AN ACT

To enact a budget law for Fiscal Year 2018 through the authorization of the sum of $92,716,411 and appropriation of the sum of $85,914,414 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, 2018, 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 as and may be cited as, "The Fiscal Year 2018 Budget Act."

Section 2. Executive Branch Operations. The sum of $45,871,000 is authorized for appropriation and is hereby appropriated for expenditure and obligation for Fiscal Year 2018 for the purpose of covering the operational and contingent expenses of the Executive Branch. The total amount authorized to be appropriated shall be made up of the following available revenues: the amount of $29,471,000 shall come from local revenues; the amount of $7,250,000 shall come from anticipated USDOI-OIA fiscal year 2018 grant assistance or the direct economic assistance under the amended Compact provided to Palau; the amount of $9,000,000 shall come from Compact Section 211(f) Trust Fund Investment Account; and the amount of $150,000 for the Marine Ambulance shall come from the Non-Communicable Disease Fund as created by RPPL 9-57, as amended by RPPL 10-9. The total amount authorized for appropriation and that is hereby appropriated in this section shall be allocated according to the following schedule, respectively:

(1) Office of the President
(a) President's Office $880,000
(b) Official Expenses 30,000
(c) Grants Coordinator 76,000
(d) Council of Chiefs 151,000
(e) Presidential Stipend 45,000
Sub-Total $1,182,000

(2) Office of the Vice-President
<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(a) Vice President’s Office</td>
<td>$379,000</td>
</tr>
<tr>
<td>2</td>
<td>(b) National Emergency Management Office</td>
<td>$229,000</td>
</tr>
<tr>
<td>3</td>
<td></td>
<td>Sub-Total $608,000</td>
</tr>
<tr>
<td>4</td>
<td>(3) Ministry of Finance</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>(a) Office of the Minister</td>
<td>$58,000</td>
</tr>
<tr>
<td>6</td>
<td>(b) Information Systems Support Services</td>
<td>$241,000</td>
</tr>
<tr>
<td>7</td>
<td>(c) Bureau of National Treasury</td>
<td>$868,000</td>
</tr>
<tr>
<td>8</td>
<td>(d) Bureau of Budget and Planning</td>
<td>$641,000</td>
</tr>
<tr>
<td>9</td>
<td>(e) Bureau of Public Service System</td>
<td>$246,000</td>
</tr>
<tr>
<td>10</td>
<td>(f) Workmen’s Compensation</td>
<td>$45,000</td>
</tr>
<tr>
<td>11</td>
<td>(g) Bureau of Revenue &amp; Taxation</td>
<td>$700,000</td>
</tr>
<tr>
<td>12</td>
<td>(h) Bureau of Customs</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>13</td>
<td></td>
<td>Sub-Total $3,799,000</td>
</tr>
<tr>
<td>14</td>
<td>(4) Ministry of State</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>(a) Office of the Minister</td>
<td>$58,000</td>
</tr>
<tr>
<td>16</td>
<td>(b) ROP Consulate Office in Guam</td>
<td>$129,000</td>
</tr>
<tr>
<td>17</td>
<td>(c) ROP Consulate Office in Saipan</td>
<td>$50,000</td>
</tr>
<tr>
<td>18</td>
<td>(d) ROP Embassy in Washington, D.C.</td>
<td>$330,000</td>
</tr>
<tr>
<td>19</td>
<td>(e) ROP Embassy in Tokyo, Japan</td>
<td>$676,000</td>
</tr>
<tr>
<td>20</td>
<td>(f) ROP Embassy in Taipei, Taiwan</td>
<td>$162,000</td>
</tr>
<tr>
<td>21</td>
<td>(g) ROP Embassy in Manila, Philippines</td>
<td>$151,000</td>
</tr>
<tr>
<td>22</td>
<td>(h) United Nations Representation Office</td>
<td>$329,000</td>
</tr>
<tr>
<td>23</td>
<td>(i) Office of the Public Defender</td>
<td>$363,000</td>
</tr>
<tr>
<td>24</td>
<td>(j) Bureau of Trade &amp; Foreign Affairs</td>
<td>$451,000</td>
</tr>
<tr>
<td>25</td>
<td>(k) Bureau of Domestic Affairs</td>
<td>$286,000</td>
</tr>
<tr>
<td>26</td>
<td>(l) Passport Office</td>
<td>$92,000</td>
</tr>
<tr>
<td>27</td>
<td>(m) International Organizations Obligations</td>
<td>$250,000</td>
</tr>
<tr>
<td>28</td>
<td>(n) Southwest Island Field Trips/Sonorol &amp; Hatohobei</td>
<td>$272,000</td>
</tr>
<tr>
<td>29</td>
<td>(o) ROP Embassy for European Union/Climate Change</td>
<td>$185,000</td>
</tr>
<tr>
<td>30</td>
<td></td>
<td>Sub-Total $3,784,000</td>
</tr>
</tbody>
</table>
(5) Ministry of Community & Cultural Affairs

