



ELEVENTH OLBIL ERA KELULAU

TWELFTH SPECIAL SESSION

AUGUST 2023

HOUSE BILL NO. 11-114-11, HD1, SD6, CD1

AN ACT

SEE TITLE INSIDE

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

ET AL,

DATE INTRODUCED July 19, 2023

HOUSE ACTION

FIRST READING: 07-19-2023
REFERRED TO: Ways and Means
STANDING COMMITTEE REPORT NO: 11-102
DATE ADOPTED: 09-11-2023
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REVIEW: 09-11-2023
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SENATE ACTION

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CONFERENCE COMMITTEE ACTION

DATE: 09-28-2023
COMMITTEE REPORT: 11-7
DATE PASSED: 09-28-2023


Marcello Ngerkelau

HOUSE CLERK


Ann L. Pedro

SENATE CLERK

AN ACT

To enact a budget law for Fiscal Year 2024 through the authorization of the sum of \$122,434,700 and appropriation of the amount of \$112,446,458 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, 2024, and for related purposes.

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

Section 1. Short Title. This Act shall be known and may be cited as, “The Fiscal Year 2024 Budget Act.”

Section 2. Executive Branch Operations. The sum of \$57,940,616 is authorized for appropriation and the amount of \$54,567,708 is hereby appropriated for expenditure and obligation for Fiscal Year 2024 for the purpose of covering the operational and contingent expenses of the Executive Branch. The total amount authorized to be appropriated shall come from the following sources: the amount of \$6,632,708 shall come from unrestricted local revenues; the amount of \$15,000,000 shall come from the Compact Trust Fund (CTF) established by Section 211(f) of the Compact of Free Association, and an additional \$30,000,000 shall come from the Compact Trust Fund established by Section 211(f) of the Compact of Free Association in the event the 2023 Compact Review Agreement (CRA) assistance package is not enacted by the Government of the United States by October 1, 2023; the amount \$2,600,000 shall come from the Blue Prosperity Grant fund; and the amount of \$335,000 shall come from the Pristine Paradise Environmental Fund allocation for the Palau International Airport. 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) Office of the President		
(a) President’s Office	\$924,882	\$924,882
(b) Official Expenses	23,000	23,000
(c) Grants Coordinator	68,000	68,000
(d) National Security (Anti-Human Trafficking)	93,604	93,604
(e) Council of Chiefs	146,810	146,810

1	(f) Presidential Stipend	45,000	45,000
2	Sub-Total	\$1,301,296	\$1,301,296
3	(2) Office of the Vice-President		
4	(a) Vice President's Office	\$312,622	\$312,622
5	(b) National Emergency Management Office	258,226	258,226
6	Sub-Total	\$570,848	\$570,848
7	(3) Ministry of Finance		
8	(a) Office of the Minister	\$238,000	\$238,000
9	<i>Of this sum, the amount of \$180,000, or so much thereof as may be</i>		
10	<i>necessary, is earmarked for the purpose of conducting State Audits and</i>		
11	<i>shall be non-lapsing.</i>		
12	(b) Palau Energy & Water Administration	142,208	142,208
13	(c) Economic Diversification Initiatives	195,762	107,208
14	(d) Information Systems Support Services	234,018	234,018
15	(e) Bureau of National Treasury	1,109,000	1,066,936
16	(f) Bureau of Budget & Planning	848,000	725,468
17	(g) Bureau of Revenue & Taxation	921,000	866,486
18	(h) Bureau of Customs & Border Protection	2,229,000	2,125,874
19	Sub-Total	\$5,916,988	\$5,506,198
20	(4) Ministry of State		
21	(a) Office of the Minister	\$58,000	\$58,000
22	(b) ROP Consulate Office in Guam	123,208	123,208
23	(c) ROP Embassy in Washington, D.C.	299,208	299,208
24	(d) ROP Embassy in Taipei, Taiwan	233,604	233,604
25	(e) ROP Embassy in Tokyo, Japan	671,208	671,208
26	(f) United Nations Representation Office	357,208	357,208
27	(g) ROP Embassy in Manila, Philippines	139,604	139,604
28	(h) Office of the Public Defender	348,622	348,622
29	(i) Bureau of Foreign Affairs & Trade	466,244	466,244
30	(j) Bureau of Domestic Affairs	205,226	205,226

1	(k) Bureau of Archives & Media	371,244	371,244
2	(l) Passport Office	106,208	106,208
3	(m) International Organizations Dues & Fees	311,000	311,000
4	(n) Southwest Field Trips/ Sonsoral & Hatohebei	279,000	279,000
5	(o) Hawaii Consulate Office	68,604	68,604
6	Sub-Total	\$4,038,188	\$4,038,188

(5) Ministry of Human Resources, Culture, Tourism & Development

8	(a) Office of the Minister	\$58,000	\$58,000
9	(b) Olchotel Belau Fair	27,000	27,000
10	(c) Palau Small Business Development Center	55,000	55,000
11	(d) Youth Congress	30,000	30,000

12 *Of this amount, \$25,000, or so much thereof as shall be required, shall*
13 *be earmarked for establishing a National Youth and Cheldebechel*
14 *Council.*

15	(e) WIA Grant Contribution	120,000	120,000
16	(f) (Left Blank)		
17	(g) Bureau of Human Resources	874,000	732,658
18	(h) Bureau of Tourism	345,360	242,810
19	(i) Bureau of Development	510,193	510,193

20 *Of this amount, \$379,828, or so much thereof as shall be required, shall*
21 *be earmarked for the Office of Labor Compliance.*

22	(j) Bureau of Cultural and Historical Preservation	408,771	277,226
23	Sub-Total	\$2,428,324	\$2,052,887

(6) Ministry of Education

25	(a) Office of the Minister	\$58,000	\$58,000
26	(b) School Books, Supplies & Inst. Equip.	652,300	652,300
27	(c) Bureau of Curriculum & Instruction	508,450	508,450
28	(d) Bureau of School Administration	9,128,925	8,510,080

29 *Of this sum, the amount of \$150,000, or so much thereof as may be*
30 *required, shall be used to purchase school desks for students in*

Kindergarten through Third Grade.

