

STANDING COMMITTEE REPORT NO. 19-88

RE: C.B. NO. 19-103/W&M

SUBJECT: UPDATING AND IMPROVING THE FUNCTIONALITY OF
THE FSM TRUST FUND

JANUARY 29, 2016

The Honorable Wesley W. Simina
Speaker, Nineteenth Congress
Federated States of Micronesia
Third Regular Session, 2016

Dear Speaker:

Your Committee on Ways and Means, to which was referred
Congressional Bill 19-103, updating and improving the
functionality of the FSM Trust Fund, entitled:

"A BILL FOR AN ACT TO AMEND SECTIONS 1202, 1204, 1211,
1213, 1214, 1215, 1216, 1217, AND 1222 OF TITLE 55 OF
THE CODE OF THE FEDERATED STATES OF MICRONESIA
(ANNOTATED), AS AMENDED BY PUBLIC LAWS NO. 18-74 AND
18-119, TO UPDATE AND IMPROVE THE FUNCTIONALITY OF THE
FSM TRUST FUND, AND FOR OTHER PURPOSES.",

begs leave to report as follows:

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

The purpose Congressional Bill No. 19-103 is to update the
FSM Trust Fund law to meet the needs of the Nation today.
Some changes in the law include:

- more precise definitions,
- an updated purpose to reflect the current goals of the
FSM Trust Fund,

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- the elimination of the S Account that was created for the purposes on the Amended Compact negotiations and all references thereto,
- reworking the formula to calculate the potential annual distribution of interest earned to the National Government,
- an update to the State Sub-Accounts,
- allowing for up to 40 percent of the fund to be invested in foreign investments; and
- grammatical changes to clarify the language.

Your Committee notes that the changes proposed in C.B. No. 19-103 have been echoed to your Committee over the past year in hearings and meetings with the FSM Trust Fund advisors, Wilshire Associates, and the Department of Finance and Administration. Your Committee would like to point out that currently, the FSM Trust Fund law cannot be properly implemented and some provisions have never been utilized. The proposed amendments not only updates the FSM Trust Fund law to meet today's needs but it also improves the functionality of the law by taking out the impediments to implementation.

CONCLUSION

Your Committee has carefully reviewed Congressional Bill No. 19-103. Your Committee on Ways and Means is in accord with the intent and purpose of C.B. No. 19-103, and recommends its passage on First Reading and that it be placed on the Calendar for Second and Final Reading in the form attached hereto as C.B. No. 19-103.

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Respectfully submitted,

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

Tiwiter Aritos, member

/s/ Victor V. Gouland
Victor V. Gouland, member

/s/ Bonsiano F. Nethon
Bonsiano F. Nethon, member

/s/ David W. Panuelo
David W. Panuelo, member

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

Paliknoa K. Welly, member