

AN ACT

To create and establish a Debt Relief Fund, and for other purposes.

Be It Enacted by the Chuuk State Legislature:

1 Section 1. Purpose. The purpose of this Act is to create and establish by law a
2 Fund in the Treasury of the State in which appropriations intended to retire all or portion
3 of the existing debts of the state including funds which may be gotten from portion of
4 taxes earmarked as additional funds to supplement and finance the intent and purposes of
5 this Act, and all financial assistances received from outside the state which are intended
6 to assist Chuuk State's reform efforts.

7 Section 2. Creation. There is hereby created and established a Debt Relief Fund
8 in the Treasury of the Chuuk State Government in the Department of Administrative
9 Services which shall be accounted for separately from the General Fund. Any and all
10 appropriations made by the Legislature or the Congress for the purpose of retiring portion
11 of or all the existing debts of the state shall be deposited into this Fund. Any portion of
12 any tax earmarked for the purposes of this Act shall also be deposited into the Fund
13 including all financial assistances received from outside the State, which are intended to
14 assist Chuuk State's reform efforts. All revenues raised, as part of Chuuk State's reform
15 efforts shall also be deposited into the account for the Fund. Any interests earned on the
16 principal shall remain and become part of the Fund.

17 Section 3. Allottee. The Governor shall be the allottee of the fund, which fund
18 shall be expended in accordance with this Act, the Memorandum of Understanding
19 executed on July 19, 2007, the Financial Management Act, its implementing rules and
20 regulations, and other relevant laws.

21 Section 4. Fund Account and Uses. The Head of the Department of
22 Administrative Services shall establish an account in the Chuuk's Branch of the Bank of
23 the Federated States of Micronesia for the Fund established and created under this Act.
24 All funds appropriated into and earmarked for deposit into the fund from any and all
25 sources shall be deposited into such account and shall remain in such Fund in the

1 Treasury of the State. The Legislature shall appropriate such sum or sums from the Fund
2 solely for verified, valid lawful debts of the state as determined by the Joint State
3 Government Restructuring Task Force (Task Force).

4 Section 5. The Task Force Membership and Powers. The Task Force shall
5 consist of seven members as follows: Chuuk State Attorney General or his designee; the
6 Chuuk State Public Auditor or his designee; the Director of Administration of the State
7 Supreme Court or his designee; two representatives from the Executive Branch and two
8 representatives from the Legislature, one appointed by the President, and the other
9 appointed by the Speaker. In all cases those appointed to represent the Executive and the
10 Legislative Branches shall be non-elective and non-appointive individuals. The Task
11 Force shall have the authority and power to establish a priority of payments of the
12 existing debts or obligations of the State, taking into account the priorities established
13 pursuant to law and as provided in the Memorandum of Understanding executed on July
14 19, 2007 between the President of the Federated States of Micronesia and Chuuk State.
15 Monies in this Fund shall be utilized solely for retiring all verified, valid and lawful debts
16 of the State which debts are categorized as short-term, mid-term and long-term debts.
17 The funds in the account of the Fund shall never be subject to any decree by the
18 Governor, except as may subsequently be authorized by Acts of the Legislature. The
19 Chuuk field office of the FSM Department of Finance and Administration has the sole
20 power to disburse and issue checks against the account. Check's drawn against the
21 account for the Fund shall be valid only if signed by designated representatives of the
22 State and the National Governments.

23 Section 6. Reporting. The Director of the Department of Administrative
24 Services shall within five days after the end of each quarter, provide a quarterly report on
25 the status of monies in the Fund to the Governor and Legislature and the Task Force. The
26 Task Force shall endeavor to provide quarterly reports to the Governor, and Legislature
27 on the balance of monies in the Fund and as to how much of the existing state debt
28 obligations have been retired, and provide in such report the balances of the state

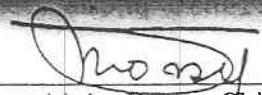
1 debt to date. All employees and officials of the Chuuk State Government shall cooperate
2 with members of the Task Force and to this end shall provide any and all information
3 requested of them. Staffs of the Department of Administrative Services and the
4 Legislature's Budget Office shall assist the Task Force.

5 Section 7. Regulations. The Governor shall promulgate regulations to implement
6 the intent and purpose of this Act.


7 Section 8. Effective Date. This Act shall take effect upon approval of the
8 Governor, or upon its becoming law without such approval.

Signed by: 
Delor Santos, President
Senate
Chuuk State Legislature

Attested:


Songkinita Bossy, Chief Clerk
Senate
Chuuk State Legislature

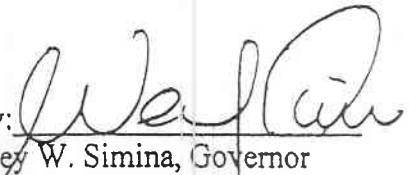
Date: Nov. 26, 2007

Signed by: 
Singkoro Harper, Speaker
House of Representatives
Chuuk State Legislature

Attested:


Herter Sorim, Chief Clerk
House of Representatives
Chuuk State Legislature

Date: Nov. 27, 2007

Approved by: 
Wesley W. Simina, Governor
Chuuk State Government

Date: Nov. 29, 2007

History : S.B.No: 9-15;SD1;HD1;JCD1
: S.S.C.R.No: 9-1R-1S-01
: H.S.C.R.No: 9-1R-1S-01
: JCCR No: 9-1R-1S-01