

**I MINA' BENTE OCHO NA LIHESLATURAN GUÅHAN**  
**2005 (FIRST) Regular Session**

2005 SEP 12 11:31 AM

Bill No. 196 (EC)

Introduced By:

R.J. Respicio  
B.J.F. Cruz

---

**AN ACT TO DIRECT THE "WINDFALL" GROSS RECEIPTS TAX COLLECTIONS FROM ALL LIQUID FUEL PRODUCTS FOR FISCAL YEAR 2005 BE UTILIZED TO REDUCE OR ELIMINATE THAT PORTION OF THE GOVERNMENT'S DEBT TO THE GOVERNMENT OF GUAM RETIREMENT FUND THAT PREVENTS ELIGIBLE EMPLOYEES FROM RETIRING.**

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

2           **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan*  
3 finds that the cost of oil, and consequently the cost of gasoline, diesel, jet  
4 fuel and LP gas, has risen dramatically over the past several months, and  
5 all of Guam's consumers are suffering the consequences. In addition,  
6 power bills have risen as the Guam Power Authority has had to pass on the  
7 higher cost of fuel, and businesses have had to raise their prices because of  
8 the increased cost of shipping.

9           While many may perceive that those who sell oil and its products are  
10 the only beneficiaries, the Government of Guam is also getting a windfall  
11 from the rising cost of gasoline and other fuel products due to the Gross  
12 Receipts Tax. Since our government's liquid fuel tax is based on the  
13 number of gallons sold, those tax revenues will remain fairly constant. But  
14 the GRT is four percent of the total bill, so that when the cost of gas rises, so  
15 does the amount of GRT that must be paid. For example: When gasoline

1 was just \$1.50 a gallon, you had to pay 6¢ in GRT for each gallon you put in  
2 your gas tank. A 10 gallon purchase meant that 60¢ of your \$15 payment  
3 went for GRT. But with gasoline now at about \$3 per gallon, you're paying  
4 12¢ per gallon in GRT. That means that \$1.20 out of your \$30 payment goes  
5 to GRT for 10 gallons of fuel. The Department of Revenue and Taxation is  
6 getting twice as much in GRT for the same amount of fuel.

7 *I Liheslaturan Guåhan* further finds that merely reducing or  
8 eliminating all or part of the tax on fuel may not have the desired effect of  
9 reducing its cost, as demonstrated in 2003 when many businesses did not  
10 lower their prices when the GRT was lowered from 6% to 4%. It is not the  
11 intent of *I Liheslaturan Guåhan* to allow businesses to make another windfall  
12 at the expense of consumers.

13 *I Liheslaturan Guåhan* further finds that by determining the amount of  
14 the GRT windfall caused by the increase in fuel prices, *I Liheslatura* can  
15 begin addressing some of our government's debts.

16 It is therefore the intent of *I Liheslaturan Guåhan* that the  
17 administration be directed to determine the amount of the GRT windfall  
18 taking place in Fiscal Year 2005 and that *I Liheslatura* require that those  
19 funds be utilized to reduce or eliminate that portion of GovGuam's debt to  
20 the Government of Guam Retirement Fund that is preventing eligible  
21 employees from retiring.

22 **Section 2 (a). Determination of Liquid Fuels GRT Windfall.** Within  
23 thirty (30) after the first day of Fiscal Year 2006, the Department of  
24 Administration shall determine the difference between (1): the estimated  
25 GRT collections for all liquid fuel transactions originally contained in the  
26 administration's FY 2005 Budget submission to *I Liheslatura*; and (2): the  
27 projected actual GRT collections for all liquid fuel transactions, based on

1 actual collections and GRT reports filed in October, 2005 for September,  
2 2005.

3 (b). If the amount derived from the calculation in (a) of this act is less  
4 than or equal to that certain sum owed by the Government of Guam to the  
5 Government of Guam Retirement Fund that is preventing eligible  
6 employees from retiring, then that amount derived in (a) of this act is  
7 hereby appropriated from the General Fund for the purpose of permitting  
8 those eligible individuals to retire. If the amount derived from the  
9 calculation in (a) of this act is greater than that certain sum owed by the  
10 Government of Guam to the Government of Guam Retirement Fund that is  
11 preventing eligible employees from retiring, then the amount necessary to  
12 allow the affected individuals to retire is hereby appropriated from the  
13 General Fund to the Government of Guam Retirement Fund.

14 **Section 3. Reporting.** Within 60 days of the first day of Fiscal Year  
15 2006, the Department of Administration and the Government of Guam  
16 Retirement Fund shall report to the Speaker of *I Liheslaturan Guåhan* on the  
17 status of their compliance with the provisions of this act.

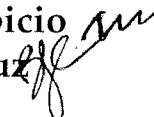
18 **Section 4. Severability.** If any part or provision of this Act, or the  
19 application of this Act to any person or circumstance, is held invalid, the  
20 remainder of this Act, including the application of such part or provisions  
21 to other persons or circumstances, shall not be affected by such a holding  
22 and shall continue in full force and effect. To this end, the provisions of this  
23 Act are severable.

