

I MINA'TRENTAI KUÂTTRO NA LIHESLATURAN GUÁHAN
RESOLUTION STATUS

Resolution No.	Sponsor	Title	Date Intro	Date of Presentation	Date Adopted	Date Referred	Referred to	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	NOTES
312-34 (COR)	Michael F.Q. San Nicolas	Relative to respectfully petitioning the United States Congress, pursuant to 48 USC §1423k, to enact legislation amending the Organic Act of Guam to include a provision of Guam Public Law 24-222 such that any provision enacted by the Government of Guam which increases the public indebtedness of the Government of Guam by at least Twenty-Five Million Dollars (\$25,000,000), backed by the full faith and credit of the Government of Guam, must be approved by a majority of votes cast in an election before any such borrowing may be undertaken, with allowances for a state of emergency if so ratified by a two-thirds (2/3) vote of the Guam Legislature.	12/15/17 3:36 p.m.			12/22/2017	To Author.	3/7/18 10:30 a.m.	4/16/18 10:17 a.m.	



Senator Michael F.Q. San Nicolas

Chairman, Committee on General Government Operations
and Federal, Foreign and Regional Affairs
I Mina'Trentai Kuattro na Liheslaturan Guahan • 34th Guam Legislature



March 7, 2018

The Honorable Therese M. Terlaje
Acting Speaker
I Mina'trentai Kuattro na Liheslaturan Guahan
Guam Congress Building
163 Chalan Santo Papa
Hagatna, Guam 936910

VIA: The Honorable Regine Biscoe Lee *RBL*
Chairperson, Committee on Rules

RE: Sponsor's Report on Resolution No. 312-34 (COR)

Buenas yan Hafa Adai Vice Speaker Terlaje,

Transmitted herewith is the Sponsor's Report on **Resolution No. 312-34 (COR)**— RELATIVE TO RESPECTFULLY PETITIONING THE UNITED STATES CONGRESS, PURSUANT TO 48 USC §1423K, TO ENACT LEGISLATION AMENDING THE ORGANIC ACT OF GUAM TO INCLUDE A PROVISION OF GUAM PUBLIC LAW 24-222 SUCH THAT ANY PROVISION ENACTED BY THE GOVERNMENT OF GUAM WHICH INCREASES THE PUBLIC INDEBTEDNESS OF THE GOVERNMENT OF GUAM BY AT LEAST TWENTY-FIVE MILLION DOLLARS (\$25,000,000), BACKED BY THE FULL FAITH AND CREDIT OF THE GOVERNMENT OF GUAM, MUST BE APPROVED BY A MAJORITY OF VOTES CAST IN AN ELECTION BEFORE ANY SUCH BORROWING MAY BE UNDERTAKEN, WITH ALLOWANCES FOR A STATE OF EMERGENCY IF SO RATIFIED BY A TWO-THIRDS (2/3) VOTE OF THE GUAM LEGISLATURE.

Member votes are as follow:

- 2 TO DO PASS
- 0 TO NOT PASS
- 6 TO REPORT OUT ONLY
- 0 TO ABSTAIN
- 0 TO PLACE IN INACTIVE FILE

Respectfully,

Michael F.Q. San Nicolas

RECEIVED
MAR 08 2018
Regine Biscoe Lee
COMMITTEE ON RULES
1:59 pm.

2018 MAR 16 AM 10:17 AM



Senator Michael F.Q. San Nicolas
*Chairman, Committee on General Government Operations
and Federal, Foreign and Regional Affairs*
I Mina'Trentai Kuåttro na Liheslaturan Guåhan • 34th Guam Legislature



SPONSOR'S REPORT

Resolution No. 312-34 (COR)

Introduced by Senator Michael F.Q. San Nicolas

RELATIVE TO RESPECTFULLY PETITIONING THE UNITED STATES CONGRESS, PURSUANT TO 48 USC §1423K, TO ENACT LEGISLATION AMENDING THE ORGANIC ACT OF GUAM TO INCLUDE A PROVISION OF GUAM PUBLIC LAW 24-222 SUCH THAT ANY PROVISION ENACTED BY THE GOVERNMENT OF GUAM WHICH INCREASES THE PUBLIC INDEBTEDNESS OF THE GOVERNMENT OF GUAM BY AT LEAST TWENTY-FIVE MILLION DOLLARS (\$25,000,000), BACKED BY THE FULL FAITH AND CREDIT OF THE GOVERNMENT OF GUAM, MUST BE APPROVED BY A MAJORITY OF VOTES CAST IN AN ELECTION BEFORE ANY SUCH BORROWING MAY BE UNDERTAKEN, WITH ALLOWANCES FOR A STATE OF EMERGENCY IF SO RATIFIED BY A TWO-THIRDS (2/3) VOTE OF THE GUAM LEGISLATURE.



Senator Michael F.Q. San Nicolas

Chairman, Committee on General Government Operations
and Federal, Foreign and Regional Affairs
I Mina'Trentai Kuåttro na Liheslaturan Guåhan • 34th Guam Legislature



MEMORANDUM

To: All Members
I Mina'Trentai Kuåttro na Liheslaturan Guåhan

From: Senator Michael F.Q. San Nicolas

Subject: Sponsor's Report on Resolution No. 312-34 (COR)

Transmitted herewith for your consideration is the Sponsor's Report on **Resolution No. 312-34 (COR)** - RELATIVE TO RESPECTFULLY PETITIONING THE UNITED STATES CONGRESS, PURSUANT TO 48 USC §1423K, TO ENACT LEGISLATION AMENDING THE ORGANIC ACT OF GUAM TO INCLUDE A PROVISION OF GUAM PUBLIC LAW 24-222 SUCH THAT ANY PROVISION ENACTED BY THE GOVERNMENT OF GUAM WHICH INCREASES THE PUBLIC INDEBTEDNESS OF THE GOVERNMENT OF GUAM BY AT LEAST TWENTY-FIVE MILLION DOLLARS (\$25,000,000), BACKED BY THE FULL FAITH AND CREDIT OF THE GOVERNMENT OF GUAM, MUST BE APPROVED BY A MAJORITY OF VOTES CAST IN AN ELECTION BEFORE ANY SUCH BORROWING MAY BE UNDERTAKEN, WITH ALLOWANCES FOR A STATE OF EMERGENCY IF SO RATIFIED BY A TWO-THIRDS (2/3) VOTE OF THE GUAM LEGISLATURE.

This report includes the following:

- Copy of COR Referral of Resolution No. 312-34 (COR)
- Notices of Public Hearing
- Copy of the Public Hearing Agenda
- Public Hearing Sign-in Sheet
- Committee Vote Sheet
- Sponsor's Report Digest
- Copy of Resolution No. 312-34 (COR), As Introduced

Please take the appropriate action on the attached vote sheet. Your attention to this matter is greatly appreciated. Should you have any questions or concerns, please do not hesitate to contact me.

Respectfully,


Michael F.Q. San Nicolas

Senator Thomas C. Ada,
Vice Chairperson

Speaker Benjamin J.F. Cruz,
Member

Vice Speaker Therese M. Terfaje,
Member

Senator Frank B. Aguon, Jr.,
Member

Senator Telena C. Nelson,
Member



COMMITTEE ON RULES
SENATOR RÉGINE BISCOE LEE, CHAIR
SIKRITARIAN LIHESLATURAN GUAHAN
I MINA 'TRENTAI KUÁTTO NA LIHESLATURAN GUÁHAN
LEGISLATIVE SECRETARY • 34TH GUAM LEGISLATURE

Senator Dennis G. Rodriguez, Jr.,
Member

Senator Joe S. San Agustin,
Member

Senator Michael F.Q. San Nicolas,
Member

Senator James V. Espaldon,
Member

Senator Mary Comacho Torres,
Member

December 18, 2017

MEMO

To: **Rennae Meno**
Clerk of the Legislature
Attorney Julian Aguon
Legislative Legal Counsel

From: **Senator Régine Biscoe Lee**
Chairperson, Committee on Rules

Re: **Referral of Resolution No. 312-34 (COR)**

Buenas yan Háfa adai.

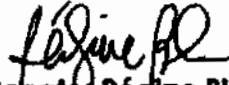
As per my authority as Chairperson of the Committee on Rules, I am forwarding the referral of **Resolution No. 312-34 (COR)**.

Please ensure that the subject resolution is referred, in my name, to **Senator Michael F.Q. San Nicolas, author of Resolution No. 312-34 (COR)**.

If you have any questions or concerns, please feel free to contact Jean Cordero, Committee Director at 472-2461.

Thank you for your attention to this important matter.

Respectfully,


Senator Régine Biscoe Lee
Chairperson, Committee on Rules





Senator Michael F.Q. San Nicolas <senatorsannicolas@gmail.com>

FIRST NOTICE of Public Hearing - Wednesday, March 7, 2018 at 10:30 AM

2 messages

Senator Michael F.Q. San Nicolas <senatorsannicolas@gmail.com> Tue, Feb 27, 2018 at 3:45 PM
 To: phnotice@guamlegislature.org, Guam Legislature Protocol <protocol@guamlegislature.org>, mis <mis@guamlegislature.org>, sgtarms <sgtarms@guamlegislature.org>
 Bcc: SEN Dennis Rodriguez <senatorrodriguez@gmail.com>, SEN ESPALDON <senjvespaldon@gmail.com>, SEN FBA <aguon4guam@gmail.com>, "SEN Fernando B. Esteves" <senatoresteves@gmail.com>, SEN Joe San Agustin <senatorjoessanagustin@gmail.com>, "SEN Louise B. Muna" <senatorlouise@gmail.com>, SEN MORRISON <tommy@senatormorrison.com>, SEN Regine Biscoe Lee <senatorbiscoelee@guamlegislature.org>, "Senator Mary C. TORRES" <marycamachotorres@gmail.com>, "Senator Michael F.Q. San Nicolas" <senatorsannicolas@gmail.com>, "Senator Telena C. Nelson" <senatortcnelson@gmail.com>, "Senator Thomas C. Ada" <office@senatorada.org>, "Senator William M. Castro" <solutions@wilcastro.com>, "SPEAKER Benjamin J.F. Cruz" <senator@senatorbjcruz.com>, VICE SPEAKER Therese Terlaje <senatorterlajeguam@gmail.com>, Vote <vote@gec.guam.gov>, Kenny Leonguerrero <kennylg0345@gmail.com>, Andri Baynum <drebaynum@gmail.com>, Robert Klitzkie <klitzkie@hotmail.com>

FIRST PUBLIC NOTICE

FOR IMMEDIATE RELEASE

February 27, 2018

From: Senator Michael F.Q. San Nicolas
 Chairman, Committee on General Government Operations, and
 Federal, Foreign, & Regional Affairs

Subject: FIRST NOTICE of Public Hearing - Wednesday, March 7, 2018, at 10:30 AM

Håfa Adai!

In accordance with the Open Government Law, relative to notices for public meetings, please be advised that the Committee on General Government Operations and Federal, Foreign, and Regional Affairs will convene a public hearing on **Wednesday, March 7, 2018**, beginning at **10:30 AM** in *I Liheslaturan Guåhan's* Public Hearing Room. On the agenda are the following items:

Bill No. 219-34 (COR): Introduced by Vice Speaker Therese M. Terlaje and Senator Dennis G. Rodriguez
 AN ACT TO AMEND §40112(m), CHAPTER 40, TITLE 5, GUAM CODE ANNOTATED AND ADD A NEW §40112(t) AND §40112(u), CHAPTER 40, TITLE 5, GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING MAYORS TO OFFER VETERAN STATUS DATA ON VERIFICATION OF RESIDENCY FORMS, INCLUDE THE SOLICITATION OF VETERAN DEMOGRAPHICS IN THEIR ANNUAL CENSUS AND CONDUCT SEMI-ANNUAL COMMUNITY OUTREACH EFFORTS TO VERIFY THE VETERAN POPULATION IN THEIR JURISDICTIONS FOR THE PURPOSE OF UPDATING THE GUAM VETERAN REGISTRY AND CONNECTING THE GUAM VETERAN POPULATION TO AVAILABLE SERVICES.

Bill No. 247-34 (COR)-As Corrected by the Prime Sponsor: Introduced by Senator FRANK B. AGUON, JR.
 AN ACT TO ADD A NEW CHAPTER 1A TO TITLE 5 OF GUAM CODE ANNOTATED; TO REPEAL § 1800 OF CHAPTER 18, TITLE 1, GUAM CODE ANNOTATED; TO REPEAL § 4207 OF ARTICLE 2, CHAPTER 4, TITLE 4, GUAM CODE ANNOTATED; TO REPEAL CHAPTER 11, TITLE 5, GUAM CODE ANNOTATED; RELATIVE TO ESTABLISHING EDUCATION, HEALTH AND PUBLIC SAFETY AS THE TOP PRIORITIES OF THE GOVERNMENT, TO RECOGNIZING THE GOVERNOR'S AUTHORITY TO REORGANIZE THE EXECUTIVE BRANCH OF THE GOVERNMENT, TO REMOVING IMPEDIMENTS TO REORGANIZATION, TO PROVIDING THE GOVERNOR THE TOOLS NECESSARY FOR SUCH REORGANIZATION AND PRIORITIZATION AND FOR OTHER PURPOSES; AND TO CITE THIS ACT AS THE "GOVERNMENT PRIORITIES ACT OF 2018."

Senator Michael F.Q. San Nicolas, the Sponsor, will also hear:

Resolution No. 310-34 (COR): Introduced by Senator Michael F.Q. San Nicolas

Relative to respectfully petitioning the United States Congress, pursuant to 48 USC §1423k, to enact legislation amending the Organic Act of Guam to include a provision of Guam Public Law 26-74 for the Government of Guam to deposit a required percentage of tax collections into the Guam Income Tax Refund Efficient Payment Trust Fund for the payment of income tax refunds, and that any such amendment be referenced as the "Vicente C. Pangelinan Amendment".

Resolution No. 312-34 (COR): Introduced by Senator Michael F.Q. San Nicolas





Relative to respectfully petitioning the United States Congress, pursuant to 48 USC §1423k, to enact legislation amending the Organic Act of Guam to include a provision of Guam Public Law 24-222 such that any provision enacted by the Government of Guam which increases the public indebtedness of the Government of Guam by at least Twenty-Five Million Dollars (\$25,000,000), backed by the full faith and credit of the Government of Guam, must be approved by a majority of votes cast in an election before any such borrowing may be undertaken, with allowances for a state of emergency if so ratified by a two-thirds (2/3) vote of the Guam Legislature.

The hearing will broadcast on local television, GTA Channel 21, Docomo Channel 117/60.4 and stream online via I Libeslaturan Guåhan's YouTube live feed. If written testimonies are to be presented at the Public Hearing, the Committee requests that copies be submitted prior to the public hearing date and should be addressed to Senator Michael F.Q. San Nicolas.

