



**Republic of Palau**  
*Office of the President*

**JOHNSON TORIBIONG**

*President*

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July 24, 2012  
Serial No. 12-2110

The Honorable Mlib Tmetuchl  
President of the Senate  
Eighth Olbiil Era Kelulau  
Republic of Palau

Re: Senate Bill No. 8-235, SD2, HD2, CD1 – The Fiscal Year 2012 Supplemental Budget Authorization and Appropriation Act.

Dear Senate President Tmetuchl:

Pursuant to the authority vested in me under Article IX, §15 of the Constitution of the Republic of Palau, I have signed into law Senate Bill No. 8-235, SD2, HD2, CD1 (the "Bill"). The slip law number assigned to the Bill is RPPL No. 8-46.

Senator, it is with a great sigh of relief that I received news early this morning that the Olbiil Era Kelulau had passed this Bill, which was unanimously approved by both houses, excepting those of your colleagues who were absent. Then later today I received the Conference Committee Report, which also was approved unanimously by the conference committee members, and the final version of the Bill.

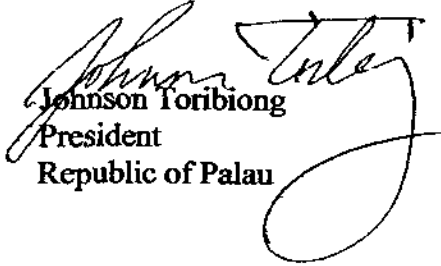
I have reviewed the Bill and I am pleased to be able to sign it into law. This Bill will enable my Administration to continue to provide essential public services, hopefully, for the duration of this fiscal year. I say this because as you know from the conference committee report, this year's original budget of \$31,726,828.00 to the Executive Branch of Government, was the lowest appropriation granted to the Executive Branch over the last five years, the average being about \$34 Million. The supplemental budget will raise the Executive Branch budget to \$35,418,228.00 to meet the ever increasing needs of the Executive Branch. This, despite the ever increasing cost of utilities and other supplies, which will have to be taken into consideration in the future.

On behalf of the people of Palau, I thank you for sharing my concern that the National Government should not be brought to its knees. Together we have averted what would have otherwise been a disastrous government shutdown of the most essential public services. And for that I thank you very much for your cooperation and understanding.



I understand that the thorny issue that kept this Bill from being enacted earlier was the FY2011 over expenditure provision. This issue was first addressed in Section 1 of RPPL No. 8-40. The compromise expressed in Section 13 of the Bill—"In light of Section 1 of RPPL 8-40, consideration of FY 2011 over-expenditures is deferred until after FY 2011 audit is completed"—is acceptable to me as I am confident that the audit will establish that the over expenditures were necessary and appropriate.

Sincerely yours,

  
Johnson Toribiong  
President  
Republic of Palau



The Senate  
 EIGHTH OLBIL ERA KELULAU  
 P.O. Box 8, Ngerulmud  
 Republic of Palau 96939

FIFTEENTH REGULAR Session

July 2012

INTRODUCED AS SENATE BILL NO. 8-235, SD2, HD2, CD1

AN ACT

The Fiscal Year 2012 Supplemental Budget Authorization  
 and Appropriation Act.

INTRODUCED BY SENATOR(S) His Excellency Johnson Toribiong, President

BV AL

DATE INTRODUCED April 10, 2012

SENATE ACTION

FIRST READING: April 10, 2012  
 REFERRED TO: Ways & Means and Financial Matters  
 STANDING COMMITTEE REPORT NO: 8-399  
 DATE ADOPTED: June 6, 2012  
 SECOND READING: June 6, 2012  
 LEGAL FORMAT: Proper  
 REVIEW: June 7, 2012  
 THIRD READING: June 7, 2012  
 FINAL READING: July 23, 2012

HOUSE ACTION

FIRST READING: June 14, 2012  
 REFERRED TO: WMFM  
 STANDING COMMITTEE REPORT NO: 8-170  
 DATE ADOPTED: July 12, 2012  
 SECOND READING: July 12, 2012  
 LEGAL FORMAT: Proper  
 REVIEW: July 12, 2012  
 THIRD READING: July 13, 2012  
 FINAL READING: July 23, 2012

CONFERENCE COMMITTEE ACTION

DATE: July 23, 2012  
 COMMITTEE REPORT NO: 8-26  
 DATE PASSED: July 23, 2012  
 FINAL READING: July 23, 2012

Robert Williams  
 CLERK OF THE SENATE

Roman Yano  
 HOUSE CLERK

AN ACT

To amend RPPL No. 8-40 to authorize the additional sum of \$4,206,400 and appropriate the additional sum of \$4,467,400 (\$261,000 has been authorized from the FY 2012 Unified Budget Act as payment for judgments) from the National Treasury to supplement the general operations of the National Government of the Republic of Palau for the fiscal year ending September 30, 2012, and for other related purposes.

