

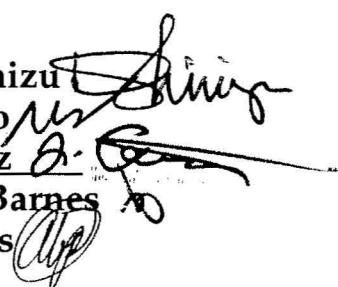
MINA' BENTE NUEBI NA LIHESLATURAN GUÅHAN
2007 (FIRST) REGULAR SESSION

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Bill No. 168 (EC)

Introduced by:

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etom


AN ACT TO REFINANCE EXISTING DEBT OF THE GOVERNMENT OF GUAM TO PAY ONE HUNDRED FIFTEEN MILLION SIX HUNDRED THOUSAND DOLLARS (\$115,600,000) OWED TO GOVERNMENT OF GUAM RETIREES IN COST OF LIVING ADJUSTMENTS (COLA); AND TO PAY ONE HUNDRED THIRTY FOUR MILLION FOUR HUNDRED THOUSAND DOLLARS (\$134,400,000) OWED TO THE PEOPLE OF GUAM IN 2005 AND PRIOR YEAR INCOME AND CORPORATE TAX REFUNDS, BY ADDING A NEW § 1512 TO TITLE 5 GCA CHAPTER 1 RELATIVE TO AUTHORIZING THE ISSUANCE OF BONDS FOR DEFICIT FINANCING; AND TO AMEND TITLE 11 GCA DIVISION 2 CHAPTER 24 ARTICLE 1 §§ 24102(f), 24110 AND 24112 RELATIVE TO REAL PROPERTY TAX; AND TO AMEND TITLE 11 GCA DIVISION 2 CHAPTER 24 ARTICLE 3 §§ 24306 AND 24307 RELATIVE TO REAL PROPERTY TAX VALUATION; AND TO REQUIRE THAT VALUATION OF REAL PROPERTY TAKE PLACE IN FISCAL YEAR 2008; AND TO REPEAL § 24102(l) TITLE 11 GCA DIVISION 2 CHAPTER 24 ARTICLE 1 RELATIVE TO AGGREGATE TAX VALUATION; AND TO AMEND §24103 OF ARTICLE 1 CHAPTER 24 DIVISION 2 TITLE 11 GCA RELATIVE TO TAX LEVY; AND TO REQUIRE THAT GUAM PROCUREMENT LAWS BE FOLLOWED.

1 BE IT ENACTED BY THE PEOPLE OF GUAM:

2 Section 1. Findings and Intent. *I Liheslaturan Guåhan* finds that the

3 Government of Guam has effectively borrowed hundreds of millions of

1 dollars from the people of Guam without their permission. This enormous
2 debt includes \$250 Million for back due cost of living adjustments (COLA)
3 to GovGuam retirees, and income tax refunds for both personal and
4 corporate taxpayers. A staggering amount of interest on what should be
5 characterized as loans from the people of Guam, estimated at nearly \$19
6 Million for the current year alone, must be added each year to the rapidly
7 mounting debt of our government.

8 *I Liheslatura* finds that most of the members of the class of taxpayers
9 who expect COLA payments are retirees, and by definition elderly and less
10 healthy than the general population of Guam. These individuals have a
11 great need for their loan to be repaid, and should receive their court
12 ordered COLA and interest as quickly as the Government of Guam can
13 provide it.

14 *I Liheslatura* finds that the long-suffering taxpayers and businesses
15 that have been waiting for their tax refunds are also in need of receiving
16 the amounts overdue to them from our government and should receive
17 their refunds, plus interest, as quickly as the Government of Guam can
18 provide them.

19 *I Liheslatura* finds that any attempt to pay the COLA and income tax
20 refunds from annual revenues would require that the people of Guam,
21 who are unwilling lenders, would have to wait for many years for full

1 repayment. During their seemingly endless waiting, many of the elderly
2 and ailing lenders will pass away, and some of the businesses will fade
3 from existence.

4 *I Liheslatura* finds that it would be of much greater benefit to the
5 people and Government of Guam if the COLA and tax return payments
6 could be made quickly. The overdue payments due to many retirees,
7 taxpayers and businesses would help to improve the quality of their lives.
8 In addition, an injection of \$250 million in cash into our community would
9 generate a great amount of economic activity, create employment
10 opportunities and boost tax revenues accordingly.

