

I Mina'Trentai Dos Na Liheslaturan Guahan
Bill Log Sheet

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	FISCAL NOTES
19-32 (COR) -P.L. 32-060	Chris M. Duesnas,B.J.F. Cruz,T.A. Morrison	AN ACT TO AMEND CHAPTER 7, TITLE 3, GUAM ADMINISTRATIVE RULES AND REGULATIONS, RELATIVE TO CAPTURING LICENSE FEES AND TAXES FROM GAMING OPERATORS.	1/17/13	1/17/13	Committee on Appropriations, Public Debt, Legal Affairs, Retirement, Public Parks, Recreation, Historic Preservation, and Land	02/01/2013, 9:00am	5/24/2013, 11:29am Supplement- 5/24/13, 12:22pm	Fiscal Note Requested 2/19/13 Fiscal Note Received 03/13/13
	DATE PASSED	TITLE	TRANSMITTED		DUE DATE	<small>DATE SIGNED BY I MAGA'LAHEN GUAHAN</small>	PUBLIC LAW NO.	NOTES
	6/24/2013	AN ACT TO ADD NEW §§ 5201 TO 5205 TO CHAPTER 5 OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO GAMING; TO ADD A NEW CHAPTER 97 TO TITLE 10, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE GMHA HEALTHCARE TRUST AND DEVELOPMENT FUND; AND TO ADD A NEW §80122 TO CHAPTER 80, DIVISION 4, TITLE 10, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING AN URGENT HEALTHCARE CENTER, AND FOR OTHER PURPOSES.	6/26/13	3:00pm	7/8/13	07/09/13	32-060	As substituted by the Author, and amended on the Floor.

EDDIE BAZA CALVO
Governor



RAY TENORIO
Lieutenant Governor

Office of the Governor of Guam

July 10, 2013

Honorable Judith T. Won Pat, Ed.D
Speaker
I Mina'trentai Dos Na Liheslaturan Guåhan
155 Hesler Street
Hagåtña, Guam 96910

32-13-592
Office of the Speaker
Judith T. Won Pat, Ed. D.
Date: 7/11/13
Time: 2:12 PM
Received by:

Dear Madame Speaker:

Transmitted herewith is Bill No. 19-32 (COR), "AN ACT TO ADD NEW §§ 5201 TO 5205 TO CHAPTER 5 OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO GAMING; TO ADD A NEW CHAPTER 97 TO TITLE 10, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE GMHA HEALTHCARE TRUST AND DEVELOPMENT FUND; AND TO ADD A NEW §80122 TO CHAPTER 80, DIVISION 4, TITLE 10, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING AN URGENT HEALTHCARE CENTER, AND FOR OTHER PURPOSES" which was enacted into law without the signature of *I Maga'lahaen Guåhan* as Public Law 32-060.

Senseramente,

EDDIE BAZA CALVO
I Maga'lahaen Guåhan
Governor of Guam

Enclosure

2013 JUL 11 PM 2:27

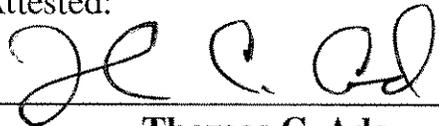
I MINA'TRENTAI DOS NA LIHESLATURAN GUÅHAN
2013 (FIRST) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO *I MAGA'LAHEN GUÅHAN*

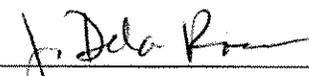
This is to certify that Substitute Bill No. 19-32 (COR), "AN ACT TO ADD NEW §§ 5201 TO 5205 TO CHAPTER 5 OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO GAMING; TO ADD A NEW CHAPTER 97 TO TITLE 10, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE GMHA HEALTHCARE TRUST AND DEVELOPMENT FUND; AND TO ADD A NEW §80122 TO CHAPTER 80, DIVISION 4, TITLE 10, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING AN URGENT HEALTHCARE CENTER, AND FOR OTHER PURPOSES", was on the 24th day of June, 2013, duly and regularly passed.


Benajmin J.F. Cruz
Acting Speaker

Attested:


Thomas C. Ada
Acting Legislative Secretary

This Act was received by *I Maga'lahaen Guåhan* this 26th day of June,
2013, at 3:00 o'clock P.M.


Assistant Staff Officer
Maga'lahaen's Office

APPROVED:

EDWARD J.B. CALVO
I Maga'lahaen Guåhan

Date: JUL 09 2013

Public Law No. 32-060

I MINA'TRENTAI DOS NA LIHESLATURAN GUÅHAN
2013 (FIRST) REGULAR SESSION

Bill No. 19-32(COR)

As substituted by the Author,
and amended on the Floor.

Introduced by:

Chris M. Dueñas
B. J.F. Cruz
Tommy Morrison
T. C. Ada
V. Anthony Ada
Frank B. Aguon, Jr.
Michael T. Lintiacó
Brant T. McCreadie
T. R. Muña Barnes
Vicente (ben) C. Pangelinan
R. J. Respicio
Dennis G. Rodriguez, Jr.
Michael F. Q. San Nicolas
Aline A. Yamashita, Ph.D.
Judith T. Won Pat, Ed.D.

AN ACT TO ADD NEW §§ 5201 TO 5205 TO CHAPTER 5 OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO GAMING; TO ADD A NEW CHAPTER 97 TO TITLE 10, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE GMHA HEALTHCARE TRUST AND DEVELOPMENT FUND; AND TO ADD A NEW §80122 TO CHAPTER 80, DIVISION 4, TITLE 10, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING AN URGENT HEALTHCARE CENTER, AND FOR OTHER PURPOSES.

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

2 **Section 1. Legislative Findings and Intent.** Public Law 26-52:4 granted the
3 Department of Revenue and Taxation and the Cockpit License Board the authority to
4 promulgate necessary rules and regulations to create a comprehensive regulatory
5 scheme to regulate all gaming activities on Guam. Pursuant to that authority, on
6 January 3, 2003 the Department of Revenue and Taxation filed the gaming control
7 regulations with the Legislative Secretary.

8 These regulations called for the establishment of a Gaming Control Division,
9 which would be responsible for the administration of the regulations. It also created a
10 Gaming Control Commission and tasked it with the development of license fees and
11 tax rates to be assessed to the various forms of allowable gaming. The license fees and
12 taxes to be collected would be the source of funding for the administration of the Act,
13 and all funds in excess of the operational needs would be divided between the
14 Department of Education's Interscholastic Sports Program, the Guam National
15 Olympic Committee, and the Northern and Southern Sports Complexes. However, the
16 Gaming Control Commission has not had any members appointed to it, and the
17 license fees and tax rates have yet to be established.

18 It is the intent of *I Liheslaturan Guåhan* to substitute the language contained in
19 the original Bill No. 19-32(COR) by adding language to Chapter 5 of Title 11, Guam
20 Code Annotated, relative to gaming. By doing so, *I Liheslatura* intends to place in
21 statute the policy of regulating gaming activities allowed by law, collecting fees and
22 taxes that would be due from duly licensed operators, and making funds available for
23 improvements to Guam's sporting facilities.

24 **Section 2.** New §§ 5201 to 5205, relative to gaming, are hereby *added* to Title
25 11, Guam Code Annotated, to read as follows:

26 **“§ 5201. Limited Gaming Tax.**

1 (a) There is hereby imposed a limited gaming tax on the gross receipts
2 from limited gaming activities allowed by this Act in Guam. The tax rate on
3 limited gaming activities *shall* be four percent.

4 (b) (1) The Department *shall* collect the amount of limited gaming
5 tax on the gross receipts from limited gaming activities determined pursuant to
6 Subsection (a) of this Section from any limited gaming licensee owing the tax,
7 and *shall* have all of the powers, rights, and duties provided for by law to carry
8 out such collection.

9 (2) All moneys collected pursuant to this Section *shall* be
10 deposited in the Fund created by § 5204 of this Act.

11 **§ 5202. Violations of Taxation Provisions - Penalties.**

12 (a) Any person who willfully:

13 (1) makes any false or fraudulent return in attempting to defeat
14 or evade the tax imposed by this Act, commits a third degree felony and
15 *shall* be punished as provided for by law;

16 (2) fails to pay tax due under this Act within thirty days after the
17 date the tax becomes due, commits a misdemeanor and *shall* be punished
18 as provided for by law;

19 (3) fails to file a return required by this Act within thirty days
20 after the date the return is due, commits a misdemeanor and *shall* be
21 punished as provided for by law;

22 (4) violates either Subsection (2) or (3) of this Section two or
23 more times in any twelve-month period, commits a third degree felony
24 and *shall* be punished as provided for by law; and

25 (5) aids or assists in, or procures, counsels, or advises the
26 preparation or presentation under, or in connection with any matter

1 arising under any title administered by the Department, or a return,
2 affidavit, claim, or other document which is fraudulent or is false as to
3 any material fact, whether or not such falsity or fraud is with the
4 knowledge or consent of the person authorized or required to present
5 such return, affidavit, claim, or document, commits a third degree felony
6 and *shall* be punished as provided for by law.

7 (b) For purposes of this Section, "person" includes corporate officers
8 having control or supervision of, or responsibility for, completing tax returns or
9 making payments pursuant to this Act.

10 **§ 5203. Returns and Reports - Failure to File - Penalties.**

11 (a) (1) Any person who fails to file a return or report required by
12 this Act for limited gaming activities, which return or report includes taxable
13 limited gaming transactions, on or before the date the return or report is due, as
14 prescribed in § 5202(a)(3) of this Act, is subject to the payment of an additional
15 amount assessed as a penalty equal to fifteen percent of the tax, or One
16 Thousand Dollars (\$1,000), whichever is greater; *except* that for good cause
17 shown, the Director may reduce or eliminate such penalty.

18 (2) Any person, subject to taxation under this Chapter for
19 limited gaming activities, who fails to pay the tax within the time
20 prescribed, is subject to an interest charge of two percent per month or
21 portion thereof for the period of time during which the payment is late, or
22 One Thousand Dollars (\$1,000), whichever is greater.

23 (3) (A) Penalty and interest are considered the same as a tax
24 for the purposes of collection and enforcement, including liens, distraint
25 warrants, and criminal violations.

1 (B) Any payment received for taxes, penalties, or interest
2 is applied, first to the tax, beginning with the oldest delinquency,
3 then to interest, and then to penalty.

4 (4) The Director may, upon application of the taxpayer,
5 establish a maximum interest rate of twenty-four percent upon delinquent
6 taxes if the Director determines that the delinquent payment was caused
7 by a mistake of law and not by a willful intent to evade the tax.

8 (b) The procedures for collection of any taxes due under this Act and
9 the authority of the Department to collect such taxes, *shall* be the same as those
10 provided for the collection of business privilege taxes.

11 **§ 5204. Limited Gaming Fund.**

12 (a) There is hereby created, separate and apart from other funds of the
13 government of Guam, a fund to be known as the Limited Gaming Fund. All
14 license fees, taxes and penalties collected under this Act *shall* be deposited in
15 the Fund. The Fund *shall not* be commingled with the General Fund, except as
16 indicated herein, *shall* be kept in a separate bank account, and *shall not* be used
17 as a pledge of security or as collateral for government loans. The Director of
18 Administration *shall* make an itemized quarterly report to *I Maga'lahren*
19 *Guåhan* (the Governor of Guam), and *I Liheslaturan Guåhan*, of the condition
20 of, and a detailed description of all financial activity within, the Fund. The
21 Director of Administration *shall* further make an itemized annual report, which
22 *shall* be made available to the general public.

23 (b) The Fund *shall* be used first for the purpose of the administration
24 of this Act, and as otherwise stated herein. *No more than* five percent of the
25 Fund balance may be expended for this purpose, and funds *shall not* be

1 expended for personnel costs. Said Fund *shall* be examined and reported upon
2 by the Director of Administration as required by law.

3 (c) No claim for the payment of any expense incurred by the
4 Department or any other agency in the administration of this Act, shall be made
5 unless it is against the Fund. No other moneys of the government of Guam shall
6 be used or obligated to pay the expenses of the Department.

7 (d) Moneys remaining in the Fund, after maintaining the stated
8 reserves for administrative expenses of this Act, *shall* be appropriated in the
9 following manner in each fiscal year:

10 (1) *up to* one third (1/3) of the available balance to the Mayors
11 Council of Guam for the repair and construction of village recreational
12 facilities, including community centers;

13 (2) *up to* one third (1/3) of the available balance to the
14 Department of Parks and Recreation for the repair and construction of its
15 facilities; and

16 (3) *up to* one third (1/3) of the available balance to the
17 Department of Education for the repair and construction of its sports
18 facilities.

19 (e) The Mayors Council of Guam, the Department of Parks and
20 Recreation, and the Department of Education *shall* present memoranda of
21 request to the Department of Administration detailing the use of funds to be
22 allocated to each entity. Funds *shall not* be expended for personnel costs. The
23 Department of Administration *shall* release funds to each entity on the first
24 Monday of each fiscal quarter.

25 **§ 5205. Limited Gaming Activities – Authorized and**
26 **Unauthorized.**

1 (a) The following are the only limited gaming activities authorized in
2 Guam under this Act:

3 (1) Bingo or lottery that is conducted by a tax exempt non-profit
4 organization as authorized in Title 9, Guam Code Annotated, § 64.70(b);

5 (2) Cockfighting that is conducted at a licensed cockpit, and that
6 all wagers are present at the cockpit, as authorized in Title 9, Guam Code
7 Annotated, § 64.40; and

8 (3) Carnival or Liberation Day gaming, as authorized in §
9 64.62; and

10 (4) All other limited gaming activities as authorized pursuant to
11 statute.

12 (b) Each non-profit organization choosing to operate a gaming activity
13 *shall* be open to an auditing of funds by the Office of Public Accountability to
14 ensure that funding is being spent in the spirit of the non-profit's charter and the
15 public benefit.”

16 **Section 3. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds
17 that the Guam Memorial Hospital Authority is seriously underfunded, resulting in
18 consistent, chronic shortages in all operational areas that jeopardize the ability of
19 Guam Memorial Hospital to adequately fulfill its mission.

20 The full scope and negative impact of the Guam Memorial Hospital Authority’s
21 outstanding debts, in excess of Twenty-three Million Dollars (\$23,000,000), came to
22 light during the *Joint Status Hearing* conducted by the Committee on Health &
23 Human Services and the Committee on Appropriations, on April 18, 2012. *I*
24 *Liheslaturan Guåhan* further finds that in 2012, the federally approved discount
25 provider for medical supplies intercepted approximately Five Hundred Thousand
26 Dollars (\$500,000) (taken from Medicare reimbursements through the U.S. Treasury),

1 for non-payment of GMHA's debt. In March 2013, GMHA paid Five Million Dollars
2 (\$5,000,000) of its outstanding obligations using Compact-Impact funds, thus
3 reducing its obligation to approximately Eighteen Million Dollars (\$18,000,000) as of
4 March 31, 2013. In addition, on June 3, 2013, Bill 132-32 was introduced to expand
5 existing borrowing authority extended to the Guam Memorial Hospital Authority. A
6 public hearing was held on Bill 132-32 on June 12, 2013, and if passed into law would
7 provide approximately Fourteen Million Dollars (\$14,000,000) in financing to further
8 reduce GMHA's debt.

9 At the urging of the hospital administration, and with the support of the GMHA
10 Board of Trustees and the Executive Branch of the government of Guam, it is the
11 intent of *I Liheslaturan Guåhan* to address this lack of funding and to identify and
12 provide additional sources of funding for the hospital.

13 It is the intent of *I Liheslaturan Guåhan* that this additional funding will be to
14 deposited into the "GMHA Healthcare Trust and Development Fund," apart and
15 separate from all other funds and accounts of the government of Guam, to facilitate
16 and supplement the development and maintenance of Guam Memorial Hospital.

17 In the expenditure of GMHA HealthCare Trust and Development Fund monies,
18 it is the intent of *I Liheslaturan Guåhan* that the first priority in the expenditure of
19 Fund monies will be to extinguish the existing hospital debt, by way of a line of
20 credit, a revolving loan fund, and/or a direct loan agreement, secured and paid with a
21 funding commitment from the Fund.

22 *I Liheslaturan Guåhan* further finds that in addition to paying off the existing
23 hospital debt as expeditiously as possible, it will afford hospital administration and the
24 GMHA Board of Trustees the opportunity to address long term, systemic problems at
25 the hospital which, in addition to the gross underfunding from the government of
26 Guam, have also contributed to the accumulation of such a large debt.

1 These problems include, but are *not* limited to, the disproportionately high
2 percentage of non-emergency, urgent care services provided by the Emergency
3 Services (ER) Department; the lack of a viable, efficient pharmaceutical utilization
4 and treatment tracking computer system (and software) for procurement, billing and
5 collection purposes; and the need to establish management and operational reform
6 practices.

7 *I Liheslaturan Guåhan* further finds that Public Law 27-77 directed the
8 Compiler of Laws in §1610 and published all rules and regulations or amendments
9 thereto received prior to the commencement codified in *I Mina'Bente Siete Na*
10 *Liheslaturan Guåhan*. Those regulations include the gaming regulations found in
11 Section 3 GAR §7001.

12 *I Liheslaturan Guåhan* finds the revenues to be generated from the licensing,
13 fees, gross receipts taxes, and income taxes, and a new special assessment fee paid by
14 the gaming industry will greatly benefit Guam Memorial Hospital.

15 *I Liheslaturan Guåhan* further finds that after approximately a 5-year period
16 during which licenses for certain gaming machines were not issued, the government of
17 Guam missed the opportunity to collect a minimum Six Million Five Hundred
18 Thousand Dollars (\$6,500,000) in GRT and licensing fees over that period, which
19 does not even account for other revenue factors, such as income taxes, withholding
20 taxes, etc. In April 2013, *I Liheslaturan Guåhan* further finds these machines were
21 again eligible for licensure and operation pursuant to 3 GAR Section 7114, and
22 subsequently issued regulatory licenses by the Department of Revenue and Taxation.

23 *I Liheslaturan Guåhan* finds that a variety of different gaming and licensed
24 gaming devices and activities are currently in existence and are operated legally and
25 regularly in Guam, including devices that have been licensed twice by the current
26 administration. Examples include the lottery; casinos at Liberation Day festivities;

1 cockfighting; pachinko; and bingo, to name a few. *I Liheslatura* finds that we must be
2 consistent in the applicability of our laws, rules and regulations.”

3 Income tax, gross receipt taxes, licensing fees, and a new four percent GMHA
4 Trust Fee assessment from these recently licensed devices are considered new revenue
5 to the government of Guam. It is the intent of *I Liheslaturan Guåhan* to capture and
6 retain these revenues exclusively to subsidize the Guam Memorial Hospital
7 Authority’s effort to eliminate its longstanding debt to vendors and to start the
8 establishment of a GMHA operated outpatient Urgent Healthcare Center.

9 *I Liheslaturan Guåhan* finds that a disproportionately high percentage of
10 services being provided by the Guam Memorial Hospital Authority emergency room
11 are dedicated to non-emergency medical services, as compared to normal, dedicated
12 emergency room services. Further, these non-emergency medical services are more
13 costly to provide within the setting of an emergency room, and should more
14 appropriately be available through a private medical clinic, or, by way of an Urgent
15 Care Center. *I Liheslaturan Guåhan* takes due note of the GMHA report on
16 emergency room utilization for the year 2010, during which the 19,291 non-emergent
17 cases exceeded the 8,785 actual emergency cases. Of the \$28.7 Million Dollars in
18 costs of going to the emergency room for 2010, 68.5% or \$19.6 Million Dollars was
19 for non-emergent cases.

20 **Section 4.** A new Chapter 97 is hereby *added* to Title 10, Guam Code
21 Annotated, to read:

22 **“CHAPTER 97**

23 **ARTICLE 1**

24 **GMHA HEALTHCARE TRUST AND DEVELOPMENT FUND**

25 § 97101. Short Title.

26 § 97102. Guam Healthcare Trust and Development Fund.

1 § 97103. Use of Funds for the Development and Support of Health Care
2 Services Programs and Facilities.

3 § 97104. Submission of Detailed Report of Expenditures on a Quarterly
4 Basis.

5 **§ 97101. Short Title.** This Act may be cited as “*The GMHA Healthcare*
6 *Trust and Development Act of 2013.*”

7 **§ 97102. Guam Healthcare Trust and Development Fund.**

8 (a) Notwithstanding any other law, there is hereby created, separate
9 and apart from other funds and accounts of the government of Guam, a fund
10 known as the *GMHA Healthcare Trust and Development Fund (Fund)*. The
11 Fund *shall not* be commingled with the General Fund or any other fund or
12 account of the government of Guam, and *shall* be kept in a separate bank
13 account, subject to legislative appropriation as provided pursuant to this
14 Chapter, to be used by the designated public healthcare agencies of the
15 government of Guam for the purposes authorized. The Fund, to include any
16 monies in the Fund dedicated and dispersed for purposes specified in this Act,
17 *shall not* be subject to the transfer authority of *I Maga’lahen Guåhan*.

18 (b) The Fund *shall* be financed by:

19 (1) licensing fees, business privilege tax, and income tax
20 collected from the companies involved in gaming as provided by 3 GAR
21 §7001 et seq. This includes those electronic gaming devices referred to
22 in §7114(a)(5) and licensed per Title 11 GCA, Chapter 22, Article 2.
23 These devices shall be known as the Liberty, Symbolix, and Match Play
24 electronic gaming devices, and only those registered with the Department
25 of Revenue of Taxation prior to August 1, 2001, pursuant to 3 GAR
26 §7114 (a)(5).

1 (2) Notwithstanding any other provision of law, the collection
2 of a special four percent (4%) assessment fee on income on all gaming
3 devices authorized to be licensed pursuant to 11 Guam Code Annotated
4 §22202 (f) and 3 GAR §7114(a)(5), to be known as the “*GMHA Trust*
5 *Fund Fee*”.

6 (c) The Department of Revenue and Taxation (hereinafter the
7 Department) *shall* collect such fees and transmit them to the Treasurer of Guam
8 for deposit into the Fund. The Department *shall*:

9 (1) develop the necessary forms and instructions for the
10 licensing of persons and companies as set forth in 3 GAR §7001 and
11 §97102 (b)(1)(2) and of this Act;

12 (2) act as the repository for the Fund for use as authorized
13 pursuant to this Article in carrying out the purpose of the Fund.

14 (d) The Department of Administration *shall* be the disbursing and
15 certifying officer for the Fund, and *shall* comply with the provisions of Chapter
16 14 of Title 46, Guam Code Annotated. The Director of Administration *shall*
17 maintain appropriate records of the Fund and *shall* provide accounting and
18 auditing services for the Fund.

19 (e) The Department of Administration *shall* disperse funds in a
20 manner compliant with §97105 of this Chapter.

21 **§ 97103. Allocations and Use of Funds; Authorized.**

22 (a) Up to sixty percent, of the funds in the GMHA Healthcare Trust
23 and Development Fund, *shall* be allocated to the Guam Memorial Hospital
24 Authority for the purpose of subsidizing the establishment and operation, in
25 whole or part, including as seed or start-up money, of an Urgent Healthcare
26 Center within the Guam Memorial Hospital Authority facility and grounds. The

1 fees collected pursuant to this Article *shall* be annually allocated and is hereby
2 appropriated, and shall continue to be deemed appropriated, annually, to the
3 Guam Memorial Hospital Authority for the sole and specific purpose of
4 subsidizing the establishment and operation, in whole or part, including as seed
5 or start-up money, of an Urgent Healthcare Medical Center within the Guam
6 Memorial Hospital Authority facility and grounds. This *shall* continue and *shall*
7 remain in full force and effect until specifically revoked or amended pursuant to
8 law.

9 (b) Up to forty percent, of the funds in the GMHA Healthcare Trust
10 and Development Fund, *shall* be allocated to the Guam Memorial Hospital
11 Authority for the purpose of subsidizing its delivery of healthcare services. The
12 fees collected pursuant to this item (b) *shall* be subject to appropriation by *I*
13 *Liheslaturan Guåhan* and may be used specifically for the following purposes:

14 (1) local matching funds for the Medicaid program, specifically
15 for patients seen and treated at the Guam Memorial Hospital Authority;

16 (2) in an effort to free up cash flow for other expenses of the
17 Authority, funds from this item (b) may be used as additional debt
18 service payments for any existing borrowing by the Authority;

19 (3) funding for the establishment of new revenue generating
20 medical services; and

21 (4) funding for medication, supplies, and medical equipment.

22 (c) Fees received, pursuant to this § 97103, *shall not* be subject to the
23 transfer authority of *I Maga'lahaen Guåhan*, nor may they be expended for
24 purposes not specifically provided for pursuant to this Chapter.

25 **§ 97104. Submission of Detailed Report of Expenditures on a**
26 **Quarterly Basis.** The Administrator of the Guam Memorial Hospital Authority

1 *shall* submit to *I Liheslaturan Guåhan* and *I Maga'lahaen Guåhan* a detailed
2 report of the expenditures of the GMHA Healthcare Trust and Development
3 Fund on a quarterly basis.”

4 **Section 5. GMHA Urgent Healthcare Center.**

5 (a) **Legislative Intent.**

6 It is the intent of *I Liheslaturan Guåhan* to mandate the establishment and
7 operation of an outpatient Urgent Healthcare Center within the GMHA facility
8 premise.

9 (b) A new §80122 is hereby *added* to Chapter 80 of Division 4, Title 10,
10 Guam Code Annotated, to read:

11 **“§ 80122. Urgent Healthcare Center, Established.**

12 (a) The Guam Memorial Hospital Authority *shall* establish, within the
13 premises of the hospital facility, an urgent healthcare medical services center
14 for non-emergency outpatient medical services. The urgent care center *shall*
15 serve as a center to treat patients who have an injury or illness that requires
16 immediate care, but are *not* apparently serious enough to require emergency
17 room attention.

18 (b) Criteria for Urgent Healthcare Center. The Urgent Healthcare
19 Center *shall* seek to develop and maintain a standard of medical care that
20 meets the minimum criteria and requirements for primary care or urgent care
21 services, as set forth by the Joint Commission and the CMS.

22 (c) The Guam Memorial Hospital Authority (GMHA) *shall* within
23 thirty (30) days of enactment of this Act: establish a working group comprised
24 of the necessary expertise, including the Chairperson of the GMHA
25 Emergency Medicine Department or his designee to develop:

26 (1) Urgent Healthcare Center operational criteria;

1 (2) identify adequate, available space for the establishment of
2 the Urgent Healthcare Center; and,

3 (3) a plan of action, inclusive of the financial requirements to
4 commence the requisite processes necessary for GMHA to establish an
5 Urgent Healthcare Center.

6 (d) Within ninety days of the establishment of the working group, the
7 Administrator *shall* present a report addressing items (1), (2) and (3) of
8 Subsection (c) to the GMHA Board of Trustees for their approval of the
9 execution to establish the Urgent Healthcare Center.

10 (e) The Administrator *shall*, upon approval of the plan of action by the
11 GMHA Board of Trustees, submit to *I Liheslaturan Guåhan* a copy of the final
12 report.”

13 **Section 6. Rules and Regulations.** Within 180 days of the empanelling of the
14 Guam Gaming Commission (Commission), the Commission *shall* develop rules and
15 regulations providing a fee schedule for the assessment of across-the-board fees for all
16 gaming activities taking place in Guam, and consistent with existing rules and
17 regulations, and this Act.

18 Such new rules and regulations *shall* also be consistent with the manner in
19 which existing gaming devices have been legally authorized pursuant to Title 11
20 Guam Code Annotated §22202(f) and Title 3 Guam Administrative Rules
21 §7114(a)(5), as well as with the provisions of this Act.

22 Such rules and regulations *shall* also be consistent in the manner in which other
23 such gaming devices are taxed and in which fees are assessed. Such rules and
24 regulations *shall* be implemented pursuant to the provisions of Title 5 Guam Code
25 Annotated Chapter 9, the Administrative Adjudication Law.

1 **Section 7.** The tax imposed by this Act and the authority to license all gaming,
2 limited gaming, and gambling referenced herein *shall* be repealed upon the payment
3 of vendors of GMH as appended herein to be reference and re-incorporated in this bill
4 in the deleted Section 5 of the bill.

5 **Section 8. Severability.** If any provision of this Act or its application to any
6 person or circumstance is found to be invalid or contrary to law, such invalidity shall
7 not affect other provisions or applications of this Act which can be given effect
8 without the invalid provisions or application, and to this end the provisions of this Act
9 are severable.

10 **Section 9. Effective Date.** This Act *shall* become effective upon enactment.

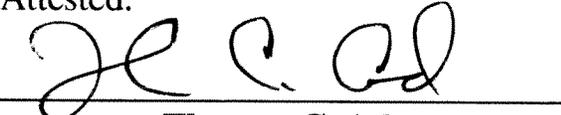
I MINA 'TRENTAI DOS NA LIHESLATURAN GUÅHAN
2013 (FIRST) Regular Session

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

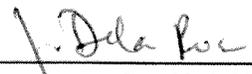
This is to certify that Substitute Bill No. 19-32 (COR), "AN ACT TO ADD NEW §§ 5201 TO 5205 TO CHAPTER 5 OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO GAMING; TO ADD A NEW CHAPTER 97 TO TITLE 10, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE GMHA HEALTHCARE TRUST AND DEVELOPMENT FUND; AND TO ADD A NEW §80122 TO CHAPTER 80, DIVISION 4, TITLE 10, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING AN URGENT HEALTHCARE CENTER, AND FOR OTHER PURPOSES", was on the 24th day of June, 2013, duly and regularly passed.


Benajmin J.F. Cruz
Acting Speaker

Attested:


Thomas C. Ada
Acting Legislative Secretary

This Act was received by *I Maga'lahen Guåhan* this 26th day of June,
2013, at 3:00 o'clock P.M.


Assistant Staff Officer
Maga'lahi's Office

APPROVED:

EDWARD J.B. CALVO
I Maga'lahen Guåhan

Date: _____

Public Law No. _____

I MINA 'TRENTAI DOS NA LIHESLATURAN GUÁHAN
2013 (FIRST) REGULAR SESSION

Bill No. 19-32(COR)

As substituted by the Author,
and amended on the Floor.

Introduced by:

Chris M. Dueñas
B. J.F. Cruz
Tommy Morrison
T. C. Ada
V. Anthony Ada
Frank B. Aguon, Jr.
Michael T. Limtiaco
Brant T. McCreadie
T. R. Muña Barnes
Vicente (ben) C. Pangelinan
R. J. Respicio
Dennis G. Rodriguez, Jr.
Michael F. Q. San Nicolas
Aline A. Yamashita, Ph.D.
Judith T. Won Pat, Ed.D.

AN ACT TO ADD NEW §§ 5201 TO 5205 TO CHAPTER 5 OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO GAMING; TO ADD A NEW CHAPTER 97 TO TITLE 10, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE GMHA HEALTHCARE TRUST AND DEVELOPMENT FUND; AND TO ADD A NEW §80122 TO CHAPTER 80, DIVISION 4, TITLE 10, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING AN URGENT HEALTHCARE CENTER, AND FOR OTHER PURPOSES.

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

2 **Section 1. Legislative Findings and Intent.** Public Law 26-52:4 granted the
3 Department of Revenue and Taxation and the Cockpit License Board the authority to
4 promulgate necessary rules and regulations to create a comprehensive regulatory
5 scheme to regulate all gaming activities on Guam. Pursuant to that authority, on
6 January 3, 2003 the Department of Revenue and Taxation filed the gaming control
7 regulations with the Legislative Secretary.

8 These regulations called for the establishment of a Gaming Control Division,
9 which would be responsible for the administration of the regulations. It also created a
10 Gaming Control Commission and tasked it with the development of license fees and
11 tax rates to be assessed to the various forms of allowable gaming. The license fees and
12 taxes to be collected would be the source of funding for the administration of the Act,
13 and all funds in excess of the operational needs would be divided between the
14 Department of Education's Interscholastic Sports Program, the Guam National
15 Olympic Committee, and the Northern and Southern Sports Complexes. However, the
16 Gaming Control Commission has not had any members appointed to it, and the
17 license fees and tax rates have yet to be established.

18 It is the intent of *I Liheslaturan Guåhan* to substitute the language contained in
19 the original Bill No. 19-32(COR) by adding language to Chapter 5 of Title 11, Guam
20 Code Annotated, relative to gaming. By doing so, *I Liheslatura* intends to place in
21 statute the policy of regulating gaming activities allowed by law, collecting fees and
22 taxes that would be due from duly licensed operators, and making funds available for
23 improvements to Guam's sporting facilities.

24 **Section 2.** New §§ 5201 to 5205, relative to gaming, are hereby *added* to Title
25 11, Guam Code Annotated, to read as follows:

26 **“§ 5201. Limited Gaming Tax.**

1 (a) There is hereby imposed a limited gaming tax on the gross receipts
2 from limited gaming activities allowed by this Act in Guam. The tax rate on
3 limited gaming activities *shall* be four percent.

4 (b) (1) The Department *shall* collect the amount of limited gaming
5 tax on the gross receipts from limited gaming activities determined pursuant to
6 Subsection (a) of this Section from any limited gaming licensee owing the tax,
7 and *shall* have all of the powers, rights, and duties provided for by law to carry
8 out such collection.

9 (2) All moneys collected pursuant to this Section *shall* be
10 deposited in the Fund created by § 5204 of this Act.

11 **§ 5202. Violations of Taxation Provisions - Penalties.**

12 (a) Any person who willfully:

13 (1) makes any false or fraudulent return in attempting to defeat
14 or evade the tax imposed by this Act, commits a third degree felony and
15 *shall* be punished as provided for by law;

16 (2) fails to pay tax due under this Act within thirty days after the
17 date the tax becomes due, commits a misdemeanor and *shall* be punished
18 as provided for by law;

19 (3) fails to file a return required by this Act within thirty days
20 after the date the return is due, commits a misdemeanor and *shall* be
21 punished as provided for by law;

22 (4) violates either Subsection (2) or (3) of this Section two or
23 more times in any twelve-month period, commits a third degree felony
24 and *shall* be punished as provided for by law; and

25 (5) aids or assists in, or procures, counsels, or advises the
26 preparation or presentation under, or in connection with any matter

1 arising under any title administered by the Department, or a return,
2 affidavit, claim, or other document which is fraudulent or is false as to
3 any material fact, whether or not such falsity or fraud is with the
4 knowledge or consent of the person authorized or required to present
5 such return, affidavit, claim, or document, commits a third degree felony
6 and *shall* be punished as provided for by law.

7 (b) For purposes of this Section, “person” includes corporate officers
8 having control or supervision of, or responsibility for, completing tax returns or
9 making payments pursuant to this Act.

10 **§ 5203. Returns and Reports - Failure to File - Penalties.**

11 (a) (1) Any person who fails to file a return or report required by
12 this Act for limited gaming activities, which return or report includes taxable
13 limited gaming transactions, on or before the date the return or report is due, as
14 prescribed in § 5202(a)(3) of this Act, is subject to the payment of an additional
15 amount assessed as a penalty equal to fifteen percent of the tax, or One
16 Thousand Dollars (\$1,000), whichever is greater; *except* that for good cause
17 shown, the Director may reduce or eliminate such penalty.

18 (2) Any person, subject to taxation under this Chapter for
19 limited gaming activities, who fails to pay the tax within the time
20 prescribed, is subject to an interest charge of two percent per month or
21 portion thereof for the period of time during which the payment is late, or
22 One Thousand Dollars (\$1,000), whichever is greater.

23 (3) (A) Penalty and interest are considered the same as a tax
24 for the purposes of collection and enforcement, including liens, distraint
25 warrants, and criminal violations.

1 (B) Any payment received for taxes, penalties, or interest
2 is applied, first to the tax, beginning with the oldest delinquency,
3 then to interest, and then to penalty.

4 (4) The Director may, upon application of the taxpayer,
5 establish a maximum interest rate of twenty-four percent upon delinquent
6 taxes if the Director determines that the delinquent payment was caused
7 by a mistake of law and not by a willful intent to evade the tax.

8 (b) The procedures for collection of any taxes due under this Act and
9 the authority of the Department to collect such taxes, *shall* be the same as those
10 provided for the collection of business privilege taxes.

11 **§ 5204. Limited Gaming Fund.**

12 (a) There is hereby created, separate and apart from other funds of the
13 government of Guam, a fund to be known as the Limited Gaming Fund. All
14 license fees, taxes and penalties collected under this Act *shall* be deposited in
15 the Fund. The Fund *shall not* be commingled with the General Fund, except as
16 indicated herein, *shall* be kept in a separate bank account, and *shall not* be used
17 as a pledge of security or as collateral for government loans. The Director of
18 Administration *shall* make an itemized quarterly report to *I Maga'lahaen*
19 *Guåhan* (the Governor of Guam), and *I Liheslaturan Guåhan*, of the condition
20 of, and a detailed description of all financial activity within, the Fund. The
21 Director of Administration *shall* further make an itemized annual report, which
22 *shall* be made available to the general public.

23 (b) The Fund *shall* be used first for the purpose of the administration
24 of this Act, and as otherwise stated herein. *No more than* five percent of the
25 Fund balance may be expended for this purpose, and funds *shall not* be

1 expended for personnel costs. Said Fund *shall* be examined and reported upon
2 by the Director of Administration as required by law.

3 (c) No claim for the payment of any expense incurred by the
4 Department or any other agency in the administration of this Act, shall be made
5 unless it is against the Fund. No other moneys of the government of Guam shall
6 be used or obligated to pay the expenses of the Department.

7 (d) Moneys remaining in the Fund, after maintaining the stated
8 reserves for administrative expenses of this Act, *shall* be appropriated in the
9 following manner in each fiscal year:

10 (1) *up to* one third (1/3) of the available balance to the Mayors
11 Council of Guam for the repair and construction of village recreational
12 facilities, including community centers;

13 (2) *up to* one third (1/3) of the available balance to the
14 Department of Parks and Recreation for the repair and construction of its
15 facilities; and

16 (3) *up to* one third (1/3) of the available balance to the
17 Department of Education for the repair and construction of its sports
18 facilities.

19 (e) The Mayors Council of Guam, the Department of Parks and
20 Recreation, and the Department of Education *shall* present memoranda of
21 request to the Department of Administration detailing the use of funds to be
22 allocated to each entity. Funds *shall not* be expended for personnel costs. The
23 Department of Administration *shall* release funds to each entity on the first
24 Monday of each fiscal quarter.

25 **§ 5205. Limited Gaming Activities – Authorized and**
26 **Unauthorized.**

1 (a) The following are the only limited gaming activities authorized in
2 Guam under this Act:

3 (1) Bingo or lottery that is conducted by a tax exempt non-profit
4 organization as authorized in Title 9, Guam Code Annotated, § 64.70(b);

5 (2) Cockfighting that is conducted at a licensed cockpit, and that
6 all wagers are present at the cockpit, as authorized in Title 9, Guam Code
7 Annotated, § 64.40; and

8 (3) Carnival or Liberation Day gaming, as authorized in §
9 64.62; and

10 (4) All other limited gaming activities as authorized pursuant to
11 statute.

12 (b) Each non-profit organization choosing to operate a gaming activity
13 *shall* be open to an auditing of funds by the Office of Public Accountability to
14 ensure that funding is being spent in the spirit of the non-profit's charter and the
15 public benefit.”

16 **Section 3. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds
17 that the Guam Memorial Hospital Authority is seriously underfunded, resulting in
18 consistent, chronic shortages in all operational areas that jeopardize the ability of
19 Guam Memorial Hospital to adequately fulfill its mission.

20 The full scope and negative impact of the Guam Memorial Hospital Authority’s
21 outstanding debts, in excess of Twenty-three Million Dollars (\$23,000,000), came to
22 light during the *Joint Status Hearing* conducted by the Committee on Health &
23 Human Services and the Committee on Appropriations, on April 18, 2012. *I*
24 *Liheslaturan Guåhan* further finds that in 2012, the federally approved discount
25 provider for medical supplies intercepted approximately Five Hundred Thousand
26 Dollars (\$500,000) (taken from Medicare reimbursements through the U.S. Treasury),

1 for non-payment of GMHA’s debt. In March 2013, GMHA paid Five Million Dollars
2 (\$5,000,000) of its outstanding obligations using Compact-Impact funds, thus
3 reducing its obligation to approximately Eighteen Million Dollars (\$18,000,000) as of
4 March 31, 2013. In addition, on June 3, 2013, Bill 132-32 was introduced to expand
5 existing borrowing authority extended to the Guam Memorial Hospital Authority. A
6 public hearing was held on Bill 132-32 on June 12, 2013, and if passed into law would
7 provide approximately Fourteen Million Dollars (\$14,000,000) in financing to further
8 reduce GMHA’s debt.

9 At the urging of the hospital administration, and with the support of the GMHA
10 Board of Trustees and the Executive Branch of the government of Guam, it is the
11 intent of *I Liheslaturan Guåhan* to address this lack of funding and to identify and
12 provide additional sources of funding for the hospital.

13 It is the intent of *I Liheslaturan Guåhan* that this additional funding will be to
14 deposited into the “GMHA Healthcare Trust and Development Fund,” apart and
15 separate from all other funds and accounts of the government of Guam, to facilitate
16 and supplement the development and maintenance of Guam Memorial Hospital.

17 In the expenditure of GMHA HealthCare Trust and Development Fund monies,
18 it is the intent of *I Liheslaturan Guåhan* that the first priority in the expenditure of
19 Fund monies will be to extinguish the existing hospital debt, by way of a line of
20 credit, a revolving loan fund, and/or a direct loan agreement, secured and paid with a
21 funding commitment from the Fund.

22 *I Liheslaturan Guåhan* further finds that in addition to paying off the existing
23 hospital debt as expeditiously as possible, it will afford hospital administration and the
24 GMHA Board of Trustees the opportunity to address long term, systemic problems at
25 the hospital which, in addition to the gross underfunding from the government of
26 Guam, have also contributed to the accumulation of such a large debt.

1 These problems include, but are *not* limited to, the disproportionately high
2 percentage of non-emergency, urgent care services provided by the Emergency
3 Services (ER) Department; the lack of a viable, efficient pharmaceutical utilization
4 and treatment tracking computer system (and software) for procurement, billing and
5 collection purposes; and the need to establish management and operational reform
6 practices.

7 *I Liheslaturan Guåhan* further finds that Public Law 27-77 directed the
8 Compiler of Laws in §1610 and published all rules and regulations or amendments
9 thereto received prior to the commencement codified in *I Mina'Bente Siete Na*
10 *Liheslaturan Guåhan*. Those regulations include the gaming regulations found in
11 Section 3 GAR §7001.

12 *I Liheslaturan Guåhan* finds the revenues to be generated from the licensing,
13 fees, gross receipts taxes, and income taxes, and a new special assessment fee paid by
14 the gaming industry will greatly benefit Guam Memorial Hospital.

15 *I Liheslaturan Guåhan* further finds that after approximately a 5-year period
16 during which licenses for certain gaming machines were not issued, the government of
17 Guam missed the opportunity to collect a minimum Six Million Five Hundred
18 Thousand Dollars (\$6,500,000) in GRT and licensing fees over that period, which
19 does not even account for other revenue factors, such as income taxes, withholding
20 taxes, etc. In April 2013, *I Liheslaturan Guåhan* further finds these machines were
21 again eligible for licensure and operation pursuant to 3 GAR Section 7114, and
22 subsequently issued regulatory licenses by the Department of Revenue and Taxation.

23 *I Liheslaturan Guåhan* finds that a variety of different gaming and licensed
24 gaming devices and activities are currently in existence and are operated legally and
25 regularly in Guam, including devices that have been licensed twice by the current
26 administration. Examples include the lottery; casinos at Liberation Day festivities;

1 cockfighting; pachinko; and bingo, to name a few. *I Liheslatura* finds that we must be
2 consistent in the applicability of our laws, rules and regulations.”

3 Income tax, gross receipt taxes, licensing fees, and a new four percent GMHA
4 Trust Fee assessment from these recently licensed devices are considered new revenue
5 to the government of Guam. It is the intent of *I Liheslaturan Guåhan* to capture and
6 retain these revenues exclusively to subsidize the Guam Memorial Hospital
7 Authority’s effort to eliminate its longstanding debt to vendors and to start the
8 establishment of a GMHA operated outpatient Urgent Healthcare Center.

