April 27, 2020
Serial No. 20-1688

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

Signing Statement Re: HB 10-133-14, HD1, SD1, the Coronavirus Relief One Stop Shop Act

Dear Speaker Anastacio:

Thank you for your work on House Bill 10-133-14, HD1, SD1, which implements the recommendations of our Joint Leadership COVID-19 Impact Mitigation Working Group. Through this remarkably short turnaround, you have shown the people of Palau how quickly and decisively their elected representatives can work when the stakes are high.

This process, from the formation of our Joint Leadership Working Group to the fast passage of this resulting legislation, has been a testament to strong, united leadership.

When I look at this legislation I am proud of the process that produced it, and even more proud of the content it includes. One simple truth stands out from the bill you have passed: no person will be left behind in our response to this pandemic.

In this bill you have provided for the entire public sector including state governments, schools, non-governmental organizations, hospital operations, the civil service pension plan, and the Protected Areas Network. You have provided for Palauans who were stranded abroad due to flight restrictions. You have provided for our private sector businesses. You have provided for our private sector employees, including both Palauans and non-resident workers. To relieve the private sector you have established a number of different temporary measures, ensuring that there will be some type of assistance for every person in need.

You have even shown unity with our next national leadership, by preserving precious reserve funds for their future use. Together with the borrowing you authorized through RPPL 10-55, these reserve funds will put next year’s incoming leadership in the best possible position. They will have a range of funding sources to draw from for appropriate actions, depending on the status of this global pandemic and the economic situation of our Republic at that time.
I could elaborate on the importance of this legislation, but I truly believe it will speak for itself over time. When we look back, we will proudly remember that we thought long-term and inclusively. Fair treatment of all workers will preserve the workforce we have worked so hard to build. Attention to the fixed costs of private sector businesses will preserve some of our proudest landmarks. Attention to schools and NGOs will maintain many of the critical community services upon which our people rely. Attention to our needs in FY2021 will ensure smooth operations even with a change in administration.

I thank you for your leadership, and assure you that we will be implementing this bill’s private sector provisions as swiftly as possible. Within an hour of this bill’s passage, our Minister of Finance met with all relevant implementing agencies, including partners from the Belau Tourism Authority, Chamber of Commerce, and Palau Visitor’s Authority, to begin drafting the necessary regulations. By tomorrow, private sector employers will be able to apply for qualification at the Office of the Minister of Finance.

We know that people are struggling, and our first priority will be to get direct assistance to private sector employees in need. Unfortunately, we must be careful with people’s expectations, and I ask you to help me get the word out about our budget constraints. We are a small country doing everything it can with modest resources. We do not know how long this situation will last, so we must expend these relief funds at a sustainable rate. But we will do the best we can, and begin as soon as we can, with the ultimate priority of relieving those who are hurting the most.

I look forward to sharing implementing regulations with you later this week.

Sincerely,

[Signature]
Tommy E. Remengesau, Jr.
President of the Republic of Palau

CC: Senate President Hokkon’s Baules
April 27, 2020
Serial No. 20-1688

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President of the Senate
10th Olbiil Era Kelulau
Ngerulmud, Palau National Capitol
Republic of Palau 96939

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Sincerely,

[Signature]

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

CC: Speaker Sabino Anastacio
TENTH OLBIIL ERA KELULAU
FOURTEENTH REGULAR SESSION
APRIL 2020

HOUSE BILL NO. 10-133-14, HD1, SD1

AN ACT

See Title Inside

OFFERED BY DELEGATE(S), Tommy E. Remengesau, Jr., President of the Republic of Palau ET AL,

DATE INTRODUCED April 19, 2020

HOUSE ACTION

FIRST READING: April 19, 2020
REFERRED TO: Ways and Means
STANDING COMMITTEE REPORT NO: 10-112
DATE ADOPTED: April 20, 2020
SECOND READING: April 20, 2020
LEGAL FORMAT: Proper
REVIEW: April 20, 2020
THIRD READING: April 21, 2020
FINAL ACTION: April 24, 2020