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

1           Section 1. Short Title. This Act may be cited as “The Fiscal Year 2012  
2 Supplemental Budget Authorization and Appropriation Act”.

3           Section 2. Amendment. The Title of RPPL No. 8-40 is hereby amended to reflect  
4 the additional sums authorized and appropriated during fiscal year 2012 under RPPL  
5 No. 8-45 and this “The Fiscal Year 2012 Supplemental Budget Authorization and  
6 Appropriation Act” and shall read as follows:

7           “To authorize the sum of \$65,125,000 from the National Treasury and  
8 appropriate the sum of \$63,925,000 for the annual budget of the Republic of Palau for  
9 the fiscal year ending September 30, 2012, and for other related purposes.”

10          Section 3. Amendment. Section 3 of RPPL No. 8-40 is hereby amended to read  
11 as follows:

12          “Section 3. Estimated Revenues and Other Available Resources.

13          Pursuant to 40 PNC §323(a), the annual budget ... the following estimated  
14 revenues and available resources:

15	Amount available from Compact Funds:	\$18,147,000
16	Estimated Local Revenue (not including Green Fee):	\$42,128,000
17	PAN Fund:	\$1,400,000
18	Hospital Trust Fund:	\$2,000,000
19	UMDA Dividend:	\$250,000
20	Total Funds Available for Expenditure:	\$63,925,00
21	Budgetary Expenditures:	\$63,925.00

22          Section 4. Amendment. Section 4 of RPPL No. 8-40 is hereby amended to read  
23 as follows:

1           “Section 4. Judicial Branch. The amount of \$2,200,000 is hereby authorized  
 2 to be appropriated and is hereby appropriated for expenditure or obligation for Fiscal  
 3 Year 2012 for the purpose of covering the operational and contingent expenses of the  
 4 Judicial Branch. All of the funds authorized and appropriated in this section shall come  
 5 from local revenues. The total authorization and total appropriation shall be allocated  
 6 according to the following schedule, respectively:

7	(1) Judiciary	\$2,200,000
8	Section 4. Total	\$2,200,000

9           Section 5. Amendment. Section 5 of RPPL No. 8-40 is hereby amended to read  
 10 as follows:

11           “Section 5. Legislative Branch. The sum of \$3,829,000 is hereby authorized  
 12 to be appropriated and is hereby appropriated for expenditure or obligation for Fiscal  
 13 Year 2012 . . . according to the following schedule:

14	(1) . . .	
15	(5) Joint Staff	\$219,000
16	Section 5 Total	\$3,829,000”

17           Section 6. Amendment. Section 6 of RPPL No. 8-40 is hereby amended to read  
 18 as follows:

19           “Section 6. Executive Branch Operations.

20           The sum of \$35,418,228 is authorized for appropriation and is hereby  
 21 appropriated for expenditure and obligation for Fiscal Year 2012 for the purpose of  
 22 covering the operational and contingent expenses of the Executive Branch. The total  
 23 amount authorized to be appropriated and that is hereby appropriated in this section  
 24 shall be made up of the following available revenues: The amount of \$17,021,228 from  
 25 local revenues; the amount of \$250,000 shall come from the ROP UMDA dividend; and  
 26 the amount of \$18,147,000 shall come from the Compact Section 211(f) Trust Fund  
 27 Investment Earnings, from the direct assistance provided to Palau pursuant to the  
 28 Compact Review Agreement, from another appropriation by the United States Congress,

1 or from a combination of the above. The total authorization and total appropriation shall  
 2 be allocated according to the following schedule, respectively:

3 (1) Office of the President

4	(a) President's Office	\$830,000
5	(b) Official Expense	\$31,339
6	(c) Grants Coordinator Office	\$70,050
7	(d) Council of Chiefs	\$101,390
8	Office of the President Sub-Total	\$1,032,779

9 (2) Office of the Vice President

10	(a) Vice President's Office	\$312,000
11	(b) National Emergency Management Office	\$120,190
12	Office of the Vice President Sub-Total	\$432,190

13 (3) Ministry of Finance

14 ...

