



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

Tommy E. Remengesau, Jr.  
*President*

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March 29, 2017  
Serial No. 17-66

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

**Re: Signing Statement: HB 10-22-1, HD1, SD2, PD1 – EIF amendments**

Dear Senate President Baules:

It is with pleasure that I sign into law today House Bill No. 10-22-1, HD1, SD2, PD1, which changes the name of the Environmental Impact Fee (“EIF”) to the Pristine Paradise Environmental Fee (“PPEF”) and postpones its collection. At the outset, I must express my sincerest thanks to you and your colleagues for quickly and resolutely endorsing the bill I referred to you. In enacting this law today, we reaffirm our commitment to high-value, low-impact tourism as well as to realizing the funding promises made as part of the Palau National Marine Sanctuary Act, while also respecting the immediate needs of our private sector partners.

Most importantly, the PPEF, like its predecessor the EIF, is the primary financing mechanism for the Palau National Marine Sanctuary (“PNMS”). This partnership fee constitutes the Republic’s contribution to this tremendous effort in conservation, while also signaling and advancing our pivot from mass tourism to high-end tourism. In addition, the new name for this collection, the PPEF, more accurately reflects the spirit of this financing mechanism. This new name establishes a direct connection between this partnership fee and the Pristine Paradise Palau policy, which embodies the future of our tourism economy. In turn, the PPEF represents a platform for partnership between our nation and those visitors who share our values and vision for protecting our natural environment.

Similarly, the PPEF is a vital catalyst for securing additional aid from our international partners. Time and time again our friends and allies have proven more than willing to assist our efforts to protect our precious natural resources, but we must also do our part. Put simply, we must help ourselves before asking others to help us. By making our own commitment to financing the PNMS through the PPEF, we strengthen our capacity for soliciting further contributions from our partners abroad.



Moreover, the PPEF promises to follow through with the funding commitments made when we enacted the PNMS. In instituting the PNMS, we made a crucial and high-level policy decision to aid the states, the Civil Service Pension Fund, and the enforcement and surveillance of the new sanctuary with funds collected through an increase in the partnership fee paid by visitors. We cannot, and today unequivocally state that we will not, go back and alter those commitments to our people.

At the same time, this new law affords much needed flexibility in the implementation of the PPEF, which offers two major benefits. First, it provides us with sufficient time to ensure that the PPEF is collected in the simplest, most customer-friendly manner possible, specifically as part of the airplane ticket price paid by visitors. Second, it allows us to respect the need for a delay in the implementation that has been credibly expressed by our private sector partners, particularly due to global market activity that has negatively affected the value of currencies across our top tourism markets in Asia. By making the PPEF's implementation contingent solely on the Minister of Finance promulgating the necessary rules and regulations, we can be sure that this partnership fee will only take effect at an appropriate time and in an appropriate manner.

This law further responds to private sector concerns by allocating a substantial portion of this fee to airport-related expenses and improvements. In turn, local revenues that otherwise would have been appropriated for these purposes shall be redirected to our Civil Service Pension Plan. As a result, the PPEF remains consistent with our international obligations, while also addressing an important and urgent domestic need.

In sum, the PPEF represents an additional and meaningful component of the prudent decision to turn away from the already dangerously exploited fisheries industry and the deleterious mass tourism market and instead embrace a new identity that emphasizes quality over quantity. As Palau moves forward with this, we must refocus our efforts on providing the type of experience for which high-value, low-impact tourists will be happy to pay. Such tourists are far less susceptible to slight rises in cost, including the \$50 increase embodied in the PPEF, provided that they are able to experience Palau as it is and should stay – a UNESCO World Heritage Site and bona fide natural wonder of the world.

Once again, allow me to thank you and your colleagues for your swift action in passing this law on referral. I look forward to continuing to work together to foster a successful and sustainable tourism industry.

Sincerely,

A handwritten signature in black ink, appearing to read "Tommy E. Remengesau, Jr.", is written over a vertical line.

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



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March 29, 2017  
Serial No. 17-66

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

**Re: Signing Statement: HB 10-22-1, HD1, SD2, PD1 – EIF amendments**

Dear Speaker Anastacio:

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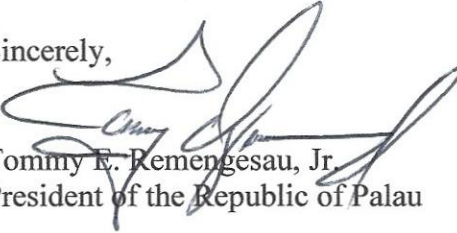
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Sincerely,

