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A BILL FOR AN ACT

To amend Public Law No. 10-31, the Chuuk Recovery Loan Act, by amending Section 3 thereof to allow waiver of the one (1) percent annual interest if necessary to augment Chuuk State's capacity to implement its financial and structural reform program, and for other purposes.

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

1           Section 1. Section 3 of Public Law No. 10-31, the Chuuk  
2 Recovery Loan Act, is hereby amended to read as follows:

3           "Section 3. Financial Terms. The Loan shall:

4                   (1) provide for repayment of principal in twelve equal  
5 installments beginning on October 1, 1998, and  
6 continuing on each January 1, April 1, July 1, and  
7 October 1 thereafter through July 1, 2001;

8                   (2) bear interest at the rate of 1% per year, payable  
9 in arrears on each of the repayment dates for principal;  
10 provided interest or payment thereof may be waived or  
11 paid at a later date to be determined by FSM if FSM  
12 determines that the State requires the accrued interest  
13 or payment thereof for its financial and structural  
14 reform progress; and

15                   (3) be used solely for the purpose of repaying money  
16 owed by the State for payroll allotments, FSM income tax  
17 withholding, FSM social security taxes, offshore medical  
18 referrals, and other purchases from abroad, which  
19 repayments shall be made directly to the creditor by the

1           FSM. The funds appropriated herein from the General Fund  
2           for the fiscal year ending September 30, 1998, shall be  
3           first applied to pay off the entire amount owed on  
4           payroll allotments; second, to pay off the entire amount  
5           owed on FSM income tax withholding, exclusive of  
6           penalties and interest and subject to the conditions  
7           under section 4; and third to pay off the remaining  
8           portion of the State's obligations to the Social  
9           Security Administration, exclusive of interest or  
10          penalties.”

11          Section 2. This act shall become law upon approval by the  
12          President of the Federated States of Micronesia or upon its  
13          becoming law without such approval.

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15          Date: 2/21/08

Introduced by: /s/ Joe N. Suka

Joe N. Suka  
(by request)

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