



ELEVENTH OLBIIL ERA KELULAU

THIRD SPECIAL SESSION

SEPTEMBER 2021

HOUSE BILL NO. 11-34-3, HD1, SD3

AN ACT

SEE TITLE INSIDE

OFFERED BY DELEGATE(S) ROP President Surangel S. Whipps, Jr.

ET AL,

DATE INTRODUCED July 13, 2021

HOUSE ACTION

FIRST READING:	07/13/21
REFERRED TO:	W & M
STANDING COMMITTEE REPORT NO:	11-28
DATE ADOPTED:	08/30/21
SECOND READING:	08/30/21
LEGAL FORMAT:	Proper
REVIEW:	08/30/21
THIRD READING:	08/31/21
FINAL ACTION:	09/14/21

SENATE ACTION

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THIRD READING:	09/13/21
FINAL ACTION:	

CONFERENCE COMMITTEE ACTION

DATE:	None
COMMITTEE REPORT:	None
DATE PASSED:	None

Marcello Ngirkelau
HOUSE CLERK

Ann L. Pedro
SENATE CLERK

AN ACT

To enact a budget law for Fiscal Year 2022 through the authorization of the sum of \$93,433,000 and appropriation of the amount of \$85,154,000 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, 2022, to amend Titles 40 and 41 of the Palau National Code, and for related purposes.

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

1 Section 1. Short Title.

2 This Act shall be known as and may be cited as, “The Fiscal Year 2022 Budget
3 Act.”

4 Section 2. Legislative Findings. *The Agreement Between the Government of the*
5 *United States of America and the Government of the Republic of Palau Following the*
6 *Compact of Free Association Section 432 Review* (“Compact Review Agreement”) was
7 signed on September 3, 2010 on behalf of the Republic by then President Johnson
8 Toribiong. Pursuant to Section 1 of this Compact Review Agreement, the United States
9 Government agreed to contribute \$30.25M to the Republic’s Section 211(f) Trust Fund.
10 Despite the finalization of the Compact Review Agreement, implementation was delayed
11 for over eight years.

12 Then, on September 19, 2018, the *Agreement to Amend the Agreement Between the*
13 *Government of the United States of America and the Government of the Republic of Palau*
14 *Following the Compact of Free Association Section 432 Review* (“Compact Review
15 Agreement with Amendments”) was signed on behalf of the Republic by then Minister of
16 Finance, Mr. Elbuchel Sadang. The Compact Review Agreement with Amendments
17 amended Section 1 of the Compact Review Agreement to instead provide that the United
18 States Government would make a one-time contribution of \$65.25M to the Republic’s
19 Section 211(f) Trust Fund. The Olbiil Era Kelulau believes that the difference between
20 the original contribution amount and the revised amount of \$35M should be properly
21 classified as “Direct Economic Assistance.”

22 Therefore, this \$35M should be considered a non-Section 211(f) Trust Fund asset
23 that the Republic can draw upon for budgetary support during this time of economic
24 crisis caused by the COVID-19 pandemic and its effects. Accordingly, the OEK urges the

President to submit a request to the United States Government allow access to this \$35M (plus investment earnings to date) as a separately distinguished balance in custody of the COFA Board of Trustees for investment and management, from which the government can drawdown funds during the pandemic. Furthermore, the President should request an accounting and separating of all non-Section 211(f) Trust Funds, and should implement procedures for drawing upon all such non-Section 211(f) Trust Funds to support both the government and the private sector’s economic recovery.

Article VI of the Palau Constitution, as amended by the 23rd amendment, obligates the national government to take positive action to promote the national economy. The Olbiil Era Kelulau believes that, given the current economic situation facing the country, such “positive action” must include a serious effort to identify the \$35M as a non-Section 211(f) Trust Fund, as well as any other non-Section 211(f) Trust Funds, to be distinctly accounted for separately and which the government can draw upon to support its ongoing economic recovery during FY2022 and during the next several fiscal years. Therefore, the Olbiil Era Kelulau respectfully urges the President to submit an official request to the U.S. Government to initiate such a process.

