

AN ACT

To further amend title 54 of the Code of the Federated States of Micronesia, as amended, by amending section 221 thereof to change the import duties applicable to certain products, by amending section 805 thereof to designate the use of certain revenues collected under section 221, and for other purposes.

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

1           Section 1. Section 221 of title 54 of the Code of the  
2 Federated States of Micronesia, as enacted by Public Law No.  
3 9-139, is hereby amended to read as follows:

4           "Section 221. Levy and rates.

5           The following import duties are hereby levied on all  
6 products specified herein which are imported into the  
7 FSM:

8           (1) cigarettes, at the rate of \$0.025 per cigarette,  
9 provided that this rate shall increase by \$0.005 per  
10 cigarette on January 1 of each of the years 2007, 2009,  
11 2011, 2013 and 2015;

12           (2) tobacco, other than cigarettes, at the rate of  
13 fifty percent *ad valorem*;

14           (3) perfumery, cosmetics, and toiletries, including  
15 cologne and other toilet waters, articles of perfumery,  
16 whether in sachets or otherwise, and all preparations  
17 used as applications to the hair or skin, lipsticks,  
18 pomades, powders, and other toilet preparations not

1           having medicinal properties, at the rate of twenty five  
2           percent *ad valorem*;

3           (4) soft drinks, drink mixes, drink preparations,  
4           coffee, tea, and nonalcoholic beverages, at the rate of  
5           twenty five percent *ad valorem*, provided, however, that  
6           any beverage having a fruit juice content of twenty five  
7           percent or more by volume shall be at the rate of three  
8           percent *ad valorem*;

9           (5) beer and malt beverages, at the rate of \$0.25 per  
10          12 fluid ounces;

11          (6) distilled alcoholic beverages, at the rate of  
12          twelve dollars per gallon;

13          (7) wine at the rate of thirty percent *ad valorem*;

14          (8) foodstuffs for human consumption, at the rate of  
15          three percent *ad valorem*; provided, however, that fresh  
16          and frozen fish and seafood, shall be at the rate of  
17          twenty five percent *ad valorem*;

18          (9) gasoline and diesel fuel, at the rate of five  
19          cents per gallon;

20          (10) laundry bar soap, at the rate of twenty five  
21          percent *ad valorem*; and

22          (11) all other imported products, except those  
23          specified above, at the rate of four percent *ad*  
24          *valorem*."

1 Section 2. Section 805 of title 54 of the Code of the  
2 Federated States of Micronesia, as amended by Public Laws Nos. 10-  
3 68 and 13-21, is hereby further amended to read as follows:

4 "Section 805. Distribution of revenues.

5 (1) (a) The treasurer of the Federated States of  
6 Micronesia shall pay eighty percent of the net taxes  
7 collected pursuant to section 221(9) of this title and,  
8 beginning January 1, 2004 and continuing thereafter,  
9 fifty percent of all other net taxes collected pursuant  
10 to section 121, 141, and 221 of this title into the  
11 treasury of the State government to which the taxes are  
12 attributable for appropriation by the State legislature.

13 (b) Twenty five percent of the amount remaining,  
14 after the transfer of funds pursuant to subsection 1(a)  
15 of this section, of the net taxes collected pursuant to  
16 subsection 221(1) of this title shall be placed in an  
17 account to be used solely for post-graduate school  
18 scholarships. The allottee of the scholarship funds  
19 shall be the President of the Federated States of  
20 Micronesia or his designee;

21 (c) Except as specifically provided in parts (a)  
22 and (b) of this subsection, all net taxes collected  
23 shall be part of the General Fund of the Federated  
24 States of Micronesia, subject to appropriation by  
25 Congress pursuant to title 55 of the Code of the

1 Federated States of Micronesia.

2 (2) 'Net taxes' as used in subsection (1) of this  
3 section means gross collections of taxes, penalties,  
4 interest, or other related charges less refunds."

5 Section 3. Effective date. This act shall take effect on  
6 January 1, 2005.

7 Section 4. This act shall become law upon approval by  
8 the President of the Federated States of Micronesia or upon  
9 its becoming law without such approval.

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December 10, 2004

/s/ Joseph J. Urusemal  
Joseph J. Urusemal  
President  
Federated States of Micronesia