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RPPL No. 6-37

SIXTH OLBIL ERA KELULAU

Eleventh Regular Session, July 2003 RPPL No. 6-37
(Intro. as H.B. No. 6-239-11, HD12, SD8)

AN ACT

To authorize and appropriate the sum of ~~55,251,679~~ 51,560,698 from the National Treasury for the annual general operating, special revenue and debt service budget of the Republic of Palau for the fiscal year ending September 30, 2004; to provide for uses of the Fisheries Treaty Project Development Fund; to amend 22 PNC 156, regarding the elementary and high school curriculum; to amend 2 PNC 503 regarding the powers and duties of the Special Prosecutor; to amend 34 PNC Chapter 82 by the addition of a new section 34 PNC 8209, establishing a Sports Facilities Trust Fund; to amend RPPL No. 5-38(2), as amended by RPPL No. 6-15 and RPPL No. 6-26, to make funds authorized and appropriated for Health Facilities Construction, Renovation and Repairs non-lapsing; to amend 40 PNC 1301 to increase the import tax on cigarettes and to impose import tax on bottled water; to amend RPPL No. 6-26(15)(e), regarding the Palau Severely Disabled Assistance Fund; to amend 9 PNC Chapter 2, regarding the Palau Agricultural Fund; to amend 3 PNC 202, regarding OEK members' official expense allowance; to authorize the President to negotiate a soft loan agreement to finance upgrades to the Airport runway and facilities; to amend 33 PNC 2040, as amended by RPPL No. 5-30, to permit extensions of up to five years beyond the date retirement from government service is otherwise mandatory; to amend RPPL No. 5-34(2)(3)(f) to provide that the three tax auditors to be hired by the Bureau of Revenue, Customs & Taxation are covered by the National Public Service System Act; to amend 22 PNC 229, as amended by RPPL No. 5-15(23)(a), to provide for student loan forgiveness for students of medicine, law, or engineering who return to Palau to work; to prohibit spending any funds appropriated for FY 2004 for prior year debts; to prohibit fulltime national government employees from collecting more than one government salary; to prohibit the use of government boats for recreational purposes or customary functions; to amend 15 PNC 311 to make PNCI and ICTV subject to taxation; and for related purposes.

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

Section 1. Short title. This Act may be cited as "The Fiscal Year 2004 Annual National Budget Authorization and Appropriation Act."

Section 2. Executive branch operations. The sum of ~~30,570,000~~ 30,500,000 is hereby authorized  be appropriated and is appropriated for expenditure and obligation for fiscal year 2004 for the purpose of covering the operational and contingent expenses of the Executive Branch. The total appropriation shall be made up of the following available revenues: The amount of ~~21,499,000~~ 21,429,000

shall come from local revenues, of which \$1,300,000 shall come from the revenues derived from the restoration of 'sin taxes' for 'beer' and 'wine' imports enacted under RPPL No. 6-35 and shall be applied to subsection (9) toward medical referrals, medical supplies and drugs and other health care delivery services; the amount of \$3,000,000 shall come from Compact Section 211 (a) funds; the amount of \$3,200,000 shall come from the Compact Section 215 Inflation Adjustment fund derived from Compact Section 211(a); the amount of \$150,000 shall come from Compact Section 211 (c) funds and shall be applied to subsection (4)(k); the amount of \$90,000 shall come from the Compact Section 215 Inflation Adjustment funds derived from the inflation adjustment of Compact Section 11 (c) and shall be applied to subsection (7)(c); the amount of \$631,000 shall come from Compact Section 211 (d) funds and shall be applied to subsection (8)(e); and the amount of \$2,000,000 shall come from Compact Section 211 (f) Trust Fund Investment Earnings. The total authorization and the total appropriation shall be allocated according to the following schedule, respectively:

(1) Office of the President

(a) President's Office \$594,000

(b) Official Expenses 38,000

(c) Grants Coordinator Office 71,000

(d) Presidential Stipend 25,000

(e) Council of Chiefs 0

Sub-Total \$728,000

(2) Office of the Vice-President

(a) Vice President's Office \$304,000

(b) National Emergency Management Office 90,000

Sub-Total \$394,000

(3) Ministry of Finance

(a) Office of the Minister \$43,000

(b) Information Systems Support Services 160,000

(c) Bureau of National Treasury 627,000

(d) Bureau of Budget and Planning 200,000

(e) Bureau of Public Service System 110,000

(f) Workmen's Compensation 45,000

(g) Bureau of Revenue, Customs & Taxation 975,000

Sub-Total \$2,160,000

(4) Ministry of State

(a) Office of the Minister \$43,000

(b) ROP Consulate Office in Guam 90,000

(c) ROP Embassy in Washington, D.C. 333,000

- (d) ROP Embassy in Tokyo, Japan 333,000
- (e) ROP Embassy in Taipei, Taiwan 100,000
- (f) ROP Consulate Office in Saipan, CNMI 35,000
- (g) ROP Embassy in Manila, Philippines 100,000
- (h) Office of the Public Defender 180,000
- (i) Bureau of Foreign Affairs 225,000
- (j) Bureau of International Trade and Technical Assistance 75,000
- (k) Bureau of Domestic Affairs 333,000
- (l) Passport Office 40,000
- (m) International Organizations Obligations 142,000