Section 3. Executive Branch Operations. The sum of \$48,418,000 is authorized for appropriation and the amount of \$44,096,000 is hereby appropriated for expenditure and obligation for Fiscal Year 2022 for the purpose of covering the operational and contingent expenses of the Executive Branch. The total amount authorized to be appropriated shall come from available general fund revenues provided that the amount of \$261,000, or the actual amount collected, shall come from the Pristine Paradise Environmental Fees (PPEF) allocation for the Palau International Airport operations and shall be applied to subsection 7(e), the amount of \$15,000,000 shall come from the Compact Trust Fund (CTF), the amount of \$650,000 shall come from the General Fund Reserve, and the amount of \$13,000,000 shall come from the proceeds of the Policy Based Loan (PBL) provided under the Recovery through Improved Systems and Expenditure Support (RISES) Program with the Asian Development Bank (ADB). The total amount authorized for appropriation and that is hereby appropriated in this section shall be allocated according to the following schedule, respectively:

		Authorization	Appropriation
1			
2	(1) Office of the President		
3	(a) President's Office	\$930,000	\$842,000
4	(b) Official Expenses	30,000	23,000
5	(c) Grants Coordinator	76,000	68,000
6	(d) National Security	100,000	90,000
7	(e) Council of Chiefs	151,000	136,000
8	(f) Presidential Stipend	45,000	45,000
9	Sub-Total	\$1,332,000	\$1,204,000
10	(2) Office of the Vice President		
11	(a) Vice President's Office	\$329,000	\$291,000
12	(b) National Emergency Management Office	259,000	233,000
13	Sub-Total	\$588,000	\$524,000
14	(3) Ministry of Finance		
15	(a) Office of the Minister	\$258,000	\$238,000
16	<i>Of this sum, the amount of \$180,000, or so much thereof as may be necessary,</i>		
17	<i>is earmarked for the purpose of conducting State Audits and shall be non-</i>		
18	<i>lapsing.</i>		
19	(b) Information Systems Support Services	241,000	216,000
20	(c) Bureau of National Treasury	1,033,000	930,000
21	(d) Bureau of Budget & Planning	730,000	657,000
22	(e) Bureau of Revenue & Taxation	800,000	720,000
23	(f) Bureau of Customs & Border Protection	2,003,000	1,802,000
24	Sub-Total	\$5,065,000	\$4,563,000
25	(4) Ministry of State		
26	(a) Office of the Minister	\$58,000	\$58,000
27	(b) ROP Consulate Office in Guam	129,000	116,000
28	(c) ROP Embassy in Washington, D.C.	325,000	292,000
29	(d) ROP Embassy in Tokyo, Japan	738,000	664,000

1	(e)	ROP Embassy in Taipei, Taiwan	256,000	230,000
2	(f)	ROP Embassy in Manila, Philippines	151,000	136,000
3	(g)	United Nations Representation Office	389,000	350,000
4	(h)	Office of the Public Defender	363,000	327,000
5	(i)	Bureau of Foreign Affairs & Trade	470,000	423,000
6	(j)	Bureau of Domestic Affairs	200,000	180,000
7	(k)	Passport Office	110,000	99,000
8	(l)	International Organizations Obligations	311,000	311,000
9	(m)	Southwest Field Trips/ Sonsorol & Hatohobei	310,000	279,000
10	(n)	Hawaii Consulate Office	65,000	65,000
11	(o)	Bureau of Archives & Media	364,000	328,000
12		Sub-Total	\$4,239,000	\$3,858,000
13	(5)	Ministry of Human Resources, Culture, Tourism & Development		
14	(a)	Office of the Minister	\$58,000	\$58,000
15	(b)	Olchotel Belau Fair	30,000	27,000
16	(c)	Palau Small Business Development Center	55,000	55,000
17	(d)	Youth Congress	5,000	5,000
18	(e)	WIA Grant Contribution	94,000	84,000
19	(f)	Office of Labor Compliance	390,000	351,000
20	(g)	Bureau of Human Resources	750,000	675,000
21	(h)	Bureau of Tourism	258,000	232,000
22	(i)	Bureau of Development	77,000	69,000
23	(j)	Bureau of Cultural and Historical Preservation	225,000	202,000
24		Sub-Total	\$1,942,000	\$1,758,000
25	(6)	Ministry of Education		
26	(a)	Office of the Minister	\$58,000	\$58,000
27	(b)	School Books, Supplies & Inst. Equip.	593,000	593,000
28	(c)	Bureau of Curriculum & Instruction	508,000	458,000
29	(d)	Bureau of School Administration	7,354,000	6,619,000