(e) Food Service Program	1,590,140	1,500,000
Sub-Total	\$11,937,815	\$11,228,830

(7) Ministry of Public Infrastructure & Industries

(a) Office of the Minister	58,000	\$58,000
(b) FAA, UNDP & Other Match	354,000	354,000
(c) Bureau of Communications	214,055	149,414
(a) Bureau of Marine Transportation	407,907	270,828
(e) Bureau of Aviation	2,221,062	2,221,062
(f) Bureau of Lands & Survey	938,126	938,126
(g) Bureau of Public Works	1,784,496	1,784,496
(b) National Capital Electricity/Maintenance	2,198,000	1,560,810
Sub-Total	\$8,175,646	\$7,336,736

(a) Ministry of Justice

(a) Office of the Attorney General	\$831,974	\$750,640
(b) Bureau of Public Safety	6,498,234	6,040,782

Of this amount, the sum of \$1,473,540, or so much thereof as may be necessary, is earmarked for the Division of Maritime Security & FWP.

(c) Office of Professional Standards	59,818	59,818
(b) Information Technology Management Office	50,000	50,000
Sub-Total	\$7,440,026	\$6,901,240

(9) Ministry of Health & Human Services

(a) Office of the Minister	\$58,000	\$58,000
(b) Palau Severely Disabled Assistance Fund	800,000	800,000
(c) Bureau of Public Health & Human Services	1,709,162	1,709,162
(a) Bureau of Hospital & Clinical Services	7,458,512	7,458,512
(c) Bureau of Health System Administration	1,110,018	1,110,018
(f) Hemodialysis	648,450	648,450
(g) Hospital Equipment (replace, repair, upgrade)	2,588,743	2,088,743

The amount of \$2,588,743 is hereby authorized for appropriation and

\$2,088,743 is hereby appropriated to purchase and install patient-critical medical and surgical equipment for the Belau National Hospital, to perform upgrades, maintenance, and repairs at the Belau National Hospital necessary for the improvement of patient health and treatment, and for upgrading equipment that will have a significant impact on the ability of the Belau National Hospital to improve patient health outcomes. In particular, these funds should be used to ensure the Central Air Condition System, Oxygen System, RO Water System, Laundry Facility, Hospital Cafeteria, and Medical Store Rooms are returned to functionality as fully operative support components of the Hospital. The Belau National Hospital shall issue a detailed report on the use of these funds each quarter to the committees of the Senate and House of Delegates of the Olbil Era Kelulau responsible for health.

	Sub-Total	\$14,372,885	\$13,872,885
(10) Ministry of Agriculture, Fisheries & Environment			
(a) Office of the Minister		\$58,000	\$58,000
(b) Bureau of Marine Resources		835,900	835,900
(c) Bureau of Agriculture		606,800	606,800
(d) Bureau of Environment		257,900	257,900
	Sub-Total	\$1,758,600	\$1,758,600
	Section 2 Total	\$57,940,616	\$54,567,708

Section 3. Judicial Branch. The sum of \$3,975,000 is authorized for appropriation and the sum of \$3,139,666 is hereby appropriated for expenditure or obligation for Fiscal Year 2024 for the purpose of covering the operational and contingent expenses of the Judicial Branch. The entire amount of the funds authorized and appropriated in this section shall come from local revenues.

Section 4. Legislative Branch. The sum of \$6,698,640 is authorized for appropriation and is hereby appropriated for expenditure or obligation for Fiscal Year

2024 for the purpose of covering the operational and contingent expenses of the Legislative Branch. The entire amount of funds authorized and appropriated in this section shall come from local revenues. The total authorization and appropriation shall be allocated according to the following schedule:

(1) Senate	\$2,649,972
(2) Senate Legal Counsel Office	203,810
(3) House of Delegates	\$3,172,218
(4) House Legal Counsel Office	207,414
(5) Joint Staff	335,226
(6) Association of Pacific Island Legislatures (APIL)	15,000
(7) Inter-Paeliammentary Union (IPU)	15,000
(8) Pulau-Japan Paeliammentary Friendship	60,000
(9) Electriclty for Koror OEK building	30,000
(10) Pacific Island Development Bank	10,000

Section 4 Totul \$6,698,640

Section 5. Boards, Commissions, and Authorities. The sum of \$1,465,342 is authorized for appropriation and is hereby appropriated for expenditure and ouligation for Fiscal Year 2024 for the purpose of funding the operationul and contingent expenses of Boards, Commissions and Authorities. The entire amount of funds authorized and approprlated in this section shaul come fromulocal revenues. The total authorization and the total appropriation shall be allocated according to the fallowing schedule, respectively:

(1) Foreign Investment Board	\$209,414
(2) Palau Election Commission	514,872
(3) COFA Board of Trustees	45,000
(4) Palau Code Commission	60,208
(5) Pulau Public Lands Authority	139,018
(6) Parole Board	48,604
(7) Palau Housing Authority	135,000
(8) Ethics Commission	49,604

