



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

**Tommy E. Remengesau, Jr.**  
*President*

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November 22, 2017  
Serial No. 17-365

The Honorable Sabino Anastacio  
Speaker of the House of Delegates  
10<sup>th</sup> Olbiil Era Kelulau  
Ngerulmud, Palau National Capitol  
Republic of Palau 96939

**Signing Statement RE: Senate Bill No. 10-40, SD2, HD3**

Dear Speaker Anastacio:

I thank you, and all your colleagues in the Olbiil Era Kelulau, for another productive legislative session. Senate Bill No. 10-40, SD2, HD3 addresses several significant and timely issues, and is a fitting addition to the accomplishments of this 10<sup>th</sup> National Government so far.

The core of this bill, addressing the Office of the Public Auditor, is an important step toward improving the effectiveness of that office. However, I do have misgivings about the \$600,000 cap you have placed on their budget, and hope you will seriously consider the concerns the office has raised in its written comments. This cap represents a significant reduction in the OPA budget, and will restrict its ability to carry out planned initiatives related to its audit management system, human resources manual, and external quality control review. So while I am signing this bill, which provides the OPA the important benefit of a predictable funding stream, I believe you may ultimately need to revisit the issue of this budget cap.

Your appropriation to the Bureau of Public safety, on the other hand, for implementation of the minimum ambulance equipment and staffing standards recently established by RPPL 10-9, reflects strong follow-up. When our government sets new requirements, we must be sure that they are not just words; in promptly funding these new ambulance standards, you do just that.

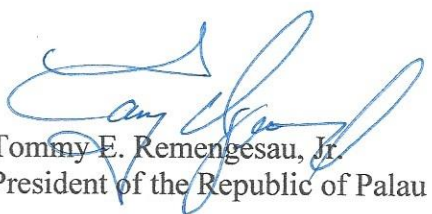
Finally, while I have some concerns about revising this important policy so close to its implementation date, I accept your decision to change the PPEF refund list once again. I understand that this is an amendment you are making for its anticipated impact on our nation's fiscal stability,



and applaud you for that focus. My administration will work closely with airlines and our other international partners to minimize any disruption to their preparations.

My concern with the small details of these measures does not subtract from my happiness with the communication between our two branches overall. Moving forward, I look forward to continuing our strong cooperation, and to avoiding these small hiccups whenever possible.

Sincerely,



Tommy E. Remengesau, Jr.  
President of the Republic of Palau



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November 22, 2017  
Serial No. 17-365

The Honorable Hokkons Baules  
President of the Senate  
10<sup>th</sup> Olbiil Era Kelulau  
Ngerulmud, Palau National Capitol  
Republic of Palau 96939

**Signing Statement RE: Senate Bill No. 10-40, SD2, HD3**

Dear President Baules:

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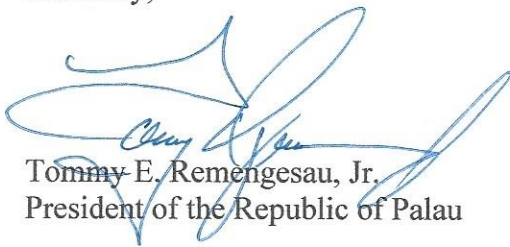
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Sincerely,

A handwritten signature in blue ink, which appears to read "Tommy E. Remengesau, Jr.", is written over the printed name and title.

Tommy E. Remengesau, Jr.  
President of the Republic of Palau





**The Senate**  
**TENTH OLBIIL ERA KELULAU**  
P.O. Box 8, Ngerulmud  
Republic of Palau 96939

FIFTH SPECIAL

Session

NOVEMBER 2017

INTRODUCED AS SENATE BILL NO. 10-40, SD2, HD3

## AN ACT

SEE TITLE INSIDE

INTRODUCED BY SENATOR (S) RUDIMCH, BAULES, MARIUR, KUARTEI, SKEBONG, KYOTA,

NAKAMURA, AND SENIOR

ET, AL.,

DATE INTRODUCED MARCH 9, 2017

## SENATE ACTION

FIRST READING:	MARCH 9, 2017
REFERRED TO:	WAYS AND MEANS AND FINANCIAL MATTERS
STANDING COMMITTEE REPORT NO.:	10-14
DATE ADOPTED:	MARCH 21, 2017
SECOND READING:	MARCH 21, 2017
LEGAL FORMAT:	PROPER
REVIEW:	MARCH 22, 2017
THIRD READING:	MARCH 22, 2017
FINAL READING:	NOVEMBER 7, 2017