1	(e)	Food Service Program	946,000	946,000
2		Sub-Total	\$9,459,000	\$8,674,000
3	(7)	Ministry of Public Infrastructure & Industries		
4	(a)	Office of the Minister	\$58,000	\$58,000
5	(b)	FAA, UNDP & Other Match	354,000	354,000
6	(c)	Bureau of Communications	150,000	135,000
7	(d)	Bureau of Marine Transportation	269,000	242,000
8	(e)	Bureau of Aviation	2,176,000	1,958,000
9	(f)	Bureau of Lands and Survey	902,000	812,000
10	(g)	Bureau of Public Works	1,655,000	1,489,000
11	(h)	Palau Energy Administration	150,000	135,000
12	(i)	National Capitol Electricity/Maintenance	1,450,000	1,450,000
13		Sub-Total	\$7,164,000	\$6,633,000
14	(8)	Ministry of Justice		
15	(a)	Minister of Justice	\$0	\$0
16	(b)	Office of the Attorney General	789,000	711,000
17	(c)	Bureau of Public Safety	4,107,000	3,697,000
18	(d)	Bureau of Maritime Security & FWP	1,369,000	1,233,000
19		Sub-Total	\$6,265,000	\$5,641,000
20	(9)	Ministry of Health & Human Services		
21	(a)	Office of the Minister	\$58,000	\$58,000
22	(b)	Palau Severely Disabled Assistance Fund	498,000	498,000
23	(c)	Bureau of Public Health & Human Services	1,718,000	1,547,000
24	(d)	Bureau of Hospital & Clinical Services	8,397,000	7,558,000
25	(e)	Hemodialysis	515,000	515,000
26		Sub-Total	\$11,186,000	\$10,176,000
27	(10)	Ministry of Agriculture, Fisheries & the Environment		
28	(a)	Office of the Minister	\$58,000	\$58,000
29	(b)	Bureau of Marine Resources	623,000	560,000

1	(c) Bureau of Agriculture	497,000	447,000
2	Sub-Total	\$1,178,000	\$1,065,000
3	Section 3 Total	\$48,418,000	\$44,096,000

4 Section 4. Judicial Branch. The sum of \$3,192,000 is authorized for appropriation
5 and the amount of \$2,873,000 is hereby appropriated for expenditure or obligation for
6 Fiscal Year 2022 for the purpose of covering the operational and contingent expenses of
7 the Judicial Branch. The entire amount of the funds authorized and appropriated in this
8 section shall come from local revenues.

9		Authorization	Appropriation
10	(1) Judicial Branch	\$3,192,000	\$2,873,000
11	Section 4 Total	\$3,192,000	\$2,873,000

12 Section 5. Legislative Branch. The sum of \$6,028,000 is authorized for
13 appropriation and the amount of \$5,434,000 is hereby appropriated for expenditure or
14 obligation for Fiscal Year 2022 for the purpose of covering the operational and contingent
15 expenses of the Legislative Branch. The entire amount of funds authorized and
16 appropriated in this section shall come from local revenues. The total authorization and
17 appropriation shall be allocated according to the following schedule:

18		Authorization	Appropriation
19	(1) Senate	\$2,308,000	\$2,077,000
20	(2) Senate Legal Counsel Office	215,000	193,000
21	(3) House of Delegates	2,840,000	2,556,000
22	(4) House Legal Counsel Office	215,000	193,000
23	(5) Joint Staff	345,000	310,000
24	(6) Association of Pacific Island Legislatures (APIL)	15,000	15,000
25	(7) Inter-Parliamentary Union (IPU)	15,000	15,000
26	(8) Palau-Japan Parliamentary Friendship	35,000	35,000
27	(9) Electricity for Koror OEK building	30,000	30,000
28	(10) Pacific Island Development Bank	10,000	10,000
29	Section 5 Total	\$6,028,000	\$5,434,000

30 Section 6. Boards, Commissions, and Authorities. The sum of \$1,288,000 is

authorized for appropriation and the amount of \$1,159,000 is hereby appropriated for expenditure and obligation for Fiscal Year 2022 for the purpose of funding the operational and contingent expenses of Boards, Commissions and Authorities. The entire amount of funds authorized and appropriated in this section shall come from local revenues. The total authorization and the total appropriation shall be allocated according to the following schedule, respectively:

		Authorization	Appropriation
(1)	Foreign Investment Board	\$217,000	\$195,000
(2)	Palau Election Commission	308,000	277,000
(3)	COFA Board of Trustees	50,000	45,000
(4)	Palau Code Commission	59,000	53,000
(5)	Palau Public Lands Authority	135,000	121,000
(6)	Parole Board	50,000	45,000
(7)	Palau Housing Authority	150,000	135,000
(8)	Ethics Commission	51,000	46,000
(9)	Financial Institutions Commission	214,000	193,000
<i>Of these funds, the sum of \$159,000, or so much thereof as may be necessary, is earmarked for the Financial Investigations Unit.</i>			
(10)	Language Commission	54,000	49,000
Section 6 Total		\$1,288,000	\$1,159,000

Section 7. State Block Grants. The sum of \$8,456,000 is hereby authorized to be appropriated for expenditure or obligation for Fiscal Year 2022 for the purpose of State Governments’ operational and capital improvement projects expenses. The entire amount of funds authorized and appropriated in this section shall come from anticipated local revenues and \$15,000,000 from the Asian Development Bank (ADB) Policy Based Loan. The amount authorized for appropriation shall be available for expenditure for operations and CIP projects in accordance with 40 PNC Chapter 22. The total authorization and total appropriation shall be allocated according to the following schedule, respectively:

		Authorization	Appropriation
1			
2	(1) Aimeliik State	\$500,000	\$500,000
3	(2) Airai State	708,000	708,000
4	(3) Angaur State	464,000	464,000
5	(4) Hatohobei State	397,000	397,000
6	(5) Kayangel State	438,000	438,000
7	(6) Koror State	1,001,000	1,001,000
8	(7) Melekeok State	489,000	489,000
9	(8) Ngaraard State	535,000	535,000
10	(9) Ngarchelong State	535,000	535,000
11	(10) Ngardmau State	484,000	484,000
12	(11) Ngeremlengui State	493,000	493,000
13	(12) Ngatpang State	478,000	478,000
14	(13) Ngchesar State	500,000	500,000
15	(14) Ngiwal State	484,000	484,000
16	(15) Peleliu State	553,000	553,000
17	(16) Sonsorol State	397,000	397,000
18	Section 7 Total	\$8,456,000	\$8,456,000"

19 Section 8. Independent Agencies. The sum of \$3,224,000 is authorized for
20 appropriation and the amount of \$2,899,000 is hereby appropriated for expenditure or
21 obligation for Fiscal Year 2022 as operating grants or subsidies for independent agencies
22 of the National Government. The entire amount of the funds authorized and appropriated
23 in this section shall come from local revenues. The total authorization and appropriation
24 shall be allocated according to the following schedule, respectively:

		Authorization	Appropriation
25			
26	(1) Office of the Public Auditor	\$615,000	\$553,000
27	(2) Office of the Special Prosecutor	305,000	274,000
28	(3) Palau Envi. Quality Protection Board (EQPB)	453,000	407,000
29	(4) National Postal Service	445,000	400,000
30	(5) Palau Visitors Authority	1,220,000	1,098,000

1	(6) National Aviation Administration	186,000	167,000
2	Section 8 Total	\$3,224,000	\$2,899,000

3 **Section 9. Other Agencies and Activities.** The sum of \$1,752,000 is authorized for
4 appropriation and the amount of \$1,602,000 is hereby appropriated for expenditure or
5 obligation for Fiscal Year 2022 as grants or subsidies for recurring programs and
6 activities. The entire amount of funds authorized and appropriated in this section shall
7 come from local revenues. The total authorization and appropriation shall be allocated
8 according to the following schedule, respectively:

