

I MINA'TRENTAI TRES NA LIHESLATURAN GUÅHAN
2015 (FIRST) Regular Session

Bill No. 2015-33 (COR)

Introduced by:

B. J. F. Cruz 

AN ACT TO *AMEND* SECTIONS 24102(f) AND 24103 OF ARTICLE 4, CHAPTER 24, DIVISION 2, TITLE 11 OF THE GUAM CODE ANNOTATED AND TO *ADD* A NEW SECTION 2111 TO CHAPTER 2, TITLE 2 OF THE GUAM CODE ANNOTATED, RELATIVE TO REDUCING THE DEBT CEILING OF THE GOVERNMENT OF GUAM AND TO ENSURE THAT ANY ADJUSTMENT TO THE DEBT CEILING OF THE GOVERNMENT OF GUAM BE CONSIDERED SEPARATE AND APART FROM ANY BOND OR DEBT AUTHORIZATION BY *I LIHESLATURAN GUÅHAN*.

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BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Legislative Findings and Intent. *I Liheslaturan Guåhan*

finds that the debt ceiling of the government of Guam is calculated by first determining the appraised value of all taxable land and improvements on Guam which have been verified by the Department of Revenue and Taxation (DRT) as certified by the Board of Equalization (BOE) pursuant to the requirements of § 24518, Chapter 24, Title 11 GCA. After such determination of appraised value of all taxable land and improvements on Guam, the total aggregate assessed value is calculated at one hundred percent (100%) of the appraised value which excludes the values listed under § 24401 (a) to (f). Such percentage of appraised value currently at one hundred percent (100%) is pursuant to § 24102(f), Article 4, Chapter 24, Division 2, Title 11 GCA. Upon calculation of the total aggregate assessed value, ten percent (10%) of such amount calculates the overall

1 government of Guam debt ceiling.

2 *I Liheslaturan Guåhan* further finds that the percentage of appraised value in
3 the calculation of assessed value pursuant to § 24102(f), Article 4, Chapter 24,
4 Division 2, Title 11 GCA has been amended from thirty five percent (35%) to
5 seventy percent (70%) pursuant to Section 5, Chapter X of Public Law 29-19 on
6 September 29, 2007, from seventy percent (70%) to ninety percent (90%) pursuant
7 to Section 12 of Public Law 30-07 on April 2, 2009, and from ninety percent
8 (90%) to one hundred percent (100%) pursuant to Section 1 of Public Law 31-196
9 on March 28, 2012.

10 *I Liheslaturan Guåhan* further finds that on March 14, 2015, the BOE
11 certified the 2014 Real Property Tax Assessment Roll with a total appraised value
12 of taxable land and improvements of Sixteen Billion Nine Hundred Seventy Three
13 Million Eight Hundred Five Thousand Six Hundred Forty Four Dollars
14 (**\$16,973,805,644**) of which total aggregate assessed value is one hundred percent
15 (100%) of such value. Subsequent to such certification by the BOE, the Guam
16 Economic Development Authority (GEDA) issued its September 2015 Debt
17 Abstract released on October 7, 2015 which calculated the debt ceiling of the
18 government of Guam at One Billion Six Hundred Ninety Seven Million Three
19 Hundred Eighty Thousand Five Hundred Sixty Four Dollars (**\$1,697,380,564**). The
20 Debt Abstract also included a total of Sixty Three Million Seven Hundred Eighty
21 Nine Thousand Two Hundred Ninety Four Dollars (**\$63,789,294**) in General
22 Obligation Debt and One Billion Fifty Five Million Eight Thousand Five Hundred
23 Seventy One Dollars (**\$1,055,008,571**) in Limited Obligation Debt totaling One
24 Billion One Hundred Eighteen Million Seven Hundred Ninety Seven Thousand
25 Eight Hundred Sixty Five Dollars (**\$1,118,797,865**).