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Office of the Minister</td>
<td>$58,000</td>
</tr>
<tr>
<td>3</td>
<td>Bureau of National Archive</td>
<td>138,000</td>
</tr>
<tr>
<td>4</td>
<td>Bureau of Youth, Applied Arts and Career</td>
<td>354,000</td>
</tr>
<tr>
<td>5</td>
<td>Bureau of Aging &amp; Gender</td>
<td>377,000</td>
</tr>
<tr>
<td>6</td>
<td>Sports Facilities Maintenance &amp; Utilities</td>
<td>94,000</td>
</tr>
<tr>
<td>7</td>
<td>Bureau of Cultural and Historical Preservation</td>
<td>198,000</td>
</tr>
<tr>
<td>8</td>
<td>Olchotel Belau Fair</td>
<td>30,000</td>
</tr>
<tr>
<td>9</td>
<td>Of these funds, the sum of $10,000, or so much thereof as</td>
<td></td>
</tr>
<tr>
<td></td>
<td>may be necessary, is earmarked for distribution to</td>
<td></td>
</tr>
<tr>
<td></td>
<td>the government of Ngarchelong State to defray the cost</td>
<td></td>
</tr>
<tr>
<td></td>
<td>of hosting the Olchotel Belau Fair.</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Palau Severely Disabled Assistance Fund</td>
<td>298,000</td>
</tr>
</tbody>
</table>

Sub-Total $1,547,000

(6) Ministry of Education

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>Office of the Minister</td>
<td>$58,000</td>
</tr>
<tr>
<td>16</td>
<td>School Books, Supplies &amp; Inst. Equip.</td>
<td>300,000</td>
</tr>
<tr>
<td>17</td>
<td>Bureau of Curriculum &amp; Instruction</td>
<td>508,000</td>
</tr>
<tr>
<td>18</td>
<td>Bureau of School Administration</td>
<td>7,354,000</td>
</tr>
<tr>
<td>19</td>
<td>Food Service Program</td>
<td>846,000</td>
</tr>
</tbody>
</table>

Sub-Total $9,066,000

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

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>22</td>
<td>Office of the Minister</td>
<td>$58,000</td>
</tr>
<tr>
<td>23</td>
<td>FAA, UNDP &amp; Other Match</td>
<td>665,000</td>
</tr>
<tr>
<td>24</td>
<td>Bureau of Commercial Development</td>
<td>330,000</td>
</tr>
<tr>
<td>25</td>
<td>Palau Small Business Development (UOG)</td>
<td>45,000</td>
</tr>
<tr>
<td>26</td>
<td>Bureau of Aviation</td>
<td>1,868,000</td>
</tr>
<tr>
<td>27</td>
<td>Bureau of Lands and Survey</td>
<td>899,000</td>
</tr>
<tr>
<td>28</td>
<td>Bureau of Public Works</td>
<td>1,406,000</td>
</tr>
</tbody>
</table>

Of these funds, the sum of $20,000, or so much thereof as may be necessary, is earmarked for equipment and safety kits for road and...
ground crew, this earmarked sum of $20,000 to be non-lapsing.

