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An Act to authorize the raising of loans by the Government of the Marshall Islands within and outside the Republic and to provide for matters connected therewith or incidental thereto. [Section numbering style modified to conform to new code format (Rev.2003)]

Commencement:	March 22, 1985
Source:	P.L. 1985-8
	P.L. 1987-5
	P.L. 1988-2
	P.L. 1989-39

PART I - PRELIMINARY**§1001. Short title.**

This Act may be cited as the "Government Borrowing Act 1985". [P.L. 1985-8, §1.]

§1002. Interpretation.

In this Act:

(a) "loan" means any form of financial credit for goods or services, granted to or on behalf of the Government of the Marshall Islands or to a public corporation:

(i) by a foreign government or by any agency of a foreign government;

(ii) by any international or other organization; or

(iii) by any person or body of persons, within or outside the Republic, as may be approved by the Government of the Marshall Islands generally or with respect to a particular

transaction, and includes any sum of money which the Government of the Marshall Islands or the public corporation undertakes to pay any such foreign government, agency, organization, person or body of persons that discharges any liability of the Government of the Marshall Islands or the public corporation with respect to any transaction between the Government of the Marshall Islands, or the public corporation and any such foreign government, agency, organization, person or body of persons;

(b) “Minister” means the Minister of Finance;

(c) “other designated fund” means such public funds of the Republic other than the Marshall Islands General Fund as the Minister may in each case designate;

(d) “public corporation” means a Corporation, Board or any other body or authority which was or is established with majority of shares, stock or capital provided by the Government of the Republic of the Marshall Islands;

(e) “self-liquidating loans” means a loan which:

(i) has no obligation to repay any principal portion thereof until the final maturity date; and

(ii) by its terms, amount, and interest rate, allows the government by investing a portion of the loan proceeds in investment grade instruments, which shall not be utilized for other purposes, to repay all interest and principal obligations of the loan without the use or expenditure of other Government funds. [P.L. 1985-8, §2; amended by P.L. 1987-5, §2, amending §2(a); amended by P. L. 1987-5, §3, adding Paragraph (d); amended by P.L. 1988-2, §2, adding new Paragraph (e); amended by P.L. 1989-39, §2, substituting Paragraph (d).]

PART II- GOVERNMENT BORROWING

§1003. Authority to raise loans.

(1) Subject to the provisions of this Act the Minister may, with the concurrence of the Cabinet, raise within or outside the Republic such loans and upon such terms and conditions as to interest, repayment or otherwise as may be approved by the Nitijela by resolution.

(2) The Minister or any person specially authorized by him in that behalf may, with the concurrence of the Cabinet, in the name and on behalf of the Government of the Marshall Islands, sign:

(a) an agreement relating to a loan to the Government of the Marshall Islands:

(b) a guarantee by the Government of the Marshall Islands relating to a loan to a public corporation; and

(c) any contract, bond, promissory note or other document required by such agreement or guarantee to be executed by the Government of the Marshall Islands.

(3) Notwithstanding the provisions of Subsection (1) of this Section and Section 1004 of this Act, the Cabinet may authorize the Minister to raise or enter into and conclude, within or outside the Republic, any loan on behalf of the Republic; provided, however, the Minister duly certifies to the Cabinet that the loan is a self-liquidating loan. [P.L. 1985-8, §3; amended by P.L. 1987-5, §3, adding new Subsection (2); amended by P.L. 1988-2, §3, adding new Subsection (3).]

§1004. Purposes and application of loans.

Monies borrowed under Section 1003 of this Act shall be duly applied for such purpose or purposes as may from time to time be approved in relation thereto by the Nitijela in the manner provided in Section 1003 of this Act. [P.L. 1985-8, §4.]

§1005. Loans to be charged to the Marshall Islands General Fund.

All sums payable by the Government of the Marshall Islands:

- (a) under an agreement relating to a loan to the Government of the Marshall Islands;
 - (b) in terms of a guarantee relating to a loan to a public corporation; and
 - (c) under any contract, bond or promissory note or other document executed pursuant to such agreement or guarantee,
- shall be charged upon and paid out of the Marshall Islands General Fund. [P.L. 1985-8, §5; amended completely by P.L. 1987-5, §4.]

PART III - GENERAL**§1006. Approval of the Attorney-General.**

All instruments which evidence any indebtedness for a loan under this Act shall, prior to their execution by the Minister, be approved by the Attorney-General whose duty it shall be to ensure that such instruments duly comply with the law applicable thereto. [P.L. 1985-8, §6.]

§1007. Accounts and records.

The Secretary of Finance shall maintain proper accounts and records in the Marshall Islands General Fund or other designated fund relating to each loan raised under this Act. [P.L. 1985-8, §7.]

§1008. Annual reports to Nitijela.

At each regular session of the Nitijela, the Minister shall present a report on all loans raised under this Act and not fully repaid, and a report on the state of the loan funds. The report shall state:

- (a) the number of loans outstanding;
- (b) the number of loans raised during the last preceding calendar year, and the amounts of money received from each loan;
- (c) the cost of raising the loans;
- (d) the amounts paid out of the Marshall Islands General Fund or other designated fund during the last preceding calendar year, including the amounts in repayment of principal and the amounts in payment of interest;
- (e) the cost of administering the loan funds including bank charges;
- (f) the total amount of monies due, or becoming due, for payment out of the Marshall Islands General Fund or other designated fund in the current calendar year with respect to:
 - (i) expenditures under loans;
 - (ii) repayment of loans; and
 - (iii) payment of interest on loans;
- (h) the total amount of loans which had not been repaid by the close of the last preceding calendar year; and
- (i) such matters as the Cabinet considers necessary or desirable to clarify or explain the other contents of the report. [P.L. 1985-8, §8.]

§1009. No loans to be raised except under this Act.

No loan may be raised by or on behalf of the Government of the Marshall Islands except in accordance with the provisions of this Act. [P.L. 1985-8, §9.]