



REPUBLIC OF PALAU
OFFICE OF THE PRESIDENT

SENATE-KOROR
DATE: 9/30/26 TIME: 1:59pm
RECEIVE BY: af

SURANGEL S. WHIPPS, JR.
President

September 30, 2026
Serial No: 26-4137

The Honorable Hokkons Baules
President of the Senate
Twelfth Olbiil Era Kelulau
Ngerulmud, Palau National Capitol
Republic of Palau 96940

The Senate
Olbiil Era Kelulau
Koror, Republic of Palau 96940
PRES. COM. 12-243

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RECEIVED
The Senate, OEF
Date 9/30/26 Time 1:59pm
No 12-1474

Re: Signing Statement for RPPL No. 12-9, Continuing Budget Authority for the First Quarter of Fiscal Year 2027

Dear Senate President Baules

Today, I signed into law House Bill No. 12-4-1, HD1, SD4, now enacted as RPPL No. 12-9, which provides continuing budget authority for the first three months of Fiscal Year 2027. I signed it because the alternative, a shutdown of the national government, would be worse for our people. I want to be clear, however, that a second consecutive continuing budget is unacceptable, and it must not become a habit of the Olbiil Era Kelulau.

When I signed last year's continuing budget authority, I expressed my concern that the two Houses had been unable to reach agreement on a full budget before the start of the fiscal year. That experience has now been repeated. My Fiscal Year 2027 budget proposal was submitted well in advance of the fiscal year, and my administration has provided explanations and supporting documents to both Houses throughout the review process. Yet once again, action was delayed until the final days of September, and the result is a measure that simply carries last year's budget forward.

Continuing budget authority is better than a shutdown, but it is not good government. A continuing budget freezes the Republic in place. It funds the national government at last year's levels and according to last year's priorities, as if nothing has changed in twelve months. A great deal has changed. The budget is meant to be revisited every year precisely so that it can respond to the changing needs of the Republic, whether those are rising costs, new opportunities, or new challenges facing our people.

This Act buys us time until December 31, 2026. It does not give us permission to wait that long. I urge every member of the Olbiil Era Kelulau to remain vigilant and to keep the same sense of urgency that should have carried us to a full budget by September. This quarter is not a grace period. A full Fiscal

Year 2027 budget can and should be enacted well before this continuing authority expires, and my administration stands ready to work with both Houses to get it done.

I also have reservations about appropriating \$1,560,000 from the Climate Resilience Reserve Fund to create a Drought Preparedness Fund. On its face, drought preparedness seems like a responsible and



proactive idea, and I share the goal of making the Republic more resilient to drought and every other kind of disaster. But this approach duplicates tools we already have or will soon have. The Climate Resilience Reserve Fund and the Cyclical Resilience Fund exist to position the Republic to respond when disasters strike, and the upcoming catastrophe risk coverage through the Pacific Catastrophe Risk Insurance Company is designed to provide rapid financial support to Pacific nations following natural and climate disasters. Carving out a separate, single-purpose fund for one type of event, and drawing it from the very reserve intended to protect us against all of them, fragments our disaster financing rather than strengthening it. I am also concerned that the \$1,000,000 granted to the National Emergency Management Office must be expended or obligated by the end of this calendar year, a timeline of roughly three months that invites rushed spending rather than careful investment.

For these reasons, I have reduced to zero the \$560,000 that Section 5(b) would have granted to the sixteen states in equal allocations of \$35,000 each. Dividing the money evenly among the states, without regard to each state's population, water systems, or actual exposure to drought, and then routing it through sixteen separate state appropriation processes, is simply not an efficient way to prepare our citizens for a possible drought. If drought preparedness funding is warranted, it should be directed to where the need is greatest through a coordinated national effort.

We must also be honest about the opportunity cost of initiatives like this one. Every dollar committed to a duplicative program is a dollar that cannot be used to provide services to our citizens or to pay down the Republic's expensive debt. My administration has pursued a deliberate strategy of retiring specific high-cost loans, and every dollar diverted from that effort costs our people more in interest over time. Each new fund must be measured against the best alternative use of the same money.

Finally, I must once again remind the Olbiil Era Kelulau that the Palau Public Utilities Corporation, the Civil Service Pension Plan, and the Social Security system are all heading toward fiscal cliffs. These problems are not distant, and they will not solve themselves. Every month that reform is delayed makes the eventual solution more painful and more expensive, and that burden will fall on our employees, our retirees, and our children. A continuing budget does nothing to address them. A full budget, together with the reforms I have proposed, including restoring the Palau Public Utilities Corporation's authority to adjust commercial rates, can. I urge both Houses to act now, while we still have choices.

