



GOVERNMENT OF KOSRAE

Office of the Governor

Post Office Box 158

Kosrae, Federated States of Micronesia 96944

Telephone: 691-370-3002/3003..Facsimile: 691-370-3162

April 25, 2014

The Honorable Gibson T. Siba
Speaker
Tenth Kosrae State Legislature
Tofol, Kosrae FM 96944

Dear Mr. Speaker,

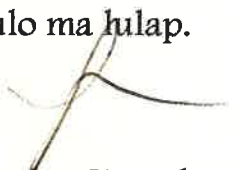
Kulo nu sin God ke moul mwo a akwuk mwowo kut pulakin. Nga paing kom a members nukewa wiyom ke Sroasr Masap.

Nga ke akkalemeye la nga insese a sain L.B. No. 10-169, L.D.1, nu ke masap, su a orala Kosrae State Law No. 10-113.

“To amend the Kosrae State Code, by amending Title 5, thereof, as amended by S.L. Nos. 7-91, 9-15, and 9-81; by amending Title 7, as amended by 9-81; and by amending Title 10, as amended by S.L. Nos. 8-46, 8-170, 8-234, 9-15, 9-63, and 9-81, for the purpose of restructuring the Kosrae Housing Renovation Program; and for other purposes.”

Copy se ke masap se inge pa nga supaot wi letter luk nu sum.

Kulo ma hulap.


Lyndon H. Jackson
Governor
State of Kosrae

/jpa



TENTH KOSRAE STATE LEGISLATURE
P.O. Box 187
Talei, Kosrae State
Federated States of Micronesia 96944
Telephone: (691) 370-3019/3177 * Fax: 370-2177
Web Page: www.kosraelegislature.org

Gibson T. Siba
SPEAKER

March 25, 2014

Palikun M. Shrew
VICE SPEAKER

Robert I. Taulung
FLOOR LEADER

The Honorable Lyndon H. Jackson
Governor
State of Kosrae
Kosrae, FM 96944

LELU

Bob H. Skilling
Chang B. William
Gibson T. Siba
Reedson P. Abraham
Tulensa W. Palik

Dear Governor Jackson:

I have the honor to transmit herewith for your consideration and action **L. B. NO. 10-169, L.D. 1, TO AMEND THE KOSRAE STATE CODE, BY AMENDING TITLE 5 THEREOF, AS AMENDED BY S.L. NOS. 7-91, 9-15, AND 9-81; BY AMENDING TITLE 7, AS AMENDED BY 9-81; AND BY AMENDING TITLE 10, AS AMENDED BY S.L. NOS. 8-46, 8-17, 8-234, 9-15, 9-63, AND 9-81, FOR THE PURPOSE OF RESTRUCTURING THE KOSRAE HOUSING RENOVATION PROGRAM; AND FOR OTHER PURPOSES.**, which passed the Legislature, Seventh Regular Session, by two-thirds of the members of the Legislature, a quorum being present.

TAFUNSAK

Alokoa J. Sigrah
Maker L. Palsis
Robert I. Taulung
Rolner L. Joe

Respectfully yours,

MALEM

Jarinson M. Charley
Jefferson M. Timothy
Palikun M. Shrew



Tosie K. Elley
Chief Clerk
Tenth Kosrae State Legislature

UTWA
Josaiiah F. Waguk
Rinson H. Edmond

Enclosures

TENTH KOSRAE STATE LEGISLATURE
SEVENTH REGULAR SESSION
FEBRUARY 10, 2014 – MARCH 15, 2014

A BILL FOR AN ACT

TO AMEND THE KOSRAE STATE CODE, BY AMENDING TITLE 5 THEREOF, AS AMENDED BY 9-81; AND BY AMENDING TITLE 10, AS AMENDED BY S.L. NOS. 8-46, 8-170, 8-234, 9-15, 9-63, AND 9-81 , FOR THE PURPOSE OF RESTRUCTURING THE KOSRAE HOUSING RENOVATION PROGRAM; AND FOR OTHER PURPOSES.