SENATE ACTION

FIRST READING: April 22, 2020
REFERRED TO: Ways and Means and Financial Matters
STANDING COMMITTEE REPORT NO: 10-269
DATE ADOPTED: April 23, 2020
SECOND READING: April 23, 2020
LEGAL FORMAT: Proper
REVIEW: April 23, 2020
THIRD READING: April 24, 2020
FINAL ACTION:

CONFERENCE COMMITTEE ACTION

DATE: None
COMMITTEE REPORT: None
DATE PASSED: None

Marcello Ngirkeleu
HOUSE CLERK

Ann L. Pedro
SENATE CLERK
AN ACT

To authorize temporary private sector relief measures for mitigation of the economic and social impacts related to COVID-19, to authorize and appropriate additional sums from the National Treasury for general operations, capital improvements, and private sector relief measures for the fiscal year ending September 30, 2020, and for other related purposes.

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

Section 1. Short Title. This Act may be cited as the “Coronavirus Relief One Stop Shop Act” or “CROSS Act”.

Section 2. Legislative Findings. The Olbiil Era Kelulau finds the economic and social impacts caused by the COVID-19 global pandemic are grave and unprecedented. The Republic is facing a historic moment, one that demands a historic response of solidarity and great effort. Article VI of the Constitution of the Republic of Palau provides that the national government must take positive action for the promotion of the national economy and to provide for the protection of the safety and security of persons and property. The impacts and hardship faced by the Republic and its citizens are significant and will be felt into the future. 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 loss of forty-five million dollars ($45,000,000) in revenue. Local businesses are suffering from the halt of tourist travel to the Republic and from global disruptions to financial markets, supply chains, and production. Citizens and nonresident workers have already begun and will continue to feel the impacts of the COVID-19 global pandemic through the loss of jobs and other disruptions to employment; it is currently projected that a total of about two thousand six hundred (2,600) jobs in the Republic will be directly affected. The loss of income and social support networks could have long-lasting and devastating effects for many members of our community. Many are lacking the means to provide for themselves and their families and are struggling under the growing strain of household and other living expenses, including rent and utilities.

The Olbiil Era Kelulau finds it is necessary to implement several temporary
relief measures aimed at mitigating the economic and social impacts of the COVID-19 global pandemic on the private sector. The goal of these measures is to address the many different hardships faced by the Republic, its businesses, and the members of the community. The temporary relief measures include unemployment benefits, utility assistance, job programs, nonresident worker employment transfer, business loans, and tax and employer contribution deferrals. The Coronavirus Relief One Stop Shop, administered by the Minister of Finance, will operate as a central location for qualification of employees and employers for these temporary relief measures and allows for a streamlined process for receipt of the benefits, services, and programs provided by the measures. These temporary relief measures are to be funded from a one-time appropriation and the funds are to lapse and availability of the measures is to cease on January 31, 2021. The Olbiil Era Kelulau finds these temporary relief measures necessary to ensure the Republic responds to the economic and social impacts faced by the Republic due to the COVID-19 global pandemic and to provide for the security, health, and comfort of our people.

Further, for the public sector, the Olbiil Era Kelulau finds that adjusting the Fiscal Year 2020 budget is necessary for the maintenance of key government services and employment. The adjustments seek to maintain current operating budget levels. Additionally, the Olbiil Era Kelulau finds it necessary to provide financial support to state governments, certain non-governmental organizations, and non-public schools.

Section 3. COVID-19 Private Sector Relief Measures.


In this Section:

(a) "Employee" means a person:

(1) who is currently employed or whose employment has been terminated, suspended, or reduced due to the COVID-19 pandemic; or

(2) who is currently self-employed or whose earnings have been terminated, suspended, or reduced due to the COVID-19 pandemic.

(b) "Employer" means any individual, partnership, association, corporation,
non-governmental organization, or nonprofit conducting any lawful business with one
or more Employee(s) in the Republic, and may include a self-employed person.

(c) "Temporary Relief Measures" are the benefits, programs, and services
funded or made available pursuant to Part 3 for the purpose of preserving employment
and relieving the immediate impact of the COVID-19 pandemic on the private sector.

Part 2. Qualification.

(a) Availability and Determination. With the exception of temporary job
programs funded pursuant to Part 3 Subsection (c), Temporary Relief Measures shall
be available only to qualified Employers and Employees. Qualification of Employers
and Employees for Temporary Relief Measures shall be determined upon application
by the Minister of Finance, based on the impact of the COVID-19 pandemic on those
Employers and Employees.