Testimonies may be submitted via hand delivery to the Office of Senator Michael F.Q. San Nicolas at the DNA Building, Suite 407, 238 Archbishop Flores Street Hagåtña, Guam; at the mailroom of the Guam Congress Building, 163 Chakan Santo Papa, Hagåtña, Guam 96910; or via email to senatorsannicolas@gmail.com. In compliance with the Americans with Disabilities Act, individuals requiring special accommodations or services should contact the Office of Senator Michael F.Q. San Nicolas at (671) 472-6453 or by sending an email to senatorsannicolas@gmail.com.

Si Yu'os Ma'ase! We look forward to your attendance and participation.

4 attachments

-  **Bill No. 219-34 (COR)- Therese M. Terlaje & Dennis G. Rodriguez.pdf**
838K
-  **Bill No. 247-34 (COR) As Corrected by the Prime Sponsor--FRANK B. AGUON, JR..pdf**
1181K
-  **Res. No. 310-34 (COR)-Michael F.Q. San Nicolas.pdf**
7601K
-  **Res. No. 312-34 (COR)- Michael F.Q. San Nicolas.pdf**
1431K

Tom Unsioq <sgtamms@guamlegislature.org>
To: "Senator Michael F.Q. San Nicolas" <senatorsannicolas@gmail.com>

Tue, Feb 27, 2018 at 4:33 PM

Notice is now on the legislature's website calendar...sarge

[Quoted text hidden]



Senator Michael F.Q. San Nicolas <senatorsannicolas@gmail.com>

SECOND NOTICE of Public Hearing- Wednesday, March 7, 2018

2 messages

Senator Michael F.Q. San Nicolas <senatorsannicolas@gmail.com>

Mon, Mar 5, 2018 at 4:35 PM

To: Guam Legislature Protocol <protocol@guamlegislature.org>, mis <mis@guamlegislature.org>, "phnotice@guamlegislature.org" <phnotice@guamlegislature.org>

SECOND PUBLIC NOTICE

FOR IMMEDIATE RELEASE

March 5, 2018

From: Senator Michael F.Q. San Nicolas
 Chairman, Committee on General Government Operations, and
 Federal, Foreign, & Regional Affairs

Subject: SECOND NOTICE of Public Hearing - Wednesday, March 7, 2018, at 10:30 AM

Håfa Adai!

In accordance with the Open Government Law, relative to notices for public meetings, please be advised that the Committee on General Government Operations and Federal, Foreign, and Regional Affairs will convene a public hearing on **Wednesday, March 7, 2018**, beginning at **10:30 AM** in *I Liheslaturan Guåhan's* Public Hearing Room. On the agenda are the following items:

Bill No. 219-34 (COR): Introduced by Vice Speaker Therese M. Terlaje and Senator Dennis G. Rodriguez

AN ACT TO AMEND §40112(m), CHAPTER 40, TITLE 5, GUAM CODE ANNOTATED AND ADD A NEW §40112(t) AND §40112(u) , CHAPTER 40, TITLE 5, GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING MAYORS TO OFFER VETERAN STATUS DATA ON VERIFICATION OF RESIDENCY FORMS, INCLUDE THE SOLICITATION OF VETERAN DEMOGRAPHICS IN THEIR ANNUAL CENSUS AND CONDUCT SEMI-ANNUAL COMMUNITY OUTREACH EFFORTS TO VERIFY THE VETERAN POPULATION IN THEIR JURISDICTIONS FOR THE PURPOSE OF UPDATING THE GUAM VETERAN REGISTRY AND CONNECTING THE GUAM VETERAN POPULATION TO AVAILABLE SERVICES.

Bill No. 247-34 (COR)-As Corrected by the Prime Sponsor: Introduced by Senator FRANK B. AGUON, JR.

AN ACT TO ADD A NEW CHAPTER 1A TO TITLE 5 OF GUAM CODE ANNOTATED; TO REPEAL § 1800 OF CHAPTER 18, TITLE 1, GUAM CODE ANNOTATED; TO REPEAL § 4207 OF ARTICLE 2, CHAPTER 4, TITLE 4, GUAM CODE ANNOTATED; TO REPEAL CHAPTER 11, TITLE 5, GUAM CODE ANNOTATED; RELATIVE TO ESTABLISHING EDUCATION, HEALTH AND PUBLIC SAFETY AS THE TOP PRIORITIES OF THE GOVERNMENT, TO RECOGNIZING THE GOVERNOR'S AUTHORITY TO REORGANIZE THE EXECUTIVE BRANCH OF THE

GOVERNMENT, TO REMOVING IMPEDIMENTS TO REORGANIZATION, TO PROVIDING THE GOVERNOR THE TOOLS NECESSARY FOR SUCH REORGANIZATION AND PRIORITIZATION AND FOR OTHER PURPOSES; AND TO CITE THIS ACT AS THE "GOVERNMENT PRIORITIES ACT OF 2018."

Senator Michael F.Q. San Nicolas, the Sponsor, will also hear:

Resolution No. 310-34 (COR): Introduced by Senator Michael F.Q. San Nicolas

Relative to respectfully petitioning the United States Congress, pursuant to 48 USC § 1423k, to enact legislation amending the Organic Act of Guam to include a provision of Guam Public Law 26-74 for the Government of Guam to deposit a required percentage of tax collections into the Guam Income Tax Refund Efficient Payment Trust Fund for the payment of income tax refunds, and that any such amendment be referenced as the "Vicente C. Pangelinan Amendment".

Resolution No. 312-34 (COR): Introduced by Senator Michael F.Q. San Nicolas

Relative to respectfully petitioning the United States Congress, pursuant to 48 USC § 1423k, to enact legislation amending the Organic Act of Guam to include a provision of Guam Public Law 24-222 such that any provision enacted by the Government of Guam which increases the public indebtedness of the Government of Guam by at least Twenty-Five Million Dollars (\$25,000,000), backed by the full faith and credit of the Government of Guam, must be approved by a majority of votes cast in an election before any such borrowing may be undertaken, with allowances for a state of emergency if so ratified by a two-thirds (2/3) vote of the Guam Legislature.

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Testimonies may be submitted via hand delivery to the Office of Senator Michael F.Q. San Nicolas at the DNA Building, Suite 407, 238 Archbishop Flores Street Hagåtña, Guam; at the mailroom of the Guam Congress Building, 163 Chalan Santo Papa, Hagåtña, Guam 96910; or via email to senatorsannicolas@gmail.com. In compliance with the Americans with Disabilities Act, individuals requiring special accommodations or services should contact the Office of Senator Michael F.Q. San Nicolas at (671) 472-6453 or by sending an email to senatorsannicolas@gmail.com.

Si Yu'os Ma'ase! We look forward to your attendance and participation.

Senator Michael F.Q. San Nicolas <senatorsannicolas@gmail.com>

Wed, Mar 7, 2018 at 4:13 PM

To: Guam Legislature Protocol <protocol@guamlegislature.org>, mis <mis@guamlegislature.org>, "phnotice@guamlegislature.org" <phnotice@guamlegislature.org>

Håfa Adai All,

Please be advised that the Public Hearing for:

Bill No. 219-34 (COR): Introduced by Vice Speaker Therese M. Terlaje and Senator Dennis G. Rodriguez, Jr.

AN ACT TO AMEND §40112(m), CHAPTER 40, TITLE 5, GUAM CODE ANNOTATED AND ADD A NEW §40112(t) AND §40112(u), CHAPTER 40, TITLE 5, GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING MAYORS TO OFFER VETERAN STATUS DATA ON VERIFICATION OF RESIDENCY FORMS, INCLUDE THE SOLICITATION OF VETERAN DEMOGRAPHICS IN THEIR ANNUAL CENSUS AND CONDUCT SEMI-ANNUAL COMMUNITY OUTREACH EFFORTS TO VERIFY THE VETERAN POPULATION IN THEIR JURISDICTIONS FOR THE

3/8/2018

Gmail - SECOND NOTICE of Public Hearing - Wednesday, March 7, 2018

PURPOSE OF UPDATING THE GUAM VETERAN REGISTRY AND CONNECTING THE GUAM VETERAN POPULATION TO AVAILABLE SERVICES.

is **POSTPONED UNTIL FURTHER NOTICE.**

Si Yu 'os Ma 'ase!

[Quoted text hidden]

GUAM DAILY POST • MONDAY, MARCH 5, 2018

Get results in our CLASSIFIEDS POST



GHURA

Guam Housing and Urban Renewal Authority
 Aguilar-Guerra, Yan Abaerhon, Minda Guzman
 117 Ben Yudin Avenue • San Juan, Guam 96910
 Phone: (671) 477-4851 • Fax: (671) 300-7365 TTY: (671) 472-3701
 GHRUA Website: www.ghura.gu



INVITATION FOR BID

IFB No.: IFB-GHURA-018-006

This Ad is paid with HUD Funds by GHURA

For: Insurance Coverage - Automobile, Workers Compensation & General Liability

Due Date & Time: March 14, 2018, 2:00 PM at the GHURA Main Office in Sinajana. Copies of the Bid Packet are available at the GHURA Main Office in Sinajana starting February 23, 2018 between the hours of 8:00 A.M. - 12:00 P.M. and from 1:00 P.M. - 4:00 P.M., except on weekends and holidays. GHURA reserves the right to waive minor formalities, cancel this solicitation at any time and reject all bids. For additional information, please call the Procurement Office at 475-1358, visit the GHURA website: www.ghura.gu

/s/ MICHAEL J. DUENAS
 Executive Director

GHURA does not discriminate against persons with disabilities. The Chief Planner has been designated as Section 504 Coordinator. The Coordinator can be contacted at the above address and telephone numbers.



1 Miha' Tostel Haktlo no Lhasiaron Guhan
 34th Guam Legislature
 Office of Senator Michael F.O. San Nicolas
 Committee on General Government Operations, &
 Federal, Foreign, and Regional Affairs
 DNA Building, 230 Archbishop Flores St. Suite 407
 Hagåtña, Guam 96910



NOTICE OF PUBLIC HEARING

Wednesday, March 7, 2018 at 10:30AM

Public Hearing Room • Guam Congress Building
 183 Chalan Santo Papa Hagåtña, Guam

BILL NO. 218-34 (COP)—Theresa M. Tarjale and Dennis G. Rodriguez
 AN ACT TO AMEND §40112(a), CHAPTER 40, TITLE 5, GUAM CODE ANNOTATED AND ADD A NEW §40112(b) AND §40112(c), CHAPTER 40, TITLE 5, GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING MAYORS TO OFFER VETERAN STATUS DATA ON VERIFICATION OF RESIDENCY FORMS, INCLUDE THE SOLICITATION OF VETERAN DEMOGRAPHICS IN THEIR ANNUAL CENSUS AND CONDUCT SEMI-ANNUAL COMMUNITY OUTREACH EFFORTS TO VERIFY THE VETERAN POPULATION IN THEIR JURISDICTIONS FOR THE PURPOSE OF UPDATING THE GUAM VETERAN REGISTRY AND CONNECTING THE GUAM VETERAN POPULATION TO AVAILABLE SERVICES.

BILL NO. 247-34 (COP)—As Co-sponsored by the Prime Sponsor: FRANK B. ADSON, JR.
 AN ACT TO ADD A NEW CHAPTER 1A TO TITLE 5 OF GUAM CODE ANNOTATED; TO REPEAL § 1800 OF CHAPTER 18, TITLE 1, GUAM CODE ANNOTATED; TO REPEAL § 4207 OF ARTICLE 2, CHAPTER 4, TITLE 4, GUAM CODE ANNOTATED; TO REPEAL CHAPTER 11, TITLE 6, GUAM CODE ANNOTATED; RELATIVE TO ESTABLISHING EDUCATION, HEALTH AND PUBLIC SAFETY AS THE TOP PRIORITIES OF THE GOVERNMENT; TO RECOGNIZING THE GOVERNOR'S AUTHORITY TO REORGANIZE THE EXECUTIVE BRANCH OF THE GOVERNMENT; TO REMOVING IMPEDIMENTS TO REORGANIZATION; TO PROVIDING THE GOVERNOR THE TOOLS NECESSARY FOR SUCH REORGANIZATION AND PRIORITIZATION AND FOR OTHER PURPOSES; AND TO CITE THIS ACT AS THE "GOVERNMENT PRIORITIES ACT OF 2018."

RESOLUTION NO. 310-34 (COP)—Michael F.O. San Nicolas
 Relative to respectfully petitioning the United States Congress, pursuant to 48 USC §1423k, to enact legislation amending the Organic Act of Guam to include a provision of Guam Public Law 24-74 for the Government of Guam to deposit a required percentage of tax collection into the Guam Income Tax Refund Efficient Payment Trust Fund for the payment of income tax refunds, and that any such amendment be referenced as the "Yoshio C. Fungelohan Amendment".

RESOLUTION NO. 313-34 (COP)—Michael F.O. San Nicolas
 Relative to respectfully petitioning the United States Congress, pursuant to 48 USC §1423k, to enact legislation amending the Organic Act of Guam to include a provision of Guam Public Law 24-322 such that any provision enacted by the Government of Guam which increases the public indebtedness of the Government of Guam by at least Twenty-Five Million Dollars (\$25,000,000), touched by the full faith and credit of the Government of Guam, must be approved by a majority of votes cast in an election before any such borrowing may be undertaken, with allowances for a state of emergency if so notified by a two-thirds (2/3) vote of the Guam Legislature.

If you require any special accommodations, auxiliary aids, or other special services, or for further information, please contact the Office of Senator Michael F.O. San Nicolas at msan@senatoroffice.gu or 472-5453.

This ad is paid with government funds.

LEADERS continued from page 4

them know we turn directly to the Piti fire station," he said.

"I've lived in Piti for most of my life, and I know that we rely on the assistance of medics and firefighters a lot. It's always been that safety net for all of us living here."

The Piti mayor believes politics played a part in the decision to close the two stations, as well as the Hagåtña police precinct. He urges island leaders to remember what's at stake.

"Should it have been the first thing to close? No, I don't believe it should have," Allig said. "I'm hoping (politics) is not going to be the forefront of these issues because it affects our lives."

Dededo Mayor Melissa Savares also is worried about the safety of her constituents in Astumbo. The area, which includes a large elderly population and many wood-and-tin structures, is subject to fire-related emergencies and medic calls often, according to the mayor.

"The response time is critical. Anybody having a heart attack, you have seven minutes for that person to survive," Savares said, concerned that the nearest responders will have to cover more mileage and weave through more traffic to reach Astumbo residents.

The Dededo mayor said that Lt. Gov. Ray Tenorio assured her that a memorandum of agreement had been struck between GovGuam and the fire stations in Naval Base Guam and Andersen Air Force Base.

