

A RESOLUTION

On behalf of the State of Kosrae respectfully requesting the Congress of the Federated States of Micronesia to repeal or reconsider Public Law No. 14-90.

1           **WHEREAS**, on November 8, 2006 Public Law No. 14-90 became a law of the  
2 Federated States of Micronesia when the FSM Congress voted to override the President's  
3 veto; and

4           **WHEREAS**, Public Law No. 14-90 made certain significant changes to the tax  
5 laws of the Federated States of Micronesia by amending Title 54 of the FSM Code; and

6           **WHEREAS**, as a result of these amendments the tax revenue of the FSM is  
7 expected to be reduced by \$1.7 million per Fiscal Year; and

8           **WHEREAS**, the amount of revenue remitted to the State of Kosrae will be  
9 reduced by no less than \$60,000 per Fiscal Year; and

10          **WHEREAS**; these amendments will take immediate effect and will inevitably  
11 cause a large decrease in the anticipated and budgeted revenue available to the State of  
12 Kosrae in Fiscal Year 2007; and

13          **WHEREAS**, the State of Kosrae has already entered into obligations and has  
14 made commitments in reasonable and just reliance upon receiving the full amount of its  
15 share of anticipated tax revenues in Fiscal Year 2007; and

16          **WHEREAS**, the State of Kosrae is already facing a financial crisis and will  
17 undoubtedly suffer irreparable financial harm as a result of the reduction in revenue to the  
18 State; now therefore

19          **BE IT RESOLVED**, that the State of Kosrae Respectfully asks the Congress of  
20 the Federated States of Micronesia to act immediately to repeal Public Law No. 14-90;  
21 and

22          **BE IT FURTHER RESOLVED**, that if Congress is unwilling to repeal this law,  
23 then Congress act immediately to re-consider the law and vote to amend it so that there

1 will be a phased approach to implementation of the changes to the tax laws so that Kosrae  
2 State will not be irreparably harmed by the unanticipated reductions in tax revenue in  
3 Fiscal Year 2007; and

4 **BE IT FURTHER RESOLVED**, that certified copies of this Resolution be  
5 transmitted to the Speaker of the Congress of the Federated States of Micronesia; the  
6 President of the Federated States of Micronesia; and the Governors and Senior  
7 Legislative Officers of Chuuk, Pohnpei and Yap States.

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

Introduced by: \_\_\_\_\_  
Senator Albert Welly