

AN ACT

To further amend section 609A of title 55 of the Code of the Federated States of Micronesia (Annotated), as amended by Public Laws Nos. 21-104 and 21-120, in order to allow for other businesses not previously covered by Public Law No. 21-120 impacted by the COVID-19 pandemic to also receive tourism mitigation financial assistance from the National Government, and for other purposes.

BE IT ENACTED BY THE CONGRESS OF THE FEDERATED STATES OF MICRONESIA:

1 Section 1. Section 609A title 55 of the Code of the
2 Federated States of Micronesia (Annotated), as amended by Public
3 Laws Nos. 21-104 and 21-120, is hereby further amended to read as
4 follows:

5 "Section 609A. Tourism Sector Mitigation Fund.

6 (1) There is created a Tourism Sector Mitigation Fund
7 to be used to partially offset the economic losses of
8 the businesses in the tourism industry and individuals
9 working in the tourism industry who were laid off in the
10 Federated States of Micronesia during the coronavirus
11 epidemic.

12 (2) Moneys for the Tourism Sector Mitigation Fund
13 shall be derived from coronavirus epidemic
14 appropriations by the Congress of the Federated States
15 of Micronesia and the State legislatures, United States
16 grants, funds designated for such purposes from
17 international organizations and from any and all other

1 appropriate sources.

2 (3) Tourism sector businesses operating in the
3 Federated States of Micronesia seeking relief from the
4 Tourism Sector Mitigation Fund must show tax returns
5 from the previous year in order to establish their
6 losses claimed under this fund. Individuals in the
7 tourism sector, who are seeking compensation for lost
8 wages due to being laid off as a result of the economic
9 downturn, must submit their last paycheck stub and a
10 statement from their employer in the tourism industry,
11 who laid them off, evidencing their unemployment. The
12 President shall issue regulations for equitable
13 compensation for affected businesses, including a
14 possible cap on the amount of a valid claim.

15 (a) A tourism sector business will be eligible
16 for the following relief in the relevant quarter to be
17 calculated as follows:

18 (i) a rebate for reimbursement purposes
19 equivalent to 100% of the Wages and Salaries paid by the
20 taxpayer to the employees of the tourism sector business
21 for personal services relating to producing the Gross
22 Revenue for the business;

23 (ii) a rebate for reimbursement purposes
24 equivalent to 100% for the Social Security contributions
25 paid by the tourism sector business in respect of its

1 employees in the quarter pursuant to section 902 of
2 title 53 of the FSM Code (Annotated);

3 (iii) a rebate for reimbursement purposes
4 equivalent to 100% for the Gross Revenue Tax (plus any
5 penalties and interest) payable by the tourism sector
6 business in the relevant quarter pursuant to section 141
7 of title 54 of the FSM Code (Annotated);

8 (iv) a rebate for reimbursement purposes
9 equivalent to 100% for the bank interest on business
10 loans paid by the tourism sector business to a FSM
11 domiciled branch of a FSM registered bank;

12 (v) additional relief may be added per
13 regulations; and

14 (vi) businesses that can show a direct
15 economic loss as a result in the downturn experienced by
16 the tourism sector are eligible to receive assistance
17 under this section subject to the requirements under
18 609A(3)(i)-(v).

19 (4) The distributions from the funds shall be managed
20 and administered by a committee named by the President
21 comprising representatives of the Departments of
22 Resources and Development; Finance and Administration;
23 Justice; and Environment, Climate Change and Emergency
24 Management. The committee shall report quarterly to
25 Congress on the status of the fund and distributions

1 therefrom.

2 (5) For the purposes of this fund tourism sector
3 businesses shall include hotel operators, car rentals,
4 tour operators, resorts, dive shops, airlines or any
5 other tourist specific business not mentioned above.
6 Other businesses not specifically mentioned above may
7 apply for assistance under this section; PROVIDED THAT,
8 they meet the following criteria:

9 (a) They can demonstrate that their business
10 relies significantly on the supply of goods and services
11 to the tourism sector; and

12 (b) They can demonstrate that their business has
13 been significantly impacted by the COVID-19 public
14 health emergency declaration.

15 (6) The Tourism Sector Mitigation Fund shall expire
16 at the end of fiscal year 2021. Any unexpended funds
17 shall lapse into the Disaster Relief Fund.”

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1 Section 2. This act shall become law upon approval by the
2 President of the Federated States of Micronesia or upon its
3 becoming law without such approval.

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_____ December 3, 2020

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/s/ David W. Panuelo

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David W. Panuelo

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President

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Federated States of Micronesia

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