Sub-Total \$2,029,000

(5) Ministry of Community & Cultural Affairs

- (a) Office of the Minister \$43,000
- (b) Palau National Archive 40,000
- (c) Bureau of Community Services 213,000
- (d) Aging Program 250,000

Of this sum, \$20,000 shall be used for renovating the main Old Age Center Building and \$30,000 shall be used for programs dedicated to the senior citizens of each state, excluding Koror State. The amount available for use in each state will be determined by the number of senior citizens in each state. The Director of the Aging Program in consultation with the Minister of Community and Cultural Affairs will develop a formula to ensure equitable distribution of these funds.

- (e) Sports Facilities Maintenance & Utilities ~~155,000~~ 85,000

Of this sum, ~~\$35,000~~ 0- shall be used for construction of new restroom facilities at Meyuns ball field, and ~~\$35,000~~ 0- shall be used for construction of restroom facilities for the Airai tennis courts. The Ministry of Community and Cultural Affairs shall begin the process for implementation of the adopted regulations as required under Title 6 of the PNC and RPPL 6-26(5)

- (d) no later than the beginning of FY 2004. (f) Bureau of Arts & Culture 143,000

- (g) Palau Severely Disabled Assistance Fund 150,000

Sub-Total \$ ~~994,000~~ 924,000 (6) Ministry of Education

- (a) Office of the Minister \$43,000
- (b) School Books, Supplies & Instructional Equip. 300,000
- (c) Bureau of Curriculum & Instruction 980,000
- (d) Bureau of School Administration 4,500,000
- (e) Food Service Program 565,000
- (f) Vocational Rehabilitation Office 10,000

Sub-Total \$6,398,000

(7) Ministry of Commerce & Trade

- (a) Office of the Minister \$43,000
- (b) Airport Operations 875,000
- (c) Bureau of Commercial Development 295,000
- (d) Bureau of Human Resource Development 268,000
- (e) Palau Small Business Development Center 20,000
- (f) Pacific Business Center Program 20,000

Sub-Total \$1,521,000

(8) Ministry of Justice

- (a) Office of the Minister \$30,000

No portion of this sum shall be used to pay compensation for Michael J. Rosenthal.

(b) Office of the Attorney General 497,000

(c) Bureau of Immigration 240,000

(d) Bureau of Public Safety 2,134,000

(e) Patrol Boat Operations 655,000

Sub-Total \$3,556,000

(9) Ministry of Health

(a) Bureau of Public Health \$1,020,000 Of this sum, \$45,000 shall be used to hire additional health inspectors.

(b) Office of Health Services Administration 1,640,000

(c) Manila Medical Referral Office 100,000

(d) Hawaii Medical Referral Office 125,000

(e) Medical Supplies & Drugs 500,000

(f) Medical Referrals 700,000

(g) Bureau of Hospital and Clinical Services 2,750,000

(h) Peleliu super-dispensary power line connection 15,000

Sub-Total \$6,850,000

(10) Ministry of Resources & Development

(a) Office of the Minister \$43,000

(b) PALARIS Office 150,000

(c) Bureau of Agriculture 345,000

(d) Bureau of Marine Resources 427,000

(e) Bureau of Public Works 1,425,000

(f) Asphalt Plant Operations 150,000

(g) CIP Office Operations 160,000

(h) Bridge and Road Maintenance 166,000

(i) Bureau of Lands & Surveys 802,000

(j) OMIP and Other Grants Match 225,000

(k) Water & Sewer Operations 1,775,000

Of this sum: \$58,000 shall be used to purchase two water pumps and pipes for improvements to the Peleliu water system; \$20,000 shall be used to repair the water tanks in Ngarchelong; and a Water Plant Manager, who must hold an engineering degree from a four-year college or university, or equivalent work

experience, shall be recruited and paid a salary of between \$25,000 and \$35,000, at the discretion of the Minister.

(l) Rural Sanitation Project 150,000

(m) Palau Fisheries Advisory Committee 0

(n) Bureau of Oceanic Fisheries Management 122,000

Sub-Total 5,940,000

Section 2 Total \$ ~~30,570,000~~ 30,500,000

The funds authorized and appropriated for the Rural Sanitation Project in Subsection (10)(1) shall not lapse at fiscal year end.