11 *I Liheslatura* finds that by pledging the otherwise unpledged Business
12 Privilege Tax (Gross Receipts Tax) as the revenue source for repayment of a
13 bond, the Government of Guam is likely to gain an investment grade rating
14 that will be substantially lower than the 7% interest on unpaid COLA and
15 8% interest on income tax refunds.

16 *I Liheslatura* finds that by refinancing the accumulated COLA and tax
17 return debt with a structured agreement that allows the Government of
18 Guam to make interest-only payments on such a bond for Fiscal Years 2008
19 and 2009, the Government of Guam would have an opportunity to:

- 20 a. Significantly reduce the number of overdue payments it must
21 make to its unwilling lenders;

1 b. Provide a buffer to assure that government services are not
2 compromised;

3 c. Reduce the overall amount of interest that will accrue on its
4 accumulated debt;

5 d. Give our island's struggling economy a boost, and

6 e. Assist in reducing the Government of Guam's huge deficit
7 and debt.

8 It is the intent of *I Liheslatura* to refinance the loans the Government
9 of Guam has imposed on the people of Guam by authorizing the issuance
10 of bonds to pay COLA to authorized recipients as determined by the
11 Government of Guam Retirement Fund, and to pay income tax returns to
12 recipients in the full amounts that they are due, and thereby provide a
13 significant cash infusion into Guam's economy.

14 **Section 2. A new § 1512 is added to Title 5, Guam Code Annotated**
15 **to read as follows:**

16 **"§ 1512. Authorization to Issue Bonds for Deficit Financing.**

17 **(a) Authorization of Issuance of Bonds.** *I Maga'lahen*
18 *Guåhan* is authorized to issue one or more series of bonds of the
19 Government of Guam as provided in this Section, in an
20 aggregate principal amount not to exceed the amount necessary
21 to provide Two Hundred Fifty Million Dollars (\$250,000,000)

1 for the payment of the General Fund expenses listed in
2 subsection (k), and, in addition, to fund necessary reserves and
3 pay expenses incurred in connection with the issuance of such
4 bonds not already included in an existing appropriation for or
5 the regular budget of any government agency or
6 instrumentality or public corporation providing any service in
7 connection with the issuance of such bonds; *provided, however,*
8 that bonds may not be issued in an amount that would cause a
9 violation of the debt limitation provisions of 48 USC 1423a (§11
10 of the Organic Act of Guam).

11 (b) **Terms and Conditions Determined by Certificate or**
12 **Indenture.** The terms and conditions of the bonds shall be as
13 determined by *I Maga'lahen Guåhan* by the execution of a
14 certificate or indenture authorizing the issuance of the bonds
15 upon or prior to the issuance of the bonds; *provided, however,*
16 that such terms and conditions shall be consistent with this
17 Section, and that the bonds shall mature not later than the date
18 thirty (30) years after their date of issuance and shall bear
19 interest at such rates and be sold for such price or prices as shall
20 result in a yield to the bondholders not exceeding seven and
21 one-half percent (7.5%) per annum.

1 (c) **Valid and Binding.** The bonds authorized by this
2 Section shall constitute the valid and binding general
3 obligations of the Government of Guam, additionally secured
4 by a pledge of the revenues described in subsection (d) of this
5 Section. The Government of Guam pledges its full faith and
6 credit for the punctual payment of both principal of and
7 interest on the bonds and covenants that there shall be collected
8 annually in the same manner and at the same time as
9 government revenue for other purposes is collected, such sum
10 as is required to pay the principal of and interest on the bonds.
11 There are hereby appropriated from the General Fund such
12 sums as may be necessary in each year in addition to the
13 amounts appropriated under subsection (e) of this Section to
14 equal the amount of money necessary to pay the principal and
15 interest on such bonds. For the purposes of this Act, interest-
16 only payments shall be structured into the agreement for Fiscal
17 Years 2008 and 2009. All officers charged by law with any duty
18 in the collection of the revenues of the government from which
19 debt service on the bonds will be payable shall do every lawful
20 thing necessary to collect such sum. The validity of any such
21 bonds shall not be affected by the validity or regularity of any

1 proceedings for the payment of the General Fund expenses
2 paid or to be paid with the proceeds of the bonds.

