

MINA' BENTE NUEBI NA LIHESLATURAN GUAHAN
2007 (FIRST) Regular Session

Bill No. 37 (EC)

Introduced by:

R.J. Respicio
J.P. Guthertz



AN ACT TO ESTABLISH THE OFFICE OF FINANCE AND BUDGET WITHIN I LIHESLATURAN GUAHAN FOR THE ADOPTION OF AN ECONOMETRIC MODEL OF GUAM'S EXISTING AND PROJECTED ECONOMY TO BE USED TO SIMULATE THE EFFECT OF REVENUE FORECASTING AND THE COORDINATION AND GATHERING OF INFORMATION NECESSARY FOR I LIHESLATURA TO MAKE AND ADOPT REVENUE PROJECTIONS FOR THE OPERATIONS OF THE GOVERNMENT OF GUAM, AND TO REVIEW LEGISLATION AND ISSUES OF CONCERN RELATIVE TO FISCAL POLICY INCLUDING BUT NOT LIMITED TO LEGISLATIVE APPROPRIATIONS, TAXATION, REVENUE COLLECTION, GENERAL FUND REVENUES, SPECIAL FUND REVENUES, AND GOVERNMENT EXPENDITURES, AND TO REPEAL SECTION 23 OF PUBLIC LAW 25-176.

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

2 **Section 1. Statement of Legislative Purpose.** The Office of Finance
3 and Budget was originally established by Public Law 25-176, a
4 supplemental appropriations act to the General Appropriations Act of
5 2001, and has not been codified. The purpose of this act is to codify the
6 Office of Finance and Budget and expand the purpose, functions and
7 duties of said office.

8 **Section 2.** A new Chapter 13 is added to Title 2 of the Guam Code

1 Annotated as follows:

2 "CHAPTER 13

3 OFFICE OF FINANCE AND BUDGET

4 §13101. **Legislative Findings and Intent.** *I Liheslaturan Guåhan*
5 recognizes the need for the independent forecasting of government
6 revenues, with the minimum goal of adopting an econometric model
7 best suited for the government of Guam. There is a need to compile
8 and make available to *I Liheslaturan Guåhan*, *I Maga'lahaen Guåhan* and
9 the public, forecasts of revenues *no less than* five (5) years
10 immediately beyond the operating budget year; expenditure
11 information *no less than* five (5) years past; consistent year-by-year
12 impact analysis of Federal expenditures on Guam's economy and
13 employment; and a myriad of related economic factors significant to
14 the formulation of short and long-term fiscal policy.

15 *I Liheslaturan Guåhan* also recognizes that the direction of future
16 fiscal policy must be consistent with recent initiatives towards
17 government reorganization and performance-based budgeting which
18 concentrates on measurable program goals systematically monitored
19 towards achieving program results and a mechanism for reporting
20 publicly on their progress. *I Liheslaturan Guåhan* views the present
21 threshold between traditional and performance-based budgeting as
22 an important juncture in our fiscal maturity which calls for improved
23 articulation and standards of measure on goal-driven objectives and
24 practical technological applications in the budget formulation and the
25 processes which must precede this vital product.

26 *I Liheslaturan Guåhan*, therefore, acknowledges that time is of
27 the essence and seeks to create the Office of Finance and Budget
28 ("OFB"), to begin the long overdue and arduous process of renewed

1 fiscal discipline through the enactment of laws which require the
2 practice of open government, cooperation between the legislative and
3 executive branches, and the assignment of fiscal responsibility to
4 appropriate government entities and officials, all in the interest of
5 restoring public confidence and government efficiency.

6 **§13101. Creation of Office.** There is hereby created within *I*
7 *Liheslaturan Guåhan*, under the supervision of the Committee on
8 Ways and Means, or equivalent Standing Committee, the Office of
9 Finance and Budget (“OFB”), legislatively operating under such rules
10 and regulations as *I Liheslaturan Guåhan* may from time to time
11 provide within its Standing Rules.

12 **§13102. Budget of Office.** While the OFB will be under the
13 supervision of the Committee on Ways and Means, or equivalent
14 Standing Committee, its budget shall *not* be included as a part of *I*
15 *Liheslaturan Guåhan’s* annual operating budget. The OFB, annually,
16 shall submit its own operating budget to *I Liheslaturan Guåhan* in the
17 same manner and under the same requirement as other departments
18 and agencies of the government of Guam.

19 **§13103. Purpose of Office.** The OFB shall be responsible for the
20 administration of this Chapter and the performance of the
21 responsibilities and duties assigned by law. It shall be charged with
22 the coordination and gathering of information necessary for *I*
23 *Liheslatura* to make and adopt revenue projections for the operations
24 of the government of Guam, the review of any and all legislation,
25 public matters, and issues of concern relative to fiscal policy,
26 legislative appropriations, taxation, revenue collection, government
27 expenditures, general fund revenues, special fund revenues, and
28 other matters as assigned by *I Liheslatura*.