Section 3. Boards, commissions, and authorities. The sum of \$678,500 is hereby authorized to be appropriated and is appropriated for expenditure or obligation for fiscal year 2004 for the purpose of covering the operational and contingent expenses of Boards, Commissions and Authorities. The entire amount of funds authorized to be appropriated and appropriated shall come from local revenues. The total authorization and the total appropriation shall be allocated according to the following schedule, respectively:

- (1) Foreign Investment Board \$100,000
 - (2) Palau Election Commission 247,500
- Of this sum, \$127,500 shall be used for funding the upcoming state and primary elections.
- (3) COFA Board of Trustees 9,000
 - (4) Palau Public Lands Authority 100,000
 - (5) Parole Board 30,000
 - (6) Palau Housing Authority 67,000
 - (7) Ethics Commission 50,000
 - (8) Financial Institutions Commission 75,000

Section 3 Total \$678 500

Section 4. Judicial branch. The sum of \$ ~~2,170,000~~ 2,120,000 is hereby authorized to be appropriated and is appropriated for expenditure or obligation for fiscal year 2004 for the purpose of covering the operational and contingent expenses of the Judicial Branch. The total amount authorized to be appropriated and appropriated shall be made up of the following available revenues:

The amount of \$1,120,000 shall come from local revenues, and the amount of ~~\$1,050,000~~ 1,000,000 shall come from Compact Section 211 (f) Trust Fund Investment Earnings. The total authorization and total appropriation shall be allocated according to the following schedule, respectively:

- (1) Judiciary \$ ~~1,475,000~~ 1,425,000
- (2) Land Court 695,000

Section 4 Total \$ ~~2,170,000~~ 2,120,000

Section 5. Legislative branch. The sum of \$ ~~3,681,000~~ 3,290,000 is hereby authorized to be appropriated and is appropriated for expenditure or obligation for fiscal year 2004 for the purpose of covering the operational and contingent expenses of the Legislative Branch. The total amount

authorized to be appropriated and appropriated shall be made up of the following available revenues:

The amount of ~~\$3,681,000~~ 2,290,000 shall come from local revenues, and the amount of \$1,000,000 shall come from Compact Section 211 (f) Trust Fund Investment Earnings. The total authorization and

appropriation shall be allocated according to the following schedule, respectively:

- (1) Senate \$ ~~1,231,000~~ 990,000
- (2) Senate Legal Counsel 177,000
- (3) House of Delegates 1,760,000
- (4) House Legal Counsel 178,000
- (5) Joint Staff \$ ~~225,000~~ 175,000

Of this sum, \$ ~~50,000~~ -0- shall be used to fund the General Accounting Office of the Olbiil Era Kelulau.

- (6) Association of Pacific Island Legislatures Conference 10,000
- (7) OEK Joint Committee on Natural Resources \$ ~~100,000~~ -0-

Section 5 Total \$ ~~3,681,000~~ 3,290,000

Section 6. State block grants. The sum of \$ ~~4,943,000~~ 4,463,000 is hereby authorized to be appropriated and is appropriated for expenditure or obligation for fiscal year 2004 for the purpose of state government operations and capital improvement projects expenses. The total amount

authorized to be appropriated End appropriated shall be made up of the following available

revenues:

The amount of \$ ~~1,943,000~~ 1,463,000 shall come from local revenues, the amount of \$1,000,000 shall come from Compact Section 211 (a), the amount of \$1,000,000 shall come from the Compact Section 215 Inflation Adjustment derived from Compact Section 211(a), and the amount of \$1,000,000 shall come from Compact Section 211 (f) Trust Fund Investment Earnings. The amount authorized for appropriation shall be available for expenditure for operations and CIP projects in accordance with 5 PNC Chapter 22. The total authorization and total appropriation shall be allocated according to the following schedule, respectively:

- (1) Aimeliik State \$ ~~272,625~~ 252,625
 - (2) Airai State ~~433,625~~ 313,625
 - (3) Angaur State ~~235,625~~ 215,625
 - (4) Hatohobei State ~~180,625~~ 160,625
 - (5) Kayangel State ~~210,625~~ 190,625
 - (6) Koror State ~~870,625~~ 850,625
 - (7) Melekeok State ~~291,625~~ 241,625
 - (8) Ngaraard State ~~336,625~~ 286,625
 - (9) Ngarchelong State ~~306,625~~ 286,625
 - (10) Ngardmau State ~~255,625~~ 235,625
 - (11) Ngaremlengui State ~~264,625~~ 244,625
 - (12) Ngatpang State ~~250,625~~ 230,625
 - (13) Ngchesar State ~~272,625~~ 252,625
 - (14) Ngiwal State ~~255,625~~ 235,625
 - (15) Peleliu State ~~324,625~~ 304,625
 - (16) Sonsorol State ~~180,625~~ 160,625
- Section 6 Total \$ ~~4,463,000~~ 4,463,000