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



# TENTH OLBIIL ERA KELULAU

FIRST SPECIAL SESSION

MARCH 2017

HOUSE BILL NO. 10-22-1, HD1, SD2, PD1

## A BILL FOR AN ACT

SEE TITLE INSIDE

OFFERED BY DELEGATE(S) Speaker Sabino Anastacio

ET AL,

DATE INTRODUCED February 15, 2017

## HOUSE ACTION

|                               |                   |
|-------------------------------|-------------------|
| FIRST READING:                | February 15, 2017 |
| REFERRED TO:                  | Ways and Means    |
| STANDING COMMITTEE REPORT NO: | 10-7              |
| DATE ADOPTED:                 | March 07, 2017    |
| SECOND READING:               | March 07, 2017    |
| LEGAL FORMAT:                 | Proper            |
| REVIEW:                       | March 07, 2017    |
| THIRD READING:                | March 09, 2017    |
| FINAL ACTION:                 | March 27, 2017    |

## SENATE ACTION

|                               |                |
|-------------------------------|----------------|
| FIRST READING:                | March 13, 2017 |
| REFERRED TO:                  | Ways and Means |
| STANDING COMMITTEE REPORT NO: | 10-16          |
| DATE ADOPTED:                 | March 21, 2017 |
| SECOND READING:               | March 21, 2017 |
| LEGAL FORMAT:                 | Proper         |
| REVIEW:                       | March 22, 2017 |
| THIRD READING:                | March 22, 2017 |
| FINAL ACTION:                 | March 27, 2017 |

## CONFERENCE COMMITTEE ACTION

|                   |      |
|-------------------|------|
| DATE:             | None |
| COMMITTEE REPORT: | None |
| DATE PASSED:      | None |

  
Marcello Ngirkelau

Acting HOUSE CLERK

  
Ann L. Pedro

SENATE CLERK

AN ACT

To amend RPPL No. 9-49 and Titles 27 and 24 of the Palau National Code to rename the Environmental Impact Fee the Pristine Paradise Environmental Fee, provide additional time for its implementation, and for other related purposes.

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

1           Section 1.    Legislative Findings. The Olbiil Era Kelulau finds that tourism  
2 has continued to decline from its height in 2015 and the Republic must address potential  
3 impediments to the tourism industry. One recent policy that may affect tourism is the  
4 impending increase in costs to tourists as a result of the creation of an Environmental  
5 Impact Fee. The Palau National Marine Sanctuary Act created the Environmental  
6 Impact Fee, and beginning April 1, 2017 the departing cost for tourists will increase from  
7 \$50.00 to \$100.00. The Olbiil Era Kelulau finds that at this time it is prudent to rename  
8 the Environmental Impact Fee the Pristine Paradise Environmental Fee, postpone its  
9 implementation, and maintain the current departing fee amount in an effort to remove  
10 any impediment to tourism.

11           Section 2.  Repealer. Sections 5, 7, and 8 of RPPL No. 9-49 are hereby repealed.

12           Section 3.  Amendment. Section 192 of Title 27 is hereby amended as follows:

13           “§ 192. Fisheries Protection Trust Fund.

14                   (a) There is established within the National Treasury a separate,  
15 interest-bearing revolving fund known as the Fisheries Protection Trust Fund  
16 (“Trust Fund”). These funds do not lapse at the end of the fiscal year.

17                   (b) The purpose of the Trust Fund is to fund surveillance, enforcement and  
18 training for surveillance and enforcement of the laws related to the Palau National  
19 Marine Sanctuary and Title 27, and Chapters 2 and 3 of Title 7, to fund the  
20 administration of those actions related to Palau National Marine Sanctuary in  
21 Titles 7 and 27, and to promote eco-tourism.

22                   (c) Funds within the Trust Fund may not be disbursed without being first  
23 authorized and appropriated by the Olbiil Era Kelulau.

24                   (d) All of the following are deposited in the Trust Fund:

- 1                                   (1) fines collected pursuant to Chapters 2 and 3 of Title 7;
- 2                                   (2) all fines and civil penalties collected pursuant to sections 182 and
- 3                                   183 of Title 27;
- 4                                   (3) proceeds of sale of all forfeitures pursuant to section 184 of Title
- 5                                   27 and section 207 of Title 7; and
- 6                                   (4) a portion of the Pristine Paradise Environmental Fee, as set out
- 7                                   in Chapter 27 of Title 40.

8                                   ...”

9                                   Section 4.     Amendment. Title 40 of the Palau National Code is amended by  
10 adding a new Chapter 27 to state as follows:

11                                   “Chapter 27

12                                   Pristine Paradise Environmental Fee

13                                   § 2701. Purpose. The purpose of this chapter is to establish the Pristine  
14 Paradise Environmental Fee.

15                                   § 2702. Definitions. In this chapter:

- 16                                   (a) “International Travel” means travel by air or sea from the Republic of
- 17                                   Palau.
- 18                                   (b) “Passenger” means a person who undertakes international travel.
- 19                                   (c) “Transit passenger” means a passenger who has arrived in the
- 20                                   Republic of Palau and will depart the Republic of Palau:

- 21                                   (1) Within 24 hours of that arrival; or
- 22                                   (2) After 24 hours due to circumstances beyond the passenger’s
- 23                                   control.

