

TENTH OLBHIL ERA KELULAU

First Regular Session, January 2017

RPPL No. 10-01  
Passed as Senate Bill No. 10-25, SD3, HD3

AN ACT

~~\$87,235,675~~ \$87,235,675

\$87,805,675

To enact a budget law for Fiscal Year 2017 through the authorization of the sum of ~~\$87,235,675~~ and appropriation of the sum of ~~\$87,235,675~~ from the National Treasury for the annual general operations, special revenue, and debt service budget of the Republic of Palau for the fiscal year ending September 30, 2017; to amend Section 2603 of Title 40 to adjust the tobacco product confiscation period; and for related purposes.

THE PEOPLE OF PALAU REPRESENTED IN THE OLBHIL ERA KELULAU DO ENACT AS FOLLOWS:

1 Section 1. Short Title. This Act shall be known as and may be cited as,  
2 "The Fiscal Year 2017 Budget Act."

3 Section 2. Executive Branch Operations. The sum of \$44,865,500 is  
4 authorized for appropriation and is hereby appropriated for expenditure and  
5 obligation for Fiscal Year 2017 for the purpose of covering the operational and  
6 contingent expenses of the Executive Branch. The total amount authorized to be  
7 appropriated shall be made up of the following available revenues: The amount of  
8 \$26,218,500 shall come from local revenues; the amount of \$13,147,000 shall come  
9 from anticipated USDOJ-OIA fiscal year 2017 grant assistance provided to Palau; the  
10 amount of \$500,000 shall come from the Non-Communicable Diseases Fund, as  
11 created by RPPL 9-57, in order to fund the purchase of new medical referral housing  
12 in the Philippines and fund the Republic of Palau's Hyperbaric Chamber; and the  
13 amount of \$5,000,000 shall come from Compact Section 211(f) Trust Fund  
14 Investment Account. The total amount authorized for appropriation and that is  
15 hereby appropriated in this section shall be allocated according to the following  
16 schedule, respectively:

17	(1) Office of the President	
18	(a) President's Office	\$817,000
19	(b) Official Expenses	30,000
20	(c) Grants Coordinator	76,000
21	(d) Council of Chiefs	151,000
22	(e) Presidential Stipend	12,500
23		Sub-Total \$1,086,500
24	(2) Office of the Vice-President	

1	(a)	Vice President's Office	\$304,000
2	(b)	National Emergency Management Office	179,000
3		Sub-Total	\$483,000
4	(3)	Ministry of Finance	
5	(a)	Office of the Minister	\$58,000
6	(b)	Information Systems Support Services	241,000
7	(c)	Bureau of National Treasury	868,000
8	(d)	Bureau of Budget and Planning	641,000
9	(e)	Bureau of Public Service System	245,500
10	(f)	Workmen's Compensation	45,000
11	(g)	Bureau of Revenue & Taxation	640,000
12	(h)	Bureau of Customs	1,060,000
13		<i>Of these funds, the sum of \$100,000, or so much thereof as may be</i>	
14		<i>necessary, shall be earmarked for the implementation of the</i>	
15		<i>Environmental Impact Fee (EIF).</i>	
16		Sub-Total	\$3,798,500
17	(4)	Ministry of State	
18	(a)	Office of the Minister	\$58,000
19	(b)	ROP Consulate Office in Guam	107,000
20	(c)	ROP Consulate Office in Saipan	50,000
21	(d)	ROP Embassy in Washington, D.C.	330,000
22	(e)	ROP Embassy in Tokyo, Japan	436,000
23	(f)	ROP Embassy in Taipei, Taiwan	162,000
24	(g)	ROP Embassy in Manila, Philippines	151,000
25	(h)	United Nations Representation Office	317,000
26	(i)	Office of the Public Defender	363,000
27	(j)	Bureau of Trade & Foreign Affairs	451,000
28	(k)	Bureau of Domestic Affairs	286,000
29	(l)	Passport Office	153,000

1                                    *Of these funds, the sum of \$75,000, or so much thereof as may be*  
2                                    *necessary, is earmarked for the purpose of procuring additional*  
3                                    *passport supply stock.*

4	(m)	International Organizations Obligations	250,000
5	(n)	Southwest Island Field Trips/ Sonsorol & Hatohobei	272,000
6	(o)	ROP Embassy for European Union/Climate Change	185,000
7		Sub-Total	\$3,571,000

8                    (5)    Ministry of Community & Cultural Affairs

9	(a)	Office of the Minister	\$58,000
10	(b)	Bureau of National Archive	138,000
11	(c)	Bureau of Youth, Sports & Recreation	328,000
12	(d)	Bureau of Aging & Gender	299,000

