

Union Calendar No. 860

115TH CONGRESS
2D SESSION

H. R. 2085

[Report No. 115–1039, Part I]

To approve an agreement between the United States and the Republic of
Palau, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 8, 2017

Mr. SABLAN (for himself and Ms. BORDALLO) introduced the following bill;
which was referred to the Committee on Natural Resources, and in addition
to the Committee on Foreign Affairs, for a period to be subsequently
determined by the Speaker, in each case for consideration of such provisions
as fall within the jurisdiction of the committee concerned

NOVEMBER 20, 2018

Reported from the Committee on Natural Resources

NOVEMBER 20, 2018

Referral to the Committee on Foreign Affairs extended for a period ending
not later than December 28, 2018

DECEMBER 28, 2018

Committee on Foreign Affairs discharged; committed to the Committee of the
Whole House on the State of the Union and ordered to be printed

A BILL

To approve an agreement between the United States and
the Republic of Palau, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. APPROVAL OF THE AGREEMENT BETWEEN THE**
 4 **UNITED STATES AND THE REPUBLIC OF**
 5 **PALAU.**

6 (a) DEFINITIONS.—In this section:

7 (1) AGREEMENT.—The term “Agreement”
 8 means the Agreement and appendices signed by the
 9 United States and the Republic of Palau on Sep-
 10 tember 3, 2010.

11 (2) COMPACT OF FREE ASSOCIATION.—The
 12 term “Compact of Free Association” means the
 13 Compact of Free Association between the Govern-
 14 ment of the United States of America and the Gov-
 15 ernment of Palau (48 U.S.C. 1931 note; Public Law
 16 99–658).

17 (b) RESULTS OF COMPACT REVIEW.—

18 (1) IN GENERAL.—Title I of Public Law 99–
 19 658 (48 U.S.C. 1931 et seq.) is amended by adding
 20 at the end the following:

21 **“SEC. 105. RESULTS OF COMPACT REVIEW.**

22 “(a) IN GENERAL.—The Agreement and appendices
 23 signed by the United States and the Republic of Palau
 24 on September 3, 2010 (referred to in this section as the
 25 ‘Agreement’), in connection with section 432 of the Com-

1 pact of Free Association between the Government of the
2 United States of America and the Government of Palau
3 (48 U.S.C. 1931 note; Public Law 99–658) (referred to
4 in this section as the ‘Compact of Free Association’), are
5 approved—

6 “(1) except for the extension of Article X of the
7 Agreement Regarding Federal Programs and Serv-
8 ices, and Concluded Pursuant to Article II of Title
9 II and section 232 of the Compact of Free Associa-
10 tion; and

11 “(2) subject to the provisions of this section.

12 “(b) WITHHOLDING OF FUNDS.—If the Republic of
13 Palau withdraws more than \$9,000,000 from the trust
14 fund established under section 211(f) of the Compact of
15 Free Association in fiscal year 2018, amounts payable
16 under sections 1, 2(a), 3, and 4(a), of the Agreement shall
17 be withheld from the Republic of Palau until the date on
18 which the Republic of Palau reimburses the trust fund for
19 the total amounts withdrawn that exceeded \$9,000,000 in
20 that fiscal year, except that funds to be provided under
21 section 3 of the Agreement may be released to replenish
22 the 211(f) Fund if an arrangement had been made be-
23 tween the United States and the Republic of Palau to ad-
24 vance funds during such fiscal year from the 211(f) Fund

1 for the purposes allowable under section 3 of the Agree-
2 ment.

3 “(c) FUNDING FOR CERTAIN PROVISIONS UNDER
4 SECTION 105 OF COMPACT OF FREE ASSOCIATION.—Not
5 later than 30 days after the date of the enactment of this
6 section, out of any funds in the Treasury not otherwise
7 appropriated, the Secretary of the Treasury shall transfer
8 to the Secretary of the Interior such sums as are necessary
9 for the Secretary of the Interior to implement sections 1,
10 2(a), 3, 4(a), 5, and 6 of the Agreement, which sums shall
11 remain available until expended without any further ap-
12 propriation.

