

Proposal No. CC-PR-4-53

Assigned to Committee on Public Finance & Revenue

**A PROPOSAL TO AMEND THE FSM CONSTITUTION**

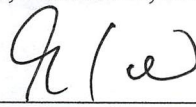
To amend Article IX, Section 6 of the Constitution of the Federated States of Micronesia for the purpose of giving the states fifty percent share in the revenue derived from living resources in the exclusive economic zone. Section 6 of Article IX of the FSM Constitution is proposed to be amended to read as follows:

“Section 6. Net revenue derived from ocean floor mineral resources exploited under Section 2(m) shall be divided equally between the national government and the appropriate state government. Fifty percent (50%) of the net revenue derived from the living resources exploited under subsection 2(m) of this Article shall be paid into the treasuries of the state governments. The fifty percent net revenue shall be divided equally among the four state governments.”


**Intent and Purpose of the Proposal**

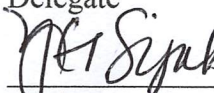
- The intent of this bill is to reform the current FSM national top-down approach for economic development to state-centered in order to improve the financial capacity of the states to provide essential public services such as health, education, and infrastructure to the people.
- Currently, all the states, most, are facing financial stress or difficulty. There is little to no economic development at the state level-state governments. They do not have the money. While we know that people are in the states, the infrastructure are in the states, the real services (health, education) are in the states. There is little money funneled down to the states to improve the services or the states are not generating enough revenue to subsidize their operational budgets. While they're facing all these financial difficulties, the revenue base of the national government has increased tremendously. The current approach for economic development in FSM needs to be modified. The approach is top-down, meaning national government gets all the money and then little money is trickled down to the states to facilitate economic development. The intent of this bill is to improve the financial capacity of the state government to provide the primary public services to the people, health, education, and infrastructure development.

Introduce by:

  
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Canney L. Palsis, Chairman  
Kosrae Delegation

Date: 1.21.20

  
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Johnson A. Asher  
Delegate

  
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Yoslyn G. Sigrah  
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