

A BILL FOR AN ACT

To approve the terms of the Kosrae Stabilization Loan Agreement between the National Government of the Federated States of Micronesia and the State of Kosrae; and to appropriate and direct the obligation of the security required by the Loan Agreement; and for other purposes.

BE IT ENACTED BY THE KOSRAE STATE LEGISLATURE:

1 Section 1. Purpose. To approve the terms of the Kosrae Stabilization
2 Loan Agreement between the National Government of the Federated States of Micronesia
3 and the State of Kosrae in order to satisfy a condition to the effectiveness of that
4 agreement and to appropriate and direct the obligation of the security required by the
5 agreement.

6 Section 2. Approval. The terms of the Kosrae Stabilization Loan
7 Agreement between the National Government of the Federated States of Micronesia and
8 the State of Kosrae are hereby approved.

9 Section 3. Appropriation of Security. The State of Kosrae hereby
10 appropriates and directs the allottee to transfer to the National Government of the FSM as
11 security for Kosrae Stabilization Loan repayments the following agreed upon security;

12 (1) All moneys and rights to payment now due or which hereafter become due to
13 the State of Kosrae from the National Government of the FSM or from the
14 United States of America through the National Government of the FSM by
15 reason of current account block grants under Section 211 of the Compact of
16 Free Association between the National Government of the FSM and the
17 United States of America, together with related agreement agreements and
18 laws (collectively the “Compact”); and

19 (2) The portion of inflation adjustments specified under Section 217 of the
20 Amended Compact, which may be used for current account purposes; and

1 (3) The State of Kosrae's share of the National Government of the FSM's tax
2 revenues.

3 Section 4. Allottee. The allottee of the security appropriated by this act
4 shall be the Governor of the State of Kosrae who shall be responsible for ensuring that
5 these funds are used solely for the purpose specified in this act.

6 Section 5. Effective Date. This Act takes effect upon approval by the
7 Governor or upon its becoming law without such approval.

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11 Date: _____

Introduced by: _____
Senator Phillip (By Request)