AN ACT

To further amend section 4 of Truk State Law No. 5-119, as amended by CSL Nos. 191-04; 2-93-06; 3-96-01; 2-94-15; 5-00-27; and 5-00-34, to increase taxes, and for other purposes.

Be it enacted by the Chuuk State Legislature:

Section 1. Purpose. The purpose of the Act is to raise badly needed revenues for the state as agreed to pursuant to the MOU entered into between the FSM President and the Leaders of the State of Chuuk in July of 2007. Chuuk State is currently experiencing severe financial difficulties in maintaining its current operational size and funding requirements. The state leaders have agreed to cut the costs of the government and to raise revenues in order to gradually overcome the many financial challenges and to deliver essential and basic services to the people in the state. This Act is intended to raise revenues as part of this necessary reform process.

Section 2. Amendment. Section 4 of Truk State Law No. 5-119, as amended by CSL Nos. 191-04; 2-93-06; 2-94-15; 3-96-01; 5-00-27 and 5-00-34 is hereby further amended to read as follows:

"Section 4. Sales Tax Imposition. There is hereby levied a tax on the first sale in the State of Chuuk of all tangible items, except unprocessed and unpackaged items, as follows:

(1) Tobacco at a rate of fifty percent (50%) of the sales price;

(2) Cigarettes and cigars
   (a) at a rate of one dollar per pack of 20 cigarettes;
   (b) at a rate of 3 cents per one cigarette;
   (c) at a rate of 5 cents per cigar

(3) Fuel Taxes:
   (a) diesel, and kerosene at the rate of five cents ($0.05) per gallon;
   (b) Jet A One at the rate of ten cents ($0.10) per gallon

(4) Luxury items at a rate of twenty percent (20%) of the sales price;
(b) For the purposes of this section 4, "Luxury items" consist of the following items, except locally produced items:

(i) Perfumery, cosmetics and toiletries, including cologne and other toilet waters, articles of perfumery, whether sachets or otherwise, and all preparations used as applications to the hair or skin, lipsticks, pomades, powders, and other toilet preparations not having medicinal properties;

(ii) Jewelry, ornamental pieces, including but not limited to rings, necklaces and bracelets made of materials, stones or metals that may or may not be precious, designed personal adornment;

(iii) Electronic entertainment devices consisting of radios, stereos, tape players, DVD, compact disc (CD) players or any combinations thereof, whether for home, commercial or automotive usage, televisions, video cassette recorders or any combinations thereof, cameras, video cameras and camcorders' and

(5) All other items at a rate of five percent of the sales prices.”

Section 3. Effective Date. This Act shall take effect upon approval by the Governor, or upon its becoming law without such approval.
Approved by:
Wesley W. Simina, Governor
Chuuk State Government

Date: Jan. 10, 2008

CHUUK STATE LAW NUMBER 9-08-01
ACT No: 9-12

History
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