Sincerely,

Surangel S. Whipps, Jr.
President of the Republic of Palau



TWELFTH OLBIIL ERA KELULAU

HOUSE BILL NO. 12-4-1, HD1, SD4

AN ACT

SEE TITLE INSIDE

OFFERED BY DELEGATE(S) DELEGATE SOALABLAH

ET AL,

DATE INTRODUCED 1/30/2025

HOUSE ACTION

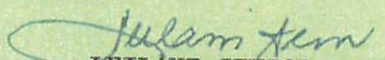
FIRST READING: 1/30/2025
 REFERRED TO: NR&E
 STANDING COMMITTEE REPORT NO: 12-7
 DATE ADOPTED: 4/8/2025
 SECOND READING: 4/8/2025
 LEGAL FORMAT: PROPER
 REVIEW: 4/8/2025
 THIRD READING: 4/22/2025
 FINAL ACTION: 9/29/2026

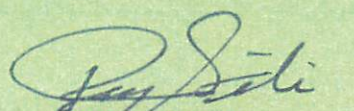
SENATE ACTION

FIRST READING: 5/1/2025
 REFERRED TO: WMFM
 STANDING COMMITTEE REPORT NO: 12-112
 DATE ADOPTED: 9/14/2026
 SECOND READING: 9/14/2026
 LEGAL FORMAT: PROPER
 REVIEW: 9/24/2026
 THIRD READING: 9/24/2026
 FINAL ACTION: 9/29/2026 (recalled & repassed 3rd Rdg)

CONFERENCE COMMITTEE ACTION

DATE:
 COMMITTEE REPORT:
 DATE PASSED:


 LEILANI SENIOR
 HOUSE CLERK


 REAGAN SIDOI
 SENATE CLERK

TWELFTH OLBIL ERA KELULAU

First Regular Session, January 2025

RPPL No. 12-9

(Passed as House Bill No. 12-4-1, HD1, SD4)

AN ACT

To amend Title 9 and Title 40 to extend the Palau Livestock Fund; to provide for Continuing Budget Authority in the first three months of Fiscal Year 2027; to create the Drought Preparedness Fund; to provide funding to the Council of Chiefs for hosting the Council of Pacific Islands Traditional Leaders' Summit; to provide funding for the 2026 Olechotel Belau Fair; and for other related purposes.

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

1 Section 1. Legislative findings. The Olbil Era Kelulau finds that the Palau
2 Livestock Fund was established on October 1, 2019, and under current law, the Palau
3 Livestock Fund expired on October 1, 2025. The Olbil Era Kelulau finds that the Palau
4 Livestock Fund was established to further the mission of the Bureau of Agriculture
5 (BOA), alleviate food insecurity in the Republic, and support the production and sale
6 of locally produced food. Given the importance of locally produced food for the
7 Republic's economy along with the Republic's efforts to alleviate food insecurity, the
8 Olbil Era Kelulau finds that it is important to keep the Palau Livestock Fund intact.

9 Section 2. Amendment. Section 501 of Title 9 of the Palau National Code is
10 hereby amended as follows:

11 "§ 501. Fund established.

12 (a) ...

13 (b) The Fund shall exist for a period of six (6) years beginning on the date of
14 establishment. The Fund shall extend for a period of six (6) years beginning October 1,
15 2026. In the event the Palau Livestock Association ("PLA") winds-up, or ceases to be
16 in existence, or becomes ineligible to receive money, or upon the expiration of six (6)
17 years, the monies remaining in the Fund shall be deposited into the general fund as
18 defined in section 303 of Title 40 of the Palau National Code, and the Fund shall close.

19 (c) ..."

20 Section 3. Amendment. Section 2655 of Title 40 of the Palau National Code is
21 hereby amended as follows:

22 "§ 2655. Allocation of tax revenues for healthcare-related and other costs.

(a) ...

(b) ...

(c) One percent (1%) of the annual revenues derived from the tax imposed on alcoholic beverages under this subchapter shall be allocated to the Palau Livestock Fund established by chapter 5 of Title 9 for an additional period of six (6) years beginning October 1, 2026.”

