRONESIA
FOURTH REGULAR SESSION
MAY 11 - 30, 2020

# An Act

TO FURTHER AMEND CHAPTER 1 OF TITLE 54 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA (ANNOTATED), AS AMENDED, BY ADDING A NEW SUBCHAPTER VI, FOR THE PURPOSE OF PERMITTING THE TAXATION OF UNEMPLOYMENT ASSISTANCE, AND FOR OTHER PURPOSES.

INTRODUCED BY SENATOR: ISAAC V. FIGIR

DATE: MAY 19, 2020

REFERRED TO: COMMITTEE ON WAYS AND MEANS

WITHDRAWN – MAY 20, 2020

FIRST READING: – MAY 20, 2020

SECOND READING: – MAY 22, 2020

Liwiana Ramon Ioanis
Chief Clerk, FSM Congress

Office of the Speaker

**CONGRESS OF THE FEDERATED STATES OF MICRONESIA**
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ACT NO. 21-120

(CONGRESSIONAL BILL NO. 21-194, C.D.1)

We hereby certify that on May 22 the foregoing act passed Second and Final Reading of the Twenty-First Congress of the Federated States of Micronesia, Fourth Regular Session, 2020, by a two-thirds vote of all the State delegations as required under article IX, section 20, of the Constitution of the Federated States of Micronesia.

Wesley W. Simina
Speaker
Congress of the
Federated States of Micronesia

Liwiana Ramon Ioanis
Chief Clerk
Congress of the
Federated States of Micronesia

TWENTY-FIRST CONGRESS OF THE FEDERATED STATES OF MICRONESIA

FOURTH REGULAR SESSION, 2020 CONGRESSIONAL BILL NO. 21-194, C.D.1

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AN ACT

To further amend chapter 1 of title 54 of the Code of the Federated States of Micronesia (Annotated), as amended, by adding a new Subchapter VI, for the purpose of permitting the taxation of unemployment assistance, and for other purposes.

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

Section 1. Chapter 1 of title 54 of the Code of the Federated States of Micronesia (Annotated), as amended, is hereby amended by creating a new Subchapter VI entitled: "Unemployment Assistance".

Section 2. Chapter 1 of title 54 of the Code of the Federated States of Micronesia (Annotated), as amended, is hereby amended by adding a new section 160 to Subchapter VI to read as follows:

"Section 160. Unemployment assistance.

(1) "Unemployment assistance" means any remuneration given to residents of the Federated States of Micronesia to assist in times of unemployment.

Section 3. Chapter 1 of title 54 of the Code of the Federated States of Micronesia (Annotated), as amended, is hereby amended by adding a new section 161 to Subchapter VI to read as follows:

"Section 161. Taxation of Unemployment Assistance.

(1) Any unemployment assistance received by a

resident of the Federated States of Micronesia from foreign government grants is subject to ten (10%) percent taxation unless explicitly prohibited by the terms and conditions of the foreign assistance.

(2) Any unemployment assistance received by a resident of the Federated States of Micronesia from foreign government grants is subject to fifteen (15%) percent deduction for Social Security contribution for the benefit of the recipient unless explicitly prohibited by the terms and conditions of the foreign assistance."

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

_____, 2020

Disapproved
06-18-2020

David W. Panuelo
President
Federated States of Micronesia