Section 7. Independent a agencies The sum of \$2,415,000 is hereby authorized to be appropriated and is appropriated for expenditure or obligation for fiscal year 2004 as operating grants or subsidies for independent agencies of the National Government. The total amount authorized to be appropriated and appropriated shall be made up of the following available revenues: The amount of \$1,415,000 shall come from local revenues, and the amount of \$1,000,000 shall come from Compact Section 211 (a) funds. The total authorization and appropriation shall be allocated according to the following schedule, respectively:

- (1) Office of the Public Auditor \$320,000

- (2) Office of the Special Prosecutor 225,000
- (3) Palau Environmental Quality Protection Board (EQPB) 450,000
- (4) National Postal Service 270,000
- (5) Palau Visitors Authority \$1,000,000

Of this sum, \$25,000 shall be used for the "Olchotel Belau Fair," October 23-25, 2003.

- (6) National Aviation Administration 150,000

Section 7 Total \$2,415,000

The funds authorized and appropriated for the Office of the Public Auditor and the Office of the Special Prosecutor in subsections (1) and (2) shall not be reprogrammed.

Section 8. Other agencies and activities. The sum of \$1,570,000 is hereby authorized to be appropriated and is appropriated for fiscal year 2004 for the purposes of grants and subsidies and recurring programs and activities. The total amount authorized to be appropriated and appropriated shall be made up of the following available revenues: the amount of \$570,000 shall come from local revenues and amount of \$1,000,000 shall come from Compact Section 211 (a) funds. The total authorization and appropriation shall be allocated according to the following schedule, respectively:

- (1) Palau National Museum \$145,000
- (2) Micronesian Legal Services 130,000
- (3) Palau Community Action Agency 300,000
- (4) Youth Congress 5,000
- (5) Palau WIA 100,000

Of this sum, 10% may be used for administrative costs.

- (6) Civic Action Team Share 250,000
- (7) Peace Corps Contribution 25,000
- (8) Palau International Coral Reef Center 450,000
- (9) Palau Little League 10,000
- (10) Palau National Olympic Committee and Sports Organizations 150,000

Of this sum, \$6,000 shall be used to fund participation of Palauan tennis players in the North Pacific Qualifying Tournament.

- (11) Red Cross 5,000

Section 8 Total \$1,570,000

Section 9. Education assistance. The sum of \$ ~~4,274,179~~ 4,074,198 is hereby authorized to be appropriated and is appropriated for expenditure or obligation for fiscal year 2004 to subsidize the educational institutions and scholarship program set forth below. The total amount authorized to be appropriated and appropriated shall be made up of the following available revenues: The amount of \$ ~~1,274,179~~ 1,074,198 shall come from local revenues; the amount of \$1,000,000 shall come from Compact Section 211(a); and the amount of \$2,000,000 shall come from Compact Section 221(b)(1) Education Block Grant funds and shall be applied to subsection (1). The total authorization and appropriation shall be allocated according to the following schedule, respectively:

- (1) Palau Community College \$ ~~2,415,000~~ 2,340,000

Of this sum, \$ ~~45,000~~ -0- shall be used to cover the operational expenses of the PCC Board of Trustees, \$ ~~30,000~~ -0- shall be used for the one-time PCC Accreditation Payment, and \$40,000 shall be used to cover the operational expenses of the PCC Adult High School.

- (2) COM Board of Regents 25,000

- (3) Aid to Non-Public Schools
 - (a) Emmaus High School 51,408
 - (b) Bethania High School ~~67,728~~ 57,900
 - (c) Palau Mission Academy ~~51,408~~ 41,000
 - (d) Mindszenty High School ~~160,752~~ 95,000
 - (e) Ibobang High School 28,560
 - (f) Maris Stella School ~~92,115~~ 70,983

Of this sum, ~~\$3,000~~ 0- shall be used for roof repairs to the school.