(h) Palau Energy Administration 150,000
(i) National Capitol Electricity/Maintenance 1,450,000
(j) CIP Office Operations 155,000

Sub-Total $7,026,000

(8) Ministry of Justice

(a) Office of the Attorney General $634,000
(b) Bureau of Immigration & Labor 1,062,000
(c) Bureau of Public Safety 3,251,000
(d) Bureau of Maritime Security & FWP 955,000
(e) Narcotics Enforcement Agency 250,000

Sub-Total $6,152,000

(9) Ministry of Health

(a) Office of the Minister $58,000
(b) Bureau of Public Health 1,366,000
(c) Health Admin & Support Service 4,102,000

Health Administration (3,592,000)

Manila Medical Referral (210,000)
Hawaii Medical Referral (150,000)
Taipei Medical Referral (150,000)

(d) Medical Supplies & Drugs 300,000

(e) Hemodialysis 515,000
(f) Hyperbaric Chamber 100,000

(g) Bureau of Clinical Services 1,991,000
(h) Bureau of Nursing 2,414,000
(i) Marine Ambulance 150,000

Sub-Total $10,996,000

(10) Ministry of Natural Resources, Environment & Tourism

(a) Office of the Minister $58,000
(b) Bureau of Marine Resources 673,000
(c) Bureau of Agriculture $722,000
(d) Bureau of Tourism $258,000

Sub-Total $1,711,000

Section 2 Total $45,871,000

Section 3. Judicial Branch. The sum of $3,192,000 is hereby authorized to be appropriated and is hereby appropriated for expenditure or obligation for Fiscal Year 2018 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.

$5,843,000

Section 4. Legislative Branch. The sum of $5,942,000 is hereby authorized to be appropriated and is hereby appropriated for expenditure or obligation for Fiscal Year 2018 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 | $2,233,000 |
| (2) Senate Legal Counsel Office | $210,000 |
| (3) House of Delegates | 2,790,000 | 2,890,000 |
| (4) House Legal Counsel Office | $215,000 |
| (5) Joint Staff | $275,000 |
| (6) Association of Pacific Island Legislatures (APIL) | $40,000 |
| Palau will be hosting the 2017 APIL Board of Directors Meeting, and the one-time increase in this amount will fund the cost of hosting. | |
| (7) Inter-Parliamentary Union (IPU) | $15,000 |
| (8) Palau-Japan Parliamentary Friendship | $35,000 |
| (9) Electricity for Koror OEK Building | $30,000 | $5,843,000 |

Section 4 Total $5,942,000

Section 5. Boards, Commissions, and Authorities. The sum of $1,176,000 is authorized for appropriation and is hereby appropriated for expenditure and obligation for Fiscal Year 2018 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:

(1) Foreign Investment Board $217,000
(2) Palau Election Commission 258,000
(3) COFA Board of Trustees 50,000
(4) Palau Code Commission 65,000
(5) Palau Public Lands Authority 122,000
(6) Parole Board 30,000
(7) Palau Housing Authority 70,000
(8) Ethics Commission 51,000
(9) Financial Institutions Commission 224,000
(10) Language Commission 59,000
(11) Ngardmau Free-Trade Zone Authority 30,000

Section 5 Total $1,176,000

Section 6. State Block Grants. The sum of $7,576,000 is hereby authorized to be
appropriated and is hereby appropriated for expenditure or obligation for Fiscal Year
2018 for the purpose of State Governments' operational and capital improvement
projects expenses. The amount of funds authorized and appropriated in this section
shall come from local revenues, except for $478,000 which shall come from local
revenues and from the excess of the $2.0 million of the Environmental Protection Fee
(Green Fee) in Section 3413 of Title 24. 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:

(1) Aimeliik State $445,000
(2) Airai State $653,000
(3) Angaur State $409,000
(4) Hatohobei State $342,000
(Passed as House Bill No.10-53-3, HD2, SD3)

Section 6 Total $7,576,000

Section 7. Independent Agencies. The sum of $3,584,000 is authorized for appropriation and the sum of $3,484,000 is hereby appropriated for expenditure or obligation for Fiscal Year 2018 as operating grants or subsidies for independent agencies of the National Government. The Office of the Public Auditor shall submit a report on the office’s operations and space requirements by January 31, 2018, to the President of the Republic and the Presiding Officers of the Olbiil Era Kelulau in order to be eligible to receive in a future appropriation the sum of $100,000 authorized but not appropriated in this section. 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 $632,000
(2) Office of the Special Prosecutor 305,000
(3) Palau Environmental Quality Protection Board (EQPB) 453,000
(4) National Postal Service 482,000
(5) Palau Visitors Authority 1,426,000
(6) National Aviation Administration 186,000

Section 7 Total $3,484,000
Section 8. Other Agencies and Activities. The sum of $1,873,000 is authorized for appropriation and is hereby appropriated for expenditure or obligation for Fiscal Year 2018 as grants or subsidies 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 $260,000
2. Micronesian Legal Services 125,000
3. Palau Community Action Agency 354,000

Of these funds, the sum of $79,000 or so much thereof as may be necessary, is earmarked for the apprentice program for the Civic Action Team.