INTRODUCED Senator

Chang B. William (By Request)

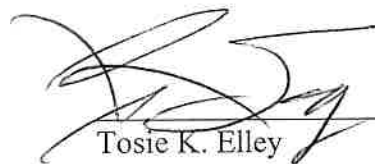
DATE: September 10, 2013

ACTION BY THE LEGISLATURE

PASSED FIRST READING: March 11, 2014

REFERRING TO: Committee on R&D
SCR. No. 10-273 – A – 3/11/14

PASSED SECOND READING: March 12, 2014



Tosie K. Elley
Chief Clerk

KOSRAE STATE LEGISLATURE

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Gibson T. Siba
SPEAKER

LEGISLATIVE BILL NO. 10-169, L.D. 1

Palikun M. Shrew
VICE SPEAKER

Robert I. Taulung
FLOOR LEADER

We hereby certify that the foregoing Bill has passed Second and Final Readings in the Legislature, Seventh Regular Session, 2014, by two-thirds of the members of the Tenth Kosrae State Legislature, a quorum being present.

LELU

Bob H. Skilling
Chang B. William
Gibson T. Siba
Reedson P. Abraham
Tulensa W. Palik

TAFUNSAK

Alokoa J. Sigrah
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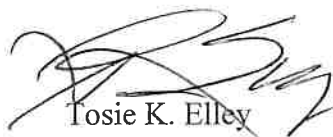
Jarinson M. Charley
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Gibson T. Siba
Speaker
Tenth Kosrae State Legislature



Tosie K. Elley
Chief Clerk
Tenth Kosrae State Legislature

A BILL FOR AN ACT

To amend the Kosrae State Code, by amending Title 5 thereof, as amended by S.L. Nos. 7-91, 9-15, and 9-81; by amending Title 7, as amended by 9-81; and by amending Title 10, as amended by S.L. Nos. 8-46, 8-170, 8-234, 9-15, 9-63, and 9-81, for the purpose of restructuring the Kosrae Housing Renovation Program; and for other purposes.

BE IT ENACTED BY THE KOSRAE STATE LEGISLATURE

1 Section 1. Title 7, Section 7.102 of the Kosrae State Code, as amended by S.L. Nos. 7-
2 91, 9-15 and 9-81, is hereby further amended to read as follows:

3 “Section 7.102. Agencies; enumeration. The agencies are:

- 4 (1) The Broadcast Authority
5 (2) The Election Commission
6 (3) The Kosrae Island Resource Management Authority
7 (4) The Port Authority
8 (5) The Parole Board
9 (6) The Sports Council
10 (7) The Scholarship Board
11 (8) The Utility Authority
12 (9) The Visitors Bureau
13 (10) The Education Advisory Board
14 (11) Health Advisory Board
15 (12) The Housing Authority”

16 Section 2. Title 7 of the Kosrae State Code, as amended by SL No. 9-81, is hereby
17 further amended by repealing Chapter 16 thereof in its entirety.

1 Section 3. Title 7 of the Kosrae State Code, as amended, shall be further amended by
2 enacting a new Chapter 13 to read as follows:

3 “Chapter 13. Kosrae Home Improvement Program Act

4 Section 7.1301. Short Title. Chapter 13 of Title 7 of the Kosrae State Code
5 shall be known and may be cited as the “Kosrae Home Improvement Program Act of
6 2013”.

7 Section 7.1302. Purpose. The primary purpose of this Program is to promote
8 healthy and sound living standards by providing housing and home improvement loans
9 to qualified individuals in the State of Kosrae and Kosraean families living abroad who
10 wish to build or maintain residential homes in Kosrae. In addition, the Kosrae Home
11 Improvement Program is to coordinate with other agencies to obtain and offer various
12 other housing loans and grant programs.

13 Section 7.1303. Definitions. As used in this Chapter, unless the context clearly
14 requires otherwise, the following definitions shall apply:

15 (1) “Board of Directors” or “the Board” is the Board of Directors of the
16 Kosrae Housing Authority.