1	(9) Financial Institutions Commission	37,604
2	(10) Financial Intelligence Unit	169,810
3	(11) Language Commission	56,208
4	Section 5 Total	\$1,465,342
5	Section 6. <u>State Block Grants</u> . The sum of \$13,088,600 is authorized for	
6	appropriation and is hereby appropriated for expenditure or obligation for Fiscal Year	
7	2024 for the purpose of State Governments' operational and capital improvement	
8	projects expenses. The entire amount of funds authorized and appropriated in this	
9	section shall come from local revenues. The amount authorized for appropriation shall	
10	be available for expenditure for operations and CIP projects in accordance with 40 PNC	
11	Chapter 22. The total authorization and total appropriation shall be allocated according	
12	to the following schedule, respectively:	
13	(1) Aimeliik State	\$710,000
14	(2) Airai State	1,005,360
15	(3) Angaur State	658,880
16	(4) Hatohebei State	563,740
17	(5) Kayangel State	621,960
18	(6) Koror State	2,502,500
19	(7) Melekeok State	694,380
20	(8) Ngaraard State	759,700
21	(9) Ngarchelong State	759,700
22	(10) Ngardmau State	687,280
23	(11) Ngarenlengui State	700,060
24	(12) Ngatpang State	678,760
25	(13) Ngchesar State	710,000
26	(14) Ngiwal State	687,280
27	(15) Peleliu State	785,260
28	(16) Sonsoral State	563,740
29	Section 6 Total	\$13,088,600

Section 7. Independent Agencies. The sum of \$3,157,558 is authorized for appropriation and is hereby appropriated for expenditure or obligation for Fiscal Year 2024 as operating grants or subsidies for independent agencies of the National Government. The entire amount of the funds authorized and appropriated in this section shall come from local revenues. The total authorization and appropriation shall be allocated according to the following schedule, respectively:

(1) Office of the Public Auditor	\$581,828
(2) Office of the Special Prosecutor	295,622
(3) Palau Environmental Quality Protection Board (EQPB)	443,036
(4) National Postal Service	446,846
(5) Palau Visitors Authority	1,098,000
(6) National Aviation Administration	292,226
Section 7 Total	\$3,157,558

Section 8. Other Agencies and Activities. The sum of \$1,751,900 is authorized for appropriation and is hereby appropriated for expenditure or obligation for Fiscal Year 2024 as grants or transfers for recurring programs and activities. The entire amount of funds authorized and appropriated in this section shall come from local revenues. The total authorization and appropriation shall be allocated according to the following schedule, respectively:

(1) Palau National Museum	\$285,220
(2) Micronesian Legal Services	125,000
(3) Palau Community Action Agency	400,000
<i>Of these funds, the sum of \$84,000, is earmarked for the apprentice program for the Civic Action Team.</i>	
(4) Head Start Program	147,680
(5) Palau Red Cross	25,000
(6) Civic Action Team Share	250,000
(7) PNOC & Sports Organizations	159,000
(8) Palau Int'l Coral Reef Center	360,000
Section 8 Total	\$1,751,900

Section 9. Education Assistance. The sum of \$6,780,044 is hereby authorized to be appropriated and is hereby appropriated for expenditure or obligation for Fiscal Year 2024 to subsidize the educational institutions and scholarship program set forth below. The total amount authorized to be appropriated and that is hereby appropriated in this section shall come from local revenue. The total authorization and appropriation shall be allocated according to the following schedule, respectively:

(1) Palau Community College	\$3,215,594
(a) PCC Operations	(2,932,594)
(b) PCC Board of Trustees	(38,000)
(c) PCC CRE	(35,000)
(d) COM Board of Regents	(25,000)
(e) PCC Endowment Fund	(75,000)
(f) Tuition Assistance to Palauan Students	(60,000)
(g) Micro.Voyage Society/PCC Nav.Prog Support	(50,000)
(2) Aid to Non-Public Schoals	\$1,060,640
(a) Emmaus – Bethania High Schoal	(196,000)
(b) Palau Mission Academy	(135,520)
(c) Mindszenty High Schoal	(224,000)
(d) Ibobang High Schoal	(135,520)
(e) Maris Stella Schoal	(134,400)
(f) Koror SDA Elementary Schoal	(128,800)
(g) Emmaus Kindergarten	(45,920)
(h) SDA Kindergarten	(30,240)
(i) Cathalic Kindergarten	(30,240)
(3) National Scholarship Fund	\$2,503,810
(a) Fall & Spring Semester scholarships & grants	(2,388,000)
(b) Administrative Expenses	(115,810)
Section 9 Total	\$6,780,044

Section 10. Hospital Trust Fund. The amount of \$2,011,000, or the actual amount collected, is hereby authorized to be appropriated and is hereby appropriated for Fiscal

1 Year 2024 for purposes of the Hospital Trust Fund. The amount authorized to be
2 appropriated and that is hereby appropriated shall come from the revenues derived
3 from clinical and public health medical and dental services fees and charges during the
4 fiscal year, so long as the actual expenditures or obligations do not exceed actual revenue
5 receipts. Any unexpended or unobligated balance of the appropriation of this section
6 shall not lapse at the end of the fiscal year.

7 Section 11. ~~PAN Fund~~. The sum of \$626,000, or the actual amount collected, is
8 hereby authorized to be appropriated and is hereby appropriated for Fiscal Year 2024
9 for the purposes of the Protected Areas Network Fund pursuant to 40 PNC § 3413, as
10 amended. The amount authorized to be appropriated in this section shall come from the
11 Pristine Paradise Environmental Fee (PPEF) revenue allocation for environmental
12 protection (“Green Fee”) during the fiscal year. Any unexpended or unobligated
13 balance of the appropriation of this section shall not lapse at the end of the fiscal year.