These stations would be called to

"I've lived in Piti for most of my life, and I know that we rely on the assistance of medics and firefighters a lot. It's always been that safety net for all of us living here."

—Piti Mayor Jesse Allig


emergencies in the event that other, surrounding municipal stations are preoccupied, she said.

However, Savares is still worried it won't be enough to prevent a loss of life in the event of dire emergencies, especially in Astumbo, where the population surpasses 15,000 people, she stated.

"No matter what their political aspirations are, between Adehap and the Legislature, that's not my concern. My concern is the safety of my people," she said.


"It's the administration's decision, until they decide that our people are important."

Savares suggested that GFD transfer personnel from its administrative offices to fire stations, in order to offset costs. She said lease agreements for the fire department's administrative offices contribute to a bigger budget.



DEPARTMENT OF EDUCATION DIVISION OF SPECIAL EDUCATION

www.gdoe.net
 500 Mariner Avenue
 Barrigada, Guam 96913-1608
 Telephone 671-475-0438 Fax 671-472-5001
 Email: spe@doe.gu



PUBLIC ANNOUNCEMENT

Guam Department of Education (DOE) through the Division of Special Education will be submitting for funding by May 18, 2018, the Guam Annual State Application for federal grant Part B of the Individuals with Disabilities Education Act (IDEA) as amended in 2004 for Federal Fiscal Year 2018 to the U.S. Department of Education (USDOE).

Pursuant to the USDOE grant application instructions, and public participation requirements as set forth in 34 CFR §300.155 Public Participation and §441(b) (7) of the General Education Provisions Act (GEPA) 20 U.S.C. 1232d (b) (7), DOE is publicly disseminating and making available the grant application for a 60-day period of review. In addition, there will be a 30-day period for public comment as outlined below:

(60) day Public Availability Period: March 5, 2018 – May 3, 2018
(30) day Public Comment Period: March 28, 2018 – April 24, 2018

Beginning March 5, 2018, interested parties may visit the Department's website at <http://www.gdoe.net>. Click on Annual State Application under Part B Federal FY2018 for an electronic copy; or on the Division of Special Education website at www.gdoe.net (Click on GDOE Links; under Division Links, click on Special Education) to download the grant application. Hard copies of the grant application will also be available for pick up at the office above and for the duration of the public availability period at the Division of Special Education's Administrative Office located at Chief Brodie Memorial Elementary School, Room 1, from 8:00 AM – 5:00 PM, Monday through Friday, except on legal holidays. For special accommodations or alternate formats of the grant application, please contact the Division at (671) 300-1522.

Beginning March 28, 2018, persons interested in providing public comment to the grant application may submit their comments in writing during the (30) day Public Comment Period to the Assistant Superintendent of Special Education utilizing the following methods:

- Hand-delivered comments to the Division of Special Education's Administrative Office address listed above
- Email comments to: Wladimir.S.Gabriel.Assistant.Superintendent.Special.Education@doe.gu
- Mail comments to: Wladimir.S.Gabriel.Assistant.Superintendent.Special.Education@doe.gu
 500 Mariner Avenue
 Barrigada, Guam 96913

This announcement is being funded in part by the Department of Education with Individuals with Disabilities Education Act Grant Funds.
 1583-000000-000



Committee on General Government Operations
and Federal, Foreign & Regional Affairs
Senator Michael F.Q. San Nicolas, *Chairman*
I Mina'Trentai Kuåttro na Liheslaturan Guåhan • 34th Guam Legislature



PUBLIC HEARING
March 7, 2018 | 10:30 AM
Public Hearing Room • Guam Congress Building

AGENDA

- I. Call to Order
- II. Opening Remarks and Announcements
- III. Item for Public Consideration

BILL NO. 219-34 (COR)—Therese M. Terlaje & Dennis G. Rodriguez, Jr.

AN ACT TO AMEND §40112(M), CHAPTER 40, TITLE 5, GUAM CODE ANNOTATED AND ADD A NEW §40112(T) AND §40112(U) , CHAPTER 40, TITLE 5, GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING MAYORS TO OFFER VETERAN STATUS DATA ON VERIFICATION OF RESIDENCY FORMS, INCLUDE THE SOLICITATION OF VETERAN DEMOGRAPHICS IN THEIR ANNUAL CENSUS AND CONDUCT SEMI-ANNUAL COMMUNITY OUTREACH EFFORTS TO VERIFY THE VETERAN POPULATION IN THEIR JURISDICTIONS FOR THE PURPOSE OF UPDATING THE GUAM VETERAN REGISTRY AND CONNECTING THE GUAM VETERAN POPULATION TO AVAILABLE SERVICES.

BILL NO. 247-34 (COR)-AS CORRECTED BY THE PRIME SPONSOR—FRANK B. AGUON, JR.

AN ACT TO ADD A NEW CHAPTER 1A TO TITLE 5 OF GUAM CODE ANNOTATED; TO REPEAL § 1800 OF CHAPTER 18, TITLE 1, GUAM CODE ANNOTATED; TO REPEAL § 4207 OF ARTICLE 2, CHAPTER 4, TITLE 4, GUAM CODE ANNOTATED; TO REPEAL CHAPTER 11, TITLE 5, GUAM CODE ANNOTATED; RELATIVE TO ESTABLISHING EDUCATION, HEALTH AND PUBLIC SAFETY AS THE TOP PRIORITIES OF THE GOVERNMENT, TO RECOGNIZING THE GOVERNOR'S AUTHORITY TO REORGANIZE THE EXECUTIVE BRANCH OF THE GOVERNMENT, TO REMOVING IMPEDIMENTS TO REORGANIZATION, TO PROVIDING THE GOVERNOR THE TOOLS NECESSARY FOR SUCH REORGANIZATION AND PRIORITIZATION AND FOR OTHER PURPOSES; AND TO CITE THIS ACT AS THE "GOVERNMENT PRIORITIES ACT OF 2018."



Committee on General Government Operations
and Federal, Foreign & Regional Affairs

Senator Michael F.Q. San Nicolas, *Chairman*
I Mina'Trentai Kuåttro na Liheslaturan Guåhan • 34th Guam Legislature



Senator Michael F.Q. San Nicolas, the Sponsor, will also hear:

RESOLUTION NO. 310-34 (COR): Michael F.Q. San Nicolas
RELATIVE TO RESPECTFULLY PETITIONING THE UNITED STATES CONGRESS,
PURSUANT TO 48 USC §1423K, TO ENACT LEGISLATION AMENDING THE ORGANIC
ACT OF GUAM TO INCLUDE A PROVISION OF GUAM PUBLIC LAW 26-74 FOR THE
GOVERNMENT OF GUAM TO DEPOSIT A REQUIRED PERCENTAGE OF TAX
COLLECTIONS INTO THE GUAM INCOME TAX REFUND EFFICIENT PAYMENT
TRUST FUND FOR THE PAYMENT OF INCOME TAX REFUNDS, AND THAT ANY
SUCH AMENDMENT BE REFERENCED AS THE "VICENTE C. PANGELINAN
AMENDMENT".

RESOLUTION NO. 312-34 (COR): Michael F.Q. San Nicolas
RELATIVE TO RESPECTFULLY PETITIONING THE UNITED STATES CONGRESS,
PURSUANT TO 48 USC §1423K, TO ENACT LEGISLATION AMENDING THE ORGANIC
ACT OF GUAM TO INCLUDE A PROVISION OF GUAM PUBLIC LAW 24-222 SUCH
THAT ANY PROVISION ENACTED BY THE GOVERNMENT OF GUAM WHICH
INCREASES THE PUBLIC INDEBTEDNESS OF THE GOVERNMENT OF GUAM BY AT
LEAST TWENTY-FIVE MILLION DOLLARS (\$25,000,000), BACKED BY THE FULL FAITH
AND CREDIT OF THE GOVERNMENT OF GUAM, MUST BE APPROVED BY A
MAJORITY OF VOTES CAST IN AN ELECTION BEFORE ANY SUCH BORROWING MAY
BE UNDERTAKEN, WITH ALLOWANCES FOR A STATE OF EMERGENCY IF SO
RATIFIED BY A TWO-THIRDS (2/3) VOTE OF THE GUAM LEGISLATURE.

IV. Closing Remarks

V. Adjournment



I Mina'Trentai Kuattro Na Liheslaturan Guahan
SENATOR MICHAEL F.Q. SAN NICOLAS
 Committee on General Government Operations, and
 Federal, Foreign, & Regional Affairs



Public Hearing Sign-in Sheet
 Wednesday, March 07, 2018 • 10:30 AM • Public Hearing Room, Guam Legislature

Resolution No. 312-34 (COR) – Introduced by Senator Michael F.Q. San Nicolas—RELATIVE TO RESPECTFULLY PETITIONING THE UNITED STATES CONGRESS, PURSUANT TO 48 USC §1423k, TO ENACT LEGISLATION AMENDING THE ORGANIC ACT OF GUAM TO INCLUDE A PROVISION OF GUAM PUBLIC LAW 24-222 SUCH THAT ANY PROVISION ENACTED BY THE GOVERNMENT OF GUAM WHICH INCREASES THE PUBLIC INDEBTEDNESS OF THE GOVERNMENT OF GUAM BY AT LEAST TWENTY-FIVE MILLION DOLLARS (\$25,000,000), BACKED BY THE FULL FAITH AND CREDIT OF THE GOVERNMENT OF GUAM, MUST BE APPROVED BY A MAJORITY OF VOTES CAST IN AN ELECTION BEFORE ANY SUCH BORROWING MAY BE UNDERTAKEN, WITH ALLOWANCES FOR A STATE OF EMERGENCY IF SO RATIFIED BY A TWO-THIRDS (2/3) VOTE OF THE GUAM LEGISLATURE.

NAME (please print clearly)	AGENCY/ ORGANIZATION	CONTACT NUMBER	ORAL TESTIMONY	WRITTEN TESTIMONY	IN FAVOR	NOT IN FAVOR
NOXIE		NONE				
1						



Senator Michael F.Q. San Nicolas

Chairman, Committee on General Government Operations
and Federal, Foreign and Regional Affairs
I Mina Trentai Kuattro na Liheslaturan Guahan • 34th Guam Legislature



MEMBER VOTE SHEET

Resolution No. 312-34 (COR) - "RELATIVE TO RESPECTFULLY PETITIONING THE UNITED STATES CONGRESS, PURSUANT TO 48 USC §1423K, TO ENACT LEGISLATION AMENDING THE ORGANIC ACT OF GUAM TO INCLUDE A PROVISION OF GUAM PUBLIC LAW 24-222 SUCH THAT ANY PROVISION ENACTED BY THE GOVERNMENT OF GUAM WHICH INCREASES THE PUBLIC INDEBTEDNESS OF THE GOVERNMENT OF GUAM BY AT LEAST TWENTY-FIVE MILLION DOLLARS (\$25,000,000), BACKED BY THE FULL FAITH AND CREDIT OF THE GOVERNMENT OF GUAM, MUST BE APPROVED BY A MAJORITY OF VOTES CAST IN AN ELECTION BEFORE ANY SUCH BORROWING MAY BE UNDERTAKEN, WITH ALLOWANCES FOR A STATE OF EMERGENCY IF SO RATIFIED BY A TWO-THIRDS (2/3) VOTE OF THE GUAM LEGISLATURE."

Members of <i>I Liheslatura</i>	Signature	TO DO PASS	TO NOT PASS	TO REPORT OUT ONLY	TO ABSTAIN	TO PLACE IN INACTIVE FILE
Senator Michael F. Q. San Nicolas						
Speaker Benjamin J.F. Cruz						
Vice Speaker Therese M. Terlaje						
Legislative Secretary Régine Biscoe Lee				✓		
Senator Thomas C. Ada				✓		
Senator Joe S. San Agustin						
Senator Telena Cruz Nelson				✓		
Senator Frank B. Aguon, Jr. 3/8/18						
Senator Dennis G. Rodriguez, Jr.						
Senator James V. Espaldon						
Senator Mary Camacho Torres						
Senator Tommy A. Morrison				✓		
Senator Louise B. Muña				✓		
Senator Fernando Barcinas Esteves				✓		
Senator William M. Castro						



Senator Michael F.Q. San Nicolas

Chairman, Committee on General Government Operations
and Federal, Foreign and Regional Affairs
I Mina Trentai Kuåttro na Liheslaturan Guåhan • 34th Guam Legislature



SPONSOR'S REPORT DIGEST

Resolution No. 312-34 (COR) - Michael F.Q. San Nicolas - RELATIVE TO RESPECTFULLY PETITIONING THE UNITED STATES CONGRESS, PURSUANT TO 48 USC §1423K, TO ENACT LEGISLATION AMENDING THE ORGANIC ACT OF GUAM TO INCLUDE A PROVISION OF GUAM PUBLIC LAW 24-222 SUCH THAT ANY PROVISION ENACTED BY THE GOVERNMENT OF GUAM WHICH INCREASES THE PUBLIC INDEBTEDNESS OF THE GOVERNMENT OF GUAM BY AT LEAST TWENTY-FIVE MILLION DOLLARS (\$25,000,000), BACKED BY THE FULL FAITH AND CREDIT OF THE GOVERNMENT OF GUAM, MUST BE APPROVED BY A MAJORITY OF VOTES CAST IN AN ELECTION BEFORE ANY SUCH BORROWING MAY BE UNDERTAKEN, WITH ALLOWANCES FOR A STATE OF EMERGENCY IF SO RATIFIED BY A TWO-THIRDS (2/3) VOTE OF THE GUAM LEGISLATURE.

I. OVERVIEW

Resolution No. 312-34 (COR) was introduced December 15, 2017 by Senator Michael F.Q. San Nicolas and was subsequently referred by the Committee on Rules to its Author December 22, 2017.

Senator San Nicolas convened a public hearing on Wednesday, March 7, 2018 in *I Liheslatura's* Public Hearing Room (Guam Congress Building). Amongst the items heard was Resolution No. 312-34 (COR). The Public Hearing began at 10:33 AM and was adjourned at 12:03 PM.

In accordance with the Open Government Law, public hearing notices were disseminated via electronic mail to all senators, stakeholders, and all main media broadcasting outlets. A 5-day notice was provided on Wednesday, February 28, 2018 and a 48-hour notice was provided on Monday, March 5, 2018. The notices were also published in the Guam Daily Post as well as on *I Liheslatura's* Calendar via the Guam Legislature website.