15	(b) Information System Support Services	\$186,693
16	(c) Bureau of National Treasury	\$731,608
17	(d) Bureau of Budget and Planning	\$238,815
18	(e) Bureau of Public Service System	\$129,407
19	(f) ...	
20	(g) Bur. of Rev., Customs, and Taxation	\$1,277,724
21	Ministry of Finance Sub-Total	\$2,601,115

22 (4) Ministry of State

23 ...

24	(b) ROP Consulate Office in Guam	\$90,000
25	(j) Bur. of I.T. and Tech. Assistance	\$67,008
26	(k) Bureau of Domestic Affairs	\$267,944
27	...	
28	(n) Office of Admin., Passport, and Protocol	\$151,339
29	Ministry of State Sub-Total	\$2,229,796

1	<b>(5) Ministry of Community and Cultural Affairs</b>	
2	(a) ...	
3	(b) Bureau of National Archive	\$68,208
4	(c) Bureau of Youth, Sports and Recreation	\$144,433
5	(d) Bureau of Aging and Gender	\$220,936
6	...	
7	(g) Palau Severely Disabled Assistance Fund	\$206,188
8	...	
9	Min. of Comm. & Cultural Affairs Sub-Total	\$935,570
10	<b>(6) Ministry of Education</b>	
11	...	
12	(c) Bureau of Curriculum	\$383,235
13	(d) Bureau of School Administration	\$5,572,000
14	(e) Food Service Program	\$650,000
15	Ministry of Education Sub-Total	\$6,954,235
16	<b>(7) Ministry of Public Infrastructure, Industries and Commerce</b>	
17	...	
18	(c) PALARIS	\$130,000
19	(d) Bureau of Commercial Development	\$192,641
20	...	
21	(g) Bureau of Aviation	\$1,269,120
22	(h) Bureau of Lands and Survey	\$774,589
23	...	
24	(j) Water and Sewer Operations	\$2,975,398
25	(k) Melekeok Capitol Sewer System	\$246,503
26	...	
27	(m) National Capitol Electricity	\$896,000
28	...	
29	(o) Rural Sanitation Project	\$122,589
30	Ministry of PIIC Sub-Total	\$8,495,890

1	(8)	Ministry of Justice	
2		...	
3	(c)	Bureau of Immigration	\$305,000
4	(d)	Bureau of Public Safety	\$2,425,000
5		...	
6		Ministry of Justice Sub-Total	\$3,840,965
7	(9)	Ministry of Health	
8		...	
9	(c)	Health Administration	\$2,195,000
10	(d)	Manila Medical Referral Office	\$100,660
11		...	
12	(h)	Bureau of Clinical Services	\$2,699,679
13		...	
14		Ministry of Health Sub-Total	\$7,687,339
15	(10)	Ministry of Natural Resources, Environment & Tourism	
16		...	
17	(b)	Bureau of Marine Resources	\$501,644
18	(c)	Bureau of Agriculture	\$392,882
19	(d)	Bureau of Labor and Human Resources	\$255,823
20		Ministry of NRET Sub-Total	\$1,208,349
21		Section 6 Total	\$35,418,228"

22 Section 7. Amendment. Section 8 of RPPL No. 8-40 is hereby amended to read  
23 as follows:

24 "Section 8. State Block Grants. The sum of \$4,872,000 is authorized for  
25 appropriation and is hereby appropriated for expenditure or obligation for Fiscal Year  
26 2012 for the purpose of the Palau state governments' operational and capital  
27 improvement projects' expenses. The entire amount of funds authorized to be  
28 appropriated and that is hereby appropriated in this section shall come from local  
29 revenues. The amounts authorized for appropriation shall be available for expenditure

1 for operations and CIP projects in accordance with 40 PNC Chapter 22. All State Block  
2 Grants shall not lapse at the end of the Fiscal Year. The total authorization and total  
3 appropriation shall be allocated according to the following schedule, respectively:

4 ...

5 (3) Angaur State \$253,200

6 The amount of \$20,000 shall be a one-time appropriation  
7 earmarked to pay costs related to the repair and maintenance of  
8 the Angaur State Boat (Regina IV).

9 ...

10 (4) Hotohobei State \$176,200

11 The amount of \$10,000 is earmarked for the purchase of  
12 navigation and lifesaving equipments for the Hotohobei State Boat.

13 ...

14 (15) Peleliu State \$342,450

15 The amount of \$20,000 shall be earmarked to fund the repair and  
16 maintenance of the Peleliu State Boat, which shall be administered  
17 by the Peleliu Marine Transportation Authority (PMTA).

