

STANDING COMMITTEE REPORT 18-107

RE: C.B. No. 18-73/W&M

SUBJECT: AMENDING PUBLIC LAW NO. 18-11 TO CHANGE
USE AND ALLOTTEE OF FUNDS, POHNPEI STATE

JANUARY 27, 2014

The Honorable Dohsis Halbert
Speaker, Eighteenth Congress
Federated States of Micronesia
Third Regular Session, 2014

Dear Mr. Speaker:

Your Committee on Ways and Means, which was referred C.B. No. 18-71 entitled:

"A BILL FOR AN ACT TO AMEND PUBLIC LAW NO. 18-11,
BY AMENDING SECTIONS 1 AND 2 THEREOF, TO CHANGE
THE USE AND THE ALLOTTEE OF FUNDS PREVIOUSLY
APPROPRIATED THEREIN FOR THE STATE OF POHNPEI, AND
FOR OTHER PURPOSES.",

begs leave to report as follows:

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

This bill is very simple on the face of it. It is just a change of use and allottee of certain public project funds previously appropriated. What is interesting about these amendments for change of use however is the background concerning Public Law 18-

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11 and what happened to the funds the uses of which are being changed.

Public Law No. 18-11 was originally passed by Congress as Congressional Act 18-11 (this is no mistake; the numbers are coincidentally the same). That act included a line item for \$895,000 to retire a debt owed by Pohnpei State employers to Social Security. This specific appropriation in the act was line-item vetoed so that Public Law No. 18-11 no longer contained that provision. For whatever reason, and the President himself confirmed that mistake was made, the amount appropriated and line-item vetoed was then allotted and distributed to Pohnpei State. Of course, that is illegal since the appropriation was line-item vetoed.

The correct course of action would have been to wait for a bill such as the present one, so that new uses of funds could be specified. Be that as it may, the funds were disbursed.

Your Committee believes that since the illegal disbursement happened because of the Executive, for whatever reasons, it is up to the Executive to do what it can to retrieve the funds. Your Committee does not believe that Congress should get involved with that process.

What Congress can do is set things right legally by appropriating the funds to their new intended purposes, as the present bill intends to do. There is a question of course as to where the actual cash will come from since it has already been distributed. That is for the implementers to answer. To allay the concern that Pohnpei State may be getting twice the intended amount, once illegally and now another time legally, your Committee suggests that no disbursement of these newly appropriated funds be done

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before the illegally disbursed funds are recovered. How that is done is up to the Executive, as long as it is done promptly.

Your Committee on Ways and Means is in accord with the intent and purpose of C.B. No. 18-73 and recommends its passage on First Reading and that it be placed on Calendar for Second and Final Reading in the form attached hereto as C.B. No. 18-73.

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Respectfully submitted,

/s/ Isaac V. Figir

Isaac V. Figir, chairman
w/reservations!

Peter M. Christian, vice chairman

/s/ Tony H. Otto

Tony H. Otto, member

/s/ Yosiwo P. George

Yosiwo P. George, member

/s/ David W. Panuelo

David W. Panuelo, member

Wesley W. Simina, member

Joseph J. Urusemal, member