13                                    *Of these funds, the sum of \$20,000, or so much thereof as may be*  
14                                    *necessary, is earmarked for the purpose of implementing the Family*  
15                                    *Protection Act; and the sum of \$30,000, or so much thereof as may*  
16                                    *be necessary, is earmarked for the purpose of homecare for the*  
17                                    *elderly with no income.*

18	(e)	Sports Facilities Maintenance & Utilities	94,000
19	(f)	Bureau of Arts & Culture	198,000
20	(g)	Olchotel Belau Fair	20,000
21	(h)	Palau Severely Disabled Assistance Fund	298,000
22		Sub-Total	\$1,433,000

23                    (6)    Ministry of Education

24	(a)	Office of the Minister	\$58,000
25	(b)	School Books, Supplies & Inst. Equip.	469,000

26                                    *Any funds authorized and appropriated for the purpose of*  
27                                    *purchasing or replacing school textbooks shall be exempt from*  
28                                    *formal procurement requirements, and must only follow Sole*  
29                                    *Procurement procedures.*

1                                    *Of these funds, the sum of \$169,000, or so much thereof as may be*  
 2                                    *necessary, is earmarked for the procurement of Student Desks &*  
 3                                    *Chairs Combo.*

4	(c)	Bureau of Curriculum & Instruction	508,000
5	<i>Of these funds, the sum of \$100,000, or so much thereof as may be</i>		
6	<i>necessary, is earmarked for SAT 10 Test.</i>		
7	(d)	Bureau of School Administration	7,005,000
8	(e)	Food Service Program	846,000
9	(f)	2017 Pacific Educational Conference	\$50,000
10		<b>Sub-Total</b>	<b>\$8,936,000</b>

11        (7)    Ministry of Public Infrastructure, Industries and Commerce

12                                    (a)    Office of the Minister                                    \$58,000  
 13                                    (b)    FAA, UNDP & Other Match                                    665,000  
 14                                    *Of these funds, the sum of \$150,000, or so much thereof as may be*  
 15                                    *necessary, is earmarked for State Government Strengthening*  
 16                                    *Project.*

17	(c)	Bureau of Commercial Development	330,000
18	(d)	Palau Small Business Development (UOG)	45,000
19	(e)	Bureau of Aviation	1,868,000
20	(f)	Bureau of Lands and Survey	898,500
21	(g)	Bureau of Public Works	1,536,000

22                                    *Of these funds, the sum of \$150,000, or so much thereof as may be*  
 23                                    *necessary, is earmarked for the Palau Energy Office; and the*  
 24                                    *amount of \$50,000, or so much thereof as may be necessary, shall be*  
 25                                    *used for the recruitment of certified Palauans who successfully*  
 26                                    *complete training on the removal and clearing of Explosive*  
 27                                    *Remnants of War (ERW).*

28	(h)	National Capitol Electricity/Maintenance	1,450,000
29	(i)	CIP Office Operations	155,000

1		Sub-Total	\$7,005,500
2	(8)	Ministry of Justice	
3	(a)	Office of the Attorney General	634,000
4	(b)	Bureau of Immigration & Labor	937,000
5	(c)	Bureau of Public Safety	3,476,000
6		<i>Of this sum, the amount of \$125,000 is earmarked as follows:</i>	
7		<i>\$110,000 to fund the demolition of the existing BRT building and</i>	
8		<i>\$15,000 to fund the materials, supplies and other costs necessary to</i>	
9		<i>construct a temporary office for employees working in the existing</i>	
10		<i>BRT building. The entirety of the earmarked funds shall be non-</i>	
11		<i>lapsing.</i>	
12	(d)	Bureau of Maritime Security & FWP	955,000
13	(e)	National Drug Task Force	150,000
14		Sub-Total	\$6,152,000
15	(9)	Ministry of Health	
16	(a)	Office of the Minister	558,000
17	(b)	Bureau of Public Health	1,366,000
18	(c)	Health Admin & Support Service	4,102,000
19		Health Administration	(3,317,000)
20		Manila Medical Referral	(510,000)
21		<i>Of these funds, the sum of \$400,000 is hereby earmarked for the</i>	
22		<i>purpose of purchasing new medical referral housing in the</i>	
23		<i>Philippines. The sum of \$400,000 shall be exempt from the</i>	
24		<i>procurement laws, provided that the Minister of Health,</i>	
25		<i>Minister of Finance, and respective chairs of the Senate and</i>	
26		<i>House of Delegates' Ways and Means Committees shall</i>	
27		<i>collaborate to negotiate the contract for the purchase of new</i>	
28		<i>medical referral housing in the Philippines.</i>	
29		Hawaii Medical Referral	(125,000)