- (g) Koror SDA Elementary School ~~82,236~~ 66,920
- (h) Emmaus Kindergarten ~~15,240~~ 14,101
- (i) SDA Kindergarten ~~7,620~~ 6,214
- (j) Catholic Kindergarten 7,112

- (4) National Scholarship Fund
 - (a) Spring Semester scholarships & grants 600,000
 - (b) Fall Semester scholarships & grants 600,000
 - (c) Administrative Expenses 70,000
- Section 9 Total ~~\$4,274,179~~ 4,074,198

Section 10. Hospital Trust Fund. The amount of \$1,300,000 or the actual amount collected is hereby authorized to be appropriated and is appropriated for fiscal year 2004 for purposes of the Hospital Trust Fund. The amount authorized to be appropriated and appropriated shall come from revenues derived from clinical and public health medical and dental services fees and charges during the fiscal year; provided that the actual expenditures or obligations shall not exceed actual revenue receipts. Any unexpended or unobligated balance of the appropriation of this section shall not lapse at fiscal year end.

Section 11. Debt service – ICBC. The sum of \$1,100,000 plus any sum necessary for any banking fees and charges is hereby authorized to be appropriated and is appropriated for fiscal year 2004 for the purpose of payment of periodic interest and principal payments set forth in the schedule of payments under the \$20 million International Commercial Bank of China (“ICBC”) (Taiwan) loan agreement effective March 14, 2000, as amended; the loan is for the purpose of completion of Phase

II of the national capital construction project in Melekeok State. The appropriation shall be apportioned and allotted at the direction of the Minister of Finance. The amount authorized to be appropriated and appropriated shall come from local revenues. Any unexpended or unobligated balance of the appropriation of this section shall not lapse at fiscal year end.

Section 12. Rental payments to Koror State. There is hereby authorized to be appropriated and appropriated for fiscal year 2004 the amount of funds necessary for purposes of monthly payments to Koror State for the rent of housing units in accordance with paragraph 18 of the Land Settlement Agreement executed February 3, 1997, to the extent that a like or greater amount is first collected from the Koror State Government for amounts owed to the National Government pursuant to provisions of law that require remittance to the National Treasury of 25% of all

revenues derived from leases of public land in Koror; appropriate offsets of the revenues collected and payments made under this section are to be recorded in a separately identified budgetary account.

Section 13. Outside grants and development assistance. All funds received from outside sources, including, but not limited to, U.S. Federal Program Grants, Japan Grant Aid, Republic of China (Taiwan) grants, other countries, organizations, or individual donors, are hereby authorized to be appropriated and are appropriated for fiscal year 2004 in the amounts received for those specific programs or projects for which they are granted, donated, or otherwise contributed. U.S. Federal Program Grants cost recoveries associated with such program grants may be retained for use by the President for such purposes as are needed to implement such programs or projects for which they were granted. The Minister of Finance shall report monthly to the Olbiil Era Kelulau the receipt of any outside grant or development assistance in the preceding month. In addition to all other reporting requirements established by law or regulation, the Minister of Finance shall submit quarterly reports to the President and the Olbiil Era Kelulau setting forth expenditures and obligations of all funds received from outside sources and expended or obligated pursuant to this section. The funds from such outside grants and development assistance may be reprogrammed by the President with the prior approval of the Olbiil Era Kelulau.

Section 14. Post Office repairs. The sum of \$50,000 is hereby authorized to be appropriated and is appropriated for fiscal year 2004 to be utilized for repairs and remodeling to the Post Office. The total appropriation shall come from local revenues.

Section 15. Passport supplies and equipment. Of the sum appropriated and authorized to be appropriated to the Passport Office in RPPL 6-26(2)(4)(1), \$65,940 shall not lapse at fiscal year end. This sum shall be used for the purchase of passport pamphlets and an archiving machine.

Section 16. State capital improvement projects. The sum of ~~\$2,500,000~~ -0- is authorized to be appropriated and is appropriated for fiscal year 2004 for state capital improvement projects as described below. The funds appropriated shall come from local revenues or foreign grants to be sought by the President; at the President's option, funds may come from either or both sources. Funds appropriated in this section and not earmarked herein for specific projects shall be apportioned and allotted by each state's legislature and shall be used only for capital improvement projects involving roads, waterways, docks, marinas, piers, state government buildings, water supply, sanitation such as sewage or solid waste disposal, or projects involving utility improvements or extensions. Notwithstanding any other provision of law, the funds authorized and appropriated in this section may not be reprogrammed.