9 *I Liheslaturan Guåhan* finds that a disproportionately high percentage of
10 services being provided by the Guam Memorial Hospital Authority emergency room
11 are dedicated to non-emergency medical services, as compared to normal, dedicated
12 emergency room services. Further, these non-emergency medical services are more
13 costly to provide within the setting of an emergency room, and should more
14 appropriately be available through a private medical clinic, or, by way of an Urgent
15 Care Center. *I Liheslaturan Guåhan* takes due note of the GMHA report on
16 emergency room utilization for the year 2010, during which the 19,291 non-emergent
17 cases exceeded the 8,785 actual emergency cases. Of the \$28.7 Million Dollars in
18 costs of going to the emergency room for 2010, 68.5% or \$19.6 Million Dollars was
19 for non-emergent cases.

20 **Section 4.** A new Chapter 97 is hereby *added* to Title 10, Guam Code
21 Annotated, to read:

22 **“CHAPTER 97**

23 **ARTICLE 1**

24 **GMHA HEALTHCARE TRUST AND DEVELOPMENT FUND**

25 § 97101. Short Title.

26 § 97102. Guam Healthcare Trust and Development Fund.

1 § 97103. Use of Funds for the Development and Support of Health Care
2 Services Programs and Facilities.

3 § 97104. Submission of Detailed Report of Expenditures on a Quarterly
4 Basis.

5 **§ 97101. Short Title.** This Act may be cited as “*The GMHA Healthcare*
6 *Trust and Development Act of 2013.*”

7 **§ 97102. Guam Healthcare Trust and Development Fund.**

8 (a) Notwithstanding any other law, there is hereby created, separate
9 and apart from other funds and accounts of the government of Guam, a fund
10 known as the *GMHA Healthcare Trust and Development Fund (Fund)*. The
11 Fund *shall not* be commingled with the General Fund or any other fund or
12 account of the government of Guam, and *shall* be kept in a separate bank
13 account, subject to legislative appropriation as provided pursuant to this
14 Chapter, to be used by the designated public healthcare agencies of the
15 government of Guam for the purposes authorized. The Fund, to include any
16 monies in the Fund dedicated and dispersed for purposes specified in this Act,
17 *shall not* be subject to the transfer authority of *I Maga’lahen Guåhan*.

18 (b) The Fund *shall* be financed by:

19 (1) licensing fees, business privilege tax, and income tax
20 collected from the companies involved in gaming as provided by 3 GAR
21 §7001 et seq. This includes those electronic gaming devices referred to
22 in §7114(a)(5) and licensed per Title 11 GCA, Chapter 22, Article 2.
23 These devices shall be known as the Liberty, Symbolix, and Match Play
24 electronic gaming devices, and only those registered with the Department
25 of Revenue of Taxation prior to August 1, 2001, pursuant to 3 GAR
26 §7114 (a)(5).

1 (2) Notwithstanding any other provision of law, the collection
2 of a special four percent (4%) assessment fee on income on all gaming
3 devices authorized to be licensed pursuant to 11 Guam Code Annotated
4 §22202 (f) and 3 GAR §7114(a)(5), to be known as the “*GMHA Trust*
5 *Fund Fee*”.

6 (c) The Department of Revenue and Taxation (hereinafter the
7 Department) *shall* collect such fees and transmit them to the Treasurer of Guam
8 for deposit into the Fund. The Department *shall*:

9 (1) develop the necessary forms and instructions for the
10 licensing of persons and companies as set forth in 3 GAR §7001 and
11 §97102 (b)(1)(2) and of this Act;

12 (2) act as the repository for the Fund for use as authorized
13 pursuant to this Article in carrying out the purpose of the Fund.

14 (d) The Department of Administration *shall* be the disbursing and
15 certifying officer for the Fund, and *shall* comply with the provisions of Chapter
16 14 of Title 46, Guam Code Annotated. The Director of Administration *shall*
17 maintain appropriate records of the Fund and *shall* provide accounting and
18 auditing services for the Fund.

19 (e) The Department of Administration *shall* disperse funds in a
20 manner compliant with §97105 of this Chapter.

21 **§ 97103. Allocations and Use of Funds; Authorized.**

22 (a) Up to sixty percent, of the funds in the GMHA Healthcare Trust
23 and Development Fund, *shall* be allocated to the Guam Memorial Hospital
24 Authority for the purpose of subsidizing the establishment and operation, in
25 whole or part, including as seed or start-up money, of an Urgent Healthcare
26 Center within the Guam Memorial Hospital Authority facility and grounds. The

1 fees collected pursuant to this Article *shall* be annually allocated and is hereby
2 appropriated, and shall continue to be deemed appropriated, annually, to the
3 Guam Memorial Hospital Authority for the sole and specific purpose of
4 subsidizing the establishment and operation, in whole or part, including as seed
5 or start-up money, of an Urgent Healthcare Medical Center within the Guam
6 Memorial Hospital Authority facility and grounds. This *shall* continue and *shall*
7 remain in full force and effect until specifically revoked or amended pursuant to
8 law.

9 (b) Up to forty percent, of the funds in the GMHA Healthcare Trust
10 and Development Fund, *shall* be allocated to the Guam Memorial Hospital
11 Authority for the purpose of subsidizing its delivery of healthcare services. The
12 fees collected pursuant to this item (b) *shall* be subject to appropriation by *I*
13 *Liheslaturan Guåhan* and may be used specifically for the following purposes:

14 (1) local matching funds for the Medicaid program, specifically
15 for patients seen and treated at the Guam Memorial Hospital Authority;

16 (2) in an effort to free up cash flow for other expenses of the
17 Authority, funds from this item (b) may be used as additional debt
18 service payments for any existing borrowing by the Authority;

19 (3) funding for the establishment of new revenue generating
20 medical services; and

21 (4) funding for medication, supplies, and medical equipment.

22 (c) Fees received, pursuant to this § 97103, *shall not* be subject to the
23 transfer authority of *I Maga'lahen Guåhan*, nor may they be expended for
24 purposes not specifically provided for pursuant to this Chapter.

25 **§ 97104. Submission of Detailed Report of Expenditures on a**
26 **Quarterly Basis.** The Administrator of the Guam Memorial Hospital Authority

1 *shall* submit to *I Liheslaturan Guåhan* and *I Maga'lahen Guåhan* a detailed
2 report of the expenditures of the GMHA Healthcare Trust and Development
3 Fund on a quarterly basis.”

4 **Section 5. GMHA Urgent Healthcare Center.**

5 **(a) Legislative Intent.**

6 It is the intent of *I Liheslaturan Guåhan* to mandate the establishment and
7 operation of an outpatient Urgent Healthcare Center within the GMHA facility
8 premise.

9 (b) A new §80122 is hereby *added* to Chapter 80 of Division 4, Title 10,
10 Guam Code Annotated, to read:

11 **“§ 80122. Urgent Healthcare Center, Established.**

12 (a) The Guam Memorial Hospital Authority *shall* establish, within the
13 premises of the hospital facility, an urgent healthcare medical services center
14 for non-emergency outpatient medical services. The urgent care center *shall*
15 serve as a center to treat patients who have an injury or illness that requires
16 immediate care, but are *not* apparently serious enough to require emergency
17 room attention.

18 (b) Criteria for Urgent Healthcare Center. The Urgent Healthcare
19 Center *shall* seek to develop and maintain a standard of medical care that
20 meets the minimum criteria and requirements for primary care or urgent care
21 services, as set forth by the Joint Commission and the CMS.

22 (c) The Guam Memorial Hospital Authority (GMHA) *shall* within
23 thirty (30) days of enactment of this Act: establish a working group comprised
24 of the necessary expertise, including the Chairperson of the GMHA
25 Emergency Medicine Department or his designee to develop:

26 (1) Urgent Healthcare Center operational criteria;

1 (2) identify adequate, available space for the establishment of
2 the Urgent Healthcare Center; and,

3 (3) a plan of action, inclusive of the financial requirements to
4 commence the requisite processes necessary for GMHA to establish an
5 Urgent Healthcare Center.

6 (d) Within ninety days of the establishment of the working group, the
7 Administrator *shall* present a report addressing items (1), (2) and (3) of
8 Subsection (c) to the GMHA Board of Trustees for their approval of the
9 execution to establish the Urgent Healthcare Center.

10 (e) The Administrator *shall*, upon approval of the plan of action by the
11 GMHA Board of Trustees, submit to *I Liheslaturan Guåhan* a copy of the final
12 report.”

13 **Section 6. Rules and Regulations.** Within 180 days of the empanelling of the
14 Guam Gaming Commission (Commission), the Commission *shall* develop rules and
15 regulations providing a fee schedule for the assessment of across-the-board fees for all
16 gaming activities taking place in Guam, and consistent with existing rules and
17 regulations, and this Act.

18 Such new rules and regulations *shall* also be consistent with the manner in
19 which existing gaming devices have been legally authorized pursuant to Title 11
20 Guam Code Annotated §22202(f) and Title 3 Guam Administrative Rules
21 §7114(a)(5), as well as with the provisions of this Act.

22 Such rules and regulations *shall* also be consistent in the manner in which other
23 such gaming devices are taxed and in which fees are assessed. Such rules and
24 regulations *shall* be implemented pursuant to the provisions of Title 5 Guam Code
25 Annotated Chapter 9, the Administrative Adjudication Law.

1 **Section 7.** The tax imposed by this Act and the authority to license all
2 gaming, limited gaming, and gambling referenced herein *shall* be repealed upon the
3 payment of vendors of GMH as appended herein to be reference and re-incorporated
4 in this bill in the deleted Section 5 of the bill.

5 **Section 8. Severability.** If any provision of this Act or its application to any
6 person or circumstance is found to be invalid or contrary to law, such invalidity shall
7 not affect other provisions or applications of this Act which can be given effect
8 without the invalid provisions or application, and to this end the provisions of this Act
9 are severable.

10 **Section 9. Effective Date.** This Act *shall* become effective upon enactment.

LEGISLATIVE SESSION

I MINA'TRENTAI DOS NA LIHESLATURAN

2013 (FIRST) Regular Session

Voting Sheet

Speaker Antonio R. Unipingco Legislative Session Hall

ABill No: 19-32 (COR)

NAME	Yea	Nay	Not Voting/ Abstained	Out During Roll Call	Absent
Senator Thomas "Tom" C. ADA	✓				
Senator V. Anthony "Tony" ADA	✓				
Senator Frank Blas AGUON Jr.	✓				
Vice-Speaker Benjamin J.F. CRUZ	✓				
Senator Christopher M. DUENAS	✓				
Senator Michael LIMTIACO	✓				
Senator Brant McCREADIE	✓				
Senator Thomas "Tommy" MORRISON	✓				
Senator Tina Rose MUÑA BARNES	✓	11			
Senator Vicente (ben) Cabrera PANGELINAN	✓				
Senator Rory J. RESPICIO	✓				
Senator Dennis G. RODRIGUEZ, Jr.	✓				
Senator Michael F. Q.SAN NICOLAS	✓				
Speaker Judith T. WON PAT, Ed.D.	✓				
Senator Aline A. YAMASHITA, Ph.D.	✓				

TOTAL

15

Yea

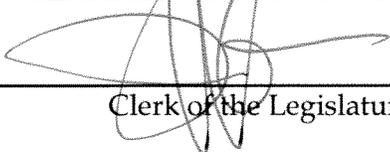
Nay

Not Voting/
Abstained

Out During
Roll Call

Absent

CERTIFIED TRUE AND CORRECT:



Clerk of the Legislature

I = Pass

June 21, 2013



COMMITTEE ON RULES

I Mina'trentai Dos na Liheslaturan Guåhan • The 32nd Guam Legislature
155 Hesler Place, Hagåtña, Guam 96910 • www.guamlegislature.com
E-mail: royforguam@gmail.com • Tel: (671)472-7679 • Fax: (671)472-3547

Senator
Rory J. Respicio
CHAIRPERSON
MAJORITY LEADER

May 24, 2013

MEMORANDUM

Senator
Thomas C. Ada
VICE CHAIRPERSON
ASSISTANT MAJORITY LEADER

To: **Rennae Meno**
Clerk of the Legislature

Senator
Vicente (Ben) C. Pangelinan
Member

From: **Senator Rory J. Respicio**

Speaker
Judith T.P. Won Pat, Ed.D.
Member

Subject: **Supplement to Committee Report on
Bill No. 19-32(COR) as Substituted**

Senator
Dennis G. Rodriguez, Jr.
Member

Hafa Adai!

Vice-Speaker
Benjamin J.F. Cruz
Member

Transmitted herewith is a memo from Senator Vicente A. Pangelinan, Chairperson, Committee on Appropriations, Public Debt, Legal Affairs, Retirement, Public Parks, Recreation, Historic Preservation and Land, forwarding Attachments for Bill No. 19-32 (COR) as Substituted. *Oh*

Legislative Secretary
Tina Rose Muña Barnes
Member

Please include this memo and the attachment as a "Supplemental" to the Committee Report on Bill No. 19-32 (COR) as Substituted.

Senator
Frank Blas Aguon, Jr.
Member

Please make the appropriate indication in your records; and forward to MIS for posting on our website. I also request that the same be forwarded to all Senators of *I Mina'trentai Dos na Liheslaturan Guåhan*.

Senator
Michael F.Q. San Nicolas
Member

Senator
V. Anthony Ada
Member
MINORITY LEADER

Si Yu'os Ma'ase'!

Senator
Aline Yamashita
Member

2013 MAY 21 PM 12:32



I Mina'trentai Dos na Liheslaturan Guåhan

Senator Vicente (ben) Cabrera Pangelinan (D)

May 24, 2013

Senator Rory Respicio
Chairman
Committee on Rules
I Mina'trentai Dos Na Liheslaturan
155 Hesler St.
Hagatna, Guam

Re: Bill 19

Hafa Adai,

The Office of the Attorney General submitted testimony on Bill No 19-32 (COR), which I have attached and hereby request that it be included in the committee report filed with the Committee on Rules.

Thank you.

Si Yu'os Ma'ase,

Vicente (ben) Cabrera Pangelinan
Senator

Chairman
Committee on Appropriations,
Public Debt, Legal Affairs,
Retirement, Public Parks,
Recreation, Historic Preservation
and Land

Member
Committee on Education,
Public Libraries
and Women's Affairs

Member
Committee on General
Government Operations and
Cultural Affairs

Member
Committee on Municipal
Affairs, Tourism, Housing and
Hagåtña Restoration and
Development Authority

Member
Committee on Health &
Human Services, Health
Insurance Reform, Economic
Development and Senior
Citizens

Member
Committee on Aviation, Ground
Transportation, Regulatory
Concerns and Future
Generations

S-23-15 b7d

Leonardo M. Rapadas
Attorney General



Phillip J. Tydingco
Chief Deputy Attorney General

OFFICE OF THE ATTORNEY GENERAL

May 22, 2013

HAND DELIVER

Honorable Christopher M. Duenas
Assistant Minority Leader
I Mina'trentai Dos Na Liheslaturan Guåhan
Ste. 701A, DNA Bldg.
238 Archbishop Flores St.
Hagatna, Guam 96910
Letter to Senator Duenas

Ref: LEG 13-0163

Re: Bill No. 19-32(COR)

Dear Senator Duenas:

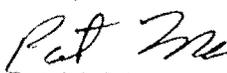
You have asked for our comments on corrected Bill 19-32 which you forwarded to this office with your May 17, 2013 email. On February 25, 2013, we sent you the attached letter expressing our concerns about the original draft of Bill 19-32. These concerns have been addressed in the corrected Bill we received from you on May 17. Hence, the concerns in our February 25 letter, no longer apply to the correct Bill you forwarded to us.

We do have a few comments about corrected Bill 19-32. These comments are in new §§ 5201, 5202, 5203 5205. The comments only involve our proposed clarification of certain language in the Bill. Attached is a copy of the Bill showing our proposed clarifications.

Also, new § 5204 mentions using some of the funds collected "for the purpose of the administration of this Act" but adds that the funds shall *not* be used for "personnel costs". Since a reference to administrative costs usually means personnel costs plus other miscellaneous costs, it might be helpful to specify which administrative costs are meant to be covered by the funds made available for administrative costs.

We hope this is helpful.

Sincerely,


J. Patrick Mason
Deputy Attorney General



cc: Honorable Vicente Pangelinan, Senator
Attachments

COPY

Adds new §§ 5201-5205 to 11 GCA, relative to gaming.

“§5201. Limited Gaming Tax.

(a) There is hereby imposed, a limited gaming tax on the gross receipts from limited gaming activities allowed by this Act in Guam. The tax rate on limited gaming activities shall be *no less than* four percent (4%).

(b) (1) The Department of Revenue and Taxation shall collect the amount of limited gaming tax on the gross receipts from limited gaming activities determined pursuant to subsection (a) of this section from any limited gaming licensee owing the tax and shall have all of the powers, rights, and duties provided for by law to carry out such collection.

(2) All moneys collected pursuant to this section shall be deposited in the Fund created by §5204 of this act Title 11 of G.C.A.

§ 5202. Violations of Taxation Provisions – Penalties.

(a) Any person who willfully:

(1) Makes any false or fraudulent return in attempting to defeat or evade the tax imposed by ~~this Act~~ §5201 shall be punished as a third degree felony; ~~a third degree felony and shall be punished as provided by laws;~~

(2) Fails to pay tax due under ~~this Act~~ §5201 within thirty (30) days after the date the tax becomes due, ~~commits~~ shall be punished as a misdemeanor;

(3) Fails to file a return required by this Act within thirty (30) days after the date the return is due commits a misdemeanor and shall be punished as provided for by law;

(4) Violates either paragraph (2) or (3) of this section, two (2) or more times in any twelve-month period, commits a third degree felony and shall be punished as provided for by law; and

(5) Aids or assists in, or procures, counsels, or advises the preparation or presentation under, or in connection with any matter arising under any title administered by the Department, or a return, affidavit, claim, or other document which is fraudulent or is false as to any material fact, whether or not such falsity or fraud is with the knowledge or consent of the person authorized or required to present such return, affidavit, claim, or document, commits a third degree felony and shall be punished as provided for by law.

(b) For purposes of this section, “person” includes corporate officers having control or supervision of, or responsibility for, completing tax returns or making payments pursuant to this Act.

§ 5203. Returns and Reports – Failure to File – Penalties.

(a) (1) Any person who fails to file a return or report required by this Act for limited gaming activities, which return or report includes taxable limited gaming transactions,

on or before the date the return is due, as prescribed in § 5202(a)(3) of this Act, is subject to the payment of an additional amount assessed as a penalty equal to fifteen percent (15%) of the tax, or one thousand dollars (\$1,000.00), whichever is greater; except that, for good cause shown, the Director may reduce or eliminate such penalty.

(2) Any person, subject to taxation under this chapter for limited gaming activities, who fails to pay the tax within the time prescribed, is subject to an interest charge of two percent (2%) per month or portion thereof or the period of time during which the payment is late, or one thousand dollars (\$1,000.00), whichever is greater.

(3) (A) Penalty and interest are considered the same as a tax for the purposes of collection and enforcement, including liens, distraint warrants, and criminal violations; and,

(B) Any payment received for taxes, penalties, or interest is applied, first to the tax, beginning with the oldest delinquency then to interest and then to penalty.

(4) The Director may, upon application of the taxpayer, establish a maximum interest rate of twenty-four percent (24%) upon delinquent taxes if the Director determines that the delinquent payment was caused by a mistake of law and not by a willful intent to evade the tax.

(b) The procedures for collection of any taxes due under this Act and the authority of the Department to collect such taxes, shall be the same as those provided for the collection of gross receipts taxes.

§ 5204. Limited Gaming Fund.

(a) There is hereby created, separate and apart from other funds of the government of Guam, a fund to be known as the Limited Gaming Fund. All license fees, taxes and penalties collected under this Act shall be deposited in the Fund. The Fund shall not be commingled with the General Fund, except as indicated herein, shall be kept in a separate bank account, and, shall not be used as a pledge of security or as collateral for government loans. The Director of Administration shall make an itemized quarterly report to the Governor of Guam, and *Liheslaturan Guåhan*, of the condition of, and a detailed description of all financial activity within, the Fund. The Director of Administration shall further make an itemized annual report, which shall be made available to the general public.

(b) The Fund shall be used first for the purpose of the administration of this Act, and as otherwise stated herein. *No more than* five percent (5%) of the Fund balance may be expended for this purpose, and funds *shall not* be expended for personnel costs. Said Fund shall be examined and reported upon by the Director of Administration as required by law.

(c) No claim for the payment of any expense incurred by the Department or any other agency in the administration of this Act, shall be made unless it is against the Fund. No other moneys of the government of Guam shall be used or obligated to pay the expenses of the Department.

(d) Moneys remaining in the Fund, after maintaining the stated reserves for administrative expenses of this Act, shall be appropriated in the following manner in each fiscal year:

(1) *up to* one third (1/3) of the available balance to the Mayors Council of Guam for the repair and construction of village recreational facilities, including community centers;

(2) *up to* one third (1/3) of the available balance to the Department of Parks and Recreation for the repair and construction of its facilities; and

(3) *up to* one third (1/3) of the available balance to the Department of Education for the repair and construction of its sports facilities.

(e) The Mayors Council of Guam, the Department of Parks and Recreation, and the Department of Education shall present memoranda of request to the Department of Administration detailing the use of funds to be allocated to each entity. Funds *shall not* be expended for personnel costs. The Department of Administration shall release funds to each entity on the first Monday of each fiscal quarter.

§ 5205. Limited Gaming Activities – Authorized and Unauthorized.

(a) The following are the only limited gaming activities authorized in Guam under this Act.

(1) Bingo or lottery that is conducted by a tax exempt non-profit organization as authorized in 9 GCA §64.70(b);

(2) Cockfighting that is conducted at a licensed cockpit and that all wagers are present at the cockpit, as authorized in 9 GCA §64.40; and

(3) Carnival or Liberation Day gaming, as authorized in 9 G.C.A. §64.62;

(4) All other limited gaming activities are unauthorized.

(b) Each non-profit organization choosing to operate a gaming activity shall be open to an auditing of funds by the Office of the Public Auditor to ensure that the limited gaming tax is accounted for and that funding is being spent in the spirit accordance with the non-profit's organization's charter, and purposes, including the public benefit.

Section 3. Severability. If any provision of this Act or its application to any person or circumstance is found to be invalid or contrary to law, such invalidity shall not affect other provisions or applications of this Act which can be given effect without the invalid provisions or application, and to this end the provisions of this Act are severable.

Section 4. Repealer. All laws and parts of laws inconsistent with any of the provisions of this Act, as stated in this Act, are hereby repealed.

09-25-12 K

Leonardo M. Rapadas
Attorney General



Phillip J. Tydingco
Chief Deputy Attorney General

OFFICE OF THE ATTORNEY GENERAL

February 25, 2013

HAND DELIVER

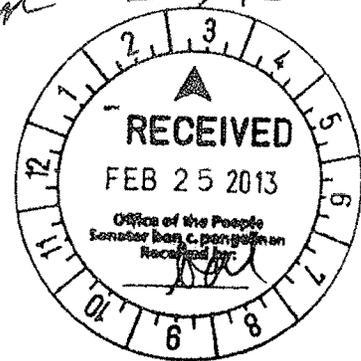
Ref: LEG 13-0163

Honorable Vicente C. Pangelinan
Senator
Committee on Appropriations, Public Debt, Legal
Affairs, Retirement, Public Parks, Recreation,
Historic Preservation and Land
I Mina'trentai Dos Na Liheslaturan Guåhan
Ste. 101 Quan Bldg.
324 W. Soledad Ave.
Hagatna, Guam

LM

357mm

MSL
2-25-12



Re: Bill No. 19-32 (COR)

REC'D
2-25-13

Dear Senator Pangelinan:

The following is our analysis of Bill No. 19-32 (COR). For convenience, the Bill is attached hereto.

Although the language of Bill 19-32 is somewhat confusing, if it becomes law, it could be claimed that the Bill is intended to legalize certain electronic gambling devices – including the Liberty gaming machines which were so abundant in gaming parlors and bars in 2008 before the Superior Court ordered the Department of Revenue and Taxation (DRT) to revoke the licenses/registrations for the Liberty machines and other similar gambling devices. Two cases involving the legality of electronic gaming devices are currently pending in the Superior Court of Guam.¹ Furthermore, this type of gambling has been rejected by the voters of Guam.

Bill 19-32 plainly states in the caption to the Bill and in the Sections in the Bill that it amends administrative rules and regulations found in Chapter 7, Title 3 of the Administrative

¹ The case ordering the revocation of the Liberty gaming devices is *Rapadas v. Benito v. Guam Music, Inc.*, Superior Ct. No. SP0141-08. This case has been appealed to the Guam Supreme Court twice and remanded back to the Superior Court both times. A companion case is *Guam Music, Inc v. Camacho*, Superior Ct. No. SP0219-08. *Guam Music, Inc.* has been appealed to the Guam Supreme Court once and then remanded back to the Superior Court. Both cases are now pending in the Superior Court. Both cases involve the issue whether *Guam Music, Inc.* is entitled to have its electronic Liberty machines licensed as amusement devices or whether the devices cannot be licensed because they are gambling devices.

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Office of Sen. Pangelinan

287 West O'Brien Drive • Hagåtña, Guam 96910 • USA
(671) 475-3324 • (671) 472-2493(Fax)

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Rules and Regulations; more specifically the Bill would amend certain rules and regulations found in 3 GARR §§ 7101-7167 (the "Regulations"). Since the Bill 19-32 merely amends rules and regulations and does not create new law, it is questionable whether the Bill has any real meaning.

Language in Section 1 of Bill 19-32 states: "[S]ince the rule-making authority [of DRT] did *not* allow for the repeal and re-enactment of existing statute, the regulations were placed in Chapter 7 of Title 3, Guam Administrative Rules and Regulations." Bill, p. 1. (Emphasis in original). Of course, Rules and Regulations *cannot* repeal and re-enact existing laws; nor can amendments to Rules and Regulations change existing laws. "An administrative agency may not employ its rule making power to modify, alter, or enlarge provisions of a statute which it is charged with administering." *Brunk v. Nebraska State Racing Commission*, 700 N.W.2d 594, 601 (2005). "Administrative rules or regulations cannot amend or change legislative enactments." *Dep't of Ecology v. Campbell & Gwinn, L.L.C.*, 146 Wash.2d 1, *19 (2002).

1. Electronic Gaming Devices

At the present time, the licensing of gaming devices is specifically prohibited on Guam by duly enacted laws. See 11GCA § 22202 (as amended May 18, 2007) ("No slot machine or amusement devices set to make progressive or automatic payouts *shall* be licensed under this Section [which establishes licensing fees for amusement devices]. No gambling device as defined in 9 GCA §64.20(b)² shall be licensed under this Section." (footnote. added)). The rules and regulations, which Bill 19-32 would amend, permit the type of gambling that is now prohibited by 11 GCA § 22202 and 9 GCA § 64.20(b). Hence, the Regulations conflict with existing law.

Both Bill 19-32 and the Regulations refer to limited gaming. Under the Regulations, limited gaming, which includes gambling with electronic gaming devices, is authorized on Guam.

Limited gaming as defined in Section 7102(y) is hereby authorized and may be operated and maintained and conducted subject to the provisions of the Gaming Control Act. All limited gaming, as said term is defined in Section 7102(y), shall be regulated by the Commission.

3 GARR § 7103. Section 7102(y) defines "limited gaming" as follows:

² Under 9 GCA § 64.20(b) a gambling device is defined as follows:

As used in this Section, gambling device means any coin operated device which, when operated, may return winnings (other than free games not redeemable for cash) of value to the user based partially or completely upon chance, by the operation of which a person may become entitled to receive winnings of value. It does not include pinball and other amusement machines or devices which are predominantly games of skill, whether affording the opportunity of additional chances or free plays or not. It does include any slot machines, video poker machines and other machines or devices which afford the opportunity of winnings, payouts, malfunction refunds to the player, or giving the player or user anything of value under any guise or form based partially or completely upon chance.

“Limited Gaming” means land based bingo, cockfighting, dog racing, land based lottery, carnival or liberation day gaming, and operation and **use of land based electronic gaming devices** as authorized herein. All equipment or paraphernalia used, or intended to be used, in limited gaming or any limited gaming activities shall be “limited gaming equipment” or “limited gaming devices.”

33 GARR § 7102(y). (Emphasis added). The types of limited gaming authorized are the following:

(a) The following are the only limited gaming activities authorized in Guam under this Act:

- (1) Bingo . . .
- (2) Cockfighting . . .
- (3) Dog racing . . .
- (4) Public lottery and carnival or Liberation Day gaming and
- (5) **Electronic gaming devices that have been registered or were at any time previously registered by the Department of Revenue and Taxation pursuant to 11 Guam Code Annotated Chapter 22 Article 2 prior to August 1st 2001.**³ Any electronic gaming devices previously registered with the Department may be replaced by new electronic gaming devices which are approximately similar to the old gaming devices being replaced provided all old electronic gaming devices being replaced are disposed of or stored pursuant to rules and regulations issued by the commission.

3 GARR § 7114(a). (Emphasis added). Section 7114(a) above is an *exclusive* list of all legal gaming activities.

All limited gaming activities aside from those listed in subsection (a), and the importation, manufacture, and distribution of gaming devices in an attempt to conduct such limited gaming activities, except as indicated in the Gaming Control Act, are considered illegal and in violation of this Act. * * *

3 GARR § 7114(b). (Emphasis added). Under the Regulations, DRT may issue gaming licenses for limited gaming activities.

“Gaming license” means a license that authorizes any person, corporation or entity to engage in gaming and to repair, transport, manufacture, sell, purchase, operate and use all gaming equipment or gaming devices and to engage in all remote, satellite, and on- line gaming activities and other off-site betting activities and to engage in a lottery or lottery games.

3 GARR § 7102 (p).

³ This language would give a monopoly to electronic gaming device owners whose devices were licensed by DRT prior to August 1, 2001. The gaming devices that were licensed prior to August 2001 are predominately the Liberty machines.

The above cited statutes – 11 GCA § 22202 and 9 GCA § 64.20(b) – and regulations – 3 GARR §§ 7103, 7102(y), 7114(a) & (b), and 7102 (p) – leave no doubt that the Regulations allowing the licensing of electronic gaming devices are in direct conflict with the statutes prohibiting the licensing of electronic gaming devices. Since rules and regulations cannot alter or amend legislative enactments, the statutes prohibiting electronic gaming devices would remain in effect. And the conflicting rules and regulations that allow electronic gaming devices would have no force and effect.

There are additional problems with the Regulations. The Regulations were submitted to the Legislative Secretary on January 3, 2003 with a cover letter dated December 31, 2002. However, there is no record that a public hearing was ever held regarding the Regulations or that an economic impact statement was submitted to the Legislature. Both the record of the public hearing and the economic impact statement are required to be submitted to the Legislature pursuant to the Administrative Adjudication Law. There is also a question whether Public Law 26-52, which in its substantive provisions deals exclusively with cockfighting, legally authorized the drafting of the Regulations.

It is a tenant of legislative interpretation that one must determine legislative intent and give meaning to a statute without altering or amending the statute's scope. *Craftworld Interiors, Inc. v. King Enterprises, Inc.*, 2000 Guam 1, ¶ 17. However, notwithstanding the deference due the plain-meaning of statutory language, such language need not be followed where the result would lead to impractical consequences, untenable distinctions, or unreasonable results." *Sumitomo v. Government of Guam*, 2001 Guam 23, ¶ 17.

Bill 19-32 unequivocally states that it amends the Regulations. It does not enact the Regulations into law. The Regulations authorize the licensing of electronic gaming devices. The licensing of electronic gaming devices is prohibited by Guam law. The Superior Court has ordered DRT to revoke licenses previously issued to owners of electronic gaming devices. This order has not been overturned. Hence, Bill 19-32 amends rules and regulations that are unenforceable because they conflict with existing law. Also, the Regulations themselves are not legal because they were not adopted according the requirements of the Administrative Adjudication Law. Therefore, the plain meaning of Bill 19-32 leads to an inconsequential result because the amended Regulations are not enforceable.

2. Other Types of Gaming

As discussed above, Guam law does *not* authorize DRT to license electronic gaming devices such as Liberty gaming machines. See 11 GCA § 22202 & 9 GCA § 64.20(b). And the regulations in 3 GARR, Chapter 7 are not enforceable. This has raised the question that if these Regulations are unenforceable, what authority is there for the licensing of other types of gaming. The response is that there are other laws authorizing the licensing and permitting of certain types of gaming subject to specified restrictions.

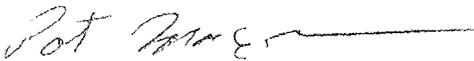
a. Cockfight Gambling. The Cockpit Licensing Board is authorized to license cockpits where wagers may be made on the result of a cockfight. See 22 GCA § 39105 & 9 GCA § 64.40.

b. **Carnival or Fair Gambling.** The Governor is authorized to license or permit gambling concessions and the playing of gaming devices during a fair or carnival and during the Guam Island Fair and Liberation Day Carnival. 9 GCA § 64.62. ("Section 64.10 of this Title [defining gambling] does not apply to any gambling conducted by a person who has been issued a permit by the Governor for concessions operated during a fair or carnival, and Section 64.20 of this title [making importation of gambling devices illegal and defining gambling device] does not apply to possession of any temporarily licensed gambling device during any Guam Island Fair, Liberation Day Carnival or any other fair or carnival for which the Governor has issued a proclamation.")

c. **Non-Profit Bingo and Lotteries.** DRT may issue permits to conduct gambling activities to certain non-profit organizations. The non-profit organizations that may be issued permits are churches or religious organizations; fraternal or fraternal benefit societies; education or charitable organizations; and clubs or organizations organized and operated exclusively for pleasure, recreation and other nonprofit purposes when no part of the net earnings inure to the benefit of any member or shareholder. The gambling activities that DRT is authorized to issue permits for are bingo games and lotteries (raffle tickets). Permits may not be issued for any form of casino gambling. See 9 GCA § 64.70.

Thus, the permitting and licensing of the above listed gambling activities are authorized by various Guam laws. On the other hand, Guam law prohibits the licensing of electronic gaming devices. Since the Regulations in 3 GARR §§ 7101-7167 conflict with Guam law, they are not enforceable. Any properly adopted and legally sufficient regulations that apply to the forms of gambling that are authorized by law are enforceable.

Sincerely,



J. Patrick Mason
Deputy Attorney General

- cc: Honorable BJ Cruz, Vice Speaker
Honorable Christopher Duenas, Asst. Minority Leader
Honorable Thomas Morrison, Minority Whip
Attorney General
Chief Deputy Attorney General



I Mina'trentai Dos na Liheslaturan Guåhan

Senator Vicente (ben) Cabrera Pangelinan (D)

MAY 24 2013

2013 MAY 24 AM 11:29

The Honorable Judith T. Won Pat, Ed.D.
Speaker
I Mina'trentai Dos Na Liheslaturan Guåhan
155 Hesler Place
Hagåtña, Guam 96910

VIA: The Honorable Rory J. Respicio
Chairperson, Committee on Rules

RE: Committee Report on Bill No. 19-32 (COR), As Substituted

Dear Speaker Won Pat:

Transmitted herewith is the Committee Report on Bill No.19-32 (COR), as substituted, "An Act to add New §§5201-5202 to 11 GCA Chapter 5, ,Relative to Gaming", sponsored by Senator Chris Duenas, which was referred to the Committee on Appropriations, Public Debt, Legal Affairs, Retirement, Public Parks, Recreation, Historic Preservation and Land.

Committee votes are as follows:

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

Si Yu'os Ma'åse'

Vicente (ben) Cabrera Pangelinan
Chairman

Chairman
Committee on Appropriations,
Public Debt, Legal Affairs,
Retirement, Public Parks,
Recreation, Historic Preservation
and Land

Member
Committee on Education,
Public Libraries
and Women's Affairs

Member
Committee on General
Government Operations and
Cultural Affairs

Member
Committee on Municipal
Affairs, Tourism, Housing and
Hagåtña Restoration and
Development Authority

Member
Committee on Health &
Human Services, Health
Insurance Reform, Economic
Development and Senior
Citizens

Member
Committee on Aviation, Ground
Transportation, Regulatory
Concerns and Future
Generations

**COMMITTEE REPORT
ON**

**Bill No. 19-32 (COR), As Substituted
Sponsored by Senator Chris Duenas**

**An Act to add New §§5201-5202 to 11 GCA
Chapter 5, Relative to Gaming**



I Mina'trentai Dos na Liheslaturan Guåhan

Senator Vicente (ben) Cabrera Pangelinan (D)

MEMORANDUM

To: All Members
Committee on Appropriations, Public Debt, Legal Affairs,
Retirement, Public Parks, Recreation, Historic Preservation and
Land.

From: Senator Vicente (ben) Cabrera Pangelinan
Committee Chairperson

Subject: Committee Report on Bill No. 19-32 (COR), As Substituted

Transmitted herewith for your consideration is the Committee Report on Bill No. 19-32 (COR), as substituted, "An Act to add New §§5201-5202 to 11 GCA Chapter 5, Relative to Gaming", sponsored by Chris Duenas.

This report includes the following:

1. Committee Voting Sheet
2. Committee Report Narrative
3. Copy of Bill No.19-32 (COR), As Introduced
4. Copy of Bill No. 19-32 (COR), As Substituted
5. Public Hearing Sign-in Sheet
6. Copies of Written Testimonies
7. Copy of COR referral Bill No. 19-32 (COR)
8. Copy of Fiscal Note
9. Notices of Public Hearing
10. Copy of the Public Hearing Agenda

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

Si Yu'os Ma'åse',

Vicente (ben) Cabrera Pangelinan
Chairman

Chairman
Committee on Appropriations,
Public Debt, Legal Affairs,
Retirement, Public Parks,
Recreation, Historic Preservation
and Land

Member
Committee on Education,
Public Libraries
and Women's Affairs

Member
Committee on General
Government Operations and
Cultural Affairs

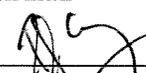
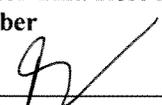
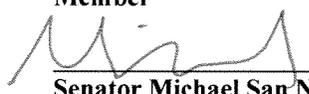
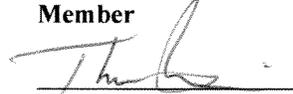
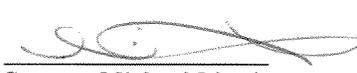
Member
Committee on Municipal
Affairs, Tourism, Housing and
Hagåtña Restoration and
Development Authority

Member
Committee on Health &
Human Services, Health
Insurance Reform, Economic
Development and Senior
Citizens

Member
Committee on Aviation, Ground
Transportation, Regulatory
Concerns and Future
Generations

I MINA' TRENTAI DOS NA LIHESLATURAN GUÁHAN
Committee Voting Sheet
Committee on Appropriations, Public Debt, Legal Affairs, Retirement,
Public Parks, Recreation, Historic Preservation and Land

Bill No. 19-32 (COR), as substituted, "An Act to add New §§5201-5202 to
 11 GCA Chapter 5, Relative to Gaming"

Committee Members	To Pass	Not To Pass	Report Out Only	Abstain	Inactive File
 Senator Vicente (ben) Cabrera Pangelinan Chairman	✓				
 Vice Speaker BJ Cruz Vice Chairman			5/24/13 ✓		
 Speaker Judith T. Won Pat Member			5/29/13 ✓		
 Senator Tina Rose Muña-Barnes Member			✓		
 Senator Dennis Rodriguez, Jr. Member			5/27/13		
 Senator Michael San Nicolas Member			5/24/13 ✓		
 Senator Tommy Morrison Member	✓				
 Senator Michael Limtiaco Member			5/24/13		



I Mina'trentai Dos na Liheslaturan Guåhan

Senator Vicente (ben) Cabrera Pangelinan (D)

Committee Report

Bill No. 19-32 (COR). An act to amend Chapter 7, Title 3, Guam Administrative Rules and Regulations, relative to capturing license fees and taxes from gaming operators.

I. OVERVIEW

The Committee on Appropriations, Taxation, Public Debt, Banking, Insurance, Retirement, and Land convened a public hearing on February 1, 2013 at 9.00am in *I Liheslatura's* public hearing room.

Public Notice Requirements

Notices were disseminated via hand-delivery and e-mail to all senators and all main media broadcasting outlets on January 25, 2012 (5-Day Notice), and again on January 30, 2013 (48 Hour Notice).

(a) Committee Members and Senators Present

Chairman Vicente Pangelinan, Chairman
Vice-Speaker Benjamin J. Cruz, Vice-Chairman
Speaker Judy Won Pat, Member
Senator Rory Respicio, Member
Senator Michael San Nicolas, Member
Senator Tommy Morrison, Member
Senator Michael Limtiaco, Member
Senator Dennis Rodriguez
Senator Aline Yamashita
Senator Chris Duenas
Senator Tom Ada
Senator Bryant McCreadie

(b) Appearing before the Committee

Ms. Jackie Marati, private citizen, KEEP GUAM GOOD
Mr. Ricardo Blas, President, Guam National Olympic Committee
Mr. Robert J. Steffy, Secretary General and Treasurer, Guam National Olympic Committee
Mr. Gordon Chu, President, Guam Bowling Congress, Guam Dragon Boat Federation, Guam Wooshuu
Mr. Darrel Dela Paz, Representative, Guam Basketball Confederation
Mr. George Benoit, President, Guam National Golf Federation
Mr. Bill Payne, Guam National Golf Federation

Chairman
Committee on Appropriations,
Public Debt, Legal Affairs,
Retirement, Public Parks,
Recreation, Historic Preservation
and Land

Member
Committee on Education,
Public Libraries
and Women's Affairs

Member
Committee on General
Government Operations and
Cultural Affairs

Member
Committee on Municipal
Affairs, Tourism, Housing and
Hagåtña Restoration and
Development Authority

Member
Committee on Health &
Human Services, Health
Insurance Reform, Economic
Development and Senior
Citizens

Member
Committee on Aviation, Ground
Transportation, Regulatory
Concerns and Future
Generations

Mr. John Camacho, Director, Revenue and Taxation
Mr. Ken Leon Guerrero, ABLE Industries
Mr. Moe Cotton, Private Citizen

(c) Written Testimonies Submitted

Ms. Jackie Marati, private citizen, KEEP GUAM GOOD
Mr. Ricardo Blas, President, Guam National Olympic Committee
Mr. Robert J. Steffy, Secretary General and Treasurer, Guam National Olympic Committee
Mr. George Benoit, President, Guam National Golf Federation
Mr. Ken Leon Guerrero, ABLE Industries
Mr. Moe Cotton, Private Citizen
Mr. Jon J.P. Fernandez, Superintendent of Education, Department of Education
Mr. Henry S. Alvendia, Secretary-General, Guam National Sport Shooting Federation
Mr. Rick Ninete, President, Guam National Tennis Federation
Mr. James Borja, President, Marianas Underwater Fishing Federation
Ms. Joana Margaret C. Blas, Private Citizen
Mr. Stephen Grantham, President, Guam Rugby Football Union
Mr. Ben Ferguson, President, Guam Cycling Federation
Mr. Neal Kranz, Private Citizen
Sensei Melina Paulino, Marianas Judo Association
Mr. Edwin K.W. Ching, Private Citizen
Federation of Pangasinanes on Guam
Mr. Ray Blas, Acting Director, Department of Parks and Recreation
Office of the Attorney General
Guam National Olympic Committee, Guam Bowling Congress
Vic Torres, Guam Sailing Federation
Department of Revenue & Taxation
Mayors Council Guam

II. COMMITTEE PROCEEDINGS

Chairman Vicente Pangelinan. Bill number 19 is an act to amend Chapter 7 Title 3 Guam Code Annotated relative to capturing taxes and licenses from Gaming Operations. The bill was introduced by Senator Chris Duenas. While we bring up the first panel, I have sign-up sheets here and we'll go ahead and call the individuals in the order they have signed up.

I have is Ms. Jackie Marati, Mr. Bob Steffy, Mr. Rick Blas, and Mr. Gordon Chu for oral testimony. Again, before we present and proceed with the presentation of public testimony and receipt of it, I would like to allow the author of the legislation an opportunity for a short synopsis of the intention of the bill and then we can receive the public testimony.

(a) Bill Sponsor Summary

Senator Chris Duenas. Thank you Mr. Chair and it will be short. My staff wrote the intent very well and summarizes the bill. I would like an opportunity first Mr. Chair to allow for those who are here that maybe were misled by recent publications in terms of the content of this bill. I would like to read real quickly a legislation lesson in bills when they're written - the underlined portions of amended bills are what is actually being put into the bill and amended into the bill. The portions that are not underlined are actually portions that are currently law.