## HOUSE ACTION

FIRST READING:	MARCH 23, 2017
REFERRED TO:	WAYS AND MEANS
STANDING COMMITTEE REPORT NO.:	10-34
DATE ADOPTED:	OCTOBER 31, 2017
SECOND READING:	OCTOBER 31, 2017
LEGAL FORMAT:	PROPER
REVIEW:	OCTOBER 31, 2017
THIRD READING:	NOVEMBER 2, 2017
FINAL READING:	

## CONFERENCE COMMITTEE ACTION

DATE:	NONE
COMMITTEE REPORT NO.:	NONE
DATE PASSED:	NONE
FINAL READING:	NONE



AN ACT

To reserve one percent (1%) or \$600,000 of unrestricted local revenue collections from the preceding Fiscal Year for the purpose of funding the Public Auditor's Office specifically to perform all duties required under Article XII, Section 2(b) of the Republic's Constitution; to amend the classifications of individuals receiving refunds of the Pristine Paradise Environmental Fee; to appropriate funds to the Bureau of Public Safety; and for other related purposes.

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

1           Section 1. Legislative Findings.

2           The Olbil Era Kelulau finds that Article XII, Section 2(b) of the Republic's  
3           Constitution requires the Public Auditor to inspect and audit accounts in every  
4           branch, department, agency, or statutory authority of the national government and in  
5           all other public legal entities or nonprofit organizations receiving public funds from  
6           the national government. RPPL 9-9 clarified the duties of the Public Auditor to  
7           include an annual audit and report of each state legislature and governor's office, in  
8           accordance with both the Republic's and various State Constitutions. RPPL 9-9 also  
9           directed the Public Auditor to promulgate regulations establishing clear and concise  
10          rules to guide the States in accounting measures of responsibility.

11          The audits the Public Auditor is directed to perform are very important as  
12          they can show whether the entity is following sound procurement practices; acquiring  
13          the appropriate type, quality, and amount of resources at an appropriate cost;  
14          protecting and maintaining its resources; avoiding duplication of effort; and using  
15          efficient operating procedures. Performance audits are an objective and systematic  
16          examination of evidence for the purpose of providing an independent assessment of  
17          the performance of a government organization, program, activity, or function, in  
18          order to provide information to improve public accountability and facilitate decision-  
19          making by parties with responsibility to oversee or initiate corrective action.  
20          Performance audits can include economy and efficiency and program audits, which  
21          can assist in determining the effectiveness of the entity; whether the agency has

1 complied with applicable laws and regulations; and the causes of inefficiencies or  
2 uneconomical practices.

3 The Olbiil Era Kelulau further finds that the Office of the Public Auditor lags  
4 behind in its prescribed duties. This lag is due, in part, to lack of funding to hire  
5 additional staff with the requisite education, skills, and experience necessary to assist  
6 the Office of the Public Auditor in its duties, as required by the Constitution. As  
7 such, the Olbiil Era Kelulau finds it prudent to allocate additional funds to the Office  
8 of the Public Auditor, to enable and facilitate the Office in fulfilling its required  
9 duties, including hiring additional staff, training States in accounting principles, and  
10 promulgating regulations.

11 The Olbiil Era Kelulau finds that it is appropriate to reserve one percent of all  
12 unrestricted local revenues to the Office of the Public Auditor. The Office of the  
13 Public Auditor serves many agencies within the national government and it is fitting  
14 that the national government assist the Office of the Public Auditor by providing  
15 sustained funding, so that the Office can adequately perform its duties.

