



The Senate

TWELFTH OLBIIL ERA KELULAU

Palau National Congress

P.O. Box 8 Koror, Republic of Palau 96940

PHONE: (680) 767-2522/1452

FAX: (680) 767-2633

Email: senate@palaunet.com

PRESIDING OFFICERS

June 15, 2026

HOKKONS BAULES
PRESIDENT

STEVENSON J. KUARTEI
VICE PRESIDENT

KERAI MARIUR
FLOOR LEADER

MEMBERS

LENTCER BASILIUS
SECILIL ELDEBEHEL
RUKERAI KIKUO INABO
BRIAN MELAIRES
SIEGFRIED BAI NAKAMURA
ANN LATII PEDRO
TJ IMRUR REMENGESAU
MARK U. RUDIMCH
KAZUKI L. "TOPPS" SUNGINO
ANDREW TABELUAL
SALVADOR "SADOI" TELLAMES
MASON N. WHIPPS

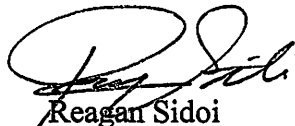
The Honorable Gibson Kanai
Speaker, House of Delegates
-and-
Members of the House of Delegates
Twelfth Olbiil Era Kelulau
Capitol Building, Ngerulmud
Republic of Palau 96940

Re: Senate Bill No. 12-68, SD3

Dear Delegates:

I have the honor of transmitting herewith for your consideration and action, Senate Bill No. 12-68, SD3, "*To authorize and appropriate additional sums from the National Treasury for general operations and capital improvements of the Republic of Palau for Fiscal Year 2026 through amendments to RPPL 12-3; to authorize the use of additional Fiscal Year 2023 Debt Consolidation Fund monies for targeted debt reduction and prepayment; to increase residential electric utility subsidies; and for other related purposes*", which was passed on its third and final reading by the Senate during its Seventh Special Session, June 2026, with quorum being present and voting.

Respectfully,


Reagan Sidoi
Clerk of the Senate

Attachment(s)

A BILL FOR AN ACT

To authorize and appropriate additional sums from the National Treasury for general operations and capital improvements of the Republic of Palau for Fiscal Year 2026 through amendments to RPPL 12-3 and ~~RPPL 11-37, to provide for the automatic appropriation of amounts received in the Infrastructure Maintenance Fund;~~ to authorize the use of additional Fiscal Year 2023 Debt Consolidation Fund monies for targeted debt reduction and prepayment; to increase residential electric utility subsidies; ~~to establish a presumption that appropriations for national audit functions are non-lapsing unless otherwise expressly provided by law, to amend the procedure for tariff adjustments by the Palau Public Utilities Corporation;~~ and for other related purposes.

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

1 **Section 1. Short title.** This Act shall be known as and may be cited as the “Fiscal Year
2 2026 Supplemental Budget Act.”

3 **Section 2. Amendment.** Section 2 of RPPL 12-3 is amended as follows:

4 “Section 2. Executive Branch Operations.

5 The sum of ~~\$67,580,000~~ ~~\$69,338,593~~ \$68,523,593 is authorized to be appropriated and
6 is hereby appropriated for expenditure and obligation for Fiscal Year 2026 for the purpose of
7 covering the operational and contingent expenses of the Executive Branch. ~~As noted herein,~~
8 ~~an additional \$700,000 is authorized but not appropriated, and not reflected in the totals within~~
9 ~~this Section. As noted herein, an additional \$400,000 is authorized but not appropriated, and~~
10 not reflected in the totals within this Section. The total amount to be appropriated shall come
11 from the following sources: the amount of ~~\$26,021,000~~ ~~\$27,779,593~~ \$26,964,593 shall come
12 from local revenues; the amount of \$7,500,000 shall come from lapsed funds appropriated but
13 not expended or obligated in Sections 2, 5, and 7 of RPPL 11-37; the amount of \$8,255,000
14 shall come from the Compact Trust Fund (CTF); the amount of \$20,008,000 shall come from
15 the 2023 Compact Review Agreement (CRA2023) fund for Operations; \$4,921,000 shall
16 come from the Cyclical Reserve Fund; and the amount of \$875,000 shall come from the
17 Pristine Paradise Environmental Fund allocation for the Palau International Airport. The total
18 amount authorized to be appropriated and hereby appropriated in this section shall be allocated
19 according to the following schedule, respectively:

20 (1) Office of the President

21 (a) President’s Office \$1,250,000 ~~\$1,350,000~~ \$1,250,000

22 ...

1 (f) COFA Management Office and EAG \$0 ~~\$400,000~~ \$0

2 ~~The sum of \$400,000 is authorized by not appropriated for this purpose.~~

3 The sum of \$400,000 is authorized but not appropriated for this purpose.

4 ~~These funds are to provide funding support for the ongoing work and activities,~~

5 ~~including lobbyist and consultation work, of the Compact Review Advisory~~

6 ~~Group as established by Executive Order No. 447. The entire amount~~

7 ~~authorized and appropriated in this section shall come from local revenues and~~

8 ~~be non-lapsing. This section shall be exempt from the competitive procurement~~

9 ~~requirements of Chapter 6 of Title 40 of the Palau National Code.~~

10 ...

11 Sub-Total \$1,640,000 ~~\$2,140,000~~ \$1,640,000

12 ...

13 (5) Ministry of Education

14 ...

15 (e) Bureau of School Operations \$9,850,000 \$9,950,000

16 Sub-Total \$13,070,000 \$13,170,000

17 ...

18 (6) Ministry of Justice

19 ...

20 (b) Office of the Attorney General \$1,000,000 \$1,300,000

21 ~~An additional \$300,000 is authorized but not appropriated to the Office of the~~

22 ~~Attorney General. The additional \$300,000 appropriated to the Office of the Attorney~~

23 ~~General as of the effective date of Senate Bill No. 12-68 shall be used only for salaries~~

24 ~~and benefits of employees of the Office of the Attorney General and local office rent,~~

25 ~~utilities, office supplies, and equipment for offices, personnel, property, and services~~

26 ~~located within the geographic boundaries of the Republic. These funds shall not be~~

27 ~~used for outside counsel, legal services performed outside the Republic, consultants,~~

28 ~~travel, or any purpose other than those listed herein, and shall not be reprogrammed~~

29 ~~under 40 PNCA § 351 or any other law or otherwise transferred for any other purpose.~~

| | | | |
|----|---|-------------------------|---|
| 1 | (c) Bureau of Public Safety | \$7,285,000 | <u>\$7,385,000</u> |
| 2 | <i>Of this amount, the sum of \$1,473,540 is earmarked for the Division of</i> | | |
| 3 | <i>Maritime Security and Fish & Wildlife Protection.</i> | | |
| 4 | ... | | |
| 5 | | Sub-Total | \$8,479,000 <u>\$8,879,000</u> |
| 6 | (7) Ministry of Health and Human Services | | |
| 7 | ... | | |
| 8 | (d) Palau Severely Disabled Assistance Fund | \$1,200,000 | \$1,300,000 <u>\$1,225,000</u> |
| 9 | ... | | |
| 10 | (f) Bureau of Hospital & Clinical Services | \$10,373,000 | <u>\$10,791,593</u> |
| 11 | (g) Bureau of Health System Administration | \$2,160,000 | \$2,260,000 <u>\$2,160,000</u> |
| 12 | ... | | |
| 13 | | Sub-Total | \$17,382,000 \$18,000,593 <u>17,825,593</u> |
| 14 | ... | | |
| 15 | (9) Ministry of Public Infrastructure & Industries | | |
| 16 | ... | | |
| 17 | (d) Bureau of Marine Transportation | \$430,000 | \$570,000 <u>\$430,000</u> |
| 18 | ... | | |
| 19 | | Sub-Total | \$8,725,000 \$8,865,000 <u>\$8,725,000</u> |
| 20 | ... | | |
| 21 | Section 2 Appropriation Total \$67,580,000 \$69,338,593 <u>\$68,523,593</u> " | | |

Section 3. Amendment. Section 4 of RPPL 12-3 is hereby amended as follows:

23 "Section 4. Legislative Branch. The sum of ~~\$7,850,136~~ ~~\$8,500,136~~ \$8,400,136 is
 24 authorized to be appropriated and is hereby appropriated for expenditure or obligation for
 25 Fiscal Year 2026 for the purpose of covering the operational and contingent expenses of the
 26 Legislative Branch. The entire amount of funds authorized and appropriated in this section
 27 shall come from local revenues. The total authorization and appropriation shall be allocated
 28 according to the following schedule:

29 ---

| | | |
|---|--|--|
| 1 | (1) Senate | \$3,165,000 <u>\$3,315,000</u> |
| 2 | (2) Senate Legal Counsel Office | \$330,278 <u>\$430,278</u> |
| 3 | (3) House of Delegates | \$3,372,218 \$3,672,218 <u>\$3,522,218</u> |
| 4 | (4) House Legal Counsel Office | \$357,414 <u>\$457,414</u> |
| 5 | (5) Joint Staff | \$355,226 \$595,226 <u>\$395,226</u> |
| 6 | (6) Koror OEK Office | \$50,000 <u>\$60,000</u> |
| 7 | ... | |
| 8 | Section 4 Total \$7,850,136 \$8,500,136 <u>\$8,400,136</u> " | |

9 **Section 4. Amendment.** Section 8 of RPPL 12-3 is hereby amended to read as follows:

10 “Section 8. Other Agencies and Activities. The sum of ~~\$1,907,000~~ \$1,937,000 is
 11 authorized to be appropriated and is hereby appropriated for expenditure or obligation for
 12 Fiscal Year 2026 as grants or subsidies for recurring programs and activities. The entire
 13 amount of funds authorized and appropriated is in this section shall come from local revenues.
 14 The total authorization and appropriation shall be allocated according to the following
 15 schedule, respectively:

| | | |
|----|---|---------------------------------------|
| 16 | ... | |
| 17 | (2) Micronesian Legal Service | \$125,000 <u>\$155,000</u> |
| 18 | ... | |
| 19 | Section Total \$1,907,000 <u>\$1,937,000</u> " | |

20 **Section 5. Amendment.** Section 18 of RPPL 12-3 is hereby amended as follows:

21 “Section 18. Infrastructure Maintenance Fund. (a) The sum of \$1,000,000 is hereby
 22 authorized to be appropriated and is hereby appropriated for Fiscal Year 2026 for the purpose
 23 of matching funds provided by the Government of the United States to the Infrastructure
 24 Maintenance Fund established by the 2023 Compact Review Agreement, as amended.
 25 The amount authorized to be appropriated and hereby appropriated shall come from the
 26 revenues derived from the Road Use tax and prior year balance of the Road Maintenance Fund
 27 so long as actual expenditures or obligations do not exceed the balance available in the Road
 28 Maintenance Fund, provided that such funds may only be expended or obligated in accordance
 29 with Section 1404(b) of Title 40 of the Palau National Code. Any unexpended or

1 unobligated balance of the appropriation of this section shall not lapse at the end of the fiscal
2 year. ~~Notwithstanding any other law, any use of the Infrastructure Maintenance Fund must~~
3 ~~be specifically authorized and appropriated by the Olbiil Era Kelulau.~~ Notwithstanding any
4 other law, any use of the Infrastructure Maintenance Fund must be specifically authorized
5 and appropriated by the Olbiil Era Kelulau.

