



Republic of Palau
Office of the President

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The Senate, OEF

Tommy E. Remengesau, Jr.
President

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Serial No. 14-887
August 28, 2014

The Honorable Camsek E. Chin
Senate President
Senate
P.O. Box 8
Koror, PW 96940

Re: Senate Bill No. 9-120, SD1.

Dear Senate President Chin:

Thank you to you and your colleagues for passing this bill to me for my consideration. As noted in the bill, the main purpose of this bill is to ensure that every social security beneficiary receives a benefits increase of no less than \$50, which was a part of the intent of RPPL No. 9-11 and RPPL No. 9-12. The shortfall affects a narrow group of people earning between \$5,470 and \$10,909. This bill will remedy that shortfall and ensure that all of the people of the Republic that are entitled to Social Security Benefits will, in fact, receive the appropriate amount of social security benefits that they are entitled to.

In addition, the bill will amend our foreign fishing revenue so that the revenue will be utilized to pay down the debt owed to our Civil Service Pension Trust Fund. By paying down this debt the government will have taken a strong step towards ensuring the solvency of the Pension Fund for our dedicated civil servants.

I thank the diligent work by the Olbiil Era Kelulau in ensuring that all aspects of our fiscal house are in order and it is appropriate that I sign this bill into law in tandem with the Fiscal Year 2015 Budget Bill.

Sincerely,

Tommy E. Remengesau, Jr.
President
Republic of Palau



The Senate
NINTH OLBIIL ERA KELULAU
 P.O. Box 8, Ngerulmud
 Republic of Palau 96939

THIRTEENTH SPECIAL Session

August 2014

INTRODUCED AS SENATE BILL NO. 9-120, SD1

AN ACT

(See title inside)

INTRODUCED BY SENATOR (S) Rukebai Kikuo Inabo

ET, AL.,

DATE INTRODUCED May 30, 2014

SENATE ACTION


FIRST READING:	May 30, 2014
REFERRED TO:	Ways and Means and Financial Matters
STANDING COMMITTEE REPORT NO.:	9-177
DATE ADOPTED:	July 10, 2014
SECOND READING:	July 10, 2014
LEGAL FORMAT:	Proper
REVIEW:	July 15, 2014
THIRD READING:	July 15, 2014
FINAL READING:	

HOUSE ACTION

FIRST READING:	July 24, 2014
REFERRED TO:	Ways and Means
STANDING COMMITTEE REPORT NO.:	9-111
DATE ADOPTED:	August 21, 2014
SECOND READING:	August 21, 2014
LEGAL FORMAT:	Proper
REVIEW:	August 21, 2014
THIRD READING:	August 28, 2014
FINAL READING:	

CONFERENCE COMMITTEE ACTION

DATE:	None
COMMITTEE REPORT NO.:	None
DATE PASSED:	None
FINAL READING:	None


 Ann L. Pedro
 CLERK OF THE SENATE


 Marcello Ngirkelau
 HOUSE OF DELEGATES CLERK

AN ACT

To provide for a Social Security basic benefit shortfall payment, to amend Section 741 of Title 41, to direct fishing agreements revenue to the Pension Fund, and for other related purposes.

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

1 Section 1. Amendment. Subchapter VI of Chapter 7 of Title 41 of the Palau
2 National Code is amended to add a new Section 764 to state as follows:

3 “§ 764. Basic benefit shortfall.

4 (a) The purpose of this section is to ensure that every social security
5 beneficiary receives a benefits increase of no less than \$50 relative to the amount that
6 the beneficiary received prior to October 1, 2013, which was the effective date of both
7 RPPL No. 9-11 and RPPL No. 9-12. Beneficiaries whose cumulative covered earnings
8 are between \$5,470 and \$10,909 received a benefits increase that was less than \$50 as
9 a result of the implementation of RPPL No. 9-11 and RPPL No. 9-12. The Basic
10 Benefit Shortfall payment implemented by this section is the exact amount that each
11 beneficiary in this group requires in order to receive a total benefits increase of \$50
12 over the amount the beneficiary was due to be paid prior to October 1, 2013.