13 “(d) AUTHORIZATIONS OF APPROPRIATIONS.—There
14 are authorized to be appropriated—

15 “(1) to the Secretary of the Interior to sub-
16 sidize postal services provided by the United States
17 Postal Service to the Republic of Palau, the Repub-
18 lic of the Marshall Islands, and the Federated States
19 of Micronesia, \$1,500,000 for each of fiscal years
20 2018 through 2024, to remain available until ex-
21 pended but may be available pursuant to this para-
22 graph to the United States Postal Service only so
23 long as domestic postage may be used for mail to
24 Palau, the Federated States of Micronesia, and the
25 Republic of the Marshall Islands; and

1 “(2) to the head of each Federal entity de-
 2 scribed in paragraphs (1), (3), and (4) of section
 3 221(a) of the Compact of Free Association (includ-
 4 ing the successor of each Federal entity) to carry
 5 out the responsibilities of the Federal entity under
 6 section 221(a) of the Compact of Free Association
 7 such sums as are necessary, to remain available
 8 until expended.”.

9 (2) OFFSET.—Section 3 of the Act of June 30,
 10 1954 (68 Stat. 330, 82 Stat. 1213, chapter 423), is
 11 repealed.

12 (c) PAYMENT SCHEDULE; WITHHOLDING OF FUNDS;
 13 FUNDING.—

14 (1) COMPACT SECTION 211(f) FUND.—Section
 15 1 of the Agreement shall be construed as though the
 16 section reads as follows:

17 **“SEC. 1. COMPACT SECTION 211(f) FUND.**

18 “The Government of the United States shall con-
 19 tribute \$30,250,000 to the Fund referred to in section
 20 211(f) of the Compact in accordance with the following
 21 schedule:

22 “(1) \$22,000,000 in fiscal year 2018.

23 “(2) \$2,000,000 in each of fiscal years 2019
 24 through 2022.

25 “(3) \$250,000 in fiscal year 2023.”.

1 (2) INFRASTRUCTURE MAINTENANCE FUND.—

2 Subsection (a) of section 2 of the Agreement shall
3 be construed as though the subsection reads as fol-
4 lows:

5 “(a) The Government of the United States shall pro-
6 vide a grant of \$16,000,000 in fiscal year 2018, rep-
7 resenting the amounts to have been provided by the
8 United States in fiscal years 2011 through 2017 under
9 section 2(a) of the Agreement, and a grant of \$2,000,000
10 annually from the beginning of fiscal year 2019 through
11 fiscal year 2024 to create a trust fund, to be known as
12 the ‘Infrastructure Maintenance Fund’, to be used for the
13 routine and periodic maintenance of major capital im-
14 provement projects financed by funds provided by the
15 United States. The Government of the Republic of Palau
16 shall match the contributions made by the United States
17 by making contributions of \$150,000 to the Infrastructure
18 Maintenance Fund on a quarterly basis from the begin-
19 ning of fiscal year 2018 through fiscal year 2024. Imple-
20 mentation of this subsection shall be carried out in accord-
21 ance with the provisions of Appendix A of this Agree-
22 ment.”.

23 (3) FISCAL CONSOLIDATION FUND.—Section 3
24 of the Agreement shall be construed as though the
25 section reads as follows:

1 **“SEC. 3. FISCAL CONSOLIDATION FUND.**

2 “The Government of the United States shall provide
3 the Government of Palau \$10,000,000 in fiscal year 2018
4 for deposit in an interest bearing account to be used to
5 reduce government arrears of Palau. Implementation of
6 this section shall be carried out in accordance with the
7 provisions of Appendix B of this Agreement.”.

8 (4) DIRECT ECONOMIC ASSISTANCE.—Sub-
9 section (a) of section 4 of the Agreement shall be
10 construed as though the subsection reads as follows:

11 “(a) In addition to the economic assistance of
12 \$13,147,000 provided to the Government of Palau by the
13 Government of the United States in each of fiscal years
14 2010, 2011, 2012, 2013, 2014, 2015, 2016, and 2017,
15 and unless otherwise specified in this Agreement or in an
16 Appendix of this Agreement, the Government of the
17 United States shall provide the Government of Palau
18 \$27,250,000 in economic assistance as follows:

19 “(1) \$7,250,000 in fiscal year 2018.

20 “(2) \$6,000,000 in fiscal year 2019.

21 “(3) \$5,000,000 in fiscal year 2020.

22 “(4) \$4,000,000 in fiscal year 2021.

23 “(5) \$3,000,000 in fiscal year 2022.

24 “(6) \$2,000,000 in fiscal year 2023.