16 The Olbiil Era Kelulau finds that the Pristine Paradise Environmental Fee  
17 provisions should be amended to prohibit nonresident workers from receiving a  
18 refund of the fee. Nonresident workers enjoy the benefits of living and working in the  
19 Republic and should be participants in the mechanism designed to sustain the health  
20 of our environment. The Olbiil Era Kelulau further finds that those traveling on a  
21 ticket purchased with funds originating from the National Treasury should not  
22 receive a refund of the Pristine Paradise Environmental Fee.

23 Section 2. Repealer. Section 251 of Title 40 of the Palau National Code is  
24 hereby repealed.

25 Section 3. Amendment. Title 40 is hereby amended to add a new Section 251 as  
26 follows:

27 “§ 251. Budget.

28 (a) The Public Auditor shall transmit his proposed budget in the form and  
29 manner specified by the President.



(b) Beginning in Fiscal Year 2019 the lesser of \$600,000 or one percent (1%) of all unrestricted local revenues from the preceding Fiscal Year, shall be reserved for the Office of the Public Auditor to perform all duties required under Article XII, Section 2(b) of the Republic’s Constitution. These funds shall be authorized and appropriated to the Office of the Public Auditor through the unified budget process. This funding is not subject to reprogramming, and is restricted solely for the use of the Public Auditor for the performance of his duties as required by Article XII, Section 2(b). The Office of the Public Auditor shall report a detailed account of the use of the funds to the President and the Olbiil Era Kelulau, no later than ninety (90) days after the close of each Fiscal Year.”

Section 4. Amendment. Section 3413 of Title 24 of the Palau National Code, as amended by RPPL 10-12, is hereby further amended as follows:

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

(a) Every passenger entering the Republic shall be assessed, and shall pay, an environmental protection fee (the “Green Fee”) of thirty dollars (\$30); provided that persons traveling on a passport issued by the Republic of Palau, diplomats, transit passengers, and masters, pilots, and other crew members of any vessel or aircraft lawfully operating as a common carrier, are to be refunded said fee. The money generated from collection of the green fee shall be deposited into two separate accounts within the National Treasury that shall be separate and distinct from all other accounts as set forth in subsection (c) below. Nothing in this Act shall preclude the states from collecting tourist and visitor fees for visiting or using state resources and sites, including Protected Areas Network (“PAN”) sites.

...”

Section 5. Amendment. Section 2704 of Title 40 of the Palau National Code, as amended by RPPL 10-12, is hereby further amended as follows:

“§ 2704. Refunds of Pristine Paradise Environmental Fee.

(a) The following categories of people shall be refunded the Pristine Paradise Environmental Fee:

- (1) Palauan citizens;



(2) Spouses of Palauan citizens;

(3) Pilots and other crew members of any aircraft lawfully operating as a common carrier;

(4) Diplomats carrying a diplomatic passport; and

(5) Transit passengers.

(b) Individuals traveling on a ticket purchased with funds originating from the National Treasury shall not be refunded the Pristine Paradise Environmental Fee.

(c) The Minister of Finance shall have the authority to designate additional categories of people who shall be refunded the Pristine Paradise Environmental Fee through regulation.”


**Section 6. Appropriation for the Bureau of Public Safety.**

The sum of \$63,100 is authorized for appropriation and is hereby appropriated to the Bureau of Public Safety for the purpose of funding the minimum ambulance equipment and staffing standards enacted in RPPL 10-9. The entire amount of funds authorized and appropriated in this section shall be non-lapsing and shall come from the Non-Communicable Diseases Fund codified in Section 1308 of Title 40 of the Palau National Code.

**Section 7. Effective date.** This Act shall take effect upon its approval by the President of the Republic of Palau, or upon becoming law without such approval.

**PASSED: November 7, 2017**

Approved this 22<sup>ND</sup> day of NOVEMBER, 2017.

  
\_\_\_\_\_  
HE Tommy E. Remengesau, Jr.  
President  
Republic of Palau