3 (d) **Source of and Security for Payment.** The bonds shall
4 also be secured by a first lien pledge of any or all of the
5 revenues derived by the Government of Guam from taxes
6 against persons on account of their businesses and other
7 activities in Guam now or hereafter imposed or levied by the
8 government pursuant to Section 26201 of Chapter 26 of
9 Division 2 of Title 11, Guam Code Annotated or any successor
10 provision of law (the "Revenues"). Such pledge made
11 hereunder shall be valid and binding from the time the bonds
12 are issued. The Revenues pledged and thereafter received by
13 the Government of Guam or by any trustee, depository or
14 custodian shall be deposited in a separate account and shall be
15 immediately subject to the lien of such pledge without any
16 physical delivery thereof or further act, and the lien of such
17 pledge shall be valid and binding against all parties having
18 claims of any kind in tort, contract or otherwise against the
19 Government of Guam or such trustee, depository or custodian,
20 irrespective of whether the parties have notice thereof. The
21 indenture or certificate by which the bonds are issued and such

1 pledge is created need not be recorded. Any such pledge shall
2 be a first lien, and shall not be subordinate to any other use of
3 Revenues.

4 (e) **Appropriation of Revenues.** All Revenues are hereby
5 appropriated for the purposes of paying the principal and
6 interest on the bonds issued pursuant to this Section and the
7 obligations incurred by the government pursuant to
8 subsections (i) and (j) of this Section, with the exception of
9 Fiscal Years 2008 and 2009 when Revenues are hereby
10 appropriated for the purposes of paying the interest only.
11 Revenues released from the lien of the indenture or certificate
12 pursuant to which the bonds are issued shall be available for
13 appropriation by *I Liheslaturan Guåhan* for any other lawful
14 purpose.

15 (f) **Additional Bonds.** Nothing in this Section shall be
16 construed to prevent the Government of Guam from issuing,
17 after appropriate enabling legislation, other obligations of the
18 government secured by Revenues on a parity with or
19 subordinate to the bonds authorized by this Section on such
20 terms as may be provided by the indenture or certificate
21 pursuant to which the bonds are issued. Nothing in this Section

1 shall be construed to prevent the Government of Guam from
2 issuing, after appropriate enabling legislation, other obligations
3 of the government secured by the general obligation of the
4 government on a parity with or subordinate to the bonds
5 authorized by this Section on such terms as may be provided
6 by the indenture or certificate pursuant to which the bonds are
7 issued.

8 **(g) Waiver of Immunity; Submission to Jurisdiction.**

9 Notwithstanding any substantive or procedural provision of
10 Chapter 6 of Title 5, Guam Code Annotated, the Government of
11 Guam waives immunity from any suit or action in contract on
12 the bonds, but does not waive sovereign immunity as to the
13 personal liability of elected officials and employees of the
14 Government of Guam. The government hereby submits to the
15 jurisdiction of the Federal District Court for the District of
16 Guam for purposes of any such suit or action in contract on the
17 bonds.

18 **(h) No Personal Liability.** No employee or elected official
19 of the Government of Guam shall be individually or personally
20 liable for the payment of any amounts due on any bonds issued
21 under this Section, or for any other liability arising in

1 connection with the bonds; provided, however, that nothing in
2 this Section shall relieve any employee or elected official from
3 the performance of any ministerial duty required by law.

4 (i) **Form of Bonds; Covenants; Appointment of**
5 **Fiduciaries.** The technical form and language of the bonds,
6 including provisions for execution, exchange, transfer,
7 registration, paying agency, lost or mutilated bonds,
8 negotiability, cancellation and other terms or conditions not
9 inconsistent with this Section, including covenants relating to
10 the collection of Revenues, shall be as specified in the certificate
11 or indenture executed by *I Maga'lahaen Guåhan* authorizing the
12 issuance of the bonds. The certificate or indenture shall appoint
13 one or more trustees, co-trustees or other fiduciaries authorized
14 to receive and hold in trust the proceeds of the bonds, the
15 Revenues and other moneys relating thereto, to protect the
16 rights of bondholders and to perform such other duties as may
17 be specified in the indenture. *I Maga'lahaen Guåhan* is also
18 authorized to execute, on behalf of the Government of Guam,
19 any appropriate agreements, certificates or other instruments
20 relating to the bonds and the sale of bonds.