14 Section 12. ~~Road Maintenance Fund~~. The amount of \$610,000, or the actual
15 amount collected, is hereby authorized to be appropriated and is hereby appropriated
16 for Fiscal Year 2024 for purposes of the Road Maintenance Fund to be used for the
17 routine and periodic maintenance of the Compact Road and other national road
18 infrastructure network. The amount authorized to be appropriated and that is hereby
19 appropriated shall come from the revenues derived from Road Use tax and charges
20 during the fiscal year, so long as the actual expenditures or obligations do not exceed
21 actual revenue receipts. Any unexpended or unobligated balance of the appropriation
22 of this section shall not lapse at the end of the fiscal year.

23 Section 13. ~~Belau National Hospital~~. The amount of \$2,610,000 is hereby
24 authorized and appropriated from the Road Maintenance Fund and the Infrastructure
25 Maintenance Fund in the 2010 Compact Review Agreement for the upgrade, repairs
26 and renovation of the Belau National Hospital, to specifically include roof and grounds
27 repairs as necessary to reduce leaking. As part of the repair process, the Minister of the
28 Public Infrastructure and Industries shall hire a professional engineering firm to form
29 a construction plan in conformity with a proposed utilization of the U.S. Infrastructure

1 Maintenance Fund. A complete and comprehensive report on the status and useful
2 lifespan of the Belau National Hospital's physical structure shall be submitted together
3 with the Construction Plan by the end of Fiscal Year 2024 to the Minister of Health and
4 to the committees having responsibility for health within the Senate and House of
5 Delegates of the Olbl Era Kelalau; this report shall include construction plans and
6 estimates as are necessary to satisfy all requirements for the use of the Compact of Free
7 Association's Infrastructure Fund. The amount authorized to be appropriated and that
8 is hereby appropriated by this Section shall come from the Road Maintenance Fund in
9 the amount of \$610,000 and from the Infrastructure Maintenance Fund established in
10 the 2010 Compact Review Agreement in the amount of \$2,000,000. Any unexpended or
11 unobligated balance of the appropriation of this section shall not lapse at the end of the
12 fiscal year.

13 Section 14. Deposit Beverage Container. The amount of \$535,000, or the actual
14 amount collected, is hereby authorized to be appropriated and is hereby appropriated
15 for Fiscal Year 2024 for the purposes of the Recycling Fund. The amount authorized to
16 be appropriated and that is hereby appropriated shall come from fees derived from
17 deposit of beverage containers pursuant to RPPL 9-24, so long as the actual
18 expenditures or obligations do not exceed actual revenue receipts during the fiscal year.
19 Any unexpended or unobligated balance of the appropriation of this section shall not
20 lapse at the end of the fiscal year.

21 Section 15. National Coordinating Mechanism for NCD. The amount of
22 \$1,170,000 and the actual amount collected is hereby authorized to be appropriated and
23 is hereby appropriated for Fiscal Year 2024 for the purposes of the National
24 Coordinating Mechanism for NCD and Medical Referral Program. The amount
25 authorized to be appropriated and that is hereby appropriated shall come from
26 available funding from the 10% allocation of the annual revenues derived from taxes
27 imposed on alcoholic beverages and tobacco during the fiscal year pursuant to RPPL
28 No. 9-57, as amended. Any unexpended or unobligated balance of the appropriation of
29 this section shall not lapse at the end of the fiscal year. The total authorization and
30 appropriation amount shall be allocated to the following schedule:

(1) Small Grant Scheme	125,000
(2) Regular Grant Scheme	625,000
(3) Reimbursement to the National Health Insurance Fund for the Medical Referral Program expenses in FY2021, FY2022, and FY2023	420,000
Section 14 Total	\$1,170,000

Section 16. All Other General Fund Revolving Accounts. The amount of \$781,000 is hereby authorized to be appropriated and is hereby appropriated for Fiscal Year 2024 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. Cyclical Reserve Fund. The amount of \$848,000 is hereby authorized to be appropriated and is hereby appropriated for Fiscal Year 2024 for the purposes of the Cyclical Reserve Fund pursuant to 40 PNC § 330. The entire amount authorized to be appropriated and that is hereby appropriated in this section shall come from local revenues.

Section 18. Climate Resilience Reserve Fund. The amount of \$450,000 is hereby authorized to be appropriated and is hereby appropriated for Fiscal Year 2024 for the purposes of the Climate Resilience Reserve Fund pursuant to 40 PNC § 331. The entire amount authorized to be appropriated and that is hereby appropriated in this section shall come from local revenues.

Section 19. Infrastructure Maintenance Fund. The amount of \$1,000,000 is hereby authorized to be appropriated for Fiscal Year 2024 for the purpose of matching funds provided by the Government of the United States to the Infrastructure Maintenance Fund established by the 2010 Compact Review Agreement, as amended.

Section 20. Debt Service. The sum of \$6,476,000 or the actual amounts for

interest and principal due and payable is authorized for appropriation and that is hereby appropriated for Fiscal Year 2024 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 Pelau 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 housing development 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 provided that the amount of \$626,000, or the actual amount collected, shall come from the Pristine Paradise Environmental Fee (PPEF) allocation for the Green Fee. 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 to the following schedule:

(1) ICBC PIA Debt Service	\$478,000
(2) ADB Program Loan (WSIP)	1,741,000
(3) MICB Housing Development Loan	1,589,000
(4) ADB DRP Loan Financing	1,368,000
(5) ADB HEALS Loan Financing	800,000
(6) ADB RISES Loan Financing	500,000
Section 19 Total	\$6,476,000

Section 21. Outside Grants and Development Assistance.

(a) All external funds received from development partners and donors are hereby authorized to be appropriated and are appropriated for Fiscal Year 2024

1 in the amount received for those specific programs or projects for which they are
2 granted, donated, or otherwise contributed. U.S. Federal Program Grants cost
3 recoveries associated with such program grants may be retained for use by the
4 President for such purpose as are needed to implement such programs or
5 projects for which they were granted.