9		Authorization	Appropriation
10	(1) Palau National Museum	\$260,000	\$234,000
11	(2) Micronesian Legal Services	125,000	125,000
12	(3) Palau Community Action Agency	354,000	323,000
13	<i>Of these funds, the sum of \$50,000 or so much thereof as may be necessary,</i>		
14	<i>is earmarked for the apprentice program for the Civic Action Team.</i>		
15	(4) Head Start Program	126,000	126,000
16	(5) Palau Red Cross	25,000	25,000
17	(6) Civic Action Team Share	250,000	250,000
18	(7) PNOC & Sports Organizations	177,000	159,000
19	(8) Belau Games	20,000	0
20	(9) Palau Int'l Coral Reef Center	400,000	360,000
21	(10) Palau Little League/T-Ball	5,000	0
22	(11) Junior Statesmen of America	10,000	0
23	Section 9 Total	\$1,752,000	\$1,602,000

24 **Section 10. Education Assistance.** The sum of \$5,571,000 is hereby authorized to
25 be appropriated and is hereby appropriated for expenditure or obligation for Fiscal Year
26 2022 to subsidize the educational institutions and scholarship program set forth below.
27 The total amount authorized to be appropriated and that is hereby appropriated in this
28 section shall come from local revenues. The total authorization and appropriation shall
29 be allocated according to the following schedule, respectively:

30		Authorization	Appropriation
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1	(1) Palau Community College	\$2,621,000	\$2,621,000
2	(a) PCC Operations	(2,338,000)	(2,338,000)
3	(b) PCC Board of Trustees	(38,000)	(38,000)
4	(c) PCC CRE	(35,000)	(35,000)
5	(d) COM Board of Regents	(25,000)	(25,000)
6	(e) PCC Endowment Fund	(75,000)	(75,000)
7	(f) Tuition Assistance to Palauan Students	(60,000)	(60,000)
8	(g) Micro.Voyage Society/PCC Nav.Prog Support	(50,000)	(50,000)
9	(2) Aid to Non-Public Schools	\$947,000	\$947,000
10	(a) Emmaus – Bethania High School	(175,000)	(175,000)
11	(b) Palau Mission Academy	(121,000)	(121,000)
12	(c) Mindszenty High School	(200,000)	(200,000)
13	(d) Belau Modekngei School	(121,000)	(121,000)
14	(e) Maris Stella School	(120,000)	(120,000)
15	(f) Koror SDA Elementary School	(115,000)	(115,000)
16	(g) Emmaus Kindergarten	(41,000)	(41,000)
17	(h) SDA Kindergarten	(27,000)	(27,000)
18	(i) Catholic Kindergarten	(27,000)	(27,000)
19	(3) National Scholarship Fund	\$2,003,000	\$2,003,000
20	(a) Fall & Spring Semester scholarships & grants	(1,898,000)	(1,898,000)
21	(b) Administrative Expenses	(105,000)	(105,000)
22	Section 10 Total	\$5,571,000	\$5,571,000

23 Section 11. Hospital Trust Fund. The amount of \$1,900,000, or the actual amount
24 collected, is hereby authorized to be appropriated and is hereby appropriated for Fiscal
25 Year 2022 for purposes of the Hospital Trust Fund. The amount authorized to be
26 appropriated and that is hereby appropriated shall come from the revenues derived from
27 clinical and public health medical and dental services fees and charges during the fiscal
28 year, so long as the actual expenditures or obligations do not exceed actual revenue
29 receipts. Any unexpended or unobligated balance of the appropriation of this section shall
30 not lapse at the end of the fiscal year.

Section 12. PAN Fund. The sum of \$313,000, or the actual amount collected, is hereby authorized to be appropriated and is hereby appropriated for Fiscal Year 2022 for the purposes of the Protected Areas Network Fund pursuant to 40 PNC § 3413, as amended. The amount authorized to be appropriated in this section shall come from the Pristine Paradise Environmental Fee (PPEF) revenue allocation for environmental protection (“Green Fee”) during the fiscal year. Any unexpended or unobligated balance of the appropriation of this section shall not lapse at the end of the fiscal year.

Section 13. Road Maintenance Fund. The amount of \$610,000, or the actual amount collected, is hereby authorized to be appropriated and is hereby appropriated for Fiscal Year 2022 for purposes of the Road Maintenance Fund to be used for the routine and periodic maintenance of the Compact Road and other national road infrastructure network. The amount authorized to be appropriated and that is hereby appropriated shall come from the revenues derived from Road Use tax and charges during the fiscal year, from reserves derived from the Road Use tax during previous fiscal years, and from matching funds from the Infrastructure Maintenance Fund established in Section 2(a) of the Compact Review Agreement with Amendments, so long as the actual expenditures or obligations do not exceed actual revenue receipts. Any unexpended or unobligated balance of the appropriation of this section shall not lapse at the end of the fiscal year.

