

A BILL FOR AN ACT

Relating to promoting the public purposes of the State of Kosrae by regulating the leasing of public land; to amend Chapter 1, Title 11 of the Kosrae State Code at Section 11.101 and Section 11.712; and to propose new coding at Section 11.105 to Section 11.112; and for other purposes.

BE IT ENACTED BY THE KOSRAE STATE LEGISLATURE:

1           Section 1.     Findings & Purpose. The Legislature finds and declares that the  
2 State is presently confronted with the serious possibility of shortfalls in revenue and that  
3 legislation allowing for the speedy and efficient creation of leasehold interests in public  
4 land is required to fulfill public purposes such as but not limited to, generating rental  
5 income for the State of Kosrae, creating employment opportunities for the citizens of  
6 Kosrae, promoting economic growth for the State of Kosrae, and facilitating investment  
7 in the State of Kosrae.

8           Section 2.     Amendment Section 11.101 of the Kosrae State Code is  
9 amended to read as follows:

10           “Section 11.101. Use of public land. The Governor transfers title to, or ~~an~~ a non  
11 leasehold interest in, public land on the State's or Government's behalf following the  
12 Legislature's approval by resolution, except as provided in chapter 5. The Governor  
13 submits to the Legislature an executed agreement conditioned upon compliance with this  
14 section. If the Legislature fails to adopt a resolution approving or disapproving the  
15 proposed transfer within thirty days of receipt of a proposal from the Governor, the  
16 Governor may proceed without consent. If the Legislature disapproves a proposal, it  
17 states its objections.”

18           Section 3.     New Coding. New coding is proposed for Chapter 1, Title 11 of  
19 the Kosrae State Code to read as follows:

20           “Section 11.105     Leasing of public land.     To fulfill public purposes  
21 such as but not limited to, generating rental income for the State of Kosrae,

1 creating employment opportunities for the citizens of Kosrae, promoting  
2 economic growth for the State of Kosrae and facilitating investment in the State  
3 of Kosrae; the State of Kosrae may lease public land subject to the provisions of  
4 this Title and subject to the requirements of the Constitution.

5 Section 11.106 Leasing Officer The Director of the Department of  
6 Agriculture is hereby designated as Leasing Officer. The Director shall have the  
7 responsibility to negotiate and conclude lease agreements for public land on  
8 behalf of the Governor.

9 Section 11.107 Selection Criteria. The Director shall by regulation  
10 establish a list of business activities that shall not be eligible to lease land from  
11 the State of Kosrae.

12 (1) Priority consideration shall be given to businesses that directly  
13 serve the interests of the public in health, education, banking, legal  
14 services, agriculture-related activities and other essential public  
15 services.

16 (2) A foreign business operating under an existing foreign investment  
17 permit shall be eligible to lease public land, but only to the extent  
18 that its public land lease proposal remains within the scope of its  
19 existing foreign investment permit.

20 Section 11.108 Procedure. Within sixty (60) days after this Act  
21 becoming law, the Director shall designate and survey at least one (1) public land  
22 parcel that will be available for lease. Each quarter thereafter, the Director shall  
23 designate and survey at least one (1) public land parcel that will be available for  
24 lease.

25 (1) Upon completion of the surveys, the Director shall announce the

1 availability of the designated public lands for lease and solicit  
2 requests for proposals from the public.

3 (a) The announcements and/or requests for proposals shall be  
4 made by placing notices at the Post Office, Kosrae Station  
5 in Tofol and at each of the Municipal Buildings for each  
6 Municipality. In addition, announcements and/or requests  
7 for proposals may be made by using radio or television  
8 broadcast facilities.

9 (2) Responses to such announcements and/or requests for proposals  
10 shall be in writing and submitted to the Director no later than thirty  
11 (30) days after the first date of the announcement and/or request  
12 for proposals.

13 Section 11.109 Leasing Procedure.

14 (1) All lease agreements shall be in writing.

15 (2) All lease agreements shall be submitted to the Legislature for  
16 approval, by resolution within seven (7) days of being signed by  
17 the intending Lessee.

18 (a) If the Legislature approves the lease then it shall become  
19 immediately effective.

20 (b) If the Legislature disapproves the lease then it shall become  
21 immediately null and void.

22 (c) If the Legislature has neither approved, nor disapproved of  
23 the lease within fifteen (15) days after it is submitted to the  
24 Legislature, then the lease shall become effective.

25 Section 11.110 Lease Rental Amount. The lease rental amount shall

1 be determined through competitive bidding and/or open applications. In the  
2 absence of any competitive proposals for a specified parcel of land, the Director  
3 shall negotiate the rental amount. The amount of rental shall be set in terms of  
4 dollar value per square meter.

5 Section 11.111 Revenues. All proceeds from the lease of public lands  
6 shall be deposited into the General Fund of the Kosrae State Treasury and shall be  
7 treated as unrestricted revenue.

8 Section 11.112 Reporting. At the end of each month the Director shall  
9 report to the Legislature in writing on the status of each public land lease  
10 agreement and the use of revenues collected from all public land lease  
11 agreements.”

12 Section 4. Amendment. Section 11.712 of the Kosrae State Code is  
13 amended to read as follows:

14 “Section 11.712. Long term lease of public lands. The Governor shall  
15 have authority to grant a Lease of Public lands subject to the provisions of this  
16 Chapter and the Provisions of Chapter 1 for a term not to exceed forty (40) years;  
17 ~~PROVIDED HOWEVER, that approval of the Legislature must be first sought~~  
18 ~~pursuant to Title 11, Section 11.101, and subject to the requirements of the~~  
19 ~~Constitution.”~~

20 Section 5. Effective Date. This act takes effect upon approval by the  
21 Governor or upon its becoming law without such approval.

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24

25 Date: \_\_\_\_\_

Introduced by: \_\_\_\_\_  
Semeon Phillip