17 (2) “Consumer goods” shall refer to furniture and appliances to be used
18 in a residential setting, and shall exclude vehicles, business and farm equipment
19 or supplies.

20 (3) “The Executive Director” shall refer to the Executive Director of the
21 Kosrae Housing Authority.

22 (4) “Immediate relative” means a parent, grandparent, brother, sister,
23 spouse, natural or adopted child, or a grandchild.

24 (5) “KHIP” or “the Program” is the Kosrae Home Improvement Program.

1 (6) "residential homes" shall exclude structures used for commercial
2 farming or rental purposes.

3 Section 7.1304. Program Administration. The loan funds and other funds of the
4 Kosrae Home Improvement Program shall be managed and administered by the Board
5 of Directors of the Program.

6 Section 7.1305. Housing Authority Established. There is hereby established a
7 public Authority to be known as the "Kosrae Housing Authority".

8 Section 7.1306. Powers, duties, and responsibilities of the Authority. The
9 Authority is vested with the following powers, duties, and responsibilities:

10 (1) To manage, use, and invest the funds and other properties of the
11 Kosrae Home Improvement Program and other funds of the Kosrae Housing
12 Authority in accordance with acceptable business practices and the provisions of
13 this chapter;

14 (2) To lend money to qualified Kosraeans living in Kosrae or Kosraeans
15 living abroad who wish to build and maintain residential homes in Kosrae;

16 (3) To seek and receive grants, donations, and other funds to be used by
17 the Authority for the purposes for which it is created;

18 (4) To borrow money only when it is fiscally prudent to do so;

19 (5) To adopt rules, regulations, or policies to implement the provisions of
20 this Act, consistent with applicable consumer protection laws and other
21 applicable laws;

22 (6) To exercise all powers necessary to discharge its duties and
23 responsibilities, including, but not limited to, the following:

24 (a) To adopt, alter, and use an official seal;

1 (b) To adopt enforceable rules or regulations governing the duties
2 granted to it or imposed upon it by law;

3 (c) To set interest charges, penalties and fees on loans issued to
4 customers within limits set by law;

5 (d) To deny loan applications;

6 (e) To require loan security deposits;

7 (f) To establish procedures and policies to ensure timely
8 payment and collection of loans;

9 (g) To acquire, in any lawful manner, real, personal, or mixed
10 property, either tangible or intangible; and to hold, maintain, use, and operate
11 such property; and to sell, lease, or otherwise dispose of such property;

12 (h) To sue or be sued in the name of the Kosrae Housing
13 Authority;

14 (i) To retain and terminate the services of employees, agents,
15 attorneys, and independent contractors upon such terms and conditions as the
16 Authority deems appropriate.

17 Section 7.1305. Board of Directors; Terms. The Authority is governed by a
18 Board of Directors. The Board of Directors shall be composed of five (5) members, who
19 shall be appointed by the Governor with the advice and consent of the Legislature. The
20 Executive Director serves as an ex-officio member of the Board. A Director serves for a
21 term of four (4) years, subject to reappointment, and until his successor has been
22 appointed and qualified. A vacancy in the Board of Directors is filled for the remainder
23 of the term in the same manner Directors are appointed and qualified.

24 Section 7. 1306. Meetings of the Board; Quorum. Within 15 days after the
25 confirmation of the Board, the Governor calls an organizational meeting for the purpose

1 ... electing the Board's officers. The Board meets and holds one meeting each calendar
2 quarter and any special meeting it may deem necessary for the transaction of its general
3 business. Any three (3) members of the Board present in a meeting constitute a quorum.
4 No official business may be transacted without a quorum present.

5 Section 7.1307. Officers of the Board. The Board shall elect among its
6 membership a Chairman, a Vice Chairman, and a Secretary. The Chairman conducts
7 meetings of the Board. In his absence, the Vice Chairman conducts Board meetings. The
8 Secretary keeps the minutes and record of the Board. The Board may adopt additional
9 duties and responsibilities for its officers in its bylaws.