6 (b) The amount of \$17,165,815 is authorized and appropriated for Fiscal Year 2026 for
7 Infrastructure Maintenance Fund projects, and the entire amount authorized to be appropriated
8 and hereby appropriated for these projects shall come from the Infrastructure Maintenance Fund.
9 Each project and each contract funded in whole or in part under this appropriation shall
10 be subject to competitive bidding and standard procurement procedures under Title 40, Chapter
11 6 of the Palau National Code. No portion of this appropriation may be reprogrammed under 40
12 PNC § 351 or any other provision of law for any other purpose, project, or activity. In addition
13 to the requirements of 40 PNC § 383, any change order for a contract funded under this
14 appropriation that exceeds fifteen percent of the original contract amount shall require a new
15 competitive bidding process and shall be subject to the standard procurement procedures under
16 Title 40, Chapter 6 of the Palau National Code.”

17 **Section 6. Amendment.** Section 19 of RPPL 12-3 is hereby amended as follows:

18 “Section 19. Debt Service. The sum of ~~\$21,595,424~~ \$23,290,477 or the actual
19 amounts for interest and principal due and payable is authorized to be appropriated and the
20 amount of ~~\$19,365,424~~ \$21,060,477 is hereby appropriated for Fiscal Year 2026 for the
21 purpose of payment of periodic interest and principal payments pursuant to the promissory
22 notes under (1) the Asian Development Bank (ADB) Water Sector Improvement Program
23 (WSIP) loan for various infrastructure and institutional capacity improvement initiatives; (2)
24 the Asian Development Bank Disaster Resilience Program (ADB DRP) loan to finance short-
25 term post-disaster financing needs; (3) the Asian Development Bank Health Expenditure and
26 Livelihoods Support (ADB HEALS) loan to finance the severe adverse impact of COVID-19
27 on our economy; (4) the Asian Development Bank Recovery through Improved Systems and
28 Expenditure Support Program (ADB RISES) loan to support critical public sector
29 management reforms; (5) the Mega International Commercial Bank loan agreement for the

1 purpose of housing development; (6) the Asian Development Bank Strengthening Fiscal
 2 Resilience for Sustainable Development Program policy-based loan; (7) the PHA Mega Bank
 3 Loan; (8) the ADB Program Loan (KASP); (9) advanced payment on the NDBP-Republic of
 4 China (Taiwan) loans (Mega Commercial Bank (Taiwan) and ICDF Taiwan; and (10)
 5 advanced Payment on the loan for 409 E. 50th Street in Manhattan. Of the amount authorized
 6 to be appropriated and hereby appropriated in this section, ~~\$12,088,090~~ \$13,783,143 shall
 7 come from the 2023 CRA Debt Consolidation Fund, and the remainder of \$7,277,334 shall
 8 come from local revenues. Any unexpended or unobligated balance of the appropriation of
 9 this section shall not lapse at the end of the fiscal year. The total authorization and
 10 appropriation amount shall be allocated to the following allocation schedule:

| | | | |
|----|------|---|---|
| 11 | (1) | ADB Program Loan (WSIP) | \$1,140,000 |
| 12 | (2) | ADB DRP Loan Financing | \$1,900,000 |
| 13 | (3) | ADB HEALS Loan Financing | \$1,442,000 |
| 14 | (4) | ADB RISES Loan Financing | \$5,130,000 <u>\$6,825,053</u> |
| 15 | (5) | Housing Development Loan Project | \$1,540,000 |
| 16 | (6) | ADB Strengthening Fiscal Resilience | \$130,000 |
| 17 | (7) | PHA Mega Bank Loan | \$480,000 |
| 18 | (8) | ADB Program Loan (KASP) | \$3,000,000 |
| 19 | (9) | Advanced Payment on NDBP-Republic of China (Taiwan) loans (Mega | |
| 20 | | Commercial Bank (Taiwan) and ICDF Taiwan) | \$4,603,424 |
| 21 | (10) | Advanced Payment for the Loan on 409 E. 50 th Street, NY | \$2,230,000 |

22 This amount of \$2,230,000 is authorized but not appropriated.

23 Section 19 Total ~~\$19,365,424~~ \$21,060,477"

24 **Section 7. Amendment.** Section 23 of RPPL 12-3 is hereby amended as follows:

25 "Section 23. PPUC Lifeline Subsidy Program, Residential Water and Wastewater,
 26 Residential Electricity, and Residential Utility Government Efficiency Rebate Program.

27 The sum of ~~\$2,235,000~~ \$3,510,000 is hereby authorized to be appropriated and is
 28 hereby appropriated for expenditure or obligation for Fiscal Year 2026 for the purpose of
 29 covering the Lifeline Subsidy Program of the Palau Public Utilities Corporation (PPUC), and

1 PPUC Residential Water and Wastewater and Residential Electricity subsidies, ~~and to support~~
2 ~~a new Government Efficiency Rebate for PPUC Customers.~~ The entire amount authorized to
3 be appropriated in this section shall come from local revenues. Any unexpended or
4 unobligated balance of the appropriation of this section shall not lapse at the end of the fiscal
5 year.

6 ...

7 (c) Residential Electricity \$425,000 \$1,700,000

8 To subsidize diesel fuel cost, an offset \$0.10 per kWh of the amount billed for
9 electricity for the first 500 kWh per month provided to each residential customer. The
10 PPUC shall reduce each customer's billed cost per kWh by \$0.10 and show on each
11 customer's bill the amount of the offset applied to such customer.

12 ...”

13 **Section 8. Amendment.** Section 43 of RPPL 12-3 is amended as follows:

14 “Section 43. ~~Left Vacant.~~ Belau Summer 2026 Intersession Games.

15 The sum of \$510,000 is hereby authorized to be appropriated and is hereby
16 appropriated for expenditure or obligation for Fiscal Year 2026 to provide funding for the
17 Belau Summer 2026 Intersession Games to be held from July 3–12. Of this amount, \$30,000
18 \$30,000 shall be appropriated to each state for state team support, and \$30,000 shall be
19 appropriated to the Palau National Olympic Committee. The governor of each state shall
20 administer the funds for the purpose of the Games. Within 90 days of the completion of the
21 Games, each state shall provide a report detailing expenditures made pursuant to this section
22 and the number of participants to the President of the Republic and each house of the Olbiil
23 Era Kelulau. Any unexpended or unobligated balance of that state's distributed funds shall not
24 lapse at the end of the fiscal year and may be expended by that same state for the same purpose
25 in connection with future Intersession Games or Belau Games, or any successor games to the
26 Belau Games with substantially the same purpose, subject to the same reporting requirements.
27 The entire amount of ~~\$210,000~~ \$510,000 authorized and appropriated in this section shall
28 come from local revenues and ~~\$300,000 shall come from revenue derived from the Parties to~~
29 the Nauru Agreement (PNA) Vessel Day Scheme (VDS) pooling.”

1 **Section 9. Amendment.** Section 44 of RPPL 12-3 is amended as follows:

2 “Section 44. ~~Left Vacant. Palau Major League.~~ The sum of \$25,000 is hereby
3 authorized to be appropriated and is hereby appropriated for expenditure or obligation for
4 Fiscal Year 2026 for Palau Major League Baseball. The entire amount authorized to be
5 appropriated and appropriated in this section shell come from local revenues.”

6 **Section 10. Amendment.** Section 45 of RPPL 12-3 is amended as follows:

7 “Section 45. ~~Left Vacant. Angaur State Boat.~~
8 The sum of \$175,000 is hereby authorized to be appropriated and is hereby
9 appropriated to Angaur State exclusively for costs associated with the state-owned boat,
10 including but not limited to repayment of existing loans or other expenditures directly related
11 to acquisition, financing, or replacement of the boat. The entire amount authorized to be
12 appropriated and appropriated in this section shell come from local revenues.”

