

**MINA'BENTE OCHO NA LIHESLATURAN GUÅHAN
2005 (FIRST) REGULAR SESSION**

Bill No. 13 (LS)

Introduced by:

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**AN ACT TO ENACT A NEW 11 GCA CH. 43 TO CREATE TAX
REBATES FOR EDUCATOR EXPENSES AND ENACT THE
EDUCATOR APPRECIATION ACT OF 2005.**

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Short title. This act may be cited as The Educator Appreciation Act of 2005.

Section 2. Tax rebates. A new 11 GCA Chapter 43 of added to read:

“Chapter 43

TAX REBATES FOR EDUCATOR EXPENSES

§4301. STATEMENT OF LEGISLATIVE PURPOSE. Teachers traditionally spend their own money on various supplies *e.g.* bulletin board materials, books, pencils, crayons and markers. Although these expenses are deductible as unreimbursed business expenses on a teacher's income tax return, election of the standard deduction meant that most teachers bore the entire cost of these generous expenditures. The United States Congress recognized the plight of teachers and effective tax year 2002 allowed a deduction of two hundred-fifty (\$250) from adjusted gross income (see line 23, form 1040 for 2004) thereby allowing all teachers and other educators to deduct qualified expenses even if the educator did not itemize deductions.

1 While the two hundred-fifty (\$250) tax deduction may be sufficient for teachers in
2 some areas it is woefully inadequate for many teachers teaching in the Guam Public
3 School System. Because of several years of chronic under funding public schools
4 educators have for several years responded to the needs of their students by spending
5 their own money on what are denominated *qualified expenses* in this act. Given the
6 state of Guam's economy it is almost a certainty that educators will continue to
7 attempt to meet the needs of their students by spending their own money. This act
8 allows educators to claim a tax rebate to recover up to five hundred dollars (\$500) of
9 personal expenditures over and above the two hundred-fifty dollar (\$250) deduction
10 allowed by the Internal Revenue Code:

11
12 This act adopts much of the operative language of §62 of the Internal Revenue Code
13 (IRC) thereby making the various instructions, pamphlets and other papers issued by
14 the IRS available for the interpretation of this act, *e.g.* expenses deductible at line 23
15 of IRS form 1040 are subject to rebate under this act to the extent they exceed the two
16 hundred-fifty dollar (\$250) deduction.

17
18 GEDA Qualifying Certificates have been issued to businesses allowing them tax
19 rebates for nearly forty (40) years and have fostered much economic development.
20 This act extends the functional equivalent of the Qualifying Certificate (The
21 *Educator's Qualifying Certificate* or *EQC*) and tax rebate, on a much smaller scale, to
22 teachers. While this rebate is insufficient to make up for the economic hardship
23 suffered by teachers, it is one way for this community to show its appreciation to its
24 educators.

25 **§4302. Definitions.** The definitions set forth herein shall govern the construction and
26 interpretation of this chapter;

27 (a) *Eligible educator* means a kindergarten through grade 12:

- 28 1) Teacher
- 29 2) Instructor
- 30 3) Counselor
- 31 4) Principal, or

1 5) Aide.

2 (b) *Qualified expenses* means unreimbursed expenses exceeding \$250 an eligible
3 educator paid or incurred for books, supplies, computer equipment (including
4 related software and services), other equipment, and supplementary materials that
5 the educator used in his or her classroom. For courses in health or physical
6 education, expenses for supplies are qualified expenses only if they are related to
7 athletics.

8 (c) *Educator's qualifying certificate (EQC)* means the declaration of an *eligible*
9 *educator*, made pursuant to 6 GCA §4308, of the *qualified expenses* he or she
10 incurred during a tax year.

11 **§4303. Tax Rebate for Educator Expenses.** A rebate in an amount equal to the
12 qualified expenses incurred, but not to exceed five hundred(\$500), of personal income
13 tax paid by resident individual taxpayers, who are eligible educators, to the
14 government of Guam is hereby established and declared.

15 **§4304. Procedure to claim rebated taxes.** When a tax return is accompanied by (an)
16 *EQC(s)* the amount of tax due prior to the rebate shall be deposited with the
17 government of Guam at the time of filing the income tax return. Alternatively, if no
18 payment is due at the time the tax return is filed, the Tax Commissioner shall credit
19 the amount of the EQC to the Rebate Fund from taxes paid by the taxpayer. Absent a
20 finding by the Tax Commissioner of Guam that the rebate is not payable, the rebate
21 shall be withdrawn from the deposit and returned to the taxpayer(s) within one
22 hundred and eighty (180) days of the deposit without interest.

23 **§4305. Rebate Fund.** Deposits made pursuant to §4305 shall be covered over and
24 deposited into the fund created by 12 GCA §58138.

25 **§4306. Implementation by Tax Commissioner.** The Tax Commissioner of Guam
26 shall no later than thirty (30) days after the effective date hereof, develop necessary
27 procedures to implement this chapter and to that end shall:

28 (a) issue such rules and regulations as he may deem necessary to implement this
29 chapter.

30 (b) promulgate such forms and publications as are necessary to assist eligible
31 taxpayers to take advantage of this chapter.

1 (c) develop a procedure to allow the set off of an unpaid tax rebate from a prior year
2 against a current year's tax liability.

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4 **§4307. Sunset Provision.** This act shall be ineffective in the tax year following the
5 receipt by the Director of Revenue and Taxation of the certificate of the
6 Superintendent of Education that it is no longer necessary for *eligible educators* to
7 spend their own money on *qualified expenses*, as those terms are defined in §4302, in
8 order to provide an adequate public education.

9 **§4308. Construction.** Subsections 4302(a) and (b) of this chapter are substantially
10 similar to §62(a)(2)(D) of the Internal Revenue Code [26 USC §62(a)(2)(D)] and
11 should be construed consistently therewith except where manifestly inapplicable.

12 **§43409. Effective dates.** This act is effective upon adoption provided that the tax
13 rebate created by §4303 shall be effective for tax liability arising in 2005.”
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34 of these generous expenditures. The United States Congress recognized the
35 plight of teachers and effective tax year 2002, allowed a deduction of two
36 hundred-fifty dollars (\$250) from the adjusted gross income (see line 23, IRS
37 Form 1040 for 2004) thereby allowing all teachers and other educators to deduct
38 qualified expenses even if the educator did not itemize deductions.

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40 for teachers in some areas, it is woefully inadequate for many teachers teaching
41 in the Guam Public School System. Because of several years of chronically
42 under funding public schools, educators have for several years responded to the
43 needs of their students by spending their own money on what are denominated
44 *qualified expenses* in this act. Given the state of Guam's economy, it is almost a
45 certainty that educators will continue to attempt to meet the needs of their
46 students by spending their own money. This act allows educators to claim a tax
47 rebate to recover up to five hundred dollars (\$500) of personal expenditures over
48 and above the two hundred-fifty dollar (\$250) deduction allowed by the Internal
49 Revenue Code.

50 This act adopts much of the operative language of §62 of the Internal
51 Revenue Code (IRC) thereby making the various instructions, pamphlets and
52 other papers issued by the IRS available for the interpretation of this act, *e.g.*
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54 act to the extent they exceed the two hundred-fifty dollar (\$250) deduction.

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71 hundred fifty dollars (\$250) less any unreimbursed employee expenses
72 upon which a deduction from adjusted gross income is based that an
73 eligible educator paid or incurred for books, supplies, computer
74 equipment (including related software and services), other equipment,
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