4. Head Start Program 113,000
5. Palau Red Cross 10,000
6. WIA Grant Contribution 94,000
7. Civic Action Team Share 250,000
8. PNOC & Sports Organizations 177,000
9. Palau Int'l Coral Reef Center 400,000
10. Youth Congress 5,000
11. Palau Little League/T-Ball 5,000
12. Junior Statesmen of America 10,000
13. Peace Corps Contribution 70,000

Section 8 Total $1,873,000

Section 9. Education Assistance. The sum of $5,386,000 is hereby authorized to be appropriated and is hereby appropriated for expenditure or obligation for Fiscal Year 2018 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 revenues. The total authorization and appropriation shall be allocated according to the following schedule, respectively:

1. Palau Community College $2,436,000
   (a) PCC Operations (2,338,000)
(Passed as House Bill No. 10-53-3, HD2, SD3)

1. (b) PCC Board of Trustees $38,000
2. (c) PCC CRE $35,000
3. (d) COM Board of Regents $25,000

4. (2) Aid to Non-Public Schools $947,000
   (a) Emmaus – Bethania High School $175,000
   (b) Palau Mission Academy $121,000
   (c) Mindszenty High School $200,000
   (d) Ibobang High School $121,000
   (e) Maris Stella School $120,000
   (f) Koror SDA Elementary School $115,000
   (g) Emmaus Kindergarten $41,000
   (h) SDA Kindergarten $27,000
   (i) Catholic Kindergarten $27,000

5. (3) National Scholarship Fund $2,003,000
   (a) Spring Semester scholarships & grants $949,000
   (b) Fall Semester scholarships & grants $949,000
   (c) Administrative Expenses $105,000

Section 9 Total $5,386,000

Section 10. Hospital Trust Fund. The amount of $2,038,000 or the actual amount collected, is hereby authorized to be appropriated and is hereby appropriated for Fiscal Year 2018 for purposes of the Hospital Trust Fund. The amount authorized to be appropriated and that is hereby appropriated shall come from the revenues derived from clinical and public health medical and dental services fees and charges during the fiscal year, so long as the actual expenditures or obligations does not exceed actual revenue receipts. Any unexpended or unbudgeted balance of the appropriation of this section shall not lapse at the end of the fiscal year.

Section 11. PAN Fund. The sum of $1,981,000 or the actual amount collected is hereby authorized to be appropriated and is hereby appropriated for Fiscal Year 2018 for the purposes of the Protected Areas Network Fund pursuant to 24 PNC § 3413, as amended. The amount authorized to be appropriated in this section shall come from
local revenues derived from the collection of the environmental protection fee ("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 12. **Road Maintenance Fund.** The amount of $818,000 is hereby authorized to be appropriated and is hereby appropriated for Fiscal Year 2018 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. Any unexpended or unobligated balance of the appropriation of this section shall not lapse at the end of the fiscal year.

Section 13. **Deposit Beverage Container.** The amount of $532,000, or the actual amount collected, is hereby authorized to be appropriated and is hereby appropriated for Fiscal Year 2018 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 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 14. **National Coordinating Mechanism for NCDS.** The amount of $832,000 or the actual amount collected is hereby authorized to be appropriated for Fiscal Year 2018 for the purposes of the National Coordinating Mechanism for NCDS. The amount authorized to be appropriated shall come from the 10% allocation of the annual revenues derived from taxes imposed on alcoholic beverages and tobacco during the fiscal year pursuant to RPPL No. 9-57, as amended by RPPL 10-9, 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 15. **All Other General Fund Revolving Accounts.** The amount of $1,109,000, or the actual amount collected, is hereby authorized to be appropriated and is hereby appropriated for Fiscal Year 2018 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 16. General Fund Reserve. The amount of $1,265,000 is hereby
authorized to be appropriated and is hereby appropriated for Fiscal Year 2018 for the
purposes of the General Fund Reserve pursuant to 40 PNC § 330.

