

**TITLE 5
STATE GOVERNMENTS**

**Chapter 1
Organization**

- § 101. Short title.
- § 102. Purpose.
- § 103. Establishment of state governments.
- § 104. Responsibilities of national government.
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- § 106. Single salary for full-time employees of the national government. [Repealed]

§ 101. Short title.

This chapter may be cited as the “State Government Organization Act.”

Source

RPPL 1-7 § 1, modified.

Cross-reference

For constitutional provisions on State Governments, see ROP Const. art. XI.

§ 102. Purpose.

The purpose of this chapter is to assist in the organization of state governments pursuant to section 1 of Article XI of the Constitution.

Source

RPPL 1-7 § 2, modified.

Cross-reference

ROP Const. art. XI, § 1.

§ 103. Establishment of state governments.

A state government shall be deemed organized and established when:

- (a) an ordinance providing for the drafting of a state constitution by the people of the

state is adopted by the state government and becomes effective;

(b) the people of the state approve the state constitution in a referendum by a majority of the votes cast; and

(c) a copy of the state constitution approved in the referendum is filed with the President and both houses of the Olbiil Era Kelulau.

Source

RPPL 1-7 § 3, modified.

Notes

Teriong v. Airai, 1 ROP Intrm. 664, 665, 672 (1989).

§ 104. Responsibilities of national government.

(a) The Ministry of State shall provide assistance in the development of state constitutions and shall be responsible for the supervision and certification of referenda on state constitutions.

(b) The Supreme Court and the National Court shall be the sole authorities to determine whether a state constitution conforms to the Constitution of the Republic.

Source

RPPL 1-7 § 4, modified.

Cross-reference

ROP Const. art. XI, § 1.

Notes

The Ngaimis v. ROP, 16 ROP 26, 30 (2008).

Becheserrak v. Koror, 3 ROP Intrm. 53, 56 (1991).

Teriong v. Airai, 1 ROP Intrm. 664, 665, 672 (1989).

§ 105. Confirmation of earlier acts.

If, prior to the effective date of this chapter, an ordinance which became effective was adopted by the government of a state providing for the drafting of a state constitution, or a state constitution was drafted pursuant to an adopted ordinance, or a state constitution took effect, prior to the effective date of this chapter, such act is hereby confirmed, provided that a constitution is approved in a state referendum by a majority of the votes cast.

ORGANIZATION

5 PNCA § 106

Source

RPPL 1-7 § 5, modified.

Notes

Teriong v. Airai State, 1 ROP Intrm. 664, 665, 672 (1989).

§ 106. Single salary for full-time employees of the national government. [Repealed]

Source

RPPL 6-37 § 33. Repealed by RPPL 6-43 § 5.

**Chapter 2
Elected Officials**

§ 201. Extension of term of office by ordinance.

§ 201. Extension of term of office by ordinance.

Any state law or ordinance enacted subsequent to the effective date of this chapter which provides for the extension of the term of office of any elected official of any state government shall be void and of no effect.

Source

RPPL 1-31 § 4(b), modified.

**Chapter 3
Grants-In-Aid**

- § 301. Grants-in-aid; generally.
- § 302. Policy guidelines; assistance.
- § 303. Same; disbursement.
- § 304. Procedure for obtaining grant-in-aid.
- § 305. Approval; contract between national and state governments.
- § 306. Contracts between state and third parties.

§ 301. Grants-in-aid; generally.

Any state is eligible to apply for grant-in-aid from the Olbiil Era Kelulau. All proposed grant-in-aid projects must be shown to be in the public interest, and not excessive in relation to the needs of the state for maintenance and use purposes. The President shall have the power to approve or reject any grant-in-aid request from a state.

Source

PDC § 150, ¶ 1, modified.

Cross-reference

For assistance to state fishing cooperative associations by national government, see 2 PNCA § 106(b).

§ 302. Policy guidelines; assistance.