SENATORS PRESENT

Senator Michael F.Q. San Nicolas, *Chairperson*
Senator Régine Biscoe Lee, *Committee Member*

APPEARED BEFORE THE COMMITTEE

Ken Leon Guerrero, *Spokesperson, Guam Citizens for Public Accountability*

SUBMITTED WRITTEN TESTIMONY

-None-

II. SUMMARY OF TESTIMONY AND DISCUSSION

Senator Michael San Nicolas

Similar to Resolution No. 310-34, Resolution No. 312-34 is "relative to respectfully petitioning the United States Congress, pursuant to 48 USC §1423k, to enact legislation amending the Organic Act of Guam to include a provision of Guam Public Law 24-222 such that any provision enacted by the Government of Guam which increases the public indebtedness of the Government of Guam by at least Twenty-Five Million Dollars (\$25,000,000), backed by the full faith and credit of the Government of Guam, must be approved by a majority of votes cast in an election before any such borrowing may be undertaken, with allowances for a state of emergency if so ratified by a two-thirds (2/3) vote of the Guam Legislature.

Again, this resolution is being introduced in order to memorialize the power of the people in the Organic Act that they should be the ones ratifying whether or not any debt in excess of \$25 million is encumbered. This is very important, given the financial circumstances that we are once again dealing with. Just yesterday, the Administration had a press conference about \$187 million in debt being put on credit watch. It was very interesting that this issue was being used to justify a tax increase on our people when in 2016, two years ago, something even worse happened: the bond ratings of the government of Guam were actually dropped; they went down. The rating agency that dropped Guam's bonds did so on a balance of \$763 million. So here we are today with \$187 million being put on credit watch and a whole lot of noise being made about that with respect to the financial circumstances of this government. But two years ago, \$763 million in bonds were downgraded and nothing was set; it was swept under the rug. As a matter of fact, the agency that rated those bonds got kicked out by the government of Guam. The Guam Economic Development Authority kicked out Fitch Ratings after they downgraded those bonds. That bond downgrade came with an explanation and I'm going to read that into the record. Fitch Ratings downgraded these bonds based on operating performance, which reads¹:

The government of Guam (back in 2016) has limited gap closing capacity and its operations could become distressed in a moderate downturn scenario. The government maintains limited reserves, and, since it is near its debt cap, limited ability to use borrowing for budget balancing purposes, which it has done in the past. The government has delayed tax refunds for budget balancing, and having brought these current with the issuance of the BPT bonds, could again utilize payment deferrals for short-term budget balancing.

¹ FitchRatings Article "Fitch Downgrades Guam BPT Bonds; Rating Withdrawn" is attached to this Committee Report

The government of Guam has been attempting in recent years to reverse a twenty-year history of operating at a deficit. The current administration put into place a plan to gradually shrink the operating deficit by controlling expenditures, improving revenue estimation and collection, while using debt issuance to pay overdue tax refunds and other general fund expenses that in total had accumulated to \$340 million. Between fiscal 2011 and fiscal 2014, the government showed progress, gradually shrinking the operating deficit and bringing the budget slowly toward structural balance.

However, ultimately, budget balance has not been reached. The negative fund balance has grown again, to \$120 million as of the end of fiscal 2015, when unbudgeted expenses, accounting adjustments, and a revenue shortfall resulted in an operating deficit. Fiscal 2016 results are reportedly better but details are not available. It is important to note that Guam's difficulty in achieving and maintaining budgetary balance has occurred during a period of economic growth, while benefitting from growing revenues.

Fitch Ratings downgraded our bonds, gave us a very realistic assessment of where we were in 2016, two years ago. The response of this government was to not have any press conferences, not to call any special sessions; the response of this government was to kick Fitch Ratings out the door.

Now, here we are in 2018. From 2016 to 2018, after they kicked Fitch Ratings out the door, what did this government try to do? It tried to go out and borrow a TRAN, a loan on top of a loan, after Fitch Ratings gave us this very clear warning. To imagine the crises we would be in had we borrowed this TRAN today, with all of this financial crisis before us, if all this credit watch all of a sudden being an issue. The ironic thing is we are still in court, fighting to not take out a TRAN borrowing. They kicked Fitch Ratings out the door; they're trying move forward TRAN and taking us to court to make us borrow some more. At the same time, ironically coming out and saying that this credit watch from S&P is a reason for us to force tax [increases] on our people.

The only conclusion that can be drawn from all of this is that our bonds and our debt are being politicized far too much by far too few. We need to involve our people in this process. Public Law 24-222 empowered the people to be able to ratify whether they wanted to take on more debt. By memorializing this into the Organic Act, we will ensure that this power is retained by the people, so that things like our downgrades by Fitch, this credit watch, or whether this TRAN is going to happen or not, will be something that our people are going to decide and our politicians would be able to take one position or the other and inform our people so that they can go in there and make an informed decision. Here we are today in a financial crisis and it was made very clear to us in 2016 that we were on this path. It's time for us to take certain local laws that are just repeatedly

ignored, that are supposed to empower our people, to take these laws and make them the laws of the land in the Organic Act and that's what Resolution No. 312-34 seeks to do.

I have no one who signed up to testify on this Resolution. Mr. [Ken] Leon Guerrero, you're still present. Do you have any comments you wish to add?

Ken Leon Guerrero

Just a short statement. Like I said, I agree with the intent of this Resolution; I agree that something needs to be done. That's why I am in court right now, fighting to defend P.L. 24-222. I think that it goes back to this body having the political will to follow the laws they pass. And I hope as we see new faces entering into this body, that they will have learned those lessons and follow accordingly. Like I said, the only reason I don't support the Resolution is that I think we need to use this as part of the development of our own constitution. This goes back to the conversations you and I had when you were head of the Tax Commission. If we had followed those recommendations back then, there is a very strong chance we would not be in the financial predicament we are in today. It's tough being the leader or the first person out there. As a friend of mine once said, 'You can tell who the first person is; they are the ones laying on the ground with arrows in their backs.' It's understandable why you introduced this Resolution, following your history in this body right here. I just hope that this body evolves enough to the point that us running to the U.S. Congress, asking the Congress to protect the people from our own leaders would not be required in the future.

Senator San Nicolas

Thank you for your testimony, Mr. Leon Guerrero. There not being any further testimony we will then consider Resolution No. 312-34 as being heard. This hearing is adjourned at 12:03 this afternoon. Thank you all very much.

-- End of Public Hearing on Resolution No. 312-34 (COR) --


III. FINDINGS AND RECOMMENDATIONS

The Author hereby reports out **Resolution No. 312-34 (COR)** - "RELATIVE TO RESPECTFULLY PETITIONING THE UNITED STATES CONGRESS, PURSUANT TO 48 USC §1423K, TO ENACT LEGISLATION AMENDING THE ORGANIC ACT OF GUAM TO INCLUDE A PROVISION OF GUAM PUBLIC LAW 24-222 SUCH THAT ANY PROVISION ENACTED BY THE GOVERNMENT OF GUAM WHICH INCREASES THE PUBLIC INDEBTEDNESS OF THE GOVERNMENT OF GUAM BY AT LEAST TWENTY-FIVE MILLION DOLLARS (\$25,000,000), BACKED BY THE FULL FAITH AND CREDIT OF THE GOVERNMENT OF GUAM, MUST BE APPROVED BY A MAJORITY OF VOTES CAST IN AN ELECTION BEFORE ANY SUCH BORROWING MAY BE UNDERTAKEN, WITH ALLOWANCES FOR A STATE OF EMERGENCY IF SO RATIFIED BY A TWO-THIRDS (2/3) VOTE OF THE GUAM LEGISLATURE" with the recommendation to TO REPORT OUT ONLY.

I MINA'TRENTAI KUÁTTRO NA LIHESLATURAN GUÁHAN
2017 (FIRST) Regular Session

Resolution No. 312-34 (COR)

Introduced by:

Michael F.Q. San Nicolas 

Relative to respectfully petitioning the United States Congress, pursuant to 48 USC §1423k, to enact legislation amending the Organic Act of Guam to include a provision of Guam Public Law 24-222 such that any provision enacted by the Government of Guam which increases the public indebtedness of the Government of Guam by at least Twenty-Five Million Dollars (\$25,000,000), backed by the full faith and credit of the Government of Guam, must be approved by a majority of votes cast in an election before any such borrowing may be undertaken, with allowances for a state of emergency if so ratified by a two-thirds (2/3) vote of the Guam Legislature.

DEC 15 PM 3:36

BE IT RESOLVED BY I LIHESLATURAN GUÁHAN:

WHEREAS, in the Twenty-Fourth (24th) Guam Legislature, Speaker Mark Forbes introduced Bill No. 539, which was enacted as Public Law 24-222, appended hereto as Exhibit 1, that requires locally enacted and administered tax increases and the issuance of a General Obligation Bond in an amount of greater than Twenty-Five Million Dollars (\$25,000,000) to go into effect only with the approval of the voters of Guam in a referendum held during an election; and

WHEREAS, Public Law 24-222 recognizes the need for direct involvement of the local electorate to make ultimate decisions on the question of substantially increasing the amount of local debt by the government by requiring the approval of the people for the issuance of any government General Obligations Bond of greater than Twenty-Five Million Dollars (\$25,000,000); and

1 **WHEREAS**, since the enactment of Public Law 24-222, excluding
 2 autonomous and semi-autonomous agency borrowing, the Government of Guam
 3 has borrowed twenty-eight (28) times, with the individual borrowings and
 4 borrowed amounts as follows:

<i>Year</i>	<i>Name of Issue</i>	<i>Amount Issued</i>
1999	Promissory Note of 1999	\$25,000,000
2001	Tobacco Settlement Asset-Backed Bonds, Series 2001 A, B	\$25,477,459
2001	LO Highway Refunding Bonds, 2001 Series A	\$51,705,000
2001	LO (Section 30) Bonds, Series 2001A	\$76,895,000
2002	GO Loan 2002	\$10,000,000
2003	LO University of Guam Loan 2003	\$13,500,000
2004	GEFF Certificate of Participation, Series 2006 A, B	\$64,895,000
2005	Guam Public School System \$6M Line of Credit 2007	\$6,000,000
2007	Tobacco Settlement Asset-Backed Bonds, Series 2007A	\$36,982,077
2007	GO 2007 Bonds, Series A	\$151,935,000
2008	GEFF Certificates of Participation, Series 2008	\$7,520,000
2008	GO Loan 2008	\$13,800,000
2009	2009 Term Financing	\$20,103,875
2009	LO (Section 30) Bonds, 2009 Series A	\$202,425,000
2009	GO 2009 Bonds, Series A	\$271,070,000
2010	GDOE Certificates of Participation Series 2010A	\$65,735,000
2011	GO Guam Memorial Hospital Authority Loan 2011	\$12,000,000
2011	LO Hotel Occupancy Tax Revenue Bonds Series 2011A	\$90,665,000
2011	LO Business Privilege Tax Bonds Series 2011A	\$235,000,000
2012	LO Business Privilege Tax Bonds Series 2012B	\$108,700,000
2013	LO Business Privilege Tax Bonds Series 2013C	\$22,640,000
2013	GEFF Certificate of Participation 2013 A, B	\$22,818,000

<i>Year</i>	<i>Name of Issue</i>	<i>Amount Issued</i>
2014	GO Guam Legislature Building Loan 2014	\$4,000,000
2014	GO Guam Memorial Hospital Loan 2014	\$25,000,000
2014	Lease Revenue Bonds, Series 2014	\$107,405,000
2015	LO Business Privilege Tax Bonds Series 2015D	\$410,485,000
2016	GEFF Certificate of Participation, Series 2016 A, B	\$38,570,000
2016	LO (Section 30) Bonds, 2016 Series A	\$236,605,000

WHEREAS, as of March 2017 the Government of Guam owed One Billion Eighty-Two Million Six Hundred Ninety Thousand Forty-Five Dollars (\$1,082,690,045), or about Seventy-Eight Percent (78%) of the Government of Guam’s Organic Act debt limitation of One Billion Three Hundred Eighty-Eight Million Six Hundred Sixty-Three Thousand Nine Hundred Fifty-Nine Dollars (\$1,388,663,959); and

WHEREAS, the original par amount of the debt counted toward the debt ceiling totals Eight Hundred Seventy Million Five Hundred Twenty Thousand Dollars (\$870,520,000)¹, which will cost about One Billion Six Hundred Twenty-Five Million Four Hundred Ninety-Five Thousand Twenty Dollars (\$1,625,495,020) over the lifetimes of each borrowing; and

WHEREAS, the Government of Guam Retirement Fund has a large Unfunded Actuarially-Accrued Liability, which was One Billion Two Hundred Forty-Nine Million Three Hundred Sixteen Thousand Four Hundred Eighty-Seven Dollars (\$1,249,316,487), as of September 30, 2016; and

WHEREAS, the borrowing that has been undertaken since the enactment of Public Law 24-222 demonstrates that the law neither conclusively prevents the Government of Guam from issuing additional bonds of Twenty-Five Million Dollars (\$25,000,000) or greater nor does it effectively constrain the actions taken

¹ Excluding the refinanced portion of the Government of Guam General Obligation Bonds, 2009 Series A.

1 by the Government of Guam to authorize additional borrowing without the
2 approval of the voters; and

3 **WHEREAS**, the Commonwealth of Puerto Rico in recent years has faced a
4 worsening debt crisis, rising from a per capita debt of \$10,000 per person in 2005
5 to \$19,000 per person in 2014, an average increase of seven and four-tenths
6 percent (7.4%) per year; and

7 **WHEREAS**, the Territory of Guam has faced a debt problem similar to
8 Puerto Rico's, with Guam's per capita debt of \$6,270 per person in 2005 rising to
9 \$15,323 per person in 2015, an average increase of nine and three-tenths percent
10 (9.3%) per year, documented in the U.S. Government Accountability Office
11 excerpt appended hereto as Exhibit 2; and

12 **WHEREAS**, President Barack Obama signed the Puerto Rico Oversight,
13 Management, and Economic Stability Act ('PROMESA') into law on June 30,
14 2016, which established an oversight board and a means for restructuring debt and
15 approving critical infrastructure projects to address the Puerto Rico government
16 debt crisis, which has resulted in an austerity plan that cuts funding for health care,
17 pensions, and education; and

18 **WHEREAS**, investors and ratings agencies are more wary of U.S.
19 territories' debts, with Fitch in part citing the enactment of PROMESA as a
20 concern that contributed to the downgrade of the Government of Guam Limited
21 Obligations Business Privilege Tax Bonds ('BPT Bonds') from A- with a Stable
22 Outlook to BB with a Stable Outlook, as documented in FitchRatings' release
23 appended hereto as Exhibit 3; and

24 **WHEREAS**, in addition to PROMESA's impact on Fitch's bond rating
25 downgrade of Guam's BPT Bonds, Fitch cited weak financial operations, high debt
26 levels, exceptionally high long-term liabilities, and the Government of Guam's
27 inability to "reach and sustain a structurally balanced budget"; and

1 **WHEREAS**, the Government of Guam does not have a locally enacted
2 Constitution and, instead, operates under the Organic Act of Guam, and the
3 enactment of an amendment to the Organic Act of Guam requiring voter approval
4 for increase in public indebtedness would prevent any future circumvention of the
5 peoples' sovereign authority in that matter; and

6 **WHEREAS**, the enactment of such an amendment would create an
7 additional safeguard to prevent the Government of Guam from reaching a similar
8 crisis as is faced by Puerto Rico; now therefore be it

9 **RESOLVED**, that *I Mina'Trentai Kuattro Na Liheslaturan Guåhan* does
10 hereby, on behalf of the people of Guam, respectfully petition the United States
11 Congress, pursuant to 48 USC §1423k, to enact legislation amending the Organic
12 Act of Guam to include a provision of Guam Public Law 24-222, such that any
13 provision enacted by the Government of Guam which increases the public
14 indebtedness of the Government of Guam by at least Twenty-Five Million Dollars
15 (\$25,000,000), backed by the full faith and credit of the Government of Guam,
16 must be approved by a majority of votes cast in an election before any such

17 borrowing may be undertaken, with allowances for a state of emergency if so
18 ratified by a two-thirds (2/3) vote of the Guam Legislature; and be it further

19 **RESOLVED**, that the Speaker certify, and the Legislative Secretary attest
20 to, the adoption hereof, and that copies of the same be thereafter transmitted to the
21 Honorable Mike Pence, Vice President of the United States; the Honorable Paul
22 Ryan, Speaker of United States House of Representatives; the Honorable Mark
23 Forbes, Speaker of the Twenty-Eighth (28th) and Twenty-Ninth (29th) Guam
24 Legislatures; the Honorable Madeleine Z. Bordallo, Guam's Delegate to the United
25 States House of Representatives; and the Honorable Eddie Baza Calvo, *I*
26 *Maga'låhen Guåhan*.