1	Taipei Medical Referral	(150,000)
2	(d) Medical Supplies & Drugs	300,000
3	(e) Hemodialysis	515,000
4	(f) Hyperbaric Chamber	100,000
5	(g) Bureau of Clinical Services	1,991,000
6	(h) Bureau of Nursing	2,414,000
7		Sub-Total \$10,846,000

8	(10) Ministry of Natural Resources, Environment & Tourism	
9	(a) Office of the Minister	\$58,000
10	(b) Bureau of Marine Resources	650,000
11	<i>Of these funds, the sum of \$75,000, or so much thereof as may be</i>	
12	<i>necessary, is earmarked for banking fees for Japan ODA (New</i>	
13	<i>Hatchery Facility).</i>	
14	(c) Bureau of Agriculture	636,000
15	(d) Bureau of Tourism	210,000
16		Sub-Total \$1,554,000
17		Section 2 Total \$44,865,500

18 Section 3. Judicial Branch. The sum of \$3,124,000 is hereby authorized to  
19 be appropriated and is hereby appropriated for expenditure or obligation for Fiscal  
20 Year 2017 for the purpose of covering the operational and contingent expenses of the  
21 Judicial Branch. The entire amount of the funds authorized and appropriated in this  
22 section shall come from local revenues.

23 Section 4. Legislative Branch. The sum of ~~\$5,746,500~~ <sup>\$5,746,500</sup> is hereby authorized  
24 to be appropriated and is hereby appropriated for expenditure or obligation for  
25 Fiscal Year 2017 for the purpose of covering the operational and contingent expenses  
26 of the Legislative Branch. The entire amount of funds authorized and appropriated in  
27 this section shall come from local revenues. The total authorization and  
28 appropriation shall be allocated according to the following schedule:

29	(1) Senate	\$2,233,000
		<del>\$2,333,000</del>

1	(2) Senate Legal Counsel Office	209,500
2	(3) House of Delegates	2,724,500 <del>1,824,500</del>
3	(4) House Legal Counsel Office	209,500
4	(5) Joint Staff	275,000
5	(6) Association of Pacific Island Legislatures (APIL)	15,000
6	(7) Inter-Parliamentary Union (IPU)	15,000
7	(8) Palau-Japan Parliamentary Friendship	35,000
8	(9) Electricity for Koror OEK building	30,000
9		\$5,746,500 Section 4 Total <del>\$5,746,500</del>

10           Section 5. Boards, Commissions, and Authorities. The sum of \$1,146,000 is  
11 authorized for appropriation and is hereby appropriated for expenditure and  
12 obligation for Fiscal Year 2017 for the purpose of funding the operational and  
13 contingent expenses of Boards, Commissions and Authorities. The entire amount of  
14 funds authorized and appropriated in this section shall come from local revenues.  
15 The total authorization and the total appropriation shall be allocated according to the  
16 following schedule, respectively:

17	(1) Foreign Investment Board	\$217,000
18	(2) Palau Election Commission	258,000
19	(3) COFA Board of Trustees	25,000
20	(4) Palau Code Commission	65,000
21	(5) Palau Public Lands Authority	122,000
22	(6) Parole Board	30,000
23	(7) Palau Housing Authority	70,000
24	(8) Ethics Commission	51,000
25	(9) Financial Institutions Commission	37,000
26	(10) Financial Investigations Unit	187,000
27	(11) Language Commission	59,000
28	(12) Ngardmau Free-Trade Zone Authority	25,000
29		Section 5 Total \$1,146,000

1           Section 6. State Block Grants. The sum of \$7,189,275 is hereby authorized to  
2 be appropriated and is hereby appropriated for expenditure or obligation for Fiscal  
3 Year 2017 for the purpose of State Governments' operational and capital  
4 improvement projects expenses. The entire amount of funds authorized and  
5 appropriated in this section shall come from local revenues, provided that up to  
6 \$1,133,500 as available shall come from environmental protection fee ("Green Fee")  
7 revenues pursuant to 24 PNC § 3413, as amended. The amount authorized for  
8 appropriation shall be available for expenditure for operations and CIP projects in  
9 accordance with 40 PNC Chapter 22. The total authorization and total appropriation  
10 shall be allocated according to the following schedule, respectively:

11	(1) Aimeliik State	\$415,000
12	(2) Airai State	622,425
13	(3) Angaur State	378,200
14	(4) Hatohobei State	312,000
15	(5) Kayangel State	352,600
16	(6) Koror State	915,150 <del>1,133,500</del>
17	(7) Melekeok State	403,900
18	(8) Ngaraard State	449,550
19	(9) Ngarchelong State	449,550
20	(10) Ngardmau State	398,250
21	(11) Ngeremlengui State	407,200
22	(12) Ngatpang State	392,750
23	(13) Ngchesar State	415,000
24	(14) Ngiwal State	398,250
25	(15) Peleliu State	467,450
26	(16) Sonsorol State	312,000
27		\$7,089,275 <del>\$7,189,275</del>
	Section 6 Total	

28           Section 7. Independent Agencies. The sum of \$3,584,000 is authorized for  
29 appropriation and is hereby appropriated for expenditure or obligation for Fiscal



1 Year 2017 as operating grants or subsidies for independent agencies of the National  
2 Government. The entire amount of the funds authorized and appropriated in this  
3 section shall come from local revenues. The total authorization and appropriation  
4 shall be allocated according to the following schedule, respectively:

5	(1) Office of the Public Auditor	\$732,000
6	(2) Office of the Special Prosecutor	305,000
7	(3) Palau Environmental Quality Protection Board (EQPB)	453,000
8	(4) National Postal Service	482,000
9	<i>Of these funds, the sum of \$80,000, or so much thereof as may be necessary, is</i>	
10	<i>earmarked for the purchase of two (2) postal cargo trucks/vans.</i>	
11	(5) Palau Visitors Authority	1,426,000
12	(6) National Aviation Administration	186,000
13	Section 7 Total	\$3,584,000

14 Section 8. Other Agencies and Activities. The sum of \$1,923,000 is  
15 authorized for appropriation and is hereby appropriated for expenditure or  
16 obligation for Fiscal Year 2017 as grants or subsidies for recurring programs and  
17 activities. The entire amount of funds authorized and appropriated in this section  
18 shall come from local revenues. The total authorization and appropriation shall be  
19 allocated according to the following schedule, respectively:

20	(1) Palau National Museum	\$260,000
21	(2) Micronesian Legal Services	125,000
22	(3) Palau Community Action Agency	354,000
23	<i>Of these funds, the sum of \$79,000 or so much thereof as may be necessary, is</i>	
24	<i>earmarked for the apprentice program for the Civic Action Team.</i>	
25	(4) Head Start Program	113,000
26	(5) Palau Red Cross	10,000
27	(6) WIA Grant Contribution	94,000
28	(7) Civic Action Team Share	250,000
29	(8) PNOC & Sports Organizations	177,000

1	(9) Palau Int'l Coral Reef Center	450,000
2	<i>Of these funds, up to the sum of \$50,000 is earmarked to match the contribution</i>	
3	<i>of the Center to the PICRC Endowment Fund.</i>	
4	(10) Youth Congress	5,000
5	(11) Palau Little League/T-Ball	5,000
6	(12) Junior Statesmen of America	10,000
7	(13) Peace Corps Contribution	70,000
8	Section 8 Total	\$1,923,000

9 Section 9. Education Assistance. The sum of \$5,401,000 is hereby  
10 authorized to be appropriated and is hereby appropriated for expenditure or  
11 obligation for Fiscal Year 2017 to subsidize the educational institutions and  
12 scholarship program set forth below. The total amount authorized to be appropriated  
13 and that is hereby appropriated in this section shall come from local revenue. The  
14 total authorization and appropriation shall be allocated according to the following  
15 schedule, respectively:

16	(1) Palau Community College	\$2,496,000
17	(a) PCC Operations	(2,338,000)
18	(b) PCC Board of Trustees	(38,000)
19	(c) PCC CRE	(35,000)
20	(d) COM Board of Regents	(25,000)
21	(e) PCC Endowment Fund	(60,000)
22	(2) Aid to Non-Public Schools	\$ 902,000
23	(a) Emmaus-Bethania High School	(170,000)
24	(c) Palau Mission Academy	(116,000)
25	(d) Mindszenty High School	(195,000)
26	(e) Ibobang High School	(116,000)
27	(f) Maris Stella School	(115,000)
28	(g) Koror SDA Elementary School	(110,000)
29	(h) Emmaus Kindergarten	(36,000)