6 (b) The Minister of Finance shall submit to the Olbiil Era Kelblau, a quarterly
7 report, a detailed description of the source and use of all external funds. The
8 detailed description shall include, at minimum:

- 9 (1) the purpose of the grant or other external funds;
- 10 (2) the name of the grantor or other external fund provider;
- 11 (3) the government agency or agencies within the Republic of Palau that
12 will be receiving and managing the funds;
- 13 (4) the amount of external funds and the projected project period of
14 external fund provision for this purpose;
- 15 (5) whether the external funds will be used to hire any employees or make
16 any other long-term commitments; and
- 17 (6) what services will be provided using the external funds.

18 Section 22. Reprogramming. The President shall have the authority to
19 reprogram funds in Sections 2, 5, and 7 in the Fiscal Year 2024 Budget Act in accordance
20 with 40 PNC § 351.

21 Section 23. Wage and Salary Increase for National Full Time Employees.

22 (a) The Annual Base Salary Schedule established under Subsection (a) of Section
23 702 of Title 33 of the Palau National Code is hereby amended to provide for an
24 additional increase of \$60 biweekly for all civil service and exempt employees of the
25 National Government, unless otherwise specifically established by law.

26 (b) In accordance with Subsection (a) of this Section, the table in 33 PNC § 702
27 is amended to read as follows:

1	10400	10579	10764	10955	11151	11420	11700	11991	12294	12687	13101	13535	13991	14565
2	10699	10887	11081	11281	11487	11770	12064	12369	12687	13101	13535	13991	14469	15072
3	11013	11211	11415	11624	11840	12137	12446	12767	13101	13535	13991	14469	14972	15605
4	11342	11550	11764	11984	12211	12522	12846	13184	13534	13990	14468	14971	15498	16163
5	11688	11906	12131	12362	12600	12927	13268	13622	13990	14468	14971	15498	16052	16750
6	12052	12281	12517	12760	13010	13353	13711	14082	14469	14971	15499	16053	16635	17367
7	12433	12673	12921	13176	13439	13799	14175	14565	14971	15498	16052	16634	17244	18014
8	13435	13705	13984	14271	14566	14972	15394	15833	16290	16883	17507	18161	18848	19714
9	14561	14865	15179	15501	15834	16290	16765	17259	17773	18440	19141	19877	20650	21624
10	15829	16171	16524	16887	17261	17775	18309	18864	19442	20193	20982	21810	22679	23775
11	17255	17640	18037	18445	18866	19444	20045	20670	21320	22165	23052	23983	24962	26194
12	18860	19293	19739	20199	20672	21322	21999	22702	23433	24384	25382	26430	27530	28917
13	20665	21152	21654	22171	22704	23435	24196	24987	25810	26879	28002	29181	30419	31979
14	22939	23495	24067	24656	25263	26097	26964	27866	28804	30023	31303	32647	34059	35837
15	26272	26928	27603	28298	29015	29998	31022	32086	33192	34631	36141	37727	39393	41491
16	30206	30980	31776	32597	33442	34603	35811	37066	38372	40070	41852	43724	45689	48165
17	34847	35760	36700	37668	38666	40036	41460	42942	44483	46486	48589	50798	53117	56038
18	40932	42028	43156	44318	45515	47159	48868	50646	52495	54899	57423	60073	62856	66362

Section 24. PPUC Community Service Obligation (CSO) Program. The sum of \$3,085,000 is hereby authorized to be appropriated and is hereby appropriated for Fiscal Year 2024 for the purposes of funding the Community Service Obligations of the PPUC for CSO Projects, the Lifeline Subsidies Program and for providing additional subsidy for residential power, water, and wastewater consumption. The entire amount authorized to be appropriated and that is hereby appropriated in this section shall come from local revenues and shall be allocated according to the following schedule:

- (1) Lifeline Subsidy Program \$250,000
- (2) Residential Electricity 1,600,000

To offset the AFPAC rate for all residential customers, \$0.10 per kWh of the AFPAC rate for up to 500 kWh per customer per month. The PPUC shall reduce each customer's AFPAC Rate by \$0.10 and show on each customer's bill the amount of the offset applied to such customer.

- (3) Residential Water and Wastewater 960,000

To offset the rate for all residential customers, \$0.00672 per gallon of water used and \$0.00931 per gallon of wastewater used, for up to 2500 gallons of water and 2500 gallons of wastewater per customer per month. The PPUC shall reduce each customer's bill by the amount of the offset applied to such customer and show on each customer's bill

the amount of the offset applied to such customer.

(4) Community Service Projects 275,000

This amount shall be used to fund the Ngiwal State Water Pump project with \$150,000, the Ngaraard Water Dam project with \$45,000, and the Aimeliik Elechui Power Line Extension to the Water Pump Station with \$80,000.

Section 23 Total \$3,085,000

Section 25. Compact Review Advisory Group. The amount of \$500,000 is authorized for appropriation and the amount of \$400,000 is hereby appropriated for expenditure or obligation for Fiscal Year 2024 to provide funding support for the ongoing work and activities, including lobbyist and consultation work, of the Compact Review Advisory Group as established by Executive Order No. 447. The entire amount authorized and appropriated in this section shall come from local revenues and be non-lapsing. This section shall be exempt from competitive procurement requirements of Chapter 6 of Title 40 of the Palau National Code.

Section 26. Independence Day Celebrations. The sum of \$100,000 is authorized for appropriation and is hereby appropriated for expenditure or obligation for Fiscal Year 2024 to provide funding support for Republic's Independence Day celebrations program of activities. The entire amount authorized and appropriated in this section shall come from local revenues. This section shall be exempt from competitive procurement requirements of Chapter 6 of Title 40 of the Palau National Code.