26 *I Liheslaturan Guåhan* further finds that the amount available for future debt
27 obligation is the debt ceiling less the total General and Limited Obligation Debt

1 which amounts to Five Hundred Seventy Eight Million Five Hundred Eighty Two
2 Thousand Six Hundred Ninety Nine Dollars (**\$578,582,699**). *I Liheslaturan*
3 *Guåhan* recognizes that there is approximately One Hundred Seventy One Million
4 One Hundred Thousand Dollars (**\$171,100,000**) in previously approved financing
5 that has an impact on the debt ceiling of the government of Guam which includes
6 the following:

7 (a) \$7,850,000 for the purchasing and shipping of equipment for
8 the Guam Fire Department pursuant to § 72108 of Title 10 GCA as added in
9 Public Law 29-113 on September 30, 2008;

10 (b) \$15,750,000 for the design, construction and collateral
11 equipment of a new Department of Land Management Building pursuant to
12 § 60907, Article 9, Chapter 60, Title 21 GCA renumbered and added in
13 Public Law 29-135 on January 8, 2009;

14 (c) \$40,500,000 for the financing of the University of Guam
15 expansion and renovation of the Student Services Center and the
16 construction of an Engineering Annex facility and the Guam Community
17 College renovation and/or hardening of the Gregorio G. Perez Crime Lab
18 Building and Building #100 and #200 pursuant to Public Laws 30-201, 31-
19 229, 31-277, 32-063 and 32-120;

20 (d) \$100,000,000 for the rehabilitation, renovation and construction
21 of public elementary and secondary schools on Guam among other
22 education-related capital improvements pursuant to Public Laws 31-229, 32-
23 120, and 32-121; and

24 (e) \$7,000,000 for the renovation of the Guam Memorial Hospital
25 Authority Labor and Delivery Ward.

26 *I Liheslaturan Guåhan* further finds that the amount available for future debt
27 obligation less the amount of approved financing provides for Four Hundred Seven

1 Million Four Hundred Eighty Two Thousand Six Hundred Ninety Nine Dollars
2 **(\$407,482,699)**.

3 *I Liheslaturan Guåhan* recognizes that the government of Guam holds a total
4 of One Billion One Hundred Eighteen Million Seven Hundred Ninety Seven
5 Thousand Eight Hundred Sixty Five Dollars **(\$1,118,797,865)** in General and
6 Limited Obligation Debt which does not include other debt that the people of
7 Guam bear the burden of paying which are not considered General or Limited
8 Obligation Debt. According to the Office of Public Accountability (OPA) Report
9 No. 14-01 released in April 2014, there was approximately One Hundred Forty
10 Eight Million Five Hundred Ninety One Thousand Two Hundred Fifteen Dollars
11 **(\$148,591,215)** in government of Guam debt as of the end of Fiscal Year 2013 that
12 is not subject to the debt ceiling which were noted as Certificates of Participation
13 for the construction of Guam public schools, certain notes payable, and Judiciary
14 of Guam debt.

15 *I Liheslaturan Guåhan* further finds that there are other obligations of the
16 government of Guam that may be considered debt as a result of the financing
17 mechanisms that may be required to be paid by the government of Guam for the
18 use of certain facilities. The Tiyan High School campus, the construction of a
19 Tiyan High School Gymnasium, the construction of a new Guam Department of
20 Education (GDOE) central office and other ancillary facilities including
21 warehouses and warehouse mezzanines total approximately Eighty Seven Million
22 One Hundred Forty Eight Thousand Nine Hundred Ninety Seven Dollars
23 **(\$87,148,997)** in principal plus an additional One Hundred Eleven Million Nine
24 Hundred Twenty Four Thousand Nine Hundred Eighty Nine Dollars
25 **(\$111,924,989)** in interest, Fifty Three Million Seven Hundred Seventy Four
26 Thousand Seven Hundred Forty Dollars **(\$53,774,740)** in Insurance and
27 Maintenance, and Three Million Dollars **(\$3,000,000)** totaling Two Hundred Sixty

1 Million Three Hundred Forty Seven Thousand Eight Hundred Sixteen Dollars
2 (\$260,347,816) according to OPA Report No. 14-07 released in December 2014.

3 As a result of such obligations and debt that are not subject to the debt
4 ceiling, the government of Guam's debt, inclusive of those not subject to the debt
5 ceiling for which General and Special Revenue Funds generated by the
6 government of Guam pay as well as already authorized and approved financing
7 total over One Billion Five Hundred Twenty Five Million Dollars
8 (\$1,525,000,000).