25 The funds provided in any fiscal year under this sub-
26 section for economic assistance shall be provided in 4

1 quarterly payments (30 percent in the first quarter, 30
2 percent in the second quarter, 20 percent in the third
3 quarter, and 20 percent in the fourth quarter) unless oth-
4 erwise specified in this Agreement or in an Appendix of
5 this Agreement.”.

6 (5) INFRASTRUCTURE PROJECTS.—Section 5 of
7 the Agreement shall be construed as though the sec-
8 tion reads as follows:

9 **“SEC. 5. INFRASTRUCTURE PROJECTS.**

10 “The Government of the United States shall provide
11 in fiscal year 2018, \$40,000,000 to the Government of
12 Palau towards one or more mutually agreed infrastructure
13 projects in accordance with the provisions of Appendix C
14 to this Agreement.”.

15 (d) CONTINUING PROGRAMS AND LAWS.—Section
16 105(f)(1)(B)(ix) of the Compact of Free Association
17 Amendments Act of 2003 (48 U.S.C. 192ld(f)(1)(B)(ix))
18 is amended by striking “2009” and inserting “2024”.

19 (e) AUDIT; FULL FAITH AND CREDIT; INFLATION
20 ADJUSTMENT.—The Secretary of the Interior shall fund
21 the amounts necessary to conduct the audits required by
22 section 6 and Appendix D of the Agreement. Section 236
23 of the Compact applies to the commitments of the United
24 States under sections 1, 2(a), 3, 4(a), and 5 of the Agree-
25 ment, and to the amounts necessary to conduct such au-

1 dits, to the same extent as section 236 applies to the Com-
 2 pact. Section 215 of the Compact shall be applied to such
 3 commitments and amounts by substituting “2010” for
 4 “1981”.

5 (f) PASSPORT REQUIREMENT.—Section 141 of Arti-
 6 cle IV of Title One of the Compact of Free Association
 7 shall be construed and applied as if it read as follows:

8 **“SEC. 141. PASSPORT REQUIREMENT.**

9 “(a) IN GENERAL.—An individual in one of the fol-
 10 lowing categories may be admitted to lawfully engage in
 11 occupations and establish residence as a nonimmigrant in
 12 the United States and its territories and possessions with-
 13 out regard to paragraphs (5) or (7)(B)(i)(II) of section
 14 212(a) of the Immigration and Nationality Act (8 U.S.C.
 15 1182(a)(5) or (a)(7)(B)(i)(II)), if the passport presented
 16 to satisfy section 212(a)(7)(B)(i)(I) of such Act is a valid,
 17 unexpired, machine-readable passport that satisfies the
 18 internationally accepted standard for machine readability:

19 “(1) An individual who, on September 30,
 20 1994, was a citizen of the Trust Territory of the Pa-
 21 cific Islands, as defined in title 53 of the Trust Ter-
 22 ritory Code in force on January 1, 1979, and has
 23 become and remains a citizen of Palau.

1 “(2) An individual who acquires the citizenship
2 of Palau, at birth, on or after the effective date of
3 the Constitution of Palau.

4 “(3) A naturalized citizen of Palau, who has
5 been an actual resident of Palau for not less than
6 five years after attaining such naturalization and
7 who holds a certificate of actual residence.

8 “(b) EMPLOYMENT.—An individual in one of the cat-
9 egories in paragraphs (1) through (3) of subsection (a)
10 shall be considered to have the permission of the Secretary
11 of Homeland Security of the United States to accept em-
12 ployment in the United States.

13 “(c) HABITUAL RESIDENCE.—The right of an indi-
14 vidual in one of the categories in paragraphs (1) through
15 (3) of subsection (a) to establish habitual residence in a
16 territory or possession of the United States may be sub-
17 jected to non-discriminatory limitations provided for—

18 “(1) in statutes or regulations of the United
19 States; and

20 “(2) in those statutes or regulations of the ter-
21 ritory or possession concerned which are authorized
22 by the laws of the United States.

23 “(d) CLARIFICATION.—Subsection (a)—

24 “(1) does not confer on a citizen of Palau the
25 right to establish the residence necessary for natu-

1 ralization under the Immigration and Nationality
2 Act, or to petition for benefits for alien relatives
3 under that Act; and

4 “(2) shall not prevent a citizen of Palau from
5 otherwise acquiring such rights or lawful permanent
6 resident alien status in the United States.”.

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