



EIGHTH OLBIL ERA KELULAU

P.O. Box 8, Ngerulmud
Republic of Palau 96939

FIFTH SPECIAL

Session

September 2009

INTRODUCED AS SENATE BILL NO. 8-6, SD2, HD2

AN ACT

See title inside

INTRODUCED BY SENATOR (S) Adalbert Eledui

ET /

DATE INTRODUCED January 27, 2009

SENATE ACTION

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| REFERRED TO: | Judiciary and Governmental Affairs |
| STANDING COMMITTEE REPORT NO: | 8-81 |
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| REVIEW: | July 14, 2009 |
| THIRD READING: | July 15, 2009 |
| FINAL READING: | September 29, 2009 |

HOUSE ACTION

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| FIRST READING: | July 20, 2009 |
| REFERRED TO: | Judiciary and Governmental Affairs |
| STANDING COMMITTEE REPORT NO: | 8-40 |
| DATE ADOPTED: | September 25, 2009 |
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| THIRD READING: | September 29, 2009 |
| FINAL READING: | None |

CONFERENCE COMMITTEE ACTION

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| DATE: | None |
| COMMITTEE REPORT NO: | None |
| DATE PASSED: | None |
| FINAL READING: | None |

AN ACT

To repeal 4 TTC §51(2) and enact a new provision to allow State Governments to impose penalties that the State deems appropriate for violation of State laws, to amend Section 122(a) of Title 26 of the Palau National Code and Section 504(s) of Title 40 of the Palau National Code in order to permit the Republic of Palau to obtain a line of credit, to amend Section 1403 of Title 40 of the Palau National Code in order to revise provisions relating to the collection of the departure tax, to amend Section 3413 of Title 40 of the Palau National Code, as amended by RPPL No. 7-42 and RPPL No. 7-57, in order to revise provisions relating to the Green Fee, to amend RPPL No. 7-57 in order to repeal certain provisions relating to the issuance of the Green Fee regulations, and for other related purposes.

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

1 Section 1. Legislative Findings. The Olbiil Era Kelulau finds that the States of the
2 Republic of Palau have been barred from imposing penalties on state law violations that
3 exceed \$100, pursuant to 4 TTC §51(2). This has prevented the state governments from
4 effectively controlling conduct within their states. The Olbiil Era Kelulau finds that this
5 restriction is no longer necessary, and that states should have discretion to establish
6 penalties in an appropriate amount.

Section 2. Repealer. 4 TTC §51(2) is hereby repealed.

Section 3. Power to establish penalty.

A state government may enact laws that provide for penalties for violations of state law in such amounts as the state government deems necessary and proper through law; however, no state monetary penalty shall exceed \$500.00.

Section 4. Assistance from the national government. The national government may assist state governments in enforcing and prosecuting violations of state laws. If a state government prevails in a case in which the national government has provided assistance, 25% of any monetary penalties paid by the defendant to the state shall be transferred to the national government. If a state government does not reimburse the national government for the cost of this assistance, the state government's budget shall be reduced by the cost of the assistance in the next fiscal year.

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Section 5. Line of Credit.

(A) Legislative Purpose. The Olbiil Era Kelulau finds that the Republic’s current financial situation is dire due to the global economic recession and an unprecedented reduction in the Republic’s collection of local revenues. The Republic has outstanding debts due to such shortfall in revenue collection. The inability of the Republic to pay its debts on a timely basis is affecting the ability of the National Government to obtain goods and services and to provide important government services. In light of this, the Olbiil Era Kelulau finds it necessary for the Republic to be given the authority to obtain a line of credit to pay its outstanding debts.

(B) Amendment. Section 122(a) of Title 26 of the Palau National Code is hereby amended as follows:

“(a) The Bank shall provide guaranteed loans and direct financing:

(1) to persons for housing and for the development within the Republic of industry, agriculture, tourism, marine resources, and other ventures, with priority emphasis given to those ventures which involve the development of new enterprises and import substitutes; and

(2) to the National Government of the Republic of Palau for any purpose that is:

(A) requested by the President; and

(B) authorized and approved by the Olbiil Era Kelulau.”

(C) Amendment. Section 504(s) of Title 40 of the Palau National Code, as amended by RPPL No. 7-53, is hereby amended as follows:

“(s) Line of Credit. In addition to the authority granted above, and not in lieu thereof, the President is hereby authorized to negotiate for, execute all documents relating to, and obtain a revolving line of credit for no more than one year periods, renewable annually, with a Lender in the maximum amount of \$3,000,000.00, at a reasonable interest rate, on the following conditions:

(1) The President is authorized to seek a line of credit from any Lender

1 able to advance the funds on the terms and conditions set forth herein for any
2 given year, and may seek the line of credit from the National Development Bank
3 of Palau.

