

Proposal No. CC-PR-4-51

Assigned to Committee on Public Finance & Revenue

A PROPOSAL TO AMEND THE FSM CONSTITUTION

To amend Article XII of the FSM Constitution, by amending Section 1 thereof, by adding a new subsection (c) to provide funds collected through taxes and fees to the states to support state priority projects.

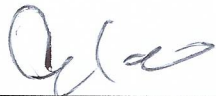
Section 1.

- a) Public money raised or received by the national government shall be deposited in a General Fund or special funds within the National Treasury. Money may not be withdrawn from the General Fund or special funds except by law.
- b) Foreign financial assistance received by the national government shall be deposited in a Foreign Assistance Fund. Except where a particular distribution is required by the terms or special nature of the assistance, each state shall receive a share equal to the share of the national government and to the share of every other state.
- c) At least fifty percent (50%) of funds raised or received by the national government from fishing fees, corporate taxes and other sources that are not specifically earmarked, shall be distributed to the states to support state priority projects as set in the state approved strategic development plans, including State Infrastructure Development Projects as set by the Infrastructure Planning & Implementation Committee (IPIC).

Intent and purpose of the proposal:

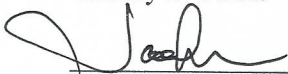
The four states that comprised the FSM Government and its local governments had been having financial difficulties to secure funds to sustain and to meet their approved strategic economic plan. One of the ways in which to meet some of their approved strategic economic plan is through revenues, be it fees or tax derive or collected from fishing fees and corporate taxes, 50% of which shall be distributed equally between the states. This proposed amendment is practical and is consistent with the FSM Constitution and a way forward for the states and its municipalities.

Introduce by:

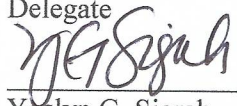


Kosrae Delegation Chairman
Canney L. Palsis

Date: 1.20.20



Johnson A. Asher
Delegate



Yoslyn G. Sigrah
Delegate