

AN ACT

To further amend section 609A of title 55 of the Code of the Federated States of Micronesia (Annotated), as amended by Public Law No. 21-211, in order to modify the eligibility requirement for "other businesses" that are entitled to financial assistance under the Tourism Sector Mitigation Fund by replacing "and" with "or" in subsection (5) of section 609A, and for other purposes.

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

1           Section 1. Section 609A title 55 of the Code of the  
2 Federated States of Micronesia (Annotated), as amended by Public  
3 Law No. 21-211, is hereby further amended to read as follows:

4           "Section 609A. Tourism Sector Mitigation Fund.

5           (1) There is created a Tourism Sector Mitigation Fund  
6 to be used to partially offset the economic losses of  
7 the businesses in the tourism industry and individuals  
8 working in the tourism industry who were laid off in the  
9 Federated States of Micronesia during the coronavirus  
10 epidemic.

11           (2) Moneys for the Tourism Sector Mitigation Fund  
12 shall be derived from coronavirus epidemic  
13 appropriations by the Congress of the Federated States  
14 of Micronesia and the State legislatures, United States  
15 grants, funds designated for such purposes from  
16 international organizations and from any and all other  
17 appropriate sources.

1           (3) Tourism sector businesses operating in the  
2           Federated States of Micronesia seeking relief from the  
3           Tourism Sector Mitigation Fund must show tax returns  
4           from the previous year in order to establish their  
5           losses claimed under this fund. Individuals in the  
6           tourism sector, who are seeking compensation for lost  
7           wages due to being laid off as a result of the economic  
8           downturn, must submit their last paycheck stub and a  
9           statement from their employer in the tourism industry,  
10          who laid them off, evidencing their unemployment. The  
11          President shall issue regulations for equitable  
12          compensation for affected businesses, including a  
13          possible cap on the amount of a valid claim.

14                 (a) A tourism sector business will be eligible  
15          for the following relief in the relevant quarter to be  
16          calculated as follows:

17                         (i) a rebate for reimbursement purposes  
18          equivalent to 100% of the Wages and Salaries paid by the  
19          taxpayer to the employees of the tourism sector business  
20          for personal services relating to producing the Gross  
21          Revenue for the business;

22                         (ii) a rebate for reimbursement purposes  
23          equivalent to 100% for the Social Security contributions  
24          paid by the tourism sector business in respect of its  
25          employees in the quarter pursuant to section 902 of

1 title 53 of the FSM Code (Annotated);

2 (iii) a rebate for reimbursement purposes  
3 equivalent to 100% for the Gross Revenue Tax (plus any  
4 penalties and interest) payable by the tourism sector  
5 business in the relevant quarter pursuant to section 141  
6 of title 54 of the FSM Code (Annotated);

7 (iv) a rebate for reimbursement purposes  
8 equivalent to 100% for the bank interest on business  
9 loans paid by the tourism sector business to a FSM  
10 domiciled branch of a FSM registered bank;

11 (v) additional relief may be added per  
12 regulations; and

13 (vi) businesses that can show a direct  
14 economic loss as a result in the downturn experienced by  
15 the tourism sector are eligible to receive assistance  
16 under this section subject to the requirements under  
17 609A(3)(i)-(v).

18 (4) The distributions from the funds shall be managed  
19 and administered by a committee named by the President  
20 comprising representatives of the Departments of  
21 Resources and Development; Finance and Administration;  
22 Justice; and Environment, Climate Change and Emergency  
23 Management. The committee shall report quarterly to  
24 Congress on the status of the fund and distributions  
25 therefrom.

1           (5) For the purposes of this fund tourism sector  
2           businesses shall include hotel operators, car rentals,  
3           tour operators, resorts, dive shops, airlines or any  
4           other tourist specific business not mentioned above.  
5           Other businesses not specifically mentioned above may  
6           apply for assistance under this section; PROVIDED THAT,  
7           they meet the following criteria:

8                   (a) They can demonstrate that their business  
9                   relies significantly on the supply of goods and services  
10                  to the tourism sector; or

11                   (b) They can demonstrate that their business has  
12                  been significantly impacted by the COVID-19 public  
13                  health emergency declaration.

14           (6) The Tourism Sector Mitigation Fund shall expire  
15           at the end of fiscal year 2021. Any unexpended funds  
16           shall lapse into the Disaster Relief Fund.”

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1           Section 2. This act shall become law upon approval by the  
2 President of the Federated States of Micronesia or upon its  
3 becoming law without such approval.

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February 8 \_\_\_\_\_, 2021

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/s/ David W. Panuelo \_\_\_\_\_

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David W. Panuelo

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President

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Federated States of Micronesia

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