

STANDING COMMITTEE REPORT NO. 18-176

RE: C.B. NO. 18-162, C.D.1 (P.C. NO. 18-309)/W&M

SUBJECT: VETO OF CONGRESSIONAL ACT NO. 18-73

JULY 10, 2014

The Honorable Dohsis Halbert  
Speaker, Eighteenth Congress  
Federated States of Micronesia  
Fourth Special Session, 2014

Dear Mr. Speaker:

Your Committee on Ways & Means, to which was referred Presidential Communication 18-309, Congressional Bill No. 18-162, C.D.1, regarding the veto of Congressional Act 18-73, entitled:

"AN ACT TO FURTHER AMEND SECTIONS 1202, 1208, AND 1217 OF TITLE 55 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA, AS ENACTED BY PUBLIC LAW NO. 10-150 AND AMENDED BY PUBLIC LAW NO. 12-16, FOR THE PURPOSES OF PLACING ONE MEMBER OF EACH GOVERNMENT ON THE BOARD OF TRUSTEES, ESTABLISHING STATE SUB-ACCOUNTS IN THE FSM TRUST FUND, AND FOR OTHER PURPOSES.",

begs leave to report as follows:

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

Congressional Act 18-73 is the second attempt by Congress to establish state sub-accounts in the FSM Trust Fund. Your Committee on Ways and Means issued its Standing Committee Report No. 18-147 on May 19, 2014, which detailed the history of this act.

On January 17, 2014, Congress passed C.A. No. 18-39 for the purpose of establishing state sub-accounts. On February 21, 2014, the President issued Presidential Communication No. 18-229, which vetoed C.A. No. 18-39. On March 24, 2014,

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after evaluating the President's reasons for vetoing C.A. No. 18-39, your Committee on Ways and Means decided not to override his veto but to instead address his concerns in a new bill, C.B. No. 18-162, C.D.1.

Congress passed C.B. No. 18-162, C.D.1 on first and second reading, thus becoming Congressional Act 18-73 on May 28, 2014. Now, the President in issuing Presidential Communication No. 18-309, sets forth new reasons to justify his veto of Congressional Act No. 18-73, which establishes state sub-accounts by the FSM Trust Fund.

Your Committee took into consideration when drafting C.A. No. 18-73 both of the President's concerns regarding (1) the specific term of office for members of the Board of Trustees and (2) providing a mechanism for removal of members of the Board of Trustees during their term. Your Committee limited the term of service on the Board of Trustees to four years and your Committee set forth provisions allowing for the President or the Governor of the respective states to remove their appointee.

President Communication No. 18-309, sets forth the following new justification for vetoing C.A. 18-73:

- (1) Adequately establishing the board and its responsibilities, such as:

Removal provisions;  
conflict of interest provisions;  
reappointment eligibility; and  
failure to set up a budget to pay for "reasonable expenses" of the Board.

- (2) The National Government, as sole contributor of funds, should have a majority on the Board.

These are new concerns. Your Committee takes a presidential veto very seriously and makes great effort in meeting the objections for such a veto in drafting a new bill. Your Committee is therefore disappointed that a number of new issues were raised to support yet another veto. This approach denies Congress the opportunity to deal with the problems. The new objections are therefore not well taken.

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CONCLUSION

Your Committee has carefully reviewed the vetoed Act and veto message. Your Committee finds only a policy basis for the veto and recommends overriding the veto of Congressional Act No. 18-73.

Your Committee on Ways and Means is in accord with the intent and purpose of C.B. No. 18-162, C.D.1 and recommends it to be placed on the Calendar for veto override.

Respectfully submitted,

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

/s/ Peter M. Christian  
Peter M. Christian, vice chairman

Tony H. Otto, member

/s/ Yosiwo P. George  
Yosiwo P. George, member

David W. Panuelo, member

Wesley W. Simina, member

/s/ Joseph J. Urusemal  
Joseph J. Urusemal, member