When it says, "At which tax should not be limited to limited gaming activities alone" - that does not encompass all of the non-profit organizations that have been made to think that they're going to be paying 20% on the proceeds that they generate with their operations. If you are not under the Gaming Control Act, if you're not dog racing, which has been repealed, non-profit BINGO, cockfighting - it doesn't apply to you. If you have other things to do today, you can stick around or you may go ahead and leave if that's your choice.

Just really quick the intent of the bill.

Mr. Chair and thank you very much for hearing the bill. The Legislative findings sum it up completely Mr. Chair and members that have come forward.

[Read Bill 19 Legislative Findings and Intent verbatim]

In closing Mr. Chair, before we receive testimony, everything that is proposed here is current law. It's amending current law as far as taxes and what the bill purports to do. This is not new legislation. Thank you Mr. Chair.

Chairman Vicente Pangelinan. Thank you very much. We will proceed in the order of who signed up - Ms. Marati, you signed up first.

(b) Testimony

1) Ms. Jackie Marati, private citizen, KEEP GUAM GOOD

Ms. Jackie Marati. Honorable Senators, ladies and gentlemen.

[Read written testimony verbatim. See attached]

We have years of data that's been available from all these activities and we have the ability to promulgate rules and regulations that are thorough and above all, fair.

Chairman Vicente Pangelinan. Thank you and Si Yu'os Ma'ase Ms. Marati. Mr. Steffy... Oh Ok, Mr. Blas.

2) Mr. Ricardo Blas, President, Guam National Olympic Committee

Mr. Ricardo Blas. Good Morning Mr. Chairman, Madam Speaker, Vice Speaker, Members of this Legislature.

[Read written testimony verbatim. See attached]

Senators, my apology on such a long testimony and thank you.

Chairman Vicente Pangelinan. Thank you and Si Yu'os Ma'ase Mr. Blas. We'll go ahead then and receive the testimony from Mr. Steffy.

3) Mr. Robert Steffy, Secretary-General and Treasurer, Guam National Olympic Committee

Mr. Robert Steffy. [Read written testimony verbatim. See attached]

Chairman Vicente Pangelinan. Thank you very much Mr. Steffy. I noticed that in one of your statements you said you don't know what information the Committee has been provided. The Committee has not been provided any information at all relative to this bill or any subject matters addressed. So we're operating in the blind just as you are and I just wanted to state that for the record. Mr. Gordon Chu...

4. Mr. Gordon Chu, President, Guam Bowling Congress, Guam Dragon Boat Federation, Guam Wooshuu

Mr. Gordon Chu. Honorable Chairman, Speaker, Vice Speaker, all the Senators. I come here to testify and you know - all the Senators know that GNOC really helps all the individual sports. I'm President for the Guam Bowling Congress, Guam Dragon Boat Federation and Guam Wooshuu Federation. So, every year we need to send a team - like bowling - to the city championship: Far East Bowling Championship, Asian Championship and World Championship. We are going to send a team to go out for that. Without GNOC's help, it is almost impossible to send the 13 individuals.

Also, the Dragon Boat is a team sport. Dragon Boat is a new sport for Guam. Every year, we send out a team at least one time to join either the World Championship, Asian Championship or the Individual Country Invitation Championship. Senator Tom Ada was part of our team member for the senior team for the Dragon Boat.

Chairman Vicente Pangelinan. Did they win?

Mr. Gordon Chu. We win, yeah. That time we went to Korea and we got one Gold medal and Two Bronze medals.

Chairman Vicente Pangelinan. I'm going to do a resolution for him then. I didn't know that.

Mr. Gordon Chu. All these things... we need GNOC's help. Also, I want to point out that sports are very important for Guam - for the island. Sports, basically all the sports need discipline. Second, we need to follow the rules. Third, every athlete is fighting to win. Lastly, we cannot use drugs. This is very important. If all young people learn these four rules, later they can

be very good citizens for Guam. So it's very important for our citizens to follow the rules; fighting for success.

We don't drink and we don't take drugs and we can even save money for our Police Department. But all other countries basically have sports departments. Some countries even have ministers of sports. On Guam, we don't have sports departments. No one really has sports. Only GNOC is for sports and really work for the people who come to Guam. I hope this will not kill the GNOC. I hope we will continue to support the GNOC and their operations and benefit all the young people and benefit this island. Thank you.

Chairman Vicente Pangelinan. Thank you very much Mr. Chu. There are other members of the public that have signed up to testify. Perhaps I can ask Mr. Steffy and Mr. Blas to stay behind and anyone else is always welcome to stay. But we will hear those oral testimonies first and come back and ask questions of the panel.

So the next person I have signed up to present oral testimony is Darrel Dela Paz and then Mr. George Benoit. James Ji also signed up. Mr. Rob Malay submitted written testimony. Signing up to provide oral testimony is Vice Speaker Nelson and Mr. Jay Arriola, but I think Jay is not here. We'll go ahead and proceed with the oral testimony by this panel in the order that I call you. Please identify yourself for the record and who you represent and begin your testimony.

5. Mr. Darrel Dela Paz, Representative, Guam Basketball Confederation

Mr. Darrel Dela Paz. Thank you Mr. Chairman. My name is Darrel Dela Paz and I represent the Guam Basketball Confederation. I thank you for hearing my concerns today on this bill. Guam Basketball opposes this bill for three various reasons. We are supportive of GNOC and the work that they're doing for our athletes, our administrators and our coaches. This bill, if it will take effect, will hurt our present and future programs of our athletes and coaches. Eventually our athletes will grow and be Senators and Administrators. Athletes are good for the community and this bill I think is misguided. I just want to present my concerns and I want to thank you for hearing me today and I ask you to please reconsider. Thank you very much.

Chairman Vicente Pangelinan. Thank you and Si Yu'os Ma'ase Mr. Dela Paz. George...

6. Mr. George Benoit, President, Guam National Golf Federation

Mr. George Benoit. Good Morning Chairman Pangelinan and other Senators. Thank you very much for this opportunity to speak on this. I too am opposed to this bill. I have two concerns. One, I totally support what the GNOC is doing for all the athletes on the island. I am very familiar with golf and I want to talk about that. But also, we have a BINGO called the Plumeria BINGO at GICC at Guam International Country Club. It's all BINGO and the proceeds from that go to help our athletes. I have two concerns, but at the beginning Senator Duenas you mentioned that certain people, that includes us, right? This bill include our BINGO?

Senator Chris Duenas. The Director will review and the Gaming Commission will take over the responsibilities. They will go through and review all of the organizations that fall under these

rules and regulations as promulgated. In further questioning, we'll find out what the difference between a BINGO and a Lottery is.

Mr. George Benoit. I'm just not sure how this affects us and I'm concerned about it. What I want to start out with though is Jackie's testimony about the fighting on all this gaming... ... We supported her in all of this. In fact, we contributed to KEEP GUAM GOOD. We wanted her to win that battle and we didn't want those people here either. I also attended a lot of her sessions when she went around the island. I was very impressed with what she did. I did also hear the people talk about these other BINGO operations. They were just asking the question and I don't think they really know; they were just asking the question. Jackie mentioned in her testimony about how she heard that and I heard it too. Jackie and I talked about it at the time. So we are aware that we need to get better educated.

But back to the GNOC, I'm just going to give you some examples. But, first of all when you go back in time, it used to be for golf, especially. If you wanted to go off island to represent Guam you had to have money. You had to come from maybe a rich family - privileged. The kids that did not have enough income, they made the team as the best players, but they never got to go. So, I would hate to see us go back to those days where you would have to have money to represent this island. That's true with other sports - not just golf.

I'm George Benoit, President of the Guam Golf Federation, since 2009. Sitting next to me is one of the Founders of the Guam National Golf Federation, the first President and I learned a lot from Bill Payne. Anyway, back to what the GNOC has done for us. An example. in 2011, our top golfers were not allowed to go to San Diego because they couldn't afford it. The kids and parents that did have money, they went. That was in 2011. In 2012, we had 19 kids qualify and I knew that 5 of them weren't going to go. The GNOC offered for the parents to sell raffle tickets. The 19 parents raised \$35k and all the kids went and that was nice. I really thank the GNOC for that.

The same thing happened in 2012. Our athletes were able to sell these tickets, too. Some of the athletes who wouldn't have been able to go to the Pacific games got to go because of the GNOC. They put in \$65k. Without their money, there would be no raffle and we wouldn't be able to send our best players to the Pacific games. I think it's important that we send our best players. I have a couple people who told me, I just can't go, I just can't afford it. The raffle tickets helped, but still they had to pay for other things and it turns out the GNOC paid for it. They paid for accommodations, all the food, and so we sent our best players. I just really thank Rick Blas and all his people for what they did for golf. I know they did the same thing for everybody else.

I also like to mention that when we get invitations to go places, it's addressed to me and asks to name your country and we're not a country. We're a territory. Your country is invited to participate in this Jr. Tour in Chicago; the Tourn in the Philippines, the Thailand Jr. golf Tourn - your country. Rick Blas is responsible for that years and years ago. He got it where the international organizations, treat us like a country. It's nice, otherwise, how would we ever go anywhere? So, I thank Rick for that.

I hope you don't pass this bill. On the golf side, we have our BINGO and the money that is raised. I'll be glad to give you all the figures you want. We're very transparent. We're not hiding anything. The money goes to our athletes. We don't take unnecessary trips; the money goes to the athletes. If we lose BINGO - that's a part of this and I kind of think it is. I think it's going to spoil over into ours too. Just like Bob said, they're going to shut down and we'll go back to the days when parents can't afford to send their kids. If so let's go, otherwise forget it. So please don't pass this bill. Thank You.

Chairman Vicente Pangelinan. Thank you very much George. Bill did you want to say something?

6) Mr. Bill Payne, Founder, Guam National Golf Federation

Mr. Bill Payne. I was the first President of GNGF in 1989 like Rick mentioned. On the way to Papua New Guinea, we did a lot of major fundraising efforts to secure our uniforms, not even the airfare. The players had to pay their own airfare and they paid most of their room and board. GNOC has come a long way. We have been supported enormously by them over the years and we support them. I am not for the bill simply because they don't rely on government for any support. We do our own fundraising as part of the GNOC group.

We've been an independent golfing community as far as supporting our other endeavors, like George mentioned. The kids have seen this grow since 1988. The poor kids cannot go because they don't have the money; only the rich kids. This was quite evident for the Junior Golf participation in San Diego back then. The coaches would go to the golf course and the kids whose parents had the money and "pare pare" - you know. I served there and I said this is not right. We've come a long way.

If you're going to send 16 kids to San Diego now, how much would it cost? It costs about \$30k and without the help of the GNOC and the leagues, the kids won't have a chance to be exposed. On top of that, they send one coach. Sixteen kids to one coach is not right. They've been trained by the other coaches. So, the other coaches are given the alternative to pay their own way. Who is going to spend \$2k to babysit the kids for two weeks and pay everything on your own? The fundraising efforts and the BINGO pay for this.

The GNGF staff gets paid being on the board. GNGF pays rent at the facility that they use. The profit margin will be cut drastically. Why don't you - Senators - go after the people whose taxes have not been paid over the years? Go up to the land barons who support other endeavors within the political arena. You need to clean up the other side of our government where there's money that's been floating and there's no enforcement. That's what we need to do. Don't jeopardize the kids. Thank you.

Chairman Vicente Pangelinan. Thank you very much Mr Payne. Mr. Vice Speaker.

7) Mr. Ted Nelson, Former Vice Speaker

Mr. Ted Nelson. Good morning Mr. Speaker and the Senators. Can we first invite the students back there, the athletes to sit so that the television can see them.

Chairman Vicente Pangelinan. Oh yes sure, they're welcome to come in.

Mr. Nelson. Can we invite them in?

Chairman Vicente Pangelinan. If you can hear me out there - students, you're welcome to come in and sit in the chairs up here. We just want to see how well conditioned they are. They're very well conditioned.

Mr. Ted Nelson. Thanks to Mr. Blas and Bob Steffy.

Chairman Vicente Pangelinan. As you know Vice Speaker, they're kids so they have a short attention span. So your testimony has to match them if you want them to listen to you; you have to speak no longer than 5 minutes. Thank you very much Mr. Vice Speaker.

Mr. Ted Nelson. First let me begin by saying I'm Ted Nelson. I graduated from Ohio State University and majored in Health and PE. I taught PE and coached. I was also involved with the Blas brothers. But I think that it's time that we go back in history and historical facts and recognize the past leaders like Joe Paulino and Marilyn Carlson. These are some of the people that we know back in the 60's, 1969, 70's for the development of the island sports in this territory. If the sponsors are willing to withdraw the bill now, I'll stop.

Chairman Vicente Pangelinan. He can talk for a long time. Thank you.

Mr. Ted Nelson. Sit back and relax and order lunch please. Where's the empanada and apigigi like the old days?

The history of sports; the South Pacific Games, which some of you weren't even born. It is a very, very, interesting history for sports people today should know. As you know, we were offered to deprive Guam from being a member of the South Pacific Games. If that were to be done, we would not be where we are today. I say that I lost my livelihood and my wife almost kicked me out of the house. We were fighting two governors that said no more games, no more games. As President of the South Pacific Games Council, I said yes there will be games. The governor said there will be no games. Finally, they had to fire me so that the games can go on, otherwise I'll never get any check. I never got my check anyways.

It has come a long way ladies and gentlemen and the sports itself, the development of the island sports is something that all of us should realize. Now, what we're trying to do here is we don't associate the development of athletes and sports as part of the gaming jurisdiction. It's not gambling; it's not like Rodriguez or McGuire or all these other stuff in the states. We're talking about coaches, parents, athletes and the development of sports and also from the official recognition of this island.

I know Chris [Senator Duenas] and [Senator] Morrison (co-sponsors of Bill 19) would withdraw their sponsorship. Right now you don't have a chairman of the Commission who is to be blamed for the Gaming Commission. We're going to blame GNOC or the athletes? Are we going to try and say, "Hey man you put GNOC under the jurisdiction of the Gaming Commission". Eventually, you're going to put BINGO, senior citizen BINGO, South Pacific Games and all these other sports....

Let's talk about the growth of soccer. The growth of soccer is so magnificent. All these people sacrifice themselves. It's so enormous. Judo, the Blas brothers - these are all efforts done individually. Look at what Parks and Recs has done for the development of the island sports - nothing. Now I have a lot of last minute notes.

The way we organize this was we recognize that there are various groups and organizations - baseball, basketball, soccer, athletic clubs and so forth. We don't want to send a message to discourage them. We don't want to say we're going to dig a grave for sports or for future endeavors going off island. But these kids today might lose efforts and deprive them of gaining financial support from world organization as well as the world federation and should be a priority for this community. We have 5 high schools now. These 5 high schools now have gyms all over the place and we have to encourage our leaders and coaches like Bob Steffy or Rick Blas and Ray Topasna for the development to allow or try to use our youth --- like Hal Shiroma, we worked together and sacrificed ourselves. Mr. Shiroma himself got on a bulldozer and started cleaning fields. It was the people, the parents and the athletes that started the football field.

If you knew Ivan, Budgie, Shiroma; all these guys were allowing over 5,000 - probably more - youth to get involved at their own expense and they were always soliciting money. Are we going to say, "Hey man we may tax you". Eventually, but we have to recognize these efforts and leaders - Joe Guerrero, Pete Rosario. It's overwhelming how these individual football leaguers participated in sports, whereby the facilities are not that great, but we're getting there. We were there at one time. We had a plan in 1971 to do a master sports complex. Everything was ready and beautiful. If it had been done in 1971 and 1975, we would have the best athletes in this territory. But because of politics, no one wanted to sign the contract with Bureau of Outdoor Recreation. I ask you folks to stay out of this. Please for God's sake, leave these guys alone, leave the kids alone. Let them enjoy what they're doing - help them out.

Instead get money from GVB and give it to the athletes. Golf and Judo are being recognized throughout the world. The best one is Ric Blas. I work with these guys, I talk with Tony, Rick and Ben. I know what they have to sacrifice; their own family. They started training in the quonset hut in Tamuning. We had to fundraise for them to train in Japan for months to be prepared in the games. They're great kids to sacrifice themselves for the sport of Judo and now today look at where we are. The world recognizes the Judo player from Guam thanks to Ric and we should be proud of that. We should be proud of these kinds of efforts. All these things about sports -- last session I heard about sports economic, let's follow that. Let's help the hotel out there in Ordot [Leo Palace] to develop sports.

Chairman Vicente Pangelinan. Thank you very much Mr. Vice Speaker. I heard that.

Mr. Nelson. Let me continue.

The recognition of the Blas boy in the states - I followed along and I felt so proud, honest to God. I remember back in the old days when Ric, Tony and Ben and Danny were on the streets to get money to train themselves, but, we got to the point where we're worldwide now because of one boy given the opportunity. We received world recognition. I think GVB should fund all these activities. Rather than going to HongKong or Macau to bring in tourists for Al Ysrael - excuse me I didn't mean to say that.

Chairman Vicente Pangelinan. Mr. Vice Speaker, please we have additional testimony available. Continue.

Mr. Ted Nelson. Alright, thank you. It is our duty folks. I have a lot of notes here. But let me try to be as brief as possible. It is our duty and obligation. I was a PE teacher, a coach and I worked in the sport of softball, football, basketball, CET, CIT, Sinajana and other basketball games that some of you may recognize. It's through the effort of people like Judge Joaquin Manibusan, Joe Rios.... it is your duty and obligation for God's sake to do everything to encourage these young kids, the leaders, to continue to develop their skills for the sake of our island.

We can gain more recognition by their good representation and win all the gold medals, even in gymnastics. We have good athletes in this territory and the best coaches who are being involved in these sports. It is our duty now to send a clear message to all the young athletes that we will continue to support them. We have to train our Parks and Rec. I don't know what kind of recreation is being done, but everything is being done outside by the organizers, the football, the little league, Rick Calvo, Pete Rosario, Dan Salas. These guys all sacrifice, including Albert Topasna. They did it on their own, but they were not recognized. Pete Rosario's name is supposed to be on the baseball field; he was never recognized. We must keep the spirit of sports enhancement or development in this territory. We must allow more kids to get involved in sports activities rather than just playing with iPods or iPhones or whatever it is or they get into trouble. It's costly for being idle out there.

We must give the 5 high schools support for their interscholastic programs. So, our kids can get busy and be educated and involve themselves. There are these types of opportunities nowadays if you look in the paper every day - about drugs and people getting arrested, rape and shootings - it's crazy, this island. If you don't believe me go to Mangilao and see the University up there. It's expanding and it's a sign of failure of this society and it's the time to recognize that something is wrong with our society when we see many of our youth at DOC and DYA.

In Agana, soon they'll be building twin towers. This is not what we want, folks. [Senator] McCreddie is one of the greatest baseball players - my boy played with him. He's a damn good pitcher. He should keep that spirit up and encourage these kids. Don't be a part of any movement to discourage the development of sports. Swimming is another sport we can develop. If we can get some money, give it to GNOC and let them develop the swimmers. It's a cheap sport and you don't need fancy equipment. We have the potential in becoming the number one sports center in the Western Pacific. Remove politics. This is what killed us in the past.

Chairman Vicente Pangelinan. Mr. Vice Speaker we're going to ask you to...

Mr. Ted Nelson. Alright, Thank you. My dear Senators, I ask Tom, Senator Morrison, please withdraw your name. Chris, I know you may not, but you will. My Judge [refer to Senator BJ Cruz], let's not make this an issue. Let's not make politics in sports. You guys should go out there and watch the women football. You guys should go out there and watch the rugby. I've been involved for so long and you'll be surprised. You go up to UOG football field, the Shiroma field and look at the hundreds of kids involved and you should be proud of that. I'd rather see kids like that than kids smoking marijuana and going out stealing.

This is the kind of environment that we want the kids to know - that playing ball and getting into sports is the right thing to do. Look at the states, they're making billions of dollars in sports. In Guam they can't make it, but it's an opportunity for them that eventually they'll be able to live comfortably and proud of themselves and have the energy given the incentive and recognition so that they can be proud. I'm proud of Tommy Morrison, although he was a Democrat, but now he's a Republican.

Chairman Vicente Pangelinan. Mr. Vice Speaker, we're going to ask you again, to please consider wrapping up your position on the bill.

Mr. Ted Nelson. Mr. Chairman, I'm sorry. For the sake of this island, for the sake of our kids, I believe this Legislature must demonstrate that we want a community where people can look at our kids and say, "Those are the kids - the good athletes and not the other type of kids." We have to give them the opportunity and give them a chance to make them proud of themselves. But we have to recognize these kids and give them the opportunity to do whatever they can. Take money from GVB. All these sports can mean a lot for our economy. Bring in all these other territories for the development of sports. I have nothing but high praise for Mr. Ric Blas. I remember Rick many years ago and Mr. Bob Steffy used to play ball up in Harmon and he told me that I'm too old to play softball.

But please folks, you have children, encourage them to be involved in sports. There's a significant relationship in sports and scholastic achievement. For some of you educators you may be aware of this. There's a great significance in sports involvement from being true from doing other stuff against the schools rules and society. It's high time that we just table this bill and allow our sports people to continue the development of sports in this territory so that we will be recognized.

We can beat the other territories in every sports and we can show them and demonstrate and work with them to establish a better relationship among the territories with the Micronesian Games and the South Pacific Games. Sports can be many things and I think it's your duty, you're the leaders and we're all looking up to you. I want to thank the GNOC for keeping up - fighting is not easy, it's not easy to train and send athletes off island. Not even for football, poor people. They don't get money - Shiroma doesn't get money from the government. The parents are the ones footing it and it should be the government. Our responsibility of the educational development of this territory is right here in this Legislature and I'm pretty sure that the Governor has kids in football; they love sports and they will help you and let's get the ball

rolling and forget about the appointment of the Chairman of the Gaming Commission and get the Governor to appoint a cabinet member athlete to coordinate and develop the sporting activities in this and all over the schools. You have to start supporting PE classes so that this can be part of this effort for the total picture. You want to develop. To the students and athletes, let's give them a clap. Thank you Mr. Chairman.

Chairman Vicente Pangelinan. Mr. John Camacho of the Department of Revenue and Tax is the last one to sign up to testify. Does anyone else wish to testify? After Mr. Camacho's testimony, we're going to ask him to stay and bring back up Mr. Steffy and Mr. Blas.

8) Mr. John Camacho, Director, Department of Revenue and Taxation

Mr. John Camacho. My name is John Camacho, I am the Director of Department of Revenue and Taxation.

Good morning, Mr. Chairman, Madam Speaker, Vice Speaker Cruz, and members of the Senate. I'm present here today because my Department is given the authority to regulate and to enforce the Gaming Commission. Basically this is why I'm here and if there's any questions or anything you would like to ask of our Department, I would answer them.

Chairman Vicente Pangelinan. Did you have any testimony for this bill?

Mr. Camacho. No.

Chairman Vicente Pangelinan. Ok, we'll then bring Mr. Steffy and Mr. Blas back.

Panel Comments and Questions

Chairman Vicente Pangelinan. The author has asked to direct some questions. Please try to keep within the subject matter of the bill. If there's anyone else who wishes to ask questions, please let me know.

Senator Chris Duenas. Thank you Mr. Chairman. We would like to thank all of the passionate testimony that was put forward and I appreciate the presence of everyone here.

Mr. Chairman in directing my questions, I just have to at least respond to two things said in the testimony with regard to attacks. I believe the media would show and all representations will show that I have nothing but praise to say about the organizations; all the organizations, not just GNOC that have participated in sports. The Federations that I have spoken to and have come to my office, it is clear and on the record and I will debate that at any point.

Also, on to the discussion about supporting youth and sports, as you see it was taken out by GNOC. There's great representation of exactly what is going on now. Once again, the bill as we go through the merits of the bill is designed to enhance that and not to take away from that.

Mr. Chairman and I'll start with Revenue and Taxation. In our discussions Mr. Camacho with your staff, the observation currently of GNOC and other members - particularly cock fighting - regarding bills and rules and regulations and how the law is set up, they are currently not following what the mandates of the rules and regulations have been established. Is that correct?

Mr. Camacho. That is correct.

Senator Chris Duenas. Thank you. Will that constitute essentially, not necessarily not filing what they filed, but would you constitute that as not in good standing with the spirit and intent of the law?

Mr. Camacho. First thing, I would like to add there is no Commission established to regulate these gaming activities.

Senator Chris Duenas. I just want to draw your attention to these two tax returns. One for \$3,450,106 filed on November 14, 2011 and \$3,530,794 filed on November 13th, 2012. To your knowledge Mr. Camacho, have the 4% - not GRT - tax been remitted to Revenue and Taxation under the reading of the statute? To my knowledge I don't see any of those taxes being paid. Mr. Steffy?

Mr. Steffy. Senator can you answer a question. When were these regulation quantified?

Senator Chris Duenas. According to the public law, which I will bring up. While I'm looking for it, can I ask the question if you paid the taxes?

Mr. Steffy. No.

Senator Chris Duenas. And you didn't - why?

Mr. Steffy. Well one, there's no procedure for paying the tax. There's no forms for paying the tax. If you want to talk about paying taxes, you set up a structure, you set up forms, you set up a procedure at Revenue and Taxation. They bill you or they provide forms that you file or they provide due dates.

It's my understanding that the first regulations that were sent to the Legislative Secretary in 2003 have just been quantified in the last two months and that's why I asked you the question about when they were quantified. When I talked to Technical Research at Revenue and Taxation yesterday, they don't know when it's quantified; they don't know any procedures for paying the tax. If you are proposing we're going to pay one half of two percent of the gross, we would do that if there was a procedure to do that.

Senator Chris Duenas. Actually in the reading of the law, it's 4%.

Mr. Steffy. That's not what the regulations says.

Senator Chris Duenas. We can dispute that.

Chairman Vicente Pangelinan. I think we're digressing here. It's not that GNOC has paid its taxes, it's are we going to impose a 20% tax? I don't know if the discussion is whether they are paying their taxes, John in terms of these issues. Maybe you should bring them in and ask them and bill them or whatever is necessary. I think the bill is. are we going to impose a 20% tax on gaming?

Senator Chris Duenas. I'll keep on that line then Mr. Chair. I was using it as a backdrop so that the community can understand that the authors of this bill, specifically myself, have written the bill so that we can enforce the law - not to impose any undue duress to any organization. With the spirit of what you asked Mr. Chair in the line of questioning then, can you describe what the quantified law, Mr. Steffy as you put forward, what effect it'll have on your organization and what the additional 16% will have on your organization?

Mr. Steffy. Senators, there's an issue as to what the proposed regulations say because it says one half of two percent, not to exceed four percent. We don't know what that means. We would pay that if it was quantified within the last two months, then there is no discussion about prior taxes, there's discussion about what it is once the regulations become quantified. Senator, I don't want to be argumentative and I don't know what the answer is. I asked lawyers and they don't know when it was quantified. It seems to me that if you're going to propose something, once it becomes quantified it becomes law or regulations.

Senator Chris Duenas. So you admit then without following the law, without quantification, without any of that information, then the people of Guam have lost out of that tax revenue because of that, regardless of whose failure that is.

Mr. Steffy. I think that's probably a statement that's reasonable.

Senator Chris Duenas. Ok, so we're back to the intent then. Let's talk about the intent of the law. The intent of the law is to allow the Director as an interim basis to work with your organization and others and to determine those who are deemed to have to pay these tax under the now quantified regulations, do you agree with that?

Mr. Steffy. Sure, I suppose if there would've been discussion about this rather than discussion in the media. We could've talked about this, but there didn't seem to be any.

Senator Chris Duenas. Bob, two weeks, three weeks, I've never gotten a call.

Mr. Steffy. Senator, I talked to Tommy Morrison's office and him and called him back three times last Friday and I never got a call back.

Senator Tommy Morrison. I never got a chance to return your call.

Mr. Steffy. Senator, I'm a hundred yards from your office. My office is a hundred yards from yours.

Senator Chris Duenas. The miscommunication could go both ways, but simply put, you're saying, but you could've easily come and spoke to me as well. We wrote a bill in pertinence to the law. It's pertinent to current law that we have written and you have all this information and you yourself sir have done nothing to come to us and come forward.

Mr. Steffy. We became aware of the law, I'm not even sure it's a law. We became aware of these proposed regulations when it came out in the paper. We weren't even asked to comment on this.

Senator Chris Duenas. So how are you operating Mr. Steffy? Are you operating as a lottery or a BINGO?

Mr. Steffy. This was set up several years ago to comply with the Guam BINGO law. BJ Cruz and Rick Blas were the initiators of this. IOC recognized the people we were dealing with in Australia. They presented this, from what I understand and this was before my time.

Senator Chris Duenas. You're stating that you were never aware of these rules and regulations and the law that should regulate your licensure and obligation.

Mr. Steffy. I was never aware of it and Revenue and Taxation never commented about it.

Senator Chris Duenas. Mr. Chair this law is more operable than this bill in terms of moving forward. If we have laws in the books and promulgated rules and regulations that is suppose to come back to this body to put into place and to be approved of and to move forward in order to ascertain that they are going to be regulate as Jackie Marati said these limited gaming operations on Guam, my goodness we certainly, for the benefit of all people and all organizations.

Senator Michael San Nicolas. If I may request Mr. Chairman the hearing is regarding the bill to increase taxes to the GNOC not to discuss the regulations as they are enforced by the Department of Revenue and Taxation, which is under the purview of my committee Mr. Chairman.

Chairman Vicente Pangelinan. So perhaps then the subject matter of the enforcement of the statues in placed may be a subject matter of a different bill or a different forum then the hearing of this bill.

Senator Chris Duenas. Certainly Mr. Chair...

Chairman Vicente Pangelinan. So once again the subject matter of the bill is to put interim regulations to be enforced by the Director of Revenue and Taxation and of course to enforce the 20% tax.

Senator Chris Duenas. I will stay on the current quantified law.

Chairman Vicente Pangelinan. Again that's the purview of the Chairman of the regulatory agency of Revenue and Tax and I don't want to intrude on his jurisdiction. Perhaps you can work out a public hearing or a round table discussion on the current statue and implementation.

Senator Chris Duenas. and this was referred to you Mr. Chair.

Chairman Vicente Pangelinan. I know, but it's the enforcement of the 20% tax that we're looking here that's the jurisdiction I have.

Senator Chris Duenas. on the 20% tax Mr. Chair, I would simply point out once again the intent of the bill as Revenue and Tax has testified to right now. The intent of the bill is to first and foremost, place the Director as the interim and to raise from 4%, which is current law to 20%.

Once again, Mr. Steffy, for the benefit of the listening audience and the Senators, did you report in these three reports to Revenue and Taxation, based on following the quantified law, as the gross revenue of GNOC sports BINGO.

Mr. Steffy. Yes.

Senator Chris Duenas. Is your reading then, of the gross revenue of the sports BINGO as you describe in your testimony after expenses and a realized reasonable profit?

Mr. Steffy. No.

Senator Chris Duenas. Obviously Mr. Steffy, I will say this right now, you are not following the reading of the law and you cited although you were saying that it was only quantified a couple of months ago and you cite the provisions of it. Yet, it is clear as it's written in the Rules and Regulations what the gross revenues are. So you misrepresented what the gross revenues are in terms of your filings.

Mr. Steffy. Senator I have not misrepresented anything. What I have included on the gross receipt tax returns pursuant to our license, pursuant to the rules that exists, I am showing the gross revenue. The definition of the gross revenue in the limited gaming act is gross revenue minus pay outs. We're not reporting that. We're reporting the gross revenue from the BINGO.

Senator Chris Duenas. Then that is not to be reported. Anyways, I'll finish up here Mr. Chair.

Chairman Vicente Pangelinan. Yes thank you.

Senator Chris Duenas. I'm simply saying that with this representation that has been brought forward and the need to once again enforce the law or get rid of the law if that's what everyone is saying. Enforce the law and follow the law and the rules and regulations, then obviously it's obvious to members of the committee. And we'll be happy to do the report Mr. Chair that this at least in our view of the \$3.5 million and the \$3.4 million is grossly under represents what other lotteries statewide would receive to enhance and to really give monies to sports organizations in the future.

Senator Benjamin Cruz. Actually, I don't have a question, but I do have a comment about Ms. Marati's testimony. My co-sponsorship, yes I was very instrumental in the beginning of trying

the Guam National Olympic Committee off the government's payroll, but it's no secret that my opposition to any kind of gambling. Now that I see the report that has been filed by the GNOC and I see that they received \$22.5 million dollars from the people of Guam in buying tickets over the last ten years and their net profit is \$2.7M and their Federation share is \$596k. What we're getting back from the \$22 million that we're taking from the people of Guam through these gaming is \$3.3 Million. It really is gross tax on the people. I always felt gambling was a tax on the poor. I think we'll be better off if we figure out in finding \$3 million that you receive over the last 10 years, which would come up to about \$300k a year than to try to take \$3.5 million from the poor in this community for gambling. Maybe Ted might be correct and I may take my name off as a co-sponsor of this and may actually introduce legislature instead to repeal the authority to have any of these kinds of operations on island. The return to the people after paying out \$22 million is one cent.

I know you're shrugging Mr. Steffy, you all know my opposition and my little spiel about how I was embarrassed walking into payless and seeing a woman with four children walk up to the desk and buy with one ten dollar bill by six dollars of ticket and then watch her come out with those four little children with one little package of hamburger. That's always been my opposition to any kind of gambling. It's obvious that the return of the community is just isn't there. We're better off finding other ways to get this \$3.5 million to you than to take \$22 million from the poor.

Chairman Vicente Pangelinan. Mr. Benoit.

Mr. Benoit. I believe that this does affect our Plumeria BINGO that's why I asked to come back to the table. The numbers you mentioned just now. Our numbers this year is \$9 million people paid to pay BINGO and \$8 million was paid back, so the net was \$1.2 million and we're very transparent and we file with Revenue and Tax and our expenses of running our operations and when it comes down to it, the bottom line is GNGF got \$80k to the athletes when they went off island so they did benefit. The people enjoyed themselves they got money back. If we're going to stop that, then that's your call. But it is authorized by law and we could have non-profit BINGO and if you want to pass a lot of stop.

The 20% tax is my concern. It's way too high, if you put in a law. If you do 20% our bottom line right now, the last time I looked at it for this year is \$100k. The way Bob explained it. You take what the people paid minus the pay outs and that's what you tax and it'll be \$240k and we'll have to shut down. So if you want to shut us down and that's ok that's your decision, to quit all BINGO and all the cock fights and everything. If you want to pass that law, fine, the 20% is my concern. I think to set up the commission at Rev and Tax or whatever or let Rev and Tax. But don't force them, I read your law. Until they come up with something, you're telling them to use 20%.

Senator Chris Duenas. Mr. Benoit if I may, this is what we're trying to capture. It's exactly what we're trying to capture. You're at \$9 million. This organization is at \$3.5 million gross. We go now and we find out when the Director of Revenue and Taxation sits down and finds out basically what you're telling me right now, you also have not followed the 4%.

Mr. Benoit. I'm going to check. I filed all my returns and we're non-profits and if I haven't done something that I should be doing then fine I'll do it.

Senator Chris Duenas. Sir, we'll send it to your organization and the auditors working with us and will be glad to look at what you should be remitting. If you're correct and our assumptions are correct and we find out that all the license BINGOs like Jackie Marati was saying and we end up finding out that it is equivalent to the stateside rates in terms of what all the collective BINGOs and non profits are operating under, which is several hundreds of millions of dollars under, then you're exactly right, maybe we go back to the 4% to get what we are looking for here, to support and augment what you do, but help other kids in the government organizations.

Mr. Benoit. 4% is fine, but 20% to try figure out what you are going to do.

Senator Chris Duenas. Thank you.

Mr. Benoit. Well I'm not thanking you, because of the 20%. I just think you got the figure out of the air and you're going to force everyone out of business while you're trying to make up your mind.

Senator Chris Duenas. No sir, we used this as a figure of being extremely conservative based on stateside lotteries.

Mr. Benoit. you will shut us down.

Senator Chris Duenas. No we will not do that. Because Mr. Benoit, I'm sure you've follow how bills go through the process and you know that this is absolutely not the end of the it. So the thing is, when Revenue and Tax stands up this division and should this bill pass, it could easily substitute in the committee and even take the 20% out and ensure that Revenue and Tax have the ability to go forth now and really sit down without the commission, bring you in and bring you in and bring everyone else in and find out what the figure is and if the 4% is adequate to help the people of Guam and to follow the law that is actually promulgated by the people, then I agree with you that we'll stay at the 4% because we'll realize the millions of dollars to help other children like you said not the rich. The money that the government can divert to Parks and Rec and to all the other organization from a cumulative understanding that there's multi million dollars out there that if they were captured under the 4% that you could comply with then we'll all be friends.

Mr. Benoit. Ok then go for them and don't do the 20. On Senator Cruz comment on where the money goes, we're just one federation out of a bunch and we benefit a lot from the GNOC and a lot of dollars and they help us with the kids. When you apply that they made all this money, but they didn't do anything it's not. There's more money than the 14 that they give out to share. We're not in that 14, but we benefit anyway, because they do so much for us. Just don't kill us.

Chairman Vicente Pangelinan. Senator Morrison I'll give you a chance.

Senator Tommy Morrison. Thank you Mr. Chair and Hafa Adai everyone. I want to thank the athletes for being here and I know there were some mayors here, but they had to leave and the GNOC representatives here. I know the great thing about this democracy is that everyone can voice their concerns. And these days you could also pull out an ad and voice it that way. possibly incorporate this into the bill, but before I go any further with my questions that GNOC has done a lot for this community no doubt and I'm glad to see also that Bill 19 has a great starting point for discussions to find a way to fix these facilities not only the youth, the families, but importantly the GNOC athletes. At the same time, I know the mayors are not here there's a lot of discussions with the mayors through the years as well as my tenure at the Department of Parks and Recreations. I remember my discussions with you Mr. Blas with the recreation center building and how we can partner up with the GNOC and how we can take over that building and house all federations under that building, it's nice to hear that you're looking at Tiyan as an option to possibly house all federations and give them help.

For many years the mayors and their facilities, the Department of Education, the Department of Parks and Recreations have worked with their balance. At first hand experience knowing what it's like to work with nothing to keep these facilities running that trains the GNOC athlete and keeps the athlete trying to advance his performance. Many of you here use those athletes. In the village or the Department of Parks and Recreations. From the grass roots down into the village, every GNOC athlete starts there and that's our goal here. Having being a member of the GNOC as a national baseball team, you know I know this has great potential to directly benefit the GNOC athlete. I'm hoping that we can work together in this and Mr. Steffy. I was the first one to tell you to take a look at the bill. I called you and talked to you and I tried to call back. So I'm not sure if the message got to you and it's really not my style and I do call you back.

So my questions, Mr. Chair, I'm still puzzled why GNOC would not support trying to help this bill that would support advancing facilities that supports their athletes and future athletes.

Mr. Steffy. Senator, I was not aware of the regulation until you proposed it and I looked at the law. I was just frankly not aware of it. All our testimony is saying is that if it's going to be 20% we're going to lose money. We're going to have to close and that's all. That's the point, that's why we don't support it. We certainly support anything that will help the athlete. I was chairman of the Parks and Recreation for 12 years. We're volunteers, we've never been paid. I've been chairman of the softball association for 31 years, we've never got paid. We don't get anything out of this. We're volunteers like you are. We will work with you in any way that we can to assist. For myself, I just didn't know where this was coming from and maybe by nature I'm defensive and somebody says something and I'm defensive. If we can reasonably work this out, certainly I would want to do that. All we're saying is that if these rules were promulgated in 2003 and they just got quantified. I don't want to say anything about the Administration appointing boards or not appointing boards. If 20% went on too long we would lose money and we would just have to stop. We don't have any disagreement on any of that. It's just practical.

Senator Tommy Morrison. I just have a couple more comments Mr. Chairman. I know that most of the GNOC athletes and I know some have the opportunities to train in the facilities outside the government facilities. Can you recall any investment in any facilities in the

community whether in Parks and Recreations or under the jurisdiction in the Mayors any investment from GNOC, where GNOC athletes are training.

Mr. Steffy. If your question is have we invested in any government facilities. Well we don't generally do that, that's the government's function. If you want to talk about Paseo, the baseball federation has put a lot of money into painting it. We had a tournament last year. It was the baseball federation that used the money from its share of BINGO to paint the facility when Parks and Recreation did not have the budget. We don't build buildings for the government. The building that we have in Maite is the home for the federation. We did not pay cash for that, we have a \$450k Bank of Guam loan that we're paying for that. We bought it for \$700k and put \$200k into repairing it. This is a legacy for Guam, it's not my building or Rick's building it's Guam's building.

Mr. Blas. Senator Can I just add to that and Senator Cruz when you recall that you and I were both the leadership of GNOC over at the Sony building. One of the pros of the BINGO program as to provide sporting equipments and this is when we were hosting the KYM BINGO program on television. Each night we will select a school, the reason why we stopped the proceeds and we provided the sports equipment, we send them a notice and we buy them a sports a equipment until the point when one of the schools I don't want to mention decided to use it to pay some of their personal debts and did not buy the equipment. Since then we stopped the program when we started to look for other avenues to provide the support. But yes we have contributed back to the schools programs maybe not directly to a facility, but programs like Elementary, tether balls and soccer balls. We've paid for those. Again, the Administrators of the schools started to pay their organization's debts. We had to withdraw, because it was not the intent of the program. Thank you.

Senator Tommy Morrison. Thank you Mr. Chairman, Thank you.

Speaker Judy Won Pat. Thank you very much Mr. Chairman. Rick I'm glad to hear of course cause that was one of my questions, the interscholastic sports and intramural programs at DOE and I agree with you that the money should not be used for other debts and should be strictly for sports itself. I have a question about a testimony from its indicated Mr. Steffy that there are 14 Guam National Olympic committee federations and these are the ones that have benefited from the proceeds of the lottery.

Mr. Steffy. Well Senator, when the BINGO program started, GNOC did not have the money to buy the equipment. So the GNOC went to the federations and said we invite you guys to join in the program and become owners of this program. The way we originally set it up, 52% will be controlled by GNOC and 48% would be controlled by the federations, about 20% of the total were contributions made by the federations. The maximum contribution was \$3,500 and this was in 2000 to buy a full share. Some sports like soccer had a lot of money and soccer wanted to pick up the shares that the other federations weren't going to pick up. We said no and they could buy fourteen individual shares. The fourteen that we're talking about, they benefited over the lasts twelve years by giving about \$600k as part of what GNOC gets in total. Now \$2.7 Million is left and that goes to benefit all the federations. The maximum amount any federation will get at any year is \$10k. I can tell you what the baseball and softball federations use with that. That money

is used for tournaments like the tournament we had a year ago with Australia, New Zealand, Saipan and Guam came 18 and under tournament. We used the money to run the tournament. We had to rent the facilities from Parks and Recreation.

You know to use the field for the Budweiser baseball, we pay \$100 a night to use the field, we don't get anything free. We support the junior national program and the Budweiser baseball league. The first level share that goes to the federations that join originally to buy the equipment is used by the federations themselves on what's left all the federations benefit

Chairman Vicente Pangelinan. Maybe just for clearer articulation of the resources. When you say \$2.3 million and we talk about \$22 million. The numbers are so huge, so that's like over 10 years. When you say \$300k a year to give to the federation and operate that gives us a little more perspective. If we're going to tax 20% of not \$22 million but a million, two million, eight million on a yearly basis so that we can get a better idea for me. Even though it's easy to multiply by ten, I can't.

Mr. Steffy. The numbers Mr. Speaker are the numbers that have been picked up about \$3.5 million dollars grossed. What's going to have to happen I think is we're a nonprofit tax exempt organization, we're tax exempt for income tax, we file a 990. So we file a GRT return and show the income that we pick up. In addition to that there's got to be another form a gaming tax form. That's what's been lacking and Senator frankly I did not know about the law, I'm a CPA and I've been here 39 years. I've never seen this before until Tommy mentioned this to me and I didn't know that it has existed.

Chairman Vicente Pangelinan. John when the law was passed didn't you notify those that would be covered by the law as Revenue and Tax and you've been there and since the passage you may not have been the Director, but certainly you were in a management capacity over the years there. Were there any notification to the affected parties?

Mr. Camacho. According to my staff like Bob said the technical research branch, they weren't even aware of this being quantified into law. Myself was not aware, until this bill surfaced and we were looking into it. Since then I asked my staff to start looking at who and what's covered on this law and we're looking at all the BINGOs, cockfights, and all these things. My staff is looking into it right now.

Chairman Vicente Pangelinan. Yes madam Speaker.

