

AN ACT

To appropriate a sum not to exceed \$1,820,164 from the General Fund of the Federated States of Micronesia for the fiscal year ending September 30, 2002, for the purpose of authorizing the lending of \$941,164 to the State of Chuuk on certain terms and conditions, of funding projects and programs in the national interest, and for other purposes.

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

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

10           (1) Financial Terms. The Loan shall:

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

13                   (b) provide for payment of principal in equal  
14 installments beginning on the date three years from the date  
15 of the first disbursement under the Loan, and continuing on  
16 the ninetieth day thereafter and each ninetieth day  
17 thereafter for a period of five (5) years;

18                   (c) shall not bear interest or provide for  
19 penalties; and

1           (d) be used for the purpose of repaying money owed by  
2 the State in accordance with the Financial Stabilization Program,  
3 which payment shall be made directly to the creditor by the FSM.  
4 "Financial Stabilization Program" means the program established by  
5 the President of the Federated States of Micronesia (the "FSM")  
6 and the Governor of the State. The funds appropriated herein  
7 shall be first applied to pay off the State's obligations to the  
8 Social Security Administration in an amount not to exceed  
9 \$698,995; any remaining funds shall be applied to pay off existing  
10 accounts payable to offshore medical providers.

11           (2) Loan Agreement. The Loan shall be evidenced by a Loan  
12 Agreement between the FSM and the State which:

13           (a) is specifically and properly authorized by the  
14 legislature of the State; and

15           (b) contains such other provisions as the  
16 President may require.

17           (3) Delegation. While the President shall remain involved  
18 and informed, he may delegate the authority to negotiate, sign,  
19 and/or administer the Loan Agreement and other relevant documents.  
20 The right to delegate the performance of an act includes the right  
21 to ratify the performance of the act after the fact.

22           (4) Authorization. The President of the FSM is hereby  
23 authorized to utilize the FSM's portion of revenue sharing on the  
24 penalties and interest component of delinquent tax proceeds owed  
25 by the State for wages and salaries tax, penalties and interest

1 for the purpose of repaying money owed by the State in accordance  
2 with the Financial Stabilization Program, subject to the  
3 limitations of the MOU and this act.

4 (5) Reporting. The President of the FSM shall report to  
5 the Congress of the Federated States of Micronesia and the  
6 Governor of Chuuk State no later than December 31, 2002, on the  
7 expenditure of all funds appropriated by this section.

8 Section 2. The sum of \$280,000, or so much thereof as may be  
9 necessary, is hereby appropriated from the General Fund of the  
10 Federated States of Micronesia for the fiscal year ending  
11 September 30, 2002, to assist the State of Pohnpei in funding the  
12 2002 Micronesian Games scheduled to take place in the State of  
13 Pohnpei in 2002.

14 Section 3. The sum of \$145,000, or so much thereof as may be  
15 necessary, is hereby appropriated from the General Fund of the  
16 Federated States of Micronesia for the fiscal year ending  
17 September 30, 2002, to be used to fund student scholarships for  
18 citizens from the State of Yap. The funds appropriated under this  
19 section shall be deemed to come from funds available under section  
20 216(a)(3) of the Compact of the Free Association.

21 Section 4. The sum of \$50,000, or so much thereof as may be  
22 necessary, is hereby appropriated from the General Fund of the  
23 Federated States of Micronesia for the fiscal year ending  
24 September 30, 2002, to construct or renovate the Kosrae Delegation  
25 Office of the Congress of the Federated States of Micronesia.

1           Section 5. The sum of \$124,000, or so much thereof as may be  
2 necessary, is hereby appropriated from the General Fund of the  
3 Federated States of Micronesia for the fiscal year ending  
4 September 30, 2002, to fund the travel needs of the Joint  
5 Committee on Compact Economic Negotiations.

6           Section 6. The sum of \$280,000, or so much thereof as may be  
7 necessary, is hereby appropriated from the General Fund of the  
8 Federated States of Micronesia for the fiscal year ending  
9 September 30, 2002, for the construction and repair of damages to  
10 the outer island airstrips in the Nation.

11          Section 7. All funds appropriated by this act shall be  
12 allotted, managed, administered, and accounted for in accordance  
13 with applicable law, including, by not limited to, the Financial  
14 Management Act of 1979. The allottee of all funds appropriated by  
15 sections 1, 3, 4, 5 and 6 of this act shall be the President of  
16 the Federated States of Micronesia or the President's designee.  
17 The allottee of all funds appropriated by section 2 of this act  
18 shall be the Governor of Pohnpei State. The allottees shall be  
19 responsible for ensuring that these funds, or so much thereof as  
20 may be necessary, are used solely for the purpose specified in  
21 this act, and that no obligations are incurred in excess of the  
22 sum appropriated. The authority of the allottees to obligate  
23 funds appropriated by this act shall not lapse.

24          Section 8. In the event that any part or portion of this act  
25 shall be found to be invalid or unenforceable, then such part

1 shall be severed from the remainder hereof as if never a part  
2 hereof, and the remainder of this act shall be construed and  
3 enforced to give effect to the intent of the act.

4 Section 9. This act shall become law upon approval by the  
5 President of the Federated States of Micronesia or upon its  
6 becoming law without such approval.

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10 July 12, 2002

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/s/ Leo A. Falcam

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Leo A. Falcam  
President  
Federated States of Micronesia

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