

I MINA'TRENTAI UNU NA LIHESLATURAN GUÅHAN
THIRTY FIRST GUAM LEGISLATURE
2011 (FIRST) REGULAR SESSION

BILL NO. S184-31 (LS)

As substituted by the Committee on Appropriations,
Taxation, Banking, Insurance, Retirement, and Land.

Introduced by:

Committee on Rules; Federal, Foreign &
Micronesia Affairs; and Human & Natural
Resources

**at the request of *I Maga'lahaen Guåhan*,
the Governor of Guam, in accordance
with the Organic Act of Guam.**

**AN ACT TO PROVIDE ADDITIONAL
APPROPRIATION AUTHORIZATION FOR THE
GOVERNMENT OF GUAM EMPLOYEE AND
RETIREE HEALTH INSURANCE FOR FISCAL
YEAR ENDING SEPTEMBER 30, 2011 AND OTHER
PURPOSES. THIS ACT SHALL BE KNOWN AS
THE "SUPPLEMENTAL APPROPRIATIONS ACT OF
2011."**

BE IT ENACTED BY THE PEOPLE OF GUAM:

CHAPTER I

HEALTH INSURANCE

Section 1. Short Title. This Act *shall* be known as the "*Supplemental Appropriations Act of 2011.*" *Except* as otherwise provided by this Act, the appropriations made by this Act shall be available to pay for obligations incurred on *or* after October 1, 2010 but *no later than* September 30, 2011. *If* any appropriation in this Act is found contrary to federal law, all other portions of this Act *shall* remain valid.

Section 2. Findings and Intent. *I Liheslaturan Guåhan* has been presented with a Supplemental Appropriations Act of 2011 which is intended to reprioritize budgeted appropriations for additional Medical and Dental insurance for both the retirees and line agencies. This additional funding requirement was confirmed by the Office of Finance and Budget, the Department of Administration and the Bureau of Budget and Management Research and further affirmed by the Office of Public Accountability.

1 *I Liheslaturan Guåhan* affirmatively states the fact that the passage of the
2 General Appropriations Act of 2011 (Bill 439-30) occurred on August 20, 2010 and *I*
3 *Maga'låhen Guåhan* enacted Bill 439-30 to law on September 1, 2010. The health
4 insurance negotiating team, via the DOA Director notified the Departments and Agencies
5 on August 26, 2011 of the new health insurance rates for FY 2011.

6 Finalizing the cost of the government of Guam Health Insurance occurred when
7 the contract was signed by *I Maga'låhen Guåhan* on September 28, 2011, forcing a \$22
8 million cost increase to all Branches and Agencies of the government of Guam
9 Autonomous Agencies including to all the Tax Payers of Guam, nearly a month after the
10 passage of the Annual Budget Act.

11 *I Liheslaturan Guåhan* finds that in Bill 439-30, the Annual Budget Act for FY
12 2011, *I Maga'låhen Guåhan* requested that health insurance for FY 2011 be budgeted at
13 the same funding level of FY 2010 cost, and despite this knowledge he approved the final
14 negotiated cost of the Health Insurance contract which obligated the government to an
15 additional unfunded \$22 Million obligation. Rather than requesting for the renegotiation
16 of the contract, electing to enter Arbitration to lower the increase in cost, or simply
17 vetoing the *General Appropriations Act of 2011* as insufficient, *I Maga'låhen Guåhan*
18 accepted the unwarranted, irresponsible health insurance cost increase of 40% and
19 prioritizes payment to the health contract vendor of an additional \$22 million dollars of
20 public funds generated by the hard working Taxpayers of Guam, without Legislative
21 approval.

22 *I Liheslaturan Guåhan* advised the new Administration since November 2010, in
23 early January of 2011, and almost monthly thereafter, of the need to address the
24 unbudgeted increase in the cost of the health insurance contract for FY 2011 and the
25 court-ordered payments for the Amended Permanent Injunction with the need for a Fiscal
26 Realignment Plan to address these and other post-budget financial challenges.

27 On January 10, 2011, *I Maga'låhen Guåhan* issued Executive Order 2011-01
28 which required all departments, agencies, or other government entities to recommend
29 short and long-term cost-reduction and cost-containment measures. **On February 3,**
30 **2011, the Office of Public Accountability in OPA Report No. 11-01, “Cost Reduction**
31 **and Revenue Enhancement Recommendations Pursuant to Executive Order No. 2011-**

1 **01,” recommended cost containment measure #7 - Renegotiate Medical and Dental**
2 **Insurance Rates.**

3 **Rather than try to negotiate a new arrangement under the existing contract,**
4 ***I Maga’låhen Guåhan* ignored the OPA recommendation and the call by *I***
5 ***Lihselaturan Guåhan* for a Fiscal Realignment Plan. *I Maga’låhen Guåhan* delayed**
6 **action until May, when he proposed to increase the appropriation and spending**
7 **ceiling of the current budget for the existing health insurance appropriation in**
8 **order to avert the termination of medical coverage by mid-June for retirees,**
9 **employees and their families.**

10 **Instead *I Maga’låhen Guåhan*, issued Executive Order 2011-02 using his Organic**
11 **Act powers and canceled the Government of Guam Competitive Wage Act of 2011,**
12 **effective 12:00 am, January 30, 2011 and is now requesting the authorization to spend the**
13 **money appropriated for the Hay Study salary adjustments to pay the increase in the**
14 **health insurance contract. With the stroke of a pen, *I Maga’låhen Guåhan* chose to turn**
15 **back the clock and take away what has been lawfully and rightfully given to government**
16 **of Guam employees.**

17 **The Government of Guam Competitive Wage Act of 2011 is undoubtedly an**
18 **economic catalyst to Guam’s economy. Every additional dollar received as a result of the**
19 **pay increase is likely to circulate among and throughout the retail economy as well as**
20 **increase withholding revenue to the Government of Guam. Eliminating the Government**
21 **of Guam Competitive Wage Act of 2011 increases counteracted additional economic**
22 **stimulus to the Guam economy.**

23 **The Office of Finance and Budget report entitled, “Measuring the Impact of the**
24 **Government of Guam Competitive Wage Act of 2011,” projects that over \$20 million**
25 **dollars of opportunity for local business and direct positive impact to government**
26 **employees cost-of-living could be realized through continued implementation of the**
27 **Government of Guam Competitive Wage Act of 2011. Additional tax revenues that**
28 **would be realized by the government are estimated to be \$4 million or 19% return of the**
29 **total cost of implementation.**

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**Estimated Additional Tax Revenue Collections Resulting from
the Government of Guam Competitive Wage Act of 2011**

Withholding Income Tax Revenue to Government of Guam	\$2,432,509
Additional Tax Generated by Additional Disposable Income	<u>\$1,550,035</u>
Total Additional Tax Collections	\$3,982,544
% of Total Cost Returning to Government of Guam	19%