4 (2) Funds drawn down from such a revolving line of credit shall be used
5 solely for the following:

6 (A) State block grants;

7 (B) The National Scholarship Fund;

8 (C) The purchase of goods or services authorized under
9 specific grants(s), the provisions of which require reimbursement of such
10 expenditures from the grantor to the Republic of Palau; and/or

11 (D) The payment of all current and past due lawful debts
12 owed to local vendors that are subject to gross revenues tax under Chapter
13 12 of 40 PNC.

14 (3) To the extent funds drawn down from the revolving line of credit are
15 expended pursuant to subsection (s)(2)(c) above, they shall be repaid to the
16 Lender for the specific purpose of paying down the balance of the revolving line
17 of credit, within 30 days of the date that the reimbursement is received from or
18 on behalf of the grantor, by the Republic of Palau for each reimbursable
19 expenditure made. All repayments are authorized and appropriated for that
20 purpose, and the source of such repayments shall be the grant reimbursements
21 received.

22 (4) All draw downs from such a line of credit, including interest and
23 related costs, must be completely repaid to the Lender on or before October 1 of
24 each year, so that the balance owed to the Lender on the line of credit is \$0 as of
25 the close of business on October 31 of each year.

26 (5) Payments to the Lender, which are not reimbursable under the terms
27 of grants, including principal, interest and related costs of obtaining or extending
28 the line of credit, are hereby authorized and appropriated, and shall be paid by

1 local revenues.”

2 Section 6. Amendment. Section 1403 of Title 40 of the Palau National Code is
3 hereby amended as follows:

4 “§ 1403. Departure tax.

5 (a)

6 (b) Effective March 1, 2000, the Division of Customs shall be responsible for
7 collecting the departure tax from persons departing the Republic. Within 60 days after
8 the effective date of this subsection, the Director of the Bureau of Revenue, Customs and
9 Taxation shall promulgate regulations as may be necessary to implement this subsection,
10 which shall be exempt from the Administrative Procedure Act, 6 PNC Chapter 1.”

11 Section 7. Amendment. Section 3413 of Title 40 of the Palau National Code, as
12 amended by RPPL No. 7-42 and RPPL No. 7-57, is hereby amended as follows:

13 “§ 3413. Environmental Protection Fee (“Green Fee”).

14 (a) Effective November 1, 2009, every visitor departing from the Republic shall
15 be assessed, and shall pay, an environmental protection departure fee (the “Green Fee”)
16 of fifteen dollars (\$15.00). The money generated from collection of the Green Fee shall
17 be deposited into an account within the National Treasury that shall be separate and
18 distinct from all other accounts. Nothing in this Act shall preclude the states from
19 collecting tourist and visitor fees for visiting or using state resources and sites, including
20 Protected Areas Network (“PAN”) sites.

21 (b) In each year’s national government fiscal budget, all funds generated from
22 collection of the Green Fee shall be authorized and appropriated for the sole purpose of
23 the operation of the PAN, to be transferred to the Protected Areas Network Fund as set
24 forth in subsection (c) below. No more than ten percent (10%) of such funds may be
25 used for administrative costs of operation of the Protected Areas Network Fund. The
26 money generated from Green Fee collection shall not be eligible for any governmental
27 reprogramming. Funding appropriated in accordance with this section shall not lapse
28 at year end.

1 (c) Once the funds generated from the collection of the Green Fee have been
2 authorized and appropriated as set forth in subsection (b), the Minister of Finance shall
3 transfer such funds to the Protected Areas Network Fund for use in accordance with this
4 Act.

5 (d) Within thirty days of the effective date of this Act, the Director of the Bureau
6 of Revenue, Customs and Taxation shall promulgate regulations regarding collection of
7 the Green Fee. Such regulations shall (1) be exempt from the Administrative Procedures
8 Act, 6 PNC Chapter 1, (2) include reasonable provisions to exempt diplomatic visitors
9 to the Republic from paying the Green Fee, and (3) require that collection of the Green
10 Fee commence on November 1, 2009.

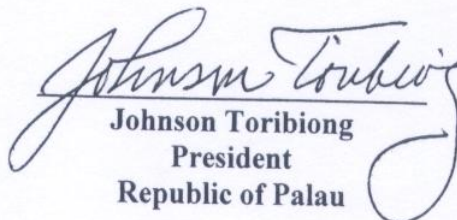
11 (d) The funds collected through the Green Fee are hereby authorized and
12 appropriated for fiscal year 2010 in accordance with this section in the amounts
13 received.”

14 Section 8. Repealer. Section 2 of RPPL No. 7-57 is hereby repealed in its entirety.

15 Section 9. Effective date. This Act shall take effect upon its approval by the
16 President of the Republic of Palau, or upon its becoming law without such approval.

PASSED: September 29, 2009

Approved this 30th day of September, 2009.


Johnson Toribiong
President
Republic of Palau