(b) Process. An Employer may apply for qualification on his or her own
behalf and on behalf of his or her Employees. An Employee whose Employer does not
apply for qualification may apply for qualification on his or her own behalf.

(c) Applicability. Only qualified Employers may apply for Temporary Relief
Measures established pursuant to Part 3 Subsections (a) and (b). Only qualified
Employees may apply for Temporary Relief Measures established pursuant to Part 3
Subsections (d), (e), and (f). Qualified Employees shall have priority for any temporary
job program funded under Part 3 Subsection (c).

Part 3. Temporary Relief Measures and Authorities.

(a) Loans. The Minister of Finance may facilitate concessionary or
interest-free loans to cover an Employer's fixed costs, or to finance improvement of an
Employer's tourism facilities.

(b) Payment Deferral.

(1) The Minister of Finance shall have the authority to defer payment of
tax assessed and levied pursuant to 40 PNC Chapter 12, and to advance or
subsidize employer contributions established in 41 PNC Chapter 7, Subchapter
V and 41 PNC Chapter 9, Subchapter IV.
(2) The Social Security Board shall have the authority to defer payment of employer contributions established in 41 PNC Chapter 7, Subchapter V.

(3) The National Healthcare Financing Governing Committee shall have the authority to defer payment of employer contributions established in 41 PNC Chapter 9, Subchapter IV.

(c) Temporary Job Programs. The Minister of Finance may fund temporary job programs administered by government agencies, semi-government agencies, non-profit organizations, and non-governmental organizations.

(d) Transfer. The Minister of Justice shall have the authority to approve applications for temporary employment and transfer of employment submitted by nonresident workers without regard to the requirements or restrictions of Chapter 10 of Title 13.

(e) Unemployment Benefits. The Minister of Finance shall establish, and the government may distribute, unemployment benefits for Employees whose employment has been terminated, suspended, or reduced due to the COVID-19 pandemic. These unemployment benefits shall not be subject to garnishment or subject to claim or deduction by any creditor or employer.

(f) Expanded Lifeline Utility Service. The Palau Public Utilities Corporation may provide access to its Lifeline Electric, Water & Sewer Subsidy Program for Low or Fixed Income Households without regard to the requirements or restrictions imposed by its Rules and Procedures, and shall do so to the extent that additional funds are made available for such expanded access. The Minister of Finance may provide such additional funds.

(g) Regulations. The Minister of Finance shall promulgate rules and regulations governing the Temporary Relief Measures established in this Section. In promulgating such rules and regulations, the Minister of Finance shall be exempt from the requirements of 6 PNC §125.

(h) Availability and Duration. Temporary Relief Measures shall be available only subject to the availability of funds and only from the Effective Date of this Act

(i) Reporting. The Minister of Finance shall separately account for and maintain the funds appropriated for expenditure pursuant to Section 4 of this Act and shall submit an itemized report of all expenditures pursuant to this Section to the President of the Republic and the presiding officers of the Olbiil Era Kelulau on a monthly basis.

Section 4. COVID-19 Private Sector Relief Program Funding. The sum of $20,000,000 is hereby authorized for appropriation and is hereby appropriated to the Ministry of Finance to fund benefits, programs, and services made available pursuant to Section 3 of this Act. Of the total amount authorized to be appropriated and appropriated in this Section, $4,000,000 shall come from Loan No. 3725-PAL, and $16,000,000 shall come from funds borrowed pursuant to RPPL No. 10-55. Any unexpended or unobligated balance of the appropriation of this Section shall lapse on January 31, 2021."

Section 5. Amendment. The title of RPPL No. 10-42, as amended by RPPL Nos. 10-44 and 10-53, is hereby amended as follows:

"To enact a budget law for Fiscal Year 2020 through the authorization of $102,917,633 and appropriation of the sum of $102,117,633 from the National Treasury for the annual general operations, special revenue, and debt service budget of the Republic of Palau for the fiscal year ending September 30, 2020, including $3,000,000 from the General Fund Reserve to fund the Civil Service Pension Plan deficit and $10,000,000 from the General Fund Reserve to offset any local revenue shortfall related to the COVID-19 pandemic, to amend Titles 8, 11, 13, 28, 32, 37, and 40 of the Palau National Code, and Section 41 of RPPL No. 10-25, and for related purposes."