1 (j) **Authorization for Credit Enhancement.** *I Maga'laha*
2 *Guåhan* is authorized to enter into such contracts or agreements
3 with such banks, insurance companies or other financial
4 institutions as he determines are necessary or desirable to
5 improve the security and marketability of the bonds issued
6 under this Section. Such contracts or agreements may contain
7 an obligation to reimburse, with interest, any such banks,
8 insurance companies or other financial institutions for advances
9 used to pay principal of or interest on the bonds and to
10 indemnify any such banks, insurance companies or other
11 financial institutions for costs and expenses incurred in
12 connection with any such advance. Any such reimbursement
13 obligation and any other obligations of the government under
14 such contracts or agreements shall be general obligations of the
15 Government of Guam and shall additionally be secured by a
16 pledge of, Revenues, and any such advance, if necessary, shall
17 be treated for Organic Act purposes as creating an obligation
18 issued to refund the bonds.

19 (k) **Use of Proceeds from the Sale of the Bonds.** The
20 proceeds from the sale of the bonds shall be used and are
21 hereby appropriated to (i) pay the General Fund expenses

1 described in subsection (k) of this Section, (ii) establish
2 necessary reserves, (iii) pay expenses relating to the
3 authorization, sale and issuance of the bonds, including,
4 without limitation, printing costs, costs of reproducing
5 documents, credit enhancement fees, underwriting, legal,
6 financial advisory and accounting fees and charges, fees paid to
7 banks or other financial institutions providing credit
8 enhancement, costs of credit ratings and other costs, charges
9 and fees in connection with the issuance, sale and delivery of
10 the bonds, and (iv) fund capitalized interest on the bonds for a
11 period ending not later than thirty (30) months.

12 General Fund Expenses. The General Fund expenses
13 authorized to be paid with the proceeds of the bonds are as
14 follows:

15	(i)	2005 and prior year individual and corporate tax	
16		refunds	\$134,400,000
17	(ii)	Cost of Living Adjustment (COLA) as ordered by	
18		the Superior Court in SP206-93	\$115,600,000
19		Total	\$250,000,000

20 The payments authorized in this subsection (k) shall,
21 when paid, apply to any existing appropriation for the same

1 items in the current or prior year appropriations acts, and shall
2 not constitute double appropriations.

3 (l) Permitted Investments. The proceeds of the bonds, and
4 any Revenues relating to such bonds, may be invested in, but
5 only in, the types of investments permitted by the certificate or
6 indenture pursuant to which such bonds are issued.

7 (m) Approval by Guam Economic Development and
8 Commerce Authority. §50103(k), Title 12, Guam Code
9 Annotated, provides that agencies and instrumentalities of the
10 Government of Guam shall issue bonds and other obligations
11 only by means of and through the agency of the Guam
12 Economic Development and Commerce Authority (“GEDCA”).
13 No issue of bonds authorized by this Section shall be sold until
14 the board of directors of GEDCA has adopted a resolution
15 approving the sale of such issue.

16 (n) Approval of Voters Not Required. Notwithstanding 3
17 GCA § 17312, the issuance of the bonds authorized by this
18 Section shall not be required to be subject to the approval of, or
19 placed before, the voters of Guam.”

20 **Section 3. Local Sales of Bonds.** *I Maga’lahen Guåhan* shall undertake
21 his best efforts to cause a portion of any bonds issued pursuant to Section 6

1 of Chapter IV, Part III of this Act (Section 1512, Title 5, Guam Code
2 Annotated), to be offered for sale to residents of Guam, as well as to
3 residents of other jurisdictions, if and to the extent that such offer and any
4 sales resulting from such offer do not increase the costs to the Government
5 of Guam of issuing and repaying such bonds.

6 **Section 4. Approval of Bonds.** *I Liheslaturan Guåhan* pursuant to
7 §50103(k), Title 12, Guam Code Annotated, hereby approves the issuance
8 and sale by the Government of Guam of bonds for the purposes and in the
9 principal amounts not to exceed the purpose and limits set forth in Section
10 6 of Chapter IV, Part III of this Act, *provided* that the conditions to the
11 issuance of such bonds shall have been met, such bonds have a final
12 maturity date not later than thirty (30) years after their date of issuance,
13 bear interest at such rate and are sold for such price or prices as shall result
14 in a yield to the bondholders not exceeding seven and one-half percent
15 (7.5%) per annum, and are issued and sold in the manner, for the purposes
16 and subject to the requirements and limitations provided in Section 1512,
17 Title 5, Guam Code Annotated. This approval shall supersede the approval
18 contained in Public Law 27-19 and the terms and conditions of Public Law
19 27-19 shall not apply.

