



Republic of Palau
Office of the President

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President

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September 20, 2012
Serial No. 12-2201

The Honorable Mlib Tmetuchl
President of the Senate
Eighth Olbiil Era Kelulau
Koror, Republic of Palau 96940

Re: House Bill No. 8-90-7, HD2, SD1, CD1 - A Bill for an Act to provide discounts for senior citizens at the stores, restaurants and hotels in the Republic and to amend RPPL No. 8-40, as amended by RPPL No. 8-46, to authorize and appropriate the additional sum of \$1,958,800 from the National Treasury to supplement the general operations of the National Government of the Republic of Palau for the fiscal year ending September 30, 2012, and for other related purposes.

Dear Senate President Tmetuchl:

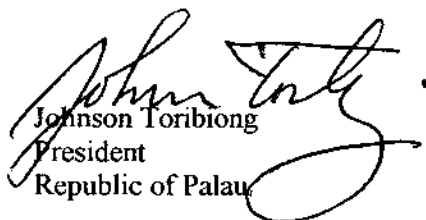
Pursuant to the authority vested in me under §15 of Article IX of the Constitution of the Republic of Palau, I have signed House Bill No. 8-90-7, HD2, SD1, CD1 (the "Bill") into law as RPPL No. 8-49 with my strong recommendation that this Act granting discount to our senior citizens be amended to prevent its potential for abuse.

Having made that recommendation, I would like to thank you, Mr. President and all the Honorable Senators, for timely passing the requested Supplemental Budget to ensure that all governmental programs and services will continue to be extended to our people until the end of this fiscal year.

On the senior citizens discount, I want to make it clear that I wholeheartedly support the discount relief for our senior citizens, particularly those who are struggling to make ends meet. However, as presently written, the discount provisions of this Act are not tight enough to prevent abuse. The discount provisions of this Act should be specifically limited to sales made for the personal benefit only of the eligible senior citizens. It is also obvious to me that this Act will undoubtedly have unintended consequences, not the least of which will be to significantly reduce the gross revenue taxes collected by the National Government. This should be carefully considered. Furthermore, the discount provisions of this Act as presently written will make this Act difficult to implement. In light of these concerns, I respectfully request the Olbiil Era Kelulau to reconsider and rectify this Act as it pertains to the senior citizens discount as soon as possible and subject its application to the promulgation of the necessary implementing regulations.

Mr. President and Honorable Senators, thank you for your continuing understanding and cooperation. Let us continue to work together to help our people and improve the quality of their life. I remain,

Sincerely yours,


Johnson Toribiong
President
Republic of Palau



EIGHTH OLBIL ERA KELULAU

TWENTY-SECOND SPECIAL SESSION

SEPTEMBER 2012

HOUSE BILL NO. 8-90-7, HD2, SD1, CD1

A BILL FOR AN ACT

SEE TITLE INSIDE

OFFERED BY DELEGATE(S) All Delegates

ET AL,

DATE INTRODUCED July 13, 2010

HOUSE ACTION

FIRST READING: July 13, 2010
 REFERRED TO: RCTD/CYSA
 STANDING COMMITTEE REPORT NO: 8-143
 DATE ADOPTED: November 03, 2011
 SECOND READING: November 03, 2011
 LEGAL FORMAT: Proper
 REVIEW: November 04, 2011
 THIRD READING: November 09, 2011
 FINAL ACTION: September 19, 2012

SENATE ACTION

FIRST READING: December 08, 2012
 REFERRED TO: YASWC
 STANDING COMMITTEE REPORT NO: 8-412
 DATE ADOPTED: September 07, 2012
 SECOND READING: September 07, 2012
 LEGAL FORMAT: Proper
 REVIEW: September 10, 2012
 THIRD READING: September 10, 2012
 FINAL ACTION: September 18, 2012

CONFERENCE COMMITTEE ACTION

DATE: September 18, 2012
 COMMITTEE REPORT: 8-27
 DATE PASSED: September 19, 2012

Marcello Ngirkelau
 ACTING HOUSE CLERK

Wilber Williams
 SENATE CLERK

AN ACT

To provide discounts for senior citizens at the stores, restaurants and hotels in the Republic and to amend RPPL No. 8-40, as amended by RPPL No. 8-46, to authorize and appropriate the additional sum of \$1,958,800 from the National Treasury to supplement the general operations of the National Government of the Republic of Palau for the fiscal year ending September 30, 2012, 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 Palau's senior citizens
2 struggle with the restrictions of a limited, fixed budget in the face of rising prices of food and other
3 necessities. After a lifetime of service to their communities, families and the Republic, senior citizens
4 deserve respect and a quality of life which enables them to live comfortably. For this reason, the
5 Olbil Era Kelulau finds that senior citizens who are registered with the Bureau of Aging and Gender
6 should be entitled to a discount at all retail stores, restaurants and hotels in the Republic.
7 Additionally, this discount will encourage senior citizens to maintain an active social life and stay
8 involved in the larger community, improving both their emotional and physical health as they age.

9 **Section 2. Senior Citizen Discount.**

10 (a) Any senior citizen over the age of sixty (60) who is registered with the Bureau of Aging
11 and Gender shall receive a ten percent (10%) discount on goods over five dollars (\$5) purchased at a
12 retail store and a twenty five percent (25%) discount on goods, food, or services over five dollars (\$5)
13 at any restaurant or hotel in the Republic. The discount will be taken off the pre-tax total of the senior
14 citizen's bill, upon presentation of proper identification by the senior citizen.

15 (b) The following restrictions shall apply to the discounts stated in Section 2(a) of this Act :

16 (i) In stores or hotels, the goods, food or services must be purchased by the senior
17 citizen to qualify for the discount. In restaurants, including restaurants located within a
18 hotel, the bill need not be paid by the senior citizen for the discount to apply but only
19 the senior citizen's meal is eligible for a discount.

20 (ii) Tobacco products, including cigarettes, will not be eligible for this discount.

21 (iii) Alcohol beverages, will not be eligible for this discount.

22 (c) The retail store, restaurant, or hotel applying the senior citizen discount in Section 2(a) of

1 this Act may claim the cost of the discounts granted under Section 2(a) as a deduction from the gross
2 income for the same taxable year that the discount is granted.

3 **Section 3. Amendment.** Section 1002 of Title 40 of the Palau National Code is hereby
4 amended as follows:

5 "§ 1002. Definitions.

6 In this division:

7 (a) . . .

8 . . .

9 (o) "Gross revenue" means the total sums of all receipts from sources within the Republic
10 whether in the form of cash or property derived from business, from the exploitation of capital
11 whether in the form of receipts from the disposition of capital assets, interest, dividends, royalties,
12 rentals, fees or otherwise, however, such receipts may be labeled without deduction or offset of any
13 kind or nature. Every taxpayer shall be presumed to be dealing on a cash basis. "Gross revenue" does
14 not include:

15 (1) refunds, rebates, and returns;

16 (2) monies held in a fiduciary capacity;

17 (3) gross receipts from the sale of bonds or other evidence of indebtedness or stocks,
18 or from the sale of land;

19 (4) income in the form of wages and salaries; and

20 (5) the cost of senior citizen discounts.

21 . . ."

22 **Section 4. Regulations.** The Minister of Finance, with the Ministry of Community and
23 Cultural Affairs, shall, within 90 days of enactment of this Act and in accordance with 6 PNC Chapter
24 1, the Administrative Procedure Act, promulgate rules and regulations to implement this Act,
25 including but not limited to:

26 (a) establishing a system for claiming the tax deductions established by this Act; and