24                                   § 2703. Imposition of Pristine Paradise Environmental Fee. Every passenger,  
25 13 years or older, shall pay a Pristine Paradise Environmental Fee of one hundred dollars  
26 (\$100) for each international departure from the Republic of Palau, but will not be  
27 required to pay such Pristine Paradise Environmental Fee more than once in any  
28 thirty-day period.

29                                   § 2704. Exemptions from Pristine Paradise Environmental Fee.

- 30                                   (a) The following categories of people shall be exempt from the Pristine

1           **Paradise Environmental Fee:**

2                           (1) Palauan citizens;

3                           (2) Spouses of Palauan citizens;

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

6                           (4) Diplomats carrying a diplomatic passport;

7                           (5) Individuals in possession of a valid Republic of Palau work visa;

8                           and

9                           (6) Transit passengers.

10                       (b) The Minister of Finance shall have the authority to designate further  
11                       exemptions from the Pristine Paradise Environmental Fee through regulation.

12           § 2705. Regulations. The Minister of Finance shall promulgate regulations  
13           which include:

14                       (a) Providing for the administration of this chapter; and

15                       (b) Amending the amount of the Pristine Paradise Environmental Fee to be  
16                       paid by a passenger.

17           § 2706. Allocation of Pristine Paradise Environmental Fee. Of the Pristine  
18           Paradise Environmental Fee paid by each passenger:

19                       (a) Ten dollars (\$10.00) shall be allocated to the Fisheries Protection Trust  
20                       Fund pursuant to 27 PNC § 192;

21                       (b) Twelve dollars and fifty cents (\$12.50) shall be divided among the states  
22                       as follows: 70% of such funds shall be divided among the states in equal shares,  
23                       and the remaining 30% shall be apportioned among the states according to  
24                       population;

25                       (c) Twenty-five dollars (\$25.00) shall be deposited in the National Treasury,  
26                       earmarked and appropriated to relevant agencies for purposes related to the  
27                       security, operation, maintenance, and improvement of the Palau International  
28                       Airport; provided that all funds from local revenue or other sources that  
29                       otherwise would have been appropriated for these purposes shall be appropriated  
30                       to the Civil Service Pension Fund;

1                   (d) Thirty dollars (\$30.00) shall be earmarked as a “Green Fee” pursuant  
2 to 24 PNC § 3413 and shall be allocated and appropriated in accordance with that  
3 provision as if fully stated herein; and

4                   (e) Twenty-two dollars and fifty cents (\$22.50) shall revert to the National  
5 Treasury.

6                   § 2707. Implementation.

7                   The Pristine Paradise Environmental Fee will be implemented and begin being  
8 collected upon promulgation of all rules and regulations necessary for the collection of  
9 the Pristine Paradise Environmental Fee through its inclusion in the price of airline  
10 tickets, or another mechanism which would collect the Pristine Paradise Environmental  
11 Fee upon visitors’ entry into the Republic. Such rules and regulations shall be  
12 promulgated by the Minister of Finance.

13                   § 2708. Transition.

14                   The departure tax set forth under 40 PNC § 1403 shall cease to have effect and  
15 shall be repealed upon the assessment of the Pristine Paradise Environmental Fee except  
16 that any other allocation or appropriation of the departure tax set forth under 40 PNC §  
17 1403 shall now be applied to § 2706(e) as if fully stated herein.”

18                   Section 5. Amendment. 24 PNC § 3413, as amended by Section 9 of RPPL  
19 No. 9-49, is hereby amended to read as follows:

20                   “§ 3413. Environmental Protection Fee (“Green Fee”).

21                   (a) Every non-Palauan passport holder departing from the Republic shall  
22 be assessed, and shall pay, an environmental protection departure fee (the “Green  
23 Fee”) of thirty dollars (\$30) upon departure; provided that persons traveling on a  
24 passport issued by the Republic of Palau, diplomats, transiting passengers, and  
25 masters, pilots, and other crew members of any vessel or aircraft lawfully  
26 operating as a common carrier, are exempt from assessment and payment under  
27 this section. The money generated from collection of the green fee shall be  
28 deposited into two separate accounts within the National Treasury that shall be  
29 separate and distinct from all other accounts as set forth in subsection (c) below.  
30 Nothing in this Act shall preclude the states from collecting tourist and visitor fees

1           for visiting or using state resources and sites, including Protected Areas Network  
2           ("PAN") sites.

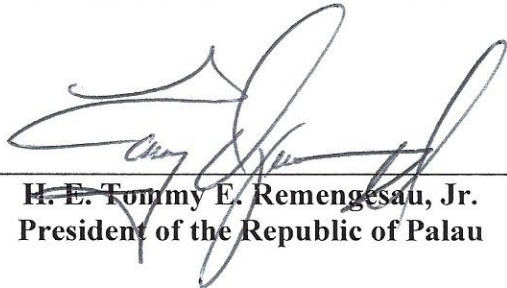
3           Section 6.    Effective Date. This Act will take effect upon its approval by the  
4           President of the Republic of Palau, or upon becoming law without such approval.

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PASSED: March 27, 2017

Approved this 29<sup>th</sup> day of March, 2017



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