

**AN ACT**

To amend 14 Koror State Code sections 102.a. and 102.c., to repeal 14 Koror State Code section 102.b., to amend 14 Koror State Code sections 701 and 702 relating to penalties for violations of licensing laws and to establish procedures for the issuance of licenses and permits, to require business licenses for the calendar year, to increase annual fees for business licenses, to authorize the Governor to promulgate rules and regulations relating to taxes and business licenses, and for related purposes.

**THE PEOPLE OF KOROR REPRESENTED IN THE LEGISLATURE OF THE STATE OF KOROR DO ENACT AS FOLLOWS:**

**SECTION 1. FINDINGS.**

The Eighth Koror State Legislature hereby finds that the Koror State laws relating to business licenses and other permits are outdated, and need to be updated to allow for proper enforcement of the laws. The fees for licenses are also outdated, and should be amended to reflect changes in the local economy since the 1970's when most of the Koror Municipality licensing laws were adopted (Koror Municipal Ordinance No. 46-69 section 1c, Koror Municipal Ordinance 50-1969, and Koror Municipal Ordinance 106-75). There have also been legitimate questions raised about the procedures and approvals required to obtain a business license, and questions about when an application for a business license may be denied. It is in the best interests of the people of the State of Koror to update the penalty provisions of the licensing laws, and to clarify procedures for obtaining a business license.

The Legislature further finds that over the years since the "Master Plan" was adopted in 1976 pursuant to the Trust Territory Land Planning Act (31 PNC 101-184), the Master Plan was not followed when the Koror State Public Lands Authority issued residential, commercial, and industrial leases for public lands, and many other non-conforming and inconsistent structures and uses were allowed, with little enforcement of the original Master Plan and established zones. A new Master Plan and related studies are appropriate in light of the potential development of Malakal as a commercial/resort zone, replacing industrial uses with more tourist friendly developments along the waterfront in Malakal, and in light of the

potential population shifts resulting from the completion of the Compact Road and the relocation of the national capitol to

1 Melekeok. Consultants will also need to be hired to assist in the development of a new  
2 Master Plan for all of Koror, and to prepare a new Master Plan, the costs of which may  
3 exceed \$500,000.00 (based upon the actual estimates for the preparation of a Master Plan  
4 for Koror in 1991 by Peter deKrassel and associates). The Legislature finds that it is in the  
5 best interests of the people of Koror to undertake the preparation of a new Master Plan, and  
6 to engage in studies for the potential future development of Koror.

7 **SECTION 2. AMENDMENT OF 14 KOROR STATE CODE SECTION 102.a.**

8 14 Koror State Code section 102.a. is hereby amended to read as follows:

9 "Section 102. License and Fees; display of license.

10 a. License and Payment First Required.

11 The following business license fees shall be collected as a prerequisite for persons  
12 engage in the business activities named herein:

13 (1) A license fee of fifty dollars (\$50.00) for each retail store Class A, movie  
14 theater, building contractor, furniture manufacturer, and boat building and repair shop  
15 association or corporation.

16 (2) A license fee of fifty dollars (\$50.00) for each scrap metal collecting  
17 business.

18 (3) A license fee of fifty dollars (\$50.00) for each retail store Class B and non-  
19 associated or non-incorporated boat building and repair shop.

20 (4) A license fee of fifty dollars (\$50.00) for each of the following businesses:

21 Store Class C:

- |                     |                |
|---------------------|----------------|
| 22 Fuel Stand       | Restaurant     |
| 23 Sawmill          | Bar-Restaurant |
| 24 Auto Repair Shop | Bakery Shop    |
| 25 Taxicab          | Fish Market    |

- |                |              |
|----------------|--------------|
| 26 Bus Service | Photo Studio |
| 27 Ferry Boat  | Private Club |

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Gift Shop

Bar



**SECTION 4. AMENDMENT OF 14 KOROR STATE CODE SECTION 102.c.**

14 Koror State Code section 102.c. is hereby amended to read as follows:

"c. When due.