I Liheslaturan Guåhan is resolved to protect the priorities set forth in Public Law 30-196. It is imperative that *I Maga'låhen Guåhan* adhere to and administer the bills passed by the Legislative Branch and signed into law by the Executive Branch which prioritize the payment of tax refunds; outline solutions to improve cash flow; and require the reduction of the structural deficit. The Government of Guam Competitive Wage Act of 2011 remains an integral priority of the government of Guam to retain and recruit the best employees to deliver vital services to the people of Guam. **Unfortunately, *I Maga'låhen Guåhan* has reinforced his decision to cancel the Government of Guam Competitive Wage Act of 2011 in his *Supplemental Appropriations Act of 2011* submission to *I Liheslaturan Guåhan* to, instead, pay the full 100% value of the FY 2011 Health Insurance Contract.**

Section 3. Transfer of Government of Guam Competitive Wage Act of 2011 Appropriation for Health Insurance. (a) Notwithstanding any limitation of the Governor's transfer authority or provision of law, the sum of Seven Million Six Hundred Thousand Dollars (**\$7,600,000**) from the balance of the appropriation made in Section 7 Subsection (b) of Chapter XI of Public Law 30-196 may be transferred to the Health Benefit Cost Account to pay for additional health insurance premium payments required by contract for government of Guam employees and retirees. The transfer of appropriation in Section 7 Subsection (b) of Chapter XI of Public Law 30-196 shall use the method of cash disbursement outlined in subsection (b) of this Section.

(b) The additional health insurance premium payments required by contract for health insurance equally affects all branches, agencies and the retirees funded by the ***General Appropriations Act of 2011***. Therefore all transfer of appropriated funds authorized in subsection (a) to pay for health insurance premiums shall not exceed Twelve Million Seven Hundred Forty Five Thousand Six Hundred Ninety Eight Dollars (**\$12,745,698**), and each allotment release related to said transferred appropriations shall

1 disburse any cash payment of premiums on behalf of the following
2 Departments/Agencies at the following ratios:

3	4	5	6
Table 1	Additional Appropriation Authorization	Ratio	
Retirees (GGRF)	\$8,142,267	63.88%	
Health Benefit Cost Account (DOA)	\$3,303,431	25.92%	
DOE	\$1,300,000	10.20%	
Total	\$12,745,698	100.00%	

9 **Section 4.** Section 3 of Chapter XIII of Public Law 30-196, is hereby *amended* to
10 read:

11 **“Section 3. Government of Guam Retirement Fund Rate of**
12 **Contribution.** In accordance with §8137(e) of Article 1, Chapter 8 of Title 4 of
13 the Guam Code Annotated, the government rate of contribution to the
14 Government of Guam Retirement Fund throughout Fiscal Year 2011 *shall* be
15 twenty seven and forty six hundredths percent (27.46%).

16 No later than June 15, 2011 the GGRF Board of Trustees and I
17 Maga'låhen Guåhan shall execute an Agreement titled the *Health Insurance*
18 *Bailout Agreement of FY 2011* that reduces the sums paid of government of
19 Guam statutory employer contributions accordingly:

20 (a) Between June 4, 2011 and September 30, 2011, the
21 Government rate of contribution for agencies receiving appropriations
22 from I Liheslaturan Guåhan and for Federally-funded programs shall
23 equal seventy eight and seven hundredths percent (78.07%) of the sum of
24 the contribution rates required under §8137(e) of Article 1, Chapter 8 of
25 Title 4 of the Guam Code Annotated as amended.

26 (b) Between June 4, 2011 and September 30, 2011, the government
27 rate of contribution for autonomous agencies not receiving appropriations
28 from I Liheslaturan Guåhan shall equal one hundred percent (100%) of
29 the sum of the contribution rates required under §8137(e) of Article 1,
30 Chapter 8 of Title 4 of the Guam Code Annotated as amended.

1 (c) For the period between June 4, 2011 and September 30, 2011,
 2 the “savings” to the government of Guam from the *Health Insurance*
 3 *Bailout Agreement of FY 2011* is equal twenty one and ninety three
 4 hundredths percent (21.93%) of the sum of the contribution rates required
 5 under §8137(e) of Article 1, Chapter 8 of Title 4 of the Guam Code
 6 Annotated as amended.

7 (d) Five Million One Hundred Forty Five Thousand Six Hundred
 8 Ninety Eight Dollars (**\$5,145,698**) of the “savings” resulting from the
 9 *Health Insurance Bailout Agreement of FY 2011* is de-appropriated and is
 10 hereby re-appropriated to the Health Benefit Cost Account as calculated in
 11 Appendix I to pay for health insurance premiums for government of Guam
 12 employees and retirees. The funds re-appropriated in this section shall
 13 disburse any cash payment of premiums on behalf of the following
 14 agencies/departments using the following ratio:

Table 1	Additional Appropriation Authorization	Ratio
Retirees (GGRF)	\$8,142,267	63.88%
Health Benefit Cost Account (DOA)	\$3,303,431	25.92%
DOE	\$1,300,000	10.20%
Total	\$12,745,698	100.00%

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 21 (e) The Guam Memorial Hospital Authority (GMH) is hereby
 22 required to remit to the GGRF all the calculated One Million Twenty Six
 23 Thousand One Hundred Sixty Dollars (**\$1,026,160**) savings from the
 24 reduction of the employer contribution pursuant to subsection (a) of this
 25 Section for the payment of current year delinquent contributions for the
 26 members of the Defined Contribution Plan (5% member and 5% employer
 27 contributions). These Funds shall be deposited into the members' account
 28 upon receipt. The total delinquent contributions due as of May 23, 2011 is
 29 One Million Three Hundred Seventy Two Thousand Five Hundred
 30 Thirteen Dollars (**\$1,372,513**). GMH shall supplement an additional up to
 31 Three Hundred Forty Six Thousand Three Hundred Fifty Three Dollars

1 (\$346,353) from other GMH funds as needed to ensure the entire amount
2 is remitted to the GGRF by September 30 2011.

3 (f) The reduction in the contribution rate in subsection (a) of this
4 Section is hereby effective upon the execution of the Agreement titled the
5 *Health Insurance Bailout Agreement of FY 2011* that reduces the
6 government of Guam statutory employer contribution accordingly. The
7 Agreement shall be executed no later than June 15, 2011.”

8 **Section 5. Guam Memorial Hospital Authority payment of delinquent**
9 **employee/employer contribution share to the Government of Guam Retirement**
10 **Fund.** Section 6 of Chapter XII of Public Law 30-196, is hereby *amended* to read:

11 **“Section 6. Section 1 of Public Law 28-38 is hereby *amended* to read as**
12 **follows:**

13 **“Section 1.** Special Retirement Provisions for the Guam Department of
14 Education (GDOE) and Guam Memorial Hospital Authority (GMHA). On the
15 first day of the first month following the enactment hereof and on every first day
16 of every month thereafter, the Department of Administration (DOA) *shall*
17 compute and recognize interest owed for both the GDOE and GMHA retirement
18 liabilities to the Government of Guam Retirement Fund (GGRF) equal to
19 outstanding liability multiplied by the one twelfth (1/12) of the most recent
20 historical five (5) year average annual rate of return of the defined benefit
21 investment portfolio, inclusive of performance which yielded negative returns.
22 Liability payments made by the GDOE or GMHA *shall* be credited to the
23 respective liability balance prior to the next month’s interest calculations. The
24 GGRF *shall not* be entitled to any additional interest for liabilities identified in
25 this Section beyond what the DOA calculates on the first day of each month. The
26 GGRF *shall* accept and approve for retirement any eligible employee of the DOE
27 or the GMHA upon the condition that the respective agency's employer and
28 employee contributions to the Fund for the applicable fiscal year are current and
29 paid in full as provided in P.L. 27-106, Chapter VI, Section 13. If the GDOE or
30 GMHA fails to make current payments for the applicable fiscal year, the Fund

1 *shall* cease processing applications from employees of that agency until payment
2 is made in full.