Section 27. Civil Settlement. The sum of \$350,000 is authorized for appropriation for Fiscal Year 2024 for the settlement of the wrongful death claim of Mr. Russel Takisang Iyar in accordance with the terms and conditions of the settlement agreement.

Section 28. Pacific Games. The sum of \$250,000 is hereby authorized to be appropriated and is hereby appropriated for expenditure or obligation for Fiscal Year 2024 as preparation fund for Palau's participation in the Pacific Games scheduled to be held in Honiara, Sblomon Islands in November 2023, as well as for dues and other expenses relating to the Pacific Games and hosting of the 2025 Pacific Mini Games. The

1 entire amount authorized to be appropriated and appropriated in this section shall come
2 from local revenues. The amount authorized and appropriated in this Section shall not
3 lapse.

4 Section 29. Micro Games. The sum of \$280,000 is hereby authorized to be
5 appropriated for expenditure or obligation for Fiscal Year 2024 to fund Palau's
6 participation in the upcoming 10th Micronesian Games which will be held in June 2024
7 in Majuro, Marshall Islands.

8 Section 30. Festival of Pacific Arts. The sum of \$250,000 is hereby authorized to
9 be appropriated and the amount of \$100,000 is hereby appropriated for expenditure or
10 obligation for Fiscal Year 2024 to fund Palau's participation in the 13th Festival of
11 Pacific Arts and Culture to be held in Hawaii in June 2024. The entire amount
12 authorized to be appropriated and appropriated in this section shall come from local
13 revenues.

14 Section 31. Economic Development Plan. The amount of \$150,000 is hereby
15 authorized to be appropriated for expenditure or obligation for Fiscal Year 2024 to
16 provide funding support for the implementation of Palau's Economic Development
17 Plan.

18 Section 32. Mechesil Belau Conference.

19 (a) The amount of \$50,000 is authorized for appropriation for expenditure
20 or obligation for Fiscal Year 2024 for the organization and conduct of the
21 Mechesil Belau Conference.

22 (b) Section 9 of RPPL 11-30 is amended to read as follows:

23 "Section 9. Mechesil Belau Conference. The amount of \$100,000 is authorized for
24 appropriation and is hereby appropriated for expenditure or obligation for the
25 organization and conduct of the Mechesil Belau Conference. Such funds shall be
26 administered by the Ministry of Resources, Culture, Tourism, and Development
27 which shall submit a detailed expenditure report of the funds to the President of
28 the Republic of Palau, the Olbiil Era Kehllau, and the Office of the Public
29 Auditor. The entire amount authorized to be appropriated and appropriated in

1 this section shall come from the Cyclical Reserve Fund. The amount authorized
2 and appropriated in this Section shall not lapse.”

3 **Section 33. Supplemental SSA Benefit Payment.** The sum of \$1,800,000 is
4 authorized for appropriation and the amount of \$1,600,000 is hereby appropriated for
5 expenditure or obligation for Fiscal Year 2024 to the Social Security Administration for
6 the purpose of funding the continuation of the fifty-dollar (\$50) per month supplemental
7 Social Security benefit payment for old age insurance and disability in RPPL No. 11-12,
8 Section 21(a) for those who are citizens of the Republic of Palau, Federated States of
9 Micronesia, or United States of America and who have been permanently domiciled
10 continuously in the Republic of Palau for at least six (6) months immediately prior to
11 receiving any benefit. Notwithstanding 27 PNC §192(b) and (f) or any other act, the
12 entire amount authorized and appropriated in this section shall come from local
13 revenues.

14 **Section 34. Ngarchelong State Government.** The sum of \$30,000 is hereby
15 authorized to be appropriated and is hereby appropriated to the Ngarchelong State
16 Government for the purpose of renovating the Ngerbau waiting house and for upgrading
17 and renovating Ollei Port. The entire amount authorized and appropriated in this
18 section shall come from local revenues.

19 **Section 35. Marine Transport Expenses.** The sum of \$90,000 is hereby authorized
20 to be appropriated and is hereby appropriated for expenditure or obligation for Fiscal
21 Year 2023 for the purpose of marine transportation expenses. Notwithstanding any
22 limitation in 40 PNC § 1404(b) or any other law, the entire amount of the funds
23 authorized and appropriated in this section shall come from local revenues. The total
24 appropriation in this section shall be allocated according to the following schedule:

(1) Angaur State Government	\$30,000
(2) Kayangel State Government	\$30,000
(3) Peleliu State Government	\$30,000

28 **Section 36. Koror-Airai Sanitation Project (KASP) and related debt obligations.**
29 Notwithstanding Section 19 of this Act concerning debt service or any other law, none

1 of the funds appropriated by this Act or any other law, except as explicitly provided,
2 may be used to pay the debt service on any loan used to fund the Koror-Airai Sanitation
3 Project. PPUC, and the Republic of Palau, shall cease payment on any loan used to fund
4 the Koror-Airai Sanitation Project until such time as an agreement is signed between
5 the President of the Republic of Palau, such designated national government official or
6 representative of the Palau Public Utilities Corporation that the President deems
7 proper, and the Asian Development Bank. Such agreement shall be negotiated by the
8 President or his designee with the Asian Development Bank as soon as practicable, but
9 within one year from the effective date of this Act and shall address the circumstances
10 and disputes concerning repayment of loans related to the unfinished Koror-Airai
11 Sanitation Project.