13 (b) For purposes of this section

14 (1) the “Old Basic Benefit” is a monthly payment of one-twelfth of
15 twenty-one and one half percent (21.5%) of the first eleven thousand dollars
16 (\$11,000) of cumulative covered earnings, or the minimum basic benefit of \$98
17 in effect prior to October 1, 2013, whichever was the amount due to be paid to
18 a beneficiary;

19 (2) the basic benefit as calculated under Section 751(a)(1) as amended
20 by RPPL No. 9-12 is known as the “New Basic Benefit” and is a monthly
21 payment of one-twelfth of twenty-seven percent (27%) of the first eleven
22 thousand dollars (\$11,000) of cumulative earnings, or the minimum basic
23 benefit of \$148 in effect as of October 1, 2013, whichever is the amount due to
24 be paid to a beneficiary;

1 (3) the amount remaining when the Old Basic Benefit is subtracted
2 from the New Basic Benefit is known as the “Basic Benefit Increase”; and

3 (4) the amount remaining when the Basic Benefit Increase is subtracted
4 from \$50 is known as the “Basic Benefit Shortfall”, where that amount
5 remaining is a positive amount.

6 (c) The Basic Benefit Shortfall will be added to the monthly payment due to a
7 Social Security beneficiary where that beneficiary incurs a Basic Benefit Shortfall.

8 (d) The Basic Benefit Shortfall is retroactive to October 1, 2013, so that
9 individuals who would have received a Basic Benefit Shortfall payment under this
10 section between October 1, 2013 and the effective date of this section will receive a
11 lump sum payment of the Basic Benefit Shortfall payments that accrued during that
12 time.”

13 Section 2. Amendment. 41 PNC § 741, as amended by RPPL No. 9-12, is
14 amended to state as follows:

15 “§ 741. Self-employed persons.

16 (a) ...

17 ...

18 (c) A self-employed person who has, in a given quarter, no employee who
19 receives remuneration from him, shall be presumed to receive in any quarter, as
20 remuneration, ten percent (10%) of the self-employed person’s gross revenue in the
21 preceding calendar year. However, if the self-employed person has reached
22 retirement age under Section 753, the self-employed person is exempt from
23 contributions under this subsection.

24 (d) ...

25 ...”

26 Section 3. Amendment. Section 2 of RPPL No. 8-47, as amended by RPPL No.
27 9-11, is amended to state as follows:

28 “Section 2. Foreign Fishing Revenue Distribution.

29 (a) ...

1 (b) ...

2 (c) Beginning with funds received in Fiscal Year 2011, all revenue derived
3 from the fishing agreements shall hereby be divided between the national government
4 and the state governments as follows:

5 (1) 15% of the revenue shall go to the national government. In fiscal
6 years 2014, 2015, and 2016, this 15% of revenue shall be deposited in the
7 Social Security Fund which shall be applied to retire any debts to the Social
8 Security Fund incurred by the national government in its capacity as an
9 employer; the National Treasury shall transmit the revenue to the Social
10 Security Fund no later than sixty (60) days upon receipt. Starting in fiscal year
11 2017, or at the time that the debts to the Social Security Fund are paid,
12 whichever is sooner, the 15% of revenue directed to the national government
13 will be deposited in the Republic of Palau Civil Service Pension Trust Fund for
14 the purpose of retiring any debts to the Civil Service Pension Trust Fund
15 incurred by the national government in its capacity as an employer until those
16 debts are paid.

17 (2) ...

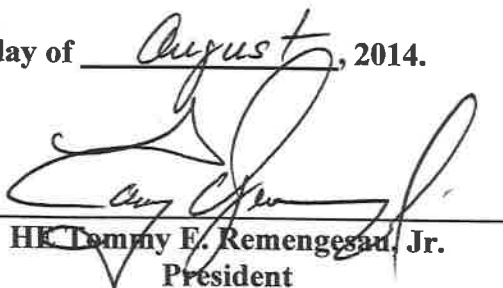
18 (3) ...

19 (d) ...”

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

PASSED: August 28, 2014

Approved this 28th day of August, 2014.


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