3 The GGRF and the DOA *shall* reconcile the annualized interest paid
4 during the current fiscal year upon release of the GGRF rate of return
5 performance report for Quarter ending September 30 for the same twelve (12)
6 month period. The GGRF *shall* invoice the DOA for any underpayment of
7 interest computed by subtracting actual interest payments from interest calculated
8 using the current fiscal year monthly principal balances outlined in Section 1 and
9 the twelve (12) month average rate of return for the same period. Any
10 overpayments to the GGRF *shall* remain with the GGRF.

11 On the first day of the first month following the enactment hereof and on
12 every first day of every month thereafter, with a grace period of *no more than* ten
13 (10) days, the Treasurer of Guam *shall* pay “interest only” payments for the Guam
14 Department of Education (GDOE) deficiency to the Government of Guam
15 Retirement Fund (GGRF) and the Treasurer of Guam *shall* pay “interest only”
16 payments for the Guam Memorial Hospital Authority (GMHA) deficiency to the
17 GGRF on the first day of the first month following the enactment hereof and on
18 every first day of every month thereafter. The Government of Guam Retirement
19 Fund *shall* accept and approve for retirement any eligible employee of the Guam
20 Department of Education or the Guam Memorial Hospital Authority upon the
21 condition that the respective agency's employer and employee contributions to the
22 Fund for the applicable fiscal year are current and paid in full as provided in P.L.
23 27-106, Chapter VI, Section 13, including interest and penalties pursuant to Title
24 4 GCA §8137(c) and interest at the actuarial rate determined in the latest
25 completed actuarial valuation prepared for the Board of Trustees by the actuary
26 appointed by the Board, which is seven and one-half percent (7.5%). If the
27 Treasurer of Guam fails to make current payments as required by this Section or if
28 GDOE or GMH fails to make current payments for the applicable fiscal year, the
29 Fund *shall* cease processing applications from employees of that agency until
30 payment is made in full.”

1 (a) Monthly remittance to the GGRF, by the Department of
2 Administration (DOA) of interest only payments, in accordance with
3 Public Law 28-38, amended by Public Law 30-196, are hereby increased
4 to include interest payments on the additional sum of Five Million Five
5 Hundred Twenty Six Thousand Seven Hundred Dollars (\$5,526,700), the
6 delinquent amount owed to the GGRF by the GMHA for FY 2011
7 employee/employer contribution share, is hereby added to the delinquent
8 amounts owed to the GGRF by the Guam Memorial Hospital Authority
9 for employee/employer contribution share.

10 (b) Monthly remittance to the GGRF, by the Government of
11 Guam Department of Administration (DOA) of interest only payments, in
12 accordance with Public Law 28-38, amended by Public Law 30-196, and
13 as further amended to include the sum of Six Million Eight Hundred
14 Thirty Seven Thousand Seven Hundred Thirty Six Dollars (\$6,837,736) is
15 hereby added to the delinquent amount owed to the GGRF by the
16 government of Guam for the loan of Unfunded Actuarial Accrued
17 Liability calculated savings pursuant to Section 3(a) of Chapter XIII of
18 Public Law 30-196 as further amended.

19 (c) I Maga'låhen Guåhan shall include the re-financing of the
20 outstanding principal and interest owed to the Government of Guam
21 Retirement Fund herein in the next General Obligation Bond issue of the
22 government of Guam.”

1 **CHAPTER II**

2 **FY 2011 SUPPLEMENTAL REVENUES AND APPROPRIATIONS**

3 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds that
4 upon further review and scrutiny of the Supplemental Appropriations Act of 2011 request
5 submitted by *I Maga'lahaen Guåhan's* requesting for additional expenditure authority
6 includes the need to recognize new revenue collections as well as additional
7 appropriations. *I Liheslaturan Guåhan* further finds that not all the requests of *I*
8 *Maga'lahaen Guåhan* are immediately vital to providing services to the people of Guam
9 and as such, all appropriations in this Chapter are given the highest priority of funding
10 given the limited resources available to the government of Guam.

11 **Section 2. Creation of the Supplemental Appropriations Revenue Fund.**

12 (a) **Findings and Intent** *I Liheslaturan Guåhan* finds that any further
13 delay in the payment of Income Tax Refunds to Guam Taxpayers is undue and
14 inexcusably excessive, and reiterates the priority for tax refunds as set forth in the
15 *General Appropriations Act of 2011* and the laws of Guam. It is the intent of *I*
16 *Liheslatura* for the government of Guam to be held to highest level of scrutiny for
17 the use of public funds. It is incumbent upon the government of Guam to be open
18 and transparent when requesting for additional spending authorization and
19 recognition of revenue after the passage of the Annual Appropriations Act. Lack
20 of transparency and scrutiny of additional expenditure requirements erodes public
21 trust and does not allow exposure to any breakdown of financial controls which
22 may cause the need for additional expenditures.

23 In the spirit and need for transparency *I Liheslaturan Guåhan* requires the
24 creation of a Supplemental Appropriations Revenue Fund (SAR Fund). If and
25 when new supplemental revenue sources are identified after the passage of the
26 Annual Appropriations Act by the Executive Branch or *I Liheslaturan Guåhan*,
27 the SAR Fund *shall* serve as the clearinghouse for all supplemental revenues,
28 appropriations, and expenditures.

29 (b) There is hereby added Article 10 to 5 Guam Code Annotated
30 Chapter 22 to read:

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§ 221005. Annual Audit.

The Office of Public Accountability *shall* perform an annual audit of the SAR Fund and the compliance of the Director of the Department of Administration with the expenditure of such funds within the SAR Fund in accordance with the administration and exclusive purposes of this Article. Said audit *shall* include but is *not* limited to, the revenues to the SAR Fund and the expenditures from the SAR Fund. The OPA *shall* prepare and provide a written report of compliance *no later than* seventy five (75) days after the end of the fiscal year to *I Maga'låhen Guåhan* and to the Speaker of *I Liheslaturan Guåhan.*”

Section 3. Notwithstanding any other provision of law, the following sums received as reimbursements from the United States Internal Revenue Service in Fiscal Year 2011 shall be deposited directly into the SAR Fund:

a. State of Legal Residence – Section 30	\$2,300,000
b. American Opportunity Credit	\$2,300,000
c. Rebate Reimbursement	<u>\$600,000</u>
Total	\$5,200,000

Section 4. Notwithstanding any other provision of law, the unexpended balance in the amount of One Million Dollars (**\$1,000,000**) from the Year 2010 Census contract, between the United States Census Bureau and the government of Guam, is hereby transferred from the Census Fund into the SAR Fund.

Section 5. Notwithstanding any other provision of law, One Million Dollars (**\$1,000,000**) from the Bond Reserve Fund for the Limited Obligation Infrastructure Improvement Bonds, 1997 Series A, is hereby transferred from the Bond Reserve Fund into the SAR Fund.

