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:

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215 of title 22 of the Code of the Federated States of Micronesia, as amended by Public Law No. 11-26, are hereby repealed in their entirety.

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

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

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

"Section 202. Background. In order to enhance the capacity for the manufacturing, processing, and distribution of biofuel from the coconut tree as a supplemental source of fuel in the Federated States of Micronesia, to better facilitate the buying, selling, exporting, manufacturing, and processing of copra and
other coconut tree products from within the Federated States of Micronesia, and to do so as a self-sustaining enterprise, it is the determination of Congress to dissolve the Authority and transfer its responsibilities and functions to a more business oriented entity as provided in this chapter.”

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

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

(1) “Authority” means the Federated States of Micronesia Coconut Development Authority, which is dissolved pursuant to section 204 of this chapter;

(2) “CEO” means the Chief Executive Officer of the Corporation;

(3) “Congress” means the Congress of the Federated States of Micronesia;

(4) “Corporation” means the Federated States of Micronesia Petroleum Corporation established under chapter 2 of title 27 of the Code of the Federated States of Micronesia;

(5) “Government” means the Government of the Federated States of Micronesia;

(6) “President” means the President of the Federated
(7) “Works” means the selling, buying, exporting, manufacturing, processing, and distribution of copra and other coconut tree products, and including all activities for which the Corporation is empowered under section 206 to undertake.”

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

“Section 204. Dissolution of the Authority. The Authority is hereby dissolved.”

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

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

(2) Unless an express assumption of liability is executed by the Corporation, the Corporation shall not
assume, nor shall it be deemed to have assumed, any liability of the Authority. The Government shall be responsible for the settlement or discharge of any liability of the Authority, which the Corporation has not expressly assumed.

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

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

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

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

(2) buy, collect, market, sell, and distribute coconut biofuel and deal generally in the buying, collection,
marketing, selling, and distribution of all other products derived from the coconut tree;

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

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

(5) enter into and perform such contracts, leases, agreements, or other transactions as may be necessary in the performance or undertaking of the Works, and on such terms as it may deem appropriate;
(6) use the proceeds derived from the Works to buy, sell, hold for investment, and deal in securities of every description, including mortgages, bonds, debentures, promissory notes, commercial paper, and securities of other classes;

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

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

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

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

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

“Section 207. Contracts. (1) All contracts for construction projects involving $20,000 more, or for the purchase of personal property involving $10,000 or more, to be made in the performance or undertaking of the Works, or in connection with the Works, by the
Corporation, shall be let by free and open competitive bidding, by sealed bids, to the lowest responsible bidder. A notice requesting bids shall be published as widely as practicable at least ten days before bids are received. The Corporation shall have the discretion to reject any and all bids, and to re-advertise.

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

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

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

“Section 208. Exempt from license. The Corporation shall be exempt from the license required under chapter 3 of this title.”

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

“Section 209. Debts not Government’s. Subject to
section 205 hereof, the debts or obligations of the Corporation shall not be the debts or obligations of the Government, nor shall the Government be responsible for the same."

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

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

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

"Section 211. Tax liability. The Corporation shall be liable for the payment of any tax, assessment or contribution as may be required by law in respect of the Works. Nothing herein shall be deemed to exempt employees and independent contractors of the Corporation..."
from any tax liability for services rendered to the Corporation in connection with the Works.”

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

“Section 212. Effect on Corporation’s enabling law. Nothing in this chapter shall be deemed to have altered the legal personality, privileges, rights, protections, disabilities, and liabilities of the Corporation, as defined in chapter 2 of title 27 of the Code of the Federates States of Micronesia, nor to have diminished or in any way detracted from the Corporation’s powers, functions, responsibilities, duties, obligations, and charges as mandated in chapter 2 of title 27 of the Code of the Federates States of Micronesia.”
Section 14. This act shall become law upon approval by the President of the Federated States of Micronesia or upon its becoming law without such approval.

June 16, 2014

/s/ Manny Mori
Manny Mori
President
Federated States of Micronesia