Speaker Judy Won Pat. Thank you very much. Thank you for that breakdown in just looking at the figures to determine exactly how much stays in GNOC and how much goes out into the other federations. That's why I ask about the 14 other federations and if it's just them who would then profit from or benefit from your profit lottery. Vice Speaker had mention of course putting out a cry for the little leagues the women football teams, interscholastic schools and those are the ones I'm wondering too are benefiting from this or only those who are organized and are a federation that is associated with the umbrella organization of GNOC and then that leads to my question, how do you determine who what sport and organization can participate and benefit from this.

Mr. Blas. Senator my presentation, programs from the Olympic affiliations is governed by the Olympic charter. I am only governed to recognize the Olympic sporting programs. However, as I mentioned also, when baseball and softball were removed from the Olympic summer games after Beijing as of this year, we've already received notification from the IOC that baseball and softball will no longer be affiliated. Because we are members in Asian, which is the Asia games and the Pacific games where baseball and softball is played it's very key that we keep them as part of GNOC. This year alone at the Asian games we hope to field baseball teams and they already started the trials because China decided to push up the dates for the main entries not just the numerical entries. The current federation that we have a total of 21 are active members. Some members by choice decided not to be members of GNOC and that's something that I cannot respond to cause that was their call not our call, they were given an opportunity to come back to GNOC, but unfortunately, GNOC governs also by the charter governing representation says five years plus an American passport, that's how we receive our recognition. Senator Cruz can confirm that cause that's how we've been governed since we first got in. They changed the rules it's been five years plus the passport and now if I'm not mistaken 2007 in Samoa the Pacific games council have now adopted in principal all countries identifying their passport plus five years. Every representative on Guam with the passport born in Guam or passport five years can represent Guam those are the rules that govern us.

Speaker Judy Won Pat. How were you able to make a contribution to that one school when they are not part of that federation?

Mr. Blas. Because at that time when we were just starting, this was back in 2000-2001, we wanted to give back but at the same time Senator we were struggling.

Speaker Judy Won Pat. Ok I understand that. So now then that you've done that is there a possibility now for some of these other sports like the little leagues or interscholastic and that's where the basis for them to go out for these organizations outside the school who can participate for the training and the interest could they in the future participate just the possibility in the future. The big question of course is looking at how much you have your net profit, in a given year and then how much of that basically maybe you should tell us. In one year how much is your net profit, you gave us \$3.3 million for 10 years, but for a given year, what would it be and I understand in your testimony that 20% of that amount would put you out of business but reasonably let's say what you're getting annually that your getting \$300k or \$500k and by giving it to organization like interscholastic and little leagues. There might not even be money to go out and pay a certain percentage.

Mr. Steffy. Senator there's an example of our cost for representing Guam. Tommy was there in the games in New Caledonia. The total cost was \$500k, GNOC's cost was \$300k. The athletes raised the difference. I don't think we're ever going to get to a position where we could pay the full share of every athlete going to every game. You got to remember that those 14 federations are partners with us. BJ and Rick set it up the federations had an opportunity to invest, so they're partners in this thing. So I suppose that whatever is going to happen whatever the tax maybe that's going to affect what the individual federations are going to get.

Speaking of supporting interscholastic sports, baseball and softball contribute balls and equipment and things like that to the programs now. Little league is not part of the baseball federations, they needed balls we gave them a case of balls for their tournament several months ago. We're responsive to everybody. I would recommend that whatever you come up with in terms of a tax that we not give them the money, that if you give it to Parks and Recs it's going to go into the General Fund and it's going to be lost. I would recommend that we give equipment to somebody or let's paint Paseo or let's do something.

Senator Chris Duenas. I recognize Mr. Steffy once again and I think we're having good communication that you didn't realize this specific in the law that the one 1 percent actually the 2 percent to go to Parks and Rec can only be used for the Northern Sports complex and the Southern Sports complex. So the distribution of funds would not go into the general fund. Whether it was the 4% or whether it is the 20%. I just wanted the committee to know that if you're agreeable to the 4% and the Director was moving that way forward, that's how the law is written, 1 percent to Northern and 1 percent to Southern.

Mr. Steffy. The only thing I've seen is the proposed billed downloaded from the Legislative site. I haven't seen anything. So let's work together.

Speaker Judy Won Pat. Just one last thing then, I know that there is board policy, which was passed based on a bill that was introduced in the past for the use of facilities at the Department of Education. Unless they're going to charge a fee, they really can't accept money for anything else except as the donation of sports equipment. You're right in terms of actually having it go towards equipment rather than giving money.

Chairman Vicente Pangelinan. Thank you very much, I have Senator Mike San Nicolas.

Senator Michael San Nicolas. Thank you Mr. Chair, I just want to commend the authors and sponsors of this bill. If anything it's done a great public service in bringing to everyone's attention the taxes that we should be accessing that we're not accessing and I assure you that the Committee that oversees the Department of Revenue and Taxation and their collections will be working much more closely with the Director to make sure that we're not just catching up on this, but everything else. This is important not just for sports, but for Guam making sure we bring in every dollar.

I also want to commend GNOC, you know being a young Senator, all this history, I think it's very admirable that Senator Cruz and Mr. Blas set up a system that would be independent of the government and you don't rely on government money and we need more of that. It's a good thing and all of us should walk away believing in that and walk away with gratitude for the sponsors in bringing to everyone's attention the need to make sure we're reviewing all the assessments in reviewing all that it applies to.

I did have two questions. My first question was regards to Mr. Blas submitted written testimony and how it correlates to the written testimony of Mr. Steffy. Mr. Blas you mentioned Team Guam and that's 21 recognized federations. Mr. Steffy, you mentioned 14 federations receiving money and so for me the only time I would tolerate taxing an organization like this is to provide

parity to everybody. So what I would like to ask is if GNOC is going after this whole dialogue going to move in the direction of giving all 21 members into the fold rather than just the 14?

Mr. Steffy. Senator, every federation in GNOC benefits. The 14 are just the federations 10 years ago, 12 years ago that actually put money into the program to buy equipment. We don't know the answer to that question. In a way it'll be unfair to the guys that originally invested. In the beginning of the program the program was losing money it wasn't gaining money.

Senator Michael San Nicolas. When you say that you support all federations equally is that on a per athlete basis, like you take in 100,000 and you take in 10 athletes and they all get 10,000 each?

Mr. Steffy. It was certainly that way at the games in New Caledonia. We have 166 athletes and we supported them all.

Senator Michael San Nicolas. I just wanted to make sure because in the testimony I was seeing 21 and 14 and I wanted to make sure that we were having parity.

Mr. Steffy. It's our fault there's are different level to things.

Senator Michael San Nicolas. My second question regarding Senator's Cruz concern about how much GNOC is raising when we do this activity, versus how much we send back to Australia. Mr. Steffy, you're the expert here. My background is in Finance and Accounting is a whole new world, but if my mental capacity serves me correctly. I know there has to be a way for us to capture taxes on those activities where international activities are being done in our locality. Because if the Australia income is not recognizing that income in Australia, because it's not Australia income then they should be recognizing that income on Guam and we should be getting a tax from the Australian BINGO side not necessarily from the GNOC people. Can you help enlightenment about that a little bit.

Mr. Steffy. Well Senator in Australia, it's run by the government. The proceeds of the program in Australia are not taxed to Australian citizens. We're buying... that's like saying a car is made in Detroit, but we're going to tax Detroit because the car is being sold in Guam. It may be something we could look at but I just don't know the answer to that right now. And we'll work with John and his staff.

Senator Michael San Nicolas. I think the intent of the authors also was not necessary to tax the organization to take money out of your pocket, but to make sure that the entire activity is capturing the tax and if there's a way for us to separate what GNOC earns versus what is remitted by to Australia and tax that. I think we can all come away from a higher tax of income going away out of our island and protect the income going to the organization.

Mr. Steffy. You know my guess Senator is that you're going to have to tax it here. I don't know if John agrees. I think ultimately you're going to have to tax it here and it's going to be brought into the tax reg. I don't think there's any practical way to try to tax something that we're buying from. From what we understand we're 1/200th of the total participation of the lottery. Guam is

1/200th of that. We were very lucky in 2009 to have two big winners and 2010 to have another one. \$3 million in benefit that went to the Government of Guam. They came to Guam. Over a million dollars in income tax that went to the government. We did not have any other opportunities to do anything. It was presented by IOC that it was something that might make sense to us and we initiated it. We knew the government support wasn't going to be forth coming and it was the only way we could generate income.

Senator Michael San Nicolas. So sir, GNOC buys these and sells them and that's how the income is generated.

Mr. Steffy. The way we do it. You go to Payless and buy a ticket or any outlet and the computer automatically buys the ticket with those numbers on the Australian lottery and that's how we back it up.

Senator Michael San Nicolas. See whenever we bring any goods here on Guam; they have to be licensed to do business here on Guam. If I go and I buy a coach purse then that coach purse had an excise tax applied to it.

Mr. Steffy. But nothing is being brought here. You're talking about an intangible, something tangible you bring in and you pay gross receipt tax and use tax. We're buying an intangible.

Senator Michael San Nicolas. And that's why we're not collecting any tax on this.

Mr. Steffy. I just don't think Guam can tax it.

Chairman Vicente Pangelinan. I just want to redirect the subject matter back to the bill and that is the imposition of the 20% tax in the interim, while the final rules and regulations are being developed. Senator are you.

Senator Michael San Nicolas. I'm satisfied Mr. Chairman.

Chairman Vicente Pangelinan. Thank you very much. Senator Respicio and then Senator McCreadie.

Senator McCreadie. Thank you Mr. Chairman. I want to address my concerns as an athlete and someone whose been around the sports here on Guam and who've seen the SPG and who has tried to showcase the accomplishments of our athletes. I want to thank everyone who supports the athletes and the athletes themselves. This is bureaucracy at its best and I just want the athletes to know that this shouldn't be a discouragement for you because all you have to do is go out there and compete. I see some young athletes out here that one day will be competing and representing this island. I want you guys to know to keep competing and stay positive because sports is a mechanism that we need on this island. It's also about our athletes who are trying to survive. I don't think that we need to survive I think we need to thrive as athletes. Rick Blas congratulations on all your accomplishments and you've done a great job in some sense in promoting these athletes and getting us to the Olympics some 20 some odd years and you have great individual achievements. The closest we've ever come to winning a gold medal. That's

what we should be focusing on. Getting a gold medal for our athletes it's all that boils down to. It's competing and being the best competitor at a different level. Do I want to send an athlete to compete in the Olympics or SPG games because we don't have the money or we don't have the facilities? Absolutely not. I don't think we should send athletes just to experience an off island trip as an athlete and I'm sure you guys agree and I can't wait to see the first gold medalist. At this day and age it costs a lot just to fund an athlete. When I was an athlete in Hawaii I used to walk around all of Hawaii selling sweet bread. Arlene you know what I'm talking about. Mr. Benoit to answer your question about private financing. I had a good friend of the family, his name was Don Ho the singer he took an investment in me and he paid for all my trip when I was a kid, when I became a pro-athlete and signed a big contract he was one of the first who called me and asked for a return on his investment. He wanted his money back. Having said that, if you look at the progress in the early 90s compared to today at our last SPGs, it's no secret that the "competitiveness" has gone down. I think we need to address that, because we don't want and as an athlete on Guam, a former professional athlete and a youth growing up, I never had to go to a Legislature or public hearing room to hold up signs either for or against it. The message that we need to take from this is once the athletes stop having fun, we lose them as athletes and our participation starts going down. I don't want you guys to stop having fun, your job is not to sit here and hold signs. Your job is to compete and hopefully as adults and leaders of this community we can get together and find common ground and dialogue so we thrive as athletes as a federation and as a 15 body legislative process.

I would also like to ask the question, are depleted facilities and Mr. Steffy you touched on the legacy of the GNOC office and I think it costs an excess of \$900. When we have depleted facilities and we are unable to produce a quality athlete on Guam, because of these facilities, we have to send our athletes off island. Some of our best jujitsu athletes and competitors have to leave this island to get proper training and this is a big sport that's going to catch on Guam. When I say something tangible that leaves a legacy. I really don't agree that an administration building leaves a legacy. I believe an athletic sports facility, leaves a legacy and I ask this body, the GNOC, and the athletes if we as adults, leaders and competitors can come together and find a level playing field. I think we have \$2.5 or \$3 million in profit over 11 years and we started a reserve fund over the 11 years we'll have that amount of money correct?

Mr. Steffy. If we sent athletes nowhere and did not provide support for anybody yes.

Senator Bryant McCreadie. Is there a possibility that we start a fund not only to support these athletes leaving Guam, but support these athletes that can stay here and stay near their families so they don't how to fundraise.

Chairman Vicente Pangelinan. If I can... Let's take some lessons from the athletes and focus and let's focus on the bill and what it wants to do. If we want to hold an oversight on the GNOC and its programs, I can do that under Parks and Recs, I don't know. But the bill does two things, one is that it'll change the tax from 4% to 20% and what effect that will have on the programs of those entities that are being affected and of course the interim implementation of this rate while we figure out all the other requirements to put into place.

Senator Bryant McCreadie. Sorry Mr. Chairman, let me refrain my questions. Because there has been overwhelming opposition to this bill and one Senator may take his name of this bill. Is there a possibility that we can come to an agreement sometime soon that there will be monies from this lottery or BINGO set aside for our athletes? Through whatever process you'll have to do through the process of this bill.

Mr. Steffy. Senator you're talking about...

Senator Bryant McCreadie. I'm talking about the athletes.

Mr. Steffy. You're talking about the facilities of these athletes, because we support the athletes now. Now let me just explain something. We tried to buy from the Tuan family an acre of land between Nanbo and the pool to build dorms. We don't want to build anything on Government property. We don't want a lease that could be taken back. We want as a long term goal to be the training center in Oceania on the North. I don't think it's our job to build government. But I agree with what you're saying I want to do that and we tried with the Tuan family. We tried to buy other property in front of the Tuan family in front of the shopping center and the configuration of the lot did not allow for it.

I agree with you. We want to do everything we can for the athlete. You're going to find and we both grew up in Hawaii. The problem that we have here is there's so much to do. That we can't get the athlete to focus on one thing to do and that's one of the reason why we're losing participation in sports, but certainly we could.

Senator Bryant McCreadie. Do you agree that we're losing participation in that area? So what can we do to inspire and to infuse some energy into that aspect.

Chairman Vicente Pangelinan. If we could go back to the subject matter before the committee. Senator Respicio.

Senator Rory Respicio. Thank you Mr. Chairman I want to recognize you for being a good coach and for allowing us to stay focus on the two things of the bill. But what I don't appreciate is that the NGOs are made out to believe that their not paying taxes. The legislative intent is that the licenses and fees to be collected and it further recognizes that however the Guam gaming commission has not have any members appointed to it and the license and fees have yet to be established. Until such time the Administration submits name for this Guam gaming commission and they confirm the need and promulgate these rules then these taxes can be assessed. Isn't that correct?

Mr. Camacho. The rules are in there, but I think the commission would have to set the rates.

Senator Rory Respicio. But it says here gaming activities will be set here for rules promulgated by the commission. Even this language where it says in no event shall the tax exceed 4 percent of the gross receipts at a minimum rate of one half at 2 percent. It's still subject to a rule that has to be promulgated by the commission.

Mr. Camacho. But there's no commission

Chairman Vicente Pangelinan. How can they promulgate rules without a commission, when the commission is suppose to promulgate rules. Because you said the rules have been promulgated, but who promulgated them, if the commission has not been established?

Mr. Camacho. I think the law that authorized the Department of Revenue and Taxation to submit regulations and we did along with the and that's what we did.

Senator Chris Duenas. Point of order Senator Respicio, as the Director said, the rules and regulations are the entire division, the whole limited gaming section, under GAR are the rules and regulations. And as Mr. Steffy pointed out now are only quantified two months ago. The taxation currently as you read it; it's clear. It's 4 percent and Revenue and Tax was suppose to be doing it years and years ago. So when you talk about the commission and the commission responsibility that is a further responsibility that they can handle between them and the other regulation commission, but the 4 percent is indisputable as laid out in these rules, otherwise there would be no limited gaming.

Senator Rory Respicio. But even in your own bill, you recognize because the commission has not been established, because members have not been named because they have not been seated to this commission. You say that until such time that the commission has been officially performing its duties then it's vesting the duties and responsibilities of the entire commission onto the Director. So when the Director is vested with these duties and responsibilities then the Director will impose the 4 percent of the minimum rate of one half of 2 percent. So your own bill recognizes that until someone has the authority to recognize these taxes, these taxes cannot be imposed. The constant questioning to GNOC and to also the other nonprofit BINGO you run and the Pangisinan BINGO has also submitted testimony for their concerns for this bill. They shouldn't be asked whether they paid these taxes and Rev and Tax should not be grilled whether these taxes were assessed because the commission has not been impaneled.

Mr. Camacho. And that was my first question I asked was that we need to establish this commission.

Senator Rory Respicio. And now once that we have an understanding coach Mr. Chairman, head coach my second question is I want to get into the mechanics of this bill and if the Administration is not going to submit or make appointments to this commission. I'm wondering instead of making all these duties and responsibilities vested into one particular position. I'm wondering if you could recommend some divisions within your agencies you can recommend to us so that maybe it could be a group that's guiding absent this commission either than what this bill proposes to give you all these duties and responsibilities.

Mr. Camacho. Basically that's why I'm here. Once this amendment is passed into law then I can make those things. Right now it's not giving me any authority.

Senator Rory Respicio. Or what I'm suggesting into this bill is maybe we can name your divisions.

Mr. Camacho. I think that it's already named in the Regulations.

Senator Rory Respicio. ok but this bill ignores what these regulations say and it says until such time that the commission is elected and officially performing it's duties it names the Director to do all these duties and responsibilities that should be done by the commission. So I'm saying that in the most ideal situation you would have the Administration forwarding nominees to this commission subject to legislative confirmation, they all would've been confirmed, then the commission can meet and start implementing these rules and regulations. But until such time, it makes you solely responsible and solely authorized to make all these assessments.

Mr. Camacho. that is correct once this amendment passes. Because it's giving me the authority to promulgate rules and regulations and revise the forms for taxing that Bob has been talking about earlier.

Senator Rory Respicio. Are you comfortable then to have all these duties and responsibilities that should be vested in the commission on you?

Chairman Vicente Pangelinan. Do you want some help or do you want to do it alone?

Mr. Camacho. I guess the bill specified temporary. I hope that we work together to get the commission in place.

Senator Rory Respicio. We've been trying to get this commission in place, since 2003 and something happened at the time those rules and regs were suppose to be submitted here at the time those rules were suppose to be promulgated. So you're temporary appointment to do all these things could be permanent. It's de facto that if the Governor does not submit names to the commissions then all these duties and responsibilities will be vested to you. So I'm asking if you can recommend to me as a possible amendment that the head coach can consider like the compliance department division can't they be a member of this commission.

Mr. Camacho. As a matter of fact I have some ideas already and in order for me to really run this I would need a legal counsel under Section 71 of 4b. A technical consultant under Section 71 of 4b and a chief gaming control division under Section 71 of 5 and I need a investigative for two position under Section 71 of 4a.

Senator Rory Respicio. Director, before you get to the technical staff we're wanting to know who can assist you as part of the committee to have this authority so it's not just you.

Mr. Camacho. I'm looking at this bill as an event that it will give the Director the authority to assess the tax and promulgate rules and regulations to regulate the gaming activities on Guam. We are already looking into this and we're already naming all the associations or the organizations we're looking at the BINGO, GNOC, cockfighting, lottery, all the gaming devices except gambling illegally.

Senator Rory Respicio. Let me ask a different way, would it be right then to say that the Director along with the President of the Keep Guam Good committee along with GNOC along with... I'm asking you to name four or five people to serve as the committee to be the interim.

Mr. Camacho. That would be our regulatory division.

Senator Rory Respicio. The title so you have different employees within Revenue and Taxation that would assist you on a committee level and the technical staff will be another layer. I just don't want to give all that duties and responsibilities to you, because it'll be difficult for you to make those unilateral decisions.

Mr. Camacho. I know and that's why I have the list earlier that I'll be asking.

Senator Rory Respicio. But your legal counsel will not have the same vote or authority that you will have

Mr. Camacho. It's quantified in the regulations that I need these people in order to.

Senator Rory Respicio. That's if the commission members were appointed and if you had a commission then you would have those technical staff. So instead of when you look of this bill. Every time you see the Director authorized, think of who else in your department we can name so that we can authorize along with you. You will meet, you will establish a quorum and any decisions you make will be established in that quorum.

Chairman Vicente Pangelinan. It'll be a temporary fix.

Mr. Camacho. That would be our regulatory division.

Chairman Vicente Pangelinan. So you'll give us four or five names. Thank you head coach. Senator Cruz, oh George.

Mr. Benoit. On the focus on the 20% again. This bill is fine you could polish it, but if the 20% stays in there I just want you to know that it'll really kill us.

Senator Chris Duenas. You know George, I don't think it will. Your organization at \$9 million and the Director just listed a bunch of organizations. I think we'll probably just end up at 4% and we'll ask everybody to follow the law now that we know.

Chairman Vicente Pangelinan. On the bill like Senator Nelson said it's back to 4%.

Senator Chris Duenas. Oh no, we'll make an amendment.

Mr. Benoit. Whatever you folks decide. In the interim don't give us the 20%.

Senator Chris Duenas. We won't kill you George.

Chairman Vicente Pangelinan. Senator Cruz, Mr. Vice Speaker.

Senator Benjamin Cruz. Thank you very much, just to show the importance of this and not just focusing it on the sports organizations that are here. John cockfights are suppose to be under this gaming commission correct?

Mr. Camacho. That is correct.

Senator Benjamin Cruz. Has any cock fight paid any gaming tax over the last, since you've been Director or Deputy?

Mr. Camacho. I know there's a fee for having a cock fight at minimum of \$5 or \$10k every five years.

Chairman Vicente Pangelinan. That's the franchise fee. No, but he's saying tax on the operations.

Mr. Camacho. I need to go check I can't really answer that question

Senator Benjamin Cruz. The gaming commission was also suppose to be responsible for approving the license of a cock pit right?

Mr. Camacho. The cock pit license board is responsible.

Senator Benjamin Cruz. That hasn't been named either.

Mr. Camacho. Currently there's no board, I think right now.

Chairman Vicente Pangelinan. We reported out Mr. Tommy Tanaka, Jr.

Mr. Camacho. Ok, so there is, my apology.

Senator Benjamin Cruz. What I'm trying to get to is the fact that we're losing so much money. Do you recall how much the last bidder successful bidder paid for that license for that cockpit.

Mr. Camacho. I have to go back. I know there's a minimum amount that has to be paid. I have to verify that.

Senator Benjamin Cruz. It was a million dollars.

Mr. Camacho. of the current law?

Senator Benjamin Cruz. Not by law, but when they bid for it.

Mr. Camacho. I think way back, yes. You're right.

Senator Benjamin Cruz. I am right and the thing is, because we have no commission of the cock pit and no commission named here. We're losing money and that's why we're trying to figure out how we can stem this lose. And the chairman of the regulatory group is not here and I'm saying that's all we're trying to address. Over the years, we've not collected anything and our people have lost lots of money buying lottery tickets, \$22 million over the last 10 years. I'm just saying that we need to do something and I think if nothing else this bill has brought out the fact that if we're trying to find some money just standing up all the commission that should be in charge of the franchise and the licensing and setting up all the small taxes just half a percent as currently in the law. It doesn't have say it has to be 4% , it says 4% or no less than the half of 2%. But we're not getting anything currently.

Mr. Camacho. Correct yes.

Senator Benjamin Cruz. So we don't even know how much we lost in all these gaming things and so that's what the important thing is. You got to sit down and as the Director of Revenue and Taxation and right to the Governor and the coach here that these have to be set up because we're losing tens and millions and I remember way back when a cock pit paid a million dollars for its license and extension on their license for \$1,000 fee.

Mr. Camacho. There's a minimum for a cock pit license.

Senator Benjamin Cruz. Whatever it is., it is a fraction not even 1% of the million. So you need to go through and figure out where you're losing money and get us a list and more importantly get the Governor to understand that these are the commissions that need to have board members and if you need a lawyer I just saw the Governor sent a name Elise McDonald for the Solid Waste Board. Maybe Better Elise should be named to the gaming commission.

Chairman Vicente Pangelinan. Thank you very much Mr. Vice Speaker. Any other questions?

Senator Aline Yamashita. While we're talking about lost opportunities and what we're supposed to be overseeing as far as gaming commissions. I certainly don't know enough about this, but I have a lot of people say to me that we have a lot of dog fighting going on. I don't know if it's accurate or not and I throw it onto your radar. I know that there's a lot going on in the back roads and there are a lot of people involved and a lot of money is exchanged so we have cock fighting legalized or acceptable and I guess dog fighting is too.

Chairman Vicente Pangelinan. It's illegal.

Senator Aline Yamashita. Well then the regulatory chair or we may want to look at it and more and more people are coming to me talking about that lost of revenue. Thank you very much.

Chairman Vicente Pangelinan. Senator Duenas did you have a question.

Senator Chris Duenas. Yes just to put it on the record so George not to kill you. Now that you're aware, you have no problem paying your 4%. Mr. Steffy we'll work together and you'll have no problem paying your 4% if the Director will assume his responsibilities or one of the

other team members set was to get the compliance divisions or other divisions there to get the paper work together and work with you.

Mr. Steffy. Senator, we'll sit down, but I'm still not convinced as to how you get the 4%.

Senator Chris Duenas. And that's fine and even if it was the 1% and one half of 2% if 1%. I imagine in you as an accountant can see what's laying out here now. I imagine that when we drill down to everything that John talked about in terms of what can be taxable at a reasonable rate here we'll arise at a reasonable bill and the millions of gains that could be garnered that you guys can go on your merry way and keep doing what you're doing but to get a little from everybody to help our kids and our schools. I think we're looking at over a hundred million dollars once we drill this down.

Chairman Vicente Pangelinan. a hundred million? He is \$9 million alone. Ok I think we still have some additional people that have signed up after this panel. Any remaining questions from this panel. Thank you gentleman and Si Yu'os Ma'ase. Ken Leon Guerrero you signed up to testify and I think Mr. Leon Guerrero is our last one to testify. Any audience that wish to provide testimony, this would be the opportunity.

9. Mr. Ken Leon Guerrero, ABLE Industries

Mr. Leon Guerrero. My name is Ken Leon Guerrero I'm with ABLE Industries a nonprofit organization for training and super for people with disabilities and I'm against Bill 19-32. I apologize that I did not sit here through the whole thing. I don't know what other people said, so if I cover ground well worn I hope you forgive me. (*read written testimony; see attach*).

Panel Comments and Questions

Chairman Vicente Pangelinan. Any questions for Mr. Leon Guerrero?

Senator Chris Duenas. Yes, Mr. Leon Guerrero, did you read the bill?

Mr. Leon Guerrero. Yes I did.

Senator Chris Duenas. Did you denote that the language you just read in terms of not limited to limited gaming activities is current law and not what we are amending.

Mr. Leon Guerrero. I was not aware of that because I did not know what the current law was.

Senator Chris Duenas. So what we did and at the beginning of the bill it describes what we're amending and in describing that we cite the section. You're agreeing with us that we need the Director or commission in place, because that needs to be determined or ascertained as to what the definition is, because that's the rules and regulations that was promulgated by law that's current law, not amended law. We also agree that when the Director or if they go back to impaneling the board gets put in place. They have to address this because, quietly in the night when this was quantified or everything else, this was actually the law today sir. So Director

today could pick up this law and say guess what, not limited to limited to gaming operations. Mr. Leon Guerrero can you come over here we want to talk to you about 4%, so we agree and this is exactly what this bill continues to bring to light. While these rules and regulations were promulgated and I know you testified on a number of bills and legislation and that's why I had to ask you this question. You recognized that not limited to gaming is not underlined. So it's current law and current language. I just want to let the chairman know that we're actually agreeing here and you might want to support the first amendment which is to either have the Director assume the responsibilities and member of our team members said here to get Rev and Tax on this and fix this. Or the Governor or the Director go back and say Governor we have a problem, we need a commission in place, because we need to define this. This bill did not create that phrase, that phrase was created on another bill that forced this law.

Mr. Leon Guerrero. Thank you for that clarification.

Chairman Vicente Pangelinan. Any other comments or questions? Senator San Nicolas.

Senator Michael San Nicolas. Thank you again Mr. Chairman. Sir, I really appreciate your testimony because it puts into perspective the two different things that we're talking about and that's why I think it's a good benefit to the authors of the bill. I don't believe we should be taxing non-profit organizations. I don't think that it's the intent of the body, I don't think that anybody on this body would support anyone taxing non-profit organization. I think the intent of the author is to tax the gaming. For example you're a non-profit organization and you buy bread and you buy ham and cheese and you make ham and cheese sandwiches and you sell it. You don't get tax for selling the ham and cheese sandwich. But the company that you bought the bread from, the cheese from, and the ham from, will get taxed on the purchase of those items. I think the authors of the bill need to go back and separate what it is they are trying to tax. Whether it's non-profits or the actual BINGO card that's being sold and those are two very different things that we're talking about here and your testimony highlights that and I think we all should go back and look at the intent of the bill, what it's trying to tax and make sure we're not going down the road at taxing non-profits, cause none of us, I don't think would go down that road. Thank you Mr. Chairman.

Chairman Vicente Pangelinan. Thank you very much.

Mr. Leon Guerrero. Thank you very much for you guys clarification on that. It is a big concern.

Chairman Vicente Pangelinan. Thank you very much, with that being the last member of the public to submit oral testimony, we want to Thank you very much Ken. With there being no further business with this committee this committee... Come on up.

10. Mr. Moe Cotton, Private Citizen

Mr. Cotton. Good afternoon it's real quick and I pretty much heard what I want to say but I want to say it. Moe Cotton is pretty sharp, anyways I am Elmore Cotton. (*read written testimony; see attach*).

I feel much better about what I heard, but I just want to get this on the record.

Chairman Vicente Pangelinan. Thank you very much for your testimony.

Panel Comments and Questions

None

Chairman Vicente Pangelinan. There being no further business before this committee, this committee will adjourn this public hearing February 1st, 2013. Thank you and Si Yu'os Ma'ase.

This concludes the testimony on Bill No. 19-32. There being no additional individuals to present any additional testimony, this Committee will continue to remain open for the acceptance of any additional information or public testimony on the bill discussed. You can submit those testimonies to my office directly on 324 W. Soledad Avenue, as well as the Guam Legislature or through any of the electronic processes either email at senbenp@guam.net or through our website at senbenp.com.

III. FINDINGS & RECOMMENDATIONS

The Committee on Appropriation, Taxation, Public Debt, Banking, Insurance, Retirement, and Land, hereby reports Bill No. 19-32 (COR), as substituted with the recommendation
TO REPORT OUT ONLY

**I MINA'TRENTAI DOS NA LIHESLATURAN GUAHAN
2013 (FIRST) REGULAR SESSION**

2013 JAN 17 AM 8:48
ST

Bill No. 19 -32(COR)

Introduced by:

Chris M. Dueñas *ST*
B.J.F. Cruz
T.A. Morrison *2*

**AN ACT TO AMEND CHAPTER 7, TITLE 3, GUAM
ADMINISTRATIVE RULES AND REGULATIONS,
RELATIVE TO CAPTURING LICENSE FEES AND TAXES
FROM GAMING OPERATORS.**

1 **BE IT ENACTED BY THE PEOPLE OF GUAM:**
2 **Section 1. Legislative Findings and Intent.** Public Law 26-52:4 granted the Department
3 of Revenue and Taxation and the Cockpit License Board the authority to promulgate necessary rules
4 and regulations to create a comprehensive regulatory scheme to regulate all gaming activities on
5 Guam. Pursuant to that authority, on January 3, 2003 the Department of Revenue and Taxation filed
6 the gaming control regulations with the Legislative Secretary. These regulations were subsequently
7 approved, but since the rule-making authority did *not* allow for the repeal and re-enactment of
8 existing statute, the regulations were placed in Chapter 7 of Title 3, Guam Administrative Rules and
9 Regulations.
10 These regulations called for the establishment of a Gaming Control Division, which would be
11 responsible for the administration of the regulations. It also created a Gaming Control Commission
12 and tasked it with the development of license fees and tax rates to be assessed to the various forms of
13 allowable gaming. The license fees and taxes to be collected would be the source of funding for the
14 administration of the Act, and all funds in excess of the operational needs would be divided between
15 the Department of Education's Interscholastic Sports Program, the Guam National Olympic
16 Committee, and the Northern and Southern Sports Complexes. However, the Gaming Control
17 Commission has not had any members appointed to it, and the license fees and tax rates have yet to
18 be established.

1 It is the intent of *I Liheslaturan Guåhan* to amend Chapter 7 of Title 3, Guam Administrative
2 Rules and Regulations, to authorize the development of a license fee and tax schedule by the
3 Department of Revenue and Taxation. It is also the intent of *I Liheslatura* to provide the Director of
4 the Department of Revenue and Taxation with the authority to perform the duties of the proposed
5 Gaming Control Commission until such time the Commission has been officially seated and can
6 conduct its official duties. *I Liheslaturan Guahan* also intends to establish a tax rate that would grant
7 the Department of Revenue and Taxation the authority to collect such fees and taxes upon enactment
8 of this Act into law, and to amend the distribution of funds.

9 **Section 2. Amendment to § 7105, relative to the creation of the Gaming Control**
10 **Division.**

11 “§ 7105. **Gaming Control Division - Creation.** There is hereby created, within the
12 Department of Revenue and Taxation, the Gaming Control Division, the head of which shall be the
13 Chief of the Gaming Control Division. The Chief shall be appointed and subject to removal by, the
14 Director with the approval of the Commission. The Division and the Commission created in Section
15 7110, shall exercise their respective powers and perform their respective duties and functions as
16 specified in this Act under the Department as if the same were transferred to the Department; except
17 that the Commission shall have full and exclusive authority to promulgate rules and regulations
18 related to limited gaming without any approval by, or delegation of authority from the Department as
19 said authority to promulgate rules and regulations is defined in this Act. Until such time that the
20 Commission has been seated and is officially performing its duties, the Director shall be granted
21 temporary authority to promulgate rules and regulations related to limited gaming.”

22 **Section 3. Amendment to § 7111(a), relative to the duties of the Gaming Control**
23 **Commission.**

24 “(a) In addition to any other powers and duties set forth herein, the Commission, and until
25 such time that the Commission has been seated and is officially performing its duties, the Director,
26 shall nonetheless have the following powers and duties:”

27 **Section 4. Amendment to § 7145(a), relative to limited gaming tax.**

28 “§ 7145. **Limited Gaming Tax.** (a) There is hereby imposed, a limited gaming tax on the
29 gross receipts from limited gaming activities allowed by this Act in Guam. The tax rate on limited
30 gaming activities shall be set by rule promulgated by the Commission, and until such time that the

1 Commission has been seated and is officially performing its duties, the Director, as stated in this
2 Act. [~~In no event shall the tax exceed four (4) percent of the gross receipts at a minimum rate of~~
3 ~~one half of two percent (2%)~~] The Director is authorized to assess an *interim* tax rate of twenty
4 percent (20%) on all gross receipts from all gaming activities in Guam that *do not* have a specified
5 tax rate and which tax shall not be limited to limited gaming activities alone. In establishing the tax
6 rate allowed herein the Commission shall take into consideration the following:”

7 **Section 5. Amendment to § 7148(e), relative to the limited gaming fund.**

8 “(e) Moneys remaining in the Fund, after repaying the initial appropriation and maintaining
9 the stated reserves for administrative expenses of this Act, shall be allocated in the following
10 manner:

11 Year 1: to the Mayors Council of Guam for the repair and construction of village recreational
12 facilities, including community centers.

13 Year 2: to the Department of Parks and Recreation for the repair and construction of its
14 facilities.

15 Year 3: to the Department of Education for the repair and construction of its sports facilities.

16 Years 4 and beyond: repeat the allocation schedule from Years 1-3.

17 **Section 6. Sunset provision for Temporary Authority.** The temporary authority
18 granted to the Director of Revenue and Taxation to carry out the duties of the Gaming Control
19 Commission shall cease upon the convening of a duly called meeting of the Commission at which a
20 quorum is present.

21 **Section 7. Sunset provision for Interim Limited Gaming Tax Rate.** The interim tax
22 rate of Twenty percent (20%) assessed on all gross receipts on all gaming activities on Guam *shall*
23 continue to be assessed until a new tax rate has been promulgated by the Commission and *approved*
24 by *I Liheslaturan Guåhan* pursuant to 5 GCA § 9100 et seq. (Guam’s Administrative Adjudication
25 Law).

26 **Section 8. Effective Date.** Unless otherwise indicated, the provisions of the Act shall be
27 effective upon enactment.

I MINA'TRENTAI DOS NA LIHESLATURAN GUÅHAN
2013 (FIRST) REGULAR SESSION

Bill No. 19-32(COR)
As Substituted by the Author

Introduced by:

Chris M. Dueñas
B.J.F. Cruz
T.A. Morrison

~~AN ACT TO [AMEND CHAPTER 7, TITLE 3, GUAM
ADMINISTRATIVE RULES AND REGULATIONS] ADD NEW
§§ 5201~5205 TO 11 GCA CHAPTER 5, RELATIVE TO
CAPTURING LICENSE FEES AND TAXES FROM GAMING
OPERATORS] GAMING .~~

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Legislative Findings and Intent. Public Law 26-52:4 granted the Department of Revenue and Taxation and the Cockpit License Board the authority to promulgate necessary rules and regulations to create a comprehensive regulatory scheme to regulate all gaming activities on Guam. Pursuant to that authority, on January 3, 2003 the Department of Revenue and Taxation filed the gaming control regulations with the Legislative Secretary. These regulations were subsequently approved, but since the rule-making authority did *not* allow for the repeal and re-enactment of existing statute, the regulations were placed in Chapter 7 of Title 3, Guam Administrative Rules and Regulations.

These regulations called for the establishment of a Gaming Control Division, which would be responsible for the administration of the regulations. It also created a Gaming Control Commission and tasked it with the development of license fees and tax rates to be assessed to the various forms of allowable gaming. The license fees and taxes to be collected would be the source of funding for the administration of the Act, and all funds in excess of the operational needs would be divided between the Department of Education's Interscholastic Sports Program, the Guam National Olympic Committee, and the Northern and Southern Sports Complexes. However, the Gaming Control

1 Commission has not had any members appointed to it, and the license fees and tax rates have yet to
2 be established.

3 In its analysis of the bill, the Office of the Attorney General writes that it is their finding that
4 the rules and regulations submitted by the Department of Revenue and Taxation were *not* properly
5 promulgated as no record has been found that a public hearing was conducted or an economic impact
6 statement was submitted to the Legislature pursuant to the Administrative Adjudication Law.

7 Notwithstanding the Office of the Attorney General's conclusions that the regulations
8 themselves are not legal, and certain regulations conflict with existing statute, i[~~F~~]t is the intent of *I*
9 *Liheslaturan Guåhan* to [~~amend Chapter 7 of Title 3, Guam Administrative Rules and Regulations to~~
10 ~~authorize the development of a license fee and tax schedule by the Department of Revenue and~~
11 ~~Taxation. It is also the intent of *I Liheslatura* to provide the Director of the Department of Revenue~~
12 ~~and Taxation with the authority to perform the duties of the proposed Gaming Control Commission~~
13 ~~until such time the Commission has been officially seated and can conduct its official duties *I*~~
14 *Liheslaturan Guahan* also intends to establish a tax rate that would grant the Department of Revenue
15 and Taxation the authority to collect such fees and taxes upon enactment of this Act into law, and to
16 ~~amend the distribution of funds~~] substitute the language contained in the original Bill No. 19-
17 32(COR) by adding language to Chapter 5 of Title 11, Guam Code Annotated, relative to gaming.
18 By doing so, *I Lihelslatura* intends to place in statute the policy of regulating gaming activities
19 allowed by law, collecting fees and taxes that would be due from duly licensed operators, and
20 making funds available for improvements to Guam's sporting facilities.

21 **Section 2. [Amendment to § 7105, relative to the creation of the Gaming Control**
22 **Division.**

23 ~~“§ 7105. Gaming Control Division — Creation. There is hereby created, within the~~
24 ~~Department of Revenue and Taxation, the Gaming Control Division, the head of which shall be the~~
25 ~~Chief of the Gaming Control Division. The Chief shall be appointed and subject to removal by, the~~
26 ~~Director with the approval of the Commission. The Division and the Commission created in Section~~
27 ~~7110, shall exercise their respective powers and perform their respective duties and functions as~~
28 ~~specified in this Act under the Department as if the same were transferred to the Department; except~~
29 ~~that the Commission shall have full and exclusive authority to promulgate rules and regulations~~
30 ~~related to limited gaming without any approval by, or delegation of authority from the Department as~~

1 said authority to promulgate rules and regulations is defined in this Act. Until such time that the
2 Commission has been seated and is officially performing its duties, the Director shall be granted
3 temporary authority to promulgate rules and regulations related to limited gaming.”

4 **Section 3. — Amendment to § 7111(a), relative to the duties of the Gaming Control**
5 **Commission.**

6 —“(a) In addition to any other powers and duties set forth herein, the Commission, and until
7 such time that the Commission has been seated and is officially performing its duties, the Director,
8 shall nonetheless have the following powers and duties:”

9 **Section 4. — Amendment to § 7145(a), relative to limited gaming tax.**

10 **“§ 7145. Limited Gaming Tax. (a)** There is hereby imposed, a limited gaming tax on the
11 gross receipts from limited gaming activities allowed by this Act in Guam. The tax rate on limited
12 gaming activities shall be set by rule promulgated by the Commission, and until such time that the
13 Commission has been seated and is officially performing its duties, the Director, as stated in this
14 Act. [In no event shall the tax exceed four (4) percent of the gross receipts at a minimum rate of
15 one half of two percent (2%)] The Director is authorized to assess an *interim* tax rate of twenty
16 percent (20%) on all gross receipts from all gaming activities in Guam that *do not* have a specified
17 tax rate and which tax shall not be limited to limited gaming activities alone. In establishing the tax
18 rate allowed herein the Commission shall take into consideration the following:”

19 **Section 5. — [Amendment to § 7148(e), relative to the limited gaming fund.**

20 —“(e) Moneys remaining in the Fund, after repaying the initial appropriation and maintaining
21 the stated reserves for administrative expenses of this Act, shall be allocated in the following
22 manner:

23 —Year 1: to the Mayors Council of Guam for the repair and construction of village recreational
24 facilities, including community centers.

25 —Year 2: to the Department of Parks and Recreation for the repair and construction of its
26 facilities.

27 —Year 3: to the Department of Education for the repair and construction of its sports facilities.

28 —Years 4 and beyond: repeat the allocation schedule from Years 1-3.

29 **Section 6. — Sunset provision for Temporary Authority.** The temporary authority
30 granted to the Director of Revenue and Taxation to carry out the duties of the Gaming Control

1 Commission shall cease upon the convening of a duly called meeting of the Commission at which a
2 quorum is present.

3 ~~Section 7. Sunset provision for Interim Limited Gaming Tax Rate.~~ The interim tax
4 rate of Twenty percent (20%) assessed on all gross receipts on all gaming activities on Guam shall
5 continue to be assessed until a new tax rate has been promulgated by the Commission and approved
6 by *I Liheslaturan Guåhan* pursuant to 5 GCA § 9100 et seq. (Guam's Administrative Adjudication
7 Law).

8 ~~Section 8. Effective Date.~~ Unless otherwise indicated, the provisions of the Act shall be
9 effective upon enactment.]

10 Adds new §§ 5201~5205 to 11 GCA, relative to gaming.

11 **“§ 5201. Limited Gaming Tax.**

12 (a) There is hereby imposed, a limited gaming tax on the gross receipts from limited gaming
13 activities allowed by this Act in Guam. The tax rate on limited gaming activities shall be *no less than*
14 four percent (4%).

15 (b) (1) The Department shall collect the amount of limited gaming tax on the gross
16 receipts from limited gaming activities determined pursuant to subsection (a) of this section from
17 any limited gaming licensee owing the tax and shall have all of the powers, rights, and duties
18 provided for by law, to carry out such collection.

19 (2) All moneys collected pursuant to this section shall be deposited in the Fund
20 created by § 5204 of this act.