Section 6. Notwithstanding any other provision of law, the sum of Two Million One Hundred Thousand Dollars (**\$2,100,000**) is hereby transferred from the Autonomous Agency Collections Fund to the SAR Fund.

Section 7. Notwithstanding any other provision of law, the balance of Four Million Three Hundred Thousand Dollars (**\$4,300,000**) to be reimbursed to the government of Guam for the capital costs incurred by the government of Guam for the

1 construction of the Layon landfill and the closure of the Ordot dump, subject to the
2 approval of the U.S. District Court of Guam for the use of bond funds secured through
3 the issuance of the Government of Guam Limited Obligation (Section 30) Series 2009A
4 bonds, shall be deposited directly into the SAR Fund.

5 **Section 8.** Notwithstanding any other provision of law, the remaining balance
6 of Six Hundred Sixty Five Thousand Eight Hundred Seventy Eight Dollars (**\$665,878**)
7 from the “savings” pursuant to Section 3(a) of Chapter XIII of Public Law 30-196 as
8 further amended by Section 4 of Chapter I and in Appendix I of this Act, is hereby
9 transferred from the General Fund into the SAR Fund.

10 **Section 9. Appropriation to Department of Mental Health and Substance**
11 **Abuse for Contractual Obligations and Salaries.** Notwithstanding any other provision
12 of law, the sum of One Hundred Fifty Three Thousand Six Hundred Seventy Eight
13 Dollars (**\$153,678**) is hereby appropriated from the SAR Fund to the Department of
14 Mental Health and Substance Abuse into Object Class 111.

15 The sum of One Million Five Hundred Eighty Five Thousand Six Hundred
16 Sixteen Dollars (**\$1,585,616**) is hereby appropriated from the SAR Fund to the
17 Department of Mental Health and Substance Abuse for the following contractual
18 obligations and other purposes:

19 (a) Payment for services provided by Latte Treatment Center, LLC
20 under contract reference C080600403 between May 1, 2011 and September 30,
21 2011 not to exceed Two Hundred Ninety Nine Thousand Two Hundred Sixty
22 One Dollars (**\$299,261**);

23 (b) Payment for services provided by Catholic Social Services under
24 contract reference C080601412 between May 1, 2011 and September 30, 2011
25 not to exceed Nine Hundred Forty Five Thousand Six Hundred Thirty Nine
26 Dollars (**\$945,639**);

27 (c) Payment for services provided by Latte Treatment Center, LLC
28 under contract reference C050604733 between May 1, 2011 and September 30,
29 2011 not to exceed Three Hundred Forty Thousand Seven Hundred Sixteen
30 Dollars (**\$340,716**).

1 **Section 10. Appropriation to the Department of Education for Utility**
 2 **Costs.** The sum of Four Hundred Forty Thousand Four Hundred Seventy Seven Dollars
 3 **(\$440,477)** is hereby appropriated from the SAR Fund to the Department of Education
 4 into Object Class 361. This appropriation shall supplement the funding provided for
 5 Power requirements.

6 **Section 11. Appropriation to the Department of Guam Fire Department**
 7 **for Salaries, Overtime, and Retirement Benefits and other expenditures.** The sum of
 8 Three Million Four Hundred Seventy One Thousand Seven Hundred Fifteen Dollars
 9 **(\$3,471,715)** is hereby appropriated from the SAR Fund to the Guam Fire Department.
 10 This appropriation shall supplement the funding provided as part of the:

11 **GUAM FIRE DEPARTMENT**
 12 **SUMMARY OF BASE OPERATIONAL APPROPRIATION**

Description	Object Class	Amount
REG SALARIES	111	\$2,166,608
OT/SP	112	\$686,882
BENEFITS	113	\$464,521
CONT. SERV.	230	\$74,061
SUP. & MAT.	240	\$79,643
GR. TOTAL		\$3,471,715

20 **Section 12. Appropriation to the Department of Administration for**
 21 **Salaries, Overtime, Retirement Benefits and other expenditures.** The sum of Eight
 22 Hundred Eighty Three Thousand Five Hundred Forty Seven Dollars **(\$883,547)** is hereby
 23 appropriated from the SAR Fund to the Department of Administration. This
 24 appropriation shall supplement the funding provided as part of the:

25 **DEPARTMENT OF ADMINISTRATION**
 26 **SUMMARY OF BASE OPERATIONAL APPROPRIATION**

Description	Object Class	Amount
REG SALARIES	111	\$405,101
OT/SP	112	\$3,392
BENEFITS	113	\$86,854
CONT. SERV.	230	\$199,200
SUP. & MAT.	240	\$20,000

1	EQUIPMENT	250	\$5,000
2	PHONE/TOLL	363	<u>\$164,000</u>
3	GR. TOTAL		\$883,547

4 **Section 13. Appropriation to the Department of Public Works.** The sum of
5 Three Hundred Forty Five Thousand Eight Hundred Ninety Two Dollars (**\$345,892**) is
6 hereby appropriated from the SAR Fund to the Department of Public Works into Object
7 Class 240. This appropriation shall supplement the funding provided for Bus Operations
8 Fuel requirements. The sum of One Hundred Thirty Three Thousand Two Hundred
9 Twenty Four Dollars (**\$133,224**) is hereby appropriated from the SAR Fund to the
10 Department of Public Works into Object Class 111.

11 **Section 14. Appropriation to Department of Land Management for**
12 **Payment of Office Rental.** The sum of Seventy One Thousand Thirty Seven Dollars
13 (**\$71,037**) is appropriated from the FY 2011 Land Survey Revolving Fund revenues to
14 Object Class 233 for Office Rental. The sum of Two Hundred Forty Three Thousand
15 Two Hundred Twenty Three Dollars (**\$243,223**) is appropriated from the SAR Fund to
16 Object Class 233 for Office Rental.

17 **Section 15. Appropriation to the Department of Public Health and Social**
18 **Services.** The sum of Two Hundred Ninety One Thousand Eighty Five Dollars
19 (**\$291,085**) is hereby appropriated from the SAR Fund to the Department of Public
20 Health and Social Services to supplement its funding for FY 2011 General Base
21 Operations.

22 **Section 16. Appropriation to the Department of Integrated Services for**
23 **Individuals with Disabilities.** The sum of One Hundred Sixty Six Thousand Nine
24 Hundred Forty Seven Dollars (**\$166,947**) is hereby appropriated from the SAR Fund to
25 the Department of Integrated Services for Individuals with Disabilities to supplement its
26 FY 2011 funding for General Base Operations.

27 **Section 17. Appropriation to the Office of the Governor.** The sum of Six
28 Hundred Fifty Thousand Dollars (**\$650,000**) is hereby appropriated from the SAR Fund
29 to the Office of the Governor to supplement its FY 2011 funding for General Base
30 Operations.

1 **Section 18. Appropriation to the Ancestral Lands Commission.** The sum
2 of Twenty Thousand Five Hundred Fifteen Dollars (**\$20,515**) is hereby appropriated from
3 the SAR Fund to the Ancestral Lands Commission to supplement its FY 2011 funding for
4 General Base Operations.