Section 17. Debt Service. The sum of $2,724,000 is authorized for
appropriation and is hereby appropriated for Fiscal Year 2018 for the purpose of
payment of periodic interest and principal payments pursuant to the promissory notes
under the International Commercial Bank of China ("ICBC") (Taiwan) loan agreement
for the purpose of completion of Phase II of the national capitol construction project in
Melekeok State; 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. The entire amount
authorized to be appropriated and that is hereby appropriated in this section shall come
from local revenues, provided that up to $917,000 as available shall come from
environmental protection fee ("Green Fee") revenues pursuant to 24 PNC § 3413, as
amended. 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:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICBC Capitol Relocation Project</td>
<td>$1,233,000</td>
</tr>
<tr>
<td>ICBC PIA Debt Service</td>
<td>574,000</td>
</tr>
<tr>
<td>ADB Program Loan (WSIP)</td>
<td>917,000</td>
</tr>
</tbody>
</table>

Section 17 Total $2,724,000

Section 18. 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 2018 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 19. Reprogramming. The President shall have the authority to reprogram funds in Sections 2, 5 and 7 of the Fiscal Year 2018 Budget Act in accordance with 40 PNC § 351.

Section 20. Compact Review Office. The sum of $200,000 is hereby authorized to be appropriated and the sum of $100,000 is hereby appropriated for expenditure or obligation for Fiscal Year 2018 to support and strengthen the capacity of the Board to monitor, evaluate and review Compact investments. The 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 services purchased with funds authorized and appropriated for the purposes of the Compact Review and lobbying services in Washington D.C. in connection with the passage of the Compact II shall be exempt from the competitive procurement requirements of Chapter 6 of Title 40 of the Palau National Code because the services related to the Compact Review Office are particularly specialized to securing the ratification of the Compact II in the United States Congress. The Compact Review Office shall issue quarterly status reports to the President of the Republic and the Presiding Officers of the Olbiil Era Kelulau on office expenditures and shall submit a report on office expenses by January 31, 2018, to the
President of the Republic and the Presiding Officers of the Olbiil Era Kelulau in order
to be eligible to receive in a future appropriation the sum of $100,000 authorized but not
appropriated in this section.

Section 21. PPUC Water & Wastewater Subsidy. The sum of $1,600,000 is
hereby authorized to be appropriated for expenditure or obligation for Fiscal Year 2018
to subsidize the water and sewer improvement operations of the Palau Public Utilities
Corporation (PPUC). The entire amount authorized to be appropriated and
appropriated in this section shall come from the 50 percent allocation of “Green Fee”
collections for power, water and sewer. Any unexpended or unobligated balance of the
appropriation of this section shall not lapse at the end of the fiscal year. PPUC shall not
increase any tariffs on utilities until after January 31, 2018; PPUC shall provide a report
to the President of the Republic and the Presiding Officers of the Olbiil Era Kelulau on
the water and wastewater improvements as funded by the ADB Loan by January 31,
2018.

Section 22. PPUC “Lifeline” Subsidy Program. The sum of $200,000, is hereby
authorized to be appropriated and is hereby appropriated for expenditure or obligation
for Fiscal Year 2018 for the purpose of the permanent subsidy program for electrical
power, water, and wastewater consumption for fixed or low income household PPUC
customers. The entire amount authorized to be appropriated and appropriated in this
section shall come from the 50 percent allocation of “Green Fee” collections for power,
water and sewer. Any unexpended or unobligated balance of the appropriation of this
section shall not lapse at the end of the fiscal year.

Section 23. PPUC Civil Fines. The sum of $95,000 is hereby authorized to be
appropriated for expenditure or obligation for Fiscal Year 2018 as payment to cover
costs of civil fines incurred by PPUC. The entire amount authorized to be appropriated
in this section shall come from local revenues.

Section 24. Micronesian Games. The sum of $200,000 is hereby authorized to
be appropriated for expenditure or obligation for Fiscal Year 2018 as funding support
for Palau’s participation in the Micronesian Games to be held in Yap State, FSM on
July 2018. The entire amount authorized to be appropriated in this section shall come
from local revenues.