21 **§ 5202. Violations of Taxation Provisions - Penalties.**

22 (a) Any person who willfully:

23 (1) Makes any false or fraudulent return in attempting to defeat or evade the
24 tax imposed by this Act commits a third degree felony and shall be punished as
25 provided for by law;

26 (2) Fails to pay tax due under this Act within thirty (30) days after the date
27 the tax becomes due, commits a misdemeanor and shall be punished as provided for
28 by law;

1 (3) Fails to file a return required by this Act within thirty (30) days after the
2 date the return is due commits a misdemeanor and shall be punished as provided for
3 by law;

4 (4) Violates either paragraph (2) or (3) of this section, two (2) or more times
5 in any twelve-month period, commits a third degree felony and shall be punished as
6 provided for by law; and

7 (5) Aids or assists in, or procures, counsels, or advises the preparation or
8 presentation under, or in connection with any matter arising under any title
9 administered by the Department, or a return, affidavit, claim, or other document
10 which is fraudulent or is false as to any material fact, whether or not such falsity or
11 fraud is with the knowledge or consent of the person authorized or required to present
12 such return, affidavit, claim, or document, commits a third degree felony and shall be
13 punished as provided for by law.

14 (b) For purposes of this section, "person" includes corporate officers having control or
15 supervision of, or responsibility for, completing tax returns or making payments pursuant to this Act.

16 **§ 5203. Returns and Reports - Failure to File - Penalties.**

17 (a) (1) Any person who fails to file a return or report required by this Act for limited
18 gaming activities, which return or report includes taxable limited gaming transactions, on or
19 before the date the return or report is due, as prescribed in § 5202(a)(3) of this Act, is
20 subject to the payment of an additional amount assessed as a penalty equal to fifteen percent
21 (15%) of the tax, or one thousand dollars (\$1,000.00), whichever is greater; except that, for
22 good cause shown, the Director may reduce or eliminate such penalty.

23 (2) Any person, subject to taxation under this chapter for limited gaming activities,
24 who fails to pay the tax within the time prescribed, is subject to an interest charge of two
25 percent (2%) per month or portion thereof or the period of time during which the payment
26 is late, or one thousand dollars (\$1,000.00), whichever is greater.

27 (3) (A) Penalty and interest are considered the same as a tax for the purposes of
28 collection and enforcement, including liens, distraint warrants, and criminal
29 violations; and,

1 (B) Any payment received for taxes, penalties, or interest is applied, first to
2 the tax, beginning with the oldest delinquency then to interest and then to penalty.

3 (4) The Director may, upon application of the taxpayer, establish a maximum interest
4 rate of twenty-four percent (24%) upon delinquent taxes if the Director determines that the
5 delinquent payment was caused by a mistake of law and not by a willful intent to evade the
6 tax.

7 (b) The procedures for collection of any taxes due under this Act and the authority of the
8 Department to collect such taxes, shall be the same as those provided for the collection of gross
9 receipts taxes.

10 **§ 5204. Limited Gaming Fund.**

11 (a) There is hereby created, separate and apart from other funds of the government of Guam,
12 a fund to be known as the Limited Gaming Fund. All license fees, taxes and penalties collected
13 under this Act shall be deposited in the Fund. The Fund shall not be commingled with the General
14 Fund, except as indicated herein, shall be kept in a separate bank account, and, shall not be used as a
15 pledge of security or as collateral for government loans. The Director of Administration shall make
16 an itemized quarterly report to the Governor of Guam, and *I Liheslaturan Guåhan*, of the condition
17 of, and a detailed description of all financial activity within, the Fund. The Director of
18 Administration shall further make an itemized annual report, which shall be made available to the
19 general public.

20 (b) The Fund shall be used first for the purpose of the administration of this Act, and as
21 otherwise stated herein. *No more than* five percent (5%) of the Fund balance may be expended for
22 this purpose, and funds *shall not* be expended for personnel costs. Said Fund shall be examined and
23 reported upon by the Director of Administration as required by law.

24 (c) No claim for the payment of any expense incurred by the Department or any other agency
25 in the administration of this Act, shall be made unless it is against the Fund. No other moneys of the
26 government of Guam shall be used or obligated to pay the expenses of the Department.

27 (d) Moneys remaining in the Fund, after maintaining the stated reserves for administrative
28 expenses of this Act, shall be appropriated in the following manner in each fiscal year:

29 1) *up to* one third (1/3) of the available balance to the Mayors Council of Guam for
30 the repair and construction of village recreational facilities, including community centers;

1 2) *up to* one third (1/3) of the available balance to the Department of Parks and
2 Recreation for the repair and construction of its facilities; and

3 3) *up to* one third (1/3) of the available balance to the Department of Education for
4 the repair and construction of its sports facilities.

5 (e) The Mayors Council of Guam, the Department of Parks and Recreation, and the
6 Department of Education shall present memoranda of request to the Department of Administration
7 detailing the use of funds to be allocated to each entity. Funds *shall not* be expended for personnel
8 costs. The Department of Administration shall release funds to each entity on the first Monday of
9 each fiscal quarter.

10 **§ 5205. Limited Gaming Activities –Authorized and Unauthorized.**

11 (a) The following are the only limited gaming activities authorized in Guam under this Act:

12 (1) Bingo or lottery that is conducted by a tax exempt non-profit organization as
13 authorized in 9 GCA § 64.70(b);

14 (2) Cockfighting that is conducted at a licensed cockpit and that all wagers are
15 present at the cockpit, as authorized in 9 GCA § 64.40; and

16 (3) Carnival or Liberation Day gaming, as authorized in § 64.62;

17 (4) All other limited gaming activities are unauthorized.

18 (b) Each non profit organization choosing to operate a gaming activity shall be open to an
19 auditing of funds by the Office of the Public Auditor to ensure that funding is being spent in the
20 spirit of the non-profit's charter and the public benefit.”

21 **Section 3. Severability.** If any provision of this Act or its application to any person or
22 circumstance is found to be invalid or contrary to law, such invalidity shall not affect other
23 provisions or applications of this Act which can be given effect without the invalid provisions or
24 application, and to this end the provisions of this Act are severable.

25 **Section 4. Repealer.** All laws and parts of laws inconsistent with any of the provisions
26 of this Act, except as stated in this Act, are hereby repealed.



Mina'trentai Dos na Liheslaturan Guahan
32nd GUAM LEGISLATURE
Senator Vicente "ben" Cabrera Pangelinan

**COMMITTEE ON APPROPRIATIONS, PUBLIC DEBT, LEGAL AFFAIRS, RETIREMENT,
 PUBLIC PARKS, RECREATION, HISTORIC PRESERVATION AND LAND**

Friday, February 1, 2013

Bill No. 19-32 (COR)
SIGN UP SHEET

NAME	ADDRESS	PHONE	EMAIL	WRITTEN	ORAL	SUPPORT	
						Yes	No
Jackie Marati							
BOB STAFF				✓	✓		NO
RICK BURAS				✓	✓		NO
GORDON CHU					✓		NO



Mina'trentai Dos na Liheslaturan Guahan
32nd GUAM LEGISLATURE
Senator Vicente "ben" Cabrera Pangelinan

COMMITTEE ON APPROPRIATIONS, PUBLIC DEBT, LEGAL AFFAIRS, RETIREMENT,
 PUBLIC PARKS, RECREATION, HISTORIC PRESERVATION AND LAND

Friday, February 1, 2013

19-32

Bill No. 8-32 (COR)
SIGN UP SHEET

NAME	ADDRESS	PHONE	EMAIL	WRITTEN	ORAL	SUPPORT	
						Yes	No
<i>Darrel Dula Paz</i>					✓		No
<i>Richard Paulino</i>							No
<i>Joe Pugh</i>							No
<i>George Benoit</i>					✓		No



**Mina'trentai Dos na Liheslaturan Guahan
32nd GUAM LEGISLATURE**

Senator Vicente "ben" Cabrera Pangelinan

**COMMITTEE ON APPROPRIATIONS, PUBLIC DEBT, LEGAL AFFAIRS, RETIREMENT,
PUBLIC PARKS, RECREATION, HISTORIC PRESERVATION AND LAND**

Friday, February 1, 2013

**Bill No. 19-32 (COR)
SIGN UP SHEET**

NAME	ADDRESS	PHONE	EMAIL	WRITTEN	ORAL	SUPPORT	
						Yes	No
James Ji	Bx 6403 Tan Ge. 96931	477-9219	James@guam.net				
Robert Miley	Dos	300 1631	rmiley@doe.net	✓			
Chul Lee	P.O. Box 27489 Corp	486-6001	multimedia@ lee.com			No	
John Dennert	184 Chardon Binmon York A	689-4461	JohnDennert@legis.gov.gu				No

3



Mina'trentai Dos na Liheslaturan Guahan
32nd GUAM LEGISLATURE

Senator Vicente "ben" Cabrera Pangelinan

COMMITTEE ON APPROPRIATIONS, PUBLIC DEBT, LEGAL AFFAIRS, RETIREMENT,
PUBLIC PARKS, RECREATION, HISTORIC PRESERVATION AND LAND

Friday, February 1, 2013

Bill No. 19-32 (COR)
SIGN UP SHEET

NAME	ADDRESS	PHONE	EMAIL	WRITTEN	ORAL	SUPPORT	
						Yes	No
Ted Wells	1068 1st	688-4979					
Jackie Maret	Bill 19	688					
Jay Arriola	Bill 19	688-5305					yes
Ray Blas	Bill 19	488-8997					Yes

5



Mina'trentai Dos na Liheslaturan Guahan
32nd GUAM LEGISLATURE

Senator Vicente "ben" Cabrera Pangelinan

COMMITTEE ON APPROPRIATIONS, PUBLIC DEBT, LEGAL AFFAIRS, RETIREMENT,
PUBLIC PARKS, RECREATION, HISTORIC PRESERVATION AND LAND

Friday, February 1, 2013

Bill No. 19-32 (COR)
SIGN UP SHEET

NAME	ADDRESS	PHONE	EMAIL	WRITTEN	ORAL	SUPPORT	
						Yes	No
John Conner	DRT	475-1815	jpcann@legis.guam.gov		X		
Tara Perez-Steffy			tara@pernguam.com				No

TESTIMONY FAVORING BILL 19-32

Hafa Adai, and Buenas, Mr. Chairman and honorable members of the 32nd
Guam Legislature.

My name is Jackie Arriola Marati and I am here to submit testimony in support of Bill 19-32. These opinions are my personal views and do not represent those of my employer.

I represent KEEP GUAM GOOD, a coalition of civic, academic, business, legal, religious and cultural interests who have reviewed the last FIVE (5) gambling initiatives since 2004. We have critically analyzed these initiatives, adopted a position and organized outreach efforts to inform the community about the substance of these initiatives.

We have successfully defeated all five gambling initiatives, nearly all of which were financed by multi-million dollar campaigns funded by off-island interests.

Our ground game effort in 2012 defeated the latest gambling initiative by its largest margin ever, 65%. We won every village.

At every single outreach event in 9 years, Guam's citizens have criticized the lack of regulation and control, the lack of transparency and accountability for organizations who have been granted some kind of gambling permit –

nonprofit notwithstanding.

Ricardo Blas

Testimony AGAINST Bill 19-32

Hafa Adai and Good Morning,

I am submitting my testimony here this morning against Bill 19-32, because we have been dumbfounded when we first learned that Senators, BJ Cruz, Chris Duenas and Tommy Morrison have decided to impose a 20% Tax on Gross revenue of the only source of direct funding.

Senators, Duenas and Morrison have come out publicly attacking GNOC funding program, Why? We have tried to make sense of what it is that they are trying to achieve and even as I submit this testimony, I still don't understand why.

Senator Duenas made it public that his "research" on this matter prompted his attention. In the first place, what prompted this research? What was the intent of the research and what did this research really say.

The simple question to ask Senator Duenas, please produce this qualified research to champion your attack on GNOC, it's funding source and most important here is why attack an organizations whose primary functions athletes, coaches and officials of Team Guam.

Who is Team Guam? team Guam are the 21 recognized National Federations who make up the members of the Guam National Olympic Committee. These 21 NF are obligated to send teams to the regional games & championships, International championships, Inter-Continental championships, US Championships, East Asian games & championships, World and Olympic Games.

Yes, we are an exclusive organization with mandates from the Olympic Charter that only the Olympic Sports can be members of GNOC and only the Olympic Sports can vote on Olympic matters. However, we are Guam's sporting community a very small community. When Baseball and Softball were removed from the IOC recognized sports we continued their affiliation with GNOC because they have been a part of us and GNOC will continue to provide them support and funding where needed.

At the start of my role in GNOC in 1990 along with my Secretary General Judge BJ Cruz now Senator and co-author of Bill 19-32, was to find ways to become independent of Government support, we both agreed to remove GNOC and our members from requesting any kind of funding support from the Government of Guam either through Parks and Recreation Sports Grants or through the Guam Legislature.

Since 1990, we endeavored to work towards this independence from Government and in 1991 we succeeded in raising the necessary funds through sponsorship, raffles, lunch plates, T-shirts of Team Guam and though it was a big challenge to

underwrite the cost of 280 athletes, coaches, officials and medical team to the Papua New Guinea South Pacific Games, we did it with a lot of hard work and the most important factor of this exercise is that we **did it without Government funds!!** We both knew then that we had a chance to move forward and develop our NOC Structures to the expectation of the International Olympic Committee of being Autonomous.

From 1991, these are the events funded through fundraising and selling raffle tickets.

1991	South Pacific Games	Port Moresby & Lau, Papua New Guinea
1992	Olympic Games	Barcelona, Spain
1993	1 st East Asian Games	Shanghai
1994	Micronesian Games	Guam Hosted the Games in bid for 1999 SPG
1995	South Pacific Games	Papeete, Tahiti (charter DC-10) 280 pax
1996	Olympic Games	Atlanta, Georgia
1997	South Pacific Mini Games	Norfolk Islands
1998	East Asian Games	Osaka, Japan
1999	South Pacific Games	Guam, 400 delegation
2000	Olympic Games	Sydney
2001	This was the start of the Sports Bingo through KUAM.	
2001	Pacific Mini Games	Palau
2002	Micronesian Games	FSM, Ponape
2003	South Pacific Games	Suva, Fiji Islands
2004	Olympic Games	Athens, Greece
2004	Was when the GNOC Sports Bingo had a positive income that paid 75% of airfares, 100 % of parade uniforms.	
2005	Pacific Mini Games	Palau
2006	Micronesian Games	Saipan
2007	Pacific Games	Apia, Samoa
2008	Olympic Games	Beijing, China
2009	Pacific Mini Games	Raratonga, Cook Islands
2010	East Asian Games	Hong Kong
2011	Pacific Games	New Caledonia, 280 pax
2012	Olympic Games	London, England
2012	Olympic Training Center	Manchester, England

2013	Aust Youth Olymp Festival	Sydney, Australia
2013	Pacific Mini Games	Wallis et Futuna
2013	East Asian Games	Tianjin, China

Every Olympiad is a challenge for us to raise the necessary funds for "GNOC's Team Guam". I vowed to never again place our program in the hands of Government and we have done this successfully.

While the strength of our delegation depends on the entries of our NF, the programs of the Olympic Movement grow's and with this is the cost of moving our delegations.

Recently, [about two weeks ago] Guam qualified to send a team on behalf of Oceania Combined Teams to compete at the Australian Youth Olympic Festival. This event targets age grouping and specific sports. Guam won the right to send both male and female basketball teams, Judo sent a male and female team, and wrestling qualified in the combined Oceania squad and won the Silver Medal.

2010, the 1st Youth Olympic Games in Singapore, GNOC entered 3 athletes, coach and official. This concept was to introduce the youth of the World to benefits of the Olympic Movement that involves culture, sport and education (healthy lifestyle, doping, tolerance, friendship and respect) the focus of winning became the back seat under the Youth Olympic Games.

2014, Guam will send a delegation to the Nanjing Youth Olympic Games, Nanjing China and we hope to qualify a good number of our youth to the games.

If you survey the 21 National Federations, how many of these federations use government facilities? If they do, how much are they charged?

In the findings of the research by Senator Duenas, did it include a survey from the 17 Mayors, did it include a survey from Parks and Recreation and a survey from the Department of Education. The Senators survey should also include the number of sporting activity conducted by the Mayors office, the type of sports, current facility asset and the number of constituents using their facility.

I have seen most of the facilities we have on Guam and I agree they all need help and this is not to say that Team Guam does not help. Unfortunately, Senators GNOC role is to support the 21 National Federations achieve their goals and objectives and we try our hardest to provide for their needs. On individual sports we can manage them, but on Team Sports this has always been a challenge but we work very hard to help get them to their competition.

In the last six months GNOC has met with Governor Calvo and officials from Parks and Recreation and the topic of our discussion was the Tiyan Gymnasium.

This facility is an ideal location to setup both a National and Regional Training Center. Nationally, for Team Guam to meet, to develop, and to train in preparation for upcoming games. Regionally, to setup sports training centers for regional sports since Guam is the Northern hub for all sports. Regional Judo Federation to include weightlifting, wrestling, are seeking zone areas to stage a regional training center and ideally this definitely helps Guam and our athletes. It opens us to more funding from the Region and International Federation funding and provides additional grants from the office of ONOC.

We all realize the current condition it is in, we have discussed funding through the office of the ANOC President H.E. Sheik Ahmed Al Sabah Fahad of Kuwait who is an IOC member and President of Kuwait NOC.

To impose this TAX is to impose unfavorable outcome on Guam's Olympic Movement. Because the language of the law clearly implies "not limited to gaming" we read this as possibly taxing other support revenue provided by the IOC. This law will also have a direct impact on many other Not for Profit organizations.

Like you Senators wearing your Sinaje's, my sinaje is the Guam Flag, because in the Olympic Movement this is the recognized symbol for Team Guam and the people of Guam whom we represent. It is this symbol and pride of our Guam Athletes that motivates me to excel in our opportunities to do as much as we can for them. It is our Symbol when any of our Team stands at a podium to receive their Medals, it is the flag of our athletes and supported by the Guam Hymn.

Currently, I am the only active member of Team Guam from the 1969 Papua New Guinea South Pacific Games. Since 1971, this was the start of putting Guam at the top, winning Gold Medals, all this with the support of Government and through fund raising through the Guam Amateur Sports Federations. I know first hand the challenges of raising funds and attending good quality training programs outside of Guam.

As a National Athlete, I pride myself in giving back to our sporting community, representing those who have supported us to all our games and the right thing to do is to help those behind me reach the same goals as I have as an athlete and now as an administer and I hope that one day these athletes that we have worked hard for will become the "gate keeper" of Guam's Olympic Movement.

So, I can attest that since 1969, Guam athletes, coaches and officials even with Government support we still had to raise funds to underwrite cost of per diems, team uniforms, parade uniforms and medical support and insurance.

Lastly, Senators you have chosen to attack GNOC without first getting real facts, facts that would have mattered in making a sound decision, an attack instead of dialogue would have been in the best interest to all concerns. While the three Senators

focused on attaching this 20% tax, I have to focus on how much this bad publicity have had on GNOC ability to seek the sponsorship we need to help our programs.

Such negative attack on any organizations hurts the ability of any organization to convince sponsors that they have a good "cause". GNOC is a very credible and reputable organization in the eyes of the Olympic Movement and our community.

Clearly we are the only NOC in Oceania that can claim true independence of Government, not even our Australian and New Zealand colleagues can make this claim.

Through our sponsorship program with the IOC, Senator BJ Cruz knows about this ISL/TOP Sponsorship Program that we receive funds to underwrite GNOC Operations, it is not dependent of the Sports Bingo. We do not use other sponsorship funds to underwrite any of our administrative operations.

I have to again, point out that GNOC is governed by 21 National Federations all who are standing behind GNOC. GNOC deals directly with the leadership of the respective National Federations. We meet monthly, we discuss programs and issues, and they basically decide the outcome and direction that we take. GNOC does not interfere in the administration of the NF as they must maintain their autonomy as GNOC.

In 2010 and pursuant to the directive of the IOC, GNOC established the Guam National Athlete's Commission for the purpose of protecting and safeguarding our National Athletes and their role is to accept and review complaints from athletes.

The Athletes Commission have received and address issues of athletes and all dealt accordingly.

In respect to those federations who are not members or no longer members of GNOC they have been given notice to seek redress of their membership it is the leadership of these non-members to discuss with those who were responsible at the time when they loss membership. They need to talk to each other, not GNOC.

Over the last 10 years, GNOC has been attending and amending our Article and By-laws pursuant to the IOC mandates. Two recent priorities were the Athletes Commission and the WADA Agreement. We have accomplished this.

Lastly, I would like to highlight the benefits of representing Guam both as a judo player, Instructor, Coach and as a representative of GNOC.

So, first I would like to thank the 21 nationally recognized federations for their continuing support and for standing behind GNOC in one more difficult moment before Senators BJ Cruz, Chris Duenas and Tommy Morrison.

As a judo player from Guam, I have been given the privilege of representing Guam and most importantly our people. I have always been proud of what I have done in my judo career and the fact that if it weren't for Guam I would have missed all these opportunities. As an instructor, I am equally proud of the accomplishment of my athletes and my family.

Because of my accomplishment in the region, I was personally selected by Mr. Lawrie Hargrave (dec) to replace him as President of Oceania Judo Union.

1998, I was elected President of Oceania Judo Union and the first Pacific Islander holding such distinction and at the same time, I became the first Chamorro to become Vice President of a World Organization, the International Judo Federation.

In 1998, I became the first person from Guam to be elected as President of the South Pacific Games Council a first for anyone from Guam, and then at the ONOC AGM in Guam, I was elected Vice President of ONOC.

I have held this post on three different occasions when in 2009 I made history becoming the only person and second only Pacific Islander to hold the post of Secretary General of ONOC. The first Pacific Islander was Dr. Robin Mitchell IOC Member Fiji.

As Secretary General of ONOC, I am headquartered in Guam and my base of operations is Suva, Fiji. I manage a multi-million dollar quadrennial budget for 17 National Olympic Committees of Australia, New Zealand, American Samoa, Samoa, Cook Islands, Tonga, Tuvalu, Fiji, Solomon Islands, Vanuatu, Papua New Guinea, Kiribati, Nauru, Guam, Palau, FSM and the Marshall Islands.

I personally manage all funds and programs to these 17 NOC from Guam. I follow the protocol of governance with them and most important Guam. I file our necessary reports to reflect the administrative operations of ONOC to the ONOC Executives and the IOC.

In my capacity as ONOC Secretary General, I have also been appointed as ONOC representative to the ANOC Executive Council an organization responsible directly to the NOC of the World and we meet to deal with the World Olympic Movement and issues of the Continental Unions.

AS a member of ONOC and ANOC, I was appointed by H.E. Sheikh Ahmed Al Sabah Fahad IOC Member and President of ANOC to the most important program of the International Olympic Committee, "Olympic Solidarity Commission" this commission manages the World Programs of the 5 Continental Unions with a total budget of about 680 Million Dollars.

This little island of ours is a part of a bigger picture and whenever I attend these meeting, we all know names are always hard to remember, but the name of our island is never forgotten!! Guam.

Senator BJ Cruz, you have champion the cause of Guam's Olympic Movement with us and you personally know of all the challenges and difficulty we have experienced in trying to find or earned that almighty dollar.

Senator Morrison, you cite being a National Athlete of Guam and you cite "you would have thought GNOC will support such Bill that supports athletes". Lesson to be learned here when you of all people comes from a team sport, it's called Team Guam and we stay united because a singular cause cannot be as big as we expect it to be without Team support. This is called the Olympic Values!

Senator Chris Duenas, dialogue would have been a key factor before going public with your attack on GNOC. I have volunteered my services since 1989, and I work for the 21 National Federations that governs GNOC.

I do not work on innuendos or complaints from those not satisfied by our action. Protocol wise, the NF addresses and manages their affairs, now that we have an athletes commission athletes from the 21 NF now have a platform to address their concerns.

My actions are governed by the IOC, ONOC and GNOC charter.

Guam National Olympic Committee Guam Amateur Sports Federation



715 Route 8
Maite, Guam 96910
Phone: 1-671-647-4662/4661
Fax: 1-671-646-4233
Email: gnoc@teleguam.net
Website:
www.oceaniasport.com/guam/

February 1, 2013

STATEMENT OF ROBERT J. STEFFY IN OPPOSITION TO BILL 19-32

Håfa Adai and Buenas Dias Chairman Vicente C. Pangelinan and members of the Committee on Appropriation, Public Debt, Legal Affairs, Retirement, Public Parks, Recreation, Historic Preservation and Land.

I am Bob Steffy, a 39-year resident of Guam from the village of Piti. I am a licensed Certified Public Accountant specializing in tax accounting and practicing on Guam since 1974 when I arrived from Honolulu to be supervisor of the tax department at Peat Marwick Mitchell and became the tax partner in 1980. I am the Secretary-General and Treasurer of the Guam National Olympic Committee and have held these positions since the year 2000.

I am here on behalf of the GNOC and I am testifying against Bill No. 19-32.

Although not specifically stated in the bill, it is evident from the extensive public discussion about the bill in the past ten days, and from comments made by Senators Chris Duenas and Tommy Morrison, that the GNOC Sports Bingo Program is one of the targets of the bill. While I appreciate the Senators' concerns, it is evident that the sponsors of the bill and the committee have been given grossly inaccurate information at least with respect to the GNOC.

Rick Blas has described in detail the work of the GNOC and the service it provides to the athletes and people of Guam, and I will not repeat his testimony here, but I do want to correct a serious misstatement of fact that has been circulated recently. Senators Duenas and Morrison and sponsor senators of Bill 19-32 have been quoted in

population of 182,000, can send athletes to the Olympics when places like California, with 225 times the population of Guam cannot.

Senators, please make no mistake, this bill will substantially impair the work of the GNOC. The GNOC does not receive any government funding. We depend on private donations and money from fundraising. A major source of revenue for the GNOC is our operation of the GNOC Sports Bingo Program. The revenue raised from the Sports Bingo Program is used to help send Guam athletes to the Olympic Games, it is used to help send Guam athletes to regional events like the Pacific Games in New Caledonia in 2011, it is distributed to participating Sports Federations to help them develop Guam athletes and it is used to promote Guam in regional and Olympic sports circles.

Bill 19-32 proposes to substitute the tax rate in the current regulation of 1/2% of 2% not to exceed 4% with a new tax of 20% on “all gross receipts from all gaming activities in Guam that do not have a specified tax rate and which tax shall not be limited to gaming activities alone.” Gross revenue is defined as all money received less the amount paid out in prizes. This definition would cripple the GNOC Sports Bingo Program and make it uneconomical to continue the program. Here is why: The Sports Bingo Program is tied to the Australian Lottery. When a person on Guam buys a GNOC Sports Bingo card the GNOC immediately, through electronic transfer, buys an Australian Lottery ticket. This means that the money the GNOC actually receives is the price of the Sports Bingo Ticket minus the cost of the Australian Lottery Ticket. Given the way gross income is defined in the bill, if the tax applies to the GNOC Sports Bingo Program, the GNOC would be taxed on the amount paid to Australian Lottery - which is money we do not keep. In fact, the proposed 20% tax would exceed the net amount GNOC actually earns on the Sports Bingo Program.

The claim that GNOC is profiting from millions of dollars of unreported revenue is utterly false. I have prepared an analysis of GNOC's income and operating expenses related to the Sports Bingo Program for the 11-year period 2002 – 2012. This is attached as **Exhibit 4**. You will see that GNOC had a gross income from Sports Bingo of \$22,223,655. Keep in mind this is over an 11-year period. From this amount GNOC paid \$9,399,339 to the Australian Lottery Commission for the Lottery tickets which formed the backing for the Sports Bingo Tickets purchased locally. In addition to the money paid to the Australian Lottery, GNOC had operating expenses of \$4,342,188.03 for the Sports Bingo Program. This included \$2.1 million in software licensing fees.

Under the bill, these operating costs would be subject to the 20% tax, and this makes the program uneconomical.

In addition to the operating expenses, the GNOC has paid \$5,348,613 in prizes. This money would not be subject to the 20% tax under the bill but all the other expenses of operating the Sports Bingo will be taxed at 20%.

When the cost of the Australian Lottery Tickets, operating costs and prize money are deducted from the Bingo Ticket sales of \$22,223,655, the GNOC was left with income of \$3,353,517 over this 11-year period. From this amount, the GNOC paid its partner member federations \$596,100. This left the GNOC a net profit of \$2,757,417. The GNOC has used this money to promote Guam athletes. For example, attached as **Exhibit 5**, is a breakdown of the Pacific Games in New Caledonia. The cost of sending Guam athletes to New Caledonia was \$531,592. Senator Tommy Morrison, co-sponsor of Bill 19-32, was a pitcher on the Guam National Baseball Team. He and the other athletes who attended the Games were asked to sell \$1,500 worth of raffle tickets to help pay for their travel costs to New Caledonia. Sen. Morrison and the other one hundred sixty-six (166) athletes who traveled to New Caledonia raised a total of \$249,000 for their trip by selling raffle tickets. GNOC paid for the \$65,000 in prizes given away in the raffle, and it paid the balance of \$217,592 needed to send our athletes to New Caledonia.

This is only one example of how GNOC has used the money it earns from Sports Bingo to help Guam's athletes. This year the GNOC will contribute to sending athletes to the Pacific Mini Games in Wallis and Futuna and the East Asian Games in China. Next year the Micronesian Games will be held in Pohnpei and in 2015 the Pacific Games will be held in Papua New Guinea and in 2016 the Olympic Games in Rio de Janeiro.

Under the Bill, the 20% tax would be imposed on all revenue received by GNOC other than prizes paid out. If applied to the past income of the GNOC, the 20% tax would have been \$3.4 million even though the actual net income realized by the GNOC was only \$2.7 million.

You should also be aware that the bill proposes "a tax" "which tax shall not be limited to gaming activities alone." As written this means that raffle proceeds will be subjected to the 20% tax. This means that athletes who engage in fundraising will be subject to a 20% tax on raffle tickets they sell. Sen. Morrison, from your days of selling raffle tickets for the New Caledonia trip, you can easily imagine how counterproductive it would have been if you had been required to report these sales to DRT and pay a 20% tax on the raffle sales. The athletes were only able to raise about 45% of the cost of participating in the games in New Caledonia. Senator, you can imagine how difficult it

would have been for the Guam athletes if the money they raised was subject to a 20% tax, and if the GNOC had lost the stream of revenue which allowed it to contribute the \$282,582 the athletes were not able to raise.

Bill 19-32 does not allow the GNOC to earn a reasonable profit from Sports Bingo because it does not allow deductions for costs of running the Bingo games and the related operating expenses. Section 7145(a)(3) of the current regulation states "(3) The tax rate shall permit the affected limited gaming licensee a **reasonable profit after expenses while considering the overall costs of doing business** and the general economic climate prevailing in Guam at the time the rate is set including but not limited to the following:

(A) Capital costs associated with entering into and maintaining gaming activities and the level of employment created by said activities;

(B) Capital costs likely to be incurred to comply with Commission requirements.

As I have mentioned earlier, the definition of "gross income" in the Bill does not allow a deduction for overall costs of doing business. The Guam National Olympic Committee's profit percentage over 11 years, after deducting costs of operation, averages only 16.13%. This is well below what is deemed a reasonable profit. As you will see from **Exhibit 6**, a reasonable profit margin according to David Gale, Executive Director of the Lotteries Association is 30%.

While the Bill pays lip service to the right of the licensee to earn a reasonable profit, the combination of a 20% tax rate and a definition of gross income which does not allow deductions for operating expenses, make it virtually impossible for a non-Profit such as the GNOC to earn the money needed to fund its programs. The Guam National Olympic Committee already has a lower profit margin than what is deemed reasonable by the National Lotteries Association, and the proposed 20% tax will turn the Sports Bingo Program into a money losing operation, and one GNOC could not continue to support.

Senators, Bill 19-32 is a rooted in deeply flawed misconceptions. It would be a bad law; bad for the GNOC, bad for Guam's athletes, and very bad for Guam.

I urge to you not to release the Bill from committee.



TO: 32nd Guam Legislature
ATTN: Senator Vicente (Ben) Cabrera Pangelinan
FROM: George Benoit, GNGF President
SUBJ: Bill No. 19-32

Dear Senator Pangelinan,

The Guam National Golf Federation (GNGF) is very concerned about the impact that Bill 19-32 will have on Guam's National Golf Team and Guam's Junior Golf Program...

If this bill is implemented, the 20% tax on gross receipts will definitely shut down the GNGF's Plumeria Bingo at GICC. The GNGF will lose its primary revenue source which will greatly reduce the training it can provide to Guam's National Golf Team and Guam's top junior golfers. The GNGF will also be unable to cover the costs to send our top golfers off island to represent Guam in international golf tournaments. We would be forced back to the days when athletes were chosen based on their ability to cover travel costs. Those were sad days and the GNGF hoped that Guam would never again have to leave its best athletes home due to lack of funds...

If the 20% tax also shuts down the GNOC's Sports Bingo Program, the results will be disastrous for all sports federations. The GNOC has provided outstanding financial support to sports federations for many years. For example, the GNOC paid for uniforms, accommodations, and meals for all of the members of Guam's 2011 Pacific Games Team. The GNOC also provided sports federations the opportunity to raise funds by selling GNOC Fund Raising Raffle tickets. Because of this GNOC support, the GNGF was able to send its top golfers to the 2011 Games and our top junior golfers to the 2012 Junior World Golf Championship.

The GNGF respectfully requests that members of the 32nd Guam Legislature not return Guam to the days when representing Guam depended on an athlete's income. We also hope the Legislature will not return Guam to the days when juniors from low income families were unable to represent Guam in international junior golf tournaments..

Please vote "NO" on Bill 19-32... .

Thank you.

George Benoit
President
Guam National Golf Federation
Email: glbenoit@nbkguam.com
Phone: (671) 777-0436

Feb.01.2013

Testimony of Ken Leon-Guerrero against BILL 19-32

The original intent of this bill is to update a previous bill enacted to tax and regulate gaming operations. This bill gives the powers of the gaming commission to the director of Revenue and taxation until the members of the Gaming Commission are appointed and regulations established.

There is a reason why the Commission has not been appointed, and rules have not been established: gaming operations are illegal. So until Guam legalizes gambling there is no reason to incur the expense of seating a commission, hiring staff, and go through the motions of regulating an industry that does not exist.

So the modification to this bill appear to me to be an effort to create the mechanisms to tax non-profit organizations and goes directly against the whole concept of non-profit or tax exempt organizations. Non-profit or tax exempt organizations are created to preform vital services to the community the government does not, will not, or cannot.

In view of Guam's mirror tax code with the US Tax Code, I do not believe taxing Guam's tax exempt non-profit organizations is even possible without changes to the US Tax Code.

Nowhere in the bill is there language that matches the public statements of the bill's sponsors. All the hype I heard on the radio talked about how GNOC successfully raises millions of dollars to support Guam athletes and all Government of Guam gets is \$50.00.

Let's put this in its proper perspective. The people of Guam willingly give of their time and money to support Guam athletes who have Olympic dreams. Government of Guam does not. If it were not for the efforts of the members of GNOC, Guam's athletes would never get a chance to compete on the world's stage.

This bill also contains language that hints of darker days ahead for Guam's non-profit community. On page three, line five the wording "***and which tax rate shall not be limited to limited gaming activities alone.***"

With this wording, I can easily see the Government of Guam taxing Golf Fund Raisers, Ball Drops, Cake Sales, 5K Runs, Bingo Games and other events the non-profit community engages in to raise funds to provide vital services to the community the Government of Guam does not, will not, or cannot.

The irony of this bill to me is the appearance of the attempt to modify a bill targeted at taxing and regulating gambling and cock fighting which do nothing to support the community. In fact history shows those activities to be so detrimental to the public good that every attempt by gambling operators to legalize gambling through the initiative process has failed miserably.

So until Gambling is legal it is correct that the Governor of Guam does not appoint members and incur the expense of a commission that has nothing to regulate.

The Government of Guam, like all governments, is cash flow challenged and looking for ways to raise revenue to provide badly needed services. I, and the members of Guam's non-profits can appreciate that as we too are cash flow challenged and looking for ways to raise revenue to provide badly needed services.

The difference between our two organizations is the Government uses taxes raise funds; we use tax deductions to raise funds. If the government takes tax deductibility away from us, we cease to exist and in the long run that will create a demand for the government to do what it currently does not, will not or cannot.

In your duty of representing the people of Guam, you need to take a good hard look at the wide range of vital and needed services provided to the people of Guam by the non-profit tax exempt organization that do the things Government of Guam does not, will not, or cannot and protect them, not attack them.

Testimony against Bill 19-32 by Elmore A. Cotton
A private citizen
Also a volunteer member of three non-profit organizations

I am Realtor ® for 35 years and acted as President and Director for many of those years, I am also the current President of Sunrise Rotary of Guam, and Chairman of the Board of Able Industries of the Pacific , a company that is Guam's largest employer of people with disabilities.

However my testimony that follows is as a private citizen as I did not have time to obtain official approval to speak for these organizations.

I am a against bill 19-32.

Here is an example of what it could mean to us. Our Rotarian Club had an event which was a fund raiser to address the animal population on Guam. A lot of hard work and we had around 100 volunteers we worked in combination with a organization know as Fur-Ever-Kinda Love, a 501 C 3 non-profit organization created to increase community awareness about Responsible pet ownership , and also to promote awareness about animal cruelty, neglect and the homeless animal crisis in Guam. While a great success as far as getting the work out, unfortunately, for various reasons financially we were not so successful, we broke even. Under this law we could be taxed 20% of the gross receipts. If we raised \$5000 just to cover the costs of tents, advertising, printing etc. we would have to pay to the government \$1000.00, a tax on no profit.

Also, and probably more important, this bill contains language on page three, line five "*and which tax rate shall not be limited to limited gaming activities alone.*" What does that mean? I would like a legal opinion but it looks like the bill opens the door to taxing all gross receipts even it comes from donations, dues, fees, church offerings, car washes etc.

End of Testimony:



Elmore A. Cotton

2/1/13



DEPARTMENT OF EDUCATION OFFICE OF THE SUPERINTENDENT

www.gdoe.net
P.O. Box D.E., Hagatña, Guam 96932
Telephone: (671)475-0457 or 300-1547/1536 • Fax: (671)472-5001
Email: jonfernandez@gdoe.net



JON J. P. FERNANDEZ
Superintendent of Education

February 1, 2013

The Honorable Vicente "ben" C. Pangelinan
Chairman, Committee on Appropriations, Public Debt, Legal Affairs, Retirement, Public Parks, Recreation, Historic Preservation and Land
32ND Guam Legislature
155 Hesler Place
Hagatna, GU 96910

Dear Senator Pangelinan:

The following is hereby submitted as written testimony on **Bill No. 1-32**, the "Secure Our Schools Act"; **Bill No. 8-32**, relative to appropriating to the Department of Education any additional revenue derived from the expiration of the Bush tax cuts; and **Bill No. 19-32**, relative to capturing license fees and taxes from gaming operators. Thank you for the opportunity to testify.

Bill No. 1-32: Secure Our Schools Act

Bill No. 1-32 would authorize the Government of Guam to enter into a contract with a third-party vendor to finance, purchase, install, monitor and maintain electronic security systems in Guam public schools. Such systems would include security cameras, intrusion detection and alarm systems, and related equipment. Funding to help finance the initiative would come a pledge of up to \$1.28 million in Section 30 funds for no longer than a period of seven years. Alternative financing made available through partnership with the Guam Economic Development Authority is also contemplated.

The Guam Department of Education ("GDOE") fully supports Bill No. 1-32 and thanks Speaker Judith Won Pat and Senator Tina Muna-Barnes for introducing this bill. This legislation would help provide our public schools with security equipment that would help in both the detection and prevention of criminal activity on school grounds. Today, our public schools continue to experience a high number of school break-ins and vandalism. These incidents, taken together, have cost GDOE an estimated \$1.6 million over the past three years, which accounts for loss and replacement of property as well as labor and materials for facility repairs. The proposed investment in additional security would help to not only prevent loss and damage to our schools, but to help reassure our employees, children and families that our schools remain safe learning environments. (*See Attachment 1: School Security Facts*)

Bill No. 8-32, Relative to Appropriating Additional Revenue from Bush Tax Cuts to Guam DOE

Bill No. 8-32 would appropriate any additional revenues in FY 2013, deriving from the expiration of all or part of the Bush tax cuts, to the Guam Department of Education. The Bush tax cuts refer to changes to the tax code during President George W. Bush's administration, which lowered the marginal income tax rates for most Americans with further reductions to taxes on capital gains, dividends, and estates. These cuts have been continually extended but were due to expire at the end of 2012. On January 2, 2013, President Obama signed into law the American Taxpayer Relief Act of 2012, which further extended all of the cuts but allowed the increase to the highest marginal tax rate to go into effect, raising it from 35 percent to 39.6 percent. This would apply to individuals earning more than \$400,000 and married couples earning more than \$450,000. Because the Guam income tax code mirrors the Internal Revenue Code,

this tax increase would apply to Guam earners as well. Revenues resulting from this unanticipated revenue increase in FY 2013 would be appropriated by this bill for use by the Guam Department of Education for operations, school repairs and maintenance.

The Guam Department of Education is thankful for Senator Rory Respicio's support in introducing this legislation. While the amount of increased revenue is uncertain, we know that new resources are difficult to come by in the current fiscal environment. Should there be agreement to appropriate these revenues to GDOE, it would be my preference to utilize this funding to address much-needed school repairs or to provide schools with equipment or instructional supplies.

Bill No. 19-32, Relative to Capturing License Fees and Taxes from Gaming Operations

Bill No. 19-32 amends current law to grant the Director of Revenue and Taxation the temporary authority to promulgate rules and regulations related to limited gaming and to assess an interim tax rate of twenty percent on all currently untaxed gaming activities on Guam. The proceeds of this tax – after accounting for administrative costs – would be allocated to the Mayors Council of Guam in year one for the repair and construction of village recreation centers; the Department of Parks and Recreation in year two for the repair and construction of its facilities; and the Department of Education in year three for the repair and construction of its sports facilities, with the allocation schedule repeating beginning in year four. Current law allocates these funds to the Department of Education's Interscholastic Sports Programs, the Guam National Olympic Committee, and the Northern and Southern Sports Complexes.

The Guam Department of Education thanks Senator Chris Duenas, Vice-Speaker B.J. Cruz, and Senator Tommy Morrison for their support for GDOE sports programs and facilities. In this particular case, GDOE would be a beneficiary both under current law as well as under the proposed amendment to the law. The major challenge appears to be that the legal authority to collect fees and taxes on gaming has not been exercised and, therefore, has not produced revenues to be allocated for any purpose. The Department would appreciate any resources that could be made available to ensure a robust Interscholastic Sports Program as well as improve our sports facilities. We would be happy to continue discussing the best use of funds that could be made available for these purposes.

Thank you for this opportunity to submit the testimony. Please feel free to contact me with any further questions or comments.

Senseramente,

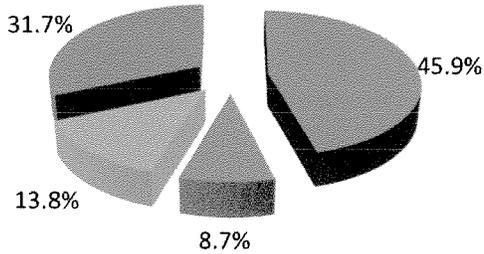


JON J. P. FERNANDEZ

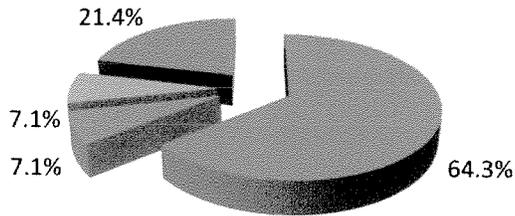
Attachment 1: School Security Facts

Over the past three school years, GDOE has had 218 instances of some form of “break-in”, a term that covers ranging from vandalism to destruction or theft of property. The majority of the break-ins have taken place in our Lagu (Northern) region, which continues to be the area of greatest concern. The Lagu schools make up nearly 46 percent of all break-ins in the district since the beginning of the 2010-2011 school year. They are followed by Haya (31.7%), Kattan (13.8%) and Luchan (8.7%), respectively. The rate of incidents for this current year shows that Lagu schools have reported 64% of all break-ins, compared to Haya (21.4%), and Kattan and Luchan (each at 7.1%). This information is shown below.