13 **Section 11. Left vacant, Amendment.** ~~Section 58 of RPPL 11-37, as amended by RPPL~~
14 ~~12-3, is further amended as follows:~~

15 ~~“Required National Audit for FY 2023. The sum of \$415,500 is hereby authorized to~~
16 ~~be appropriated and is hereby appropriated to the Ministry of Finance for expenditure or~~
17 ~~obligation for Fiscal Year 2025 to pay the fees associated with annual national audit for Fiscal~~
18 ~~Year 2023 as required under the 2023 Compact Review Agreement. The entire amount~~
19 ~~authorized to be appropriated and appropriated in this section shall come from the Section~~
20 ~~211(f) Fund. Any unexpended or unobligated balance of the appropriation of this section shall~~
21 ~~not lapse at the end of the fiscal year.”~~

22 **Section 12. Amendment. Left vacant.** ~~Section 328 of Title 40 is hereby amended as~~
23 ~~follows:~~

24 ~~“§ 328. Lapsing of appropriated funds._____~~

25 ~~(a) Unless otherwise provided by law, all appropriations shall lapse at the end of~~
26 ~~the fiscal year. Non-lapsing appropriations with unexpended balances shall be deemed lapsed~~
27 ~~provided such appropriations activities have been completed or inactive for two (2)~~
28 ~~consecutive fiscal years, and have no outstanding encumbrances or legally enforceable~~
29 ~~obligations.~~

~~(b) Notwithstanding subsection (a) of this section, and unless otherwise provided by law, all funds appropriated for the purpose of funding Republic of Palau single audits as required by 40 PNCA § 223(a) shall be non-lapsing.”~~

Section 13. Left vacant. Amendment. Paragraph 412(i) of Title 37 is hereby amended as follows:

~~“(i) Only after having complied with the provisions of this section, including securing prior approval from the PEWA for any electricity, water, or waste water rate change, may the PPUC Board adopt the proposed tariff schedule. Approval by PEWA of any increase of any and all charges to the Tariff Schedule shall constitute a rule of general applicability for purposes of the Administrative Procedure Act; any such approval after January 1st, 2025, shall be void ab initio unless all provisions of the Administrative Procedure Act have been complied with, and this subsection shall be fully retroactive to that date. No approval by PEWA of any rate change shall be valid after January 1st, 2025, unless made in writing, and no such writing shall be valid unless it affirms that it is based on audited financial statements of PPUC prepared in accordance with Generally Accepted Government Auditing Standards and Generally Accepted Auditing Standards by an accredited auditor. Such audited financial statements must reflect all changes to PPUC’s operating revenues and operating expenses for the most recent Fiscal Year concluded and the Fiscal Year prior to that and must offer information that supports the decision made by PEWA. All rates and charges must be in the tariff schedule, and shall be filed at the President’s office. The effective date of the rates shall be the day the tariff schedule is filed at the President’s office. The new tariff schedule shall also be publicized and be made available to the general public.”~~

Section 14. Severability. If any provision of this Act is found to be invalid or unenforceable, the remaining provisions shall remain in full force and effect.

Section 15. Amended totals. Any totals in RPPL 12-3 which are modified by the amendments within this Act are amended to be consistent with this Act.

Section 16. 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.

Date: June 2, 20265

By: _____/s/_____

Surangel S. Whipps, Jr.
President
Republic of Palau



The Senate
Twelfth Olbiil Era Kelulau
National Capitol
Republic of Palau

VOTING RECORD

ON

w/SD3

Senate Bill 12-68, SD3

Hu () Regular () Special Session _____ Calendar Day 3rd Session Day

Date: 6/15/20

| No. | SENATORS | YES | NO | ABSTAIN |
|-----|--|-------------------------------------|---------------|---|
| 1 | Senator Lentcer Basilius | <input checked="" type="checkbox"/> | | |
| 2 | Senator Secilil Eldebechel | <input checked="" type="checkbox"/> | | <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> |
| 3 | Senator Rukebai Kikuo Inabo | <input checked="" type="checkbox"/> | | <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> |
| 4 | Senator Brian Melairei | <input checked="" type="checkbox"/> | | |
| 5 | Senator Siegfried Bai Nakamura | <input checked="" type="checkbox"/> | | |
| 6 | Senator Ann Latii Pedro | <input checked="" type="checkbox"/> | | <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> |
| 7 | Senator Tj Imrur Remengesau | <input checked="" type="checkbox"/> | | |
| 8 | Senator Mark Ucherbelau Rudimch | <input checked="" type="checkbox"/> | | |
| 9 | Senator Kazuki L. "Topps" Sungino | <input checked="" type="checkbox"/> | | |
| 10 | Senator Andrew Tabelual | <input checked="" type="checkbox"/> | | |
| 11 | Senator Salvador "Sadoi" Tellames | <input checked="" type="checkbox"/> | | |
| 12 | Senator Mason Ngirchechebangel Whipps | | <u>absent</u> | |
| 13 | Floor Leader Kerai Mariur | <input checked="" type="checkbox"/> | | |
| 14 | Vice President Stevenson J. Kuartei | <input checked="" type="checkbox"/> | | |
| 15 | President Hokkons Baules | <input checked="" type="checkbox"/> | | |
| | TOTAL | <u>14</u> | <u>0</u> | <u>3</u> |

NOTE: Senator Whipps absent

CALLED & RECORDED BY: Reagan Sadoi Title: clerk

adopted
6/15/26
TS

(SDS)

WFA# 4

FLOOR AMENDMENT

1 **1. Amend** Section 5 as follows:


2 “**Section 5. Amendment.** Section 18 of RPPL 12-3 is hereby amended as follows:

3 “Section 18. Infrastructure Maintenance Fund. (a) The sum of \$1,000,000 is
4 hereby authorized to be appropriated and is hereby appropriated for Fiscal Year 2026 for
5 the purpose of matching funds provided by the Government of the United States to the
6 Infrastructure Maintenance Fund established by the 2023 Compact Review Agreement,
7 as amended. The amount authorized to be appropriated and hereby appropriated shall
8 come from the revenues derived from the Road Use tax and prior year balance of the Road
9 Maintenance Fund so long as actual expenditures or obligations do not exceed the balance
10 available in the Road Maintenance Fund, provided that such funds may only be expended or
11 obligated in accordance with Section 1404(b) of Title 40 of the Palau National Code. Any
12 unexpended or unobligated balance of the appropriation of this section shall not lapse at the
13 end of the fiscal year. ~~Notwithstanding any other law, any use of the Infrastructure~~
14 ~~Maintenance Fund must be specifically authorized and appropriated by the Olbiil Era~~
15 ~~Kelulau.~~ Notwithstanding any other law, any use of the Infrastructure Maintenance Fund
16 must be specifically authorized and appropriated by the Olbiil Era Kelulau.

17 (b) The amount of \$17,165,815 is authorized and appropriated for Fiscal Year 2026
18 for Infrastructure Maintenance Fund projects, and the entire amount authorized to be
19 appropriated and hereby appropriated for these projects shall come from the Infrastructure
20 Maintenance Fund. **Each project and each contract funded in whole or in part under this**
21 **appropriation shall be subject to competitive bidding and standard procurement**
22 **procedures under Title 40, Chapter 6 of the Palau National Code. No portion of this**
23 **appropriation may be reprogrammed under 40 PNC § 351 or any other provision of law**
24 **for any other purpose, project, or activity. In addition to the requirements of 40 PNC §**
25 **383, any change order for a contract funded under this appropriation that exceeds fifteen**
26 **percent of the original contract amount shall require a new competitive bidding process**

1 and shall be subject to the standard procurement procedures under Title 40, Chapter 6
2 of the Palau National Code.””

Date: 8.15, 2024

Introduced by: 

Senator Brian Melairei



The Senate

TWELFTH OLBIIL ERA KELULAU
Palau National Congress
P.O. Box 8 Koror, Republic of Palau 96940

PHONE: (680) 767-1558/2522/1452
488-6107
FAX: (680) 767-2633
488-5175
EMAIL: senate.lc@palauock.pw

OFFICE OF THE SENATE
LEGISLATIVE COUNSEL

June 15, 2026

K. VIRGINIA ALDRICH
CHIEF LEGAL COUNSEL

Reagan Sidoi
Clerk of the Senate
Twelfth Olbiil Era Kelulau
Ngerulmud, Republic of Palau 96939

JAMES W. KENNEDY
LEGAL COUNSEL PRO TEM

RE: Senate Bill No. 12-68, SD1

LEKELONG I. SECHARRAIMUL
LEGAL RESEARCHER

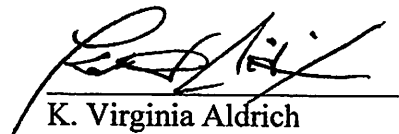
Dear Mr. Sidoi,

POLITA D. ASANUMA
*LÉGAL SECRETARY/
ASSISTANT LEGAL RESEARCHER*

I recommend that the following changes be made for proper style:

1. On page 1, in the title, after “subsidies”, insert a semi-colon (;).
2. On page 2, line 23, replace “this Act” with “SB 12-68”.
3. On page 5, \$21,060,477 should be underlined (single underline).

Sincerely,


K. Virginia Aldrich
Chief Senate Legal Counsel



The Senate

TWELFTH OLBIIL ERA KELULAU

Palau National Congress

P.O. Box 8 Koror, Republic of Palau 96940

PHONE: (680) 767-2522/1452

FAX: (680) 767-2633

Email: senate@palaunet.com

June 12, 2026

PRESIDING OFFICERS

HOKKONS BAULES
PRESIDENT

STEVENSON J. KUARTEI
VICE PRESIDENT

KERAI MARIUR
FLOOR LEADER

Ms. Katherine Virginia Aldrich
Senate Legal Counsel
Twelfth Olbiil Era Kelulau
Capitol Office, Ngerulmud
Republic of Palau 96940

Re: Senate Bill No. 12-68, SD1

MEMBERS

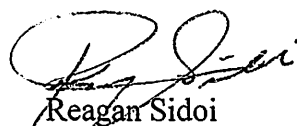
LENTCER BASILIUS
SECILIL ELDEBEHEL
RUKBAI KIKUO INABO
BRIAN MELAIREI
SIEGFRIED BAI NAKAMURA
ANN LATII PEDRO
TJ IMRUR REMENGESAU
MARK U. RUDIMCH
KAZUKI L. "TOPPS" SUNGINO
ANDREW TABELUAL
SALVADOR "SADOI" TELLAMES
MASON N. WHIPPS

Dear Ms. Aldrich:

Please review the attached Senate Bill No. 12-68, SD1, "*To authorize and appropriate additional sums from the National Treasury for general operations and capital improvements of the Republic of Palau for Fiscal Year 2026 through amendments to RPPL 12-3; to authorize the use of additional Fiscal Year 2023 Debt Consolidation Fund monies for targeted debt reduction and prepayment; to increase residential electric utility subsidies; and for other related purposes*", which was passed by the Senate on its second reading, for its proper legal form and style for third and final reading.

Thank you very much.