20 **Section 5. Inclusion in Indenture.** The following shall be
21 incorporated into the bond indenture.

1 **“Deficit Elimination and Cost Containment Plan.**

2 **(a) Findings.** The structural imbalance in the Government of Guam’s
3 General Fund, coupled with the cumulative deficit and more than \$1
4 Billion debt, has resulted in the Government’s limited ability to meet its
5 core operating and capital project obligations. In addition, the Government
6 of Guam has accumulated a General Fund deficit of \$524 Million as of
7 Fiscal Year 2007 comprised of \$156 Million in taxpayer refunds, retirement
8 obligations, \$90 Million EITC court settlement, \$123 Million COLA court
9 judgment and vendor payments that have yet to be paid. Since Fiscal Year
10 1998, the Government of Guam’s expenditures have outpaced its revenues,
11 resulting in both year-end operating deficits and a total fund balance deficit
12 in the General Fund. This deficit is further exacerbated by the Government
13 of Guam Retirement Fund’s unfunded accrued actuarial liability of \$1.29
14 billion and the US District Court’s Consent Decree to close the Ordot
15 Landfill and open a new municipal solid waste landfill estimated to cost
16 about \$230 Million, the current general obligation bond balance of roughly
17 \$300 Million and other outside economic forces as well as other global
18 events. The Government of Guam has been cash-strapped, a situation that
19 continues to hamstring the delivery of public education, public health and
20 public safety services for our citizens.

21 **(b) Office of Finance and Budget.**

1 Title 2 Guam Code Annotated, Chapter 13, Office of Finance and

2 Budget:

3 **§ 13101. Legislative Findings and Intent.**

4 *I Liheslaturan Guåhan* recognizes the need for the independent
5 forecasting of government revenues, with the minimum goal of
6 adopting the best econometric model for the government of Guam.
7 There is a need to compile and provide to *I Liheslaturan Guåhan*, *I*
8 *Maga'lahaen Guåhan* and the public, forecasts of revenues *no less than*
9 five (5) years immediately beyond the operating budget year;
10 expenditure information *no less than* five (5) years past; consistent
11 year-by-year analysis of the impact of federal expenditures on
12 Guam's economy and employment; and information related to the
13 formulation of short and long-term fiscal policy. Future fiscal policy
14 must be consistent with government reorganization, performance-
15 based budgeting, measurable program goals and transparency. The
16 present relationship between traditional and performance-based
17 budgeting is crucial to our fiscal maturity, a goal that requires
18 improved articulation and standards to measure goal-driven
19 objectives and practical technological applications in budget
20 formulation. *I Liheslaturan Guåhan*, therefore, hereby creates the
21 Office of Finance and Budget ("OFB") to renew fiscal discipline

1 through the practice of open government, cooperation between the
2 legislative and executive branches, and the assignment of fiscal
3 responsibility to appropriate government entities and officials, all to
4 promote public confidence and government efficiency.

5 **§ 13102. Creation of Office.**

6 There is hereby created, within *I Liheslaturan Guåhan*, under the
7 supervision of the Committee on Ways and Means, or equivalent
8 Standing Committee, the Office of Finance and Budget (“OFB”),
9 organized and operating as *I Liheslaturan Guåhan* may from time to
10 time provide through its Standing Rules.

11 **§ 13103. Budget of Office.**

12 The budget of the OFB *shall not* be included as part of *I*
13 *Liheslaturan Guåhan’s* annual operating budget.

14 **§ 13104. Purpose of Office.**

15 The OFB *shall* administer this Chapter and perform the
16 responsibilities assigned to it by law and the Standing Rules. It *shall*
17 coordinate and gather information relevant to government revenue
18 projections, fiscal policy, legislative appropriations, taxation, revenue
19 collection, government expenditures, general fund revenues, and
20 special fund revenues.

21 **§ 13105. Administration of Office.**

1 The Chairperson of the Committee on Ways and Means, or
2 equivalent Standing Committee, *shall* appoint a Director who *shall*
3 administer the OFB and perform other duties as prescribed by law
4 and the Standing Rules. The Director *shall* also be responsible for any
5 and all matters assigned to OFB by the Chairperson of the Committee
6 on Ways and Means, or equivalent Standing Committee.