5 **Section 19. Appropriation to the Bureau of Budget Management and**
6 **Research.** The sum of Fifty Nine Thousand Seven Hundred Fifty Four Dollars (**\$59,754**)
7 is hereby appropriated from the SAR Fund to the Bureau of Budget Management and
8 Research to supplement its FY 2011 funding for General Base Operations.

9 **Section 20. Appropriation to the Department of Youth Affairs.** The sum of
10 One Hundred Sixteen Thousand Four Hundred Thirty One Dollars (**\$116,431**) is hereby
11 appropriated from the SAR Fund to the Department of Youth Affairs to supplement its
12 FY 2011 funding for General Base Operations.

13 **Section 21. Appropriation to the Chief Medical Examiner.** The sum of
14 Twenty Five Thousand Six Hundred Seventy Eight Dollars (**\$25,678**) is hereby
15 appropriated from the SAR Fund to the Chief Medical Examiner to supplement its FY
16 2011 funding for General Base Operations.

17 **Section 22. Appropriation to Retirees for Supplemental Annuity Benefits**
18 **and for Other Costs.** The sum of Three Hundred Twenty One Thousand Three Hundred
19 Three Dollars (**\$321,303**) is hereby appropriated from the SAR Fund to the Supplemental
20 Annuity Benefits Special Fund for direct payments to government of Guam retirees who
21 retired *prior* to October 1, 1995, or their survivors, for the continuing payment of Four
22 Thousand Two Hundred Thirty Eight Dollars (\$4,238) per year in supplemental annuity
23 benefits, consisting of the sums of One Thousand Two Hundred Dollars (\$1,200), One
24 Thousand Five Hundred Dollars (\$1,500), Seven Hundred Dollars (\$700), and Eight
25 Hundred Thirty Eight Dollars (\$838) in annual benefits authorized by various General
26 Appropriation Acts.

27 **Section 23. Retirees Medicare Premiums.** For Fiscal Year 2011, the sum of
28 Two Hundred Eighty Five Thousand Dollars (**\$285,000**) is hereby appropriated from the
29 SAR Fund to the GGRF to pay the cost of Medicare premiums for government of Guam
30 retirees and their survivors domiciled on Guam, and who are eligible to receive Social
31 Security income benefits, and who are eligible to enroll in the Government of Guam

1 Group Health Insurance Program. No government of Guam retiree or their survivor *shall*
2 be required to enroll in the Government of Guam Health Insurance Program in order to
3 receive the reimbursement.

4 **Section 24. *I Maga'låhi and I Segundu na Maga'låhi / I Segundu na***
5 ***Maga'håga Pensions.*** For Fiscal Year 2011, the sum of Sixty Five Thousand Six
6 Hundred Thirty Six Dollars (**\$65,636**) is hereby appropriated from the SAR Fund to the
7 GGRF for *I Maga'låhi and I Segundu na Maga'låhi/I Segundu na Maga'håga Pensions.*

8 **Section 25. Retirement Annuities for Judges & Justices.** For Fiscal Year
9 2011, the sum of Seven Thousand Nine Hundred Eighty One Dollars (**\$7,981**) is hereby
10 appropriated from the SAR Fund to the GGRF for retirement annuities for former judges
11 and justices of the Superior Court and Supreme Court of Guam.”

12 **Section 26. Utility Bank Cost Account.** The sum of One Million Three
13 Hundred Ten Thousand Dollars (**\$1,310,000**) is hereby appropriated from the SAR Fund
14 to the Utility Bank Cost Account as administered by the Department of Administration.
15 This appropriation shall supplement the funding provided for Water/Sewer requirements,
16 made under the respective departments’/agencies’ Central Cost Accounts provided in
17 Public Law 30-196, as amended by Public Law 30-224.

18 **Section 27. Guam Income Tax Return Processing Policy Initiative**

19 (a) **Legislative Findings and Intent.** Section 15 of *I Maga'låhen Guåhan's* Bill
20 184-31 (COR) requests Four Hundred Thousand Dollars (**\$400,000**) to the Department of
21 Revenue and Taxation (DRT) for the implementation of the Electronic Filing Program. *I*
22 *Liheslaturan Guåhan* finds that at this time it shall require the DRT to pursue the policy
23 of a joint agreement between the Internal Revenue Service (IRS) and the Guam
24 Department of Revenue and Taxation to process Guam Income Tax Returns in an IRS
25 Service Center as a means to a more convenient, efficient, and cost-effective system by
26 the automation of receiving and processing Guam Income Tax Returns.

27 *I Liheslaturan Guåhan* further finds that the current inefficiencies in processing
28 Guam Income Tax Returns by the Department of Revenue and Taxation continue to be
29 costly to the government of Guam. The DRT system suffers from limited development
30 capabilities, timing issues from annual software updates, limited compliance analytics
31 and aggregate reporting capabilities. *I Liheslaturan Guåhan* recognizes these challenges

1 which result in the inability to know the true income tax liability of the government of
2 Guam in a timely and useful manner. There are also tremendous missed opportunities for
3 statistical data collection and also in uncollected tax revenue.

4 *I Liheslaturan Guåhan* further finds that the constant updating in the Internal
5 Revenue Code (IRC) also contributes to delays in the DRT from processing income
6 taxes. *I Liheslaturan Guåhan* recognizes that the current Guam income tax system
7 continuously needs to be programmed to reflect updated tax policies before any income
8 tax return is processed by the third party vendors which delays the deployment of
9 software updates and the timely start to income tax processing.

10 *I Liheslaturan Guåhan* further finds that the Department has limited compliance
11 staffing which creates opportunities for high amounts of leakage of income tax due to
12 filing errors or omissions. Said system also does not verify and match for unreported
13 income such as dividends, interest, securities transaction and other taxable income with
14 tax information supplied by banks, brokerage firms and other payers. *I Liheslaturan*
15 *Guåhan* recognizes that the U.S. Department of Interior Office of the Inspector General
16 also noted that no high-dollar value or complex audits were performed in a 2008 audit of
17 the Department tax collection activities.

18 (b) **Funding.** The sum of Four Hundred Thousand Dollars (**\$400,000**) is hereby
19 appropriated from the SAR Fund to the Department of Revenue and Taxation to
20 supplement or provide local matching funds to any federal grant funds from the
21 Department of Interior towards the integration of e-filing and processing of all Guam
22 Income Tax Returns in an IRS Service Center only.

23 **Section 28. Appropriation to the Department of Public Works for the**
24 **Umatac and Merizo Cemeteries.**

25 (a) The sum of Two Hundred Fifty Thousand Dollars (**\$250,000**) from
26 the SAR Fund is hereby appropriated to the Department of Public Works, who
27 shall coordinate with the Umatac Mayor, for the re-enforcement and stabilization
28 of the Umatac cemetery to prevent the graves from eroding into the ocean. Any
29 amounts not expended shall revert to the SAR Fund;

30 (b) The sum of Two Hundred Fifty Thousand Dollars (**\$250,000**) from
31 the SAR Fund is hereby appropriated to the Department of Public Works for the

1 construction of the additional crypts at the Merizo Cemetery. The Department of
 2 Public Works, the Department of Parks and Recreation and the Merizo Mayor
 3 shall work collaboratively to ensure the project complies with all existing
 4 Memorandum of Understandings relative to the operations of the Merizo
 5 cemetery. Any amounts not expended shall revert to the SAR Fund.