Sincerely,


Reagan Sidoi
Clerk of the Senate

Attachment(s)



The Senate

TWELFTH OLBIIL ERA KELULAU
Palau National Congress
P.O. Box 8 Koror, Republic of Palau 96940

PHONE: (680) 767-1558/2522/1452
488-8419
FAX: (680) 767-2633
488-8429
EMAIL: senatewmfm@gmail.com

COMMITTEE ON WAYS AND
MEANS & FINANCIAL MATTERS
(WMFM)

MARK U. RUDIMCH
CHAIRMAN

KERAI MARIUR
VICE CHAIRMAN

MEMBERS

LENTCER BASILIUS
SECILIL ELDEBEHEL
RUKERAI KIKUO INABO
STEVENSON J. KUARTEI
BRIAN MELAREI
SIEGFRIED BAI NAKAMURA
ANN LATII PEDRO
TJ IMRUR REMENGESAU
KAZUKI L. "TOPPS" SUNGINO
ANDREW TABELUAL
SALVADOR "SADOI" TELLAMES
MASON N. WHIPPS

Adopted
6/12/26
PS

Sen. Stand. Com. Rep. No. 12 - 93
Re: Senate Bill No. 12-68
Date: June 12, 2026

The Honorable Hokkons Baules
President of the Senate
Twelfth Olbiil Era Kelulau
The Capitol, Republic of Palau 96939

Dear President Baules:

Your Committee on Ways and Means & Financial Matters (WMFM), to which was referred Senate Bill No. 12-68, entitled:

"A BILL FOR AN ACT To authorize and appropriate additional sums from the National Treasury for general operations and capital improvements of the Republic of Palau for Fiscal Year 2026 through amendments to RPPL 12-3 and RPPL 11-37, to provide for the automatic appropriation of amounts received in the Infrastructure Maintenance Fund, to authorize the use of additional Fiscal Year 2023 Debt Consolidation Fund monies for targeted debt reduction and prepayment, to increase residential electric utility subsidies, to establish a presumption that appropriations for national audit functions are non-lapsing unless otherwise expressly provided by law, to amend the procedure for tariff adjustments by the Palau Public Utilities Corporation, and for other related purposes."

begs leave to report as follows:

The Senate received the transmittal of the Fiscal Year 2026 Supplemental Budget Act from His Excellency Surangel S. Whipps, Jr., President of the Republic of Palau on June 2, 2026. Thereafter, it was introduced on first reading during the first day of the Senate's Seventh Special Session on June 4, 2026. After its passage on first reading, Senate Bill No. 12-68 was assigned to Your Committee for review and reporting.



The general intent of this bill is to authorize and appropriate additional sums for Fiscal Year 2026 by amending RPPL 12-3 and RPPL 11-37. The bill proposes additional appropriations for Executive Branch operations, Legislative Branch operations, other agencies and activities, debt service, the PPUC residential electricity subsidy, the Belau Games, Palau Major League Baseball, the Angaur State Boat, and other purposes. The bill also proposes several amendments affecting existing law and legislative oversight, including amendments relating to the Infrastructure Maintenance Fund, non-lapsing appropriations for national audit functions, and tariff adjustment procedures by the Palau Public Utilities Corporation.

| | AUTHORIZATION | APPROPRIATION | FY 2026 SUPP BUDGET INCREASES |
|---|--------------------|--------------------|-------------------------------------|
| <i>Office of the President</i> | 1,350,000 | 1,350,000 | 100,000 |
| <i>COFA Management Office and EAG</i> | 400,000 | 400,000 | 400,000 |
| <i>Bureau of School Operations</i> | 9,950,000 | 9,950,000 | 100,000 |
| <i>Office of the Attorney General</i> | 1,300,000 | 1,300,000 | 300,000 |
| <i>Bureau of Public Safety</i> | 7,385,000 | 7,385,000 | 100,000 |
| <i>Palau Severly Disabled Assitance Fund</i> | 1,300,000 | 1,300,000 | 100,000 |
| <i>Bureau of Hospital & Clinical Services</i> | 10,791,593 | 10,791,593 | 418,593 |
| <i>Bureau of Health System Administration</i> | 2,260,000 | 2,260,000 | 100,000 |
| <i>Bureau of Marine Transportation</i> | 570,000 | 570,000 | 140,000 |
| TOTAL EXECUTIVE BRANCH | 69,338,593 | 69,338,593 | 1,758,593 |
| <i>House of Delegates</i> | 3,672,218 | 3,672,218 | 300,000 |
| <i>House Legal Counsel</i> | 457,414 | 457,414 | 100,000 |
| <i>Joint Staff</i> | 595,226 | 595,226 | 240,000 |
| <i>Electricity for Koror OEK Building</i> | 60,000 | 60,000 | 10,000 |
| TOTAL LEGISLATIVE BRANCH | 8,500,136 | 8,500,136 | 650,000 |
| <i>Micronesian Legal Service</i> | 155,000 | 155,000 | 30,000 |
| TOTAL OTHER AGENCIES | 1,937,000 | 1,937,000 | 30,000 |
| <i>Residential Electricity</i> | 1,700,000 | 1,700,000 | 1,275,000 |
| <i>Belau Games</i> | 510,000 | 510,000 | 510,000 |
| <i>Palau Major League</i> | 25,000 | 25,000 | 25,000 |
| <i>Angaur State Boat</i> | 175,000 | 175,000 | 175,000 |
| TOTAL OTHER APPROPRIATIONS | 11,133,000 | 11,133,000 | 1,985,000 |
| <i>ADB RISES Loan Financing</i> | 6,825,053 | 6,825,053 | 1,695,053 |
| DEBT SERVICE | 23,290,477 | 21,060,477 | 1,695,053 |
| TOTAL ROP | 158,007,200 | 155,777,206 | 6,118,646 |



Committee Review

In reviewing the proposed budget, Your Committee considered the Funds Availability Analysis submitted by the President, together with other information made available during its deliberations. On June 8, 2026, the Senate Committee on Ways and Means and Financial Affairs met with Director Elway Ikeda of the Bureau of Revenue and Taxation to discuss revenue projections and other fiscal matters relevant to the FY 026 Supplemental Budget. The Committee considered the information presented by Director Ikeda in evaluating which appropriations should be treated as urgent for purposes of Senate Bill No. 12-68.

While the Committee appreciates Director Ikeda's presentation and the information provided by the Bureau of Revenue and Taxation, it notes that the analysis was primarily focused on revenue collection and availability and did not fully address the broader fiscal planning considerations typically evaluated by the Bureau of Budget and Planning.

Your Committee also reviewed Senate Legal Counsel Opinion SLC 2026OEK12-60, which identified several provisions that may affect existing law, legislative oversight, the administration of appropriated funds, or matters that may warrant further Committee consideration.

Recognizing that supplemental appropriations may be necessary when unforeseen or immediate funding needs arise during the fiscal year, Your Committee believes that a supplemental budget should be limited to urgent and necessary matters that require action before the next regular budget cycle. Senate Bill No. 12-68, as introduced, includes several budget line items and policy changes that warrant further review and are more appropriately addressed through the regular annual budget process.

Some proposed appropriations may involve important public purposes. However, the question presented is not whether each item may be desirable, useful, or worthy of future consideration. Rather, the question is whether each item is sufficiently urgent to justify inclusion in a supplemental budget at this stage of Fiscal Year 2026. Several proposed line items do not meet that standard and should therefore be removed from the bill.

Senate Bill No. 12-68 also includes several substantive policy amendments that go beyond the narrow purpose of urgent supplemental appropriations. In particular, the bill would amend provisions relating to the Infrastructure Maintenance Fund, national audit appropriations, and PPUC tariff adjustment procedures. These issues require additional review, public discussion, or separate legislative consideration before being enacted.

The bill would increase the Fiscal Year 2026 appropriation for the Executive Branch by \$1,758,593, from \$67,580,000 to \$69,338,593, to fund proposed supplemental increases for several Executive Branch offices, bureaus, and programs. These provisions have been amended to remove the proposed increases for the Office of the President, the COFA Management Office and EAG, the Bureau of Health



Sen. Stand. Com. Rep. No. 12 - 93

Re: Senate Bill No. 12-68

Date: June 12, 2026

Page 4 of 15

System Administration, and the Bureau of Marine Transportation to their original Fiscal Year 2026 funding levels. Proposed increases were retained for the Bureau of School Operations, the Office of the Attorney General, the Bureau of Public Safety, and the Bureau of Hospital and Clinical Services. Your Committee also reduced the proposed increase for the Palau Severely Disabled Assistance Fund from \$100,000 to \$25,000. These amendments narrow the Executive Branch supplemental appropriations to those requests that are more immediate and sufficiently justified for inclusion, while leaving other funding requests for consideration through the regular budget process.

With respect to the proposed appropriation for the COFA Management Office and EAG, the funding language refers to the “ongoing work and activities” of the Compact Review Advisory Group as established by Executive Order No. 447. However, Executive Order No. 447 provided that the Group “shall remain in effect and shall continue to hold regular meetings until the conclusion of the thirtieth anniversary review process under Section 432 of the Compact of Free Association with the United States of America.” Because the thirtieth-anniversary review process has concluded, the Group’s apparent mandate under Executive Order No. 447 has been fulfilled. Accordingly, additional funding for these purposes should not be appropriated until the office or group receiving the appropriation is properly restructured, reconstituted, or clarified through the appropriate process.

The bill would increase the Fiscal Year 2026 appropriation for the Legislative Branch from \$7,850,136 to \$8,500,136, including increases for the House of Delegates, the House Legal Counsel Office, Joint Staff, and the Koror OEK Office. Both houses of the Olbiil Era Kelulau should have comparable resources to carry out their respective constitutional and legislative responsibilities. Because material disparities in resources between the two houses may affect the institutional balance of the Legislature by impacting the ability of each house to independently review legislation, develop policy, conduct oversight, and participate fully in the legislative process, the bill was amended to adjust the Senate and Senate Legal Counsel Office totals to match the increases to House funding levels. Supplemental appropriations for Joint Staff were reduced to an additional \$40,000.

