current PPS, parse the PPS palette predictor values from the current PPS of the video bitstream;

derive a current palette predictor array having a current predictor size for blocks in a picture corresponding to the current PPS based on the PPS palette predictor values, the SPS palette predictor values or both; and

apply palette decoding to the blocks in the picture using the current palette predictor array.

17. A method of encoding video data using palette coding for a video coding system, comprising:

determining a SPS (sequence parameter set) predictor flag indicating whether SPS palette predictor values are present in a current SPS;

signaling the SPS palette predictor values in the current SPS only if the SPS predictor flag indicates that the SPS palette predictor values are present in the current SPS;

determining a PPS (picture parameter set) predictor flag indicating whether PPS palette predictor values are present in a current PPS;

signaling the PPS palette predictor values in the current PPS only if the PPS predictor flag indicates that the PPS palette predictor values are present in the current SPS; and

signaling current palette information associated with a current block based on the PPS palette predictor values, SPS palette predictor values or both.