Section 14. Deposit Beverage Container. The amount of \$487,000, or the actual amount collected, is hereby authorized to be appropriated and is hereby appropriated for Fiscal Year 2022 for the purposes of the Recycling Fund. The amount authorized to be appropriated and that is hereby appropriated shall come from fees derived from deposit of beverage containers pursuant to RPPL No. 7-24, so long as the actual expenditures or obligations do not exceed actual revenue receipts during the fiscal year. Any unexpended or unobligated balance of the appropriation of this section shall not lapse at the end of the fiscal year.

Section 15. National Coordinating Mechanism for NCDs. The amount of \$800,000, or the actual amount collected, is hereby authorized to be appropriated and is hereby appropriated for Fiscal Year 2022 for the purposes of the National Coordinating Mechanism for NCDs. The amount authorized to be appropriated and that is hereby

appropriated in this section shall come from revenue directed to the Non-Communicable Diseases Fund pursuant to 40 PNC Sections 1307(b) and 2607(b). Any unexpended or unobligated balance of the appropriation of this section shall not lapse at the end of the fiscal year. The total authorization and appropriation amount shall be allocated according to the following schedule:

(1)	Small Grant Scheme	125,000
(2)	Regular Grant Scheme	625,000
(3)	Administrative Expenses	50,000
	Section 15 Total	\$800,000

Section 16. All Other General Fund Revolving Accounts. The amount of \$781,000, or the actual amount collected, is hereby authorized to be appropriated and is hereby appropriated for Fiscal Year 2022 for all other special revolving accounts under the General Fund established pursuant to law. The amount authorized to be appropriated and that is hereby appropriated shall come from fees, fines and other charges derived from various activities and programs during the fiscal year, so long as the actual expenditures or obligations do not exceed actual revenue receipts. Any unexpended or unobligated balance of the appropriation of this section shall not lapse at the end of the fiscal year.

Section 17. General Fund Reserve. The amount of \$848,000 is hereby authorized to be appropriated and is hereby appropriated for Fiscal Year 2022 for the purposes of the General Fund Reserve pursuant to 40 PNC § 330.

Section 18. Debt Service. The sum of \$3,471,000, or the actual amounts for interest and principal due and payable, is authorized for appropriation and is hereby appropriated for Fiscal Year 2022 for the purpose of payment of periodic interest and principal payments pursuant to the promissory notes under the Mega International loan agreement for the purpose of undertaking various improvements to the Palau International Airport; and the Asian Development Bank (“ADB”) Water Sector Improvement Program (“WSIP”) loan for various infrastructure and institutional capacity improvement initiatives; and the Mega International Commercial Bank (MICB) loan agreement for the purpose of the Housing Development Loan Project; and the Asian

Development Bank Disaster Resilience Program (“DRP”) loan to finance short-term post-disaster financing needs; and the Asian Development Bank COVID-19 Pandemic Response Option (“CPRO”) loan to finance the severe adverse impact of COVID-19 on our economy; and the Asian Development Bank Recovery through Improved Systems and Expenditure Support Program (“RISES”) loan to support critical public sector management reforms. The entire amount authorized to be appropriated and that is hereby appropriated in this section shall come from local revenues. Any unexpended or unobligated balance of the appropriation of this section shall not lapse at the end of the fiscal year. The total authorization and appropriation amount shall be allocated according to the following schedule:

(1)	ICBC PIA Debt Service	510,000
(2)	ADB Program Loan (WSIP)	1,504,000
(3)	MICB Housing Development Loan	450,000
(4)	ADB DRP Loan Financing	107,000
(5)	ADB CPRO Loan Financing	400,000
(6)	ADB RISES Loan Financing	500,000
Section 18 Total		\$3,471,000

Section 19. Outside Grants and Development Assistance. All external funds received from development partners and donors, including, but not limited to, the 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 2022 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 (OEK) 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 (OEK) setting forth expenditures and

obligations of all funds received from outside sources and expended or obligated pursuant to this section.

Section 20. Reprogramming. The President shall have the authority to reprogram funds in Sections 3, 6 and 8 in the Fiscal Year 2022 Budget Act in accordance with 40 PNC § 351.

