

AN ACT

To repeal section 201 through 215 of title 22 of the Code of the Federated States of Micronesia, as amended by Public Law No. 11-26, in their entirety and inserting new sections 201 through 212 in lieu thereof, in order to dissolve the Federated States of Micronesia Coconut Development Authority, and repose the responsibility for coconut development in the Federated States of Micronesia Petroleum Corporation, and for other purposes.

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

1 Section 1. Sections 201 through 215 of title 22 of the Code
2 of the Federated States of Micronesia, as amended by Public Law
3 No. 11-26, are hereby repealed in their entirety.

4 Section 2. Title 22 of the Code of the Federated States of
5 Micronesia, as amended, is hereby further amended by inserting a
6 new section 201 to read as follows:

7 "Section 201. Short title. This chapter may be cited
8 as the "Coconut Tree Products Act of 2013".

9 Section 3. Title 22 of the Code of the Federated States of
10 Micronesia, as amended, is hereby further amended by inserting a
11 new section 202 to read as follows:

12 "Section 202. Background. In order to enhance the
13 capacity for the manufacturing, processing, and
14 distribution of biofuel from the coconut tree as a
15 supplemental source of fuel in the Federated States of
16 Micronesia, to better facilitate the buying, selling,
17 exporting, manufacturing, and processing of copra and

1 other coconut tree products from within the Federated
2 States of Micronesia, and to do so as a self-sustaining
3 enterprise, it is the determination of Congress to
4 dissolve the Authority and transfer its responsibilities
5 and functions to a more business oriented entity as
6 provided in this chapter."

7 Section 4. Title 22 of the Code of the Federated States of
8 Micronesia, as amended, is hereby further amended by inserting a
9 new section 203 to read as follows:

10 "Section 203. Definitions. Unless the context requires
11 otherwise, as used in this chapter:

12 (1) "Authority" means the Federated States of
13 Micronesia Coconut Development Authority, which is
14 dissolved pursuant to section 204 of this chapter;

15 (2) "CEO" means the Chief Executive Officer of the
16 Corporation;

17 (3) "Congress" means the Congress of the Federated
18 States of Micronesia;

19 (4) "Corporation" means the Federated States of
20 Micronesia Petroleum Corporation established under
21 chapter 2 of title 27 of the Code of the Federated
22 States of Micronesia;

23 (5) "Government" means the Government of the Federated
24 States of Micronesia;

25 (6) "President" means the President of the Federated

1 States of Micronesia; and
2 (7) "Works" means the selling, buying, exporting,
3 manufacturing, processing, and distribution of copra and
4 other coconut tree products, and including all
5 activities for which the Corporation is empowered under
6 section 206 to undertake."

7 Section 5. Title 22 of the Code of the Federated States of
8 Micronesia, as amended, is hereby further amended by inserting a
9 new section 204 to read as follows:

10 "Section 204. Dissolution of the Authority. The
11 Authority is hereby dissolved."

12 Section 6. Title 22 of the Code of the Federated States of
13 Micronesia, as amended, is hereby further amended by inserting a
14 new section 205 to read as follows:

15 "Section 205. Transfer of assets, liabilities and
16 employees. (1) The rights to, interests in, and
17 ownership of all the assets of the Authority, of
18 whatever description and wherever located including, but
19 not limited to, equipment and leasehold interests, are
20 hereby fully transferred to the Corporation free of any
21 lien or encumbrance. The Government shall be
22 responsible for the settlement or discharge of any lien
23 or encumbrance upon such assets.

24 (2) Unless an express assumption of liability is
25 executed by the Corporation, the Corporation shall not

1 assume, nor shall it be deemed to have assumed, any
2 liability of the Authority. The Government shall be
3 responsible for the settlement or discharge of any
4 liability of the Authority, which the Corporation has
5 not expressly assumed.

6 (3) Unless the Corporation expressly agrees otherwise,
7 it shall not be required to assume, acquire or maintain
8 the employment of any employee of the Authority. The
9 Government shall be responsible for the layoff,
10 redundancy, re-assignment, or placement (whichever may
11 be appropriate) of all employees of the Authority, which
12 the Corporation does not expressly agree to assume,
13 acquire, or maintain in its employment."

14 Section 7. Title 22 of the Code of the Federated States of
15 Micronesia, as amended, is hereby further amended by inserting a
16 new section 206 to read as follows:

17 "Section 206. Powers of the Corporation. In addition
18 to, and without limiting any of its powers under chapter
19 2 of title 27 of the Code of the Federated States of
20 Micronesia, the Corporation shall be authorized to:

21 (1) engage in the manufacturing and processing of
22 biofuel and other products derived from the coconut
23 tree;

24 (2) buy, collect, market, sell, and distribute coconut
25 biofuel and deal generally in the buying, collection,

1 marketing, selling, and distribution of all other
2 products derived from the coconut tree;

3 (3) fix all prices to be paid to producers or sellers
4 of copra and other products derived from the coconut
5 tree in the Federated States of Micronesia, collect and
6 receive all moneys it derives from copra or other
7 coconut tree products, administer and invest said
8 moneys, disburse said moneys as required to stabilize
9 the price of copra or other coconut tree products, and
10 perform all acts and things necessary or proper in
11 connection with or incidental to the buying, selling,
12 exporting, manufacturing, and processing of copra and
13 other coconut tree products;