(a) Aimeliik State ~~125,000~~ -0-

(b) Airai State ~~125,000~~ -0-

(c) Angaur State ~~125,000~~ -0-

(d) Hatohobei State ~~125,000~~ -0-

(e) Kayangel State ~~125,000~~ -0-

(f) Koror State ~~125,000~~ -0-

(g) Melekeok State ~~125,000~~ -0-

(h) Ngaraard State ~~125,000~~ -0-

(i) Ngarchelong State ~~125,000~~ -0-

(j) Ngardmau State ~~125,000~~ -0-

(k) Ngaremlengui State ~~125,000~~ -0-

- (l) Ngatpang State ~~125,000~~ -0-
- (m) Ngchesar State ~~125,000~~ -0-
- (n) Ngiwal State ~~125,000~~ -0-
- (o) Peleliu State ~~125,000~~ -0-
- (p) Sonsorol State ~~125,000~~ -0-
- Section 16 Total ~~\$2,500,000~~ -0-

Section 17. Use of Fisheries Treaty Project Development Fund. Money paid to the National Government under the “Treaty on Fisheries between the Governments of Certain Pacific Island States and the Government of the United States of America” and certain Annexes thereto and labeled or set aside as the “Project Development Fund” (“PDF”) shall only be used for fishing, aquaculture and mariculture projects and shall not be used for travel expenses. The section of this Act entitled ‘Apportionment and Allotment’ shall not apply to this PDF, which shall be allocated by the President to the Director of Marine Resources who shall distribute the PDF to various projects as requested by the states. The Director shall institute a method of rotation to ensure fair distribution of money to all sixteen states. At a minimum this rotation shall ensure that if PDF funds are insufficient to fund all projects within a given year, states that received funding in the previous year shall not again have projects funded unless all other project requests have been fulfilled. The Director of Marine Resources shall submit a yearly report to the Olbiil Era Kelulau setting forth all the expenditures from the PDF.

Section 18. School curriculum. 22 PNC 156 is amended to read as follows:

“Section 156. Curriculum.

(a) The Minister shall provide for the teaching of both Palauan and English in all schools, and shall establish minimum standards for curriculum development and content of courses at appropriate levels to be used in the Republic to assure uniform levels of achievement. He shall encourage instruction in Palauan, and Palauan customs and culture, at both the elementary and secondary levels. The Minister shall assess student progress at various grade levels.

(b) The Minister shall establish a program to teach baseball as apart of the school curriculum at both the elementary and secondary levels.”

Section 19. Office of Special Prosecutor: amendment of powers and duties. 2 PNC 503, regarding the powers and duties of the Special Prosecutor, is amended to read as follows: “Section 503.

Powers and duties of Special Prosecutor independent nature of office. (a) The Special Prosecutor shall have the following powers, functions, and duties: (1)

(2)

(3)

(4)

(5)

(6) on the basis of probable cause or after a complaint has been filed, to subpoena witnesses, administer oaths, and obtain testimony; and

(7)

(b)”

Section 20. Sports Facilities Trust Fund. Amendment. Chapter 82 of 34 PNC is amended by the addition of a new section creating the Sports Facilities Trust Fund, to read as follows: “Section 8209. Sports Facilities Trust Fund.

(a) There is hereby established within the National Treasury a special fund to be identified as “The Sports Facilities Trust Fund” which shall be segregated from other funds of the National Government. This Trust Fund shall ensure compliance of the Ministry of Community and Cultural Affairs with its duty to collect fees for use of government sports facilities. Into this Trust Fund shall be deposited all revenues collected as fees for use of government sports facilities. All

monies received pursuant to this section shall be used at the direction of the Minister exclusively for the purpose of paying for utilities and maintenance of the facilities;

(b) The Ministry of Community and Cultural Affairs shall submit quarterly revenue and expenditure reports for the Sports Facilities Trust Fund to the President and the Olbiil Era Kelulau.”

Section 21. Apportionment and allotment. Unless otherwise stated in this Act, amounts appropriated in this Act shall be apportioned and allotted at the direction of the President.

Section 22. Amendment. Section 2 of RPPL 5-38, as amended by RPPL 6-15 and RPPL 6-26, is further amended to read as follows:

“Section 2. Health Facilities Construction, Renovation, and Repairs. The sum of \$3,062,000 is hereby authorized to be appropriated and is appropriated The total sum shall be allocated according to the following schedule and the funds appropriated in (1), (2), (5) and (6) below shall not lapse until September 30, 2002. The funds appropriated in (3) and (4) shall not lapse at end of fiscal year.

(1)

(2)

(3) High Priority Medical Equipment 498,000

(4) New Public Health Building 1,669,000

(5)

(6)

...”

Section 23. Presidential reprogramming. The sums appropriated under sections 2, 3, 7, and 8 of this Act, except subsections 7(1) and 7(2), may be reprogrammed by the President in accordance with RPPL No. 6-11.

Section 24. Amendment. 40 PNC 1301, as amended by RPPL No. 6-12(28) and RPPL No. 6-35(5), is further amended to read as follows:

“Section 1301. Imposition of import tax.

(a) Every person

(1) cigarettes: \$2.00 per every 20 cigarettes

....