License fees that are imposed by this chapter are due and payable by December 31 of each year, beginning on December 31, 2007. In the year 2007, all fees shall be paid and licenses shall be obtained by July 1, 2007, and a new license shall be obtained for calendar year 2008 by December 31, 2007, provided, however, that the fee for calendar year 2008 shall be paid for the following businesses

(1) \$25.00 for each store Class A, movie theater, building contractor, furniture manufacturer, and boat building and repair shop association or corporation.

(2) \$30.00 for each scrap metal collecting business.

(3) \$35.00 for each retail store Class B and non-associated or non-incorporated boat building and repair shop.

(4) \$40.00 for each Store Class C, Fuel Stand, Restaurant, Sawmill, Bar-Restaurant, Auto Repair Shop, Bakery Shop, Taxicab, Fish Market, Bus Service, Photo Studio, Ferry Boat, Private Club, Gift Shop, Bar, Diving Service, Collection Service, Planning and Design Service, Tourism Service, Printing Shop, Accounting and Auditing Service.

(5) \$42.50 for each Soft Drink Stand, Amusement Hall, Ice Cream Shop, Trucking Business, Food Market, and Craft Shop.

(6) \$45.00 for each Alcoholic Beverages package Distributor as wholesaler and retailer (Beer & Whiskey), Tailor Shop, Non-Koror Resident Commercial Fishermen, Tire Shop, Barber Shop, Cement Blocks Manufacturing Shop, and Machine Shop.

The fee payable for calendar year 2009, for licenses obtained on or before December 31, 2008, shall be the full amount due for the license as required by this Act."

**SECTION 5. PROCEDURES FOR OBTAINING BUSINESS LICENSES.**

A new section, 14 Koror State Code section 102.d., is hereby adopted to establish procedures and limitations for business licenses, as follows:

1 "d. Applications for business licenses; denial of license; rules and regulations.

2 "Any person desiring a business license shall apply for and pay the non-refundable fee  
3 for such license on and after December 1<sup>st</sup> and before December 31<sup>st</sup> of each calendar year,  
4 which license shall be valid for the following calendar year. Upon approval by the Koror  
5 State Finance Department, the license shall be issued to the applicant; provided, however,  
6 that if an applicant has been convicted of doing business in violation of the business license  
7 laws, or has been convicted of any other crime for failing to pay for or to obtain a license or  
8 permit as required under Koror State law, then such business license application may be  
9 denied. If such application is denied, the applicant may appeal to the Governor within fifteen  
10 (15) days of such denial. After review by the Governor, if the license is denied again, the  
11 applicant may file an action in the Trial Division within thirty (30) days to contest the denial  
12 of the license. Each applicant and each licensee shall observe and abide by all applicable  
13 national and Koror State laws, including building and zoning laws, and the issuance of a  
14 license to engage in business shall not be deemed a waiver of any other requirement imposed  
15 by any applicable law."

16 The Governor is authorized to promulgate rules and regulations for the  
17 implementation and enforcement of all taxing, licensing, and revenue collection laws of  
18 Koror, including procedures for the settlement of unpaid taxes, fees, penalties, and interest,  
19 entering into payment plans and settling or compromising claims, defining words and  
20 phrases, and adopting forms and procedures for applications and issuance of licenses and  
21 permits. The rules and regulations shall have the force and effect of law, and a violation of  
22 the regulations shall be deemed a violation of this Act.

23 **SECTION 6. AMENDMENT OF 14 KOROR STATE CODE SECTION 701.a.**

24 14 Koror State Code section 701.a. is hereby amended to read as follows:

25 "Section 701. Late payments.

26 a. Businesses, Licenses, Property, Sales, and Ocheraol.