**DULY AND REGULARLY ADOPTED BY I MINA'TRENTAI KUÁTTRO NA
LIHESLATURAN GUÁHAN ON THE ___ DAY OF ____, 2017.**

BENJAMIN J.F. CRUZ
Speaker

RÉGINE B. LEE
Legislative Secretary

Exhibit 1



OFFICE OF THE GOVERNOR
GUAM

Refer to
Legislative Secretary

AUG 03 1998

The Honorable Antonio R. Unpingco
Speaker
Mina Bente Kuáttro na Lihoslaturan Guáhan
Twenty-Fourth Guam Legislature
Guam Legislature Temporary Building
155 Hesler Street
Hagåtña, Guam 96910

Dear Speaker Unpingco:

Enclosed please find Substitute Bill No. 539 (COR), "AN ACT TO ADD §§17320 AND 17321 TO ARTICLE 3, CHAPTER 17 OF TITLE 3 OF THE GUAM CODE ANNOTATED, RELATIVE TO REQUIRING A POPULAR REFERENDUM ON ANY PROPOSED INCREASE IN LOCAL TAXES OR CERTAIN GENERAL OBLIGATION BONDS PRIOR TO THEIR TAKING EFFECT", which was vetoed by the Governor and overridden by the Legislature. This legislation is designated as ~~Public Law No. 24-222.~~

Very truly yours,

Madeleine Z. Bordallo
Madeleine Z. Bordallo
I Mága'láhen Guáhan
Acting Governor of Guam

Attachment: copy attached for signed bill
original attached for vetoed bill

cc: The Honorable Joanne M. S. Brown
Legislative Secretary

011922

OFFICE OF THE LEGISLATIVE SECRETARY	
ACKNOWLEDGMENT RECEIPT	
Received By	<i>[Signature]</i>
Time	3:33pm
Date	8.4.98

Office of the Speaker
ANTONIO R. UNPINGCO
Date: 8/9/98
Time: 2:40pm
Rec'd by: *[Signature]*
Print Name: *Janahen*

MINA'BENTE KUATTRO NA LIHESLATURAN GUAHAN
1998 (SECOND) Regular Session


CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUAHAN

This is to certify that Substitute Bill No. 539 (COR), "AN ACT TO ADD §§17320 AND 17321 TO ARTICLE 3, CHAPTER 17 OF TITLE 3 OF THE GUAM CODE ANNOTATED, RELATIVE TO REQUIRING A POPULAR REFERENDUM ON ANY PROPOSED INCREASE IN LOCAL TAXES OR CERTAIN GENERAL OBLIGATION BONDS PRIOR TO THEIR TAKING EFFECT," returned without approval of *I Maga'lahen Guahan*, was reconsidered by *I Liheslaturan Guahan* and after such consideration, did agree, on the 29th day of July, 1998, to pass said bill notwithstanding the veto of *I Maga'lahen Guahan* by a vote of fourteen (14) members.



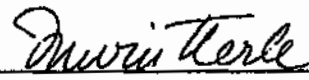
ANTONIO R. UNPINGCO
Speaker

Attested:



JOANNE M.S. BROWN
Senator and Legislative Secretary

This Act was received by I MAGA'LAHEN GUAHAN this 30th day of August
1998, at 9:05 o'clock 9 M.



Inwii Terle
Assistant Staff Officer
Governor's Office

Public Law No. 24-222

MINA' BENTE KUATTRO NA LIHESLATURAN GUAHAN
1998 (SECOND) Regular Session

Bill No. 539 (COR)

As substituted and amended
on the Floor.

Introduced by:

Mark Forbes
V. C. Pangelinan
F. E. Santos
W. B.S.M. Flores
F. B. Aguon, Jr.
A. C. Blaz
J. M.S. Brown
Felix P. Camacho
Francisco P. Camacho
M. C. Charfauros
E. J. Cruz
L. F. Kasperbauer
A. C. Lamorena, V
C. A. Leon Guerrero
J. C. Salas
A. L.G. Santos
A. R. Unpingco
J. Won Pat-Borja

**AN ACT TO ADD §§17320 AND 17321 TO ARTICLE
3, CHAPTER 17 OF TITLE 3 OF THE GUAM CODE
ANNOTATED, RELATIVE TO REQUIRING A
POPULAR REFERENDUM ON ANY PROPOSED
INCREASE IN LOCAL TAXES OR CERTAIN
GENERAL OBLIGATION BONDS PRIOR TO
THEIR TAKING EFFECT.**

1 **BE IT ENACTED BY THE PEOPLE OF GUAM:**

2 **Section 1.** Section 17320 is hereby added to Article 3, Chapter 17 of
3 Title 3 of the Guam Code Annotated to read as follows:

4 **"Section 17320. Referendum on Tax Increases Required.**

5 Notwithstanding any other provision of law, no increase in real
6 property tax, liquid fuel tax, gross receipts tax or any locally enacted
7 and administered tax on Guam shall go into effect without the approval
8 of the voters of Guam in a referendum held during a General Election.
9 The manner in which a proposed tax increase shall be placed in
10 referendum before the voters of Guam pursuant to this Section shall be
11 as follows:

12 1. *I Liheslaturan Guahan* must pass, in bill form, a
13 proposed tax increase, the effective date to be thirty (30) days after
14 ratification by the voters of Guam in a referendum, such
15 ~~ratification to be certified by the Guam Election Commission.~~ The
16 bill must detail the amount and nature of the proposed increase
17 and the purpose to which such proposed increase shall be applied.

18 2. No more than ten (10) days after the bill is enacted into
19 law, the full text of the law shall be transmitted to the Guam
20 Election Commission by the Legislative Secretary of *I Liheslaturan*
21 *Guahan*. The Guam Election Commission shall place before the
22 voters of Guam the question of whether the voters approve or
23 disapprove of the proposed tax increase at the next General
24 Election, provided that the date of transmittal of the proposed tax

1 increase from *I Liheslaturan Guahan* to the Guam Election
2 Commission is at least ninety (90) days prior to the date of the
3 next General Election.

4 3. The Guam Election Commission shall cause to appear
5 in a daily periodical of mass publication on Guam a full text of the
6 proposed tax increase to be submitted to the voters in referendum
7 pursuant to this Section, at a date no less than thirty (30) days
8 prior to the General Election during which the referendum shall
9 be held. *I Liheslaturan Guahan* shall make such provisions as are
10 deemed necessary to provide the public with information
11 necessary to arrive at an informed position with respect to the
12 proposal.

13 4. Any submission to the voters made pursuant to this
14 Section shall be treated as an initiative for the purpose of
15 determining the number of votes needed to ratify a proposal
16 placed before the voters pursuant to this Section.

17 This Section shall not be interpreted as requiring voter
18 ratification of a tax imposed by the government of the United
19 States of America, provided that this Section shall apply upon de-
20 linkage of the Guam income tax from the Federal Internal
21 Revenue Code."

22 Section 2. Section 17321 is hereby added to Article 3, Chapter 17 of
23 Title 3 of the Guam Code Annotated to read as follows:

24 "Section 17321. Voter Approval Required on General
25 Obligation Bonds and Certain Fees. The provisions of §17320 of this

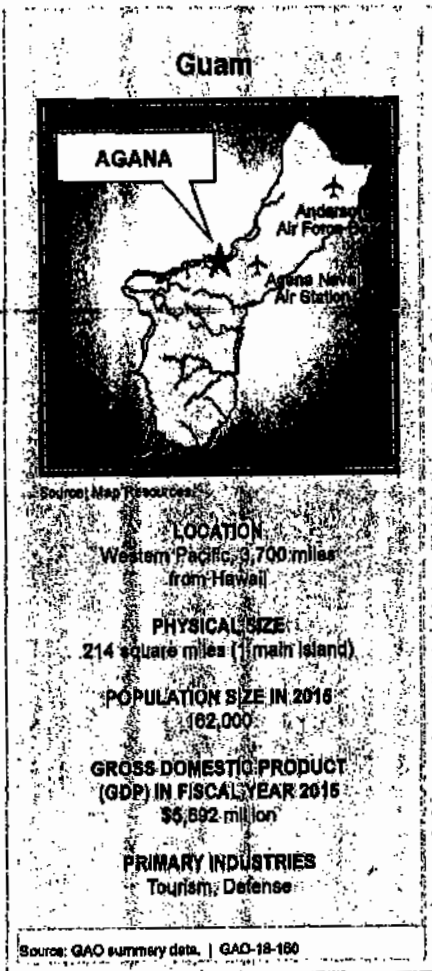
1 Article and Chapter shall apply in the case of any general obligation
2 bond of the government of Guam in excess of Twenty-five Million
3 Dollars (\$25,000,000), as well as in the case of the creation of any new
4 fee for service proposed to be established in such cases where the fee is
5 for a service already provided by the government of Guam prior to the
6 establishment of the new fee, and where such service was previously
7 funded through other revenues."

8 Section 3. Notwithstanding any provision of law, all campaign
9 contribution and expenditure laws for referendums, as contained in
10 Title 3, GCA, shall apply to 3 GCA §17320 and §17321, as added by this
11 Act.

Guam

Guam's Total Public Debt More Than Doubled and It Grew from 24 to 44 Percent of GDP between Fiscal Years 2005 and 2015

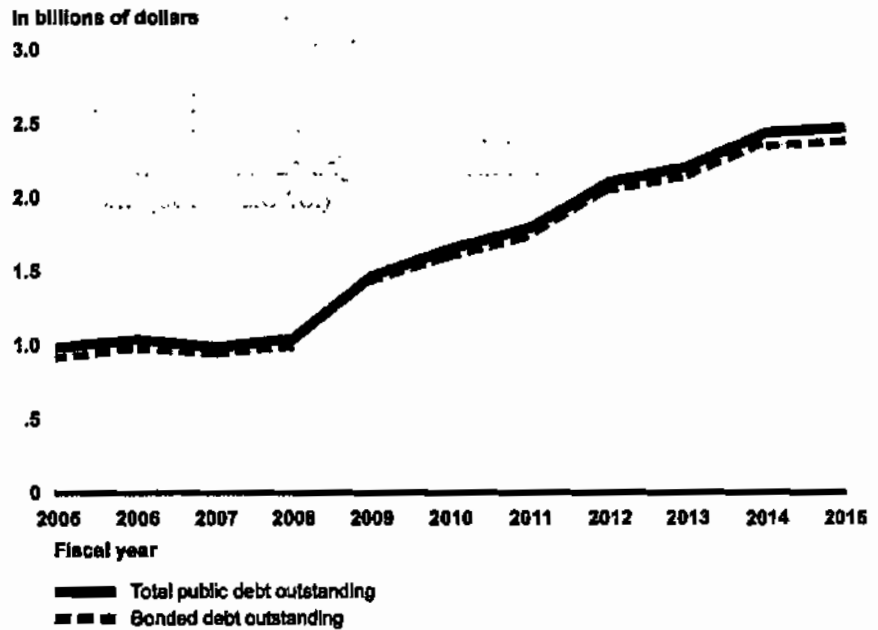
Total Public Debt Outstanding



Guam's total public debt outstanding increased from almost \$1 billion in fiscal year 2005 to \$2.5 billion fiscal year 2015, with the majority of the increase occurring between fiscal years 2008 and 2015 when total outstanding public debt grew 13 percent on average per year. (See figure 15.) In fiscal year 2015, 54 percent of Guam's total public debt outstanding was issued by component units. Territory officials told us component unit debt is backed solely by the revenue component units generate and cannot be used to service debt issued by the primary government.

The majority of Guam's total public debt is in the form of bonds. Bonded debt outstanding comprised between 93 and 97 percent of total public debt outstanding from fiscal years 2005 through 2015. Most of Guam's bonded debt outstanding will mature in 2027 or afterwards. The remainder of Guam's public debt outstanding between fiscal years 2005 and 2015 was primarily comprised of notes and loans, including loans from the federal government.

Figure 15: Guam's Bonded Debt Outstanding as a Component of Total Public Debt Outstanding, Fiscal Years 2005-2015



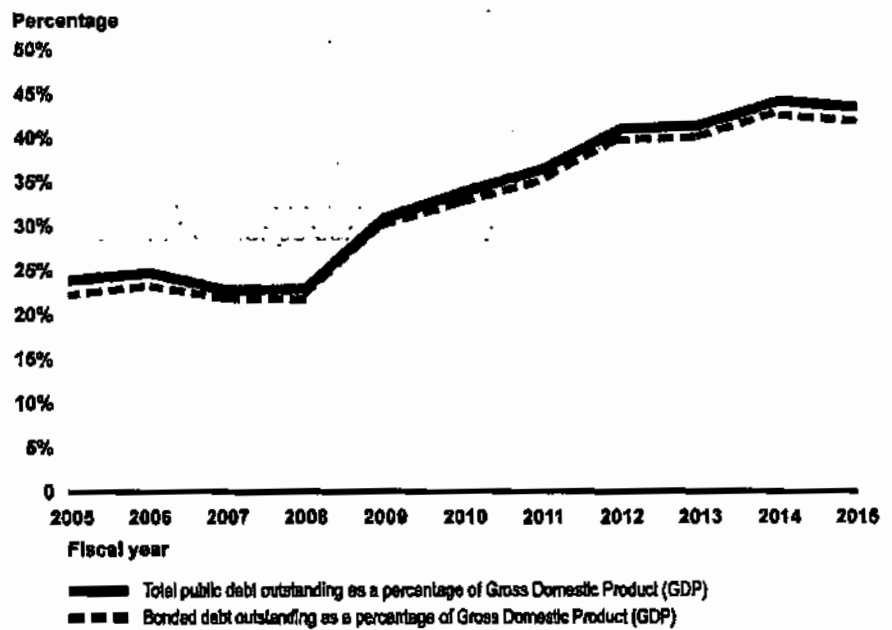
Source: GAO analysis of Guam single audit reports for fiscal years 2005-2015. | GAO-18-180

Note: Public debt outstanding includes debt issued by the primary government and component units as enumerated in the single audit reports.