Section 6. Amendment. Section 2 of RPPL No. 10-42, as amended by RPPL No. 10-53, is hereby amended as follows:

"Section 2. Executive Branch Operations. The sum of $47,972,000 is authorized for appropriation and is hereby appropriated for expenditure and obligation for Fiscal Year 2020 for the purpose of covering the operational and contingent expenses of the Executive
Branch. The total amount authorized to be appropriated shall be made up of the following available revenues: the amount of $25,379,000 shall come from local revenues; the amount of $1,351,000, or the actual amount collected, shall come from the Pristine Paradise Environmental Fees (PPEF) allocation for the Palau International Airport operations and shall be applied to subsection 7(e); the amount of $962,000 shall come from alcoholic beverage tax and tobacco excise tax revenues earmarked for appropriation to the Ministry of Health and shall be applied to subsection 9, provided that in the event of a revenue shortfall, the amount necessary to cover that shortfall shall come from the Non-Communicable Diseases Fund; the amount of $5,280,000 shall come from the allocation for direct economic assistance under the 2010 Compact Review Agreement; and the amount of $15,000,000 shall come from the Compact Section 211(f) Trust Fund Investment Account. The total amount authorized for appropriation and that is hereby appropriated in this section shall be allocated according to the following schedule, respectively:

\[
\text{Section 2 Total} \quad 47,972,000
\]

Section 7, Amendment. Section 10 of RPPL No. 10-42 is hereby amended as follows:

"Section 10, Hospital Trust Fund. The amount of $2,244,000, or the actual amount collected, is hereby authorized to be appropriated and is hereby appropriated for Fiscal Year 2020 for the purposes of the Hospital Trust Fund. Of the total amount authorized to be appropriated and that is hereby appropriated, $1,149,000 shall come from local revenues; and the remainder shall come from the revenues derived from clinical and public health medical and dental service fees and charges during the fiscal year; to the extent that the actual expenditures or obligations do not exceed actual revenue receipts. Any unexpended or unobligated balance of the appropriation of this section shall not lapse at the end of the fiscal year."

Section 8, Amendment. Section 11 of RPPL No. 10-42, as amended by RPPL No. 10-53, is hereby amended as follows:

"Section 11. PAN Fund. The sum of $1,621,500, or the actual amount collected, is hereby authorized to be appropriated and is hereby appropriated for Fiscal Year 2020 for..."
the purposes of the Protected Areas Network Fund pursuant to 24 PNC § 3413, as amended.

Of the total amount authorized to be appropriated and that is hereby appropriated in this section, $431,500 shall come from local revenues and the remainder shall come from local revenues derived from the collection of the environmental protection fee ("Green Fee") during the fiscal year. Any unexpended or unobligated balance of the appropriation of this section shall not lapse at the end of the fiscal year.”

Section 9. Amendment. Section 12 of RPPL No. 10-42 is hereby amended as follows:

“Section 12. Road Maintenance Fund. The amount of $874,000, or the actual amount collected, is hereby authorized to be appropriated and is hereby appropriated for Fiscal Year 2020 for purposes of the Road Maintenance Fund, to be used for the routine and periodic maintenance of the Compact Road and other national road infrastructure network. Of these funds the sum of $30,000, or so much thereof as may be necessary, is earmarked for equipment and safety kits for road and ground crews. This earmarked sum of $30,000 shall be non-lapsing. The amount authorized to be appropriated and that is hereby appropriated shall come from the revenues derived from the road use tax during the fiscal year, from reserves derived from the road use tax during previous fiscal years, and from matching funds from the Infrastructure Maintenance Fund established in Section 2(a) of the 2010 Compact Review Agreement with Amendments, to the extent that matching funds are available. Any unexpended or unobligated balance of the appropriation of this section shall not lapse at the end of the fiscal year.”