% of 3-Year Total



% of SY 2012-2013 Total

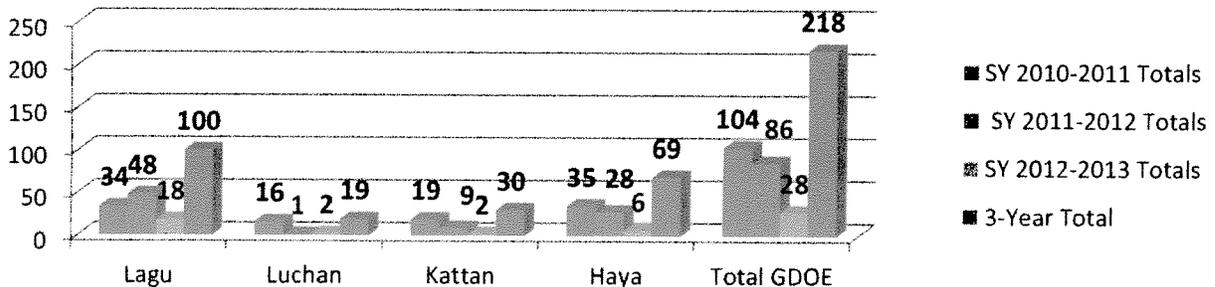


■ Lagu ■ Luchan ■ Kattan ■ Haya

■ Lagu ■ Luchan ■ Kattan ■ Haya

An overall look at the real numbers by regions shows the break down by year for each region and the totals for GDOE below:

GDOE Schools Break-in Data SY 2010/11 - SY 2012/13 By Region



- **Repair of Damaged Property** (Supplies, Materials and Labor): this has included broken window, doors, door knobs, lighting, fence line damage, and other general destruction of building interiors.
- **Replacement of Property** (Supplies, Materials and Equipment): this has included classroom and instructional supplies and materials, food, technology such as computers, laptops, tv's, vcr's, projectors and copper wiring).
- **Restoration of Facility** (Supplies, Materials and Labor): this has included cleaning supplies and materials and recharging of fire extinguishers.
- **Purchase of Security Measures** (Equipment and Labor): this has included hiring security guards and installation of security systems.

A single incident can range in cost from as low as \$1,000 to the well published recent occurrences regarding the copper wire thefts of more than \$90,000. Our estimate for the past three years is that school break-ins have costs the district an estimated \$1.6 million.

A breakdown of the recent copper wire thefts experienced in December of 2012 shows that the 8 occurrences came at a cost of \$231,374.99 to GDOE.

Initial Re-Wiring		
Item	PO #	Cost
Manpower	GDOE	\$1,652.55
Supplies and Materials	20130114	\$11,225.08
Supplies and Materials	20130117	\$2,009.00
Supplies and Materials	20130126	\$121.50
Supplies and Materials	20130128	\$6,168.40
Subtotal		\$21,176.53

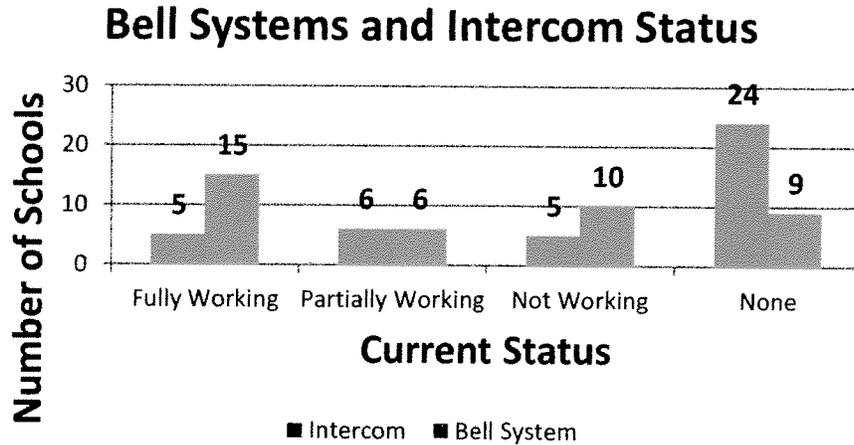
Foot Patrol Services			
Vendor	Schools	PO #	Cost
Denanche	5	20130144	\$16,831.50
Hawk	5	20130145	\$18,060.00
G4S	5	20130143	\$19,425.00
Subtotal			\$54,316.50

Contracted Re-Wiring			
Schools	Vendor	PO #	Cost
	DCK		
FBLG/SSHS	Worldwide	20130174	\$86,461.03
	Z4		
Wettengel	Corporation	20130173	\$49,769.01
	Z4		
Finegayan	Corporation	20130170	\$19,651.92
Subtotal			\$155,881.96

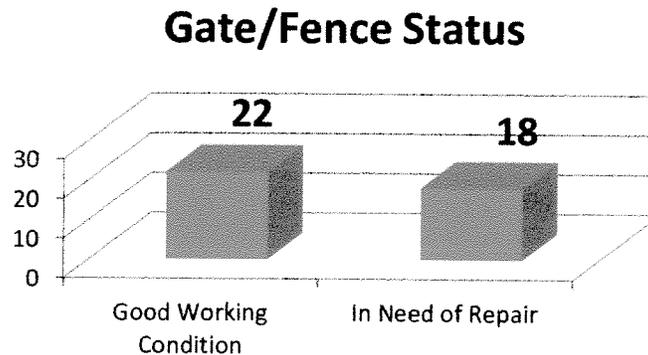
Grand Total \$231,374.99

Infrastructural Security Needs. Many of our schools lack basic communication technology to assist during an emergency on campus. While the primary use of bell systems is to signal starting and ending times of instructional blocks, they are also valuable tools when signaling an emergency by the number and/or type of ringing. Likewise, while intercom systems are commonly used for school-wide announcements, they can also serve in providing instructions during an emergent situation.

The following indicates the number of schools that have bell systems and intercom systems that are fully working, partially working, not working, or do not exist:



Additionally, 18 of our 40 schools have indicated a need for repairs on the gates and/or perimeter fencing as indicated below (note – Inarajan Elementary does not have a fence):





February 1, 2013

Good Morning Good Senators:

My name is Henry S. Alvendia, the Secretary-General for the Guam National Sport Shooting Federation (GNSSF). Established on June 17, 2009, The Guam National Sport Shooting Federation Incorporated was created to provide parents, club leaders, students, and athletes with information on the broad and exciting world of air gun, shotgun, and small bore shooting sports. There are an array of applications and programs that could be conducted using today's small bore and air guns. The creation of this federation brings marksmanship activities to the community where new appreciation for the shooting sports can be kindled and pursued.

As shooters continue to build skills and gain confidence in their abilities, greater challenges beyond the qualifications are needed, and found, in the form of competitive shooting. Competitive shooting is a real test of one's ability and it opens the door to another world of shooting activities with highly visible recognition. Postal matches, leagues, and shoulder to shoulder competitions up to national, or even international level, can keep shooters busy for a lifetime vying for competitive honors and titles.

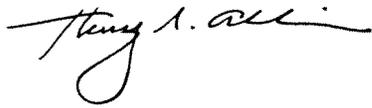
On behalf of the GNSSF, I am providing this testimonial relative to Bill No. 19-32 (COR): An Act to Amend Chapter 7, Title 3, Guam Administrative Rules and Regulations, relative to capturing License Fees and Taxes from Gaming Operators. It is the position of the GNSSF to NOT SUPPORT Bill No. 19-32 in that it will directly affect the Guam National Olympic Committee (GNOC) as well as the athletes of Guam. Media reports state that Bill No. 19-32 will benefit the local athletes. But that's what the GNOC has been doing in their programs for many years. Why fix something that is not broken? The athletes are already being supported.

The GNSSF is deeply concerned about the negative impact that Bill No. 19-32 will have on the GNOC in their mission of supporting sports and the Olympic Movement on Guam. The sports federations on Guam have been working with the GNOC for many years to participate in competitions, trainings, and equipment for the different sports. We commend the GNOC for their tremendous work in promoting sports in Guam and providing financial support to these teams.

The GNSSF has directly benefitted from the GNOC in which the GNOC funded for coaches from the GNSSF to participate in training and certification at the U.S. Olympic Training Center in Colorado Springs, CO. Additionally, the GNOC is in the process of providing funding for the procurement of equipment for the GNSSF for the further development of the federation and promoting the shooting sport in Guam.

With the passage of Bill No. 19-32, the GNOC will be unable to support the many sports federations in Guam thus making these same federations seek for different funding sources and hamper the opportunities to compete internationally.

With the tremendous success of the GNOC and its activities in Guam, the GNSSF considers it an honor to be a part of the Olympic Movement allowing all athletes in Guam to represent internationally.

A handwritten signature in black ink, appearing to read "Henry S. Alvendia". The signature is fluid and cursive, with a large loop at the end of the last name.

Henry S. Alvendia

Secretary-General, Guam National Sport Shooting Federation



Mr. Rick R. Ninete
Rick Ninete Tennis Center
179 West O'Brien Drive
Hagatna, Guam
472-6270 / 1060

Legislature of Guam
I Mina'trentai Dos Na
Liheslaturan Guåhan
155 Hesler Place
Hagåtña, Guam 96910

Regarding: Bill 19-32 (COR)

Dear Senators:

I write this letter on behalf of the Guam National Tennis Federation (GNTF). The GNTF is a non-profit tennis federation that was established in 1972. Joe Paulino was its first president.

For 40 years that the GNTF has been promoting and hosting national and international events such as the South Pacific Games (now known as the Pacific Games), Micronesian Games, Mini Games, and North Pacific Jr. Qualifier. The GNTF has hosted professional tennis clinics with Tracy Austin, a former #1 tennis player, and Aiya Saiyama. The GNTF has also hosted ATP (Association of Tennis Professionals) tournaments such as the Guam Futures and the Davis Cup.

The Guam National Olympic Committee (GNOC) is part of this tennis development here on island to include coaching development. The GNTF has benefited from the GNOC with solidarity funding twice for junior development. Through this funding it has introduced, developed, and helped junior players. There have been 80 juniors introduced to this program, ages 6-17 who are now part of making a name through stateside, being recognized for tennis recruitment to play in college.

In closing, because the GNOC's assistance has been crucial for junior development and overall support of GNTF, GNTF does not support Bill 19-32 (COR) as it would impede GNOC's ability to assist the GNTF and all the other programs it currently provides help to.

Sincerely,

Rick R. Ninete, President
GNTF



Marianas Underwater Fishing Federation



January 31, 2013

To: Guam National Olympic Committee

From: President

RE: LETTER OF SUPPORT

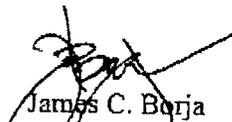
The Marianas Underwater Fishing Federation would like to thank and the Guam National Olympic Committee for all the financial support provided for the past 16 years.

The grants received from the GNOC have provided the Guam National Underwater Fishing Team the opportunity to travel and compete in the Pacific Games, Micronesian Games and the Inter-pacific Spearfishing Championships throughout Micronesia and the Pacific region. The grants also help support the Annual Marianas Spearfishing Challenge on Guam as well as assisting Guam competitors with competing in the Marianas Apnea Spearfishing Clubs' Annual Spearfishing Tournament in Saipan.

The Marianas Underwater Fishing Federation consists of a very small, tight-knit group of independent spear fishermen who do not have the resources or numbers to participate in common fundraiser activities, let alone compete with the fundraising efforts of larger team sports. The Federation relies on the support from the GNOC to send athletes to compete in the lesser known competitive sport of underwater fishing.

The Marianas Underwater Fishing Federation supports the Guam National Olympic Committee and its Executive Board in all its activities to include the Sports Bingo fundraising. The loss of this fundraising event would have a huge impact on all associated Sport Federations and their ability to send athletes to future Games and regional events.

Best Regards,


James C. Borja
President

From: Joana Margaret C. Blas

Re: Public Hearing

Bill No. 19-32 (COR)

I am submitting my testimony on Bill No. 19-32 License Fees and Taxes From Gaming operators that I am in full support of this Bill.

As a Mother, Grandmother, former manager of Baseball team and fostering children, I walk the streets of Guam requesting for support to help our average and middle to low income athletes, namely our children grandchildren, nephews, nieces and friends to help them, Entrance fees, uniforms, equipment and travel for tournaments sponsored off-island and do we get support from the Guam National Olympic Committee, NO! they sell their Bingo to our people here in Guam and don't get me wrong, I buy it also, and what does our normal athletes get from them, NOTHING!. They only support the athletes whom pass the test and train under the paid expert, certified instructors, that my grandson cannot afford to pay to be an expert (as the GNOC) regulates who they are.

My Dear people of our beautiful Island - Guam, Senators, leaders of Guam, please support Bill 19-32 . To assess an interim tax rate of twenty percent (20%) on the gross receipts from limited gaming activities allowed by this Act in Guam. Speaker, Senators please I ask you

I Thank you, Si Yuus Maase, Salamat Po, Arigato, kinisou chapur to all.

Senseramente,



Joana Margaret C. Blas
Mother, Grandmother, Aunt



January 29, 2013

Guam National Olympic Committee
Route 8
Maite, Guam

Attention Robert Steffy, Secretary-General
gnocsgt@ite.net

Dear Bob,

I am pleased to provide the following information in support of the Guam National Olympic Committee (GNOC) and its work to provide the athletes of Guam with opportunities to develop their skills, reach their sporting potential and compete internationally.

Background to Guam Rugby Football Union

The Guam Rugby Football Union (GRFU) was established in 1996, initially to ensure that the 1998 South Pacific Games, being hosted by GNOC, included Rugby Sevens and gave Guam rugby players the opportunity to play against true World Class athletes in their sport. The Union joined the International Rugby Board in April 1998 to further this goal.

Since that time, GRFU introduced rugby in to the High School athletic program by organizing and managing the IIAAG High School rugby program for boys and girls. This program has now reached the point where rugby is played in all high schools and has become almost self sustaining.

The GRFU has also hosted local competition for both men and women over the years and participated actively in international competitions every year since 2005.

GRFU and GNOC

Rugby was not an Olympic sport until 2012 (after the London Olympics) and was therefore not eligible for official Olympic funding until then. However, the GRFU was

P O Box 7246, Tamuning, Guam USA 96931

Phone: 646-9126 Email: guamrugbyunion@gmail.com



Member since April 1998



Member since 1996

happy to remain in membership of GNOC from 1996 because we saw the value in being associated with the Olympic movement and competing in the South Pacific Games and East Asian Games

When the opportunity to participate in GNOC's Sports Bingo was offered to all GNOC members in 2000, the GRFU readily agreed, seeing this as a way to spread the burden of growing and supporting Guam rugby from a small group of hard core "ruggers" to the general public of Guam.

GNOC Sports Bingo funding for Rugby

From our initial involvement in 2000 to 2008, the GRFU received an average of around \$3,000 per year – a small but important contribution to GRFU funds. Player participation in Sports Bingo accelerated dramatically in 2010 following the publicity surrounding three large Guam resident winners and our share has consequently since increased to around \$11,000.

GRFU uses these funds to supplement player fundraising and personal contributions for off-island travel and to bring professional coaches to Guam to ensure the players receive the best available training before and during competition.

GNOC additional support for Rugby

GNOC provides support to all member federations, including rugby, by paying per diem amounts to tournament hosting organizations as well as providing travelling uniforms – rugby players received these benefits at the East Asian Games in Hong Kong in 2010 as well as at the South Pacific Games in Fiji in 2007 and the Pacific Games in New Caledonia in 2011. With a travelling squad of 15 people per team, this is no small contribution.

GNOC also joined with FISU (the International University Sports Organization) to fund the cost of a Guam Women's University Rugby sevens team to play in the University Rugby Games in Portugal in 2009. We estimate the cost of this trip to have been close to \$50,000 with GNOC's contribution at least \$20,000 and the players only being required to pay \$600 each for uniforms and additional days accommodation in Portugal. It is safe to say that, without this assistance, the Guam Women would not have been able to make this trip.

We have also received an additional \$5,000 contribution from GNOC to cover a request to pay for our national coach to take our women's sevens team to Shanghai China for a tournament.

We are currently preparing a plan and funding request to prepare our athletes for the next Olympic Games in Rio.

International Rugby activities over the past few years

2009:

January: Darwin Sevens. A thinly disguised National men's seven's team competed at this International Club tournament losing in the Semi-final of the Plate competition to eventual Plate winners, Randwick of Sydney, Australia.

March: Hong Kong Women's Sevens. Invitational International tournament held in conjunction with the Hong Kong Sevens and featuring a number of more seasoned rugby nations from around the world.

May: Asian Women's Sevens in Pattaya, Thailand. Guam placed 6th.

July: Asian 5 Nations Men's Division 3 Tournament in Manila, Philippines. Guam defeated Indonesia in the opening match but lost the final to the Philippines finishing second.

September: Warm up Tour to Shanghai for East Asian Games. The Guam Women's team traveled to Shanghai for four matches against the Asian champion China team.

October: Asian Men's Sevens Circuit - Borneo. Guam finished the tournament in 7th place.

December: East Asian Games in Hong Kong. The highlight of the year was the performance of our Women in Hong Kong. The Men's team had a tough tournament against the top five teams in Asia and as expected struggled with the pace and size of the opposition. There was a lot to be learned from the tournament with new young players, both men and women, introduced to playing the best Asia has to offer in front of 12,000 spectators.

2010

July: Asian 5 Nations Men's Division 3 Tournament in Indonesia. Guam lost its opening game to a strong Iran team but defeated Indonesia in the second match to finish third and remain safely in Division 3 for next year.

July: Women's World University sevens: Guam competed at the International level in the World University Rugby Championships in Portugal. Guam won a match against Norway but was outclassed by the European ladies teams.

September/October: Asian Sevens Circuit - Shanghai/Borneo. Men's sevens team attended two Asian Sevens Circuit ranking tournaments. Guam finished third in our pool in Shanghai qualifying matches and ultimately sixth in the tournament. Guam finished seventh in Borneo and missed an invitation to play in the prestigious Hong Kong Sevens by one place.

2011:

Women's Sevens at Pacific Games: Guam competed at the Pacific Games in Noumea. Guam again suffered from taking a small (in both numbers and size) squad but played strong and earned respect from the opposition. The cost of this event was \$29,500 (Player airfares - \$22,000; Coach, Manager and Physio travel costs \$5,000; and Coach's on island costs \$2,500)

July: Asian 5 Nations Men's Division 3 Tournament in Indonesia. Guam won its opening game against the local Indonesian side but lost in a heartbreaking game against former Division 1 side China in the final. Funding for the trip was paid by the Asian Rugby Football Union but GRFU paid Coach's on island costs of \$3,000 and supplemental cost of the trip (not covered by ARFU) were \$8,400. ARFU contribute \$25,000.

September/October: Asian Sevens Circuit – Shanghai and Borneo. Guam did not attend either of these tournaments in 2011 – focusing funding and effort on the Women's Sevens team to the Pacific Games.

2012

June: Asian 5 Nations Men's Division 3 Tournament in Kuala Lumpur. Guam won its opening game against the local Indonesian side but again was not able to overcome India in the final. Funding for the trip was paid by the Asian Rugby Football Union (\$32,000 approx.) but GRFU paid our Coach's on island costs of \$3,000 and supplemental cost of the trip (not covered by ARFU) were \$8,400.

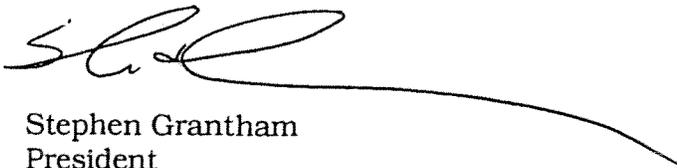
September/October: Asian Sevens Circuit – Rugby World Cup Qualifier. Guam attended only one of four Asian sevens Series ranking tournaments. We elected to attend the Rugby Sevens World Cup qualifying tournament in Singapore. Players cost was \$10,000 while the Union funded \$5,000 and ARFU \$2,000.

Rugby funding

Current funding for GRFU Rugby activities comes from four major sources –
Sponsorship (30-35%),
International Rugby Board grants and Asian Rugby Football Union competition travel subsidies (45-50%),
GNOC (10%) and
Players individual fundraising and contributions (5-15%).

The burden on players and rugby supporters would double without the contribution we receive from GNOC.

Kind regards



Stephen Grantham
President



January 31, 2013

Mr. Bob Steffy
Board of Directors
GNOC

Dear Bob,

The Guam Cycling Federation (GCF) offers this letter of testimony in support of the GNOC and as testimony against the passage of Bill 19-32. The GCF has benefited tremendously by its membership in the GNOC. The GNOC and its ability to fund off island travel for Guam's cycling athletes is integral to the GCF's mandate to provide our athletes with competitive opportunities. The recent participation of Derek Horton at the 2012 London Olympics is testament to the value of GNOC's financial assistance.

As we begin, 2013, the sport of cycling on Guam is growing in popularity. The GCF will continue to look to the GNOC for financial assistance in support of our athletes. The GCF, its board and its members are adamantly opposed to any legislation that would preclude or hinder the GNOC from fulfilling its objective to provide financial assistance so that Guam's athletes may continue to enjoy the same advantages that athletes have elsewhere.

Sincerely,

No signature necessary, sent via e-mail

Ben Ferguson
President
Guam Cycling Federation

Open letter regarding Bill 19-32

To whom it may concern,

My name is Neal Kranz and I have been involved in sport on Guam as an athlete, coach and sports administrator for quite some time. In these capacities I have witnessed sport go through ups and downs on the island. Today, though, it is not from the perspective of these roles that I would like to address my concerns relating to this bill.

Professionally, I am a teacher and have spent decades working with, and on behalf of, young people on Guam. It is because of my belief in the positive impact of sports on youth that I have chosen to speak against this bill today.

The issue of the revenue that is generated through the Sports Bingo program of the GNOC and the redistribution/reallocation of a significant portion of those funds through this proposed tax is at question. I do not wish to enter into a debate over who may feel entitled to what part of these funds or how they feel the funds should be used. That is a philosophical argument that centers around who is best at looking after the interests of different groups.

I would simply say this. I have clearly seen the very positive impact that sports federations on Guam have had on the youth of the island. Thousands of people, predominantly minors, participate in activities at the individual, club and national team levels that are organized by the different sports federations and, in my opinion this is a very important service for the community.

The people who run these federations are almost entirely volunteers and they must not only organize and manage activities, but also work almost constantly to generate the funds needed to keep things going. Every moment they have to spend focusing on fundraising is one less moment they can focus on other activities that help the people who benefit the most from the federations, the youth of Guam.

In truth, the GNOC is no more than the sum of the federations on the island. It follows simply that reducing the funds of the GNOC removes funding from the federations and directly impacts their ability to deliver the services they are already working hard to provide. I simply can't see how this can be framed as a positive for the segment of the population which I endeavor to serve and that is why I have chosen to write today.

It is my sincere hope that the people who have been invested with the power to serve the interests of the community reflect on the impact this bill will have on sport on Guam and decide against moving forward with this bill.

Thank you for your time.

Sincerely,

Neal Kranz



Marianas Judo Association
Dba
Guam Judo Association



January 31, 2013

Mr. Robert J. Steffy
Secretary General
Guam National Olympic Committee
and Board of Directors

Dear Mr. Steffy,

The Guam Judo Association is submitting a letter of support for the Guam National Olympic Committee's opposition of Bill 19-32(COR).

We have lived the challenges and difficulties of maintaining a judo program on Guam. For the last forty (40) years, Guam Judo has seen judo clubs go from seven active clubs down to one; there are currently two judo clubs in existence today. As a volunteer instructor and sport administrator, Bill 19-32 has the ability to harm our organization's fundraising activities.

As members of the International Judo Federation (IJF) and Oceania Judo Union (OJU), Guam Judo must send athletes to regional qualifiers in Oceania and Asia and to world championship events. Participation to tournaments allow us to gain points which help us to qualify for these Games. As part of our membership to the GNOC, we are also obligated to send a team to represent Guam at the Pacific Games, East Asian Games and the Olympic Games.

With the threat of this interim 20% tax to the GNOC Bingo Program, we are concerned that our funding will be reduced and our additional fundraising activities taxed as well. Guam doesn't have the necessary talent or population to host national competitions which would help to challenge and raise the level of competition for our athletes. We are forced to seek training and competition off-island.

Last year, Rick Blas, Jr. became the first Guam athlete to truly qualify for the London 2012 Games. The IJF recommended that as part of Ric Jr.'s preparation for the Games, he fight at the Korea World Cup, the Tokyo Grand Slam, the World Cup in Miami, Florida, and the European Tournament Circuit, which took place in four cities: Paris, Dusseldorf, Oberwart, and Prague.

Through the Northwest Development Agency of Great Britain and the Oceania National Olympic Committees Training Camp agreement, and after having qualified for the Games, Rick Jr. began training under Mike Liptrot, Kendall Judo Club, in Manchester, England, prior to the start of the Games.



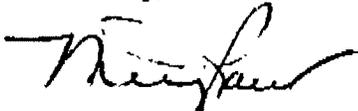
Marianas Judo Association
Db
Guam Judo Association



Even with these obligated events for our senior elite athletes, we sent our junior development teams to the Hong Kong Invitational, the JKJI Cup, Korea and the Oceania Judo Championship. Without the support of the Guam National Olympic Committee, we would not have been able to assist our junior development team in striving to gain competition experience and hopefully one day represent Guam at the Olympic Games.

Without the support grants we received from GNOC and its fundraising programs this would not have been possible. We have received grants from the IJF but the funding is very specific and last years funding was focused on qualifying athletes to London 2012. That is why grants from GNOC are very important to the success of our small program. I hope you can understand that the intention of this bill will hurt small organizations such as ours and we support you in your efforts to oppose Bill 19-3(COR).

Sincerely,



Sensci Melicia Paulino

Edwin K.W. Ching

P.O. Box 326478
Hagatna, Guam 96932
cell: 671-988-1084
ekwching@gmail.com

Guam Legislature
Public Hearing on Bill 19-32

Re: Bill 19-32

First, I apologize for not being able to personally appear before you at the public hearing held on February 1, 2013, at 9:00 am. Due to prior commitments, I was not able to attend. However, I wish to let my opinion be heard. Next, I apologize for some strong statements contained in this letter; however, I personally feel that it is time to say how I actually feel and think without "pulling any punches".

I strongly object to the passage of Bill 19-32 for the following reasons:

1. Section 2. Amendment to §6105.

This section allows the Commission to have:

“ . . . full and exclusive authority to promulgate rules and regulations related to gaming without any approval by, or delegation of authority from the Department . . . Until such time that the Commission has been seated and is officially performing its duties. . . ”

Even if such authority may be temporary, this law gives a single person to make rules and regulations without guidance, input from others, consultation, review, or approval of the legislature or anyone. The person making such rules is technically a "dictator" without review or supervision by anyone. The rules he/she may establish may be unreasonable, nonsensical, ridiculous, unfair, etc. and who can question or challenge him/her. There is no control here and problems will arise. He/she will be in a very strong and powerful position. Where are the checks and balances here? Who is he/she accountable to?

2. Section 4.

This Section establishes a 20% gaming tax on all gross receipts from gaming activities that do not have a specified tax rate. The 20% rate is excessive and it totally

disregards the cost of operation or of doing business. A 20% charge in any business is costly and will jeopardize the business operations of that organization assessed. How is this justified? The government takes zero risks and wants a 20 percent return. What if the business losses money? Does the government really care, or is the sole purpose is to make money regardless of the outcome? This is wrong, excessive and without reasonable grounds.

3. Section 5.

This Section states that the money will be given to the Mayors Council, Parks and Recreation and the Department of Education. I object on the following grounds:

a. Basically, government is inefficient and mismanaged. Government gives a lot of "lip-service" about being trying to be efficient, but in real life, it fails to be economical, practical, efficient and well managed. Here the government is taking money from businesses which must operate as efficiently and effectively as possible in order to survive, and the government in turn continues to operate inefficiently. The power to tax is great because all you do is take from the people, and spend it without truly being efficient and well managed. The government basically takes the money from hard working and basically efficient businesses, and gives it to inefficient government agencies. The Mayor's Council, Department of Parks and Recreation and Department of Education are inefficient and mismanaged. We frequently see in the news, reports and articles about mis-spending or mis-management by Parks and Recreation and the DOE. Such articles and reports are only the ones that are known or discovered - - just think about the incidents that we don't know about! Why should we take good money and waste it on inefficient agencies? We are just giving them more money to waste. There is not enough accountability.

b. There is no establish amount as to how the money shall be spread between the Mayor's Council, Department of Parks and Recreation and Department of Education. Will it be spread: 1/3 - 1/3 - 1/3? Or 25% - 10% - 65%? Or 5% - 50% - 45%? etc.

4. Finally, I object to Bill 19-32 on the grounds that it hurts the GNOC. The GNOC is an essential and a necessary organization on Guam. Every jurisdiction or country in the world that desires to participate in the Olympics and world class sporting events must have a sports organization that oversees, protects and helps sports in that country. Basically, all sports that desire to have an opportunity to participate in the Olympics and world class sports must a) belong and be part of a sporting organization or federation for the particular sport, b) that federation must belong to a national sports organization for all sports, then finally, c) such national sports organization must be a member of the World sports organization. For example: i) Swimmers must be a member of a swim

club, ii) which must be a member of its national swim federation, iii) which must belong to the national overall sports federation (here it's the GNOC), which finally, iv) must belong to the World Olympic organization. Or: swim club → national swim organization → national sports organization (GNOC) → World Olympic organization.

Basically, the system is a little complicated and costly to operate, but it works. Locally, the GNOC has successfully operated for over 24 years without government support. It has helped many athletes and sports organizations by funding clinics, training at off-island locations such as in Australia, London, and the U.S. They have paid for off-island special coaches, officials and many other expenses to the benefit of various sports. They have raised funds for the seven (7) Olympics without government funding. Each Guam Olympic required thousands and thousands of dollars to send a Guam team.

Taking 20% will have a substantial negative and chilling effect on all sports on Guam. The government has not been a strong supporter of sports on Guam. You hurt the GNOC, you hurt sports on Guam. I strongly recommend against the passage of Bill 19-32 in any form whatsoever.

Sincerely,



Edwin K.W. Ching



FEDERATION OF PANGASINANSES ON GUAM

Post Office Box 11286 Tamuning, Guam 96931

Phone: 1.671.649.1931 * Fax: 1.671.649.1932 * Email: pangasinan@gmail.com

January 31, 2013

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Hon. Vicente "Ben" Pangelinan
Senator, 32nd Guam Legislature
Hagatna, Guam 96910

Dear Senator Pangelinan:

Hello and Hafa Adai!!! to you and all members of the 32nd Guam Legislature. I, Vic R. Rivo, am the president of the Federation of Pangasinanses on Guam (FOPOG), a non-profit organization legally registered with the Department of Revenue & Taxation, Government of Guam, since February 2002.

The purpose of this letter is to convey to you and members in the 32nd Guam Legislature that we, members of FOPOG, are opposed to Public Bill 19-32 (COR).

FOPOG has sponsored the PANGASINAN BINGO since 2002. With the funds we raised thru our bingo operation, we have continuously sponsored scholarships for deserving students at the University of Guam and Guam Community College. We started from 10 students at each institution but currently we increased to 20 student each with every semester tuition fees for all students paid for by FOPOG. A few of our scholars had already graduated and are now successful in their chosen careers. We also have continuously donated cash to cash-short charities on Guam, to name a few like; RED CROSS, Cancer Society of Guam, Guam Diabetes Association, Guam Memorial Hospital Volunteers Association, St. Dominic Shelter, Regalu Foundation and other non-profit organizations.

We also have continuously donated cash to mostly all of the Island's Youth Sports Association. We never turned down any citizen, regardless of race, age and gender who comes to us for medical related assistance either on or off-island.

- **Hafa Adai** Senators and Members of the Committee. My name is Ray Blas and I am the Acting Director of the Department of Parks and Recreation.
- I am here in full support of Bill 19.
- I have been involved in both sports and government most of my life.
- During this time, I have seen our sports and recreation programs and facilities at their best, and unfortunately, I am now seeing it at its worst.
- The Department at one time was a bright spot in the Government with youth programs, youth centers, and well maintained facilities.
 - Many of you grew up in our island's youth centers and recreation facilities and benefitted from this. Today our kids are not getting the same opportunity that we did because of funding.
- Being appointed to serve as the Director of Parks and Recreation this year has been a humbling experience. The Department once had over 160 employees and a budget to take care of our island's parks and recreation facilities. Today we have less than 50.
- We have more facilities to maintain, one-third of the staff, and less than half of the budget we once had.
 - While I know as Director we can handle this challenge, it saddens me as a parent and a grandfather, because I know we are not providing our children with the same opportunities that we had when we were younger.
 - We are failing them.
 - It also saddens me as a Director because I have employees dedicated to this Department, but I don't have the money and tools to give to my people to do their job. The Department and the employees get blamed by the public and the media for the poor state of the

facilities, when the real problem is funding. This has been demoralizing.

- When I see the state of DPR, its budget manpower and resources, it makes me respect my friends and previous Directors like Senator Morrison and Joe Duenas, because these young leaders did more with less and made things happen.

Joseph Mendiola

- ~~Chopper~~ who runs the Recreation Division often borrows and trades services for basic things like toilet paper and basket ball rims.
- Rick Ninete, who has been active in the GNOC, the Tennis Federation, and the Department has to seek donations to keep the Ninete Tennis Center Maintained.

Rudy Mangiona

- ~~Rita Artero~~ and the Sports Complex staff often use their own money to make things happen at the Dededo Sports Complex. They ask parents to keep the grass cut at times.
- Yet all of these good public servants people are often blamed for the state of our sports facilities, which is really the result of our failure to fund them.
- If you drive around the island and look at the state of our community sports facilities and then drive on base in see their facilities, we have clearly failed. Our children and families should have the same facilities, but they don't.
- When you hear about school gyms being closed for years and notice that the Government of Guam doesn't even have the money to put up a simple basketball hoop, there is a problem.

- The only real solution I have seen put forward to finally solve the root of this problem is Bill 19 put forward by Senators Chris Duenas, Tommy Morrison, and BJ Cruz.
- I know it might not be popular to testify in favor of this bill in this room today, but I'm here because it's the right thing to do. We need to do this for our kids. We need to give our kids the programs and facilities we were given by our leaders when we were young.
- In closing, the GNOC and these federations have done a lot for our community, but they are conducting a lottery similar to the ones in the states. A portion of this money should go to facilities because it only benefits them and their athletes. I don't know why they are fighting this.
- Thank you Senator Duenas, Cruz, and Morrison for the political courage to introduce Bill 19. Thank you for doing the right thing for our kids, our families, and our athletes.



Eddie B. Calvo
Governor

Ray Tenorio
Lt. Governor

Department of Parks and Recreation
Government of Guam
490 Chalan Palasyo
Agana Heights, Guam 96910
Director's Office: (671) 475-6296/7
Facsimile: (671) 477-0997
Parks Division: (671) 475-6288/9
Guam Historic Resources Division: (671) 475-6294/5
Facsimile: (671) 477-2822



Raymond F.Y. Blas
Acting Director

2-15-13 BL

February 8, 2013

MEMORANDUM

TO: Senator Vicente (ben) C. Pangelinan, Chairman
Committee on Appropriations, Public Debt, Legal Affairs, Retirement,
Public Parks, Recreation, Historic Preservation, and Land
Senator Christopher Duenas
Senator Tommy Morrison
Senator Benjamin Cruz

FR: Director, Department of Parks and Recreation

RE: Written Testimony in Support of Bill 19



Buenas yan Hafa Adai! Thank you for the opportunity to submit testimony on behalf of the Department of Parks and Recreation (DPR). DPR is in full support of Bill 19.

As a resident and native of Guam, I have been involved in both sports and government most of my life. During this time, I have seen our island's sports facilities at their best, but unfortunately, over the years, I have seen things deteriorate.

DPR at one time was a bright spot in the Government with youth programs, youth centers, and well maintained facilities. Many of us grew up in our island's youth centers and well-kept recreation facilities and benefitted from this. Today our kids are not getting the same opportunity that we did because of limited funding.

Being appointed to serve as the Director of Parks and Recreation this year has been a humbling experience. The Department once had over 160 employees and a budget to take care of our island's parks and recreation facilities. Today we have less than 50 employees. We have more facilities to maintain, one-third of the staff, and less than half of the budget we once had. While I know as Director we can handle this challenge, it saddens me as a parent and a grandfather, because I know we are not providing our children and athletes with the same opportunities that we were provided by our leaders when we were young.

I have some of the most dedicated employees at this Department, but we simply don't have the funding to provide them the tools and resources they need to do their job. The Department and the employees are often blamed by the public and the media for the poor state of the facilities, when the real problem is funding. This has been demoralizing. When I see the state of DPR, its budget, manpower, and resources, I wonder how previous Directors and employees managed to keep things going all these years.

Joe Mendiola our Recreation Administrator often borrows and trades services for basic things like toilet paper and basketball rims. Rick Ninete, who has been active in the GNOC, the Tennis Federation, and the Department, has to regularly seek donations and volunteers just to keep the Ninete Tennis Center maintained. The Sports Complex staff often use their own money for basic maintenance and recreation activities. They ask parents and volunteers to help do basic things like cut the grass. These people have gone above the call of duty to keep things going in this Department, yet all of these good public servants are often blamed for the state of our sports facilities, which is really the result of our failure to fund them.

If you drive around the island and look at the state of our community sports facilities and then drive on base in see their facilities, somewhere along the line, we have clearly failed. Our Guamanian children and families should have access to the same facilities, but they don't. When you hear about school gyms being closed for years and notice that the Government of Guam doesn't even have the money to put up a simple basketball hoop, there is a problem.

The only real solution I have seen put forward to finally solve the root of this problem is Bill 19 put forward by Senators Chris Duenas, Tommy Morrison, and BJ Cruz. I know it might not be popular to testify in favor of this bill, but as a parent, grandparent, and government leader- it's the right thing to do. We need to do this for our kids and our future Olympians. We need to give our kids and athletes the programs and facilities we were given by our leaders when we were young.

In closing, the GNOC and these federations have done a lot for our community, but they are conducting a lottery similar to the ones in the states. A portion of this money should go to facilities because it only benefits them and their athletes. \$50 a year is simply not enough for the public benefit.

I'd like to thank Senators' Duenas, Cruz, and Morrison for the political courage to introduce Bill 19. Thank you for doing the right thing for our kids, our families, and our athletes.



Raymond F.Y. Blas
Acting

Leonardo M. Rapadas
Attorney General



Phillip J. Tydingco
Chief Deputy Attorney General

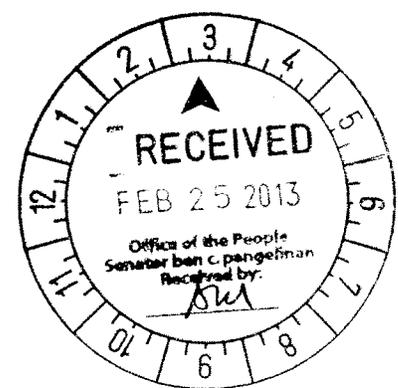
OFFICE OF THE ATTORNEY GENERAL

February 25, 2013

HAND DELIVER

Ref: LEG 13-0163

Honorable Vicente C. Pangelinan
Senator
Committee on Appropriations, Public Debt, Legal
Affairs, Retirement, Public Parks, Recreation,
Historic Preservation and Land
I Mina'trentai Dos Na Liheslaturan Guåhan
Ste. 101 Quan Bldg.
324 W. Soledad Ave.
Hagatna, Guam



Re: Bill No. 19-32 (COR)

Dear Senator Pangelinan:

The following is our analysis of Bill No. 19-32 (COR). For convenience, the Bill is attached hereto.

Although the language of Bill 19-32 is somewhat confusing, if it becomes law, it could be claimed that the Bill is intended to legalize certain electronic gambling devices – including the Liberty gaming machines which were so abundant in gaming parlors and bars in 2008 before the Superior Court ordered the Department of Revenue and Taxation (DRT) to revoke the licenses/registrations for the Liberty machines and other similar gambling devices. Two cases involving the legality of electronic gaming devices are currently pending in the Superior Court of Guam.¹ Furthermore, this type of gambling has been rejected by the voters of Guam.

Bill 19-32 plainly states in the caption to the Bill and in the Sections in the Bill that it amends administrative rules and regulations found in Chapter 7, Title 3 of the Administrative

¹ The case ordering the revocation of the Liberty gaming devices is *Rapadas v. Benito v. Guam Music, Inc.*, Superior Ct. No. SP0141-08. This case has been appealed to the Guam Supreme Court twice and remanded back to the Superior Court both times. A companion case is *Guam Music, Inc v. Camacho*, Superior Ct. No. SP0219-08. *Guam Music, Inc.* has been appealed to the Guam Supreme Court once and then remanded back to the Superior Court. Both cases are now pending in the Superior Court. Both cases involve the issue whether *Guam Music, Inc.* is entitled to have its electronic Liberty machines licensed as amusement devices or whether the devices cannot be licensed because they are gambling devices.

Rules and Regulations; more specifically the Bill would amend certain rules and regulations found in 3 GARR §§ 7101-7167 (the "Regulations"). Since the Bill 19-32 merely amends rules and regulations and does not create new law, it is questionable whether the Bill has any real meaning.

Language in Section 1 of Bill 19-32 states: "[S]ince the rule-making authority [of DRT] did *not* allow for the repeal and re-enactment of existing statute, the regulations were placed in Chapter 7 of Title 3, Guam Administrative Rules and Regulations." Bill, p. 1. (Emphasis in original). Of course, Rules and Regulations *cannot* repeal and re-enact existing laws; nor can amendments to Rules and Regulations change existing laws. "An administrative agency may not employ its rule making power to modify, alter, or enlarge provisions of a statute which it is charged with administering." *Brunk v. Nebraska State Racing Commission*, 700 N.W.2d 594, 601 (2005). "Administrative rules or regulations cannot amend or change legislative enactments." *Dep't of Ecology v. Campbell & Gwinn, L.L.C.*, 146 Wash.2d 1,*19 (2002).

1. Electronic Gaming Devices

At the present time, the licensing of gaming devices is specifically prohibited on Guam by duly enacted laws. See 11GCA § 22202 (as amended May 18, 2007) ("No slot machine or amusement devices set to make progressive or automatic payouts *shall* be licensed under this Section [which establishes licensing fees for amusement devices]. No gambling device as defined in 9 GCA §64.20(b)² shall be licensed under this Section." (footnote. added)). The rules and regulations, which Bill 19-32 would amend, permit the type of gambling that is now prohibited by 11 GCA § 22202 and 9 GCA § 64.20(b). Hence, the Regulations conflict with existing law.

Both Bill 19-32 and the Regulations refer to limited gaming. Under the Regulations, limited gaming, which includes gambling with electronic gaming devices, is authorized on Guam.

Limited gaming as defined in Section 7102(y) is hereby authorized and may be operated and maintained and conducted subject to the provisions of the Gaming Control Act. All limited gaming, as said term is defined in Section 7102(y), shall be regulated by the Commission.

3 GARR § 7103. Section 7102(y) defines "limited gaming" as follows:

² Under 9 GCA § 64.20(b) a gambling device is defined as follows:

As used in this Section, gambling device means any coin operated device which, when operated, may return winnings (other than free games not redeemable for cash) of value to the user based partially or completely upon chance, by the operation of which a person may become entitled to receive winnings of value. It does not include pinball and other amusement machines or devices which are predominantly games of skill, whether affording the opportunity of additional chances or free plays or not: It does include any slot machines, video poker machines and other machines or devices which afford the opportunity of winnings, payouts, malfunction refunds to the player, or giving the player or user anything of value under any guise or form based partially or completely upon chance.

“Limited Gaming” means land based bingo, cockfighting, dog racing, land based lottery, carnival or liberation day gaming, and operation and **use of land based electronic gaming devices as authorized herein**. All equipment or paraphernalia used, or intended to be used, in limited gaming or any limited gaming activities shall be “limited gaming equipment” or “limited gaming devices.”

33 GARR § 7102(y). (Emphasis added). The types of limited gaming authorized are the following:

(a) The following are the only limited gaming activities authorized in Guam under this Act:

- (1) Bingo . . .
- (2) Cockfighting . . .
- (3) Dog racing . . .
- (4) Public lottery and carnival or Liberation Day gaming and
- (5) **Electronic gaming devices that have been registered or were at any time previously registered by the Department of Revenue and Taxation pursuant to 11 Guam Code Annotated Chapter 22 Article 2 prior to August 1st 2001.**³ Any electronic gaming devices previously registered with the Department may be replaced by new electronic gaming devices which are approximately similar to the old gaming devices being replaced provided all old electronic gaming devices being replaced are disposed of or stored pursuant to rules and regulations issued by the commission.