Your Committee retained the proposed \$30,000 supplemental appropriation for Micronesian Legal Services Corporation. Your Committee notes that MLSC submitted a request explaining that reductions in U.S. congressional funding for the Legal Services Corporation, population-based allocation changes affecting Micronesia, and the depletion of prior reserve funding have created a significant 2026 revenue shortfall. Your Committee notes that the appropriation will help support continued staffing and access to free legal services for the people of Palau.

With respect to the Infrastructure Maintenance Fund, Senate Bill No. 12-68 would remove language requiring that any use of the Infrastructure Maintenance Fund be specifically authorized and appropriated by the Olbiil Era Kelulau. Although the Executive Branch may view the current requirement as creating delays in project implementation, Your Committee is concerned that removing the requirement would reduce the Olbiil Era Kelulau’s ability to review, approve, or deny individual



projects through the appropriations process. Rather than removing this requirement, the bill was amended to restore the provision and to appropriate \$17,165,815 for the following projects:

| | |
|---|--------------|
| GROUP 1 — 2023 Compact Review Agreement FY2026 (IMF) | |
| (1) Procurement & Supply of Piping — Minatobashi Bridge | \$750,000 |
| (2) Palau National Capitol — Electro-Mechanical System O&M | \$925,000 |
| (3) Palau National Capitol — Back-up Power & Electrical O&M | \$275,000 |
| (4) Design/Build — Palau National Roads Improvement Project | \$2,500,000 |
| (5) Renovations & Improvement - G.B. Harris Elementary School | \$44,000 |
| (6) Palau High School — Package C-4: Buildings 6 & 8 | \$97,070 |
| (7) Palau High School — Package C-5: Administrative Building | \$22,000 |
| (8) Meyuns Elementary School | \$26,400 |
| (9) Package A: Ngerkesoal (Near Ochob Residence) | \$3,011,000 |
| (10) Package D: Airai (Near Airport) | \$2,647,014 |
| (11) Omikol Road Design — Keseblau, Airai | \$250,000 |
| GROUP 2 — 2023 Compact Review Agreement FY2025 (IMF) | |
| (12) Design/Build — Meyuns Causeway Rehabilitation Project | \$1,000,000 |
| GROUP 3 — 2010 Compact Review Agreement Remaining Balance | |
| (13) Palau High School Clinic | \$59,909 |
| (14) Renovations & Improvement — Koror Elementary School | \$163,300 |
| (15) Package B: Ngermid (After the Intersection) | \$1,953,278 |
| (16) Package C: Ngermid (Inside Ngermid) | \$1,243,593 |
| (17) Hospital — Electrical System Improvement | \$1,387,400 |
| (18) Kayangel Satellite Dispensary | \$417,806 |
| (19) Eastern Community Health Center — Melekeok | \$393,045 |
| TOTAL | \$17,165,815 |

Your Committee requested clarification from Director Calvin Ikesiil of the Bureau of Public Works and Director Kaleb Udui, Jr. of the Bureau of Budget and Planning regarding the Infrastructure Maintenance Projects as proposed by the Office of the President. Specifically, the Committee sought clarification as to why the total dollar amount of the Group 1 projects exceeds \$10 million while the purportedly approved FY 2026 Annual Implementation Plan totals only \$7.93 million. Your Committee also



Sen. Stand. Com. Rep. No. 12 - 93

Re: Senate Bill No. 12-68

Date: June 12, 2026

Page 6 of 15

requested project descriptions and allocation justifications for each project group; sought details identifying the specific fiscal year funds allocated to each of the Group 3 projects; and requested a copy of the United States approval for the FY 2026 Infrastructure Maintenance Fund (IMF) projects. Director Udui informed your Committee that a response addressing these matters has been prepared and submitted to the Office of the President for transmittal. However, as of the drafting of this report, the Committee had not yet received the requested information.

Your Committee agrees that additional funding for debt service obligations is necessary due to increased costs resulting from high interest rates. In addition, funding for the Residential Electricity Subsidy for PPUC addresses an important public need in light of the continued cost of residential electricity. Accordingly, the bill retains the proposed debt service and Residential Electricity Subsidy for PPUC provisions.

Your Committee further agrees that funding for youth athletic development is an appropriate and time-sensitive need. However, Your Committee notes that the Governors' Association has advised that, given the limited time remaining before the scheduled Belau Games from July 3–12, 2026, funding for that event is no longer feasible and that the better approach is to support the Summer 2026 Intersession Games during the public-school long intersession. However, the funding source has been amended so that the appropriation will be paid from local revenues rather than PNA/VDS revenue. The bill was also amended to revise the distribution method for state team support. Under the amendment, funds will be released to the governor of each state to administer, while also providing for appropriate post-Games accounting requirements to confirm that the funds are used for their intended purpose. Any unused funds will remain available for future Belau Games or any successor games under the same reporting conditions.

Your Committee expressed concern regarding the equal distribution of funds among the sixteen states without consideration of factors such as the number of participants from each state or the relative remoteness of participating communities from the event location. Your Committee recommends that future allocations give greater consideration to participant levels, geographic challenges, population, and demonstrated need to ensure a more equitable distribution of resources.

The supplemental increases for Palau Major League Baseball and the Angaur State Boat were retained after a determination that these requests are appropriate and time-sensitive.

With respect to the proposed amendments relating to national audit appropriations, Your Committee recognizes the importance of funding audits required by law and under the 2023 Compact Review Agreement. However, the proposed language has been removed because the Committee does not believe that audit appropriations should be treated as non-lapsing. Rather, audit funding requirements should be reviewed by the Olbiil Era Kelulau and appropriated as needed through the regular legislative process.



The Committee further notes that, notwithstanding concerns raised regarding the lack of funding for the FY 2023 audit, it has confirmed that the FY 2023 Single Audit Report has recently been completed and distributed to all members of the Senate. Accordingly, the Committee finds that the completion of the audit does not support the need for establishing a permanent non-lapsing audit appropriation mechanism.

With respect to the proposed amendment to 37 PNC § 412(i), the bill would remove recently enacted requirements relating to PEWA approval of PPUC tariff increases, compliance with the Administrative Procedure Act, written approval, and audited financial statements. Your Committee believes that changes to the statutory framework governing PPUC tariff adjustments should not be included in this supplemental budget.

Committee Recommendations

Based on its careful review, Your Committee recommends that Senate Bill No. 12-68 be amended to remove budget line items that are not urgent or necessary for inclusion in a supplemental budget, narrowing the FY 2026 Supplemental Budget Act to address immediate and necessary funding needs only. Items that are not urgent should be deferred to the regular budget process, where they may receive appropriate review and deliberation.

Your Committee further recommends that policy amendments that are not directly necessary to address urgent FY 2026 funding needs be removed from the bill. The supplemental budget should not be used as the vehicle for broad statutory changes affecting legislative oversight, non-lapsing appropriations, utility tariff procedures, or other matters unless those changes are clearly necessary and urgent.

Other technical and conforming amendments have been made as necessary to ensure that all provisions are accurate and consistent with the rules of the Senate and the Legislative Style Guide.

Accordingly, based on this review, your Committee recommends that Senate Bill No. 12-68 be amended, as follows:

1. Amend the title of the bill as follows:

~~“To authorize and appropriate additional sums from the National Treasury for general operations and capital improvements of the Republic of Palau for Fiscal Year 2026 through amendments to RPPL 12-3 and RPPL 11-37, to provide for the automatic appropriation of amounts received in the Infrastructure Maintenance Fund; to authorize the use of additional Fiscal Year 2023 Debt Consolidation Fund monies for targeted debt reduction and prepayment; to increase residential electric utility subsidies; to establish a presumption that appropriations for national audit functions are non-lapsing unless otherwise expressly provided by law; to amend the procedure for tariff adjustments by the Palau Public Utilities Corporation; and for other related purposes.”~~



2. Amend Section 2 as follows:

“Section 2. Amendment. Section 2 of RPPL 12-3 is amended as follows:

“Section 2. Executive Branch Operations.

The sum of ~~\$67,580,000~~ ~~\$69,338,593~~ 68,523,593 is authorized to be appropriated and is hereby appropriated for expenditure and obligation for Fiscal Year 2026 for the purpose of covering the operational and contingent expenses of the Executive Branch. ~~As noted herein, an additional \$700,000 is authorized but not appropriated, and not reflected in the totals within this Section. As noted herein, an additional \$400,000 is authorized but not appropriated, and not reflected in the totals within this Section.~~ The total amount to be appropriated shall come from the following sources: the amount of ~~\$26,021,000~~ ~~\$27,779,593~~ \$26,964,593 shall come from local revenues; the amount of \$7,500,000 shall come from lapsed funds appropriated but not expended or obligated in Sections 2, 5, and 7 of RPPL 11-37; the amount of \$8,255,000 shall come from the Compact Trust Fund (CTF); the amount of \$20,008,000 shall come from the 2023 Compact Review Agreement (CRA2023) fund for Operations; \$4,921,000 shall come from the Cyclical Reserve Fund; and the amount of \$875,000 shall come from the Pristine Paradise Environmental Fund allocation for the Palau International Airport. The total amount authorized to be appropriated and hereby appropriated in this section shall be allocated according to the following schedule, respectively:

(1) Office of the President

(a) President’s Office \$1,250,000 ~~\$1,350,000~~ \$1,250,000

...

(f) COFA Management Office and EAG \$0 ~~\$400,000~~ \$0

~~The sum of \$400,000 is authorized by not appropriated for this purpose. The sum of \$400,000 is authorized but not appropriated for this purpose.~~

~~These funds are to provide funding support for the ongoing work and activities, including lobbyist and consultation work, of the Compact Review Advisory Group as established by Executive Order No. 447. The entire amount authorized and appropriated in this section shall~~



~~come from local revenues and be non-lapsing. This section shall be exempt from the competitive procurement requirements of Chapter 6 of Title 40 of the Palau National Code.~~

...

Sub-Total \$1,640,000 ~~\$2,140,000~~ \$1,640,000

...

(5) Ministry of Education

...

| | | |
|---------------------------------|--------------|---------------------|
| (e) Bureau of School Operations | \$9,850,000 | <u>\$9,950,000</u> |
| Sub-Total | \$13,070,000 | <u>\$13,170,000</u> |

...

