

A BILL FOR AN ACT

To further amend title 54 of the Code of the Federated States of Micronesia, as amended, by amending section 221 thereof to change the import duties applicable to certain products, by amending section 805 thereof to designate the use of certain revenues collected under section 221, and for other purposes.

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

1 Section 1. Section 221 of title 54 of the Code of the
2 Federated States of Micronesia, as amended by Public Law No.
3 9-139, is hereby amended to read as follows:

4 "Section 221. Levy and rates.

5 The following import duties are hereby levied on all
6 products specified herein which are imported into the
7 FSM:

8 (1) cigarettes, at the rate of [~~25 percent ad valorem~~]
9 \$0.025 per cigarette, provided that this rate shall
10 increase by \$0.005 per cigarette on January 1 of each of
11 the years 2007, 2009, 2011, 2013 and 2015;

12 (2) tobacco, other than cigarettes, at the rate of
13 fifty percent *ad valorem*;

14 (3) perfumery, cosmetics, and toiletries, including
15 cologne and other toilet waters, articles of perfumery,
16 whether in sachets or otherwise, and all preparations
17 used as applications to the hair or skin, lipsticks,
18 pomades, powders, and other toilet preparations not

1 having medicinal properties, at the rate of twenty five
2 percent *ad valorem*;

3 (4) soft drinks, drink mixes, drink preparations,
4 coffee, tea, and nonalcoholic beverages, at the rate of
5 twenty five percent *ad valorem*, provided, however, that
6 any beverage having a fruit juice content of 25 percent
7 or more by volume shall be at the rate of 12 percent *ad*
8 *valorem*;

9 (5) beer and malt beverages, at the rate of [~~twenty~~
10 ~~five percent *ad valorem*] \$0.15 per 12 fluid ounces;~~

11 (6) distilled alcoholic beverages, at the rate of
12 [~~ten~~] twelve dollars per gallon;

13 (7) wine at the rate of [~~twenty-five~~] thirty percent
14 *ad valorem*;

15 (8) foodstuffs for human consumption, at the rate of
16 three percent *ad valorem*; provided, however, that fresh
17 citrus fruit, and fresh and frozen fish and seafood,
18 shall be at the rate of twenty five percent *ad valorem*;

19 (9) gasoline and diesel fuel, at the rate of five
20 cents per gallon;

21 (10) laundry bar soap, at the rate of one hundred
22 percent *ad valorem*; [~~and~~]

23 (11) automobiles, trucks and other motor vehicles
24 having a curb weight of less than 6,500 pounds, at the
25 rate of 10 percent *ad valorem*; and

1 (12) all other imported products, except those
2 specified above, at the rate of ~~four~~ five percent *ad*
3 *valorem*."

4 Section 2. Section 805 of title 54 of the Code of the
5 Federated States of Micronesia, as amended by Public Laws Nos. 10-
6 68 and 13-21, is hereby further amended to read as follows:

7 "Section 805. Distribution of revenues.

8 (1)(a) The treasurer of the Federated States of
9 Micronesia shall pay eighty percent of the net taxes
10 collected pursuant to section 221(9) of this title and,
11 beginning January 1, 2004 and continuing thereafter,
12 fifty percent of all other net taxes collected pursuant
13 to section 121, 141, and 221 of this title into the
14 treasury of the State government to which the taxes are
15 attributable for appropriation by the State legislature.

16 (b) An amount equal to twenty five percent of the
17 net taxes collected pursuant to subsection 221(1) of
18 this title shall be placed in an account to be used
19 solely for post-secondary school scholarships. The
20 allottee of the scholarship funds shall be the Secretary
21 of the Department of Health, Education, and Social
22 Affairs;

23 (c) Except as specifically provided in parts (a)
24 and (b) of this subsection, all net taxes collected
25 shall be part of the General Fund of the Federated