Section 21. Supplemental SSA Benefit Payments.

(a) The sum of \$1,955,000 is hereby authorized to be appropriated and is hereby appropriated for expenditure or obligation for Fiscal Year 2022 to the Social Security Administration for the purpose of funding the increase to the supplemental benefit payment effectuated by the amendment to 41 PNC Section 765 contained in this Act, and for the purpose of funding an additional fifty dollar (\$50) supplemental Social Security benefit payment for old age insurance and disability beneficiaries who are citizens of the Republic of Palau, Federated States of Micronesia, or United States of America.

(b) The Social Security Administration shall be responsible for providing any additional funding, beyond the amount authorized and appropriated in this section, necessary to cover the cost of providing the increased and supplemental benefits included in Subsection (a) of this section.

(c) The entire amount authorized and appropriated in this section shall come from local revenues. Any unexpended or unobligated balance of the appropriation of this section shall not lapse at the end of the fiscal year.

Section 22. Mechesil Belau Conference. The amount of \$50,000 is authorized for appropriation and is hereby appropriated for expenditure or obligation for Fiscal Year 2022 for the organization and conduct of the Mechesil Belau Conference. The entire amount authorized to be appropriated and appropriated in this section shall come from local revenues.

Section 23. Compact Review Advisory Group. The amount of \$650,000 is authorized for appropriation and is hereby appropriated for expenditure or obligation for Fiscal Year 2022 to provide funding support for the ongoing work and activities, including lobbyist and consultation work, of the Compact Review Advisory Group as established in

Executive Order No. 447. The entire amount authorized to be appropriated and appropriated in this section shall come from local revenues and shall be non-lapsing.

Section 24. Authorization to State Governments. The sum of \$800,000 is hereby authorized to be appropriated for expenditure or obligation for Fiscal Year 2022 for the purpose of state governments’ operational expenses. The entire amount of funds authorized in this section shall come from anticipated local revenues and the \$15,000,000 from the ADB Policy Based Loan and shall be allocated to each state government in the amount of \$50,000.

Section 25. Marine Transport Expenses. The sum of \$90,000 is hereby authorized to be appropriated for expenditure or obligation for Fiscal Year 2022 for the purpose of marine transportation expenses. Notwithstanding 40 PNC §330(b), the entire amount of funds authorized in this section shall come from the General Fund Reserve. The total authorization in this section shall be allocated according to the following schedule, respectively:

	Authorization	Appropriation
(1) Angaur State Government	\$30,000	\$0
(2) Kayangel State Government	30,000	0
(3) Peleliu Marine Transportation Authority	30,000	0

Section 26. Amendment. Section 4(10) of RPPL No. 10-29, as amended by RPPL No. 10-34 and RPPL No. 11-3, is hereby amended as follows:

“Section 4. Legislative Branch. ...
...
(10) OEK Koror Office Renovation \$250,000.00
and equipment, including copiers, computers, scanners and printers, office space rental, and other expenses related to the renovation.

The entirety of earmarked funds under this subsection shall be non-lapsing.”

Section 27. Amendment to RPPL No. 10-34. RPPL No. 10-34, Section 19 is hereby amended to read as follows:

“Section 19. Ministry of Education Projects. The sum of \$213,000 is authorized for appropriation and is hereby appropriated for expenditure or obligation for Fiscal

Year 2019, contingent on the receipt of construction and other relevant specifications by the Olbiil Era Kelulau from the Ministry of Education, to undertake roofing repair and replacement works and other classroom improvement works in various school facilities throughout the Republic. Prioritized schools include: Aimeliik, Airai, George B. Harris, Koror, Melekeok, Ngaraard, Ngarchelong, Ngeremlengui, Peleliu, and Palau High School. The entire amount authorized to be appropriated and appropriated in this section shall come from local revenues and shall not lapse at fiscal year-end.”

Section 28. Amendment. Section 2607(a) of Title 40 of the Palau National Code is hereby amended by repealing paragraphs (1) and (2) and amending to read as follows:

“§ 2607. Allocation of tax revenues.

(a) Ten percent (10%) of the annual revenues derived from the tax imposed under this chapter will be allocated to pay healthcare coverage subscription costs for citizens who are sixty (60) years of age or older and not working, and for citizens who are disabled and not working, in accordance with 41 PNC § 952(a).

