
A BILL FOR AN ACT

To further amend title 54 of the Code of the Federated States of Micronesia, as amended, by amending sections 221 and 805 thereof to change the import duties applicable to certain products and the distribution of revenues therefrom, 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 enacted by Public Law No. 9-139
3 and amended by Public Law No. 13-60, is hereby further amended to
4 read as follows:

5 "Section 221. Levy and rates.

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

9 (1) cigarettes, at the rate of [~~\$0.025 per cigarette,~~
10 ~~provided that this rate shall increase by \$0.005 per~~
11 ~~cigarette on January 1 of each of the years 2007, 2009,~~
12 ~~2011, 2013 and 2015]~~ 25 percent ad valorem;

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

15 (3) perfumery, cosmetics, and toiletries, including
16 cologne and other toilet waters, articles of perfumery,
17 whether in sachets or otherwise, and all preparations
18 used as applications to the hair or skin, lipsticks,
19 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 twenty five
7 percent or more by volume shall be at the rate of three
8 percent *ad valorem*;

9 (5) beer and malt beverages, at the rate of [~~\$0.25 per~~
10 ~~12 fluid ounces~~] twenty-five percent *ad valorem*;

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

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

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

23 (11) all other imported products, except those
24 specified above, at the rate of four percent *ad*
25 *valorem*."

1 Section 2. Section 805 of title 54 of the Code of the
2 Federated States of Micronesia, as amended by Public Laws Nos.
3 10-68, 13-21 and 13-60, is hereby further amended to read as
4 follows:

5 "Section 805. Distribution of revenues.

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

14 (b) [~~Twenty five percent of the amount remaining,~~
15 ~~after the transfer of funds pursuant to subsection 1(a)~~
16 ~~of this section, of the net taxes collected pursuant to~~
17 ~~subsection 221(1) of this title shall be placed in an~~
18 ~~account to be used solely for post-graduate school~~
19 ~~scholarships. The allottee of the scholarship funds~~
20 ~~shall be the President of the Federated States of~~
21 ~~Micronesia or his designee;]~~

22 [(e)] Except as specifically provided in parts (a)
23 and (b) of this subsection, all net taxes collected
24 shall be part of the General Fund of the Federated
25 States of Micronesia, subject to appropriation by

1 Congress pursuant to title 55 of the Code of the
2 Federated States of Micronesia.

3 (2) 'Net taxes' as used in subsection (1) of this
4 section means gross collections of taxes, penalties,
5 interest, or other related charges less refunds."

6 Section 2. Effective date. This act shall take effect on
7 January 1, 2006.

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

11

12 Date: 9/14/05

Introduced by: /s/ Dohsis Halbert
Dohsis Halbert

13

14

15

16

17

18

19

20

21

22

23

24