10 Section 7.1308. Accounting and reporting. The Board adopts and maintains a
11 system of accounting, which is in accordance with generally accepted accounting
12 principles applicable to public corporations. The accounting system adopted shall
13 require:

14 (1) That the Board may request the Kosrae State Public Auditor's Office,
15 or employ a firm of independent certified public accountants, to examine and
16 report to the Board, at least annually, all financial records and accounts
17 maintained by the Authority, and that copies of such reports are furnished to the
18 Governor and the Legislature, and

19 (2) That the Board present to the Governor and the Legislature an annual
20 report on the affairs of the Authority within 60 days after the end of each fiscal
21 year and, when requested by the Governor or the Legislature, present special
22 reports within 30 days after the end of each intervening quarter.

23 Section 7.1309. Budget preparation. The Executive Director prepares in advance
24 of each fiscal year an annual budget for the Authority, taking into consideration
25 anticipated capital and operational expenditures and anticipated revenues. The Authority

1 uses the same fiscal calendar as the Kosrae State Government. The Authority fulfills the
2 operational requirements of the Authority that will be met with the anticipated revenues
3 of the Authority. The Authority's annual budget shall be a balanced budget.

4 Section 7.1310. Transition. Following organization of the Authority, the State
5 transfers to the Authority all funds and assets of the Kosrae Home Improvement
6 Program. All deeds, bonds, agreements, or instruments existing immediately before the
7 effective date of this Act which affect any undertaking transferred hereby shall continue
8 in full force and effect against or in favor of the Authority. Any proceedings or cause of
9 action pending or existing immediately before the effective date of this act by or against
10 the Kosrae Home Improvement Program or any person acting on behalf of the Program
11 which pertains to any undertaking transferred hereby may be continued or enforced by
12 or against the Authority.

13 Section 7.1311. Kosrae Housing Authority Fund.

14 (1) The Kosrae Housing Authority shall deposit the funds of the
15 Authority with any financial institution in Kosrae.

16 (2) The funds of the Authority shall be made available for low interest [?] _%
17 loans to private individuals for the sole purpose of residential home improvement.

18 (3) The revolving funds are to be used for the following purposes:

19 (a). To make loans to private individuals for improvement of
20 residential real property;

21 (b) To make loans to private individuals for the purchase of
22 residential consumer goods other than motorized vehicles or perishables;

23 (c) To pay documented reasonable operational expenses of the
24 Program as authorized by the annual budget approved by the Board.

1 (4) A separate fund shall be established for the purpose of satisfying
2 payroll obligations.

3 (5) A monthly reimbursement report shall be made by the Executive
4 Director, which report shall be reviewed by the Board of Directors during their next
5 regular or special session.

6 (6) Upon approval of the Board, any surplus funds shall be paid into the
7 Kosrae State General Fund.

8 Section 7.1312. Loan application and approval. The Board of Directors shall
9 adopt and publish loan application and approval procedures by rules or regulations
10 consistent with the provisions of this Act.

11 Section 7.1313. Eligibility; Procedures; Requirements. Eligibility for the
12 benefits under the Program shall be determined as follows:

13 (1) Be no less than 22 years of age, and born of or adopted by at least one
14 Kosraean parent or married to someone born of or adopted by at least one Kosraean
15 parent.

16 (2) Have proof of good credit.

17 (3). Not be a staff member of KHIP, a member involved in the review and
18 approval of the loan application, or an immediate relative of such member.

19 (4) A Certificate of Title must be attached to the application for any construction
20 or renovation loan. In lieu of a Certificate of Title, proof of a possessory interest in the
21 land may be shown by:

22 (a) A land use right consented to by the owner in a format approved by
23 the Attorney General's Office or, in the case of a deceased owner, a similar land use
24 right consented to by all the heirs of the deceased owner must be attached to the
25 application; or

(b) A court order granting the applicant either a life estate or for a definite period of possession.

(5) The applicant must be the person who intends to live in the house. The loan can only be approved for residential purposes of the applicant.

(6) The applicant must show a demonstrable need for the home construction or renovation applied for.