Section 25. Civil Service Pension Plan Actuarial Study and Trust Fund. The
sum of $4,150,000 is hereby authorized to be appropriated and is hereby appropriated
for expenditure or obligation for Fiscal Year 2018 to fund the Pension Plan Trust Fund.
Of these funds, the sum of $50,000 shall be appropriated to fund the CSPP Actuarial
study; provided that CSPP shall work in close collaboration with the Olbiil Era Kelulau
and the Ministry of Finance to commission an actuarial study. The actuarial study shall
determine viable options toward a comprehensive reform that will ensure long term
financial viability of the CSPP. The remaining $4,100,000 is authorized and
appropriated in this section to the Civil Service Pension Plan Trust Fund for the
purpose of delaying by one year the anticipated rate increases for employee and
employer contributions. The entire amount authorized to be 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 26. New Correctional Facility Construction. The sum of $500,000 is
hereby authorized to be appropriated and is hereby appropriated for expenditure or
obligation for Fiscal Year 2018 to provide additional funding towards the construction
of the Republic's new Correctional Facility including environmental assessments, road
access, site clearance, basic infrastructure connections and facilities. The entire amount
authorized to be appropriated 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 fiscal year end.

Section 27. Procurement of New Financial Management System (FMS). The
sum of $2,000,000 is hereby authorized to be appropriated for expenditure or obligation
for Fiscal Year 2018 for the purpose of procuring a new Financial Management System
(FMS) to replace the existing system. The entire amount authorized to be 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 28. PCRAFI Premium Payment. The sum of $250,000 is hereby
authorized to be appropriated for expenditure or obligation for Fiscal Year 2018 for the
purpose of providing a premium insurance payment to PCRAFI (Pacific Catastrophe
Risk Assessment and Financing Initiative) facility which provides rapid emergency
funding support after natural disasters. The entire amount authorized to be
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 29. Forum Economic Ministers Meeting (FEMM) Hosting. The sum of
$50,000 is hereby authorized to be appropriated and is hereby appropriated for
expenditure or obligation for Fiscal Year 2018 to provide funding for the hosting of
Forum Economic Ministers Meeting (FEMM) in fiscal year 2018. 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.

Section 30. ADB Contingent LOC Maintenance Fee. The sum of $25,000 is
hereby authorized to be appropriated for expenditure or obligation for Fiscal Year 2018
as payment for the ADB Contingent LOC Maintenance Fee. 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.

Section 31. Amendment. 41 PNC § 742 is hereby amended as follows:

“§ 742. Maximum remuneration.

The maximum amount of remuneration received during a quarter from one
employer by any one employee upon which contributions must be deducted and
contributed to the Retirement Fund is three thousand dollars ($3,000); provided,
however, that such maximum amount of remuneration shall be increased to four
thousand dollars ($4,000) on October 1, 2007 and shall be increased to five thousand
dollars ($5,000) after October 1, 2008 and shall be increased to six thousand dollars
($6,000.00) on October 1, 2015. On October 1, 2017, there will no longer be a maximum
amount of remuneration.”
Section 32. Amendment. 41 PNC §§ 743 and 744 are hereby amended as follows:

“§ 743. Employee contributions.

(a) An employee shall contribute to the Social Security Administration amounts equal to the following percentage of remuneration received by him:

(1) with respect to remuneration paid from 1 July 1986 through 30 September 1991 - three percent (3%),

(2) with respect to remuneration paid from 1 October 1991 through 30 September 1996 - four percent (4%),

(3) with respect to remuneration paid from 1 October 1996 through 30 September 2001 - five percent (5%),

(4) with respect to remuneration paid after 1 October 2001 - six percent (6%),

(5) with respect to remuneration paid after 1 October 2017 – seven percent (7%).

...”

“§ 744. Employer contributions.

An employer shall contribute to the Social Security Administration amounts equal to the following percentage of the remuneration paid by him or, in the case of a self-employed person to whom section 741 applies, deemed to have been paid to him:

(a) with respect to remuneration paid or deemed to have been paid from 1 July 1986 through 30 September 1991 - three percent (3%),

(b) with respect to remuneration paid or deemed to have been paid from 1 October 1991 through 30 September 1996 - four percent (4%),

(c) with respect to remuneration paid or deemed to have been paid from 1 October 1996 through 30 September 2001 - five percent (5%),

(d) with respect to remuneration paid or deemed to have been paid after 1 October 2001 - six percent (6%),

(e) with respect to remuneration paid or deemed to have been paid after 1 October 2017 – seven percent (7%).”

Section 33. Amendment. 24 PNC § 3413, as amended by RPPL 10-2, is hereby amended as follows:
§ 3413. Environmental Protection Fee ("Green Fee").