7 **§ 13106. Duties of Office.**

8 The Office of Finance and Budget *shall*:

9 (a) use all available resources to develop and adopt a
10 model for Guam's existing and projected economy which *shall*
11 simulate the effect of revenue raising, the effect of any
12 proposed benefits, optional revenue generation and the utility
13 thereof;

14 (b) compile and provide to *I Liheslaturan Guåhan*, to *I*
15 *Maga'lahi*, and to the public, forecasts of revenues, current and
16 prior year expenditures, and surpluses or deficits;

17 (c) assess the impact of federal expenditures in Guam;
18 and

19 (d) perform such other duties as are assigned to it by the
20 Standing Rules of *I Liheslaturan Guåhan* or the Chairperson of
21 the Committee on Ways and Means.

1 **§ 13107. Special Accounting Service.**

2 There is hereby established a Special Accounting Service work
3 group comprised of a senior staff member of *I Liheslaturan Guåhan's*
4 Office of Finance and Budget; the Controller of the Department of
5 Administration; the Chief of the Taxpayer Services Administration
6 Branch of the Department of Revenue and Taxation; and the Budget
7 Analyst Supervisor of the Bureau of Budget and Management
8 Research. Said service *shall* meet from time to time to discuss and
9 develop recommendations on fiscal policy, provide technical
10 assistance to the Office of Finance and Budget, and share information
11 relative to government finances. The senior staff member of *I*
12 *Liheslaturan Guåhan's* Office of Finance and Budget *shall* serve as
13 Chairperson of the Special Accounting Service.

14 **§ 13108. Special Economic Service.**

15 There *shall* be a Special Economic Service work group
16 comprised of the Chairman of *I Liheslaturan Guåhan's* Committee on
17 Ways and Means, *or* equivalent Standing Committee; the Director of
18 the Office of Finance and Budget; the Public Auditor; the Director of
19 the Bureau of Budget and Management Research; the Director of
20 Revenue and Taxation; the Director of Administration; the
21 Administrator of the Guam Economic Development and Commerce

1 Authority; the Senior Economist of the Department of Labor; the
2 Chief Planner of the Bureau of Statistics and Plans; and the
3 Administrator of Research and Evaluation (Research Manager) of the
4 Guam Visitors Bureau. Said Service *shall* meet from time to time to
5 discuss and develop recommendations on economic policy, provide
6 technical assistance to the Office of Finance and Budget, and share
7 information relative to the state of the economy. The Chairperson of
8 the Committee on Ways and Means, or equivalent Standing
9 Committee, *shall* serve as Chairperson of the Special Economic
10 Service.

11 **§ 13109. Executive Branch Accounting, Financial, and**
12 **Economic Services.**

13 *I Maga'lahaen Guåhan shall* provide the Office of Finance and
14 Budget with any and all information and services it requires to fully
15 execute this Chapter.

16 (a) Reports. *I Maga'lahaen Guåhan shall* report to *I*
17 *Liheslaturan Guåhan* as follows:

18 (1) *No later than thirty (30) days after* the end of each
19 month of a fiscal year, the revenue tracking for the
20 General Fund, the Tourist Attraction Fund, Solid Waste
21 Operations Fund (Tipping Fees), Territorial Education

1 Facilities Fund, and the Guam Highway Fund for the
2 balance of the fiscal year, based upon the actual
3 collections of the preceding month, and prepare a
4 comparative statement of “actual” and “projected”
5 revenues. Such information *shall* be compiled in a report,
6 in collaboration with the Director of Revenue and
7 Taxation and the Director of Administration, certified by
8 the Director of the Bureau of Budget and Management
9 Research, and submitted to the Speaker of *I Liheslaturan*
10 *Guåhan* no later than thirty (30) days *after* the end of each
11 month of the fiscal year;

12 (2) On January 1, 2008, and on a semiannual basis
13 thereafter, the impact of federal expenditures, including
14 projections of federal expenditures on Guam, on Guam’s
15 economic growth, employment, tax revenues, and other
16 variables, for the next year compared with the previous
17 five (5) years; identify significant federal expenditures *or*
18 potential expenditures on Guam affecting military bases,
19 installations, active duty and retired military personnel
20 within Guam, as well as any impact of the changes in
21 these expenditures. Such information *shall* be compiled in