...”

Section 29. Amendment. Section 328 of Title 40 of the Palau National Code is hereby amended to read as follows:

“§ 328. Lapsing of appropriated funds.

Unless otherwise provided by law, all appropriations shall lapse at the end of the fiscal year. Non-lapsing appropriations with unexpended balances shall be deemed lapsed provided such appropriations activities have been completed or inactive for two (2) consecutive fiscal years, and have no outstanding encumbrances or legally enforceable obligations.”

Section 30. Amendment. Section 23 of RPPL No. 11-3 is hereby amended to read as follows:

“Section 23. CROSS Act COVID-19 Private Sector Temporary Relief Measures Established Under Section 3 of RPPL No. 10-56. The sum of \$9,500,000 is hereby authorized to be appropriated and is hereby appropriated for expenditure or obligation for Fiscal Year 2021 for the purpose of continuing the Temporary Relief Measures established under Section 3 of the CROSS Act, RPPL No. 10-56. The entire amount

1 authorized to be appropriated and that is appropriated in this section shall come from the
2 available balance of the ADB CPRO loan financing. Any unexpended or unobligated
3 balance of the appropriation of this section shall not lapse at the end of the fiscal year.”

4 Section 31. Amendment. Section 3, Part 3(h) of RPPL No. 10-56, as amended by
5 RPPL No. 11-1 and RPPL No. 11-3, is hereby amended to read as follows:

6 “Section 3. COVID-19 Private Sector Relief Measures.

7 ...

8 Part 3. Temporary Relief Measures and Authorities.

9 ...

10 (h) Availability and Duration. Temporary Relief Measures shall be available only
11 subject to the availability of funds.

12 (i) ...”

13 Section 32. Amendment. Section 21 of RPPL No. 11-3 is hereby amended to read
14 as follows:

15 “Section 21. PPUC “Lifeline” Subsidy Program. The sum of \$200,000 is hereby
16 authorized to be appropriated and is hereby appropriated to the Ministry of Finance for
17 expenditure or obligation for Fiscal Year 2021 for the purpose of the permanent subsidy
18 program for electrical power, water, and wastewater consumption for vulnerable
19 households, including fixed or low income households and underemployed or unemployed
20 PPUC customers. Within thirty (30) days of the effective date of this Act, the Ministry of
21 Finance shall adopt regulations governing how this money will be used to fully cover or
22 subsidize both prior and current bills of vulnerable PPUC customers and households.
23 Regulations adopted pursuant to this section shall be exempt from the requirements of 6
24 PNC § 125. The entire amount authorized to be appropriated and appropriated in this
25 section shall come from local revenues. Any unexpended or unobligated balance of the
26 appropriation of this section shall not lapse at the end of the fiscal year.”

27 Section 33. PPUC Prior Quarter Fuel Expenses. The sum of \$2,550,000 is hereby
28 authorized to be appropriated and the sum of \$1,000,000 is hereby appropriated for
29 expenditure or obligation for Fiscal Year 2022 to the Palau Public Utilities Corporation
30 for the purpose of paying PPUC’s prior quarter fuel expenses, scheduled to be collected

from October 2021 through December 2021 through an increase in PPUC’s Automatic Fuel Price Adjustment Clause (AFPAC). Of the total amount appropriated in this section, \$800,000 shall come from the \$1,000,000 that was originally appropriated to the Minister of Finance for the PPUC Lifeline Subsidy Program in Section 21 of RPPL No. 11-3, but which was reduced to an appropriation of \$200,000 by Section 32 of this Act, and \$200,000 shall come from the General Fund Reserve. Any unexpended or unobligated balance of the appropriation of this section shall not lapse at the end of the fiscal year.

Section 34. Amendment. Section 765 of Title 41 of the Palau National Code is hereby amended to read as follows:

“§ 765. Supplemental benefit payment.

Effective October 1, 2021, there shall be an additional monthly one hundred dollars (\$100) supplemental benefit payment for all recipients of benefits under subchapter VI of this Title.”

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

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

PASSED: September 14, 2021

Approved this 29th day of September, 2021


H. E. Surangel Whipps, Jr.
President of the Republic of Palau