

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

Bill No. 82 (LS)

Introduced by:

J. A. Lujan

2007 MAR 29 AM 11:45
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AN ACT TO ADD A NEW CHAPTER 53 TO TITLE 11, GUAM CODE ANNOTATED, TO AUTHORIZE THE LIQUIDATION OF TAX LIABILITIES THROUGH COMMERCIAL INTERMEDIARIES, TO BE KNOWN AS THE "TAX RECOVERY ACT"

1 BE IT ENACTED BY THE PEOPLE OF GUAM:

2 Section 1. **Legislative Intent.** The Department of Revenue & Taxation is
3 charged with collecting a variety of past due unpaid taxes of all descriptions, and
4 valuable claims by other government agencies on private income and property,
5 such as unpaid hospital accounts. The Department may not be adequately
6 funded to effectively research, pursue and collect these accounts. This Act will
7 authorize the Department to liquidate its portfolio of past due tax liabilities by
8 auctioning them to collection companies, banks, law firms, and other
9 professional entities. This will provide the Government of Guam with a badly
10 needed infusion of cash to meet operational expenses.

11 Section 2. A new Chapter 53 is added to Title 11, Guam Code Annotated, to
12 read as follows:

13 "Chapter 53. Sale of Tax Liabilities.

1 **§53101. Sale of Tax Liabilities Authorized.** The Director is authorized to sell at
2 auction to the highest bidder the government's interest in any and all tax
3 liabilities for which effort to collect has been unsuccessful for at least 18 months
4 from the tax due date. All forms of taxes listed in this Division may be sold, as
5 well as other unpaid amounts due to the government of Guam which have been
6 duly referred to the Department for collection, such as unpaid hospital bills.
7 Upon sale of the government's tax receivables or other receivables authorized
8 herein, said receivables shall become the private property of the purchaser who
9 may use all lawful means available to collect the face value or any portion thereof
10 of the former tax liability or unpaid government receivable. Such sales shall be
11 conducted by public auction and sold to the highest bidder who shall pay the bid
12 amount within ten (10) business days of the auction date. If the winning bidder
13 does not pay the amount bid then the sale shall proceed with the next highest
14 bidder as the winning bidder who must pay the amount bid within ten (10) days
15 of notification that she has been substituted as the winning bidder.

16 The Director shall publish notices of the intended sale at least thirty (30)
17 days prior to said sale and provide any potential bidder with information
18 concerning the particular amounts owed and when said liabilities were incurred
19 but excluding the names of the tax or other debtor.

20 All sales shall be in increments of approximately \$100,000.00 of taxes owed
21 and may be combined by the Director as he sees fit. Single tax liabilities owed by
22 a single taxpayer over \$100,000.00 may be sold in one sale.

23 On publication of the proposed sale the Director shall make the receivables
24 subject to said sale available for public inspection. Any person, corporation or

1 other entity not allowed to promptly inspect said receivables available for sale
2 may petition the Superior Court to allow said inspection and for such other
3 injunctive relief to allow a fair and transparent sale to occur and shall be entitled
4 to reimbursement of reasonable attorney's fees and cost if they prevail in the
5 action."

6 **Section 3.** This Act shall be known as the "Tax Recovery Act".