(6) Ministry of Justice

...

| | | |
|------------------------------------|-------------|--------------------|
| (b) Office of the Attorney General | \$1,000,000 | <u>\$1,300,000</u> |
|------------------------------------|-------------|--------------------|

~~An additional \$300,000 is authorized but not appropriated to the Office of the Attorney General. The additional \$300,000 appropriated to the Office of the Attorney General as of the effective date of this Act shall be used only for salaries and benefits of employees of the Office of the Attorney General and local office rent, utilities, office supplies, and equipment for offices, personnel, property, and services located within the geographic boundaries of the Republic. These funds shall not be used for outside counsel, legal services performed outside the Republic, consultants, travel, or any purpose other than those listed herein, and shall not be reprogrammed under 40 PNCA § 351 or any other law or otherwise transferred for any other purpose.~~

| | | |
|-----------------------------|-------------|--------------------|
| (c) Bureau of Public Safety | \$7,285,000 | <u>\$7,385,000</u> |
|-----------------------------|-------------|--------------------|

~~Of this amount, the sum of \$1,473,540 is earmarked for the Division of Maritime Security and Fish & Wildlife Protection.~~

...

Sub-Total \$8,479,000 \$8,879,000

(7) Ministry of Health and Human Services

...



(d) Palau Severely Disabled Assistance Fund ~~\$1,200,000~~ ~~\$1,300,000~~ \$1,225,000

...

(f) Bureau of Hospital & Clinical Services \$10,373,000 \$10,791,593

(g) Bureau of Health System Administration ~~\$2,160,000~~ ~~\$2,260,000~~ \$2,160,000

...

Sub-Total ~~\$17,382,000~~ ~~\$18,000,593~~ 17,825,593

...

(9) Ministry of Public Infrastructure & Industries

...

(d) Bureau of Marine Transportation \$430,000 ~~\$570,000~~ \$430,000

...

Sub-Total \$8,725,000 ~~\$8,865,000~~ \$8,725,000

...

Section 2 Appropriation Total ~~\$67,580,000~~ ~~\$69,338,593~~ 68,523,593”

3. Amend Section 3 as follows:

“Section 3. Amendment. Section 4 of RPPL 12-3 is hereby amended as follows:

“Section 4. Legislative Branch. The sum of ~~\$7,850,136~~ ~~\$8,500,136~~ \$8,700,136 is authorized to be appropriated and is hereby appropriated for expenditure or obligation for Fiscal Year 2026 for the purpose of covering the operational and contingent expenses of the Legislative Branch. The entire amount of funds authorized and appropriated in this section shall come from local revenues. The total authorization and appropriation shall be allocated according to the following schedule:

==

| | |
|---------------------------------|---|
| (1) Senate | \$3,165,000 <u>\$3,465,000</u> |
| (2) Senate Legal Counsel Office | \$330,278 <u>\$430,278</u> |
| (3) House of Delegates | \$3,372,218 <u>\$3,672,218</u> |
| (4) House Legal Counsel Office | \$357,414 <u>\$457,414</u> |



| | |
|----------------------|--|
| (5) Joint Staff | \$355,226 \$595,226 <u>\$395,226</u> |
| (6) Koror OEK Office | \$50,000 <u>\$60,000</u> |

Section 4 Total ~~\$7,850,136~~ ~~\$8,500,136~~ \$8,700,136”

4. **Amend** Section 5 as follows:

“**Section 5. Amendment.** Section 18 of RPPL 12-3 is hereby amended as follows:

“Section 18. Infrastructure Maintenance Fund. (a) The sum of \$1,000,000 is hereby authorized to be appropriated and is hereby appropriated for Fiscal Year 2026 for the purpose of matching funds provided by the Government of the United States to the Infrastructure Maintenance Fund established by the 2023 Compact Review Agreement, as amended. The amount authorized to be appropriated and hereby appropriated shall come from the revenues derived from the Road Use tax and prior year balance of the Road Maintenance Fund so long as actual expenditures or obligations do not exceed the balance available in the Road Maintenance Fund, provided that such funds may only be expended or obligated in accordance with Section 1404(b) of Title 40 of the Palau National Code. Any unexpended or unobligated balance of the appropriation of this section shall not lapse at the end of the fiscal year. Notwithstanding any other law, any use of the Infrastructure Maintenance Fund must be specifically authorized and appropriated by the Olbiil Era Kelulau. Notwithstanding any other law, any use of the Infrastructure Maintenance must be specifically authorized and appropriated by the Olbiil Era Kelulau.

(b) The amount of \$17,165,815 is authorized and appropriated for Fiscal Year 2026 for Infrastructure Maintenance Fund projects, and the entire amount authorized to be appropriated and hereby appropriated for these projects shall come from the Infrastructure Maintenance.”

5. **Amend** Section 7 as follows:

“**Section 7. Amendment.** Section 23 of RPPL 12-3 is hereby amended as follows:

“Section 23. PPUC Lifeline Subsidy Program, Residential Water and Wastewater, Residential Electricity, and Residential Utility Government Efficiency Rebate Program.



The sum of ~~\$2,235,000~~ \$3,510,000 is hereby authorized to be appropriated and is hereby appropriated for expenditure or obligation for Fiscal Year 2026 for the purpose of covering the Lifeline Subsidy Program of the Palau Public Utilities Corporation (PPUC), and PPUC Residential Water and Wastewater and Residential Electricity subsidies, ~~and to support a new Government Efficiency Rebate for PPUC Customers.~~ The entire amount authorized to be appropriated in this section shall come from local revenues. Any unexpended or unobligated balance of the appropriation of this section shall not lapse at the end of the fiscal year.

...

(c) Residential Electricity \$425,000 \$1,700,000

To subsidize diesel fuel cost, an offset \$0.10 per kWh of the amount billed for electricity for the first 500 kWh per month provided to each residential customer. The PPUC shall reduce each customer's billed cost per kWh by \$0.10 and show on each customer's bill the amount of the offset applied to such customer.

... ""

6. **Amend** Section 8 as follows:

"Section 8. Amendment. Section 43 of RPPL 12-3 is amended as follows:

"The sum of \$510,000 is hereby authorized to be appropriated and is hereby appropriated for expenditure or obligation for Fiscal Year 2026 to provide funding for the ~~Belau~~ Summer 2026 Intersession Games to be held from July 3-12. Of this amount, ~~\$30,000~~ \$30,000 shall be appropriated to each state for state team support, and \$30,000 shall be appropriated to the Palau National Olympic Committee. The governor of each state shall administer the funds for the purpose of the Games. Within 90 days of the completion of the Games, each state shall provide a report detailing expenditures made pursuant to this section and the number of participants to the President of the Republic and each house of the Olbiil Era Kelulau. Any unexpended or unobligated balance of that state's distributed funds shall not lapse at the end of the fiscal year and may be expended by that same state for the same purpose in connection with future Intersession Games or Belau Games, or any successor games to the Belau Games with substantially the same purpose, subject to the same reporting requirements. The entire amount



~~of \$210,000 \$510,000 authorized and appropriated in this section shall come from local revenues and \$300,000 shall come from revenue derived from the Parties to the Nauru Agreement (PNA) Vessel Day Scheme (VDS) pooling.””~~

7. Amend Section 11 as follows:

~~“Section 11. Left vacant. Amendment. Section 58 of RPPL 11-37, as amended by RPPL 12-3, is further amended as follows:~~

~~“Required National Audit for FY 2023. The sum of \$415,500 is hereby authorized to be appropriated and is hereby appropriated to the Ministry of Finance for expenditure or obligation for Fiscal Year 2025 to pay the fees associated with annual national audit for Fiscal Year 2023 as required under the 2023 Compact Review Agreement. The entire amount authorized to be appropriated and appropriated in this section shall come from the Section 211(f) Fund. Any unexpended or unobligated balance of the appropriation of this section shall not lapse at the end of the fiscal year.””~~

8. Amend Section 12 as follows:

~~“Section 12. Amendment. Left vacant. Section 328 of Title 40 is hereby amended as follows:~~
~~“§ 328. Lapsing of appropriated funds:~~

~~(a) — Unless otherwise provided by law, all appropriations shall lapse at the end of the fiscal year. Non-lapsing appropriations with unexpended balances shall be deemed lapsed provided such appropriations activities have been completed or inactive for two (2) consecutive fiscal years, and have no outstanding encumbrances or legally enforceable obligations:~~

~~(b) — Notwithstanding subsection (a) of this section, and unless otherwise provided by law, all funds appropriated for the purpose of funding Republic of Palau single audits as required by 40 PNCA § 223(a) shall be non-lapsing.””~~

9. Amend Section 13 as follows:

~~“Section 13. Left vacant. Amendment. Paragraph 412(i) of Title 37 is hereby amended as follows:~~

~~“(i) Only after having complied with the provisions of this section, including securing prior approval from the PEWA for any electricity, water, or waste water rate change, may the PPUC Board adopt the proposed tariff schedule. Approval by PEWA of any increase of any and~~



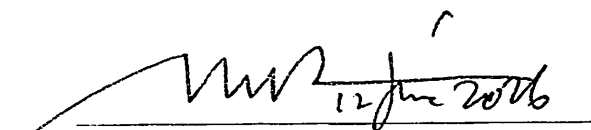
Sen. Stand. Com. Rep. No. 12 - 93
Re: Senate Bill No. 12-68
Date: June 12, 2026
Page 14 of 15

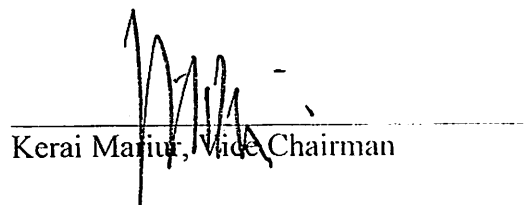
~~all charges to the Tariff Schedule shall constitute a rule of general applicability for purposes of the Administrative Procedure Act; any such approval after January 1st, 2025, shall be void ab initio unless all provisions of the Administrative Procedure Act have been complied with, and this subsection shall be fully retroactive to that date. No approval by PEWA of any rate change shall be valid after January 1st, 2025, unless made in writing, and no such writing shall be valid unless it affirms that it is based on audited financial statements of PPUC prepared in accordance with Generally Accepted Government Auditing Standards and Generally Accepted Auditing Standards by an accredited auditor. Such audited financial statements must reflect all changes to PPUC's operating revenues and operating expenses for the most recent Fiscal Year concluded and the Fiscal Year prior to that and must offer information that supports the decision made by PEWA. All rates and charges must be in the tariff schedule, and shall be filed at the President's office. The effective date of the rates shall be the day the tariff schedule is filed at the President's office. The new tariff schedule shall also be publicized and be made available to the general public."~~

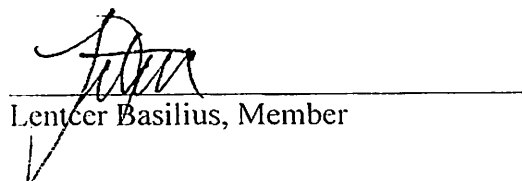
Based on the foregoing, Your Committee recommends passage of Senate Bill No. 12-68, redesignated as Senate Bill No. 12-68, SD1, with the proposed amendments.

