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A BILL FOR AN ACT

To further amend section 1217 of title 55 of the Code of the Federated States of Micronesia (Annotated), as amended by Public Laws Nos. 19-67 and 20-185, in order to allow the withdrawal of up to \$15,000,000 from the respective sub-accounts of the state governments in order to support fuel price stabilization during the ongoing fuel crisis, and for other purposes.

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

1           Section 1. Section 1217 of title 55 of the Code of the  
2 Federated States of Micronesia (Annotated), as amended by Public  
3 Laws Nos. 19-67 and 20-185 is hereby further amended to read as  
4 follows:

5           "Section 1217. Other participating government accounts.

6                   (1) There are hereby-created State Sub-Accounts,  
7 including A and B sub-accounts, for each of the States  
8 of the Federated States of Micronesia; with the  
9 condition that the State Sub-Account A for each  
10 individual state must meet an initial threshold balance  
11 of \$2,000,000 USD, independent of the balance of the  
12 other state's Sub-Account A, before establishing a State  
13 Sub-Account B for that state.

14                   (2) Any donor, including the State and Foreign  
15 Governments may make contributions to a State Sub-  
16 Account or Sub-Accounts.

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(3) National Government contributions to State sub-accounts shall only be to the long-term, Sub-Account A of that state or states.

(4) Contributions to a State Sub-Account made by the National Government shall remain the property of the National Government unless conditions are met for transfers to Sub-Account B, with the relevant State being the beneficiary of the proceeds subject to the conditions of the Account B. Contributions made by the National Government to a State Sub-Account shall not be withdrawn or disbursed except to cover the compensation and expenses of the Fund managers and custodians in carrying out their duties in administration of the Fund in accordance with sections 1212 and 1213.

(5) State Sub-Accounts shall be subject to this chapter and shall be managed and administered in the same manner as the National Government Accounts A and B except that distributable funds or assets shall be made available to the other participating governments rather than the National Government.

(6) States may withdraw their own contributions to their States Sub-Account A and contributions made on their behalf by NGO's and other donors if allowed under the terms of the contribution, beginning October 1,

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2030. This paragraph does not apply to the crisis situation provided under paragraph (8) of this section.

(7) In the event that a state meets the initial threshold requirement to establish a State Sub-Account B under (1) above, States may withdraw from their State Sub-Account B beginning October 1, 2030. Fund expenses shall be prorated between the accounts of different governments in proportion to their relative share of the total Fund."

(8) Recognizing the continued fuel crisis affecting the nation due to the disruptions of fuel supply impacted by the events in the Strait of Hormuz, as a temporary economic resilience measure to safe guard fuel security and protect the FSM economy from extraordinary international fuel market disruptions, States may withdraw up to a total of \$15,000,000 to address the necessary price stabilization of fuel. The Secretary of the Department of Finance and Administration shall issue regulations to implement this section."

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

Date: 9/16/26

Introduced by: /s/ Julio M. Marar

Julio M. Marar  
(by request)