

STANDING COMMITTEE REPORT NO. 14-97

RE: C.B. NO. 14-158/ W&M

SUBJECT: BUDGET PROCEDURES

MAY 11, 2006

The Honorable Peter M. Christian
Speaker, Fourteenth Congress
Federated States of Micronesia
Third Special Session, 2006

Dear Mr. Speaker:

Your Committee on Ways and Means, to which was referred C.B. No. 14-158, entitled:

"A BILL FOR AN ACT TO FURTHER AMEND TITLE 55 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA, AS AMENDED, BY AMENDING SECTION 103 TO ELIMINATE THE REQUIREMENT THAT CONGRESS MUST AMEND THE RECOMMENDED NATIONAL GOVERNMENT COMPACT BUDGET BY MEANS OF A BILL AND PERMIT CONGRESS TO PROPOSE AMENDMENTS BY RESOLUTION, AND FOR OTHER PURPOSES.",

begs leave to report as follows:

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

Under the current law the Recommended National Government Budget must be submitted to Congress by no later than April 1 each year. Congress then has until May 16 to:

- take no action on the Compact portion of the budget, resulting in a deemed approval of its submission to JEMCO;
- adopt a resolution approving its submission to JEMCO; or
- pass a bill altering the Recommended National Government Compact Budget (the "Compact Budget").

The subject bill would amend section 103 of title 55 to change the Congressional procedure for proposing changes to the Compact Budget by allowing Congress to do so by resolution.

Your Committee notes that the practical effect of this amendment would be that Congress would no longer mandate the form of the JEMCO budget request by Congressional Act, but rather, would simply recommend changes by adopting a resolution. This may limit the capacity of Congress to determine the form of the budget request submitted to JEMCO. However, your Committee is satisfied that a number of significant benefits will flow from this change. First, the current law requires that if Congress is not satisfied with a Compact Budget it must pass a bill directly altering it. Procedurally this process appears anomalous to your Committee. The Compact Budget, as set out in the Budget Book, does not have the status of a law and as such it

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seems anomalous to purport to amend it by law. Second, the May regular session commences on May 11. As a result, Congress only has 5 days to actively consider any proposed amendments to the Compact Budget before the May 16 deadline. The adoption of a resolution requires only one vote of Congress whereas passage of a bill requires a first and second reading. Your Committee therefore considers that the proposed amendment to title 55 will make it easier for Congress to consider the Compact Budget and take any necessary action within the time allowed.

Ultimately, Congress would limit its capacity to dictate the form of the JEMCO budget request with this amendment. However, once JEMCO has reached a decision on a budget request, Congress would retain the power to refuse to appropriate compact funds for uses that it considers to be inappropriate.

Your Committee on Ways and Means is in accord with the purpose and intent of C.B. No. 14-158 and recommends its passage on First Reading, and that it be placed on the Calendar for Second and Final Reading.

Respectfully submitted,

/s/ Isaac V. Figir
Isaac V. Figir, chairman

/s/ Roosevelt D. Kansou
Roosevelt D. Kansou, vice chairman

/s/ Peter M. Christian
Peter M. Christian, member

Dohsis Halbert, member

/s/ Manny Mori
Manny Mori, member

/s/ Claude H. Phillip
Claude H. Phillip, member

/s/ Simiram Sipenuk
Simiram Sipenuk, member