Respectfully submitted by:

SENATE COMMITTEE ON WAYS AND MEANS & FINANCIAL MATTERS


Mark U. Rudimch, Chairman


Kerai Marjui, Vice Chairman


Lencer Basilius, Member


Scilil Eldebechel, Member



W/R [Signature]

Rukebai Kikuo Inabo, Member

[Signature] W/R

Stevenson J. Kuartei, Member

[Signature]

Brian Melairei, Member

[Signature]

Siegfried Bai Nakamura, Member

[Signature]

Ann Latii Pedro, Member

[Signature] W/R

TJ Imrur Remengesau, Member

[Signature]

Kazuki L. "Topps" Sungino, Member

[Signature]

Andrew Tabelual, Member

[Signature]

Salvador "Sadoi" Tellames, Member

[Signature]

Mason N. Whipps, Member

P-2nd Reading
4/12/26
PS

P-3rd Reading
4/15/26 w/SD3
PS

A BILL FOR AN ACT

To authorize and appropriate additional sums from the National Treasury for general operations and capital improvements of the Republic of Palau for Fiscal Year 2026 through amendments to RPPL 12-3 and RPPL 11-37, to provide for the automatic appropriation of amounts received in the Infrastructure Maintenance Fund; to authorize the use of additional Fiscal Year 2023 Debt Consolidation Fund monies for targeted debt reduction and prepayment; to increase residential electric utility subsidies; to establish a presumption that appropriations for national audit functions are non-lapsing unless otherwise expressly provided by law; to amend the procedure for tariff adjustments by the Palau Public Utilities Corporation; and for other related purposes.

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

1 Section 1. Short title. This Act shall be known as and may be cited as the "Fiscal Year
2 2026 Supplemental Budget Act."

3 Section 2. Amendment. Section 2 of RPPL 12-3 is amended as follows:

4 "Section 2. Executive Branch Operations.

5 The sum of \$67,580,000 ~~\$69,338,593~~ 68,523,593 is authorized to be appropriated and
6 is hereby appropriated for expenditure and obligation for Fiscal Year 2026 for the purpose of
7 covering the operational and contingent expenses of the Executive Branch. As noted herein,
8 an additional \$700,000 is authorized but not appropriated, and not reflected in the totals within
9 this Section. As noted herein, an additional \$400,000 is authorized but not appropriated, and
10 not reflected in the totals within this Section. The total amount to be appropriated shall come
11 from the following sources: the amount of \$26,021,000 ~~\$27,779,593~~ \$26,964,593 shall come
12 from local revenues; the amount of \$7,500,000 shall come from lapsed funds appropriated but
13 not expended or obligated in Sections 2, 5, and 7 of RPPL 11-37; the amount of \$8,255,000
14 shall come from the Compact Trust Fund (CTF); the amount of \$20,008,000 shall come from
15 the 2023 Compact Review Agreement (CRA2023) fund for Operations; \$4,921,000 shall
16 come from the Cyclical Reserve Fund; and the amount of \$875,000 shall come from the
17 Pristine Paradise Environmental Fund allocation for the Palau International Airport. The total
18 amount authorized to be appropriated and hereby appropriated in this section shall be allocated
19 according to the following schedule, respectively:

20 (1) Office of the President

21 (a) President's Office \$1,250,000 ~~\$1,350,000~~ \$1,250,000

22 ...

| | | | | |
|----|------------------------------------|-----------|---|---------------------|
| 1 | (f) COFA Management Office and EAG | \$0 | \$400,000 | <u>\$0</u> |
| 2 | | | <i>The sum of \$400,000 is authorized by not appropriated for this purpose.</i> | |
| 3 | | | <u><i>The sum of \$400,000 is authorized but not appropriated for this purpose.</i></u> | |
| 4 | | | <i>These funds are to provide funding support for the ongoing work and activities,</i> | |
| 5 | | | <i>including lobbyist and consultation work, of the Compact Review Advisory</i> | |
| 6 | | | <i>Group as established by Executive Order No. 447. The entire amount</i> | |
| 7 | | | <i>authorized and appropriated in this section shall come from local revenues and</i> | |
| 8 | | | <i>be non-lapsing. This section shall be exempt from the competitive procurement</i> | |
| 9 | | | <i>requirements of Chapter 6 of Title 40 of the Palau National Code.</i> | |
| 10 | ... | | | |
| 11 | | Sub-Total | \$1,640,000 | <u>\$2,140,000</u> |
| 12 | ... | | | |
| 13 | (5) Ministry of Education | | | |
| 14 | ... | | | |
| 15 | (e) Bureau of School Operations | | \$9,850,000 | <u>\$9,950,000</u> |
| 16 | | Sub-Total | \$13,070,000 | <u>\$13,170,000</u> |
| 17 | ... | | | |
| 18 | (6) Ministry of Justice | | | |
| 19 | ... | | | |
| 20 | (b) Office of the Attorney General | | \$1,000,000 | <u>\$1,300,000</u> |
| 21 | | | <i>An additional \$300,000 is authorized but not appropriated to the Office of the</i> | |
| 22 | | | <i>Attorney General. The additional \$300,000 appropriated to the Office of the Attorney</i> | |
| 23 | | | <i>General as of the effective date of this Act shall be used only for salaries and benefits</i> | |
| 24 | | | <i>of employees of the Office of the Attorney General and local office rent, utilities, office</i> | |
| 25 | | | <i>supplies, and equipment for offices, personnel, property, and services located within</i> | |
| 26 | | | <i>the geographic boundaries of the Republic. These funds shall not be used for outside</i> | |
| 27 | | | <i>counsel, legal services performed outside the Republic, consultants, travel, or any</i> | |
| 28 | | | <i>purpose other than those listed herein, and shall not be reprogrammed under 40 PNC.A</i> | |
| 29 | | | <i>§ 351 or any other law or otherwise transferred for any other purpose.</i> | |

1 (c) Bureau of Public Safety \$7,285,000 \$7,385,000

2 *Of this amount, the sum of \$1,473,540 is earmarked for the Division of*
3 *Maritime Security and Fish & Wildlife Protection.*

4 ...

5 Sub-Total \$8,479,000 \$8,879,000

6 (7) Ministry of Health and Human Services

7 ...

8 (d) Palau Severely Disabled Assistance Fund \$1,200,000 \$1,300,000 \$1,225,000

9 ...

10 (f) Bureau of Hospital & Clinical Services \$10,373,000 \$10,791,593

11 (g) Bureau of Health System Administration \$2,160,000 \$2,260,000 \$2,160,000

12 ...

13 Sub-Total \$17,382,000 \$18,000,593 17,825,593

14 ...

15 (9) Ministry of Public Infrastructure & Industries

16 ...

17 (d) Bureau of Marine Transportation \$430,000 \$570,000 \$430,000

18 ...

19 Sub-Total \$8,725,000 \$8,865,000 \$8,725,000

20 ...

21 Section 2 Appropriation Total \$67,580,000 \$69,338,593 68,523,593"

22 **Section 3. Amendment.** Section 4 of RPPL 12-3 is hereby amended as follows:

23 "Section 4. Legislative Branch. The sum of \$7,850,136 \$8,500,136 \$8,700,136 is
24 authorized to be appropriated and is hereby appropriated for expenditure or obligation for
25 Fiscal Year 2026 for the purpose of covering the operational and contingent expenses of the
26 Legislative Branch. The entire amount of funds authorized and appropriated in this section
27 shall come from local revenues. The total authorization and appropriation shall be allocated
28 according to the following schedule:

29 ...

1 unexpended or unobligated balance of the appropriation of this section shall not lapse at the
2 end of the fiscal year. ~~Notwithstanding any other law, any use of the Infrastructure~~
3 ~~Maintenance Fund must be specifically authorized and appropriated by the Olbiil Era Kelulau.~~
4 Notwithstanding any other law, any use of the Infrastructure Maintenance Fund must be
5 specifically authorized and appropriated by the Olbiil Era Kelulau.

6 (b) The amount of \$17,165,815 is authorized and appropriated for Fiscal Year 2026 for
7 Infrastructure Maintenance Fund projects, and the entire amount authorized to be appropriated
8 and hereby appropriated for these projects shall come from the Infrastructure Maintenance
9 Fund.”