Public Debt as a Share of GDP

Between fiscal years 2005 and 2015, Guam's total public debt outstanding as a share of GDP increased from 24 percent to 44 percent, with bonded debt outstanding growing similarly from 22 percent of GDP to 42 percent. (See figure 16.)

Figure 16: Guam's Public Debt Outstanding as a Share of GDP, Fiscal Years 2005-2015



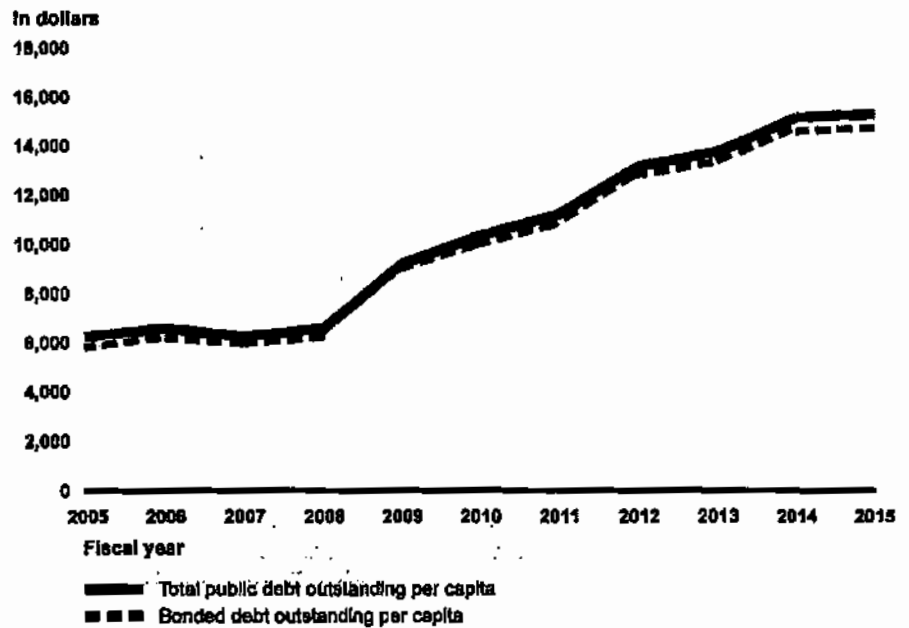
Source: GAO analysis of Guam data. | GAO-18-180

Note: Public debt outstanding includes debt issued by the primary government and component units as enumerated in the single audit reports.

Public Debt Per Capita

Both total public debt and bonded public debt outstanding per capita more than doubled between fiscal years 2005 and 2015. Total public debt outstanding per capita rose from about \$6,270 per person to \$15,323 per person, while bonded public debt outstanding increased from \$5,810 per person to \$14,759 per person. (See figure 17.)

Figure 17: Guam's Public Debt Outstanding Per Capita, Fiscal Years 2005-2015



Source: GAO analysis of Guam data. | GAO-18-160

Note: Public debt outstanding includes debt issued by the primary government and component units as enumerated in the single audit reports.

Guam's General Revenue Grew and Net Position Fluctuated Significantly between Fiscal Years 2005 and 2015

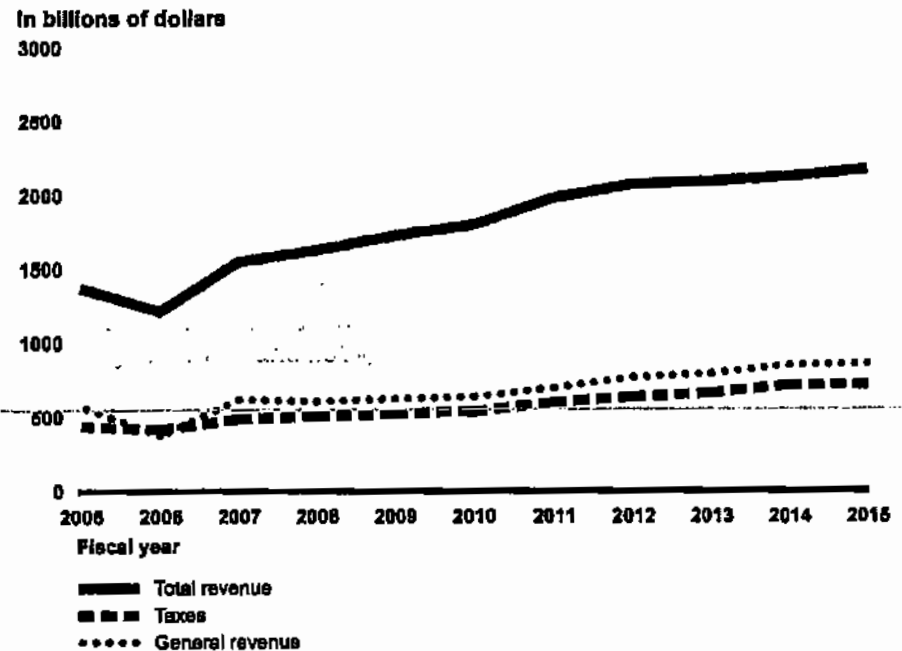
Guam's general revenue grew by 6 percent on average, per year, between fiscal years 2005 and 2015, from \$573.2 million to \$662.7 million. General revenue declined sharply in fiscal year 2006, recovered in fiscal year 2007, and then increased steadily through fiscal year 2015. According to territory officials, this increase in revenue can largely be attributed to economic development, with significant growth in tourism and new construction. A 2015 report to Guam's bondholders noted that there was an increase in visitors to the island each month between 2014 and 2015. The report attributed this increase to several factors, such as the expanded number of airline routes to Guam, the favorable exchange rate for Asian visitors, and the relative improvement of the overall global economy.⁴⁸ Guam's total revenue, or general revenue and program

⁴⁸Government of Guam, *Continuing Disclosure Annual Report for the Fiscal Year Ended September 30th, 2015* (Guam: 2015).

revenue combined, also grew by 5 percent on average, per year, between fiscal years 2005 and 2015, from \$1.4 billion to \$2.2 billion. (See figure 18.)

To project revenues, Guam officials use a model comprised of statistical weights that are calculated and assigned to each revenue source, which is derived from historical collections data from the prior fiscal years.

Figure 18: Guam's Revenue, Fiscal Years 2005-2015



Source: GAO analysis of Guam single audit reports for fiscal years 2005-2015. | GAO-18-160

Note: Revenue includes general revenue and program revenue generated by the primary government and component units as enumerated in the single audit reports. Taxes are part of general revenue.

While revenue generally grew, Guam's net position for the primary government fluctuated significantly between fiscal years 2005 and 2015. Since fiscal year end 2006, Guam's net position for the primary government has been negative and trending downward. Specifically, Guam's net position for the primary government declined from a positive \$79.8 million as of fiscal year end 2005 to a negative \$194.2 million as of fiscal year end 2012. Net position improved significantly and was positive in fiscal years 2013 and 2014, but then declined from a positive \$174.4

million as of fiscal year end 2014 to a 10-year low of a negative \$670.9 million as of fiscal year end 2015. Guam's net position for the primary government as of fiscal year end 2014 is shown prior to restatement. In fiscal year 2015, Guam implemented GASB Statement No. 68 and adjusted its beginning net position by \$815.6 million, resulting in a restated net position as of fiscal year end 2014 of a negative \$641.2 million. The implementation of GASB Statement No. 68 resulted in the territory recognizing previously unrecognized net pension liabilities and, therefore, a decline in ending net position in the year of recognition.

Guam's total net position for the primary government and component units combined also fluctuated significantly. Specifically, Guam's total net position increased from a positive \$788.8 million as of fiscal year end 2012 to a 10-year high of positive \$1.2 billion as of fiscal year end 2014. It declined to a 10-year low of positive \$47.3 million as of fiscal year end 2015 due to the implementation of GASB Statement No. 68.

Guam Has Used Public Debt to Meet Federal Requirements and Court Orders

According to territory officials, Guam's bonded debt outstanding has primarily been used to comply with federal requirements and court orders.⁶⁰ Guam has issued debt in several cases when compelled to meet federal and territorial requirements. For example, since Guam adheres to the mirror tax code, the territory is required to fund the Earned Income Tax Credit (EITC) and is not reimbursed for this by the federal government. In June 2004, the territory agreed to pay \$60 million over 9 years in settlement of unpaid EITC refunds from 1996, and in September 2006, the territory reached a new settlement replacing the 2004 agreement in which it agreed to pay up to \$90 million.

Moreover, in 2006, the Superior Court of Guam held that a territorial statutory provision⁶¹ required the retirement fund for government employees to pay past due annual lump sum Cost of Living (COLA) payments plus interest to eligible retirees and survivors. This resulted in an award of \$123.5 million plus interest to those individuals. In response, Guam issued a general obligation bond in 2007 in the amount of \$151.9 million to finance these past due tax refunds and outstanding COLA settlement payments, as well as to refinance prior debt and help fund infrastructure projects. In 2009, it issued another general obligation bond

⁶⁰This debt has also been used for infrastructure projects and to refinance prior debt.

⁶¹4 Guam Code Ann. § 8137.1 (repealed in 1995).

in the amount of \$271 million for similar purposes. According to a Guam government report, the largest increase in the territory's indebtedness occurred between fiscal year 2008 and fiscal year 2009, and was due in part to issuing bonds to pay for past due tax refunds and unpaid COLA expenses.⁵² In Guam's 2017 draft debt management policy, the Governor cited the administration's commitment to ensuring that tax refunds will be paid on time and no later than 6 months after filing.

In addition, in February 2004 the U.S. Environmental Protection Agency (EPA) and the Department of Justice filed a consent decree in the U.S. District Court of Guam.⁵³ The consent decree set forth the settlement terms agreed to by the federal government and Guam settling a lawsuit alleging Guam violated the Clean Water Act. The consent decree included deadlines for opening a new landfill and adopting a dump closure plan. In response to a 2009 District Court order that Guam comply with the terms of the consent order, the territory chose to issue a \$202.4 million limited obligation bond to fund closing the Ordot dump and constructing a new landfill to meet the terms of the settlement agreement.

Guam also issued revenue bonds between fiscal years 2005 and 2015 to finance infrastructure projects. For example, in 2011 a revenue bond backed by hotel occupancy taxes was issued in the amount of \$90.6 million in part to fund the construction of a museum on the island and other projects to benefit Guam's tourism industry. In addition, in 2013 Guam's Airport Authority issued \$247 million in bonds that were used, in part, to fund airport enhancements.

As established under its Organic Act, Guam has the authority to issue bonds, but Guam's public indebtedness is not authorized or allowed to exceed 10 percent of the aggregate tax valuation of property in the territory; tax valuation of property is currently set at 90 percent of appraised value of property.⁵⁴ The limit applies to both general obligation and limited obligation debt. In fiscal year 2007, to increase borrowing capacity to address a \$524 million deficit, the government changed the

⁵²Government of Guam Office of Public Accountability, *Government of Guam Public Debt Report, Report No. 14-01* (Guam: April 2014).

⁵³Consent Decree, *United States v. Guam*, No. 1:02-cv-00022 (D. Guam 2004).

⁵⁴48 U.S.C. § 1423a.

percentage of appraised value which constitutes the assessed value.⁵⁵ The debt ceiling still limits the amount of public debt Guam can issue to 10 percent of the aggregate tax valuation of property. However, in September 2007, Guam amended its statutory definition of assessed value from 35 percent of appraised property values to 70 percent.⁵⁶ In May 2009, the definition tax valuation of property was again amended to 90 percent of appraised property values.⁵⁷ This second increase was imposed so Guam could issue bonds to comply with the requirement to close the Ordot dump and open a new landfill. In fiscal year 2012, the government increased borrowing capacity a third time by amending the definition of assessed value to 100 percent of appraised value in order to fund past due tax refunds.⁵⁸ In fiscal year 2016, the statutory definition of assessed value was decreased back down to 90 percent of appraised value.⁵⁹

Despite Guam's Recent and Expected Economic Growth, Growing Pension Fund Liabilities May Present a Risk

Despite economic growth, we found that Guam faces large fiscal risks related to unfunded pension liabilities and other post-employment benefits (OPEB) that, if unaddressed, may hamper its ability to repay existing debt and increase its need to issue debt. A number of factors may contribute to continued economic growth in Guam. Specifically, according to a government report, visitor arrivals to Guam are projected to continue increasing and higher room rates and occupancy are leading to continued hotel development. Moreover, the Marine Corps has plans to consolidate bases in Okinawa, Japan, and relocate 4,100 Marines to Guam. The Department of Defense (DOD) expects this relocation to Guam to occur between fiscal years 2022 and 2026. Officials from Guam predict that the military buildup will result in significant additional investment in Guam's economy. In July 2016, DOD agreed to give Guam approximately \$55.6 million in grants to fund civilian water and wastewater projects linked to the military buildup; additional investments in the power infrastructure will also be funded by DOD. A 2014 study conducted by the Department of

⁵⁵The U.S. Supreme Court held that "tax valuation" for purposes of Guam's debt limitation means the value to which the tax rate is applied, or assessed valuation, and not appraised value. *Limtiaco v. Camacho*, 549 U.S. 483 (2007).

⁵⁶Guam Pub. L. 29-19, chap. X, § 5 (Sept. 29, 2007).

⁵⁷Guam Pub. L. 30-7, § 12 (May 11, 2009).

⁵⁸Guam Pub. L. 31-196, § 1(a) (Mar. 28, 2012).