6 **Section 29. Base Operational Appropriations.** The following Base
 7 Operational Appropriations, as reflected below in sub-items (a) and (b), are hereby
 8 adjusted as follows:

9 (a) Section 2(l) of Chapter V of Public Law 30-196, is hereby
 10 *amended* to read:

11 **“(l) GUAM POLICE DEPARTMENT**

12 **SUMMARY OF BASE OPERATIONAL APPROPRIATION**

13	APPROP. CLASS	OBJECT CLASS	GENERAL FUND	SPECIAL FUND	TOTAL
14	REG SALARIES	111	\$15,401,914 \$15,261,846	\$0	\$15,401,914 \$15,261,846
15	OT/SP	112	\$677,533 \$1,383,791	\$0	\$677,533 \$1,383,791
16	BENEFITS	113	\$5,228,319 \$4,605,895	\$0	\$5,228,319 \$4,605,895
17	CONT. SERV.	230	\$15,000 \$232,200	\$511,790	\$526,790 \$743,990
18	OFF. RENTAL	233	\$232,200 \$91,876	\$0	\$232,200 \$91,876
19	SUP. & MAT.	240	\$304,235 \$306,849	\$58,320	\$362,555 \$365,169
20	WRK. COMP.	270	\$20,387 \$17,017	\$0	\$20,387 \$17,017
21	PHONE/TOLL	363	\$293,052 \$273,166	\$0	\$293,052 \$273,166
22	GR. TOTAL		\$22,319,940	\$570,110	\$22,890,050

23 **Police Services Fund \$570,110**

24 **SUMMARY OF BASE OPERATIONAL APPROPRIATION FUNDING SOURCE**

25	GENERAL FUND	\$22,319,940
26	FEDERAL MATCHING GRANTS-IN-AID	\$0
27	SPECIAL FUNDS	<u>\$570,110</u>
28	TOTAL	\$22,890,050”

29 (b) Section 2(m) of Chapter V of Public Law 30-196, is hereby
 30 *amended* to read:

31 **“(m) DEPARTMENT OF CORRECTIONS**

32 **SUMMARY OF BASE OPERATIONAL APPROPRIATION**

1	APPROP.CLASS	OBJECT. CLASS	GENERAL FUND	SPECIAL FUND	TOTAL
2	REG SALARIES	111	\$8,526,210 \$8,263,985	\$0	\$8,526,210 \$8,263,985
3	OT/SP	112	\$432,059 \$1,173,908	\$0	\$432,059 \$1,173,908
4	BENEFITS	113	\$2,949,505 \$2,469,881	\$0	\$2,949,505 \$2,469,881
5	GR. TOTAL		\$14,330,593	\$1,159,662	\$15,490,255

6 **DOC Revolving Fund \$1,063,662 (230-\$1,063,662)**

7 **Safe Streets Fund \$96,000 (\$240-\$96,000)**

8 **SUMMARY OF BASE OPERATIONAL APPROPRIATION FUNDING SOURCE**

9	GENERAL FUND	\$14,330,593
10	FEDERAL MATCHING GRANTS-IN-AID	\$0
11	SPECIAL FUNDS	<u>\$1,159,662</u>
12	TOTAL	\$15,490,255"

13 **Section 30.** Unless otherwise ordered or allowed by the District Court of
14 Guam, the sum of Seven Hundred Sixty Three Thousand Eight Hundred Forty Nine
15 Dollars (**\$763,849**) is hereby appropriated from the SAR Fund to the Department of
16 Administration for payment compliance with the stipulated court order of April 18, 2011
17 by the United States Federal District Court in Case No. CV 01-00041 CBM:

18 \$500,000 to be deposited no later than July 1, 2011;

19 \$3,200,000 to be deposited no later than August 1, 2011;

20 **\$3,700,000 Total**

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1 this section *shall not* exceed the prospective individual object class amounts by
2 Fund by Agency in Appendix II.

3 (b) **Reporting Requirement.** Notice of each transfer and justification
4 *shall* be submitted to the Speaker of *I Liheslaturan Guåhan* and the Office of
5 Finance and Budget five (5) working days prior to the transfer of appropriation
6 authority and shall specify each transfer from, by fiscal year, by
7 agency/department, by object class and by description of original purpose of
8 appropriation therefore; and transfer to, by fiscal year, by agency/department, by
9 object class and by description of new purpose therefore, as illustrated in
10 Appendix III.

11 **Section 3. Special Fund Transfer.** Section 8 of Chapter XIII of Public Law
12 30-196, is hereby *amended* to read:

13 “**Section 8. Special Fund Transfer.** Unless specified in this Act, *I*
14 *Maga'lahen Guåhan* is authorized to transfer to the General Fund any cash
15 available from any appropriated Special Fund or Revolving Fund to fund the
16 appropriations authorized by this Act. All cash from Special Funds or Revolving
17 Funds transferred to cover the appropriations authorized by this Act *shall* be
18 promptly reimbursed to the Special or Revolving Fund from which it was
19 withdrawn as cash becomes available. *I Maga'lahen Guåhan shall* submit a
20 report to the Speaker of *I Liheslaturan Guåhan* on the fifth (5th) day of every
21 month on all transfers made pursuant to this Section. Said report *shall* enumerate
22 the amount of each transfer, identify the funds to and from which the transfer was
23 made and state the purpose of each transfer. Unless otherwise restricted or
24 specifically allowed by this Act, for FY 2011 *I Maga'lahen Guåhan* is authorized
25 to transfer *up to* fifteen percent (15%) ~~between object categories within~~ between
26 ~~an agency~~ Fiscal Year 2011 Special Fund Executive Branch base operational
27 (*except* the utility funds) appropriations contained in Chapter V and in Parts II, III
28 and IV of Chapter III of this Act; provided that notice of each transfer and
29 justification therefore are delivered within five (5) ~~fifteen (15)~~ working days
30 before ~~after~~ the transfer is made to the Speaker of *I Liheslaturan Guåhan* and the
31 Office of Finance and Budget.”

1 **Section 4. Enhanced Spending Authorizations for Anticipated**
2 **Expenditures.** Notwithstanding any other provision of law, the following anticipated
3 expenditures are authorized from any of the enhanced spending authorizations of
4 unexpended existing appropriations extended to *I Maga'låhen Guåhan* in Section 2(a)
5 and Section 3(a) of this Chapter:

6 (a) Unless otherwise ordered or allowed by the District Court of Guam,
7 the sum of Two Million Nine Hundred Thirty Six Thousand One Hundred Fifty
8 One Dollars (**\$2,936,151**) is hereby authorized for payment from any of the
9 enhanced spending authorizations of unexpended existing appropriations
10 extended to *I Maga'låhen Guåhan* in Section 2(a) and Section 3(a) of this
11 Chapter:

12 \$500,000 to be deposited no later than July 1, 2011;

13 \$3,200,000 to be deposited no later than August 1, 2011;

14 (763,849) identified in Chapter II Section 30

15 **\$2,936,151 Total**

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1 **CHAPTER IV**

2 **PRIOR YEAR OBLIGATIONS**

3 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds that
4 although the following prior year obligations will not cause a shutdown of government-
5 wide services and operations that they must be prioritized for payment to the
6 hardworking employees of the government of Guam so they may continue to serve in the
7 interest of the public.

