

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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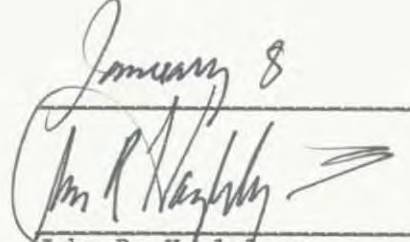
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1 financing from the Fund shall equal or exceed \$300,000, or  
2 when the balance of the private-sector reserve should fall  
3 below \$300,000, a lesser amount. Any additional amounts  
4 provided by the United States shall be retained in the Fund  
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. Haglergam  
President  
Federated States of Micronesia