10 **Section 6. Amendment.** Section 19 of RPPL 12-3 is hereby amended as follows:

11 “Section 19. Debt Service. The sum of ~~\$21,595,424~~ \$23,290,477 or the actual
12 amounts for interest and principal due and payable is authorized to be appropriated and the
13 amount of ~~\$19,365,424~~ \$21,060,477 is hereby appropriated for Fiscal Year 2026 for the
14 purpose of payment of periodic interest and principal payments pursuant to the promissory
15 notes under (1) the Asian Development Bank (ADB) Water Sector Improvement Program
16 (WSIP) loan for various infrastructure and institutional capacity improvement initiatives; (2)
17 the Asian Development Bank Disaster Resilience Program (ADB DRP) loan to finance short-
18 term post-disaster financing needs; (3) the Asian Development Bank Health Expenditure and
19 Livelihoods Support (ADB HEALS) loan to finance the severe adverse impact of COVID-19
20 on our economy; (4) the Asian Development Bank Recovery through Improved Systems and
21 Expenditure Support Program (ADB RISES) loan to support critical public sector
22 management reforms; (5) the Mega International Commercial Bank loan agreement for the
23 purpose of housing development; (6) the Asian Development Bank Strengthening Fiscal
24 Resilience for Sustainable Development Program policy-based loan; (7) the PHA Mega Bank
25 Loan; (8) the ADB Program Loan (KASP); (9) advanced payment on the NDBP-Republic of
26 China (Taiwan) loans (Mega Commercial Bank (Taiwan) and ICDF Taiwan; and (10)
27 advanced Payment on the loan for 409 E. 50th Street in Manhattan. Of the amount authorized
28 to be appropriated and hereby appropriated in this section, ~~\$12,088,090~~ \$13,783,143 shall
29 come from the 2023 CRA Debt Consolidation Fund, and the remainder of \$7,277,334 shall

1 come from local revenues. Any unexpended or unobligated balance of the appropriation of
 2 this section shall not lapse at the end of the fiscal year. The total authorization and
 3 appropriation amount shall be allocated to the following allocation schedule:

| | | | | |
|----|------|---|-------------|--------------------|
| 4 | (1) | ADB Program Loan (WSIP) | | \$1,140,000 |
| 5 | (2) | ADB DRP Loan Financing | | \$1,900,000 |
| 6 | (3) | ADB HEALS Loan Financing | | \$1,442,000 |
| 7 | (4) | ADB RISES Loan Financing | \$5,130,000 | <u>\$6,825,053</u> |
| 8 | (5) | Housing Development Loan Project | | \$1,540,000 |
| 9 | (6) | ADB Strengthening Fiscal Resilience | | \$130,000 |
| 10 | (7) | PHA Mega Bank Loan | | \$480,000 |
| 11 | (8) | ADB Program Loan (KASP) | | \$3,000,000 |
| 12 | (9) | Advanced Payment on NDBP-Republic of China (Taiwan) loans (Mega | | |
| 13 | | Commercial Bank (Taiwan) and ICDF Taiwan) | | \$4,603,424 |
| 14 | (10) | Advanced Payment for the Loan on 409 E. 50 th Street, NY | | \$2,230,000 |

15 This amount of \$2,230,000 is authorized but not appropriated.

16 Section 19 Total \$19,365,424 \$21,060,477"

17 Section 7. Amendment. Section 23 of RPPL 12-3 is hereby amended as follows:

18 "Section 23. PPUC Lifeline Subsidy Program, Residential Water and Wastewater,
 19 Residential Electricity, and Residential Utility Government Efficiency Rebate Program.

20 The sum of ~~\$2,235,000~~ \$3,510,000 is hereby authorized to be appropriated and is
 21 hereby appropriated for expenditure or obligation for Fiscal Year 2026 for the purpose of
 22 covering the Lifeline Subsidy Program of the Palau Public Utilities Corporation (PPUC), and
 23 PPUC Residential Water and Wastewater and Residential Electricity subsidies, ~~and to support~~
 24 ~~a new Government Efficiency Rebate for PPUC Customers~~. The entire amount authorized to
 25 be appropriated in this section shall come from local revenues. Any unexpended or
 26 unobligated balance of the appropriation of this section shall not lapse at the end of the fiscal
 27 year.

28 ...

| | | | | |
|----|-----|-------------------------|--|---|
| 29 | (c) | Residential Electricity | | \$425,000 <u>\$1,700,000</u> |
|----|-----|-------------------------|--|---|

1 To subsidize diesel fuel cost, an offset \$0.10 per kWh of the amount billed for
2 electricity for the first 500 kWh per month provided to each residential customer. The
3 PPUC shall reduce each customer's billed cost per kWh by \$0.10 and show on each
4 customer's bill the amount of the offset applied to such customer.

5 ...”

6 **Section 8. Amendment.** Section 43 of RPPL 12-3 is amended as follows:

7 “Section 43. ~~Left Vacant. Belau Summer 2026 Intersession Games.~~

8 The sum of \$510,000 is hereby authorized to be appropriated and is hereby
9 appropriated for expenditure or obligation for Fiscal Year 2026 to provide funding for the
10 Belau Summer 2026 Intersession Games to be held from July 3-12. Of this amount, \$30,000
11 \$30,000 shall be appropriated to each state for state team support, and \$30,000 shall be
12 appropriated to the Palau National Olympic Committee. The governor of each state shall
13 administer the funds for the purpose of the Games. Within 90 days of the completion of the
14 Games, each state shall provide a report detailing expenditures made pursuant to this section
15 and the number of participants to the President of the Republic and each house of the Olbiil
16 Era Kelulau. Any unexpended or unobligated balance of that state's distributed funds shall not
17 lapse at the end of the fiscal year and may be expended by that same state for the same purpose
18 in connection with future Intersession Games or Belau Games, or any successor games to the
19 Belau Games with substantially the same purpose, subject to the same reporting requirements.
20 The entire amount of ~~\$210,000~~ \$510,000 authorized and appropriated in this section shall
21 come from local revenues and ~~\$300,000 shall come from revenue derived from the Parties to~~
22 the Nauru Agreement (PNA) Vessel Day Scheme (VDS) pooling.”

23 **Section 9. Amendment.** Section 44 of RPPL 12-3 is amended as follows:

24 “Section 44. ~~Left Vacant. Palau Major League.~~ The sum of \$25,000 is hereby
25 authorized to be appropriated and is hereby appropriated for expenditure or obligation for
26 Fiscal Year 2026 for Palau Major League Baseball. The entire amount authorized to be
27 appropriated and appropriated in this section shall come from local revenues.”

28 **Section 10. Amendment.** Section 45 of RPPL 12-3 is amended as follows:

29 “Section 45. ~~Left Vacant. Angaur State Boat.~~

1 The sum of \$175,000 is hereby authorized to be appropriated and is hereby
 2 appropriated to Angaur State exclusively for costs associated with the state-owned boat,
 3 including but not limited to repayment of existing loans or other expenditures directly related
 4 to acquisition, financing, or replacement of the boat. The entire amount authorized to be
 5 appropriated and appropriated in this section shall come from local revenues.”

6 Section 11. Left vacant. Amendment. Section 58 of RPPL 11-37, as amended by RPPL
 7 12-3, is further amended as follows:

8 ~~“Required National Audit for FY 2023. The sum of \$415,500 is hereby authorized to~~
 9 ~~be appropriated and is hereby appropriated to the Ministry of Finance for expenditure or~~
 10 ~~obligation for Fiscal Year 2025 to pay the fees associated with annual national audit for Fiscal~~
 11 ~~Year 2023 as required under the 2023 Compact Review Agreement. The entire amount~~
 12 ~~authorized to be appropriated and appropriated in this section shall come from the Section~~
 13 ~~211(f) Fund. Any unexpended or unobligated balance of the appropriation of this section shall~~
 14 ~~not lapse at the end of the fiscal year.”~~

15 Section 12. Amendment. Left vacant. Section 328 of Title 40 is hereby amended as
 16 follows:

17 ~~“§ 328. Lapsing of appropriated funds. —————~~

18 ~~(a) Unless otherwise provided by law, all appropriations shall lapse at the end of~~
 19 ~~the fiscal year. Non-lapsing appropriations with unexpended balances shall be deemed lapsed~~
 20 ~~provided such appropriations activities have been completed or inactive for two (2)~~
 21 ~~consecutive fiscal years, and have no outstanding encumbrances or legally enforceable~~
 22 ~~obligations.~~

23 ~~(b) Notwithstanding subsection (a) of this section, and unless otherwise provided~~
 24 ~~by law, all funds appropriated for the purpose of funding Republic of Palau single audits as~~
 25 ~~required by 40 PNCA § 223(a) shall be non-lapsing.”~~

26 Section 13. Left vacant. Amendment. Paragraph 412(i) of Title 37 is hereby amended
 27 as follows:

28 ~~“(i) Only after having complied with the provisions of this section, including securing~~
 29 ~~prior approval from the PEWA for any electricity, water, or waste water rate change, may the~~

1 ~~PPUC Board adopt the proposed tariff schedule. Approval by PEWA of any increase of any~~
2 ~~and all charges to the Tariff Schedule shall constitute a rule of general applicability for~~
3 ~~purposes of the Administrative Procedure Act; any such approval after January 1st, 2025, shall~~
4 ~~be void ab initio unless all provisions of the Administrative Procedure Act have been complied~~
5 ~~with, and this subsection shall be fully retroactive to that date. No approval by PEWA of any~~
6 ~~rate change shall be valid after January 1st, 2025, unless made in writing, and no such writing~~
7 ~~shall be valid unless it affirms that it is based on audited financial statements of PPUC~~
8 ~~prepared in accordance with Generally Accepted Government Auditing Standards and~~
9 ~~Generally Accepted Auditing Standards by an accredited auditor. Such audited financial~~
10 ~~statements must reflect all changes to PPUC's operating revenues and operating expenses for~~
11 ~~the most recent Fiscal Year concluded and the Fiscal Year prior to that and must offer~~
12 ~~information that supports the decision made by PEWA. All rates and charges must be in the~~
13 ~~tariff schedule, and shall be filed at the President's office. The effective date of the rates shall~~
14 ~~be the day the tariff schedule is filed at the President's office. The new tariff schedule shall~~
15 ~~also be publicized and be made available to the general public.~~

16 **Section 14. Severability.** If any provision of this Act is found to be invalid or
17 unenforceable, the remaining provisions shall remain in full force and effect.

18 **Section 15. Amended totals.** Any totals in RPPL 12-3 which are modified by the
19 amendments within this Act are amended to be consistent with this Act.

20 **Section 16. Effective date.** This Act shall take effect upon its approval by the
21 President of the Republic of Palau, or upon its becoming law without such approval.

Date: June 2, 2026

By: _____/s/_____
Surangel S. Whipps, Jr.
President
Republic of Palau