27 Any person who fails to pay any taxes, business license fees, and permit fees that are  
28 due under chapters 1, 2, 3, 5, and 6 of this title, shall, in addition to any other penalty, pay the

1 of \$5.00 per month or fraction of any month from the date due until paid in full, in addition to  
2 paying the full price for the tax, business license, and permit fees due. All license fees and  
3 penalties shall be paid in full before the issuance of the applicable license. "

4 **SECTION 7. AMENDMENT OF 14 KOROR STATE CODE SECTION 702.a.**

5 14 Koror State Code section 702.a. is hereby amended to read as follows:

6 "Section 702. Penalties.

7 a. Businesses, License, and Property Taxes.

8 Each person who shall wilfully fail to pay taxes, license fees, or other fees that are  
9 required to be paid by chapters 1, 2, 3, and 5 of this title or who fails to furnish records or  
10 other information that are required by the Governor or his representative in the enforcement  
11 of chapters 1, 2, 3, and 5 of this title, or who fails to obtain or fails to display a business  
12 license as required by this Act, or who violates any rules or regulations promulgated by the  
13 Governor, shall upon conviction be guilty of a misdemeanor and shall be sentenced to pay a  
14 fine in the amount of \$100.00, and may be sentenced to jail for up to ninety (90) days, and  
15 such other penalties as provided by law. Each day that this Act is so violated shall be  
16 deemed a separate offense, which may be punished separately, and no offense shall be  
17 deemed "continuing". In addition to the penalties described above, the court shall order the  
18 person convicted to pay restitution to the State of Koror, in an amount equal to any license or  
19 permit fee that should have been paid by such defendant."

20 **SECTION 8. SUNSET DATE; USE OF FEES COLLECTED.**

21 A. The fees collected by this Act, which are estimated to be around \$40,000.00 to  
22 \$50,000.00 per year, shall be collected until December 31, 2018.

23 B. The taxes and fees collected pursuant to this Act shall be used for the following  
24 purposes:

25 (1) to hire consultants in relation to the preparation of a new Master Plan and  
26 related zoning laws, including attorneys, economists, land use planners, and contractors who  
27 perform infrastructure work. The hiring of consultants may include the payment of airfare,

1 lodging, and ground transportation in Palau.

2 (2) to hire a firm or agency to prepare a new Master Plan, which will include  
3 obtaining background data, historical and regional information and potential shifts in  
4 populations away from Koror, goals and objectives for development over the next 50 years,  
5 along with recommendations as to future growth and development, and the implementation of  
6 such recommendations by amendments to existing zoning laws, and the enactment of new  
7 zoning laws. The hiring of a firm or agency may include the payment of airfare, lodging, and  
8 ground transportation in Palau.

9 (3) to pay for costs of surveys, drawings, plans, designs, topographical and  
10 other maps, and engineering designs and studies as may be needed.

11 (4) to pay for the actual expenses of printing and copying reports, designs, plans,  
12 and other documents relating to the development of a new Master Plan.

13 **SECTION 9. SEVERABILITY.**

14 The provisions of this Act are severable. If any part or portion of this Act is held to be  
15 invalid or unenforceable, then the offending portions may be stricken and the remaining portions  
16 shall continue in full force and effect.

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1           **SECTION 10.           EFFECTIVE DATE.**

2           This Act shall become effective upon its becoming law of the State of Koror by operation  
3 of the Koror State constitution, and thereafter upon approval by the Minister of Justice in  
4 accordance with 40 PNC 2101-2105, if necessary and as required by law.  
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PASSED: November 16, 2007

CERTIFIED BY:

ATTESTED TO BY:

\_\_\_\_\_/s/\_\_\_\_\_  
Timothy "Tero" Uehara  
Speaker

\_\_\_\_\_/s/\_\_\_\_\_  
Rena Iluches  
Clerk

**APPROVED ON THIS 21<sup>st</sup> DAY OF November, 2007.**

\_\_\_\_\_/s/\_\_\_\_\_  
**Yositaka Adachi**  
**Governor, Koror State**