

SIXTH CONGRESS OF THE FEDERATED STATES OF MICRONESIA

THIRD REGULAR SESSION, 1990

CONGRESSIONAL BILL NO. 6-227, C.D.1,
C.D.2

Public Law No. 6 - 109

AN ACT

To further amend title 30 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 5-122 and 6-80, by amending section 122, as established by Public Law No. 5-122, to appropriate the sum of \$8,000,000 from the General Fund of the Federated States of Micronesia for the fiscal year ending September 30, 1991, for the purpose of further capitalizing the Investment Development Fund; to further amend Public Law No. 5-122, as amended by Public Law No. 6-21, by amending sections 12 and 17 for the purpose of placing the additional \$8,000,000 in the private-sector reserve, for the purpose of authorizing public corporations to apply for private-sector reserve funds, and to allow joint ventures in which a State or the National Government has an equity interest to qualify to apply for the private-sector reserve funds, and to reduce the minimum amount to be loaned for each project; and for other purposes.

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

1 Section 1. Section 122 of title 30 of the Code of the Federated
2 States of Micronesia, as established by Public Law No. 5-122, is
3 hereby amended to read as follows:

4 "Section 122. Investment Development Fund.

5 (1) There is hereby created the Investment Development
6 Fund (hereinafter, the 'Fund') separate from the General
7 Fund and other funds.

8 (2) The sum of \$12,000,000 received from the United
9 States as grant funds pursuant to section 111 of United
10 States Public Law 99-239, or so much thereof as may be
11 necessary, together with any and all investment earnings
12 accrued thereon since the date of receipt by the National
13 Government and the date such sum is transferred to the
14 Fund, is hereby appropriated from the General Fund of the
15 Federated States of Micronesia for the fiscal year ending
16 September 30, 1989, for the purpose of capitalizing the
17 Investment Development Fund. The sum of \$8,000,000
18 received from the United States as grant funds pursuant to
19 section 111 of United States Public Law 99-239, or so much
20 thereof as may be necessary, together with any and all
21 investment earnings accrued thereon since the date of
22 receipt by the National Government and the date such sum is

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1 transferred to the Fund, is hereby appropriated from the
2 General Fund of the Federated States of Micronesia for the
3 fiscal year ending September 30, 1991, for the purpose
4 of further capitalizing the Investment Development Fund. In
5 addition, all earnings accrued on investment of the Fund,
6 all repayments of principal and interest and penalties on
7 loans made from the Fund, all cash assets recovered on
8 loans made from the Fund, and all fees, charges, and
9 penalties collected in relation to administration of the
10 Fund shall be deposited into the Fund.

11 (3) The Fund created by this section shall be
12 allotted, disbursed, managed, administered, and accounted
13 for in accordance with this section, with the 'Agreement
14 Between the Government of the United States and the
15 Government of the Federated States of Micronesia Regarding
16 the Investment Development Fund of the Federated States of
17 Micronesia Concluded Pursuant to Section 111(c) of United
18 States Public Law 99-239,' with the Investment Development
19 Act of 1988 and other applicable laws, and with such
20 guidelines, policies, and procedures as may be established
21 by the Federated Development Authority. The allottee shall
22 be responsible for ensuring that these funds, or so much
23 thereof as may be necessary, are used solely for the purpose
24 specified in this act, and that no obligations are incurred
25 in excess of the sums appropriated. The authority of the

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1 allottee to obligate funds appropriated by this act shall
2 not lapse.

3 (4) Any unexpended money in the Fund shall not revert
4 to the General Fund or lapse at the end of a fiscal year."

5 Section 2. Section 12 of Public Law No. 5-122 is hereby amended
6 to read as follows:

7 "Section 12. Required permits. Prior to approving any
8 application for financing a project, in whole or in part,
9 from the Investment Development Fund which will involve a
10 financial interest or other participation by a person who
11 is not a citizen of the Federated States of Micronesia or
12 by a partnership, corporation, or other business entity in
13 which any interest is owned by a person who is not a
14 citizen of the Federated States of Micronesia, the
15 Federated Development Authority or Development Bank,
16 whichever has authority to approve the application, shall
17 ascertain that such person or entity possesses all
18 necessary business licenses and foreign investment permits;
19 PROVIDED that, in appropriate circumstances, the Federated
20 Development Authority or Development Bank, as the case may
21 be, may approve the application with release of financing
22 conditioned on issuance of the necessary licenses and
23 permits; PROVIDED FURTHER, that any project financed
24 through the Investment Development Fund must comply with
25 the terms and conditions of all required licenses and

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1 permits."

2 Section 3. Section 17 of Public Law No. 5-122 is hereby amended
3 to read as follows:

4 "Section 17. Allocations to the States; Private-sector
5 reserve.

6 (1) With respect to the amounts to be provided
7 pursuant to section 111(b)(1)(i) of United States Public
8 Law 99-239 and article II, paragraphs 2(a) and (b) of the
9 Investment Development Fund Agreement, \$3,000,000 shall be
10 placed in subaccounts within the Fund for each of the
11 States of Pohnpei and Truk, and \$2,000,000 shall be
12 placed in subaccounts within the Fund for each of the
13 States of Kosrae and Yap. The funds in the State-earmarked
14 subaccounts shall be available only to qualified recipients
15 whose application for financing is sponsored by the State
16 from whose earmarked subaccount the financing shall be
17 funded. An additional \$10,000,000 shall be placed in a
18 private-sector reserve, which shall be available for
19 financing to qualified recipients. State or National
20 Governments are not qualified recipients of these funds
21 with the exception that a joint venture in which a State or
22 the National Government has an equity ownership shall be a
23 qualified recipient of these funds. Public corporations
24 shall be considered qualified recipients for these funds.
25 These funds shall be available for projects whose total

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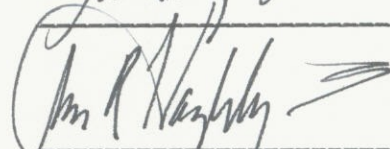
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1 financing from the Fund shall equal or exceed \$300,000, or
2 when the balance of the private-sector reserve should fall
3 below \$300,000, a lesser amount. Any additional amounts
4 provided by the United States shall be retained in the Fund
5 and invested in accordance with section 18 of this act, but
6 shall not be disbursed except when authorized by subsequent
7 legislation.

8 (2) All repayments of principal and interest and
9 penalties on loans made from a State's earmarked subaccount
10 of the Fund and all cash assets recovered on such loans
11 shall be credited to that State's earmarked subaccount.
12 All other repayment of principal and interest and
13 penalties, cash assets recovered, and other fees, charges,
14 and penalties shall be credited to the private-sector
15 reserve."

16 Section 4. This act shall become law upon approval by the
17 President of the Federated States of Micronesia or upon its becoming
18 law without such approval.

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January 8, 1991
1990


John R. Hagelgam
President
Federated States of Micronesia