The following policy guidelines shall govern all grant-in-aid assistance from the Olbiil Era Kelulau:

- (a) All grant-in-aid requests must include plans for construction, estimated costs, construction sketches, and information on the use the project will serve.
- (b) The recipient of grant-in-aid shall provide at least 25 percent of the cost of the project and any additional cost of construction over and above the amount granted.
- (c) A date for completion of the project must be set by the state and the state shall hold the national government harmless if for some reason work on the project stops.
- (d) All grant-in-aid requests shall be submitted to the President for review and approval.

(e) The amount of any grant-in-aid shall be appropriated by the Olbiil Era Kelulau in a lump sum and the authority for its disbursement shall be vested in the President as herein provided.

Source
PDC § 150(a), modified.

§ 303. Same; disbursement.

The following policy guidelines shall govern the disbursement of all grant-in-aid monies:

- (a) Grant-in-aid monies may be disbursed by the Director of the Bureau of the National Treasury only upon a written authorization from the President. No lump sum may be withdrawn at any one time by the recipient.
- (b) All necessary purchase documents connected with the grant-in-aid project must contain the types of materials, the amount of materials to be purchased, the prices thereof and the persons or companies from whom the purchase is to be made.
- (c) All payments for labor must be in a certified document containing the names of the persons or companies working on the project, predetermined rates of wages for each employee, and, in the case of a company, the payment agreement between the state and the company.
- (d) All bills and invoices on the project must be authenticated by the chief executive officer of the state and submitted to the President for proper payment.
- (e) The number of days the laborers or company devoted to the project shall be submitted to the President before any payment is made.
- (f) The chief executive officer of the state shall certify all documents pertaining to a grant-in-aid project.

Source
PDC § 150(b), modified.

§ 304. Procedure for obtaining grant-in-aid.

The steps to be followed in initiating and seeking approval of a grant-in-aid shall be as follows:

- (a) The state, having determined its needs, shall present a formal request signed by its chief executive officer to the President, with plans for construction, estimated costs, and information on the use the project will serve.
- (b) The plans and estimated cost figures of the project must be reviewed by the Director of the Bureau of Public Works before the request is approved or disapproved.
- (c) The President will review and approve the request and return it to the chief executive officer. The President may disapprove the request and, upon so doing, he shall state his reasons to the chief executive officer.

Source
PDC § 150(c), modified.

§ 305. Approval; contract between national and state governments.

Upon approval of the grant-in-aid request, a contract between the national government, represented by the President, and the state government, represented by the chief executive officer, shall be executed. The contract will cover the following principal items which the state and the national government agree to be their responsibilities on the project:

- (a) The national government in approving a grant-in-aid agrees to do the following:
 - (1) provide no more than 75 percent of the required cash funds for any project.
 - (2) furnish any technical or other advisory assistance on plans and construction.
 - (3) if necessary, lease or rent equipment at standard rates.
- (b) The state government, in accepting a grant-in-aid, agrees to do the following:
 - (1) be responsible for additional costs of the construction over and above the amount approved by the national government. The state government's obligation may include contributing labor, materials, supplies or cash.
 - (2) set a date for completion of the project.
 - (3) hold the national government harmless if for some reason work on the

project stops.

Source
PDC § 150(d), modified.

§ 306. Contracts between state and third parties.

No contract or other form of agreement involving grant-in-aid funds entered into between the state and individuals or corporations will be honored or enforced by the national government unless written terms of the agreement have been approved and countersigned by the President as contracting officer of the national government.

Source
PDC § 150(e), modified.

**Chapter 4
State Finance**

§ 401. State Financing.

§ 401. State financing.

Each State of the Republic of Palau is hereby authorized to negotiate and initiate a line of credit or loan, or both, in an amount of up to two million dollars (\$2,000,000) U.S. Dollars for any State program or purpose. Each State that uses such line of credit or loan shall be responsible to repay the line of credit and loan, along with the applicable interest, and all other related fees. Any such line of credit or loan shall be the sole responsibility of the State that takes out such a line of credit or loan.

Source

RPPL 7-25 Section 3 [§ 27a], modified.