1	(i) SDA Kindergarten	(22,000)
2	(j) Catholic Kindergarten	(22,000)
3	(3) National Scholarship Fund	\$2,003,000
4	(a) Spring Semester scholarships & grants	(949,000)
5	(b) Fall Semester scholarships & grants	(949,000)
6	(c) Administrative Expenses	(105,000)
7		Section 9 Total \$5,401,000

8 Section 10. Hospital Trust Fund. The amount of \$1,998,000 or the actual  
9 amount collected, is hereby authorized to be appropriated and is hereby  
10 appropriated for Fiscal Year 2017 for purposes of the Hospital Trust Fund. The  
11 amount authorized to be appropriated and that is hereby appropriated shall come  
12 from the revenues derived from clinical and public health medical and dental services  
13 fees and charges during the fiscal year, so long as the actual expenditures or  
14 obligations does not exceed actual revenue receipts. Any unexpended or unobligated  
15 balance of the appropriation of this section shall not lapse at the end of the fiscal year.

16 Section 11. PAN Fund. The sum of \$1,979,500 or the actual amount  
17 collected is hereby authorized to be appropriated and is hereby appropriated for  
18 Fiscal Year 2017 for the purposes of the Protected Areas Network Fund pursuant to  
19 24 PNC § 3413, as amended. The amount authorized to be appropriated in this  
20 section shall come from local revenues derived from the collection of the  
21 environmental protection fee ("Green Fee") during the fiscal year. Any unexpended  
22 or unobligated balance of the appropriation of this section shall not lapse at the end  
23 of the fiscal year.

24 Section 12. Road Maintenance Fund. The amount of \$794,000 is hereby  
25 authorized to be appropriated and is hereby appropriated for Fiscal Year 2017 for  
26 purposes of the Road Maintenance Fund to be used for the routine and periodic  
27 maintenance of the Compact Road and other national road infrastructure network.  
28 Any unexpended or unobligated balance of the appropriation of this section shall not  
29 lapse at the end of the fiscal year.

1           Section 13. Deposit Beverage Container. The amount of \$512,000, or the  
2 actual amount collected, is hereby authorized to be appropriated and is hereby  
3 appropriated for Fiscal Year 2017 for the purposes of the Recycling Fund. The  
4 amount authorized to be appropriated and that is hereby appropriated shall come  
5 from fees derived from deposit of beverage containers pursuant to RPPL 7-24, so  
6 long as the actual expenditures or obligations does not exceed actual revenue receipts  
7 during the fiscal year. Any unexpended or unobligated balance of the appropriation  
8 of this section shall not lapse at the end of the fiscal year.

9           Section 14. All Other General Fund Revolving Accounts. The amount of  
10 \$1,106,000, or the actual amount collected, is hereby authorized to be appropriated  
11 and is hereby appropriated for Fiscal Year 2017 for all other special revolving  
12 accounts under the General Fund established pursuant to law. The amount  
13 authorized to be appropriated and that is hereby appropriated shall come from fees,  
14 fines and other charges derived from various activities and programs during the  
15 fiscal year, so long as the actual expenditures or obligations does not exceed actual  
16 revenue receipts. Any unexpended or unobligated balance of the appropriation of  
17 this section shall not lapse at the end of the fiscal year.

18           Section 15. National Coordinating Mechanism for NCDS. The amount of  
19 \$500,000 is hereby authorized to be appropriated for Fiscal Year 2017 for the  
20 purposes of the National Coordinating Mechanism for NCDS. The amount  
21 authorized to be appropriated and that is hereby appropriated shall come from the  
22 10% allocation of the annual revenues derived from taxes imposed on alcoholic  
23 beverages and tobacco during the fiscal year pursuant to RPPL No. 9-57, so long as  
24 the actual expenditures or obligations does not exceed actual revenue receipts. Any  
25 unexpended or unobligated balance of the appropriation of this section shall not lapse  
26 at the end of the fiscal year.

27           Section 16. General Fund Reserve. The amount of \$1,385,900 is hereby  
28 authorized to be appropriated and is hereby appropriated for Fiscal Year 2017 for  
29 the purposes of the General Fund Reserve pursuant to 40 PNC § 330.