(7) The property on which the house is situated must be free from encumbrances except:

(a) Loan applicants who have an existing loan under the Program and an existing encumbrance securing said loan; the repeat loan applicant (current borrower) is eligible for a new additional loan under the Program if he otherwise meets the criteria for a loan; or

(b) Loan applicants where an existing encumbrance was made in connection with a loan made under the Kosrae State Housing Preservation Grant Program. Under either of these circumstances, an applicant may be eligible for a loan under the KHIP if the Loan Review Committee determines that:

(i) the applicant has sufficient resources to repay all loans; and
(ii) the value of the property encumbered is sufficient to satisfy all combined outstanding loan balances.

(8) Loans can also be extended to Kosraeans residing outside Kosrae but with special eligibility requirements to address the risks involved. Such eligibility requirements shall be established by the Board of Directors by rules or regulations.

Section 7.1314. Annual Report. The Authority shall submit a report to the Governor and the Speaker of the Legislature not later than the first Monday of February of each year regarding the condition of the Program, actual expenditures from the last

1 completed. Section 4. Estimated expenditures for the fiscal year 2011 shall be a full
2 accounting of the funds received by the Authority, and a full accounting of funds
3 deposited in the Authority's accounts.

4 Section 7.1315. Act supersedes other laws. The provisions of this Chapter shall
5 supersede in their entirety any other provisions of any State laws that may be interpreted
6 as being inconsistent with any such provision of this Chapter”.

7 Section 4. Title 7 of the Kosrae State Code is hereby further amended by renumbering
8 existing Chapters 13 to 15 as Chapters 14 to 16, respectively.

9 Section 5. Section 5.202 of Title 5 of the Kosrae State Code, as amended by SL No. 9-
10 81, is hereby further amended by deleting subsection 5(e) thereof in its entirety and
11 renumbering the sections thereafter to read as follows:

12 “Section 5.202. Powers and duties of principal departments. In addition to other
13 powers and duties provided by law a director of a principal department is responsible to
14 the Governor for the exercise of the departmental powers and duties to a director, as the
15 Governor deems necessary.

16 (5) The Department of Resources and Economic Affairs Resources and
17 Economic Affairs:

18 (a) promotes development and improvement of private sector business
19 and oversees foreign investment;

20 (b) fosters production, marketing and protection of commercial
21 production of land and sea produce;

22 (c) assists private parties in the development of agriculture and forestry in
23 an ecologically sound manner;

24 (d) manages, conserves and develops marine resources;

1 (e) develops a consumer awareness program including its businesses
2 with information on pricing laws and regulations;

3 (f) surveys all public and private lands and monitors the use of public
4 lands maintaining a written roster of all parcels of public land;

5 (g) acts as Registrar of Lands

6 (h) negotiates Government leases, easements, and contracts, and
7 designates for homesteading purposes public land in accordance with Chapter 5 of Title
8 11 of this Code; and

9 (i) administers youth, senior citizens and women's affairs programs,
10 preserves and promotes traditions and cultural heritage. ”

11 Section 6. Title 10 of the Kosrae State Code, as amended, is hereby further amended by
12 deleting subsection 205(1)(k) thereof in its entirety and renumbering the subsections thereafter
13 to read as follows:

14 “Section 10.205. The Revenue Fund.

15 (1) The Revenue Fund contains all monies received by the Government
16 pursuant to a law imposing a tax, duty or tariff, and all other revenues and
17 reimbursements from a fine, fee, license, interest, rent, or Government service, and other
18 Government collection or collections by a government for the Government's benefit
19 except as otherwise required by law. A person who receives monies pursuant to this
20 section transmits the monies within seven days of receipt to the Division of Finance and
21 Budget for deposit in the Revenue Fund except that:

22 (a) The Department of Resources and Economic Affairs may
23 retain monies received in the sale of supplies and equipment for gardening, livestock
24 and poultry production, and in the marketing of all agricultural produce;

1 (b) The Council may retain funds collected pursuant to
2 Section 7.902(3), funds obtained through contributions and donations, and any interest
3 thereon for funding operations, acquisition of equipment and the purchase of prizes;

4 (c) The Division of Finance and Budget retains in an Airport
5 Trust Fund all monies from taxes, duties, tariffs, fees, licenses, rents and other charges
6 arising out of the operations of the Kosrae Airport, including all airport buildings and
7 facilities, which monies are spent at the discretion of the Department of Transportation
8 and Infrastructure for operations, construction and renovation of facilities at the Kosrae
9 Airport.