⁵⁹Guam Pub. L. 33-185, chap. XIV, § 2 (Sept. 10, 2016).

the Navy on the effect of the military buildup on Guam's economy concluded that it would increase civilian labor force demand, increase civilian labor force income, and increase tax revenues.⁶⁰

While it maintained Guam's debt as investment grade as of 2017, the rating agency Standard and Poor's expressed concern about Guam's extremely high debt burden and vulnerability to economic changes in its tourism and military industries. In addition, Guam has large pension and OPEB liabilities that may stress current debt service payment arrangements if anticipated savings from changes to the government pension system are not realized. In fiscal year 2015, pension liabilities were \$1.2 billion and OPEB liabilities were \$2 billion, 22 and 37 percent of GDP, respectively. Territory officials told us that they have taken a variety of steps to address their unfunded pension and OPEB liabilities. In 1995, the government closed the defined benefit plan⁶¹ to new members with all new employees participating in a defined contribution plan,⁶² which resulted in a decrease in accrued liabilities. To address insufficient savings by members in the defined contribution plan, the legislature created two new retirement plans in 2016.⁶³ The government estimates that the new retirement plans could add an additional \$173 million to the pension fund. Territory officials said the government is meeting its actuarial contributions on an annual basis and is on track to pay off the existing unfunded pension liability in approximately 15 years.⁶⁴

⁶⁰The Naval Facilities Engineering Command Pacific, *Socioeconomic Impact Assessment Study: Guam and CNMI Military Relocation* (Washington, D.C.: December 2014).

⁶¹A defined benefit plan promises a specified monthly benefit at retirement. The plan may state this promised benefit as an exact dollar amount, such as \$100 per month at retirement. Or, more commonly, it may calculate a benefit through a plan formula that considers such factors as salary and service.

⁶²A defined contribution plan does not promise a specific amount of benefits at retirement. In these plans, the employee, the employer, or both contribute to the employee's individual account under the plan, sometimes at a set rate, such as 5 percent of earnings annually. These contributions generally are invested on the employee's behalf. The employee will ultimately receive the balance in their account, which is based on contributions plus or minus investment gains or losses. The value of the account will fluctuate due to the changes in the value of the investments.

⁶³Guam Pub. L. 33-186 (Sept. 14, 2016).

⁶⁴We did not independently confirm this estimate.

FitchRatings

Fitch Downgrades Guam BPT Bonds; Rating Withdrawn

Fitch Ratings-New York-22 December 2016: Fitch Ratings has downgraded the rating on the following bonds of the Government of Guam to 'BB' from 'A-':

--\$763.315 million Business Privilege Tax (BPT) Revenue Bonds.

Fitch has removed the ratings on the BPT bonds from Rating Watch Negative.

The downgrade is based on Fitch's assessment that the BPT bond security can no longer be rated distinct from the general operations of the Government of Guam following the passage of the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA). While PROMESA does not apply to the Government of Guam, Fitch believes an avenue has been created for the federal government to adopt future legislation allowing for a restructuring of Guam-backed debt even though Guam is not eligible to file for bankruptcy under current federal law. To determine the appropriate rating for the BPT bonds Fitch has analyzed the general credit quality of Guam and assigned an Issuer Default Rating (IDR) of 'BB'.

The Rating Outlook is Stable.

In conjunction with the downgrade, Fitch has withdrawn the ratings as the Government of Guam has chosen to stop participating in the rating process. Therefore, Fitch will no longer have sufficient information to maintain the ratings. Accordingly, Fitch will no longer provide analytical coverage for the Government of Guam's IDR and BPT bonds.

SECURITY

The BPT bonds are special limited obligations of the government of Guam secured by a lien on 3% of the 4% business privilege tax levied on goods and services.

KEY RATING DRIVERS

Guam's 'BB' IDR reflects the very long trend of weak financial operations and high debt levels. While Guam's economy is more diverse than that of other territories, and continues to experience growth in its economy and revenues, it has been unable to reach and sustain a structurally balanced budget.

EXPOSURE TO GENERAL GOVERNMENT OPERATIONS: The rating on the BPT bonds is not considered to be distinct from the general operations of the Government of Guam following the passage of the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA), which fundamentally altered the premise used to rate certain tax backed debt issued by territorial governments.

SOLID GROWTH IN REVENUE STREAM: The BPT is a broad, diversified tax, levied on goods and services, which tracks the Guam economy. Given expected growth in the economy, driven primarily

by U.S. military investment and tourism, revenues are expected to grow above the level of inflation.

REVENUE STREAM SENSITIVITY: Given limited additional leveraging of pledged revenues and current high debt service coverage, the structure can absorb a decline in revenues expected to result from a moderate recession scenario.

LEVERAGE PROTECTION: Legal protections include an additional bonds test of 3x MADS from historical revenues and a covenant to not reduce the rate of levy and collection of the pledged BPT below 3% or otherwise impair the pledged BPT.

Economic Resource Base

Located closer to Asia than to the mainland United States, Guam is the westernmost territory of the U.S. with a local economy that depends on its growing tourism sector and the stabilizing presence of the U.S. military. Given its location and small size, Guam is susceptible to natural disasters that can also affect its tourism-based economy.

Revenue Framework: 'aa' factor assessment

Growth prospects for revenues are solid given ongoing growth in an economy that did not experience the most recent U.S. recession and which is expected to benefit from an expansion of the U.S. military presence. Guam has no legal limitations on its independent ability to raise revenues.

Expenditure Framework: 'a' factor assessment

Expenditure growth is expected to be at or slightly above revenue growth in the absence of policy action, reflecting Guam's role as sole provider of government services on the Island. Guam's ability to control spending is adequate and carrying costs, while still moderate, reflect in part slow debt amortization.

Long-Term Liability Burden: 'bb' factor assessment

Long-term liabilities are exceptionally high, estimated at more than 100% of personal income, reflecting both sizable outstanding debt obligations and the unfunded pension liability for the closed defined benefit plan.

Operating Performance: 'bb' factor assessment

Guam has limited gap closing capacity and would likely experience fiscal distress in a moderate downturn. It has had difficulty reaching budgetary balance even during this extended period of economic expansion.

RATING SENSITIVITIES

BUDGET BALANCE: The IDR is sensitive to the government's ability to reach and sustain budgetary balance.

GOVERNMENT OPERATIONS: The BPT rating is sensitive to changes in the general credit quality of the Government of Guam.

CREDIT PROFILE

In July 2016, following passage of PROMESA, Fitch transitioned the analysis of dedicated tax bonds

issued by U.S. territories to criteria applicable to local governments rather than state governments, at which point Guam's BPT bonds were placed on Rating Watch Negative. As a result, Guam's BPT bonds, while still retaining the debt service coverage and revenue resilience to support a higher rating, have become subject to a limit on the rating related to the general operations of the issuer, as is reflected in the IDR. Fitch now considers the Government of Guam as analogous to a local government in applying dedicated tax bond criteria. The BPT security does not meet the criteria exceptions for raising the rating above the general credit quality of the issuer.

Economic Resource Base

There are approximately 6,115 active military personnel and 7,200 military dependents on Guam (out of a total population of 159,538), a number that is projected to grow over the next 10 years. Although the planned relocation of the Third Marine Expeditionary Force from Okinawa, Japan to Guam has been delayed and reduced from earlier forecasts, Guam officials still expect approximately 5,000 troops to be relocated to Guam.

Tourism is a strong and growing part of Guam's economy. Guam receives over 1.37 million visitor arrivals annually, with approximately 57% derived from Japan; this proportion has declined with growth in other markets. The government is working to develop the visitor base, having successfully expanded a visa waiver program to include Russia, and is working to add mainland China, an effort that if successful has the potential to significantly increase income to the island.

Revenue Framework

The Government of Guam is the only taxing entity in Guam, and relies on a combination of local taxes and federal revenues to support general fund operations. Local taxes consist primarily of an income tax (44% of general fund revenues in fiscal 2015) and a business privilege tax (BPT 31%). Residents do not pay federal income taxes; the Territorial Income Tax Code mirrors the U.S. Internal Revenue code with the resulting taxes payable to the Government of Guam. Real property taxes are levied with property taxes deposited into the Territorial Educational Facilities Fund to fund education, although a portion is used to reimburse the general fund for GO debt service. Federal contributions to general fund operations come in part in the form of "section 30" revenues, which include federal income taxes paid by members of the armed forces as well as customs duties and other fees.

Historical revenue growth in Guam has been strong. Guam did not experience a recession coincident with the U.S. recession; its economy is linked to both the U.S. economy and economies in Asia, and continued to grow through the downturn. Given increased investment by the U.S. military and continued expansion in tourism, growth prospects for revenues are generally solid; however, some uncertainty arises from potential changes in the federal tax code that could have a dampening effect on Guam revenues going forward.

Under the Organic Act of Guam (passed in 1950), the Government of Guam has no legal limitations on its ability to raise revenues through base broadenings, rate increases, or the assessment of new taxes or fees.

Expenditure Framework

Similar to U.S. states, a large share of spending -- slightly more than half of the Government of Guam's general fund expenditures -- is for education (27% in fiscal 2015) and public health (24%).

The natural pace of expenditure growth is expected to be somewhat above revenue growth, despite

spending controls put into place by the government. The government's fiscal stabilization plan, which included controls over hiring and wages, also included legislation to limit expenditures to 98% of estimated revenue until the then existing deficit was eliminated. These efforts tempered the growth in expenditures relative to revenues but have not completely closed the gap.

Guam has an adequate ability to adjust spending in response to economic downturn or revenue shortfall. Carrying costs for debt service, pensions, and other post-employment benefits are moderate at approximately 17% of governmental expenditures, reflecting in part slow debt amortization.

Long-Term Liability Burden

Guam's liabilities are quite high with tax supported debt and pension liabilities estimated at over 100% of personal income net tax-supported debt totaled \$1.4 billion as of Oct. 31, 2016, or 65% of estimated personal income. Guam has limited capacity under its debt limit, set in the Organic Act, the U.S. law under which it operates, which limits public indebtedness to 10% of aggregate tax valuation of property in Guam. The Guam Supreme Court has interpreted aggregate tax valuation to mean assessed value and statute sets assessed value to 100% of appraised value.

Although pension liabilities remain a significant portion of long-term liabilities, pension funding has improved as the government continues to make sizeable contributions to the closed defined benefit plan. As of its 2015 financial statements, the system had a reported ratio of assets to liabilities of 56.6% and a closed amortization period of 15.6 years.

Operating Performance

The government of Guam has limited gap closing capacity and its operations could become distressed in a moderate downturn scenario. The government maintains limited reserves and, since it is near its debt cap, limited ability to use borrowing for budget balancing purposes, which it has done in the past. The government has delayed tax refunds for budget balancing, and having brought these current with the issuance of the BPT bonds, could again utilize payment deferrals for short-term budget balancing.

The government of Guam has been attempting in recent years to reverse a twenty year history of operating at a deficit. The current administration put into place a plan to gradually shrink the operating deficit by controlling expenditures, improving revenue estimation and collection, while using debt issuance to pay overdue tax refunds and other general fund expenses that in total had accumulated to \$340 million. Between fiscal 2011 and fiscal 2014, the government showed progress, gradually shrinking the operating deficit and bringing the budget slowly toward structural balance.

However, ultimately, budget balance has not been reached. The negative fund balance has grown again, to \$120 million as of the end of fiscal 2015, when unbudgeted expenses, accounting adjustments, and a revenue shortfall resulted in an operating deficit. Fiscal 2016 results are reportedly better but details are not available. It is important to note that Guam's difficulty in achieving and maintaining budgetary balance has occurred during a period of economic growth, while benefitting from growing revenues.

BPT RATING LIMITED BY GENERAL GOVERNMENT OPERATIONS:

The rating on Guam's Business Privilege Tax Bonds is not distinct from the general operations of the Government of Guam and does not meet the criteria exceptions for raising the rating above the

general credit quality of the issuer.

GROWTH IN PLEDGED REVENUES

The BPT is a broad, diversified tax, levied on goods and services, which tracks the Guam economy. Although the Guam economy is relatively small and is heavily reliant on tourism, some balance is provided by the strategic importance of Guam to U.S. military operations in the Pacific. Although expansion has been delayed, Guam officials continue to expect the military presence on Guam to increase over the next ten years. Given this expected growth in the economy, revenues are expected to grow above the level of inflation.

The BPT tax paying base is not highly concentrated as it is paid by a wide range of small, medium, and large businesses. Almost half of the tax base (43%) is derived from retail trade with the service sector contributing another 24%. Tax revenues have generally been growing since experiencing large declines in the middle of the last decade and experienced only a minor drop-off (1.7% in 2009) during the most recent recession.

Recent performance has been uneven with receipts up 7.5% year-over-year in 2014, but dropping 4.9% in 2015. Revenues provide satisfactory coverage of projected debt service requirements at 3x coverage of MADS. It is Fitch's expectation that Guam will maintain leverage of the revenue stream up to the additional bonds test of 3x when it has capacity under its debt limitation.

SOLID RESILIENCE IN VOLATILE REVENUE STREAM

To evaluate the sensitivity of the dedicated revenue stream to cyclical decline, Fitch considers the results of the Fitch Analytical Sensitivity Tool (FAST), using a 1% decline in national GDP scenario, as well as assessing the largest decline in revenues over the period covered by the revenue sensitivity analysis. Based on a 15-year pledged revenue history, FAST generates a 7% scenario decline in pledged revenues. Pledged revenues could withstand a 67% decline, assuming full leveraging to the ABT, or 9.6x the scenario output, a very high level of resiliency.

However, tax revenues are somewhat volatile and collections have fluctuated following typhoons and other natural disasters, health epidemics in Asia, and worldwide economic conditions. Revenues declined a cumulative 35% between 1997 and 2002, before resuming generally steady growth. The revenue stream, fully leveraged to the ABT, could absorb a similar decline and maintain adequate coverage of debt service.

Contact:

Primary Analyst
Karen Krop
Senior Director
+1-212-908-0661
Fitch Ratings, Inc.
33 Whitehall Street
New York, NY 10004

Secondary Analyst

Marcy Block
Senior Director
+1-212-908-0239

Committee Chairperson
Douglas Offerman
Senior Director
+1-212-908-0889

Media Relations: Elizabeth Fogerty, New York, Tel: +1 (212) 908 0526, Email:
elizabeth.fogerty@fitchratings.com.

Additional information is available at 'www.fitchratings.com'.

In addition to the sources of information identified in the applicable criteria specified below, this action was informed by information from Lumesis and InvestorTools.

Applicable Criteria

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FitchRatings

Fitch Downgrades Guam BPT Bonds; Rating Withdrawn

Fitch Ratings-New York-22 December 2016: Fitch Ratings has downgraded the rating on the following bonds of the Government of Guam to 'BB' from 'A-':

--\$763.315 million Business Privilege Tax (BPT) Revenue Bonds.

Fitch has removed the ratings on the BPT bonds from Rating Watch Negative.