Section 10. Amendment. Section 45 of RPPL No. 10-42 is hereby amended as follows:

“Section 45. Civil Service Pension Plan. The sum of $3,813,575 is authorized for appropriation and is hereby appropriated for expenditure or obligation to the Republic of Palau Civil Service Pension Plan. Such sum is to be used to maintain the Republic of Palau Civil Service Pension Plan on a sound actuarial basis. Of the funds authorized and appropriated in this section, $813,575 shall come from local revenues and $3,000,000 shall come from the General Reserve Fund.”

Section 11. Amendment. RPPL No. 10-42 is hereby amended to add four new
sections as follows, with subsequent sections renumbered accordingly:

“Section 48. Dolphins Pacific. The sum of $50,000 is authorized for appropriation and is hereby appropriated for expenditure or obligation for Fiscal Year 2020 to subsidize operations of Dolphins Pacific and offset revenue losses caused by the COVID-19 pandemic, provided that Dolphins Pacific apply to the Minister of Finance and receive qualification pursuant to Section 3 of the CROSS Act. The entire amount authorized to be appropriated and appropriated in this section shall come from local revenues.

Section 49. Palau Conservation Society. The sum of $50,000 is authorized for appropriation and is hereby appropriated for expenditure or obligation for Fiscal Year 2020 to subsidize the operations of the Palau Conservation Society and offset revenue losses caused by the COVID-19 pandemic, provided that the Palau Conservation Society apply to the Minister of Finance and receive qualification pursuant to Section 3 of the CROSS Act. The entire amount authorized to be appropriated and appropriated in this section shall come from local revenues.

Section 50. Ebiil Society. The sum of $50,000 is authorized for appropriation and is hereby appropriated for expenditure or obligation for Fiscal Year 2020 to subsidize operations of the Ebiil Society and offset revenue losses caused by the COVID-19 pandemic, provided that the Ebiil Society apply to the Minister of Finance and receive qualification pursuant to Section 3 of the CROSS Act. The entire amount authorized to be appropriated and appropriated in this section shall come from local revenues.

Section 51. Funding for Stranded Citizens. The sum of $180,000, or so much thereof as may be necessary, is authorized for appropriation and is hereby appropriated for expenditure or obligation for Fiscal Year 2020 to support Palauan citizens stranded abroad while attempting to return home to the Republic due to the COVID-19 pandemic. The entire amount authorized to be appropriated and appropriated in this section shall come from local revenues.”

Section 12. Amendment. Section 14 of RPPL No. 10-53 is hereby amended as follows:

“Section 14. Amendment. RPPL No. 10-42 is hereby amended to add new
sections as follows:

“Section 52. Local Revenue Shortfall Funding. The sum of $21,000,000, or so much thereof as may be necessary, is authorized for appropriation and is hereby appropriated to the General Fund for expenditure or obligation for Fiscal Year 2020, to offset any local revenue shortfall related to the COVID-19 pandemic. Of the total amount authorized and appropriated in this section, $11,000,000 shall come from Loan No. 3725-PAL, and $10,000,000 shall come from the General Fund Reserve.

Section 53. Appropriation to State Governments. The sum of $800,000 is authorized for appropriation and is hereby appropriated for expenditure or obligation to the state governments to assist their COVID-19 responses, with each state government to receive $50,000. The entire amount authorized to be appropriated and hereby appropriated in this section shall come from local revenues.

Section 54. Appropriation to Non-Public Schools. The sum of $236,750 is authorized for appropriation and is hereby appropriated to the non-public educational institutions listed below to cover tuition costs for students. The total amount authorized to be appropriated and hereby appropriated in this section shall come from local revenues. The total authorization and appropriation shall be allocated according to the following schedule:

(a) Emmaus-Bethania High School $43,750
(b) Palau Mission Academy $30,250
(c) Mindszenty High School $50,000
(d) Ibobang High School $30,250
(e) Maris Stella School $30,000
(f) Koror SDA Elementary School $28,750
(g) Emmaus Kindergarten $10,250
(h) SDA Kindergarten $6,750
(i) Catholic Kindergarten $6,750

Section 55. Appropriation to Palau Red Cross. The sum of $50,000 is authorized for appropriation and is hereby appropriated for expenditure or obligation
to Palau Red Cross to support its operations and activities. The entire amount
authorized to be appropriated and hereby appropriated in this section shall come from
local revenues."

Section 13. 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 24, 2020

Approved this 27th day of APRIL, 2020

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