(a) Every passenger entering the Republic shall be assessed, and shall pay, an environmental protection fee (the "Green Fee") of thirty dollars ($30); provided that persons traveling on a passport issued by the Republic of Palau, diplomats, individuals in possession of a valid Republic of Palau work visa, transit passengers, and masters, pilots, and other crew members of any vessel or aircraft lawfully operating as a common carrier, are to be refunded said fee upon arrival. The money generated from collection of the green fee shall be deposited into two separate accounts within the National Treasury that shall be separate and distinct from all other accounts as set forth in subsection (c) below. Nothing in this Act shall preclude the states from collecting tourist and visitor fees for visiting or using state resources and sites, including Protected Areas Network ("PAN") sites.

..."

Section 34. Amendment. The following Sections of Chapter 27, Title 40 of the Palau National Code are amended as follows:

§ 2702. Definitions.

In this Chapter:

(a) "International Travel" means travel by air or sea into the Republic of Palau.

(b) "Passenger" means a person who undertakes international travel into the Republic of Palau for any purpose other than as a transit passenger.

(c) "Transit passenger" means a passenger who has arrived in the Republic of Palau and will depart the Republic of Palau:

(1) Within 24 hours of that arrival; or

(2) After 24 hours due to circumstances beyond the passenger's control.

§ 2703. Imposition of Pristine Paradise Environmental Fee.

Every passenger shall pay a Pristine Paradise Environmental Fee of one hundred dollars ($100) for each international arrival into the Republic of Palau.

§ 2704. Refunds of Pristine Paradise Environmental Fee.

(a) The following categories of people shall be refunded the Pristine Paradise Environmental Fee upon arrival into the Republic of Palau:
(1) Palauan citizens;
(2) Spouses of Palauan citizens;
(3) Pilots and other crew members of any aircraft lawfully operating as a common carrier;
(4) Diplomats carrying a diplomatic passport;
(5) Individuals in possession of a valid Republic of Palau work visa; and
(6) Transit passengers.

(b) The Minister of Finance shall have the authority to designate additional categories of people who shall be refunded the Pristine Paradise Environmental Fee through regulation.

...§ 2708. Transition.

The departure tax set forth under 40 PNC § 1403 shall cease to have effect and shall be repealed upon the assessment of the Pristine Paradise Environmental Fee except that any other allocation or appropriation of the departure tax set forth under 40 PNC § 1403 shall now be applied to § 2706(c)."

Section 35. Appropriation for Melekeok State Government. The sum of $46,414.00 is hereby authorized for appropriation and is appropriated for expenditure for the Melekeok State Government for the Waiting Station Renovation to be administered by the Ministry of Public Infrastructure, Industries, and Commerce. Such funds shall come from local revenues and shall be non-lapsing.

Section 36. Amendment. Title 41 of the Palau National Code is amended by amending Sections 753, 754, 757, and 764 and by adding new Section 765:

"§ 753. Old age insurance benefit.

...

(b) The monthly amount of the benefit is the basic benefit, with a minimum monthly benefit as defined in Section 751(e) of this Title, plus the Supplemental Benefit Payment in Section 765 of this Title.

...

§ 754. Disability insurance benefit.
(b) Subject to subsection (a) and (b), the monthly amount of the benefit is the basic benefit, with a minimum monthly benefit as defined in Section 751(c) of this Title, plus the Supplemental Benefit Payment in Section 765 of this Title.

§ 757. Maximum and minimum amounts of survivor's insurance benefit.

(b) The minimum amount of the total of a survivor's insurance benefit is defined in Section 751(c) of this Title, plus the Supplemental Benefit Payment in Section 765 of this Title, computed before the application of section 755(c).

§ 764. Basic Benefit Shortfall.

(b) For purposes of this section:

(2) the basic benefit as calculated under Section 751(a)(1) is a monthly payment of one-twelfth of twenty-seven percent (27%) of the first eleven thousand dollars ($11,000) of cumulative earnings, or the minimum basic benefit as defined in Section 751(c) of this Title plus the Supplemental Benefit Payment in Section 765 of this Title, whichever is the amount due to be paid to a beneficiary;

Section 765. Supplemental Benefit Payment.

There shall be an additional monthly fifty dollar ($50) supplemental benefit payment for all recipients of benefits under Subchapter VI of this Title."

Section 37. 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 38. 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 13, 2017

Approved this 27th day of Sept., 2017.

H. E. Tommy E. Remengesau, Jr.
President of the Republic of Palau