14 (4) purchase or otherwise acquire, operate, maintain,
15 lease, sell, and dispose of factories, warehouses,
16 facilities, machineries, expellers, grinders, presses,
17 filters, cookers, tanks, and other apparatus, raw
18 materials, equipment, utensils, supplies, parts, and
19 other goods, wares, products, and merchandise related to
20 the business of manufacturing, storing, and processing
21 products derived from the coconut tree;

22 (5) enter into and perform such contracts, leases,
23 agreements, or other transactions as may be necessary in
24 the performance or undertaking of the Works, and on such
25 terms as it may deem appropriate;

1 (6) use the proceeds derived from the Works to buy,
2 sell, hold for investment, and deal in securities of
3 every description, including mortgages, bonds,
4 debentures, promissory notes, commercial paper, and
5 securities of other classes;

6 (7) determine the character of and the necessity for
7 its obligations and expenditures and the manner in which
8 they shall be incurred, allowed, and paid in respect of
9 the buying, selling, manufacturing, and processing of
10 copra and other coconut tree products;

11 (8) execute all instruments necessary or appropriate
12 in the exercise of any of its powers;

13 (9) to operate and manage the Works, either directly
14 or through contracts with third parties; and

15 (10) take such other actions as may be incidental,
16 necessary or appropriate to carry out the powers herein
17 or hereafter specifically conferred upon it."

18 Section 8. Title 22 of the Code of the Federated States of
19 Micronesia, as amended, is hereby further amended by inserting a
20 new section 207 to read as follows:

21 "Section 207. Contracts. (1) All contracts for
22 construction projects involving \$20,000 more, or for the
23 purchase of personal property involving \$10,000 or more,
24 to be made in the performance or undertaking of the
25 Works, or in connection with the Works, by the

1 Corporation, shall be let by free and open competitive
2 bidding, by sealed bids, to the lowest responsible
3 bidder. A notice requesting bids shall be published as
4 widely as practicable at least ten days before bids are
5 received. The Corporation shall have the discretion to
6 reject any and all bids, and to re-advertise.

7 (2) If, after rejecting bids for materials and
8 supplies, the Corporation determines that the materials
9 and supplies may be purchased at a lower price in the
10 open market, such purchase may be authorized without
11 further requirement for bidding.

12 (3) No bidding may be required for the purchase or
13 leasing of real property, or for the purchase of copra
14 or other coconut tree products in connection with the
15 Works."

16 Section 9. Title 22 of the Code of the Federated States of
17 Micronesia, as amended, is hereby further amended by inserting a
18 new section 208 to read as follows:

19 "Section 208. Exempt from license. The Corporation
20 shall be exempt from the license required under chapter
21 3 of this title."

22 Section 10. Title 22 of the Code of the Federated States of
23 Micronesia, as amended, is hereby further amended by inserting a
24 new section 209 to read as follows:

25 "Section 209. Debts not Government's. Subject to

1 section 205 hereof, the debts or obligations of the
2 Corporation shall not be the debts or obligations of the
3 Government, nor shall the Government be responsible for
4 the same."

5 Section 11. Title 22 of the Code of the Federated States of
6 Micronesia, as amended, is hereby further amended by inserting a
7 new section 210 to read as follows:

8 "Section 210. Annual report. The Corporation shall
9 file with the President and the Congress, within 30 days
10 after the close of the fiscal year of the Corporation,
11 an annual report generally stating the activities in the
12 performance or undertaking of the Works. The annual
13 report shall contain a profit-and-loss statement on the
14 Works during the preceding fiscal year, and a statement
15 of assets and liabilities as of the close of such
16 year. The annual report shall be considered a public
17 document and made available for public inspection."

18 Section 12. Title 22 of the Code of the Federated States
19 of Micronesia, as amended, is hereby further amended by inserting
20 a new section 211 to read as follows:

21 "Section 211. Tax liability. The Corporation shall be
22 liable for the payment of any tax, assessment or
23 contribution as may be required by law in respect of the
24 Works. Nothing herein shall be deemed to exempt
25 employees and independent contractors of the Corporation

1 from any tax liability for services rendered to the
2 Corporation in connection with the Works."

3 Section 13. Title 22 of the Code of the Federated States of
4 Micronesia, as amended, is hereby further amended by inserting a
5 new section 212 to read as follows:

6 "Section 212. Effect on Corporation's enabling law.
7 Nothing in this chapter shall be deemed to have altered
8 the legal personality, privileges, rights, protections,
9 disabilities, and liabilities of the Corporation, as
10 defined in chapter 2 of title 27 of the Code of the
11 Federates States of Micronesia, nor to have diminished
12 or in any way detracted from the Corporation's powers,
13 functions, responsibilities, duties, obligations, and
14 charges as mandated in chapter 2 of title 27 of the Code
15 of the Federates States of Micronesia."

16
17
18
19
20
21
22
23
24
25

1 Section 14. 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.

4

5

6

7

June 16 _____, 2014

8

9

10

11

/s/ Manny Mori _____

12

Manny Mori
President
Federated States of Micronesia

13

14

15

16

17

18

19

20

21

22

23

24

25