12 **Section 37. Amendment.** Section 2655 of Title 40 of the Palau National Code is
13 amended as follows:

14 “(a) Ten percent (10%) of the annual revenues derived from the tax imposed on
15 alcoholic beverages under this subchapter shall be allocated to pay healthcare
16 coverage subscription costs for citizens who are sixty (60) years of age or older
17 and not working and for citizens who are disabled and not working in accordance
18 with 41 PNC § 952(a). The Minister of Finance shall disburse to the Healthcare
19 Fund the funds allocated under this subsection no later than the fifteenth day of
20 the month following the end of each quarter of the fiscal year.

21 “(b) Ten percent (10%) of the annual revenues derived from the tax imposed on
22 alcoholic beverages under this subchapter shall be allocated to the Non-
23 Communicable Diseases Fund established in section 1308 of this Title in an
24 amount not to exceed five hundred thousand dollars (\$500,000), and with any
25 amount collected above five hundred thousand dollars (\$500,000) to be deposited
26 into the National Treasury in a segregated fund authorized and appropriated to
27 the Ministry of Health and Human Services for purposes related to hospital
28 operations, programs, and activities, including medical supplies and drugs and
29 other Ministry of Health and Human Services operations, and including the
30 administrative control, staff, equipment and facilities of the Medical Referral

Program.

(c) One percent (1%) of the annual revenues derived from the tax imposed on alcoholic beverages under this subchapter shall be allocated to the Palau Livestock Fund established by chapter 5 of Title 9 for a period of six (6) years beginning on the date of the establishment of the Palau Livestock Fund.

(d) Ten percent (10%) of the annual revenues derived from the tax imposed on cigarettes and other tobacco products under this subchapter shall 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), and for the Ministry of Health and Human Services in accordance with paragraphs (1) and (2).

(1) The Minister of Finance shall disburse the first six hundred and fifty thousand dollars (\$650,000) collected pursuant to subsection (d) to the Healthcare Fund for 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) no later than the fifteenth day of the month following the end of each quarter of the fiscal year.

(2) Any amounts in excess of six hundred and fifty thousand dollars (\$650,000) collected pursuant to subsection (d) shall be deposited into the National Treasury in a segregated fund authorized and appropriated to the Ministry of Health and Human Services for purposes related to hospital operations, programs, and activities, including medical supplies and drugs and other Ministry of Health and Human Services operations.

(e) Ten percent (10%) of the annual revenues derived from the tax imposed on cigarettes and other tobacco products under this chapter shall be allocated to the Non-Communicable Diseases Fund established in section 1308 of this Title in an amount not to exceed five hundred thousand dollars (\$500,000) and with any amount collected above five hundred thousand dollars (\$500,000) to be deposited into the National Treasury in a segregated fund authorized and appropriated to

1 the Ministry of Health and Human Services for purposes related to hospital
2 operations, programs, and activities, including medical supplies and drugs and
3 other Ministry of Health and Human Services operations, and including the
4 administrative control, staff, equipment and facilities of the Medical Referral
5 Program.

6 ...”

7 Section 38. Power Purchase Agreement Escrow Account for PPUC. The sum of
8 \$2,850,000 is hereby authorized to be appropriated to establish a separate fund for the
9 escrow account required by Section 21 of the April 14, 2021 Power Purchase Agreement
10 between PPUC and Solar Pacific Pristine Power Inc. in accordance with the terms of
11 that Agreement and such associated escrow agreement as may be subsequently entered
12 into.

13 Section 39. Amendment. Section 412 of Title 37 of the Palau National Code, is
14 amended to read as follows:

15 “§ 412. Rates; rate making process; restriction of tariff raises by Palau Public
16 Utilities Corporation.

17 ...

18 (k) PPUC’s monthly bills to customers shall be transparent, clearly setting forth
19 the name and amount of all Charges to customers, and shall not use opaque
20 terminology such as “Other Charges” or “Adjustments”. A Charge shall be
21 “clearly set forth” where a customer will be able to compare the Charge on the
22 bill to the entry on the Tariff Schedule filed pursuant to subsection (i) of this
23 Section.

24 (i) PPUC may not impose any monthly or periodic Charges on customers, except
25 for volume based rates on the use of electricity, water, and wastewater, and for
26 taxes owed for provision of the same. A Charge is monthly or periodic when it is
27 billed at monthly or other regular periods to all customers, or any class of
28 customers. Monthly or periodic charges include any charges incident to regular
29 provision of service, and include any regular “service fees”, “billing fees”, or

1 similar fixed fees that a customer is charged. Monthly or periodic charges do not
2 include Charges for disconnection, reconnection, late payment, or other Charges
3 imposed by reason of a specific customer's actions or inactions.

4 (m) Notwithstanding subsections (a) through (l) of this section or any other law,
5 PPUC may not use any debt owed to the Asian Development Bank that was
6 incurred to fund the Koror-Airai Sanitation Project (KASP) as a justification or
7 basis for charging any rate or charge to any customer. No later than November
8 1, 2023, PPUC shall calculate the amount that would have been used to make
9 payments on the loans for KASP, and reduce its rates for wastewater so that the
10 new total collected (incorporating any subsidies provided by law) is lower than
11 the total that would have been collected, by the amount that would have been
12 used to make said payments relating to the loans for KASP. PPUC shall publish
13 its calculation of this reduction to the Presiding Officers of each house of the
14 Olbiil Era Kelblau. Only for the purposes of placing this reduction into the tariff
15 schedule, PPUC and PEWA shall waive all applicable administrative rules for
16 rate changes. The recalculated wastewater rate shall be incorporated into
17 PPUC's tariff schedule, which shall be filed with the President's office by
18 November 1, 2023."

19 Section 40. National Development Bank of Palau Loan Restructuring for
20 COVID-19 Impact on Small and Medium Enterprises.