*I MINA' BENTE OCHO NA LIHESLATURAN GUÅHAN*  
2005 (FIRST) Regular Session

EC

Bill No. 196 ( )  
As substituted by the Author

Introduced By:

R.J. Respicio  
B.J.F. Cruz 

---

AN ACT TO DIRECT THE "WINDFALL" GROSS RECEIPTS TAX COLLECTIONS FROM ALL LIQUID FUEL PRODUCTS FOR FISCAL YEAR 2005 BE APPROPRIATED TO THE GUAM MEMORIAL HOSPITAL TO ADDRESS THEIR FINANCIAL DIFFICULTIES IN DEALING WITH INDIGENT CARE.

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

2            **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan*  
3 finds that the cost of oil, and consequently the cost of gasoline, diesel, jet  
4 fuel and LP gas, has risen dramatically over the past several months, and  
5 all of Guam's consumers are suffering the consequences. In addition,  
6 power bills have risen as the Guam Power Authority has had to pass on the  
7 higher cost of fuel, and businesses have had to raise their prices because of  
8 the increased cost of shipping.

9            While many may perceive that those who sell oil and its products are  
10 the only beneficiaries, the Government of Guam is also getting a windfall  
11 from the rising cost of gasoline and other fuel products due to the Gross  
12 Receipts Tax. Since our government's liquid fuel tax is based on the  
13 number of gallons sold, those tax revenues will remain fairly constant. But

1 the GRT is four percent of the total bill, so that when the cost of gas rises, so  
2 does the amount of GRT that must be paid. For example: When gasoline  
3 was just \$1.50 a gallon, you had to pay 6¢ in GRT for each gallon you put in  
4 your gas tank. A 10 gallon purchase meant that 60¢ of your \$15 payment  
5 went for GRT. But with gasoline now at about \$3 per gallon, you're paying  
6 12¢ per gallon in GRT. That means that \$1.20 out of your \$30 payment goes  
7 to GRT for 10 gallons of fuel. The Department of Revenue and Taxation is  
8 getting twice as much in GRT for the same amount of fuel.

9 *I Liheslaturan Guåhan* further finds that merely reducing or  
10 eliminating all or part of the tax on fuel may not have the desired effect of  
11 reducing its cost, as demonstrated in 2003 when many businesses did not  
12 lower their prices when the GRT was lowered from 6% to 4%. It is not the  
13 intent of *I Liheslaturan Guåhan* to allow businesses to make another windfall  
14 at the expense of consumers.

15 *I Liheslaturan Guåhan* further finds that by determining the amount of  
16 the GRT windfall caused by the increase in fuel prices, *I Liheslatura* can  
17 begin addressing some of our government's debts.

18 It is therefore the intent of *I Liheslaturan Guåhan* that the  
19 administration be directed to determine the amount of the GRT windfall  
20 taking place in Fiscal Year 2005 and that *I Liheslatura* require that those  
21 funds be directed toward helping the Guam Memorial Hospital alleviate  
22 their crushing indigent care load by funding such requirements as  
23 additional nurses, pharmacy needs, special medical care, additional beds  
24 and other necessary equipment.

1           **Section 2 (a). Determination of Liquid Fuels GRT Windfall.** Within  
2 thirty (30) days after the first day of Fiscal Year 2006, the Department of  
3 Administration shall determine the difference between (1): the estimated  
4 GRT collections for all liquid fuel transactions originally contained in the  
5 administration's FY 2005 Budget submission to *I Liheslatura*; and (2): the  
6 projected actual GRT collections for all liquid fuel transactions for FY2005,  
7 including actual collections up to and including GRT reports filed in  
8 October, 2005 for September, 2005.

9           **(b).** The entire amount of the sum derived from the calculation in this  
10 Section 2 is hereby appropriated from the General Fund to the Guam  
11 Memorial Hospital for the purpose of helping the Guam Memorial  
12 Hospital alleviate its crushing indigent care load by funding such  
13 requirements, including, but not limited to the following: additional  
14 nurses; pharmacy needs; special medical care; additional beds; and other  
15 necessary equipment.

16           **Section 3. Reporting.** Within 60 days of the first day of Fiscal Year  
17 2006, the Department of Administration shall report to the Speaker of *I*  
18 *Liheslaturan Guåhan* the actual amount of windfall from the GRT on liquid  
19 fuel and the total amount that has been allotted to the Guam Memorial  
20 Hospital in compliance with the mandate of Section 2 of this act.

21           **Section 4. Severability.** If any part or provision of this Act, or the  
22 application of this Act to any person or circumstance, is held invalid, the  
23 remainder of this Act, including the application of such part or provisions  
24 to other persons or circumstances, shall not be affected by such a holding

- 1 and shall continue in full force and effect. To this end, the provisions of this
- 2 Act are severable.