1 a report, certified by a majority of the members of the
2 Special Economic Service, and submitted to the Speaker
3 of *I Liheslaturan Guåhan*;

4 (3) On January 1, 2008, and on a semiannual basis
5 thereafter, the impact of tourism expenditures on Guam's
6 economy and employment, including projections of
7 tourism expenditures on Guam, on Guam's economic
8 growth, employment, tax revenues, and other variables,
9 for the next year compared with the previous five (5)
10 years; identify significant tourism expenditures *or*
11 potential expenditures coming into Guam affecting
12 tourism as well as the impact of the changes in these
13 expenditures. Such information *shall* be compiled in a
14 report, certified by a majority of the members of the
15 Special Economic Service, and submitted to the Speaker
16 of *I Liheslaturan Guåhan*; and (4) Long-range forecasts of
17 revenues and expenditures for each of the five (5) years
18 immediately beyond the budget year. Such information
19 *shall* be compiled in a report, certified by a majority of the
20 members of the Special Economic Service and submitted
21 to the Speaker of *I Liheslaturan Guåhan*.

1 **(c) General Fund Appropriations Cap.** As an austerity measure, the
2 government's appropriations for a fiscal year should be less than its total
3 revenue. For Fiscal Year 2008, the Legislature shall not appropriate from
4 the General Fund more than ninety-five percent (95%) of the total revenues
5 projected pursuant to 2GCA Chapter 13 for the General Fund for Fiscal
6 Year 2008. For Fiscal Year 2009 and beyond, the Legislature shall not
7 appropriate from the General Fund more than ninety-five percent (95%) of
8 the total revenues projected pursuant to 2GCA Chapter 13 for the General
9 Fund for that fiscal year, or ninety-five percent (95%) of the total actual
10 revenues collected for the General Fund for the previous fiscal year,
11 whichever number is smaller, until such time as Guam's deficit had been
12 paid in full or converted to long term debt. Five percent (5%) of actual
13 revenues collected shall be placed into the Rainy Day Fund, Title 5 GCA
14 Chapter 22 Article 9, for deficit elimination purposes.

15 **(d) Emergency.** To the extent necessary to deal with any disaster or
16 emergency this General Fund Appropriations Cap may be temporarily
17 lifted in the event that the Governor, the President of the United States, or
18 the Legislature by vote of a majority of its members declares Guam to be in
19 a state of disaster or emergency or any similar designation."

20 **Section 6. Approval of Indenture.** The indenture pursuant to which
21 the bonds approved by Section 4 of this Act shall be issued and shall be in

1 substantially the form appended to this Act as “Attachment A.” In
2 accordance with Section 1512, Title 5, Guam Code Annotated, the terms
3 and conditions of such bonds shall be as determined by *I Maga’lahen*
4 *Guåhan* by execution of the indenture, subject to the requirements of said
5 Section 1512 and Section 8, Chapter IV, Part III of this Act.

6 **Section 7. Deposit of Bond Proceeds to be Used to Pay Income Tax**
7 **Refunds.** The proceeds of the bonds approved by Section 4 of this Act that
8 are authorized by Section 1512(m)(i) to be used to pay tax refunds shall be
9 transferred immediately after receipt thereof by the bond trustee into the
10 Income Tax Reserve Fund.

11 **Section 8. Bond Proceeds Not Subject to Transfer Authority.** The
12 proceeds of the bonds approved by Section 4 of this Act shall not be subject
13 to any transfer authority of *I Maga’lahen Guåhan*.

14 **Section 9. §24102(f), §24110 and §24112 of Article 1 Chapter 24**
15 **Division 2 of Title 11 GCA are hereby amended to read as follows:**

16 “§24102(f). *Value, full cash value, fair market value, and cash value*
17 *mean ~~thirty five percent (35%)~~ seventy percent (70%) of the*
18 *appraised value; appraised value means the amount at which property*
19 *would be taken in payment of a just debt from a solvent debtor as*
20 *determined by the last completed valuation conducted pursuant to 11*

1 GCA §24306, as supplemented by the annual adjustments provided
2 for in this chapter.”

3 “§ 24110. **Reduced Tax Rates of Senior Citizens.** A senior
4 citizen, who is defined for purposes of this Title as a person fifty-five
5 (55) years of age or older, who is the head of a household and who
6 currently resides in and owns his or her home, and has lived on
7 Guam for five (5) preceding consecutive years shall pay a real
8 property tax on such personal residential property at twenty percent
9 (20%) of the yearly real estate tax based on the latest ~~triennial~~ five (5)
10 year tax assessment levied on such property owned by the respective
11 senior citizen, provided such property is his or her place of primary
12 residence.”