10 (d) The Division of Finance and Budget retains in a Recycling
11 Fund all monies collected pursuant to Title 9, Chapter 22, and follows the Recycling
12 Program Regulations for the disbursement of Recycling Fund monies for the refund of
13 Recycling Deposit fees, and the maintenance of a recycling program;

14 (e) The Kosrae's Visitors' Bureau may retain monies received
15 from the sale of books, postcards, handicrafts, and other tourist material for the purpose
16 of acquiring additional inventory of such classes of items; and

17 (f) The Division of Finance and Budget retains in a Publication
18 Fund the proceeds received from the sale of copies of the Kosrae State Code and the
19 Selected Laws of the State of Kosrae, which proceeds are available for use by the Code
20 Revision and Publication Commission to defray the costs of preparation and publication
21 of the Selected Laws of the State of Kosrae;

22 (g) The Division of Finance and Budget retains in a Health Care
23 Fund all monies collected from or on behalf of patients or clients or the Kosrae
24 Department of the Health Services, including, but not limited to, reimbursements from
25 any program of medical insurance and payments received by the State in connection

with off-island suppliers. Monies in the Health Services Fund are continually appropriated for expenditures by the Department of Health Services solely for the purchase of medical supplies, inclusive of pharmaceutical supplies, for use by the Department of Health Services, its clinics, dispensaries, programs and patients.

(h) The Division of Finance and Budget retains in a State Scholarship Grant and Loan Fund, all monies received from Kosrae State Government appropriations for scholarship purposes and from loan collection from student loans. Monies in the Scholarship Fund must be made available solely for Kosrae State Scholarship Board and continually loaned out to qualified recipients.

(i) The Division of Finance and Budget retains in a Broadcast Authority Fund all monies from payments received from advertisements and other broadcasting programs requiring payments to the State Broadcast Authority. Monies in the Broadcast Authority Fund are available solely for the purpose of funding operations of the State Broadcast Authority;

(j) The Department of Education retains in a Yearbook Revolving Fund all monies contributed, received and collected from yearbook sales by depositing that revenue into the fund using it strictly for the Kosrae high School yearbook; and

(k) The Division of Finance and Budget retains in a Department of Transportation and Infrastructure Fund all monies collected from contract and grant projects, for the purpose of purchasing fuel and materials necessary to mobilize and accomplish contracted work including, but not limited to, reimbursement received by the State in connection with contract and grant projects. Any monies received that is in excess of the cost of fuel and materials shall, at the conclusion of the specific contract, be transmitted to the General Revenue Fund. This account may also receive funds from

1 the maintenance of equipment. Any such funds may be used for the repair and
2 replacement of Department equipment; and

3 Each department, office, and agency retaining monies pursuant to subsections (a)
4 through (k) provides a written monthly report to the Governor and the Speaker on the
5 status of the monies, including amounts received and expended; upon determining that a
6 department, office, or agency has money in excess of the amount necessary for the
7 purpose for which it is allowed to retain the funds, the Governor directs that said excess
8 be turned over to the State Treasury.

9 (l) The Court may retain monies received as payment for published
10 decisions, opinions, rules, or other documents issued by the Court.”

11 Section 7. Effective Date. This act takes effect upon the approval of the Governor or upon
12 its becoming law without such approval.

13 PASSED BY THE TENTH KOSRAE STATE LEGISLATURE ON THE 12TH DAY OF
14 MARCH, 2014.

15
16 
Gibson T. Siba
Speaker, 10th Kosrae State Legislature

17
18 Attested by: 
Chief Clerk

19
20
21 Lyndon H. Jackson
Governor

Date: 4/25/14