21 (a) The sum of \$500,000 is hereby authorized to be appropriated for expenditure
22 or obligation to the National Development Bank of Palau for Fiscal Year 2024 for the
23 purposes of Section 195 of Title 26 of the Palau National Code, as added by this section.

24 (b) Amendment. Title 26 of the Palau National Code is amended to include a new
25 Section 195 as follows:

26 "§ 195. Commercial Loan Restructuring for COVID Impacted Loans and
27 Triggering Mechanism.

28 (a) Not later than 180 days after the date of the enactment of this section, the
29 Bank shall submit a report to the Olbiil Era Kelblau that details the Bank's
30 portfolio to show the financial and economic impact the Bank and the Republic

1 of Palau will experience upon performing the responsibilities set forth in
2 Subsections (c) of this Section.

3 (b) The Bank's responsibilities set forth in Subsections (c) of this Section shall
4 not be implemented nor effective, notwithstanding any other provision, until the
5 Olbiil Era Kertilau appropriates funds for such purpose, or as otherwise set forth
6 by law.

7 (c) Because approximately seventy-two small and medium enterprises with loans
8 from the Bank have been severely impacted by the unforeseeable COVID 19-
9 Pandemic, and to provide these small and medium enterprises an opportunity to
10 recover and grow their businesses, the Bank shall write-off all interest and
11 nonpayment on late payment penalties for commercial loans, entered into by
12 small and medium enterprises, severely impacted by the COVID-19 Pandemic
13 incurred during Calendar Years 2020, 2021, 2022, and 2023. The Bank shall also,
14 with the consent of the loan recipient, refinance all such loans using such
15 payment terms, conditions, and long-term schedules as are affordable for loan
16 recipients and as will support recovery of those loan recipients from the
17 economic effects of the COVID-19 Pandemic.

18 (d) Within this Section, the following terms shall have specific meaning as
19 follows:

20 (1) "Write-off" shall mean that that the Bank shall eliminate, from a
21 customer's outstanding loan balance, all interest and penalties incurred
22 during Calendar Years 2020, 2021, 2022, and 2023, including but not
23 limited to capitalized interest. Upon the effective date (pursuant to
24 Subsection (b)) of Subsection(c) of this Section, to the extent interest and
25 penalties have already been paid, the Bank shall deduct the amounts paid
26 from the remaining balance of the loan. To the event any such loan has
27 already been restructured, refinanced, or otherwise renegotiated or
28 consolidated, the Bank shall, with the consent of the loan recipient, agree
29 to unwind such restructuring or consolidation, and then write-off all
30 balance attributable to interest or penalties.

1 (2) “Small and medium enterprises” shall mean businesses, including but
2 not limited to sole proprietorships, small contractors, and self-employed
3 persons, having net commercial assets of less than \$500,000 and average
4 gross revenues in calendar years 2018 and 2019 of less than \$300,000.

5 (3) “Nonpayment or late payment penalties” shall mean penalties or
6 negative consequences incurred because a customer did not make full
7 payment on the balance of a loan during Calendar Years 2020, 2021, 2022,
8 and 2023.

9 (4) “Commercial loans” shall mean loans issued by the Bank for
10 commercial purposes, including but not limited to agriculture, fishing,
11 and aquaculture related loans. “Commercial loans” shall include only
12 those loans that had outstanding balances as of January 1, 2023.

13 (5) “Severely impacted” shall mean that the borrower experienced a
14 revenue decline of at least fifty (50) percent during the COVID-19
15 pandemic, as compared to the customer’s business prior to the COVID-
16 19 pandemic, or that the customer, in the Bank’s determination, was
17 totally or substantially unable to achieve business success as a direct
18 consequence of the COVID-19 pandemic.

19 (e) The Bank shall promulgate regulations and forms as necessary to implement
20 this Section. This Section shall be interpreted liberally to accomplish the
21 purposes set forth in this Section.

22 (f) The Bank shall not discriminate against, or otherwise negatively impact the
23 credit rating of, any loan recipient by reason of that recipient having defaulted
24 on a loan affected by this Section, or by reason of that recipient utilizing the
25 provisions of this Section.

26 (g) The Bank shall report to the President of the Senate and Speaker of the House
27 of Delegates, quarterly, on the implementation of this Section, the number of
28 affected loans, and on the amounts written down.”

29 Section 41. Repair and Renovation of Buildings in Guam Damaged by Typhoon

30 Mawar. The sum of \$150,000 is hereby authorized to be appropriated for the purposes

of repairing and renovating buildings in Guam damaged by Typhoon Mawar. The total authorized in this section shall be allocated according to the following schedule:

(1) Cultural Center of the Republic of Palau	\$15,000
(2) Asahi Club of Guam	\$75,000
(3) Peleliu Club of Guam	\$60,000

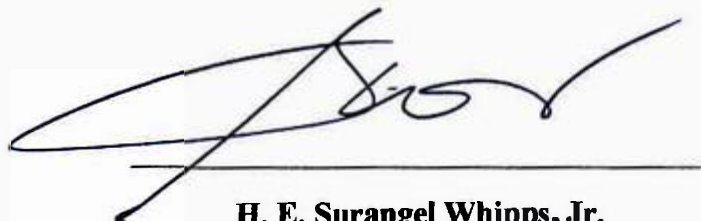
Section 42. Aimeliik Road Maintenance. The sum of \$25,000 is hereby authorized to be appropriated and is hereby appropriated to the Aimeliik State Government for the purpose of road maintenance expenses. The entire amount authorized and appropriated in this section shall come from local revenues. Any unexpended or unobligated balance of the appropriation of this section shall not lapse at the end of the fiscal year.

Section 43. 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 44. 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 28, 2023

Approved this 29th day of September, 2023



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