

AN ACT

To further amend sections 1214, 1216, and 1217 of title 55 of the Code of the Federated States of Micronesia (Annotated), as amended by Public Laws Nos. 18-74, 19-67, and 20-174, to amend the date when funds from the FSM Trust Fund may be distributed to a State or the National Government, or withdrawn by a State, to October 1, 2030, to amend the miscellaneous restrictions on the FSM Trust Fund, and for other purposes.

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

1 Section 1. Section 1214 of title 55 of the Code of the
2 Federated States of Micronesia (Annotated), as amended by Public
3 Laws Nos. 19-67 and 20-174, is hereby further amended to read as
4 follows:

5 "Section 1214. Distributions to National Government.

6 (1) At the end of each financial year the Board
7 shall determine the maximum amount of funds available
8 for distribution to the National Government in the
9 following fiscal year. Such amount shall be the lesser
10 of 5 percent of the average total Fund balances of the 5
11 previous financial years (inclusive) or the entire
12 balances of Account B. For the years 2017, 2018, 2019,
13 2020, and 2021, the average shall be calculated with the
14 available number of years since 2016. For the purposes
15 of this calculation, the balances of the State Sub-
16 Accounts are calculated separately and subject to
17 provisions in section 1217 of this chapter.

1 (2) In order to enable the National Government to
2 prepare its annual budget and estimates for the next
3 fiscal year, by January 30 of each year the Board shall
4 inform the National Government of the maximum amount of
5 funds available for distribution in the next fiscal
6 year.

7 (3) The Board shall distribute to the National
8 Government each fiscal year the maximum amount of funds
9 available for distribution or such lesser amount as the
10 National Government may specify. The distribution shall
11 be made at such times and in such proportions as the
12 National Government and the Board agrees.

13 (4) Notwithstanding the foregoing, no funds shall be
14 distributed to the National Government prior to October
15 1, 2030.

16 (5) Funds distributed to the National Government
17 shall be deposited in the General Fund of the FSM for
18 appropriation and expenditure consistent with the
19 purposes of the Fund. Such appropriation and
20 expenditure may, but need not, include transfers to
21 other levels of government in the FSM for their use in
22 ways consistent with the purposes of the Fund.

23 (6) This section may apply to the State Sub-Account's
24 A and B with additional provisions defined in section
25 1217 of this title."

1 Section 2. Section 1216 of title 55 of the Code of the
2 Federated States of Micronesia (Annotated), as amended by Public
3 Law No. 19-67, is hereby further amended to read as follows:

4 "Section 1216. Miscellaneous restrictions.

5 (1) Except as provided in subsection 1211(a) of this
6 chapter, the Fund shall not borrow money.

7 (2) The Fund shall not be used to guaranty the debt
8 of another person or entity.

9 (3) The Fund shall not invest more than 50 percent
10 in non-U.S. securities or instruments denominated in
11 currencies other than the U.S. dollar except as prudent
12 and necessary to avoid exchange rate risks on loans
13 which must be repaid in a currency other than the US
14 dollar."

15 Section 3. Section 1217 of title 55 of the Code of the
16 Federated States of Micronesia (Annotated), as amended by Public
17 Laws Nos. 18-74, 19-67, and 20-174, is hereby further amended to
18 read as follows:

19 "Section 1217. Other participating government accounts.

20 (1) There are hereby-created State Sub-Accounts,
21 including A and B sub-accounts, for each of the States
22 of the Federated States of Micronesia; with the
23 condition that the State Sub-Account A for each
24 individual state must meet an initial threshold balance
25 of \$2,000,000 USD, independent of the balance of the

1 other state's Sub-Account A, before establishing a State
2 Sub-Account B for that state.

3 (2) Any donor, including the State and Foreign
4 Governments may make contributions to a State Sub-
5 Account or Sub-Accounts.

6 (3) National Government contributions to State sub-
7 accounts shall only be to the long-term, Sub-Account A
8 of that state or states.

9 (4) Contributions to a State Sub-Account made by the
10 National Government shall remain the property of the
11 National Government unless conditions are met for
12 transfers to Sub-Account B, with the relevant State
13 being the beneficiary of the proceeds subject to the
14 conditions of the Account B. Contributions made by the
15 National Government to a State Sub-Account shall not be
16 withdrawn or disbursed except to cover the compensation
17 and expenses of the Fund managers and custodians in
18 carrying out their duties in administration of the Fund
19 in accordance with sections 1212 and 1213.

20 (5) State Sub-Accounts shall be subject to this
21 chapter and shall be managed and administered in the
22 same manner as the National Government Accounts A and
23 B except that distributable funds or assets shall be
24 made available to the other participating governments
25 rather than the National Government.