18 ...

19 Section 8 Total \$4,872,000"

20 Section 8. Amendment. Section 9 of RPPL No. 8-40 is hereby amended  
21 to read as follows:

22 "Section 9. Independent Agencies. The sum of \$1,940,411 is authorized  
23 for appropriation and is hereby appropriated for expenditure or obligation for  
24 Fiscal Year 2012 as operating grants or subsidies for independent agencies of the  
25 national Government. The entire amount of funds authorized to be appropriated  
26 and that are hereby appropriated in this section shall come from local revenues.  
27 The total authorization and appropriation shall be allocated according to the  
28 following schedule, respectively:

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...

(6) National Aviation Administration \$146,000

Section 9 Total \$1,940,411”

Section 9. Amendment. Section 10 of RPPL No. 8-40 is hereby amended to read as follows:

“Section 10. Other Agencies and Activities. The sum of \$1,477,524 is authorized for appropriation and is hereby appropriated for expenditure or obligation for Fiscal Year 2012 as grants or subsidies for recurring programs and activities. The entire amount of funds authorized to be appropriated and that are 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 National Museum \$163,398

...

(3) Palau Community Action Agency \$196,000

(a) The amount appropriated herein shall be used solely for the direct support of the Small Business Development Program, Apprentice Program, the Child Care Development Program and the Food Production and Employment Program managed by the PCAA; except as otherwise provided by subsection 3(b) and 3(c) of this Section; provided, that no portion of the funds appropriated herein shall be used to fund travel or per diem expenses. At the request of the Minister of Finance, the PCAA shall forthwith produce and permit the Ministry of Finance to inspect its records relating to the expenditure of the funds appropriated herein.

1 (b) Of this amount, \$10,000 shall be earmarked to fund the  
2 repair and overhaul of 4 buses (15 seater) and 8 mini buses  
3 (7 to 9 seaters).

4 (c) Of this amount, \$10,000 shall be earmarked to fund the  
5 repair and renovation of the 12 Head Start Centers.

6 ...

7 (9) PNOC & Sports Organization \$169,700

8 ...

9 Section 10 Total \$1,477,524"

10 Section 10. Amendment. Section 17 of RPPL No. 8-40 is hereby amended to read  
11 as follows:

12 "Section 17. Payment of Judgments. The sum of \$261,000 is authorized for  
13 appropriation and is hereby appropriated for expenditure for Fiscal Year 2012 for the  
14 purpose of paying outstanding judgments against the Republic of Palau. The entire  
15 amount authorized to be appropriated and is appropriated in this section shall come  
16 from local revenues. Any unexpended or unobligated balance of the appropriation of this  
17 section shall not lapse at the fiscal year's end."

18 Section 11. 2012 World Expo. The sum of \$15,000 is hereby authorized for  
19 appropriation and is hereby appropriated for expenditure for Fiscal Year 2012 for the  
20 purpose of funding expenses and obligations of the Palau delegation to the 2012 World  
21 Expo. The entire amount authorized to be appropriated and appropriated in this section  
22 shall come from local revenues.

23 Section 12. Cost of Living Allowance. The sum of \$325,000 is authorized for  
24 appropriation and is hereby appropriated for expenditure for Fiscal Year 2012 for the  
25 purpose of paying during the last quarter of Fiscal Year 2012 (3 months) only a \$20.00  
26 bi-weekly cost-of-living allowance to every full-time employee of the state and national


1 governments, excepting those employees who earn \$25,000 or more per year, said sum  
2 to be apportioned and paid at the direction of the Minister of Finance. Notwithstanding  
3 any other laws to the contrary, this one-quarter only cost-of-living allowance shall be  
4 exempt from deductions for wage and salary taxes, for Palau Pension Plan contributions,  
5 for Social Security taxes, and for the National Medical Savings Fund. The entire amount  
6 authorized to be appropriated and appropriated in this section shall come from local  
7 revenues.

8 Section 13. Over-expenditures for Fiscal Year 2011. In light of Section 1 of  
9 RPPL 8-40, consideration of FY 2011 over-expenditures is deferred until after FY 2011  
10 audit is completed.

11 Section 14. Effective Date. This Act shall take effect upon its approval by the  
12 President of the Republic of Palau or upon becoming law without such approval, except  
13 as otherwise provided by law.

PASSED: July 24, 2012

Approved this 24 day of July, 2012.

  
\_\_\_\_\_  
Johnson Toribiong  
President  
Republic of Palau