1           Section 17. Debt Service. The sum of \$2,765,000 is authorized for  
2 appropriation and that is hereby appropriated for Fiscal Year 2017 for the purpose  
3 of payment of periodic interest and principal payments pursuant to the promissory  
4 notes under the International Commercial Bank of China (“ICBC”) (Taiwan) loan  
5 agreement for the purpose of completion of Phase II of the national capital  
6 construction project in Melekeok State; Mega International loan agreement for the  
7 purpose of undertaking various improvements to the Palau International Airport;  
8 and the Asian Development Bank (“ADB”) Water Sector Improvement Program  
9 (“WSIP”) loan for various infrastructure and institutional capacity improvement  
10 initiatives. The entire amount authorized to be appropriated and that is hereby  
11 appropriated in this section shall come from local revenues, provided that up to  
12 \$846,000 as available shall come from environmental protection fee (“Green Fee”)  
13 revenues pursuant to 40 PNC § 3413, as amended. Any unexpended or unobligated  
14 balance of the appropriation of this section shall not lapse at the end of the fiscal year.  
15 The total authorization and appropriation amount shall be allocated to the following  
16 schedule:

17	(1) ICBC Capitol Relocation Project	\$1,313,000
18	(2) ICBC PIA Debt Service	606,000
19	(3) ADB Program Loan (WSIP)	846,000
20		Section 15 Total \$2,765,000

21           Section 18. Outside Grants and Development Assistance. All external funds  
22 received from development partners and donors, including, but not limited to, the  
23 U.S. Federal Program Grants, Japan Grant Aid, Republic of China (Taiwan) grants,  
24 other countries, organizations, or individual donors, are hereby authorized to be  
25 appropriated and are appropriated for Fiscal Year 2017 in the amounts received for  
26 those specific programs or projects for which they are granted, donated, or otherwise  
27 contributed. U.S. Federal Program Grants cost recoveries associated with such  
28 program grants may be retained for use by the President for such purposes as are  
29 needed to implement such programs or projects for which they were granted. The

1 Minister of Finance shall report monthly to the Olbiil Era Kelulau (OEK) the receipt  
2 of any outside grant or development assistance in the preceding month. In addition  
3 to all other reporting requirements established by law or regulation, the Minister of  
4 Finance shall submit quarterly reports to the President and the Olbiil Era Kelulau  
5 (OEK) setting forth expenditures and obligations of all funds received from outside  
6 sources and expended or obligated pursuant to this section.

7 Section 19. Reprogramming. The President shall have the authority to  
8 reprogram funds in Sections 2, 5 and 7 in the Fiscal Year 2017 Budget Act in  
9 accordance with 40 PNC § 351.

10 Section 20. Compact Review Office. The sum of \$200,000 is hereby  
11 authorized to be appropriated and is hereby appropriated for expenditure or  
12 obligation for Fiscal Year 2017 for the purpose of undertaking Compact of Free  
13 Association review and its associated activities. The entire amount authorized to be  
14 appropriated and that is hereby appropriated in this section shall come from local  
15 revenues. Any unexpended or unobligated balance of the appropriation of this  
16 section shall not lapse at the end of the fiscal year. The services purchased with funds  
17 authorized and appropriated for the purposes of the Compact Review and lobbying  
18 services in Washington D.C. in connection with the passage of the Compact II shall be  
19 exempt from the competitive procurement requirements of Chapter 6 of Title 40 of  
20 the Palau National Code because the services related to the Compact Review Office  
21 are particularly specialized to securing the ratification of the Compact II in the  
22 United States Congress.

23 Section 21. Supplemental SSA Benefit Payments. The sum of \$2,000,000 is  
24 hereby authorized to be appropriated and is hereby appropriated for expenditure or  
25 obligation for Fiscal Year 2017 for the purpose of continuing the additional fifty  
26 dollars (\$50) to Social Security benefit payments as an alternative to the Senior  
27 Citizens Discount Program. The continuation of this supplemental social security  
28 benefit payment is subject to appropriation of funds from the National Government.  
29 The entire amount authorized to be appropriated and that is hereby appropriated in

1 this section shall come from local revenues. Any unexpended or unobligated balance  
2 of the appropriation of this section shall not lapse at the end of the fiscal year.

3 Section 22. New Correctional Facility Construction. The sum of \$500,000 is  
4 hereby authorized to be appropriated and is hereby appropriated for expenditure or  
5 obligation for Fiscal Year 2017 to provide additional funding towards the  
6 construction of the Republic's new Correctional Facility including environmental  
7 assessments, road access, site clearance, basic infrastructure connections and  
8 facilities. The entire amount authorized to be appropriated and appropriated in this  
9 section shall come from local revenues. Any unexpended or unobligated balance of  
10 the appropriation of this section shall not lapse at fiscal year end.