8 **Section 2. Guam Police Department for Payment of Prior Year Overtime.**
9 Notwithstanding any other provision of law, the sum of Three Hundred Thirty Eight
10 Thousand Four Hundred Ninety Three Dollars (**\$338,493**) is appropriated from the SAR
11 Fund to the Guam Police Department for payment of prior year overtime incurred and
12 owed to police officers prior to Fiscal Year 2011.

13 **Section 3. Department of Corrections for Payment of Prior Year**
14 **Overtime.**

15 Notwithstanding any other provision of law, the sum of One Million Six Hundred
16 Eighty Five Thousand Eight Hundred Thirty Five Dollars (**\$1,685,835**) is appropriated
17 from the SAR Fund to the Department of Corrections for payment of prior year overtime
18 incurred and owed to corrections officers prior to Fiscal Year 2011.

19 **Section 4. Authorization for Payment of Prior Year Obligation to Guam**
20 **Memorial Hospital Authority (GMHA).** Notwithstanding any other provision of law,
21 the following line departments and agencies are hereby authorized to pay its prior year
22 obligations to GMHA from its Fiscal Year 2011 appropriations, with the exception of
23 Object Classes 111, 112 and 113 as follows:

24	a. Department of Corrections	\$2,382,272
25	b. Guam Department of Education	\$17,009
26	c. Department of Labor	\$139,928
27	d. Department of Youth Affairs	\$16,807
28	e. Customs and Quarantine Agency	\$2,689
29	f. Guam Fire Department	<u>\$88,697</u>
30	Total	\$2,647,402

1 **Section 5. Authorization for Guam Police Department and Department of**
2 **Corrections to Pay Prior Year Obligations for Overtime.** Notwithstanding any other
3 provision of law, the Department of Corrections and the Guam Police Department are
4 authorized to utilize its Base Operational Appropriations for Fiscal Year 2011 to pay any
5 prior years overtime incurred and owed to its correction and police officers respectively
6 provided it will not have a shortfall for FY 2011 payroll before the end of the fiscal year.

7 **Section 6. Authorization to Make Payments of Prior Year Obligations.**
8 Notwithstanding any other provision of law, *I Maga'låhen Guåhan* is authorized to pay
9 for prior years obligations for all government of Guam agencies in Chapters II, III and V
10 of Public Law 30-196, from any of the enhanced spending authorizations of existing
11 unexpended appropriations extended to *I Maga'låhen Guåhan* in Chapter III of this Act.

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1 CHAPTER V

2 MISCELLANEOUS PROVISIONS

3 Section 1. Section 3 of Chapter XII of Public Law 30-196 is hereby amended
4 to read:

5 “Section 3. Health Benefit Cost Account.

6 (a) There is hereby created a Health Benefit Cost Account. All
7 appropriations to the Health Benefit Cost Account in this Act and subsequent Acts
8 for the health, life, and dental insurance premiums of departments or agencies
9 shall only be used by the Department of Administration to pay for health, life and
10 dental insurance premiums for the specified department ~~or agency~~. This Cost
11 Account shall not be subject to *I Maga’låhen Guåhan*’s transfer authority. ~~Any~~
12 ~~provider to the government health, dental or life insurance shall submit a report to~~
13 ~~*I Maga’låhen Guåhan* and the Speaker of *I Liheslaturan Guåhan* detailing the~~
14 ~~number of employees enrolled in each plan and the premium cost of the employee~~
15 ~~share and the government share of each enrollee, within thirty (30) days of the~~
16 ~~close of the annual open enrollment of such plan. Thereafter, a monthly report~~
17 ~~detailing the number of new enrollees and the number of enrollees dropping the~~
18 ~~plans shall be filed with *I Maga’låhen Guåhan* and the Speaker of *I Liheslaturan*~~
19 ~~*Guåhan*.~~

20 (b) All health insurance carriers for the government of Guam shall file
21 a monthly written report with the Department of Administration aggregating the:

22 (1) Enrollees, both subscribers and dependents, by active
23 employee and retiree subscriber counts by plan by class by groups
24 supported/paid by the General Fund, detailed by agency/department; and
25 enrollees, both subscribers and dependents, by active employee and retiree
26 subscriber counts by plan by class by groups supported/paid by
27 Autonomous agencies of the government of Guam, detailed by
28 autonomous agency.

29 (2) Autonomous agencies in this subsection shall include the
30 Guam Power Authority, Guam Waterworks Authority, Jose D. Leon
31 Guerrero Commercial Port, A.B. Won Pat International Airport Authority,

1 Guam Housing Corporation, Guam Housing and Urban Renewal
2 Authority, Guam Economic Development Authority, Government of
3 Guam Retirement Fund, and the Guam Visitors Bureau.

4 (3) This report shall be filed with *I Maga'låhen Guåhan* and
5 the Speaker of *I Liheslaturan Guåhan* no later than June 30, 2011 for the
6 months of October, November, December, January, February, March,
7 April and May of fiscal year 2011, and no later than twenty (20) days after
8 the end of the months ending June, July, August, and September of fiscal
9 year 2011.

10 (c) All health insurance carriers for the government of Guam shall file
11 a monthly written report detailing each individual health insurance premium
12 payment received by the government of Guam health insurance carrier from the
13 government of Guam, by date and by agency, to *I Maga'låhen Guåhan* and the
14 Speaker of *I Liheslaturan Guåhan* no later than June 30, 2011 for fiscal year 2010
15 and the months of October, November, December, January, February, March,
16 April and May of fiscal year 2011, and no later than twenty (20) days after the
17 end of the months ending June, July, August, and September of fiscal year 2011.

18 (d) The Office of Public Accountability shall conduct a quarterly audit
19 of all reports submitted by insurance carriers by obtaining supporting documents
20 from all agencies and departments, autonomous or otherwise, of the government
21 of Guam to confirm and substantiate reported premium payments.”

22 **Section 2. Section 8 of Chapter I of PL 30-196 is hereby repealed in its**
23 **entirety.**

24 **~~“Section 8. Income Tax Refund Compensation Plan.~~**

25 ~~(a) Legislative Intent. It is the intent of *I Liheslaturan Guåhan* that the~~
26 ~~processing and disbursement of tax refunds are made a priority of the government~~
27 ~~of Guam, and recognizes that the government of Guam serves as a fiduciary agent~~
28 ~~in its custody over these funds on behalf of the taxpayers of the island. It is,~~
29 ~~further, the intent of *I Liheslaturan Guåhan* to promote the timely processing and~~
30 ~~payment of these refunds to ensure that the funds are returned to the taxpayers,~~
31 ~~and that the interest incurred by the government of Guam is minimized. As such, *I*~~

1 ~~*Liheslaturan Guåhan* recognizes that the timely processing and disbursement of~~
2 ~~refunds shall occur to disburse any excess revenues that become available.~~