13 “§ 24112. **Reduced Tax for U.S. Citizens with Disabilities and**
14 **Heads of Households with Dependents with Disabilities.** (a) A U.S.
15 Citizen with disabilities or head of household with dependents with
16 disabilities, who is defined for purposes of this Title as a U.S. Citizen
17 aged eighteen (18) years or over who has lived on Guam for the
18 preceding five (5) consecutive years and who currently resides in his
19 or her own home, and meets the definition of permanent disability as
20 established by the Department of Integrated Services for Individuals
21 with Disabilities (‘DISID’), shall pay a real property tax on such

1 personal or family residential property at twenty percent (20%) of the
2 yearly real estate tax based on the latest ~~triennial~~ five (5) year tax
3 assessment levied on such property owned by the respective U.S.
4 Citizen, and which is his or her primary residence."

5 Section 10. §§ 24306 and 24307 of Article 3 Chapter 24 Division 2 of
6 Title 11 GCA are hereby amended to read as follows:

7 "§24306. Same: Valuation. For the calendar year 1977, the
8 valuation of all property shall be the 1978 valuation as shown on the
9 assessment roll of the government for 1976, provided, however, that
10 in instances where property has been either improved or suffered
11 loss in 1977, the assessor shall take into consideration such
12 improvement or loss and adjust the assessment roll for such property
13 accordingly. Commencing with the first Monday in March of 1978
14 and continuing every ~~three-(3)~~ five (5) years thereafter, the assessor
15 shall re-ascertain the value of all property in Guam and such
16 valuation shall be used as the basis for assessment during the annual
17 adjustments for property which has been either improved or suffered
18 loss, as provided by §24307. Notwithstanding any other provision of
19 law, if the valuation provided for in this §24306 is not re-ascertained
20 every ~~three-(3)~~ five (5) years as required by this Section, then the last
21 completed valuation as supplemented by the annual adjustments

1 provided for in §24307 shall be the property tax valuation used under
2 this Chapter.

3 **§24307. Same: Intervening Year.** In each year other than the
4 year of the ~~triennial~~ five (5) year valuation the assessor shall ascertain
5 the value of all property as of the first Monday in March which shall
6 have become taxable since the last valuation, including new
7 improvements or additions to old improvements, or which shall
8 change in value because of a change in use; and in case of the
9 destruction or injury by fire, flood, typhoon, storm or otherwise, or
10 removal of any improvements of any kind, or of orchards, timber, or
11 ornamental trees, the value of which shall have been included in the
12 former valuation of the property, the assessor shall determine the
13 value of such loss and reduce the valuation accordingly.”

14 **Section 11. Five (5) Year Property Value Assessment.** The
15 Department of Revenue and Taxation shall conduct the five (5) year or
16 annual valuation of real properties, pursuant to §§24306 and 24307 of
17 Article 3, Chapter 24, Division 2 of Title 11 GCA in Fiscal Year 2008.

18 **Section 12. Repeal of Aggregate Tax Valuation.** § 24102(l), Article 1,
19 Chapter 24, Title 11, Guam Code Annotated is hereby repealed.

20 **Section 13. §24103 of Article 1 Chapter 24 Division 2 Title 11 GCA**
21 **is hereby amended to read:**

1 “§ 24103. Levy. There is hereby levied on all land property in
2 Guam a yearly tax at the rate of ~~one-quarter percent (1/4%)~~ one-
3 eighth percent (1/8%) of the value thereof and ~~one percent (1%)~~ one
4 half percent (1/2%) of the value of the improvements thereon. Such
5 tax shall be assessed and collected in the manner prescribed in this
6 Chapter. All proceeds derived by the government under any
7 provision of this Chapter shall be deposited in the Treasury of Guam
8 to the credit of the General Fund.”

9 **Section 14. Procurement of Financial Services.** All procurement laws
10 relative to procuring professional services for the Government of Guam
11 shall be followed shall be followed when procuring financial services for
12 the bond authorized by this Act.