(11) bottled water, except bottled distilled water: 25% ad valorem;

(12) all other imported products

(b)”

Section 25. Amendment. RPPL No. 6-26(15)(e), regarding the Palau Severely Disabled Assistance Fund, is amended to read as follows:

“Section 15. Palau Severely Disabled Assistance Fund.

....

(e) Funding. Annual funding for the Severely Disabled Assistance Fund shall come from funds annually derived from local revenues.

....”

Section 26. Amendment: Palau Agriculture Fund.

(a) Legislative findings. The Olbiil Era Kelulau finds that the Palau Agricultural Revolving Fund, established during the Trust Territory Administration, has not since the independence of the Republic been administered in accordance with the Constitution, Article XII, Section 1, which

requires that all revenues to the national government be deposited into the National Treasury for appropriation pursuant to law. Changes to the law establishing this fund are therefore long overdue. It is appropriate to redesignate the Fund simply as the Palau Agricultural Fund, which is to be a separate fund within the National Treasury, and assign the administration of this fund to the Bureau of Agriculture of the Ministry of Resources and Development.

(b) Amendments. 9 PNC Chapter 2 is amended to read as follows:

“Section 201. Fund established. There is hereby established within the National Treasury a separate account to be known as the Palau Agricultural Fund. All funds formerly maintained in the Palau Agricultural Revolving Fund shall be deposited into the Palau Agricultural Fund. Section 202. Purpose of fund. The Palau Agricultural Fund shall be earmarked for appropriation to the Ministry of Resources and Development, to be used by the Bureau of Agriculture for the purpose of purchasing seeds, fertilizers, insecticides, hog and chicken feed, and small hand tools, and then selling such items to farmers in the Republic at CIF prices plus a mark-up of not more than 10 percent. All revenues derived from sales of items pursuant to this section shall be deposited into the Palau Agricultural Fund. Section 203. Administration of fund. The fund shall be administered by the Bureau of Agriculture of the Ministry of Resources and Development. The Bureau shall maintain proper records of all purchases and sales made under the fund, and shall submit quarterly reports to the Minister of Resources and Development summarizing the purchases and sales made under the fund.”

Section 27. Amendment: OEK Official Expense Rules.

(a) Purpose. The purpose of this amendment is to authorize each house of the Olbiil Era Kelulau to promulgate its own rules and procedures regarding the official expense allowance granted to each of its members pursuant to 3 PNC 202. The Constitution, Article IX, Section 11, authorizes each house of the Olbiil Era Kelulau to promulgate its own rules and procedures, not inconsistent with the Constitution and laws of Palau.

(b) Amendment. 3 PNC 202 is amended to read as follows:

“Section 202. Official expenses. There shall be made available, commencing as of January 1, 1994, to each member of the Olbiil Era Kelulau an official expense allowance of \$2,000.00 per month each to assist in defraying the expenses related to or resulting from the discharge of the member’s official duties. Members shall report expenditures to the Presiding Officers of the Olbiil Era Kelulau. Each house of the Olbiil Era Kelulau shall promulgate its own rules and procedures governing the use, disbursement, and expenditure of the official expense allowance for its members and shall be the sole judge of the propriety and legal justification therefor.”

Section 28. Authorization to negotiate a soft loan agreement to finance the upgrade of Palau International Airport facilities; submission of proposed agreement to Olbiil Era Kelulau for approval by law and appropriation of funds for repayment. The President is hereby authorized to negotiate a loan agreement on behalf of the national government with an outside government agency or a financial institution in order to finance the upgrade of the Palau International Airport by constructing an appropriate depth of asphalt concrete, in conformity with FAA specifications, over the existing runway and taxiway surfaces as necessary, undertaking certain earthwork to enable the installation of ILS facilities, installing new precision approach facilities, and completing all other recommended upgrades pursuant to the FAA report submitted following the FAA visit to Palau in August 2003. The amount of the loan to be negotiated pursuant to this section may not exceed \$20,000,000; the loan period shall not be less than 20 years, nor more than 30 years; and the loan interest rate shall be negotiable. The President shall submit the proposed loan agreement to the Olbiil Era Kelulau for approval by law and appropriation of funds necessary to meet the

Republic's obligations thereunder for the fiscal year then in effect or a longer period. Documents submitted to the Olbiil Era Kelulau shall include all material terms of the proposed loan, a comprehensive analysis of the Republic's obligations thereunder for each year of the full term of the proposed loan, and a detailed repayment plan that includes the specific sources of funds to be used for repayment over the term of the loan. The Republic shall incur no binding obligations under any loan agreement negotiated by the President pursuant to this Act unless and until the loan agreement is approved by law and an appropriation is enacted authorizing the satisfaction of all the Republic's obligations thereunder for the fiscal year then in effect or a longer period.

