

Your Committee on Ways and Means, to which was referred C.B. No. 13-19, entitled:

"A BILL FOR AN ACT TO FURTHER AMEND PUBLIC LAW NO.12-12, AS AMENDED, BY AMENDING SECTION 16 THEREOF TO PROVIDE PROCEDURE FOR DISTRIBUTION OF FUNDS APPROPRIATED TO ELECTION DISTRICT NO.4 IN CHUUK STATE, AND FOR OTHER PURPOSES.",

begs leave to report as follows:

The intent and purpose of the bill are expressed in its title.

As introduced, this bill would change the procedure to be followed by the allottee for funds allocated for projects and programs in Election District No. 4 (Faichuk) in Chuuk. The permanent injunction issued by the Supreme Court in the Udot Municipality v. Federated States of Micronesia, et al, Civil Case No. 2000-1018, states the following:

" [T]he FSM and the Department of Finance and Administration are enjoined from disbursing any unobligated funds appropriated for Chuuk Election District No. 4 remaining under Public Law No. 11-27 and any funds appropriated in the future for Chuuk Election District No. 4. ..[and] the Executive Director of the Chuuk State Commission on Improvement Projects and the Chuuk State Commission on Improvement Projects itself are enjoined from approving any further obligations against funds appropriated by Congress under Public Law 11-27 for Chuuk Election District 4 and any funds. Congress appropriated in the future for Chuuk Election District No. 4 ... until such time as either Congress has legislated rules for a fair and transparent application process for improvement funds for Faichuk, or rules and regulations for a fair and transparent application process for improvement funds for Faichuk have been properly promulgated and implemented by the appropriate agency, with the categories for expenditures to be determined after the process has been established and implemented ...".

Public Law No. 12-12, as amended, appropriated funds for projects in Election District No. 4 in Chuuk. Your committee believes that the language added to Public Law No. 12-12, as amended, by the subject bill satisfies the requirements of the injunction by requiring the allottee, the Chuuk State Commission on Improvement Projects, to follow a fair and transparent application process for improvement funds appropriated for Faichuk. The procedure proposed by the subject bill provides for (a) public notice of the amount of funds appropriated and (b) a delegation of the project request and prioritization process to the mayors of the

Faichuk municipalities. Neither the allottee nor any potential recipient of funds is required to consult with any Member or Members of Congress regarding the funds that have been appropriated by the Public Law. Your committee is confident that the passage of this bill will enable the municipalities in Faichuk to access the project funds that were previously appropriated for Faichuk by P.L. No. 12-12, but frozen by the Supreme Court's injunction. The bill does not require the appropriation of any additional funds.

For the reasons set forth above, your Committee on Ways and Means is in accord with the intent and purpose of C.B. No. 13-19 and recommends its passage on First Reading and that it be placed on the Calendar for Second and Final Reading.

Signed by Senators Asor, Kansou, Phillip and Halbert