
A BILL FOR AN ACT

To further amend sections 1214 and 1217 of title 55 of the Code of the Federated States of Micronesia (Annotated), as amended by Public Laws Nos. 18-74, 19-67, 20-174, and 20-185, to amend the date on which funds may be distributed or withdrawn from the FSM Trust Fund, and for other purposes.

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

1 Section 1. Section 1214 of title 55 of the Code of the
2 Federated States of Micronesia (Annotated), as amended by Public
3 Laws Nos. 19-67, 20-174, and 20-185, is hereby further amended to
4 read as follows:

5 "Section 1214. Distributions to National Government.

6 (1) At the end of each financial year the Board
7 shall determine the maximum amount of funds available
8 for distribution to the National Government in the
9 following fiscal year. Such amount shall be the lesser
10 of 5 percent of the average total Fund balances of the 5
11 previous financial years (inclusive) or the entire
12 balances of Account B. For the years 2017, 2018, 2019,
13 2020, and 2021, the average shall be calculated with the
14 available number of years since 2016. For the purposes
15 of this calculation, the balances of the State Sub-
16 Accounts are calculated separately and subject to
17 provisions in section 1217 of this chapter.

18 (2) (a) In order to enable the National Government to

1 prepare its annual budget and estimates for the next
2 fiscal year, by January 30 of each year the Board shall
3 inform the National Government of the maximum amount of
4 funds available for distribution in the next fiscal
5 year.

6 (b) For the distribution of funds to the
7 National Government for fiscal year 2027, the Board
8 shall inform the National Government of the maximum
9 amount of funds available for distribution no later than
10 30 days following the effective date of this paragraph.

11 (3) The Board shall distribute to the National
12 Government each fiscal year the maximum amount of funds
13 available for distribution or such lesser amount as the
14 National Government may specify. The distribution shall
15 be made at such times and in such proportions as the
16 National Government and the Board agrees.

17 (4) Notwithstanding the foregoing, no funds shall be
18 distributed to the National Government prior to October
19 1, ~~2030~~ 2026.

20 (5) Funds distributed to the National Government
21 shall be deposited in the General Fund of the FSM for
22 appropriation and expenditure consistent with the
23 purposes of the Fund. Such appropriation and
24 expenditure may, but need not, include transfers to
25 other levels of government in the FSM for their use in

1 ways consistent with the purposes of the Fund.

2 (6) This section may apply to the State Sub-Account's
3 A and B with additional provisions defined in section
4 1217 of this title."

5 Section 2. Section 1217 of title 55 of the Code of the
6 Federated States of Micronesia (Annotated), as amended by Public
7 Laws Nos. 18-74, 19-67, 20-174, and 20-185, is hereby further
8 amended to read as follows:

9 "Section 1217. Other participating government accounts.

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

18 (2) Any donor, including the State and Foreign
19 Governments may make contributions to a State Sub-
20 Account or Sub-Accounts.

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

24 (4) Contributions to a State Sub-Account made by the
25 National Government shall remain the property of the

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

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

16 (6) States may withdraw their own contributions to
17 their States Sub-Account A and contributions made on
18 their behalf by NGO's and other donors if allowed under
19 the terms of the contribution, beginning October 1,
20 ~~[2030]~~ 2026.

21 (7) In the event that a state meets the initial
22 threshold requirement to establish a State Sub-Account B
23 under (1) above, States may withdraw from their State
24 Sub-Account B beginning October 1, ~~[2030]~~ 2026. Fund
25 expenses shall be prorated between the accounts of

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