9 *I Liheslaturan Guåhan* further finds that OPA Report No. 14-01 explained
10 that between FY 2008 and FY 2013, debt service payments almost doubled. As a
11 result of the cumulative General Fund deficit at the end of FY 2014 as reported by
12 the FY 2014 Government-Wide Audited Financial Statements released on June 29,
13 2015, *I Liheslaturan Guåhan* believes that any continued attempt to place the
14 government of Guam in further debt may be detrimental to the payment of income
15 tax refunds as required by the federal District Court of Guam's Case No. CV 11-
16 00008 CBM Permanent Injunction and Final Judgment as well as in providing
17 essential services to the people of Guam.

18 Therefore it is the intent of *I Liheslaturan Guåhan* to reduce the debt ceiling
19 to ensure that continued borrowing above any of the existing approved financing
20 be duly vetted and considered by *I Liheslaturan Guåhan* and the people of Guam.
21 Additionally, *I Liheslaturan Guåhan* further intends that any future proposal for
22 increasing the government of Guam's debt be separate and apart from the issue of
23 raising the debt ceiling.

24 **Section 2.** § 24102(f) of Article 4, Chapter 24, Division 2, Title 11 GCA is
25 hereby *amended* to read:

26 “(f) *Value, full cash value, fair market value, and cash value* means
27 ~~one hundred seventy seven percent (10077%)~~ of the appraised value; *appraised*

1 *value* means the amount at which property would be taken in payment of a just
2 debt from a solvent debtor as determined by the last completed valuation
3 conducted pursuant to § 24306, Title 11, Guam Code Annotated, as amended by
4 the annual adjustments mandated in this Chapter. The appraised value of the
5 interest of a lessee or licensee of land owned by the Chamorro Land Trust
6 Commission *shall* be the appraised value of the land, *not* including improvements.”

7 **Section 3.** § 24103 of Article 4, Chapter 24, Division 2, Title 11 GCA is
8 hereby *amended* to read:

9 **“§ 24103. Levy.**

10 There is hereby levied on all land property in Guam a yearly tax at the
11 rate of ~~seven-eighths~~ seventy-one six hundred twenty-fifths percent
12 (~~7/80~~71/625%) of the value thereof and ~~seven-twentieths~~ five-elevenths percent
13 (~~7/20~~5/11%) of the value of the improvements thereon. Such tax shall be assessed
14 and collected in the manner prescribed in this Chapter. All proceeds derived by the
15 government under any provision of this Chapter shall be deposited in the General
16 Fund.”

17 **Section 4.** A new Section 2111 is hereby *added* to Chapter 2, Title 2 GCA to
18 read:

19 **“§ 2111. Separate Consideration of Debt Ceiling Adjustments.** Any bill
20 introduced, considered or passed by *I Liheslaturan Guåhan*, or any of its Members
21 related to the amendment or adjustment to the percentage of appraised value of
22 land and improvements pursuant to § 24102(f), Article 4, Chapter 24, Division 2,
23 Title 11 GCA or any section of the Guam Code Annotated relative to the
24 percentage of appraised value of land and improvements that have an effect on the
25 debt ceiling and/or debt limit of the government of Guam *shall not* contain any
26 approval and/or authorization for the issuance of bonds or the issuance of debt for
27 any purpose.

1 No amendment or adjustment to the percentage of appraised value of land
2 and improvements pursuant to § 24102(f), Article 4, Chapter 24, Division 2, Title
3 11 GCA or any section of the Guam Code Annotated relative to the percentage of
4 appraised value of land and improvements that have an effect on the debt ceiling
5 and/or debt limit of the government of Guam *may* be considered as a “rider” or
6 amendment to another bill or any bill which approves and/or authorizes the
7 issuance of bonds or the issuance of debt for any purpose, and neither *may* any
8 amendment or “rider” be considered by *I Liheslaturan Guåhan* that approves
9 and/or authorizes the issuance of bonds or the issuance of debt for any purpose on
10 any bill which amends or adjusts the percentage of appraised value of land and
11 improvements pursuant to § 24102(f), Article 4, Chapter 24, Division 2, Title 11
12 GCA or any section of the Guam Code Annotated relative to the percentage of
13 appraised value of land and improvements that have an effect on the debt ceiling
14 and/or debt limit of the government of Guam.”

15 **Section 5. Effective Date.** This Act *shall* become effective upon enactment.

16 **Section 6. Severability.** *If* any provision of this Act or its application to any
17 person or circumstance is held invalid, the invalidity *shall not* affect other
18 provisions or applications of this Act which can be given effect without the invalid
19 provision or application and to this end the provisions of this Act is severable.