Notes

Former Chapter 4 entitled "State Block Grants" was repealed and recodified at 40 PNCA Chapter 22 by RPPL 5-7 § 6(2).

Chapter 5
Power to Establish Penalty

§ 501. Power to establish penalty.

§ 502. Assistance from the national government.

§ 501. 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 five hundred dollars (\$500).

Source
RPPL 8-9 § 3, modified.

§ 502. 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, twenty five percent (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

Source
RPPL 8-9 § 4, modified.

Chapter 6
Caretaker Government Act

- § 601. Definitions.
- § 602. Applicability.
- § 603. Caretaker government formation.
- § 604. Caretaker government's limited authority.
- § 605. Exception to limited authority.

§ 601. Definitions.

For the purposes of this chapter:

- (a) "Election" means both general and special elections for government officials at the state level.
- (b) "Government" means a state government.

Source
RPPL 9-23 § 3.

Notes

RPPL 9-23 § 1 reads: Short Title. This Act may be cited as the "Caretaker Government Act."
RPPL 9-23 § 2 reads: Legislative Findings. The Olbiil Era Kelulau finds that there is a gap in the electoral process that necessitates standardization or procedure to regulate the management of government operations and funds during the period of time when a newly elected government is not installed after an election. The Olbiil Era Kelulau finds that state governments should have the opportunity and option to establish a caretaker government system for themselves in order to avoid a government standstill when a government is not able to conduct its ordinary course of business and current law does not provide any recourse. The Olbiil Era Kelulau further finds that Section 1 of Article XI of the Palau Constitution provides that "The structure and organization of state governments shall follow democratic principles, traditions of Palau, and shall not be inconsistent with this Constitution. The national government shall assist in the organization of state government." And Section 2 of the same article in the Constitution provides that "All governmental powers not expressly delegated by this Constitution to the states nor denied to the national government are powers of the national government. The national government may delegate powers by law to the state governments.

§ 602. Applicability.

State governments are hereby authorized to establish a Caretaker Government system in accordance with relevant state laws and constitutional procedures in order to provide the state

with a temporary government system that shall apply when an elected government fails to be installed on the designated day of installation for one of the following reasons:

- (a) Because the election or traditional process failed to produce a functioning government; or
- (b) Because it is clear who will form the next government, but they have not yet been installed into office, due to a delay in the day of installation that is the result of factors that are beyond the control of the state government.

Source
RPPL 9-23 § 3.

§ 603. Caretaker government formation.

The Caretaker Government may be comprised of the incumbent elected officials and traditional leaders, where applicable, of the government’s Executive Branch and Legislative Branch.

Source
RPPL 9-23 § 3, modified.

§ 604. Caretaker government’s limited authority.

The Caretaker Government is authorized to take the necessary actions to allow for the continuing of the normal businesses of the government and the day-to-day administration of departments and other agencies, and only such actions. The Caretaker Government is prohibited from taking any action that will have an effect beyond the current term that the Caretaker Government has been temporarily installed for, and the Caretaker Government is prohibited from taking any of the following actions:

- (a) Signing a contract that would obligate the government or citizens of the state, except when renewing a current non-citizen employment contract that has expired.
- (b) Making a significant appointment, including but not limited to, board members, except renewing a current board membership that has expired.
- (c) Adopting new government policies.

(d) Enacting laws, rules, or regulations; except when an annual budget or continuing budget authority has expired, in which case the Caretaker Government shall have the limited authority to enact only a continuing budget authority in accordance with relevant state laws.

Source

RPPL 9-23 § 3.

§ 605. Exception to limited authority.

In the instance where the Caretaker Government finds that it would be detrimental to the government and citizens of the state to delay action in accordance with [§ 604] of this chapter, the Caretaker Government may take action, but only with consultation of the new incoming government.

Source

RPPL 9-23 § 3, modified.

Notes

The bracketed [§ 604] replaced the wording "section 6" in the original legislation as complying with likely intention of the legislation. There is no "section 6" in RPPL 9-23.

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