Section 4. Continuing Budget Authority. Pursuant to 40 PNC § 327, continuing budget authority is hereby enacted for the first three months of Fiscal Year 2027. Regular budget activities of the national government, for the purposes of the continuing authority established in this Act, shall include all of the following appropriations made in RPPL 12-3, as amended by RPPL 12-7:

(1) All appropriations made in Section 2, excluding the \$100,000 earmark made for the Bureau of Customs & Border Protection for the procurement of counternarcotics equipment and the \$265,000 earmarked for the Solid Waste Management Office to manage the cost of the contract for Babeldaob waste collection.

(2) All appropriations made in Sections 3 – 20.

(3) All appropriations made in Sections 23 – 26.

This continuing budget authority shall provide funding at 25% of the level of the corresponding appropriations of Fiscal Year 2026, as enacted in RPPL No. 12-3, as amended by RPPL 12-7. All appropriations made pursuant to this Section shall be subject to the same restrictions, conditions, and requirements as set forth for the corresponding funding in RPPL 12-3, as amended by RPPL 12-7. This continuing budget authority shall begin on October 1, 2026, and shall expire on December 31, 2026, and shall not be construed as an appropriation of more than 25% of the total annual appropriation for each regular budget activity as provided for in RPPL No. 12-3, as amended by RPPL 12-7. Notwithstanding any other Act, the regular budget activity funds appropriated in this Act as corresponding with appropriations in

Sections 2, 5, or 7 of RPPL No. 12-3, as amended by RPPL 12-7, may be reprogrammed by the President in accordance with 40 PNC § 351.

Section 5. Drought Preparedness Fund. The amount of ~~\$1,560,000~~ ^{\$1,000,000} is authorized to be appropriated and is hereby appropriated for expenditure or obligation in Fiscal Year 2027 to the National Emergency Committee to expend for the purpose of drought preparedness. The entire amount authorized to be appropriated and that is hereby appropriated in this section shall come from the Climate Resilience Reserve Fund.

(a) Of this amount, \$1,000,000 shall be granted to the National Emergency Management Office which shall expedite expenditure of these funds, which shall be targeted toward measures that will have an impact on responsiveness to drought within Fiscal Year 2027; all such funds shall be expended or obligated by the conclusion of Calendar Year 2026. The National Emergency Management Office shall submit a detailed expenditure and obligation report of the funds at the conclusion of Calendar Year 2026 to the President of the Republic of Palau, to the presiding officer of each house of the Olbiil Era Kelulau, and to the Office of the Public Auditor.

~~(b) The remaining \$560,000 shall be granted in equal \$35,000 allocations to each of the sixteen states of the Republic, to be available for authorization and appropriation by each state legislature for the purpose of mitigating drought conditions within each state. Each state government shall, upon expenditure or obligation of these funds, report to the President of the Republic, to the presiding officer of each house of the Olbiil Era Kelulau, and to the Office of the Public Auditor, on the use of the funds and compliance with all relevant procurement laws.~~

Section 6. Hosting of the Council of Pacific Islands Traditional Leaders' Summit. The sum of \$75,000 is authorized to be appropriated and is hereby appropriated for expenditure or obligation for Fiscal Year 2027 to the Council of Chiefs for the purpose of hosting of the Council of Pacific Islands Traditional Leaders' Summit. The Council of Chiefs shall submit a detailed expenditure report of the funds to the President of the Republic of Palau, to the presiding officer of each house of the

1 Olbiil Era Kelulau, and to the Office of the Public Auditor. The entire amount
2 authorized to be appropriated and that is hereby appropriated in this section shall
3 come from local revenues.

4 Section 7. 2026 Olechotel Belau Fair. The sum of \$100,000 is authorized and
5 appropriated for Fiscal Year 2027 to provide funding support for the Republic's
6 Olechotel Belau Fair celebration and program of activities. Of this sum, the amount of
7 \$45,000 is hereby earmarked for the Independence Day Boat Race. The entire amount
8 authorized and appropriated in this section shall come from local revenues. Such funds
9 shall be administered by the Ministry of Human Resources, Culture, Tourism, and
10 Development, which shall submit a detailed funds expenditure report to the President
11 of the Republic, to the presiding officer of each house of the Olbiil Era Kelulau, and to
12 the Office of the Public Auditor. The funds appropriated in this Section shall be exempt
13 from competitive procurement requirements of Chapter 6 of Title 40 of the Palau
14 National Code.

15 Section 8. Effective date. This Act shall take effect upon its approval by the
16 President of the Republic of Palau or upon becoming law without such approval, except
17 as otherwise provided by law.

PASSED: September 29, 2026

Approved this 30th day of September, 2026



H. E. Surangel S. Whipps, Jr.
President of the Republic of Palau