



THIRTEENTH KOSRAE STATE LEGISLATURE  
 P.O. BOX 187  
 TOFOL, KOSRAE STATE  
 FEDERATED STATES OF MICRONESIA 96944  
 TELEPHONE: (691) 370-3019/3177  
 Website: kosraestatelegislature.com

S.C.R. No. 13-15  
 March 13, 2023  
 RE: L.R.13-16

Committee on Ways and Means  
 (W&M)

CHAIRMAN  
 Alik S. Isaac

VICE CHAIRMAN  
 Lyndon H. Jackson

MEMBERS  
 Artson S. Talley  
 Bob H. Skilling  
 Moses M. Thomson  
 Nena C. Ned  
 Yamado A. Melander  
 Salpasr E. Tilfas

The Honorable Semeon J. Phillip  
 Speaker  
 13<sup>th</sup> Kosrae State Legislature  
 Tofol, Kosrae FM 96944

Dear Speaker Phillip:

Your Standing Committee on Ways & Means (W&M) to which was referred L.R. 13-16 entitled, ***“To further amend L.R. No. 12-293, by increasing the total funds estimated to be available from the Local Revenue Fund of the Kosrae State Treasury for the fiscal year ending September 30, 2023,”*** begs leave to report as follows:

COMMITTEE ACTION:

Your committee met in an Executive Meeting on March 6, 2023, following the 23<sup>rd</sup> Day Session of the 1<sup>st</sup> Regular Session, and decided to dispose its action on L.R. 13-16.

COMMITTEE FINDINGS:

The intent of the subject resolution is clearly stated in its title.

Triggered by a number of appropriation bills already with the Legislature, inclusive of funding assistance requests from the women groups, the Legislature itself, and the annual Liberation Day, L.R. 13-16 is aimed to address these public needs by way of raising the budget ceiling for FY2023.

During the committee’s deliberations, the members were very aware and mindful that any adjustment (proposed changes) to the fiscal year budget would require raising the budget ceiling, hence the main purpose of L.R. 13-16. For the current year (2023), the budget ceiling was previously raised at \$3.1M, specifically for the Local Revenue Fund, and it is through this same fund source that the subject resolution aims to further amend.

Through the discussions, the members have identified two main possible revenue-generating sources, which includes the anticipated fishing fees proposal [up for referendum in July of this year] and the State’s \$1.9M fund balance identified from the previous years, post audit [2021]. The members, as it seemed, strongly believe that these two revenue sources would surely help to address all funding needs of the State, only if they were certain or without issue. However, from their discussions, it

was noted that a number of the members were quite hesitant on completely relying on the fishing fees proposal, as it is not guaranteed and dependent fully upon the July referendum results, which cannot be foretold. As for the State's \$1.9M fund balance, the members were made aware that the further usage of this fund balance is uncertain and would have to come from an understanding/ agreement from both the Executive and Legislative branches. In other words, there must be some compromise between the two branches, which may not be timely, promising, or easy to tap into.

Also, during the discussions, the members were reminded that the Executive branch, through the EBRC Chairman, had already informally disclosed to the Legislature of the Executive's intentions to adjust their current budget for Local Rev as well. In addition, the Micro Games, scheduled for this summer, was also brought forth during the discussions as an issue for consideration, as some members anticipate that the Kosrae delegation would most likely be requesting funding assistance. Furthermore, it was also shared to the committee that an appropriation bill for \$16,000 has just been introduced to the Legislature, hoping to address a current shortfall for the Utwe Water System and KUA. It is from these various anticipated activities that the subject resolution is hoping to accommodate.

As noted by the committee, an increase by \$148,000 is the proposed figure to be added to the current ceiling (\$3.1M), which would further raise the ceiling to \$3,248,000, specific to the Local Revenue Fund.

At the end of all discussions, the committee, in consensus, agreed to move forward supporting the intent of this resolution, to further raise the budget ceiling for the current Fiscal Year 2023, specifically the Local Revenue Fund.

COMMITTEE RECOMMENDATION:

With the aforementioned findings, Your Committee on Ways & Means hereby recommends the adoption of L.R. 13-16, in support of its intent.

Your Committee on Ways & Means further recommends the reporting out of this standing committee report.

Respectfully submitted,



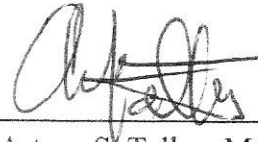
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Alik S. Isaac, Chairman



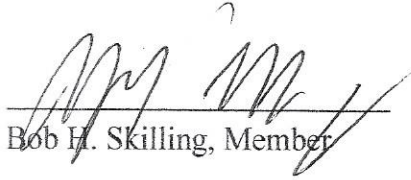
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Lyndon H. Jackson, V/Chair



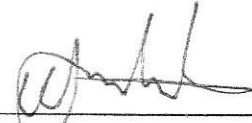
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Moses M. Thomson, Member



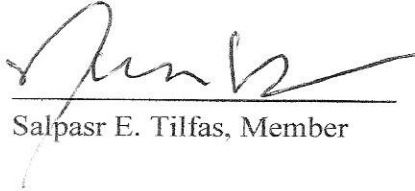
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Artson S. Talley, Member



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Bob H. Skilling, Member



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Yarnado A. Melander, Member



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Salpasr E. Tilfas, Member