1 **§13104. Administration of Office.** The Chairperson of the
2 Committee on Ways and Means, or equivalent standing committee,
3 shall appoint a Director who shall be responsible for the
4 administration of the office and other duties as prescribed by law.
5 The Director shall also be responsible for any and all matters as
6 assigned by the Chairperson of the Committee on Ways and Means,
7 or equivalent standing committee.

8 **§13105. Duties of Office.** The duties of the Office of Finance
9 and Budget shall include but are not limited to the following:

10 (i) develop or adapt an econometric model of Guam's existing
11 and projected economy, which model shall be used to simulate
12 the effect of revenue raising, the effect of any proposed benefits
13 and the optional revenue generation and utility thereof. The
14 OFB shall utilize all existing and otherwise available resources,
15 such as the econometric model now used by the United States
16 Treasury, in its development of such model for its work;

17 (ii) compile and make available to the Legislature, the
18 Governor, and the public, forecasts of revenues, current and
19 prior year expenditures, and surplus or deficit;

20 (iii) determine the impact of federal expenditures in Guam;

21 (iv) determine the impact of tourism expenditures in Guam and

22 (v) provide logistical and technical support as necessary to the
23 Legislative Tax Review Commission.

24 **§13106. Special Accounting Service.** There shall be a Special
25 Accounting Service work group comprised of the Director of the
26 Office of Finance and Budget, the Controller of the Department of
27 Administration, the Chief of the Taxpayer Services Administration
28 Branch of the Department of Revenue and Taxation, and the Budget

1 Analyst Supervisor of the Bureau of Budget and Management
2 Research, which shall meet time to time to discuss and develop
3 recommendations on fiscal policy, provide technical assistance to the
4 Office of Finance and Budget, and share information relative to
5 government finances.

6 **§13107. Special Economic Service.** There shall be a Special
7 Economic Service work group comprised of the Director of the Office
8 of Finance and Budget, the Director of the Bureau of Budget and
9 Management Research, the Director of the Department of Revenue
10 and Taxation, the Director of Administration, the Administrator of
11 the Guam Economic Development and Commerce Authority, the
12 Senior Economist of the Department of Labor, the Chief Planner of
13 the Bureau of Statistics and Plans, and the Administrator of Research
14 and Evaluation (Research Manager) of the Guam Visitors Bureau,
15 which shall meet from time to time to discuss and develop
16 recommendations on economic policy, provide technical assistance to
17 the Office of Finance and Budget, and share information relative to
18 the state of the economy.

19 **§13108. Executive Branch Accounting, Financial, and**
20 **Economic Services.** The Executive Branch shall provide the Office of
21 Finance and Budget with any and all information and services
22 necessary for the full implementation of this Chapter.

23 (i) Reports. The Executive Branch shall provide the following
24 reports to the Legislature as follows:

25 (a) *No later than* thirty (30) days *after* the close of each
26 month of Fiscal Year 2007, the revenue tracking for the
27 balance of the fiscal year, based upon the actual
28 collections of the preceding month and prepare a

1 comparative statement of the “actual” and “projected”
2 revenues. Such information shall be compiled in a Report,
3 certified by the Director of the Bureau of Budget and
4 Management Research, in collaboration with the Director
5 of Revenue and Taxation and the Director of
6 Administration and submitted to the Speaker of *I*
7 *Liheslaturan Guåhan* no later than thirty (30) days after the
8 close of each month of the fiscal year;

9 (b) On July 1, 2007, and on a semiannual basis thereafter,
10 the impact of federal expenditures on Guam’s economy
11 and employment, including projections of federal
12 expenditures coming into Guam and changes in these
13 expenditures on Guam’s economic growth, employment,
14 tax revenues, and other variables, for the next year
15 compared with the previous five (5) years; identify
16 significant federal expenditures or potential expenditures
17 coming into Guam affecting military bases, installations,
18 active duty and retired military personnel within Guam,
19 as well as the impact of the changes in these expenditures.
20 Such information shall be compiled in a Report, certified
21 by a majority of the members of the Special Economic
22 Service and submitted to the Speaker of *I Liheslaturan*
23 *Guåhan*;

24 (c) On July 1, 2007, and on a semiannual basis thereafter,
25 the impact of tourism expenditures on Guam’s economy
26 and employment, including projections of tourism
27 expenditures coming into Guam and changes in these
28 expenditures on Guam’s economic growth, employment,

1 tax revenues, and other variables, for the next year
2 compared with the previous five (5) years; identify
3 significant tourism expenditures or potential
4 expenditures coming into Guam affecting tourism as well
5 as the impact of the changes in these expenditures. Such
6 information shall be compiled in a Report, certified by a
7 majority of the members of the Special Economic Service
8 and submitted to the Speaker of *I Liheslaturan Guåhan*;
9 and

10 (d) Prepare long-range forecasts of revenues and
11 expenditures for each of the five (5) years immediately
12 beyond the budget year. Such information shall be
13 compiled in a Report, certified by a majority of the
14 members of the Special Economic Service and submitted
15 to the Speaker of *I Liheslaturan Guåhan*."

16 **Section 3.** Section 23 of Public Law 25-176 is hereby repealed in its
17 entirety.