11 Section 23. Appropriation for Settlement of Max, et al., v. Republic of Palau,  
12 Civ. No. 15-004. The sum of up to \$80,000 is hereby authorized for appropriation and  
13 appropriated for expenditure by the Republic for the settlement of the civil lawsuit  
14 against the Republic (*Max, et al., v. Republic of Palau*, Civ. No. 15-004). Such funds  
15 shall come from local revenues, be non-lapsing, and paid pursuant to terms and  
16 conditions as forth in the settlement agreement.

17 Section 24. Appropriation for Settlement of Ibul Bruce v. Republic of Palau,  
18 et al., CA No. 15-070. The sum of up to \$350,000 is hereby authorized for  
19 appropriation and appropriated for expenditure by the Republic for the settlement of  
20 the civil lawsuit against the Republic (*Ibul Bruce v. Republic of Palau, et al., CA No.*  
21 *15-070*). Such funds shall come from local revenues, be non-lapsing, and paid  
22 pursuant to terms and conditions as forth in the settlement agreement.

23 Section 25. Appropriation for Ngchesar State Government. The sum of  
24 \$130,000 is hereby authorized for appropriation and the sum of \$60,000 is  
25 appropriated for expenditure for the Ngchesar State Government to help address the  
26 legal liability created by civil lawsuit *Children of Emesiochel, Represented By Juunita*  
27 *Udui and Benjamin Emesiochel v. The Ngchesar State Gov't., et al*, Civ. No. 11-051.  
28 Such funds shall come from local revenues and be non-lapsing.

29 Section 26. Amendment. Section 18 of RPPL 9-46, as amended by RPPL 9-

1 62, is further amended to read as follows:

2 "Section 18. Subsidy to PPUC for Water & Sewer Operations.

3 The sum of \$1,603,500 is authorized for appropriation and is hereby appropriated for  
4 expenditure in Fiscal Year 2016 to subsidize the power, water and sewer  
5 improvement operations of the Palau Public Utilities Corporation (PPUC), provided  
6 that the amount of \$603,500, or so much thereof as may be necessary, shall be utilized  
7 by the PPUC for costs associated with migrating their SCADA system to a new  
8 bandwidth (radio frequency) and to establish and fund a permanent subsidy program  
9 for electrical power consumption for fixed or low income household customers. The  
10 Subsidy Program shall subsidize electrical power usage for only the life-line rate (0-  
11 150KwH) for eligible households. Eligibility criteria shall be based on the poverty  
12 threshold as defined in the *Analysis of the 2006 Household Income and Expenditure*  
13 *Survey Report* and as updated. The Subsidy Program shall also subsidize water and  
14 wastewater usage for the first 0-5K gallons for eligible households. Available funds  
15 for the water and wastewater component of the subsidy program shall be utilized to  
16 subsidize Angaur State customers retroactive to January 2016 until such time as  
17 water quality is improved, as confirmed by the EQPB, and provided that associated  
18 billings that have been paid shall be credited to the customers' future service billings  
19 including electrical power.

20 PPUC shall also establish and fund a Water Quality Subsidy Program which shall  
21 proportionally subsidize water charges for those customers who currently have  
22 untreated water. The Water Quality Subsidy Program shall continue until such time  
23 those customers have treated water. This shall be in place of existing tariffs on  
24 untreated water. The PPUC and the Ministry of Finance shall work together to  
25 develop rules and regulations to implement both subsidy programs upon the  
26 enactment of this Act. The PPUC shall provide an annual report of the subsidy  
27 program to the President and the Olbiil Era Kelulau including but not limited to the  
28 number of eligible customers, program and administrative cost..."



1           Section 27. Amendment. 37 PNC § 412, as amended by RPPL 9-4, is hereby  
2 further amended to by adding the following new section:

3           § 412. Rates; rate making process.

4           (a) ...

5           (b) ...

6           (c) ...

7           (d) ...

8           (e) ...

9           (f) ...

10          (g) ...

11          (h) ...

12          (i) ...

13          (j) With respect to customers who have diminished water quality at the  
14 time of the passage of this Act, until such time that the water quality of such  
15 customers is improved and certified as improved by the Environmental  
16 Quality Protection Board, these customers shall not be subject to the tariff  
17 schedule, but rather the PPUC shall establish a schedule of subsidized rates to  
18 be applicable to these customers.”

19          Section 28. Civil Service Pension Plan. There is hereby authorized and  
20 appropriated the sum of \$301,000 to the Republic of Palau Civil Service Pension Plan  
21 and Fund; such sum is to be used to maintain the Republic of Palau Civil Service  
22 Pension Plan and Fund on a sound actuarial basis. The entire amount of the funds  
23 authorized and appropriated in this section shall come from local revenues.