3 GARR § 7114(a). (Emphasis added). Section 7114(a) above is an *exclusive* list of all legal gaming activities.

All limited gaming activities aside from those listed in subsection (a), and the importation, manufacture, and distribution of gaming devices in an attempt to conduct such limited gaming activities, except as indicated in the Gaming Control Act, are considered illegal and in violation of this Act. * * *

3 GARR § 7114(b). (Emphasis added). Under the Regulations, DRT may issue gaming licenses for limited gaming activities.

“Gaming license” means a license that authorizes any person, corporation or entity to engage in gaming and to repair, transport, manufacture, sell, purchase, operate and use all gaming equipment or gaming devices and to engage in all remote, satellite, and on- line gaming activities and other off-site betting activities and to engage in a lottery or lottery games.

3 GARR § 7102 (p).

³ This language would give a monopoly to electronic gaming device owners whose devices were licensed by DRT prior to August 1, 2001. The gaming devices that were licensed prior to August 2001 are predominately the Liberty machines.

The above cited statutes – 11 GCA § 22202 and 9 GCA § 64.20(b) – and regulations – 3 GARR §§ 7103, 7102(y), 7114(a) & (b), and 7102 (p) – leave no doubt that the Regulations allowing the licensing of electronic gaming devices are in direct conflict with the statutes prohibiting the licensing of electronic gaming devices. Since rules and regulations cannot alter or amend legislative enactments, the statutes prohibiting electronic gaming devices would remain in effect. And the conflicting rules and regulations that allow electronic gaming devices would have no force and effect.

There are additional problems with the Regulations. The Regulations were submitted to the Legislative Secretary on January 3, 2003 with a cover letter dated December 31, 2002. However, there is no record that a public hearing was ever held regarding the Regulations or that an economic impact statement was submitted to the Legislature. Both the record of the public hearing and the economic impact statement are required to be submitted to the Legislature pursuant to the Administrative Adjudication Law. There is also a question whether Public Law 26-52, which in its substantive provisions deals exclusively with cockfighting, legally authorized the drafting of the Regulations.

It is a tenant of legislative interpretation that one must determine legislative intent and give meaning to a statute without altering or amending the statute's scope. *Craftworld Interiors, Inc. v. King Enterprises, Inc.*, 2000 Guam 1, ¶ 17. However, notwithstanding the deference due the plain-meaning of statutory language, such language need not be followed where the result would lead to impractical consequences, untenable distinctions, or unreasonable results.” *Sumitomo v. Government of Guam*, 2001 Guam 23, ¶ 17.

Bill 19-32 unequivocally states that it amends the Regulations. It does not enact the Regulations into law. The Regulations authorize the licensing of electronic gaming devices. The licensing of electronic gaming devices is prohibited by Guam law. The Superior Court has ordered DRT to revoke licenses previously issued to owners of electronic gaming devices. This order has not been overturned. Hence, Bill 19-32 amends rules and regulations that are unenforceable because they conflict with existing law. Also, the Regulations themselves are not legal because they were not adopted according to the requirements of the Administrative Adjudication Law. Therefore, the plain meaning of Bill 19-32 leads to an inconsequential result because the amended Regulations are not enforceable.

2. Other Types of Gaming

As discussed above, Guam law does *not* authorize DRT to license electronic gaming devices such as Liberty gaming machines. *See* 11 GCA § 22202 & 9 GCA § 64.20(b). And the regulations in 3 GARR, Chapter 7 are not enforceable. This has raised the question that if these Regulations are unenforceable, what authority is there for the licensing of other types of gaming. The response is that there are other laws authorizing the licensing and permitting of certain types of gaming subject to specified restrictions.

a. Cockfight Gambling. The Cockpit Licensing Board is authorized to license cockpits where wagers may be made on the result of a cockfight. *See* 22 GCA § 39105 & 9 GCA § 64.40.

b. Carnival or Fair Gambling. The Governor is authorized to license or permit gambling concessions and the playing of gaming devices during a fair or carnival and during the Guam Island Fair and Liberation Day Carnival. 9 GCA § 64.62. (“Section 64.10 of this Title [defining gambling] does not apply to any gambling conducted by a person who has been issued a permit by the Governor for concessions operated during a fair or carnival, and Section 64.20 of this title [making importation of gambling devices illegal and defining gambling device] does not apply to possession of any temporarily licensed gambling device during any Guam Island Fair, Liberation Day Carnival or any other fair or carnival for which the Governor has issued a proclamation.”)

c. Non-Profit Bing and Lotteries. DRT may issue permits to conduct gambling activities to certain non-profit organizations. The non-profit organizations that may be issued permits are churches or religious organizations; fraternal or fraternal benefit societies; education or charitable organizations; and clubs or organizations organized and operated exclusively for pleasure, recreation and other nonprofit purposes when no part of the net earnings inure to the benefit of any member or shareholder. The gambling activities that DRT is authorized to issue permits for are bingo games and lotteries (raffle tickets). Permits may not be issued for any form of casino gambling. *See* 9 GCA § 64.70.

Thus, the permitting and licensing of the above listed gambling activities are authorized by various Guam laws. On the other hand, Guam law prohibits the licensing of electronic gaming devices. Since the Regulations in 3 GARR §§ 7101-7167 conflict with Guam law, they are not enforceable. Any properly adopted and legally sufficient regulations that apply to the forms of gambling that are authorized by law are enforceable.

Sincerely,



J. Patrick Mason
Deputy Attorney General

cc: Honorable BJ Cruz, Vice Speaker
Honorable Christopher Duenas, Asst. Minority Leader
Honorable Thomas Morrison, Minority Whip
Attorney General
Chief Deputy Attorney General

Testimony on Bill 19-32
34th Guam Legislature

Tenpin Bowling may not be an Olympic Sport, however it is recognized as an official sport in the program of the International Olympic Committee. As a member of the Guam National Olympic Committee, Guam Bowling Congress has benefitted from the Bingo Lottery program. In the early years of the program, the funding received from the disbursement of the profits were used to pay for our membership fees to the international organizations including the Federation Internationale des Quilleurs, World Tenpin Bowling Association, Asian Bowling Federation, East Asian Pacific Tenpin Bowling Council and the Asian Intercity Bowling Council which totaled an annual amount between \$2,000.00 to \$2,500.00.

Competitively, Guam's National Bowling Team benefitted from the program, as we were able to send delegates to the East Asian Games in Busan, Korea 1997; Osaka, Japan 2001; Macau, China 2005 and Hong Kong, China 2009.

As the profits increased, we were able provide start up cost to host international events such as the 2004 World Youth Tenpin Bowling Championship which brought in 32 countries to the island; 1997, 2006 and 2009 Asian Intercity Bowling Championship; 2005 and 2010 East Asian Pacific Tenpin Bowling Championship and the 2003 and 2011 Asian Seniors Bowling Championship.

Additionally, we have been able to pay for entry fees to compete in international events such as the East Asian Pacific Tenpin Bowling Championship, Asian Intercity Bowling Championship, Asian and World Championships and we are working on other programs to help our up and coming young bowlers prepare for the international level.

However, even with the profits received, it is still not sufficient to support all the activities of the organization. Therefore our organization, through our competitors and facilitators still have to go out of their way to raise the funds needed to represent our island.

On a personal note, I have been quite fortunate to see how much the program has assisted not only Guam's bowlers, but also our athletes in other sports. I believe that the passing of this bill will greatly affect not only our sport's ability to assist our athletes, but also the ability to stay independent without being taxed on every fundraiser we do. This island has gifted athletes who have learned how to combine their training regiment, practice and competition schedule along side with a special talent of learning how to work with their facilitators to come up with the funds needed to compete in these international events. That special gift is embedded in their ability to come up with many different activities and promotions such as raffle sales, car washes, bar fundraisers, food plates, etc. of which they don't even know they possess.

I have been a part of many international events as a competitor and administrator and I understand the difficult tasks of getting a team to an event. I was blessed to have won a bronze medal in the 2001 East Asian Games in Osaka, and remember being approached by the other medalists as we congratulated each other. As we shared our moment, the two of them were ecstatic about what they were going to receive from their respective governments inclusive of monetary incentives and other gifts, and then they turned to me and ask me what my prize would be from my government. Unfortunately, I couldn't give them an answer. Instead, all I did was continue to hold my head up high and know that I did my very best for the place I call home. Many of us understand that our island can't afford the type of compensation the other countries provide for their athletes but we take pride for what this island has given us, most especially the support we have been getting from our families and community and I am thankful for GNOC for providing me with the opportunity to represent our island in these high level regional events. With this, the greatest incentive I had was the joy I felt when our flag was raised during the medal ceremony of the event.

Many international teams receive support of their government. We understand that providing for sports organizations is a very difficult undertaking for our government and although we would love to see monies from the government to be set aside for our assistance, we don't believe our tax payers should be burdened with this, especially with today's economic situation. We agree with the stance that GNOC has relative to being autonomous from government assistance. We have also seen how all of our organizations and their athletes are able to maintain and meet requirements and goals. Many of us have also experienced how tough it is, especially with the economic situation we are experiencing, to go before business executives to request for sponsorship, monetary and in-kind as well as applying for government grants. However inclusive of their continued support, it still doesn't cover the full cost such as airfare, hotel accommodations, daily per diem, competition fees, uniforms and the amount of time it takes to prepare for the event for some of our organizations.

I believe you have good intentions for this bill in helping our community and future athletes. We understand that you continue to be approached by many other sports organizations to assist them with their funding dilemma. At present, many of our athletes continue to work hard and go through the extra burden of raising the funds to represent our island. It would be nice to have our government pay for all our expenses, but we know this is wishful thinking. Even with the passage of this bill, we know that government will not be able to fully fund all the requests that are out there. Taxing us on our fundraising efforts should not even be an option in the bill you introduced. GNOC does its part in helping our community provide for our elite athletes and its member organizations. The funding we receive from the Bingo profits will continue to help our sports federations assist our athletes and our programs. Passing this bill will definitely hinder our ability to provide for our athletes and the future of our international representation. If you would like to help our athletes, I plead for your kind consideration in not supporting Bill 19-32.

FEB 07 2013

Honorable Vicente C Pangelinan
Committee on Appropriations, Public debt, Legal Affairs, Retirement, Public Parks, Recreation,
Historic Preservation and Land
Suite 101
Quan Building.
Hagåtña, Guam 96910

TESTIMONY ON **BILL 19-32(COR)**, AN ACT TO AMEND CHAPTER 7, TITLE 3, GUAM
ADMINISTRATIVE RULES AND REGULATIONS, REALATIVE TO CAPTURING
LICENSE FEES AND TAXES FROM GAMING OPERATION

The Guam Sailing Federation (GSF) is providing this testimony in support of the basic intent of Bill 19-32: to collect taxes due to the government of Guam, and therefore the people, from gaming activities such as the Guam National Olympic Committee (GNOC) Bingo. We support the intent to utilize those taxes for recreational activities throughout the island, but propose changes to the bill to expand the list of intended recipients of funds collected to support recreation throughout the island community.

Our testimony is meant to ensure that the GNOC Bingo monies intended to support recreation on island are actually used for their intended purpose. We feel that is not really happening now. A past action against GSF to remove it from the GNOC and cease the distribution of Sports Bingo proceeds, in spite of being an initial investor in the Bingo operation, is not the way to support a sports organization nor develop sporting activities. The GNOC leadership has been shown to support only those organizations that fall in line and do not criticize the organization's leadership.

If this bill moves forward, the Guam Sailing Federation recommends the following changes be made to bill:

A rewriting of page 3 line 7, Section 5. Amendment to 7148 (e), relative to the limited gaming fund. Rather than the proposed plan in the Bill, the GSF believes that agencies and sports organizations in good standing with a recognized sports body, including their International Federations and not necessarily only GNOC, be allowed to submit projects to a commission for grants that would benefit sports and recreation activities. This commission could possibly be the Recreation Commission. Or it could be a new commission perhaps made up representatives of various sports organizations in good standing with a recognized sports body, including their International Federations. Perhaps there should be fairly expansive list to include organizations not necessarily affiliated with GNOC. Or the commission could award yearly grants to sports organizations or Federation in good standing with some internationally or nationally recognized governing body for their specific sport.

Additionally, guidelines and criteria for selection of sports for grant awards should ensure that all the various types of sports, not just mainstream sports, benefit from these funds. Sailing, surfing

and kiteboarding are not mainstream sports, but are good examples of specific individual and small team sports in which our athletes can excel, considering our excellent access to water and good year round training conditions.

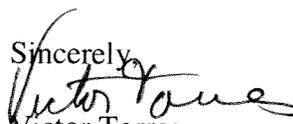
We believe that the bill should ensure that all gaming activities should be taxed regardless of organization or affiliation. At the same time, language should be provided in the bill that ensures that other non-profits that do not engage in licensed gaming activities are not unfairly taxed. For example, are organization fundraising raffle sales subject to government taxation?

The 20 percent tax rate on the gross proceeds proposed in the bill may not be wise if it makes the bingo financially unfeasible. It may be best to conduct a financial analysis to determine a more reasonable tax rate. The tax rate for other organizations should also be determined independently as each bingo or gaming activity may be unique.

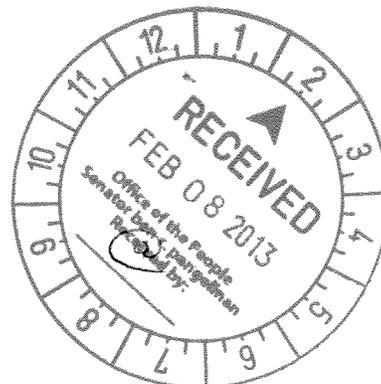
We support the need for more government oversight of the Guam National Olympic Committee and other similar sports organizations licensed gaming activities and how the monies generated are utilized for supporting a range of recreation activities and organizations and not just Olympic sports or GNOC Federations. GSF feels that there should be better oversight and transparency in how Bingo lottery funds have been allocated by the Guam National Olympic Committee in support of recreation. In the absence of any oversight, at the least the GNOC needs to pay its fair of gaming taxes to support recreation at all levels.

We are also concerned about the amount of monies generated by the GNOC Bingo that leaves the island and whether that is the best way to support the sports, recreation and island businesses. Perhaps an audit needs to be made to see if the GNOC Bingo is really benefitting the community in general or a significant source of monies leaving the island.

The bill as presented needs more work and discussion. The Guam Sailing Federation is looking forward to the next version of the bill and hopes that the legislature incorporates some of the recommendations brought forth in this testimony.

Sincerely,

Victor Torres

For the Guam Sailing Federation



COPY

Edward JB. Calvo, Governor Maga'ahi
Raymond Tenorio, Lt. Governor Tinente Gubetnadora

Dipåtamenton Kontribusion yan
Adu'ána

DEPARTMENT OF

REVENUE AND TAXATION

GOVERNMENT OF GUAM

Gubetnamenton Guåhan

John P Camacho, Acting Director
Marie MBenito, Acting Deputy Director
Sigundo Direktot



January 25, 2013

Ms. Gayvial James

Internal Revenue Service

Taxpayer Advocate Service, M/S H2200

1099 Alakea Street, Floor 22

Honolulu, Hawaii 96813-4514

Tel: (800)566-2950 Fax: (800)566-2986

RE: Guam National Olympic Committee

EIN/SS#: 98-0087078

Dear Ms. James:

Transmitted herewith is a certification of verification for the non-profit, partnership or corporation EIN number assigned by IRS identified above. The certification is for tax year(s) **2011**. By filing with Guam taxpayer/s have fulfilled their federal filing requirements for the tax year(s) in conformance with **Subsection 935** of the U.S. Internal Revenue Code

Your assistance is requested to help resolve **Guam National Olympic Committee** for non-profit, partnership or corporation issues. Enclosed are copies of documents from the IRS. If any additional information is needed to facilitate this request please let me know. Finally, please contact taxpayer/s to advise them on the status of their case at the following address:

Guam National Olympic Committee

PO Box 21809

GMF, Guam 96913

Thank you for your assistance on this matter.

Sincerely,

For: *Paul J. Terlaje*

Paul J. Terlaje

Administrator

Taxpayer Services Division



Dipåtamenton Kontribusion yan
Adu'aña
DEPARTMENT OF

REVENUE AND TAXATION
GOVERNMENT OF GUAM Gubetnamenton Guåhan

Edward JB Calvo, Governor Maga'lahi
Raymond Tenorio, Lt Governor Tinente Gubetnadora

John P Camacho, Acting Director
Marie M Benito, Acting Deputy Director
Aktot Sigundo Direktot

DATE: January 25, 2013

C E R T I F I C A T I O N

*I hereby certify that an inspection of our
Tax records has been made and disclosed that:*

Guam National Olympic Committee

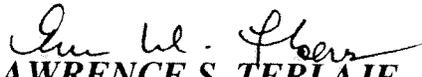
EIN: 98-0087078

*Has/have U. S. Non-Profit, Partnership or Corporate Income tax return(s),
990*

*Filed with the Department of Revenue and Taxation
For tax year(s):*

2011

*IN WITNESS WHEREOF, I have
Hereon set my hand and caused the seal of this office to be
Affixed on the day and year first above written.*

for: 
LAWRENCE S. TERLAJE
*Supervisor, Income Tax
Assistance and Processing Branch*

SEAL

TAPP83
1/25/13

Work with Miscellaneous Returns

WRKMMST
12:17:41

Position to taxpayer id no

Type option, press Enter.

-Change Schedules 4=Delete 9=Notices 5=Display 11=Tickler 6=Process 12=Close 7=Print 16=Referral

Opt	DLN	Tax form	Tax Year	TIN	Taxpayer Name	Rtn Sta
	20080770090	990	2007	980087078	GUAM NATIONAL OLYMPIC COMMITTE	S
	20090710504	990	2008	980087078	GUAM NATIONAL OLYMPIC COMMITTE	S
	20100760135	990	2009	980087078	GUAM NATIONAL OLMPIC COMMITTEE	S
	20110820297	990	2010	980087078	GUAM NATIONAL OLYMPIC COMMITTE	
	20120790949	990	2011	980087078	GUAM NATIONAL OLYMPIC COMMITTE	S

F3=Exit F5=Refresh F8=Index F10=Position F12=Cancel
F17=Chg Prntr F18=Tickler F23=More Options

Guam U.S.A.



Department of Revenue and Taxation

Government of Guam

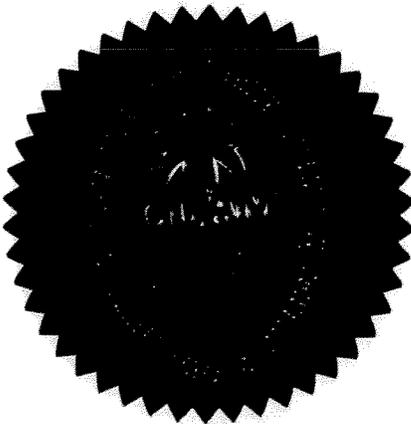
CERTIFICATE OF EXISTENCE

I, the undersigned Director of the Department of Revenue and Taxation, do hereby certify that according to the records of this Department,

GUAM NATIONAL OLYMPIC COMMITTEE

Charter Number: D-9393

was incorporated under the laws of Guam U.S.A. pursuant to **Title 18, Guam Code Annotated §28108** on January 17, 1992 and that it is an existing corporation in **GOOD STANDING**, and is duly authorized to transact business in Guam.



In Witness Whereof, I have hereunto set my hand and affixed the Seal of the Government of Guam this *25th* day of *January, 2013.*

John P. Camacho

JOHN P. CAMACHO

Director

By: *George V. Cruz*
GEORGE V. CRUZ, Supervisor
General Licensing and Registration Branch

Press Enter to continue.

Enterprise file no . . . : D 9393
 Enterprise name . . . : GUAM NATIONAL OLYMPIC COMMITTEE (INC)

FKA name :

Agent name : RICARDO C. BLAS, REGISTERED AGENT/PRESIDENT
 EIN : 980087078 Phone # . . . : (671) 647-4662
 Address Line 1 . . . : POB 21815 GMF GUAM Zip code 96913
 Address Line 2 . . . : HILTON HOTEL ANNEX Term . . . : 50
 Address Line 3 . . . : TUMON, GUAM Exempt
 Incorporated state . . : GUAM USA
 Filed date : 1 17 1992
 Dissolved date : Withdrawn date . . .
 Name changed date . . . : Revoke date
 Corp approved date . . : 3 6 1992 Reinstated date . . .
 Merged date :
 Bylaws filed date . . . : 1 17 1992

F3=Exit F12=Cancel Roll=Next/Prev Rcd

BLB01

Work with Enterprise Activity Records

WRKBENA

1/25/13

12:35:05

Enterprise file no D

9393 Name . GUAM NATIONAL OLYMPIC COMMITTEE

Type option, press Enter.

1=Select

2=Change

4=Delete

5=Display

Opt	Year	Status	Status dte	Lic fee
—	2004	N	8/02/2004	100.00
—	2005	R	12/01/2005	10.00
—	2006	R	10/23/2006	10.00
—	2007	R	10/08/2007	10.00
—	2008	R	1/28/2009	10.00
—	2009	R	12/17/2010	10.00
—	2010	R	12/17/2010	10.00
—	2011	R	12/21/2012	10.00
—	2012	R	12/21/2012	10.00

F3=Exit

F5=Refresh

F6=Add

F12=Cancel

Bottom

You have reached the bottom of the list.

WRKBENA



CERTIFICATION

I hereby certify that an inspection of our records has been made and disclosed that:

NAME: GUAM NATIONAL OLYMPIC COMMITTEE
ADDRESS: P.O. BOX 21809 GMF BARRIGADA, GU 96921
EIN/SSN: 98-0087078

Has no record with us.

Has liability with us.

Has not filed certain requirements.

Has no tax liability with us.
Note: DOES NOT INCLUDE REAL PROPERTY TAX.

OTHER _____



Certified on: 25 January 2013
(Date) (cb23)

Maria D. Mesa
MARIA D. MESA, Supervisor
Collection Branch

GUAM NATIONAL OLYMPIC COMMITTEE

	<u>2002 - 2012</u>	<u>Proposed Legislation</u>
Income	22,443,654.90	22,443,654.90
Cost of Sales	9,399,339.45	
Gross profit	13,044,315.45	
 Expenses		
Management payroll	591,915.83	
Staff payroll	260,962.98	
Management rent	127,190.69	
Office power & rent	72,355.88	
Security & insurance	19,986.99	
Travel	25,786.84	
Bank charges	17,557.69	
Supplies	44,659.67	
Advertising	680,966.31	
o	86,884.14	
Telephone	112,740.09	
Office	78,522.89	
Computer	22,307.79	
Prizes	5,348,613.32	5,348,613.32
Other	30,483.91	
Software License	<u>2,169,863.33</u>	
	<u>9,690,801.35</u>	
Profit	<u>3,353,517.10</u>	
Federation Share	596,100.00	
Net Profit	2,757,417.10	
		17,095,041.58
		<u>20%</u>
		<u>3,419,008.32</u>

GNOC Profit %	2,757,417	
	<hr style="width: 100%;"/>	= 16.13%
	17,095,042	

GUAM NATIONAL OLYMPIC COMMITTEE

Pacific Games New Caledonia

Breakdown of Costs

	166 Athletes @ \$1,500 Raffle		\$ 249,000.00
	Costs		
2	ASEP program to certify coaches	\$ 9,340.00	
7	Per diem for athletes, officials	45,035.00	
8	Team uniforms, shirts, pins	59,347.50	
3	Plane fare	314,669.34	
1	Raffle prizes + tickets + banners	67,328.84	
4	Team dinner at LeoPalace Resort	5,775.00	
5	Per diem for doctors, staff, chefs, gasoline, supplies, etc.	17,250.00	
6	Rental cars in New Caledonia	12,846.86	
	Total	<u>531,592.54</u>	
	GNOC Contribution		<u>282,592.54</u>

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U.S. lotteries and the state taxman

July 15, 2011 @ 7:54 pm

By David Cay Johnston

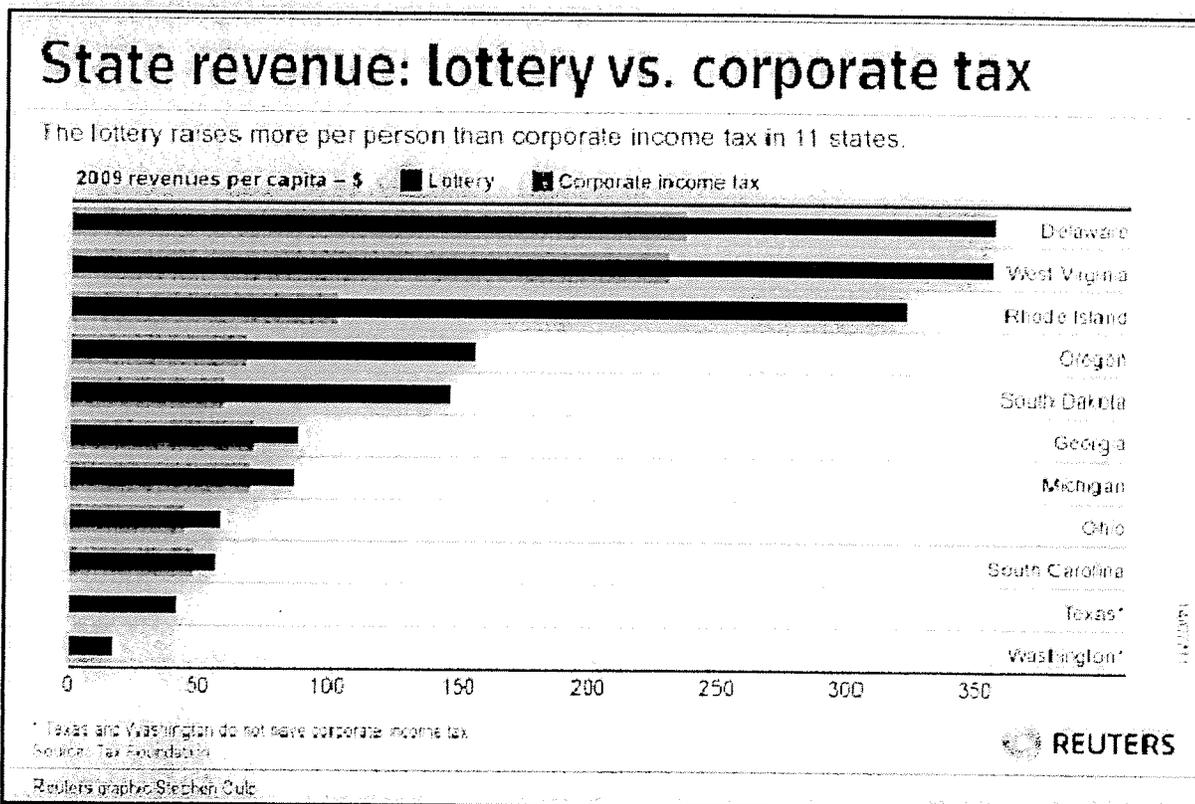
By David Cay Johnston

The author is a Reuters columnist. The opinions expressed are his own.

The long-term shift in tax burdens from capital and corporations to individuals and their activities is perhaps best illustrated by the rise of state lotteries, the most heavily taxed consumer product in America.

Because gambling is voluntary, there is little organized opposition to levies on gambling winnings. Contrast that with the ferocious, well-organized and well-financed opposition to income taxes, especially corporate income taxes.

In 11 states, lotteries provided more revenue than the state corporate income tax in 2009, Tax Foundation data show. The Rhode Island lottery netted the state more than \$3 for each dollar of state corporate income tax in fiscal 2009. (See chart.)



[1]

State income taxes typically equal five percentage points or so of income recognized in a state, whether paid to individuals or corporations. Overall, lotteries pay out only about 62 percent of their revenue as winnings, an implicit 38 percent tax rate on lottery tickets. On top of that, people who win \$600 or more have their take reported to federal and state tax authorities and must pay income taxes of up to 45 percent on their windfalls.

EXHIBIT 6

This shift from corporate to lottery revenues was unimaginable just half a century ago, when gambling was a crime everywhere except Nevada — the residue of scandals in the 1890s that killed off widespread legal gambling.

HIGH TAX RATES

These days the 44 states with lotteries (plus the District of Columbia and Puerto Rico) get 44 cents from this form of gambling for each dollar of state corporate income tax. On top of this are taxes in those states that license temples of chance.

Even more remarkable is the continuing popularity of state lotteries despite significantly high tax rates, noted Charles T. Clotfelter, a Duke University professor of law and economics who co-authored pioneering studies of lottery winners two decades ago.

Americans spent \$50.4 billion on lottery tickets, video lottery terminals and the like in fiscal 2009, according to the North American Association of State and Provincial Lotteries. The 44 states with lotteries, plus the District of Columbia and Puerto Rico, pocketed \$17.6 billion of lottery profits. In fiscal 2010 profits rose slightly to \$17.9 billion.

On top of the 30 percent profit margin, administrative and promotional costs total about 8 percent of sales, according to David Gale, executive director of the lotteries association. That is an implicit tax of 38 percent, with 62 percent of lottery sales going to winners.



On top of that, people winning \$600 or more had their income reported to state and federal tax authorities. Federal and state income taxes combined could take as little as nothing to close to 45 percent of the win for those in the top federal brackets in high-tax places such as New York City or Hawaii and who either do not itemize or fall under the alternative minimum tax. The greatest number of Americans, however, would face a federal tax of 15 percent plus the state tax of about 5 percent.

POLITICAL SENSE

Fred Thompson, a Willamette University professor of public management who has served on two Oregon commissions on state revenue, sees the rise of lotteries and the relative decline of state corporate income taxes as "something of an outrage," but one that he said makes perfect political sense.

Like many other public finance economists, Thompson sees lotteries as a tax that falls mostly on the working poor, albeit voluntarily. And Thompson is among those who see the corporate income tax as a levy mostly on corporation owners, who by definition are wealthier than most people.

So why have lotteries, seen as a vice half a century ago, become ubiquitous today? "Because there's no resistance to them, while taxes, especially corporate taxes, are opposed," Thompson said. Plus, it's an easy way to raise revenue.

More state-sponsored gambling seems likely, said I. Nelson Rose, the Whittier College law professor who wrote a book describing three waves of American gambling — colonial times, the late 19th Century and our own times starting in 1963. No state that started a lottery has rescinded it since 1963.

"Gambling has become so acceptable that when the states get into trouble, and all but four or five of them are in trouble, it is the first thing they turn to for money," Rose said.

He noted that the shutdown of the Minnesota state government in a dispute over taxes and the budget cost the state \$1.5 million per day in sales, "some of which is benefiting neighboring states like Wisconsin" as people cross the state line to buy lottery tickets.

NO REVENUE SURGE

The trend toward easy reliance on expanded lotteries, however, has not meant a surge in revenues as the economy has made modest gains.

State corporate income taxes at the end of calendar 2010 were 17.2 percent higher than a year earlier, the Nelson A. Rockefeller Institute of Government in Albany, New York, estimated recently. The \$17.9 billion in fiscal 2010 state lottery profits was nearly the same as a year earlier.



Lisa Dames <cipo@guamlegislature.org>

Fwd: MINUTES OF Feb 2013 Mtg

Eugene Santos <santos.duenas@gmail.com>

Tue, Mar 26, 2013 at 11:22 AM

To: phnotice@guamlegislature.org

Hafa Adai Senators,

Attached is the minutes of the Mayors' Council's February Regular Monthly meeting in support of Bill 19. The discussion of the Bill was held at the MCOG Administrative Office in Hagatna six days after the Public Hearing of Bill 19 by the Committee on Appropriations, Public Debt, Legal Affairs, Retirement, Public Parks, Recreation, Historic Preservation and Land held on February 01, 2013. Although, the Mayor's were unable to provide written testimony to the committee on that date, they are submitting their vote in support of the bill, based on the minutes, for public record.

Kind regards,

Eugene Santos

----- Forwarded message -----

From: Mayors' Council of Guam - Admin. <mcogadmin@teleguam.net>

Date: Tue, Mar 26, 2013 at 9:02 AM

Subject: MINUTES OF Feb 2013 Mtg

To: duenasenator@gmail.com, Eugene Santos <santos.duenas@gmail.com>

Cc: "Executive Director Angel R. Sablan" <anghet@hotmail.com>

Hafa Adai Senator and Eugene

Attached is the minutes of the Mayors' Council's February Regular Monthly meeting in support of Bill 19.

v/r Elaine Schaaf

MAYORS' COUNCIL OF GUAM

Konsehelon Mahot Guáhan

P.O. Box 786 Hagåtña, GU 96932

TEL: (671) 472-6940 / 477-8461

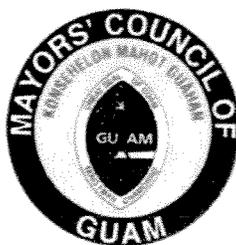
FAX: (671) 477-8777

E-MAIL: mcogadmin@teleguam.net

WEBSITE: www.mcog.guam.gov

--
Eugene H. Santos
Office of Senator Christopher M. Duenas
Guam Legislature

 **MCOG Minutes 020613.pdf**
723K



Regular Monthly Meeting
10:00 a.m. Wednesday, February 6, 2013
Mayors' Council Conference Room
Hagátña, Guam

MINUTES

I. **CALLED TO ORDER:** *President.* Mayor Paul McDonald called the meeting to order at 10.24 a.m.

II. **ROLL CALL:**

ADA, Ken Joe M.	Mayor	Yona
ALVAREZ, Dale E.	Mayor	Santa Rita
BLAS, Joana Margaret C.	Mayor	Asan-Maina
BLAS, June U.	Mayor	Barrigada
* BLAS, Nonito "Nito" C.	Mayor	Mangilao
CRUZ, John A.	Mayor	Hagátña
* GOGUE, Jessy "Jess" C Gogue	Mayor	Chalan Pago-Ordot
GUMATAOTAO, Vicente "Ben" D	Mayor	Piti
HOFMANN, Robert RDC	Mayor	Sinajana
IRIARTE, Rudy D.	Vice Mayor	Sinajana
LUJAN, Doris F.	Mayor	Inarajan
McDONALD, Paul M	Mayor	Agana Heights
QUINATA, Johnny A.	Mayor	Umatac
RIVERA, Louise C.	Mayor	Tamuning-Tumon-Harmon
SANCHEZ, Anthony "Tony" P	Vice Mayor	Yigo
SANTOS, Kenneth C.	Vice Mayor	Tamuning-Tumon-Harmon
SAVARES, Melissa B.	Mayor	Dededo
TAITAGUE, Vicente S.	Mayor	Talofof
TAYAMA, Carol S.	Mayor	Agat

* = LATE

ABSENT:

BENAVENTE, Andrew "Peter Daigo" S.	Vice Mayor	Dededo
BAUTISTA, Jessie P	Vice Mayor	Barrigada
CHARGUALAF, Ernest T	Mayor	Merizo
MATANANE, Rudy M	Mayor	Yigo
QUINTANILLA, Agustin G.	Vice Mayor	Agat
UNGACTA, Allan "Al" R.G	Vice Mayor	Mangilao
VILLAGOMEZ, Andrew "Andy"	Mayor	Mongmong-Toto-Maite

Seventeen (17) members present at time of roll call. A quorum was established.

ADMINISTRATIVE STAFF:

Angel R. Sablan	Executive Director
Elaine RA Schaaf	Secretary
John F. Blas	Office of Sen. Muna-Barnes

STANDING COMMITTEES

Legislative and Finance Committee – Mayor Jessie C. Gogue, Mayor Robert RDC Hofmann

Association of Mariana Islands' Mayors, Vice Mayors and Elected Municipal Council Members (AMIM) – All Mayors and Vice Mayors

3. MCOG Certificate for the late Dirk Anthony Bellendorf and the late former senator Antonio Manibusan Palomo – Because both of these individuals were instrumental in preserving Guam's history *Vice President*, Mayor Robert Hofmann made a motion to send out a certificate of condolence on behalf of the Mayors' Council and seconded by Mayor Dale Alvarez. No further discussion or objection and the motion carried.

→ **IX. SPECIAL APPEARANCE – Senator Chris Duenas RE: Bill No. 19-32 (COR)** – At this time, *Chairman*, Mayor Paul McDonald recognized Senator Chris Duenas and Senator Tommy Morrison who sought support from the Mayors' Council with Bill No. 19-32 to raise the gross receipt tax on gaming establishments from 4% to 20%. Senator Duenas said the funds to be raised from additional tax revenues would be used for maintenance, repairs, and to build new sports facilities.

Several mayors expressed concerns that the bill could impact their village bingo operations but the senator explained that charity and recreational bingo at senior citizen and community centers will not be affected. Mayor McDonald expressed that GNOC should come out into the villages because he doesn't think there are any villages being supported by GNOC rather it's the mayors programs that train these kids at an early age.

Mayor Vicente Gumataotao made a motion to support Bill No. 19-32 and seconded by Mayor Melissa Savares. No further discussion or objection and the motion passed unanimously.

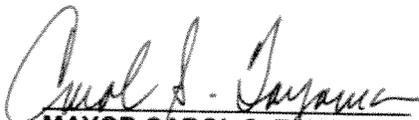
X. ANNOUNCEMENTS

- Executive Director announced that Guam is currently in *Tsunami Watch* from an 8.0 earthquake off the Santa Cruz Islands and estimated waves arrival time is 4:22 p.m. today.
- GCC fundraiser, *Parade of Shoes* \$20 Friday, February 8, 2013 at Hagatna Riverside.
- Today's luncheon hosted by **Chalan Pago-Ordot Mayor's Office**.

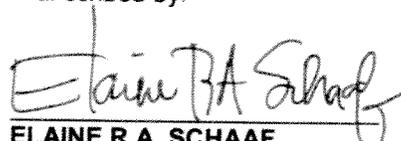
XI. ADJOURNMENT

Mayor Vicente Gumataotao motioned to adjourn the meeting and seconded by Mayor Robert Hofmann. *Chair* thanked Council members and adjourned the meeting at 12:13 p.m.

Attested by:


MAYOR CAROL S. TAYAMA
Council Executive Secretary
Mayors' Council of Guam

Transcribed by:


ELAINE R.A. SCHAAF
Recording Secretary
MCOG – Administration



COMMITTEE ON RULES

I Mina'trentai Dos na Liheslaturan Guahan • The 32nd Guam Legislature
155 Hesler Place, Hagåtña, Guam 96910 • www.guamlegislature.com
E-mail: roryforguam@gmail.com • Tel: (671)472-7679 • Fax: (671)472-3547

2013 Mar 13 AM 11:51

Senator
Rory J. Respicio
CHAIRPERSON
MAJORITY LEADER

Senator
Thomas C. Ada
VICE CHAIRPERSON
ASSISTANT MAJORITY LEADER

Senator
Vicente (Ben) C. Pangelinan
Member

Speaker
Judith T.P. Won Pat, Ed.D.
Member

Senator
Dennis G. Rodriguez, Jr.
Member

Vice-Speaker
Benjamin J.F. Cruz
Member

Legislative Secretary
Tina Rose Muña Barnes
Member

Senator
Frank Blas Aguon, Jr.
Member

Senator
Michael E.Q. San Nicolas
Member

Senator
A. Anthony Ada
Member
MINORITY LEADER

Senator
Aline Yamashita
Member

March 13, 2013

Memorandum

To: Rennae Meno
Clerk of the Legislature

From: Senator Thomas C. Ada *[Signature]*
Acting Chairperson, Committee on Rules

Subject: Fiscal Notes

Hafa Adai!

Attached please find the fiscal notes for the bill numbers listed below. Please note that the fiscal notes, or waivers, are issued on the bills as introduced.

Bill Nos.: 8-32 (COR), 19-32 (COR), 22-32 (COR, and 45-32 (COR)

Please forward the same to MIS for posting on our website. Please contact our office should you have any questions regarding this matter.

Si Yu'os ma'läse'!

**BUREAU OF BUDGET & MANAGEMENT RESEARCH**

OFFICE OF THE GOVERNOR

Post Office Box 2950, Hagåtña Guam 96932

EDDIE BAZA CALVO
GOVERNORJOHN A. RIOS
DIRECTORRAY TENORIO
LIEUTENANT GOVERNOR**MAR 12 2013**

Senator Rory J. Respicio
Chairperson, Committee on Rules
I Mina'trentai Unu na Liheslaturan Guåhan
The 31st Guam Legislature
155 Hesler Place
Hagåtña, Guam 96932

Hafa Adai Senator Respicio:

Transmitted herewith is Fiscal Note on the following Bill Nos.: 8-32(COR), 19-32(COR), 22-32(COR), and 45-32(LS).

If you have any question(s), please do not hesitate to call the office at 475-9412/9106.

A handwritten signature in black ink, appearing to read "John A. Rios".

JOHN A. RIOS
Director

Enclosures

cc: Senator Vicente (ben) Pangelinan

**Bureau of Budget & Management Research
Fiscal Note of Bill No. 19-32 (COR)**

AN ACT TO AMEND CHAPTER 7, TITLE 3, GUAM ADMINISTRATIVE RULES AND REGULATIONS, RELATIVE TO CAPTURING LICENSE FEES AND TAXES FROM GAMING OPERATORS.

Department/Agency Appropriation Information	
Dept./Agency Affected: Department of Revenue & Taxation	Dept./Agency Head: John P. Camacho
Department's General Fund (GF) appropriation(s) to date:	9,164,180
Department's Other Fund (Specify) appropriation(s) to date: Tax Collection Enhancement Fund (\$686,717) / Better Public Service Fund (\$1,390,554)	2,077,271
Total Department/Agency Appropriation(s) to date:	\$11,241,451

Fund Source Information of Proposed Appropriation			
	General Fund:	(Specify Special Fund):	Total:
FY 2012 Unreserved Fund Balance ¹		\$0	\$0
FY 2013 Adopted Revenues	\$561,985,725	\$0	\$561,985,725
FY 2013 Appro. (P.L. 31-233)	(\$548,971,874)	\$0	(\$548,971,874)
Sub-total:	\$13,013,851	\$0	\$13,013,851
Less appropriation in Bill	\$0	\$0	\$0
Total:	\$13,013,851	\$0	\$13,013,851

Estimated Fiscal Impact of Bill						
	One Full Fiscal Year	For Remainder of FY 2013 (if applicable)	FY 2014	FY 2015	FY 2016	FY 2017
General Fund	\$0	\$0	\$0	\$0	\$0	\$0
(Specify Special Fund)	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0	\$0

- Does the bill contain "revenue generating" provisions? / / Yes / x/ No
If Yes, see attachment
- Is amount appropriated adequate to fund the intent of the appropriation? / x/ N/A / / Yes / / No
If no, what is the additional amount required? \$ _____ / x/ N/A
- Does the Bill establish a new program/agency? / / Yes / x/ No
If yes, will the program duplicate existing programs/agencies? / / N/A / / Yes / x/ No
Is there a federal mandate to establish the program/agency? / / Yes / x/ No
- Will the enactment of this Bill require new physical facilities? / / Yes / x/ No
- Was Fiscal Note coordinated with the affected dept/agency? If no, indicate reason: / x/ Yes / / No
/ / Requested agency comments not received as of the due date / / Other:

Analyst: Michael M. Arague, B&M Analyst IV Date: 3/5/13 Director: John A. Rios, Director Date: **MAR 12 2013**

Footnotes: Based on input provided by the Department of Revenue and Taxation, the Bureau is unable to determine the fiscal impact to Bill 19-32 (proposed amendments to GCA appear to be non-existent).



COMMITTEE ON RULES

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Senator
Michael F.Q. San Nicolas
Member

Senator
V. Anthony Ada
Member
MINORITY LEADER

Senator
Aline Yamashita
Member

January 17, 2013

MEMORANDUM

To: **Rennae Meno**
Clerk of the Legislature

Attorney Therese M. Terlaje
Legislative Legal Counsel

From: **Senator Rory J. Respicio**
Majority Leader & Rules Chair

Subject: **Referral of Bill No. 19-32(COR)**

As the Chairperson of the Committee on Rules, I am forwarding my referral of Bill No. 19-32(COR).

