April 22, 2020
Serial No. 20-1684

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

Re: Signing Statement HB 10-131-14S, HD2, SD2 the COVID-19 Presidential Borrowing Act of 2020

Dear Speaker Anastacio:

It is my pleasure to sign the COVID-19 Presidential Borrowing Act. Thank you for your swift work, which is absolutely critical to the health, safety, and prosperity of our Republic.

These are unprecedented times, and we find ourselves taking unprecedented measures to protect Palau from the ongoing pandemic. I am truly proud to see our national leadership fighting back this threat as one united team. And I am proud, as well, that you and your colleagues in the Olbiil Era Kelulau continue to look toward the future.

As we have all agreed, this crisis is only just beginning. Without bringing in new money through concessionary finance, FY 2020 government operations could deplete all national reserve funds, leaving nothing for our people in the years to come. It would be especially unfair to drain these reserves with a national election coming later in the year. Doing so would deprive our future leaders of immediate funding sources, and put them in a desperate borrowing position.

We must leave a healthy reserve balance for the next administration, which may then choose whether to spend those reserves or continue borrowing. Through this action, you have given them that choice.

The borrowing you have authorized here will not be used up by current government operations. It will not even be used up in this fiscal year. Instead, you have provided enough authorization to fund current services, to fund new private sector relief measures, and to arm the next administration with a full set of funding options. That is true leadership, and I commend you.

Of course the funds you have authorized us to borrow remain subject to appropriation, so our work is far from done. We are depending on you, and your colleagues in both houses, to quickly pass the Coronavirus Relief One-Stop-Shop Act developed by our Joint Leadership Working Group. Until those critical authorizations and appropriations are made, this borrowing authority cannot produce real results for our people.
This bill is a first step. But it is also a very large step, and one we should all be proud of. Let us continue to proceed as one team, for the good of Palau and of all our people.

Sincerely,

[Signature]

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

Cc: The Honorable Hokkons Baules, President of the Senate
April 22, 2020
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President of the Senate
10th Olbiil Era Kelulau
Ngerulmud, Palau National Capitol
Republic of Palau 96939

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Dear Senate President Baules:

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

Cc: The Honorable Sabino Anastacio, Speaker of the House of Delegates
TENTH OLBIIL ERA KELULAU
FOURTEENTH REGULAR SESSION
APRIL 2020

HOUSE BILL NO. 10-131-14S, HD2, SD2

AN ACT

SEE TITLE INSIDE

OFFERED BY DELEGATE(S) Speaker Anastacio and All Delegates

except Del. Basilius ET AL.

DATE INTRODUCED April 08, 2020

HOUSE ACTION

FIRST READING: April 08, 2020
REFERRED TO: Ways and Means
STANDING COMMITTEE REPORT NO: 10–110
DATE ADOPTED: April 10, 2020
SECOND READING: April 10, 2020
LEGAL FORMAT: Proper
REVIEW: April 10, 2020
THIRD READING: April 11, 2020

SENATE ACTION

FIRST READING: April 14, 2020
REFERRED TO: Ways and Means
STANDING COMMITTEE REPORT NO: 10–264
DATE ADOPTED: April 16, 2020
SECOND READING: April 16, 2020
LEGAL FORMAT: Proper
REVIEW: April 17, 2020
THIRD READING: April 20, 2020

CONFERENCE COMMITTEE ACTION

DATE: None
COMMITTEE REPORT: None
DATE PASSED: None

Marcello Ngirklau
HOUSE CLERK

Ann L. Pedro
SENATE CLERK
AN ACT

To authorize the President of the Republic of Palau to borrow and to approve of the borrowing from any financial institution or any other government for the purpose of mitigating the economic and social impacts of COVID-19, and for other related purposes.

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

Section 1. Short Title.

This Act may be cited as the “COVID-19 Presidential Borrowing Act of 2020.”

Section 2. Legislative Findings. The Olbiil Era Kelulau finds that COVID-19 is having significant negative economic and social impacts on the Republic. Further, these impacts will be felt into the future, extending past this current fiscal year. The Republic must prepare for fiscal and budget adjustments for Fiscal Years 2020, 2021, and perhaps beyond. Preliminary analysis and estimates predict a total GDP decline of about twenty-three percent (23%) over the next two fiscal years. This is predicted to result in a fiscal impact of a loss of forty-five million dollars ($45,000,000) in revenue, approximately seventeen million ($17,000,000) for Fiscal Year 2020 and twenty-eight million ($28,000,000) for Fiscal Year 2021. Citizens and residents have already begun and will continue to feel the impacts of COVID-19 through the loss of jobs and other disruptions to employment and business. A total of about two thousand six hundred (2,600) jobs in the Republic have been directly affected by COVID-19. The loss of income and social support networks could have long-lasting and devastating effects for many members of our community. These economic and social impacts on the Republic, on all sectors of the economy, and on civil society demand the national government adopt and implement responsive fiscal policy, financing, and revenue and expenditure measures. The Olbiil Era Kelulau finds that authorizing the President to borrow up to sixty million dollars ($60,000,000) backed by the full faith and credit of the Republic from any financial institution or any other government is warranted to ensure capacity for these necessary measures.

Section 3. Authority to borrow from any financial institution or other lender.

The Republic of Palau, by and through the President of the Republic, shall have
the authority to borrow up to sixty million dollars ($60,000,000) from any financial
institution or any other government backed by the full faith and credit of the Republic
for the purpose of mitigating the economic and social impacts related to COVID-19, so
long as such borrowing ensures the continuation of national and state operations,
including the operational and contingent expenses of the Judicial and Legislative
Branches, and State Block Grants, contemplates the economic and social impacts on the
private sector and other areas of society impacted by COVID-19, and all loan proceeds
are expended subject to authorization and appropriation and in accordance with law.

Section 4. Effective date. This Act shall take effect upon its approval by the
President of the Republic of Palau, or upon its becoming law without such approval.

Passed: April 20, 2020

Approved this 22nd day of April, 2020

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