24          Section 29. Cross-over Road in Babeldaob. There is hereby authorized and  
25 appropriated a sum of \$200,000 for the purpose of building a “cross-over” road in  
26 Babeldaob to connect Ngardmau to Melekeok. The entire amount of the funds  
27 authorized and appropriated in this section shall come from local revenues. Any  
28 unexpended or unobligated balance of the appropriation of this section shall not lapse  
29 at the end of the fiscal year.

1           Section 30. Cleared Ground Demining Subsidy. The sum of \$50,000 is  
2 authorized for appropriation and is hereby appropriated for expenditure or  
3 obligation to Cleared Ground Demining for the purpose of facilitating ERW  
4 clearance operations in the Republic of Palau. The entire amount authorized to be  
5 appropriated and appropriated in this section shall come from local revenues and  
6 shall be non-lapsing.

7           Section 31. Xavier High School Subsidy. The sum of \$50,000 is authorized for  
8 appropriation and is hereby appropriated for expenditure or obligation to Xavier  
9 High School for the purpose of facilitating the educational activities of Xavier High  
10 School in Chuuk, Federated States of Micronesia. The entire amount authorized to be  
11 appropriated and appropriated in this section shall come from local revenues and  
12 shall be non-lapsing.

13           Section 32. Palau Conservation Society Endowment Fund. The sum of \$25,000  
14 is authorized for appropriation and is hereby appropriated for expenditure or  
15 obligation to the Palau Conservation Society Endowment Fund for the purpose of  
16 contributing to the conservation efforts of the Palau Conservation Society. The entire  
17 amount authorized to be appropriated and appropriated in this section shall come  
18 from local revenues and shall be non-lapsing.

19           Section 33. Amendment. Section 2603 of Title 40 of the Palau National Code is  
20 hereby amended as follows:

21           “§ 2603. Penalties.

22           (a) Any tobacco products on which the applicable excise taxes have not been paid  
23 shall be confiscated by the Bureau of Revenue, Customs and Taxation until such time  
24 as the applicable tax and any fines, in addition to storage fees, are paid. If the  
25 applicable tax, fines, and storage fees are not paid within sixty (60) days, the Bureau  
26 shall dispose of the confiscated items in a manner to be determined by regulation.

27           The Bureau shall not be liable for any damage to confiscated items. The Bureau shall  
28 apply the sixty day deadline to all confiscated tobacco products seized after the  
29 effective date of this Act.

1           ...”

2           Section 34. Amendment. Section 14 of RPPL 9-44 is hereby amended as  
3 follows:

4           “Section 14. Amendment. Section 18 of RPPL No. 9-34, as amended by RPPL  
5 No. 9-37, is hereby amended to read as follows:

6           “Section 18. Subsidy to PPUC for Water & Sewer Operations. The sum of  
7 \$3,919,000 is authorized for appropriation and is hereby appropriated for  
8 expenditure in Fiscal Year 2015. Of this sum, \$1,704,720 is a subsidy for water and  
9 sewer operations to the Palau Public Utilities Corporation (PPUC). The remaining  
10 balance of \$2,214,280 will be used for capital expenditures as follows:

11           ...

12           (4) \$500,000 will be used to fund new or existing projects from Ngeremlengui  
13 and Airai State for power and water service extension, whereas \$200,000 will go to  
14 such requests from Ngeremlengui State and \$300,000 will go towards such requests  
15 from Airai State. The use of the funds shall include, but not necessarily be limited to,  
16 the purchase of utilities materials and accessories, such as water and power lines,  
17 electric poles and water pipes. All funds authorized and appropriated in this  
18 subsection shall not lapse at the end of the fiscal year. PPUC shall submit quarterly  
19 reports to the President of the Republic and the Olbiil Era Kelulau, detailing its  
20 expenditures under this subsection, and provide an itemization of what materials and  
21 accessories were bought with these funds.


22           ...”

23           Section 35. Severability. If any provision of this Act is found to be invalid  
24 or unconstitutional by a court of competent jurisdiction, then the offending part of  
25 portions may be severed from the rest of the bill and the remaining parts or portions  
26 shall continue in full force and effect.

27           Section 36. Effective Date. This Act shall take effect upon its approval by the  
28 President of the Republic of Palau, or upon its becoming law without such approval.

PASSED: March 16, 2017

Approved this 29<sup>th</sup> day of March, 2017.



HE Tommy E. Remengesau, Jr.  
President  
Republic of Palau