Please ensure that the subject bill is referred, in my name, to the respective committee, as shown on the attachment. I also request that the same be forwarded to all members of

I Mina'Trentai Dos Na Lihestaturan Guahan
Bill Log Sheet

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	120 DAY DEADLINE	CMTE REFERRED	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	STATUS
19-32 (COR)	Chris M. Duesnas,B.J.F. Cruz,T.A. Morrison	AN ACT TO AMEND CHAPTER 7, TITLE 3, GUAM ADMINISTRATIVE RULES AND REGULATIONS, RELATIVE TO CAPTURING LICENSE FEES AND TAXES FROM GAMING OPERATORS.	1/17/2013	1/17/13		Committee on Appropriations, Public Debt, Legal Affairs, Retirement, Public Parks, Recreation, Historic Preservation, and Land			



I Mina'trentai Dos na Liheslaturan Guåhan

32nd GUAM LEGISLATURE

Senator Vicente (ben) Cabrera Pangelinan

Committee on Appropriations, Public Debt, Legal Affairs, Retirement, Public Parks, Recreation, Historic Preservation, and Land

January 25, 2013

Memorandum

To: All Senators

From: Senator Vicente (ben) Cabrera Pangelinan 

Re: Public Hearing – FIRST NOTICE

The Committee on Appropriations, Public Debt, Legal Affairs, Retirement, Public Parks, Recreation, Historic Preservation, and Land will conduct a public hearing beginning at **9:00am**, on **Friday, February 1, 2013** at the Guam Legislature's Public Hearing Room.

The following is the agenda:

Bill No. 1-32 (LS): An Act Relative to Authorizing the Guam Economic Development Authority to Procure the Installation and Maintenance of Electronic Security Systems throughout Guam Public Schools also known as the Secure Our Schools Act of 2013, and for other purposes.

Bill No. 7-32 (COR): An Act to *Add* a new §80105(i) to Chapter 80 of Title 21, Guam Code Annotated, Relative to the transfer of property under the jurisdiction of the Port Authority of Guam to the jurisdiction of the Guam Ancestral Lands Commission.

Bill No. 8-32 (COR): An Act to appropriate to the Department of Education all additional revenue derived from the expiration of any part of the Bush Tax cuts.

Bill No. 9-32 (COR): An Act to *add* new §§58148, 58148.1, 58148.2, 58148.3, and 58149 to Chapter 58 of Title 12, Guam Code Annotated, and *amend* sections of Chapter 58 of Title 12 Guam Code Annotated, Relative to establishing the Qualifying Certificate Review Board, the Qualifying Certificate Accountability and Transparency Website, and for other purposes.

Bill No. 18-32 (COR): An Act to appropriate the sum of Three Hundred Ninety-Two Thousand One Hundred Sixty-Two Dollars and Seventeen Cents (\$392,162.17) from anticipated General Fund Revenues for Fiscal Year 2013 for the outstanding debt balance owed, including principal and interest, for the completion of the Guam Public Market Redevelopment Project, Phase II-Department of Commerce Project No. 320-5-1008-L-AGN, including Change Order No. 1 and Change Order No. 2.



I Mina'trentai Dos na Liheslaturan Guåhan

32nd GUAM LEGISLATURE

Senator Vicente (ben) Cabrera Pangelinan

Committee on Appropriations, Public Debt, Legal Affairs, Retirement, Public Parks, Recreation, Historic Preservation, and Land

Memo to Senators
January 25, 2013
Page 2

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Yanggen un nisisita espesiåt na setbision put fabot ågang i Ifisinin Senadot ben pangelinan gi 473-

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324 West Soledad Avenue
Suite 101, Hagåtña, GU 96910
Tel: (671) 473-4236 / 473-4237
Fax: (671) 473-4238
E-mail: senbenp@guam.net



Lisa Dames <cipo@guamlegislature.org>

Public Hearing - FIRST NOTICE

1 message

Lisa Dames <cipo@guamlegislature.org>

Fri, Jan 25, 2013 at 11:01 AM

To: Speaker Won Pat <speaker@judiwonpat.com>, Senator Tina Rose Muna Barnes <senator@tinamunabarnes.com>, BJ Cruz <senadotbjcruz@aol.com>, "Rory J. Respicio" <roryforguam@gmail.com>, "Dennis Rodriguez, Jr." <senatordrodriguez@gmail.com>, "Thomas C. Ada" <office@senatorada.org>, Aline Yamashita <aline4families@gmail.com>, V Anthony Ada <senatortonyada@guamlegislature.org>, "Christopher M. Duenas" <duenasenator@gmail.com>, Brant McCreadie <brantforguam@gmail.com>, "Frank B. Aguon, Jr." <aguon4guam@gmail.com>, Senator Michael San Nicolas <senatorsannicolas@gmail.com>, Michael Limtiaco <mlimtiaco671@gmail.com>, Tommy Morrison <tommy@senatormorrison.com>
Cc: Senator ben pangelinan <senbenp@guam.net>

INEKUNGOK PUPBLEKO

(PUBLIC HEARING)

gi Betnes, gi diha 1 gi Fibreru, 2013)

Friday, February 1, 2013

Kuåtton Inekungok Pupbleko gi I Liheslaturan Guàhan

(Guam Legislature Public Hearing Room)

alas nuebi gi eggan'an

(9:00 AM)

TAREHA

(AGENDA)

Priniponi Siha:

(Bills)

Bill No. 1-32 (LS): An Act Relative to Authorizing the Guam Economic Development Authority

to Procure the Installation and Maintenance of Electronic Security Systems throughout Guam Public Schools also known as the Secure Our Schools Act of 2013, and for other purposes.

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Lisa Dames
Chief of Staff

Office of Senator ben c. pangelinan
(671) 473-4236
cipo@guamlegislature.org

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Lisa Dames <cipo@guamlegislature.org>

Public Hearing - FIRST NOTICE

1 message

Lisa Dames <cipo@guamlegislature.org>

Fri, Jan 25, 2013 at 10:56 AM

To: phnotice@guamlegislature.org

INEKUNGOK PUPBLEKO

(PUBLIC HEARING)

gi Betnes, gi diha 1 gi Fibreru, 2013)

Friday, February 1, 2013

Kuátton Inekungok Pupbleko gi I Liheslaturan Guàhan

(Guam Legislature Public Hearing Room)

alas nuebi gi eggan'an

(9:00 AM)

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Lisa Dames
Chief of Staff
Office of Senator ben c. pangelinan
(671) 473-4236
cipo@guamlegislature.org

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Lisa Dames <cipo@guamlegislature.org>

Public Hearing - FIRST NOTICE

1 message

Lisa Dames <cipo@guamlegislature.org>

Fri, Jan 25, 2013 at 10:58 AM

To: news@guampdn.com, news@k57.com, Sabrina Salas <sabrina@kuam.com>, Jason Salas <jason@kuam.com>, Mindy Aguon <mindy@kuam.com>, nick@kuam.com, Krystal Paco <krystal@kuam.com>, Josh Tyquiengco <jtyquiengco@k57.com>, clynt@k57.com, Betsy Brown <betsy@k57.com>, Kevin Kerrigan <kevin@k57.com>, gerry@mvguam.com, rgibson@k57.com, ALICIA PEREZ <aliciaperez69@hotmail.com>, Alicia Perez <perezksto@gmail.com>, Gaynor Daleno <gdumat-ol@guampdn.com>, slimtiaco@guampdn.com, bmkelman@guampdn.com, Jerick Sablan <jpsablan@guampdn.com>, life@guampdn.com

INEKUNGOK PUPBLEKO

(PUBLIC HEARING)

gi Betnes, gi diha 1 gi Fibreru, 2013)

Friday, February 1, 2013

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(Guam Legislature Public Hearing Room)

alas nuebi gi eggan'an

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Lisa Dames
Chief of Staff
Office of Senator ben c. pangelinan
(671) 473-4236
cipo@guamlegislature.org

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I Mina'trentai Dos na Liheslaturan Guåhan

32nd GUAM LEGISLATURE

Senator Vicente (ben) Cabrera Pangelinan

Committee on Appropriations, Public Debt, Legal Affairs, Retirement, Public Parks, Recreation, Historic Preservation, and Land

January 30, 2013

Memorandum

To: All Senators

From: Senator Vicente (ben) Cabrera Pangelinan 

Re: Public Hearing – SECOND NOTICE

The Committee on Appropriations, Public Debt, Legal Affairs, Retirement, Public Parks, Recreation, Historic Preservation, and Land will conduct a public hearing beginning at **9:00am**, on **Friday, February 1, 2013** at the Guam Legislature's Public Hearing Room.

The following is the agenda:

Bill No. 1-32 (LS): An Act Relative to Authorizing the Guam Economic Development Authority to Procure the Installation and Maintenance of Electronic Security Systems throughout Guam Public Schools also known as the Secure Our Schools Act of 2013, and for other purposes.

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324 West Soledad Avenue
Suite 101, Hagåtña, GU 96910
Tel: (671) 473-4236 / 473-4237
Fax: (671) 473-4238
E-mail: senbenp@guam.net



I Mina'trentai Dos na Liheslaturan Guåhan

32nd GUAM LEGISLATURE

Senator Vicente (ben) Cabrera Pangelinan

Committee on Appropriations, Public Debt, Legal Affairs, Retirement, Public Parks, Recreation, Historic Preservation, and Land

Memo to Senators
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Tel: (671) 473-4236 / 473-4237
Fax: (671) 473-4238
E-mail: senbenp@guam.net



Lisa Dames <cipo@guamlegislature.org>

Public Hearing - SECOND NOTICE

1 message

Lisa Dames <cipo@guamlegislature.org>

Wed, Jan 30, 2013 at 10:16 AM

To: news@guampdn.com, news@k57.com, Sabrina Salas <sabrina@kuam.com>, Jason Salas <jason@kuam.com>, Mindy Aguon <mindy@kuam.com>, nick@kuam.com, Ken Quintanilla <kenq@kuam.com>, Krystal Paco <krystal@kuam.com>, Josh Tyquiengco <jtyquiengco@k57.com>, clynt@k57.com, Betsy Brown <betsy@k57.com>, Kevin Kerrigan <kevin@k57.com>, gerry@mvguam.com, rgibson@k57.com, ALICIA PEREZ <aliciaperez69@hotmail.com>, Alicia Perez <perezksto@gmail.com>, Gaynor Daleno <gdumat-ol@guampdn.com>, slimtiaco@guampdn.com, bmkelman@guampdn.com, Jerick Sablan <jpsablan@guampdn.com>, life@guampdn.com

Hafa Adai,

The Committee on Appropriations, Public Debt, Legal Affairs, Retirement, Public Parks, Recreation, Historic Preservation and Land will conduct a public hearing on Friday, February 1, 2013 beginning at 9:00am at the Guam Legislature Public Hearing Room. The following is on the agenda:

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(671) 473-4236
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Lisa Dames <cipo@guamlegislature.org>

Public Hearing - SECOND NOTICE

2 messages

Lisa Dames <cipo@guamlegislature.org>
To: phnotice@guamlegislature.org

Wed, Jan 30, 2013 at 10:17 AM

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Lisa Dames
Chief of Staff
Office of Senator ben c. pangelinan
(671) 473-4236
cipo@guamlegislature.org

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Adam Bearce <adam@guamlegislature.org>
To: Lisa Dames <cipo@guamlegislature.org>, Yong Pak <yong@guamlegislature.org>

Wed, Jan 30, 2013 at 10:19 AM

Hi. confirmed posted.

[Quoted text hidden]



Lisa Dames <cipo@guamlegislature.org>

Public Hearing - SECOND NOTICE

1 message

Lisa Dames <cipo@guamlegislature.org>

Wed, Jan 30, 2013 at 10:23 AM

To: Speaker Won Pat <speaker@judiwonpat.com>, Senator Tina Rose Muna Barnes <senator@tinamunabarnes.com>, BJ Cruz <senadotbjcruz@aol.com>, "Rory J. Respicio" <roryforguam@gmail.com>, "Dennis Rodriguez, Jr." <senatordrodriguez@gmail.com>, "Thomas C. Ada" <office@senatorada.org>, Aline Yamashita <aline4families@gmail.com>, V Anthony Ada <senatorvnyada@guamlegislature.org>, "Christopher M. Duenas" <duenasenator@gmail.com>, Brant McCreadie <brantforguam@gmail.com>, "Frank B. Aguon, Jr." <aguon4guam@gmail.com>, Senator Michael San Nicolas <senatorsannicolas@gmail.com>, Senator Michael Limtiaco <mike@mikelimtiaco.com>, Tommy Morrison <tommy@senatormorrison.com>
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gi senbenp@guam.net. Este na nutisiu inapási nu i fendon gubetnamento.

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Lisa Dames
Chief of Staff
Office of Senator ben c. pangelinan
(671) 473-4236
cipo@guamlegislature.org

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WEDNESDAY, JANUARY 30, 2013 - MARIANAS VARIETY GUAM EDITION

WEDNESDAY, JANUARY 30, 2013



I Mina'Trenta Na Liheslaturan Guahan

THIRTY-FIRST GUAM LEGISLATURE

Senator Vicente "ben" Cabrera Pangelinan

Office of the People

Website: www.senben.com

INEKUNGOK PUPBLEKO (PUBLIC HEARING)

gi Betnes, gi diha 1 gi Fibreru, 2013
(Friday, February 1, 2013)

Kuátton Inekungok Pupbleko gi I Liheslaturan Guahan
(Guam Legislature Public Hearing Room)

Alas nuebi gi egga'an (9:00 AM)

TAREHA (AGENDA)

Priniponi Siha: (Bills)

Bill No. 1-32 (LS): An Act Relative to Authorizing the Guam Economic Development Authority to Procure the Installation and Maintenance of Electronic Security Systems throughout Guam Public Schools also known as the Secure Our Schools Act of 2013, and for other purposes.

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Yanngen un nisisita espesiát na serbisio put fabot ágang i Ifsinan Senado ben pangelinan gi 473- Yanngen un nisisita espesiát na serbisio, put fabot ágang i Ifsinan Senado Vicente (ben) Cabrera Pangelinan gi 473-4236/7. Yanngen un nisisita kopian i priniponi siha ginen este na tareha, hálon: gi i uepsait i Liheslaturan Guahan gi www.guamlegislature.com Yanngen para un na'hálon: testigu-mu, chule, para i ifsinan-miami gi 324 West Soledad Avenue gi iya Hagåtña, pat quatto gi i Kuátton Katta gi i Liheslatura, pat faks gi 473-4238, patsino: mel@senbenpuo.guam.net. Este na nutisia inapásti na i fendon gubernamenta.

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I Mina'trentai Dos na Liheslaturan Guåchan
32nd GUAM LEGISLATURE
Senator Vicente (ben) Cabrera Pangelinan
Committee on Appropriations, Public Debt, Legal Affairs, Retirement, Public
Parks, Recreation, Historic Preservation, and Land

**INEKUNGOK PUPBLEKO
(PUBLIC HEARING)**

**gi Betnes, gi diha 1 gi Fibreru, 2013
(Friday, February 1, 2013)**

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**alas nuebi gi eggan'an
(9:00 AM)**

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32nd GUAM LEGISLATURE

Senator Vicente (ben) Cabrera Pangelinan

Committee on Appropriations, Public Debt, Legal Affairs, Retirement, Public
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324 West Soledad Avenue
Suite 101, Hagåtña, GU 96910
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Fax: (671) 473-4238
E-mail: senbenp@guam.net
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I Mina'trentai Dos na Liheslaturan Guåhan

32nd GUAM LEGISLATURE

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Suite 101, Hagåtña, GU 96910
Tel: (671) 473-4236 / 473-4237
Fax: (671) 473-4238
E-mail: senbenp@guam.net
www.senbenp.com

**Listserv: phnotice@guamlegislature.org
As of April 23, 2013**

aalladi@guampdn.com
action@weareguahan.com
admin@frankaguonjr.com
admin@guamrealtors.com
admin@leapguam.com
admin@weareguahan.com
aguon4guam@gmail.com
ahernandez@guamlegislature.org
ajuan@kijifm104.com
alerta.jermaine@gmail.com
aline4families@gmail.com
am800guam@gmail.com
amanda@toduguam.com
amier@mvguam.com
ang.duenas@gmail.com
angela.lgrios@gmail.com
aokada@guamlegislature.org
ataligba@gmail.com
avillaverde@guamlegislature.org
avon.guam@gmail.com
baza.matthew@gmail.com
bbautista@spbguam.com
bdydasco@yahoo.com
berthaduenas@guamlegislature.org
betsy@spbguam.com
bmkelman@guampdn.com
brantforguam@gmail.com
bruce.lloyd.media@gmail.com
carlos.pangelinan@senatorbjcruz.com
carlsonc@pstripes.osd.mil
ccastro@guamchamber.com.gu
charissatenorio@gmail.com
chechsantos@gmail.com
cheerfulcatunao@yahoo.com
cherbert.senatordrodriguez@gmail.com
chris.budasi@guamlegislature.org
chris.carillo@senatorbjcruz.com
cipo@guamlegislature.org
clerks@guamlegislature.org
clifton@toduguam.com
clynt@spbguam.com
colleenw@guamlegislature.org
committee@frankaguonjr.com
communications@guam.gov
conedera@mikelimtiaco.com
cor@guamlegislature.org
coy@senatorada.org
cyrus@senatorada.org
dcrisost@guam.gannett.com
desori623@hotmail.com
dleddy@guamchamber.com.gu
dmgeorge@guampdn.com
dtamondong@guampdn.com
duenasenator@gmail.com

ed@tonyada.com
edelynn1130@hotmail.com
editor@mvguam.com
editor@saipantribune.com
edpocaigne@judiwonpat.com
elaine@tinamunabarnes.com
emqcho@gmail.com
ewinstonj@yahoo.com
eo@guamrealtors.com
etajalle@guamlegislature.org
evelyn4families@gmail.com
faith@judiwonpat.com
fbtorres@judiwonpat.com
floterlaje@gmail.com
frank@judiwonpat.com
frank@mvguam.com
gdumat-ol@guampdn.com
gerry@mvguam.com
gerrypartido@gmail.com
gina@mvguam.com
gktv23@hotmail.com
guam@pstripes.osd.mil
guamnativesun@yahoo.com
hana@guam-shinbun.com
hill.bruce@abc.net.au
hottips@kuam.com
info@chinesetimesguam.com
janela@mvguam.com
jason@judiwonpat.com
jason@kuam.com
jblas@tinamunabarnes.com
jamacho@senatorada.org
jean@tinamunabarnes.com
jennifer.lj.dulla@gmail.com
jennifer@mvguam.com
jimespaldon@yahoo.com
jmesngon.senatordrodriguez@gmail.com
joan@kuam.com
joe@toduguam.com
john.calvo@noaa.gov
john@kuam.com
jpmanuel@gmail.com
jtenorio@guamcourts.org
jtyquiengco@spbguam.com
juliette@senatorada.org
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khmg@hbcguam.net
koreannews@guam.net
koreatv@kuentos.guam.net
kstokish@gmail.com
kstonews@ite.net

**Listserv: phnotice@guamlegislature.org
As of April 23, 2013**

life@guampdn.com
llmatthews@guampdn.com
lou4families@gmail.com
louella@mvguam.com
louise@tonyada.com
m.salaila@yahoo.com
mabuhaynews@yahoo.com
mahoquinene@guam.net
malainse@gmail.com
maria.pangelinan@gec.guam.gov
maryfejeran@gmail.com
marymaravilla19@gmail.com
mcarlson@guamlegislature.org
mcperson.kathryn@abc.net.au
menchu@toduguam.com
mike.lidia@senatorbjcruz.com
mike@mikelimtiaco.com
mindy@kuam.com
mis@guamlegislature.org
miseke@mvguam.com
mlwheeler2000@yahoo.com
mmafнас@guamlegislature.org
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nick@kuam.com
nicole@toduguam.com
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responsibleguam@gmail.com
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ricknauta@hitradio100.com
rlimtiaco@guampdn.com
rob@judiwonpat.com
rolly@ktkb.com
roryforguam@gmail.com
ryanjames@senatormorrison.com
santos.duenas@gmail.com
senator@senatorbjcruz.com
senator@tinamunabarnes.com
senatordrodriguez@gmail.com
senatorsannicolas@gmail.com
senatorTonyada@guamlegislature.org
senbenp@guam.net
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sgtarms@guamlegislature.org
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slimtiaco@guampdn.com
sonedera-salas@guamlegislature.org
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steve@judiwonpat.com
tanya4families@gmail.com
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tjtaitano@cs.com
tom@senatorada.org
tommy@senatormorrison.com
tony@tonyada.com
tritent@pstripes.osd.mil
troy.torres@guam.gov
tterlaje@guam.net
uriah@tinamunabarnes.com
val@tonyada.com
wil@judiwonpat.com
will@senatorada.org
xiosormd@gmail.com
xiosormd@yahoo.com
ylee2@guam.gannett.com
zita@mvguam.com



COMMITTEE ON RULES

I Mina'trentai Dos na Liheslaturan Guåhan • The 32nd Guam Legislature
155 Hesler Place, Hagåtña, Guam 96910 • www.guamlegislature.com
E-mail: roryforguam@gmail.com • Tel: (671)472-7679 • Fax: (671)472-3547

Senator
Rory J. Respicio
CHAIRPERSON
MAJORITY LEADER

Senator
Thomas C. Ada
VICE CHAIRPERSON
ASSISTANT MAJORITY LEADER

Senator
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Legislative Secretary
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Frank Blas Aguon, Jr.
Member

Senator
Michael F.Q. San Nicolas
Member

Senator
V. Anthony Ada
Member
MINORITY LEADER

Senator
Aline Yamashita
Member

March 13, 2013

Memorandum

To: Rennae Meno
Clerk of the Legislature

From: Senator Thomas C. Ada *[Signature]*
Acting Chairperson, Committee on Rules

Subject: Fiscal Notes

Hafa Adai!

Attached please find the fiscal notes for the bill numbers listed below. Please note that the fiscal notes, or waivers, are issued on the bills as introduced.

Bill Nos.: 8-32 (COR), 19-32 (COR), 22-32 (COR, and 45-32 (COR)

Please forward the same to MIS for posting on our website. Please contact our office should you have any questions regarding this matter.

Si Yu'os ma'åse'!

[Signature]
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**BUREAU OF BUDGET & MANAGEMENT RESEARCH**

OFFICE OF THE GOVERNOR
Post Office Box 2950, Hagåtña Guam 96932

EDDIE BAZA CALVO
GOVERNOR

JOHN A. RIOS
DIRECTOR

RAY TENORIO
LIEUTENANT GOVERNOR

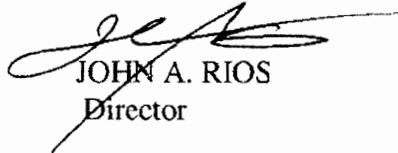
MAR 12 2013

Senator Rory J. Respicio
Chairperson, Committee on Rules
I Mina'trentai Unu na Liheslaturan Guåhan
The 31st Guam Legislature
155 Hesler Place
Hagåtña, Guam 96932

Hafa Adai Senator Respicio:

Transmitted herewith is Fiscal Note on the following Bill Nos.: **8-32(COR), 19-32(COR), 22-32(COR), and 45-32(LS).**

If you have any question(s), please do not hesitate to call the office at 475-9412/9106.


JOHN A. RIOS
Director

Enclosures

cc: Senator Vicente (ben) Pangelinan

**Bureau of Budget & Management Research
Fiscal Note of Bill No. 19-32 (COR)**

AN ACT TO AMEND CHAPTER 7, TITLE 3, GUAM ADMINISTRATIVE RULES AND REGULATIONS, RELATIVE TO CAPTURING LICENSE FEES AND TAXES FROM GAMING OPERATORS.

Department/Agency Appropriation Information	
Dept./Agency Affected: Department of Revenue & Taxation	Dept./Agency Head: John P. Camacho
Department's General Fund (GF) appropriation(s) to date:	9,164,180
Department's Other Fund (Specify) appropriation(s) to date: Tax Collection Enhancement Fund (\$686,717) / Better Public Service Fund (\$1,390,554)	2,077,271
Total Department/Agency Appropriation(s) to date:	\$11,241,451

Fund Source Information of Proposed Appropriation			
	General Fund:	(Specify Special Fund):	Total:
FY 2012 Unreserved Fund Balance ¹		\$0	\$0
FY 2013 Adopted Revenues	\$561,985,725	\$0	\$561,985,725
FY 2013 Appro. (P.L. 31-233)	(\$548,971,874)	\$0	(\$548,971,874)
Sub-total:	\$13,013,851	\$0	\$13,013,851
Less appropriation in Bill	\$0	\$0	\$0
Total:	\$13,013,851	\$0	\$13,013,851

Estimated Fiscal Impact of Bill						
	One Full Fiscal Year	For Remainder of FY 2013 (if applicable)	FY 2014	FY 2015	FY 2016	FY 2017
General Fund	\$0	\$0	\$0	\$0	\$0	\$0
(Specify Special Fund)	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0	\$0

- Does the bill contain "revenue generating" provisions? / / Yes /x/ No
If Yes, see attachment
- Is amount appropriated adequate to fund the intent of the appropriation? /x/ N/A / / Yes / / No
If no, what is the additional amount required? \$ _____ /x/ N/A
- Does the Bill establish a new program/agency? / / Yes /x/ No
If yes, will the program duplicate existing programs/agencies? / / Yes /x/ No
Is there a federal mandate to establish the program/agency? / / Yes /x/ No
- Will the enactment of this Bill require new physical facilities? / / Yes /x/ No
- Was Fiscal Note coordinated with the affected dept/agency? If no, indicate reason: /x/ Yes / / No
/ / Requested agency comments not received as of the due date / / Other:

Analyst: Michael M. Atlague, B&M Analyst IV Date: 3/5/13 Director: John A. Rios, Director Da **MAR 12 2013**

Footnotes: Based on input provided by the Department of Revenue and Taxation, the Bureau is unable to determine the fiscal impact to Bill 19-32 (proposed amendments to GCA appear to be non-existent).

Handwritten initials/signature



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Member

Legislative Secretary
Tina Rose Muña Barnes
Member

Senator
Frank Blas Aguon, Jr.
Member

Senator
Michael F.Q. San Nicolas
Member

Senator
V. Anthony Ada
Member
MINORITY LEADER

Senator
Aline Yamashita
Member

February 13, 2013

VIA FACSIMILE

(671) 472-2825

John A. Rios
Director
Bureau of Budget & Management Research
P.O. Box 2950
Hagåtña, Guam 96910

RE: Request for Fiscal Note – Bill Nos. 19-32 through 40-32 (COR) and Bill No. 41-32 (LS)

Hafa Adai Mr. Rios:

Transmitted herewith is a listing of *I Mina'trentai Dos na Liheslaturan Guåhan's* most recently introduced bill. Pursuant to 2 GCA §9103, I respectfully request the preparation of fiscal notes for the referenced bill.

Si Yu'os ma'åse' for your attention to this matter.

Very Truly Yours,

Senator Rory J. Respicio
Chairperson, Committee on Rules

Attachments

Cc: Clerk of the Legislature

2013 FEB 14 AM 9:10

W

Bill No. 19-32(COR) – C.M. Duenas / B.J.F. Cruz / T.A. Morrison

AN ACT TO AMEND CHAPTER 7, TITLE 3, GUAM ADMINISTRATIVE RULES AND REGULATIONS, RELATIVE TO CAPTURING LICENSE FEES AND TAXES FORM GAMING OPERATORS.

Bill No. 20-32 (COR) – D.G. Rodriguez, Jr.

AN ACT TO ESTABLISH A HEALTHCARE TRUST AND DEVELOPMENT FUND, BY ADDING A NEW CHAPTER 97 TO TITLE 10, GUAM CODE ANNOTATED, AND AUTHORIZING THE EXPENDITURE OF MONIES IN THE FUND BY PUBLIC HEALTH CARE PROVIDERS FOR SPECIFIC PURPOSES PERTAINING TO EXTINGUISHING THE OUTSTANDING DEBT PAYABLES OF THE GUAM MEMORIAL HOSPITAL AUTHORITY, AND PROVIDE EXPANDED HEALTHCARE SERVICES BY ESTABLISHING AND FUNDING A GMHA PRIMARY HEALTHCARE OR URGENT HEALTHCARE CENTER FOR NON-EMERGENCY PATIENTS; THIS ACT TO BE CITED AS "THE GMHA HEALTHCARE TRUST AND DEVELOPMENT ACT OF 2013."

Bill No. 21-32 (COR) – B.J.F. Cruz

AN ACT TO AMEND § 66104.2 OF CHAPTER 66, TITLE 10, OF THE GUAM CODE ANNOTATED; RELATIVE TO THE EMPLOYMENT OF CIVILIAN VOLUNTEER POLICE RESERVE OFFICERS.

Bill No. 22-32 (COR) – F.B. Aguon, Jr.

AN ACT TO AMEND §2103.12, CHAPTER 2, TITLE 4, GUAM CODE ANNOTATED, RELATIVE TO ACTING APPOINTMENTS IN EXCESS OF NINETY (90) DAYS.

Bill No. 23-32 (COR) – A.A. Yamashita, T.R. Muna Barnes

AN ACT TO PLACE THE FORMER AGAT FIRE STATION UNDER THE ADMINISTRATIVE JURISDICTION OF THE MAYOR'S OFFICE OF AGAT, BY AMENDING ITEM(1) OF §40113(B) OF CHAPTER 40, TITLE 5, GUAM CODE ANNOTATED.

Bill No. 24-32 (COR) – F.B. Aguon, Jr.

AN ACT TO AMEND §7120.3 OF CHAPTER 7, TITLE 16, OF THE GUAM CODE ANNOTATED RELATIVE TO WAIVER OF FEES FOR IMMEDIATE KIN OF FALLEN HEROES.

Bill No. 25-32 (COR) – D.G. Rodriguez, Jr.

AN ACT TO REPROGRAM AVAILABLE FUNDS FROM THE HIGHWAY 2001 BOND CONSTRUCTION FUND AND THE HIGHWAY 1985 BOND CONSTRUCTION FUND, AND DESIGNATE AND PRIORITIZE CERTAIN CAPITAL IMPROVEMENT PROJECTS, AND PURCHASE HEAVY EQUIPMENT NEEDED BY DPW FOR FLOOD MITIGATION.

Bill No. 26-32 (COR) – B.J.F. Cruz / V.A. Ada / T.R. Muna Barnes

AN ACT TO ADD A NEW § 8107.1 TO CHAPTER 8 OF TITLE 5, GUAM CODE ANNOATED; RELATIVE TO MANDATING THE CREATION OF THE 'GUAM PUBLIC NOTICE WEBSITE', AMENDING (A) OF §8104 CHAPTER 8 OF TITLE 5 GUAM CODE ANNOTATED AND ADDING (C) OF §8104 CHAPTER 8 OF TITLE 5 GUAM CODE ANNOATED.

Bill No. 27-32 (COR) – F.V. Aguon, Jr.

AN ACT TO ADD A NEW §850 TO TITLE 1, GUAM CODE ANNOTATED, TO DESIGNATE ROUTE 15 AS "AIR FORCE HIGHWAY" IN HONOR OF AND SPECIAL TRIBUTE TO THE MEN AND WOMEN OF GUAM WHO HAVE SERVED IN THE UNITED STATES AIR FORCE.

Bill No. 28-32 (COR) – A.A. Yamashita

AN ACT RELATIVE TO AUTHORIZING THE RE-ALLOCATION OF UNDISTRIBUTED COLLECTION FUNDS BY THE CHILD SUPPORT ENFORCEMENT DIVISION OF THE OFFICE OF THE ATTORNEY GENERAL, TO PROVIDE FOR THE CRITICAL SUPPORT NEEDED FOR CHILD SUPPORT AND PROTECTIVE SERVICES; THROUGH AMENDING §34111 OF CHAPTER 34, TITLE 5, GUAM CODE ANNOTATED.

Bill No. 29-32 (COR) – V.C. Pangelinan

AN ACT TO ADD §60114.1 AND §60114.2 TO CHAPTER 60 OF 21 GUAM CODE ANNOTATED RELATIVE TO COMPETITIVE EQUALIZATION ACT ON THE LEASING OF GUAM PROPERTY.

Bill No. 30-32 (COR) – M.T. Limtiaco

AN ACT TO AMEND 2 GCA § 1106 (a) AND TO REPEAL 2 GCA § 1106 (b), TO REDUCE SENATORS' SALARIES TO FIFTY-FIVE THOUSAND THREE HUNDRED SEVEN DOLLARS (\$55,307.00) PER ANNUM

Bill No. 31-32 (COR) – V.A. Ada

AN ACT TO ADD A NEW §5132 TO CHAPTER 5 OF 5GCA RELATIVE TO RETENTION OF PROCUREMENT RELATED EMAIL MESSAGES.

Bill NO. 32-32 (COR) –V.A. Ada

AN ACT TO ADD A NEW (e) TO §5008 OF CHAPTER 5 OF 5GCA RELATIVE TO PROHIBITING GOVERNMENT OF GUAM BRANCHES, DEPARTMENTS, AGENCIES AND INSTRUMENTALITIES FROM EXCLUDING LOCAL BUSINESSES FROM THE PROCUREMENT PROCESS

Bill NO. 33-32 (COR) – V.A. Ada / R.J. Respicio

AN ACT TO AMEND §7105 OF CHAPTER 7 OF 16GCA RELATIVE TO REQUIRING PROOF OF USE TAX PAYMENT AS A CONDITION OF REGISTRATION FOR VEHICLES ACQUIRED OFF-ISLAND.

Bill NO. 34-32 (COR) – V.A. Ada / R.J. Respicio

AN ADD A NEW §§ 7178 & 7179 TO 16GCA RELATIVE TO VEHICLE REGISTRATIONS

Bill No. 35-32 (COR) – V.C. Pangelinan

AN ACT TO ADD §§ 61314, 61315, 61316, 61317, 61318, 61319 AND 61320 TO CHAPTER 61 ARTICLE 3 OF 21 GUAM CODE ANNOTATED RELATIVE TO THE ENFORCEMENT OF ZONING LAWS

Bill No. 36-32 (COR) - M.F.Q. San Nicolas/ V.A. Ada

AN ACT TO ADD A NEW (e) AND (f) TO §30111 OF CHAPTER 30, TITLE 22, GUAM CODE ANNOTATED AND A NEW §24307.1, §24307.2, §24307.3, §24307.4, §24307.5, §24307.6, §24307.7 TO CHAPTER 24, TITLE 11 GUAM CODE ANNOTATED, RELATIVE TO REQUIRING REAL ESTATE APPRAISERS TO SUBMIT VALUATIONS TO THE DEPARTMENT OF REVENUE AND TAXATION AND TO AUTHORIZE THE DEPARTMENT OF REVENUE AND TAXATION TO ADJUST PROPERTY TAX ASSESSMENTS THEREWITH.

Bill No. 37-32 (COR) – F.B. Aguon, Jr. / R.J. Respicio / V.A. Ada

AN ACT TO REZONE LOT NO. 2247-REM, LOT NO. 2242-R1, LOT NO. 2244-R2, LOT NO. 2247 EASTERN PART-R1, AND LOT NUMBER 2247-PART-R1 IN THE MUNICIPALITY OF BARRIGADA FROM AGRICULTURAL ZONE (A) TO MULTIPLE DWELLING ZONE (R2).

Bill No 38-32 (COR) – Committee on Rules, Federal, Foreign & Micronesian Affairs, Human & Natural Resources and Election Reform

AN ACT MAKING APPROPRIATIONS FOR THE OPERATIONS OF THE EXECUTIVE BRANCH OF THE GOVERNMENT OF GUAM FOR FISCAL YEAR ENDING SEPTEMBER 30, 2014, MAKING OTHER APPROPRIATIONS, AND ESTABLISHING MISCELLANEOUS AND ADMINISTRATIVE PROVISIONS.

Bill No. 39-32 (COR) – F.B. Aguon, Jr.

AN ACT TO AMEND §3103 OF CHAPTER 3, TITLE 7, OF THE GUAM CODE ANNOTATED RELATIVE TO ADDING A SUCCESSIVE TERM OF SERVICE FOR THE CHIEF JUSTICE OF THE SUPREME COURT OF GUAM.

Bill No. 40-32 (COR) – T.C. Ada/B.J.F. Cruz / R.J. Respicio

AN ACT TO AMEND §58111, CHAPTER 58, TITLE 10 GCA AND §73110, CHAPTER 73, TITLE 10 GCA, RELATIVE TO THE PENALTY CLASSIFICATION FOR VIOLATIONS OF THE FIRE CODE, AND TO AMEND §58112, CHAPTER 58, TITLE 10 GCA

Bill No. 41-32 (LS) – B.B. Aguon, Jr. / B.J.F. Cruz/ J.T. Won Pat, Ed.D.

AN ACT TO AMEND CHAPTER 30, TITLE 9 GUAM CODE ANNOTATED RELATIVE TO STRENGTHENING THE PENALTIES FOR CRIMES OF FAMILY VIOLENCE.

MESSAGE CONFIRMATION

FEB-13-2013 05:59 PM WED

FAX NUMBER : 4772240
NAME : GNF

NAME/NUMBER : 4722825
PAGE : 4
START TIME : FEB-13-2013 05:58PM WED
ELAPSED TIME : 00' 48"
MODE : STD ECM
RESULTS : [O.K]



COMMITTEE ON RULES

I Mina'trentai Dos na Liheslaturan Guåhan • The 32nd Guam Legislature
155 Hesler Place, Hagåtña, Guam 96910 • www.guamlegislature.com
E-mail: ronyforguam@gmail.com • Tel: (671)472-7679 • Fax: (671)472-3547

Senator
Rory J. Respicio
CHAIRPERSON
MAJORITY LEADER

Senator
Thomas C. Ada
VICE CHAIRPERSON
ASSISTANT MAJORITY LEADER

Senator
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February 13, 2013

VIA FACSIMILE

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Si Yu'os ma'åse' for your attention to this matter.

Very Truly Yours,

Senator Rory J. Respicio
Chairperson, Committee on Rules

Attachments

Cc: Clerk of the Legislature

Received by:
Analya Justaquio
2/14/13
sent to me above w/ 10 9:00 2/13/13



COMMITTEE ON RULES

I Mina'trentai Dos na Liheslaturan Guåhan • The 32nd Guam Legislature
155 Hesler Place, Hagåtña, Guam 96910 • www.guamlegislature.com
E-mail: roryforguam@gmail.com • Tel: (671)472-7679 • Fax: (671)472-3547

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January 17, 2013

MEMORANDUM

To: **Rennae Meno**
Clerk of the Legislature

Attorney Therese M. Terlaje
Legislative Legal Counsel

From: **Senator Rory J. Respicio** 
Majority Leader & Rules Chair

Subject: **Referral of Bill No. 19-32(COR)**

As the Chairperson of the Committee on Rules, I am forwarding my referral of Bill No. **19-32(COR)**.

Please ensure that the subject bill is referred, in my name, to the respective committee, as shown on the attachment. I also request that the same be forwarded to all members of *I Mina'trentai Dos na Liheslaturan Guåhan*.

Should you have any questions, please feel free to contact our office at 472-7679.

Si Yu'os Ma'åse!

Attachment

**I MINA'TRENTAI DOS NA LIHESLATURAN GUÅHAN
2013 (FIRST) REGULAR SESSION**

2013 JAN 17 AM 8:48
ST

Bill No. 19 -32(COR)

Introduced by:

Chris M. Dueñas *ST*
B.J.F. Cruz *ST*
T.A. Morrison *2*

**AN ACT TO AMEND CHAPTER 7, TITLE 3, GUAM
ADMINISTRATIVE RULES AND REGULATIONS,
RELATIVE TO CAPTURING LICENSE FEES AND TAXES
FROM GAMING OPERATORS.**

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Legislative Findings and Intent. Public Law 26-52:4 granted the Department of Revenue and Taxation and the Cockpit License Board the authority to promulgate necessary rules and regulations to create a comprehensive regulatory scheme to regulate all gaming activities on Guam. Pursuant to that authority, on January 3, 2003 the Department of Revenue and Taxation filed the gaming control regulations with the Legislative Secretary. These regulations were subsequently approved, but since the rule-making authority did *not* allow for the repeal and re-enactment of existing statute, the regulations were placed in Chapter 7 of Title 3, Guam Administrative Rules and Regulations.

These regulations called for the establishment of a Gaming Control Division, which would be responsible for the administration of the regulations. It also created a Gaming Control Commission and tasked it with the development of license fees and tax rates to be assessed to the various forms of allowable gaming. The license fees and taxes to be collected would be the source of funding for the administration of the Act, and all funds in excess of the operational needs would be divided between the Department of Education's Interscholastic Sports Program, the Guam National Olympic Committee, and the Northern and Southern Sports Complexes. However, the Gaming Control Commission has not had any members appointed to it, and the license fees and tax rates have yet to be established.

1 It is the intent of *I Liheslaturan Guåhan* to amend Chapter 7 of Title 3, Guam Administrative
2 Rules and Regulations, to authorize the development of a license fee and tax schedule by the
3 Department of Revenue and Taxation. It is also the intent of *I Liheslatura* to provide the Director of
4 the Department of Revenue and Taxation with the authority to perform the duties of the proposed
5 Gaming Control Commission until such time the Commission has been officially seated and can
6 conduct its official duties. *I Liheslaturan Guahan* also intends to establish a tax rate that would grant
7 the Department of Revenue and Taxation the authority to collect such fees and taxes upon enactment
8 of this Act into law, and to amend the distribution of funds.

9 **Section 2. Amendment to § 7105, relative to the creation of the Gaming Control**
10 **Division.**

11 **“§ 7105. Gaming Control Division - Creation.** There is hereby created, within the
12 Department of Revenue and Taxation, the Gaming Control Division, the head of which shall be the
13 Chief of the Gaming Control Division. The Chief shall be appointed and subject to removal by, the
14 Director with the approval of the Commission. The Division and the Commission created in Section
15 7110, shall exercise their respective powers and perform their respective duties and functions as
16 specified in this Act under the Department as if the same were transferred to the Department; except
17 that the Commission shall have full and exclusive authority to promulgate rules and regulations
18 related to limited gaming without any approval by, or delegation of authority from the Department as
19 said authority to promulgate rules and regulations is defined in this Act. Until such time that the
20 Commission has been seated and is officially performing its duties, the Director shall be granted
21 temporary authority to promulgate rules and regulations related to limited gaming.”

22 **Section 3. Amendment to § 7111(a), relative to the duties of the Gaming Control**
23 **Commission.**

24 **“(a)** In addition to any other powers and duties set forth herein, the Commission, and until
25 such time that the Commission has been seated and is officially performing its duties, the Director,
26 shall nonetheless have the following powers and duties:”

27 **Section 4. Amendment to § 7145(a), relative to limited gaming tax.**

28 **“§ 7145. Limited Gaming Tax. (a)** There is hereby imposed, a limited gaming tax on the
29 gross receipts from limited gaming activities allowed by this Act in Guam. The tax rate on limited
30 gaming activities shall be set by rule promulgated by the Commission, and until such time that the

1 Commission has been seated and is officially performing its duties, the Director, as stated in this
2 Act. [~~In no event shall the tax exceed four (4) percent of the gross receipts at a minimum rate of~~
3 ~~one half of two percent (2%)~~] The Director is authorized to assess an *interim* tax rate of twenty
4 percent (20%) on all gross receipts from all gaming activities in Guam that *do not* have a specified
5 tax rate and which tax shall not be limited to limited gaming activities alone. In establishing the tax
6 rate allowed herein the Commission shall take into consideration the following:”

7 **Section 5. Amendment to § 7148(e), relative to the limited gaming fund.**

8 “(e) Moneys remaining in the Fund, after repaying the initial appropriation and maintaining
9 the stated reserves for administrative expenses of this Act, shall be allocated in the following
10 manner:

11 Year 1: to the Mayors Council of Guam for the repair and construction of village recreational
12 facilities, including community centers.

13 Year 2: to the Department of Parks and Recreation for the repair and construction of its
14 facilities.

15 Year 3: to the Department of Education for the repair and construction of its sports facilities.

16 Years 4 and beyond: repeat the allocation schedule from Years 1-3.

17 **Section 6. Sunset provision for Temporary Authority.** The temporary authority
18 granted to the Director of Revenue and Taxation to carry out the duties of the Gaming Control
19 Commission shall cease upon the convening of a duly called meeting of the Commission at which a
20 quorum is present.

21 **Section 7. Sunset provision for Interim Limited Gaming Tax Rate.** The interim tax
22 rate of Twenty percent (20%) assessed on all gross receipts on all gaming activities on Guam *shall*
23 continue to be assessed until a new tax rate has been promulgated by the Commission and *approved*
24 by *I Liheslaturan Guåhan* pursuant to 5 GCA § 9100 et seq. (Guam’s Administrative Adjudication
25 Law).

26 **Section 8. Effective Date.** Unless otherwise indicated, the provisions of the Act shall be
27 effective upon enactment.