Section 29. Amendment: to extend service after mandatory retirement.

(a) Legislative findings. The Olbiil Era Kelulau finds that it will benefit the Republic to permit employees to serve for up to five additional years beyond the date of mandatory retirement from public service. Many of our most experienced and most capable employees are willing and able to continue to contribute their abilities as employees of the government well beyond the limit of thirty years. It is in the interest of the Republic to permit such employees to remain in government service for longer than the additional two years allowed up to now.

(b) Amendment. 33 PNC 2040, as amended by RPPL No. 5-30, is further amended to read as follows:

"Section 2040. Mandatory retirement after thirty years of service; mandatory retirement age; early retirement; three-year transition period.

(a) After the effective date of this Chapter, employees specific exemption from the Board; provided, that an exempted employee may not serve more than five additional years beyond the date upon which he or she would otherwise be required to retire under this section. The Board may

(b)

(c)

(d)

(e)"

Section 30. Amentment: Tax Auditors. RPPL No. 5-34(2)(3)(f) is amended to read as follows:

"Section 2. Executive Branch Operations.

. . . .

(3) Ministry of Administration

. . . .

(f) Bureau of Revenue, Customs & Taxation 815,000

The Bureau shall hire at least three additional tax auditors.

Within 60 days from the effective date of this Act, the Minister of Finance shall prepare regulations to govern the salary scale and qualifications for tax auditors, who shall be covered by the National Public Service System. Each tax auditor hired following the effective date of this Act shall have a degree from an accredited four-year college of university.

. . . ."

Section 31. Amendment: Scholarships. 22 PNC 229, as amended by RPPL No. 5-15(23)(a), regarding the National Scholarship Fund, is further amended to read as follows:

"Section 229. Authorization; Scholarship Fund.

(a)

(b)

(c)

(d)

(e) (f) The Palau National Scholarship Board shall reserve not less than 10% of the Fund each year for loans to students in the fields of medicine, law, and engineering. Repayment of a loan from the Fund shall be forgiven as to each student who completes degree studies in medicine, law, or engineering and who is employed continuously for five years, commencing within two years after completion of degree studies, by the national government of the Republic of Palau, or a state government, as a medical doctor, attorney, or engineer.”

Section 32. Prior year debts and obligations. No portion of the funds authorized and appropriated by this Act may be used to pay prior year debts or obligations that were not authorized or for which no funds were authorized and appropriated at the time such debts or obligations were incurred.

Section 33. Single salary for full-time employees of the national government. No full-time employee of the national government is eligible to receive compensation in any form by virtue of his or her simultaneous employment in any capacity by a state government. For purposes of this section, “employment” includes without limitation holding elective or appointive office. Those employees currently holding elective or appointive offices in their state governments shall continue to receive their established compensation until the end of their current terms. A full-time employee of the national government is required to relinquish his or her position with a state government only to the extent the state government position is incompatible with full-time employment by the national government. Every person who violates this section shall be subject to a civil fine of \$10,000.

Section 34. Unofficial use of government boats prohibited. No boat owned by the national government, a state government, or any of the subdivisions or agencies of the national government or a state government may be used for recreational activities, picnicking, or Palauan customary functions. Every person who violates this section shall be subject to a civil fine of \$10,000.

Section 35. Amendment to tax status of ICTV and PNCI as subsidiaries of PNCC. 15 PNC 311, regarding the creation of the Palau National Communications Corporation, is amended to read as follows:

“Section 311. Creation of corporation; general provisions.

(a)

(b)

(c) The P.N.C.C., not including its subsidiary entities, Palau National Cellular, Inc. (“PNCI”) and Island Cable Television (“ICTV”), is exempt from all national and state taxes, or fees, specifically including any charges for easements across or under public lands and from all state government regulation or control, provided however, that nothing in this chapter shall exempt the P.N.C.C. from charges or fees for electricity, water, and sewer services. Employees, suppliers, independent contractors, partners of, joint venturers with, or the subsidiary entities, PNCI and ICTV, of the P.N.C.C. shall not be exempt from their respective tax obligations or applicable fees, and the P.N.C.C. shall be liable for any contributions to the social security system or pension plan required by law. After the P.N.C.C. has paid off the REA loan in full, the P.N.C.C. shall no longer be exempt from all national and state taxes.

(d)

(e)”

Section 36. Effective date. This Act shall take effect upon its approval by the President of the Republic of Palau or upon becoming law without such approval, except as otherwise provided by law.

PASSED: September 12, 2003

Approved this 29th day of Sept. , 2003

/s/

Tommy E. Remengesau, Jr., President

Republic of Palau

[All line item vetoes were overridden by not less than two-thirds approval of the OEK members.]

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