The downgrade is based on Fitch's assessment that the BPT bond security can no longer be rated distinct from the general operations of the Government of Guam following the passage of the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA). While PROMESA does not apply to the Government of Guam, Fitch believes an avenue has been created for the federal government to adopt future legislation allowing for a restructuring of Guam-backed debt even though Guam is not eligible to file for bankruptcy under current federal law. To determine the appropriate rating for the BPT bonds Fitch has analyzed the general credit quality of Guam and assigned an Issuer Default Rating (IDR) of 'BB'.

The Rating Outlook is Stable.

In conjunction with the downgrade, Fitch has withdrawn the ratings as the Government of Guam has chosen to stop participating in the rating process. Therefore, Fitch will no longer have sufficient information to maintain the ratings. Accordingly, Fitch will no longer provide analytical coverage for the Government of Guam's IDR and BPT bonds.

SECURITY

The BPT bonds are special limited obligations of the government of Guam secured by a lien on 3% of the 4% business privilege tax levied on goods and services.

KEY RATING DRIVERS

Guam's 'BB' IDR reflects the very long trend of weak financial operations and high debt levels. While Guam's economy is more diverse than that of other territories, and continues to experience growth in its economy and revenues, it has been unable to

reach and sustain a structurally balanced budget.

EXPOSURE TO GENERAL GOVERNMENT OPERATIONS: The rating on the BPT bonds is not considered to be distinct from the general operations of the Government of Guam following the passage of the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA), which fundamentally altered the premise used to rate certain tax backed debt issued by territorial governments.

SOLID GROWTH IN REVENUE STREAM: The BPT is a broad, diversified tax, levied on goods and services, which tracks the Guam economy. Given expected growth in the economy, driven primarily by U.S. military investment and tourism, revenues are expected to grow above the level of inflation.

REVENUE STREAM SENSITIVITY: Given limited additional leveraging of pledged revenues and current high debt service coverage, the structure can absorb a decline in revenues expected to result from a moderate recession scenario.

LEVERAGE PROTECTION: Legal protections include an additional bonds test of 3x MADS from historical revenues and a covenant to not reduce the rate of levy and collection of the pledged BPT below 3% or otherwise impair the pledged BPT.

Economic Resource Base

Located closer to Asia than to the mainland United States, Guam is the westernmost territory of the U.S. with a local economy that depends on its growing tourism sector and the stabilizing presence of the U.S. military. Given its location and small size, Guam is susceptible to natural disasters that can also affect its tourism-based economy.

Revenue Framework: 'aa' factor assessment

Growth prospects for revenues are solid given ongoing growth in an economy that did not experience the most recent U.S. recession and which is expected to benefit from an expansion of the U.S. military presence. Guam has no legal limitations on its independent ability to raise revenues.

Expenditure Framework: 'a' factor assessment

Expenditure growth is expected to be at or slightly above revenue growth in the absence of policy action, reflecting Guam's role as sole provider of government services on the Island. Guam's ability to control spending is adequate and carrying costs, while still moderate, reflect in part slow debt amortization.

Long-Term Liability Burden: 'bb' factor assessment

Long-term liabilities are exceptionally high, estimated at more than 100% of personal income, reflecting both sizable outstanding debt obligations and the unfunded pension liability for the closed defined benefit plan.

Operating Performance: 'bb' factor assessment

Guam has limited gap closing capacity and would likely experience fiscal distress in a moderate downturn. It has had difficulty reaching budgetary balance even during this extended period of economic expansion.

RATING SENSITIVITIES

BUDGET BALANCE: The IDR is sensitive to the government's ability to reach and sustain budgetary balance.

GOVERNMENT OPERATIONS: The BPT rating is sensitive to changes in the general credit quality of the Government of Guam.

CREDIT PROFILE

In July 2016, following passage of PROMESA, Fitch transitioned the analysis of dedicated tax bonds issued by U.S. territories to criteria applicable to local governments rather than state governments, at which point Guam's BPT bonds were placed on Rating Watch Negative. As a result, Guam's BPT bonds, while still retaining the debt service coverage and revenue resilience to support a higher rating, have become subject to a limit on the rating related to the general operations of the issuer, as is reflected in the IDR. Fitch now considers the Government of Guam as analogous to a local government in applying dedicated tax bond criteria. The BPT security does not meet the criteria exceptions for raising the rating above the general credit quality of the issuer.

Economic Resource Base

There are approximately 6,115 active military personnel and 7,200 military dependents on Guam (out of a total population of 159,538), a number that is projected to grow over the next 10 years. Although the planned relocation of the Third Marine Expeditionary Force from Okinawa, Japan to Guam has been delayed and reduced from earlier forecasts, Guam officials still expect approximately 5,000 troops to be relocated to Guam.

Tourism is a strong and growing part of Guam's economy. Guam receives over 1.37

million visitor arrivals annually, with approximately 57% derived from Japan; this proportion has declined with growth in other markets. The government is working to develop the visitor base, having successfully expanded a visa waiver program to include Russia, and is working to add mainland China, an effort that if successful has the potential to significantly increase income to the island.

Revenue Framework

The Government of Guam is the only taxing entity in Guam, and relies on a combination of local taxes and federal revenues to support general fund operations. Local taxes consist primarily of an income tax (44% of general fund revenues in fiscal 2015) and a business privilege tax (BPT 31%). Residents do not pay federal income taxes; the Territorial Income Tax Code mirrors the U.S Internal Revenue code with the resulting taxes payable to the Government of Guam. Real property taxes are levied with property taxes deposited into the Territorial Educational Facilities Fund to fund education, although a portion is used to reimburse the general fund for GO debt service. Federal contributions to general fund operations come in part in the form of "section 30" revenues, which include federal income taxes paid by members of the armed forces as well as customs duties and other fees.

Historical revenue growth in Guam has been strong. Guam did not experience a recession coincident with the U.S. recession; its economy is linked to both the U.S. economy and economies in Asia, and continued to grow through the downturn. Given increased investment by the U.S. military and continued expansion in tourism, growth prospects for revenues are generally solid; however, some uncertainty arises from potential changes in the federal tax code that could have a dampening effect on Guam revenues going forward.

Under the Organic Act of Guam (passed in 1950), the Government of Guam has no legal limitations on its ability to raise revenues through base broadenings, rate increases, or the assessment of new taxes or fees.

Expenditure Framework

Similar to U.S. states, a large share of spending -- slightly more than half of the Government of Guam's general fund expenditures -- is for education (27% in fiscal 2015) and public health (24%).

The natural pace of expenditure growth is expected to be somewhat above revenue growth, despite spending controls put into place by the government. The government's fiscal stabilization plan, which included controls over hiring and wages, also included legislation to limit expenditures to 98% of estimated revenue until the

then existing deficit was eliminated. These efforts tempered the growth in expenditures relative to revenues but have not completely closed the gap.

Guam has an adequate ability to adjust spending in response to economic downturn or revenue shortfall. Carrying costs for debt service, pensions, and other post-employment benefits are moderate at approximately 17% of governmental expenditures, reflecting in part slow debt amortization.

Long-Term Liability Burden

Guam's liabilities are quite high with tax supported debt and pension liabilities estimated at over 100% of personal income net tax-supported debt totaled \$1.4 billion as of Oct. 31, 2016, or 65% of estimated personal income. Guam has limited capacity under its debt limit, set in the Organic Act, the U.S. law under which it operates, which limits public indebtedness to 10% of aggregate tax valuation of property in Guam. The Guam Supreme Court has interpreted aggregate tax valuation to mean assessed value and statute sets assessed value to 100% of appraised value.

Although pension liabilities remain a significant portion of long-term liabilities, pension funding has improved as the government continues to make sizeable contributions to the closed defined benefit plan. As of its 2015 financial statements, the system had a reported ratio of assets to liabilities of 56.6% and a closed amortization period of 15.6 years.

Operating Performance

The government of Guam has limited gap closing capacity and its operations could become distressed in a moderate downturn scenario. The government maintains limited reserves and, since it is near its debt cap, limited ability to use borrowing for budget balancing purposes, which it has done in the past. The government has delayed tax refunds for budget balancing, and having brought these current with the issuance of the BPT bonds, could again utilize payment deferrals for short-term budget balancing.

The government of Guam has been attempting in recent years to reverse a twenty year history of operating at a deficit. The current administration put into place a plan to gradually shrink the operating deficit by controlling expenditures, improving revenue estimation and collection, while using debt issuance to pay overdue tax refunds and other general fund expenses that in total had accumulated to \$340 million. Between fiscal 2011 and fiscal 2014, the government showed progress, gradually shrinking the operating deficit and bringing the budget slowly toward structural balance.

However, ultimately, budget balance has not been reached. The negative fund balance has grown again, to \$120 million as of the end of fiscal 2015, when unbudgeted expenses, accounting adjustments, and a revenue shortfall resulted in an operating deficit. Fiscal 2016 results are reportedly better but details are not available. It is important to note that Guam's difficulty in achieving and maintaining budgetary balance has occurred during a period of economic growth, while benefitting from growing revenues.

BPT RATING LIMITED BY GENERAL GOVERNMENT OPERATIONS:

The rating on Guam's Business Privilege Tax Bonds is not distinct from the general operations of the Government of Guam and does not meet the criteria exceptions for raising the rating above the general credit quality of the issuer.

GROWTH IN PLEDGED REVENUES

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Karen Krop
Senior Director
+1-212-908-0661
Fitch Ratings, Inc.
33 Whitehall Street
New York, NY 10004

Secondary Analyst
Marcy Block
Senior Director
+1-212-908-0239

Committee Chairperson
Douglas Offerman
Senior Director
+1-212-908-0889

Media Relations: Elizabeth Fogerty, New York, Tel: +1 (212) 908 0526, Email: elizabeth.fogerty@fitchratings.com.

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COMMITTEE REPORT CHECKLIST

Part 1 / 1

RESOLUTION NO. 312-34 (COR)					
Relative to respectfully petitioning the United States Congress, pursuant to 48 USC § 1423k, to enact legislation amending the Organic Act of Guam to include a provision of Guam Public Law 24-222 such that any provision enacted by the Government of Guam which increases the public indebtedness of the Government of Guam by at least Twenty-Five Million Dollars (\$25,000,000), backed by the full faith and credit of the Government of Guam, must be approved by a majority of votes cast in an election before any such borrowing may be undertaken, with allowances for a state of emergency if so ratified by a two-thirds (2/3) vote of the Guam Legislature.					
Referred to: Senator Michael F.Q. San Nicolas, Sponsor					
(A) PUBLIC HEARING	(1) HEARING NOTICES SR §§ 6.04(a)(1) and 6.04(a)(2), Open Government Law (5 GCA, Ch. 8)				
	<table border="0" style="width: 100%;"> <tr> <td style="width: 60%;"><input checked="" type="checkbox"/> (a) Five (5) working days prior (ALL Senators & ALL Media)</td> <td style="width: 40%;">Date and Time of Notice: <i>Tues., Feb. 27, 2018 @ 9:45 PM</i></td> </tr> <tr> <td><input checked="" type="checkbox"/> (b) Forty-eight (48) hours prior (ALL Senators & ALL Media)</td> <td>Date and Time of Notice: <i>Mon., March 5, 2018 @ 4:30 PM + (Newspaper Ad) 3.9.18</i></td> </tr> </table>	<input checked="" type="checkbox"/> (a) Five (5) working days prior (ALL Senators & ALL Media)	Date and Time of Notice: <i>Tues., Feb. 27, 2018 @ 9:45 PM</i>	<input checked="" type="checkbox"/> (b) Forty-eight (48) hours prior (ALL Senators & ALL Media)	Date and Time of Notice: <i>Mon., March 5, 2018 @ 4:30 PM + (Newspaper Ad) 3.9.18</i>
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(2) Date and Time of Hearing: <i>Wed., March 7, 2018 @ 10:30 a.m.</i>	or (4) HEARING WAIVED by Speaker in case of emergency SR § 6.04(a)(1) <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> N/A				
(3) Location: The Public Hearing Room, Guam Congress Building	If YES: Attach memo indicating WAIVER				

GUAM CONGRESS BUILDING • 163 CHALAN SANTO PAPA • HAGĀTÑA, GUAM 96910
Telephone: (671) 472-3455 • Email address: corguamlegislature@gmail.com

**Committee Report Checklist on
Resolution No. 312-34 (COR)
Part 1 / 1**

	<p>(1) Committee Report filed with COR? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>If YES: Date & Time: THURS., March 8, 2018 @ 1:59 P.M.</p>	Notes:	<p>If NO: UNABLE TO PLACE ON SESSION AGENDA SR § 6.04(d)(1)</p>
	<p>(1)(a) Secondary CMTE Report filed with COR? <input type="checkbox"/> YES <input type="checkbox"/> NO <input checked="" type="checkbox"/> N/A</p> <p>If YES: Date & Time:</p>		
(B) COMMITTEE REPORT	(2) COMMITTEE REPORT COMPONENTS		
	(a) Front Page Transmittal to Speaker		<input checked="" type="checkbox"/>
	(a)(1) COR Chair Signature Line		<input checked="" type="checkbox"/>
	(b) Title Page		<input checked="" type="checkbox"/>
	(c) Committee Chair Memo to All Committee Members		<input checked="" type="checkbox"/>
	(d) COR Referral Memorandum		<input checked="" type="checkbox"/>
	(e) Notice of Public Hearing & Other Correspondence		<input checked="" type="checkbox"/>
	(f) Public Hearing Agenda		<input checked="" type="checkbox"/>
	(g) Public Hearing Sign-in Sheet		<input checked="" type="checkbox"/>
	(h) Written Testimonies & Additional Documents		<input checked="" type="checkbox"/>
	(i) Committee Vote Sheet(s)		<input checked="" type="checkbox"/>
	(j) Committee Report Digest(s)		<input checked="" type="checkbox"/>
	(k) Resolution History		<input checked="" type="checkbox"/>
	(k)(1) Copy of Resolution as introduced	+ Exhibits 1, 2, 3	<input checked="" type="checkbox"/>
	(k)(2) Copy of Bill as amended/substituted by Committee (if applicable)		<input type="checkbox"/> N/A
	(n) Related News Reports (optional)		<input type="checkbox"/> N/A
(o) Miscellaneous (optional)		<input checked="" type="checkbox"/>	
(p) Committee Report Checklist(s)		<input checked="" type="checkbox"/>	
	Originals	<input checked="" type="checkbox"/>	
	Single-Sided	<input checked="" type="checkbox"/>	
	Letter Size	<input checked="" type="checkbox"/>	
	No Staples/ Paper Clips	<input checked="" type="checkbox"/>	
(C) COR Action	<p><input checked="" type="checkbox"/> CMTE Report duly filed; Available for Placement on Session Agenda</p> <p><input type="checkbox"/> CMTE Report non-conforming for acceptance; Return to Committee</p>	<p>COR CHAIR (Signature, Date & Time)</p> <p><i>[Signature]</i> 3.8.18 @ 2:30 P.M.</p>	