3 ~~*I Liheslaturan Guåhan* realizes that the processing and payment of refunds~~
4 ~~are constrained by the availability of funds and the productivity of the Department~~
5 ~~of Revenue and Taxation. Although the availability of funds is the responsibility~~
6 ~~of policymakers, *I Liheslaturan Guåhan* recognizes the hard working public~~
7 ~~servants at the Department of Revenue and Taxation for the work they perform~~
8 ~~for the timely processing and disbursement of refunds.~~

9 ~~(b) *I Liheslaturan Guåhan* wishes to emphasize the urgency of processing~~
10 ~~refunds by incentivizing the employees at the Department of Revenue and~~
11 ~~Taxation. The Income Tax Refund Compensation Plan (Plan) based on Merit~~
12 ~~Bonus, as delineated in §6203, Chapter 6, Title 4, Guam Code Annotated, shall be~~
13 ~~developed by the Director of the Department of Revenue and Taxation.~~

14 ~~The Plan shall be submitted by the Director of Revenue and Taxation to *I*~~
15 ~~*Maga'låhen Guåhan* within sixty (60) days upon enactment of this Act. *I*~~
16 ~~*Maga'låhen Guåhan* shall submit the proposed Plan within thirty (30) days upon~~
17 ~~receipt of the Plan to the Speaker of *I Liheslaturan Guåhan*. Pursuant to Chapter~~
18 ~~9, Title 5, Guam Code Annotated, *I Liheslaturan Guåhan* may approve,~~
19 ~~disapprove or amend accordingly.”~~

20 **Section 3. Chapter V (g)(4) of Public Law 30-196 is amended to read:**

21 **“(4) Appropriation to Department of Revenue and Taxation for**
22 **Overtime to Process Tax Year 2010 Income Tax Returns Refund**
23 **Compensation Plan. *I Liheslaturan Guåhan* finds that it is vital to the borrowing**
24 **plan set forth in Chapter VI, Section 1(j)(1) of the Biennial Budget Request for**
25 **Fiscal Years 2012 and 2013 as submitted by *I Maga'låhen Guåhan*, for the**
26 **government of Guam to first complete the processing of all income tax returns for**
27 **Tax Year 2010. Until all income tax returns for Tax Year 2010 are completely**
28 **processed, it would be haphazard for the government of Guam to proceed with**
29 **issuing bonds without the inclusion of payments for tax refunds from Tax Year**
30 **2010.**

1 It is, therefore, the intent of *I Liheslaturan Guåhan* that the sum of Thirty
2 Thousand Dollars (**\$30,000**) is appropriated from the General Fund to the
3 Department of Revenue and Taxation ~~for purpose of funding the incentive~~
4 ~~compensation plan required in Chapter I Section 8~~ in Object Class 112 for
5 Overtime for the purpose of completing the processing of all income tax returns
6 from Tax Year 2010.” Such processing shall include the reconciliation and
7 adjustments to revenues and expenditures for all tax credits included in such
8 returns.

9 **Section 4. Conditional Appropriations of Supplemental Appropriations**

10 **Revenue Fund.** Funds appropriated from the Supplemental Appropriations
11 Revenue Fund contained in Chapter II of this Act are conditioned on and shall be
12 effective upon written certification by the Director of Administration that the deposits to
13 the Income Tax Refund Efficient Payment Trust Fund for fiscal year 2011 are in
14 compliance with §51102 of Chapter 51 of Title 11 of the Guam Code Annotated *or* a
15 written report submitted by the Director of the Department of Administration to the
16 Speaker of *I Liheslaturan Guåhan* by June 15, 2011 that such compliance with §51102 of
17 Chapter 51 of Title 11 of the Guam Code Annotated will be achieved *within* sixty (60)
18 days after the enactment of this Act. The written report shall contain admission by the
19 Director of the Department of Administration that compliance with §51102 of Chapter 51
20 of Title 11 of the Guam Code Annotated was not achieved and a detailed plan as to how
21 compliance will be achieved within sixty (60) days after enactment of this Act.

22 **Section 5. Section 51106 Chapter 51 Title 11 of the Guam Code**
23 **Annotated, is hereby amended to read:**

24 **“§ 51106. Reports.**

25 (a) Monthly Reporting. The Tax Commissioner and the Director of
26 Administration *shall* report to *I Maga’lahen Guåhan* and *I Liheslaturan Guåhan*
27 regarding the total deposits in each month and the current balance of the Trust
28 Fund within fifteen (15) calendar days of the end of each month.

29 (b) Monthly Audit by the OPA. The Office of Public Accountability
30 shall perform a monthly audit on the Income Tax Refund Efficient Payment Trust
31 Fund and the compliance of the Director of the Department of Administration

1 with §51102 Chapter 51 Title 11 of the Guam Code Annotated. Said audit shall
2 include but is not limited to auditing the amounts of income tax, including but not
3 limited to, individual, corporate and withholding, inclusive of interest and
4 penalties, received by the Department of Revenue and Taxation and the deposits
5 made on a daily basis by the Director of the Department of Administration and the
6 Treasurer of Guam or any other government of Guam agency or instrumentality to
7 the Income Tax Refund Efficient Payment Trust Fund.

8 Any bond proceeds or other deposits not related to daily revenue
9 collection by the government of Guam shall be delineated separately and
10 footnoted in said report in compliance with Internal Revenue Code Privacy Act
11 provisions. The OPA shall prepare and provide a written report of compliance
12 with §51102 Chapter 51 Title 11 of the Guam Code Annotated within fifteen (15)
13 calendar days of the end of each month for the preceding month to *I Maga'låhen*
14 *Guåhan*, to the Speaker of *I Liheslaturan Guåhan*, and to the Attorney General of
15 Guam.”

16 **Section 6. Accounting Recognition of Tax Year 2009 ARRA Make Work Pay**
17 **Tax Credit in Fiscal Year 2010 and Fiscal Year 2011.**

18 The Bureau of Budget Management and Research and the Department of
19 Administration *shall* recognize all revenues from the Tax Year 2009 ARRA Make Work
20 Pay Tax Credit, inclusive of pass through tax credits estimated in Chapter I, Section 2
21 (A.) of Public Law 30-55 as amended by Chapter XIII, Section 21 of Public Law 30-196,
22 prior to the end of Fiscal Year 2011. The decision and subsequent recording into the
23 AS400 government of Guam financial management system of which fiscal year(s) to
24 recognize the Tax Year 2009 ARRA Make Work Pay Tax Credit transactions shall occur
25 no later than June 30, 2011. The Director of the Department of Administrations *shall*
26 provide a written report to *I Maga'låhen Guåhan* and to the Speaker of *I Liheslaturan*
27 *Guåhan* the decided amounts of Tax Year 2009 ARRA Make Work Pay Tax Credit
28 revenue recognized and recorded in the AS400 government of Guam financial
29 management system, by fiscal year, no later than July 5, 2011.

30 **Section 7. Accounting Recognition of Tax Year 2010 ARRA Make Work Pay**
31 **Tax Credit in Fiscal Year 2011.**

1 The Bureau of Budget Management and Research and the Department of
2 Administration *shall* recognize all revenues from the Tax Year 2010 ARRA Make Work
3 Pay Tax Credit, inclusive of pass through tax credits estimated in Public Law 30-55 and
4 Public Law 30-196, prior to the end of Fiscal Year 2011. The recording into the AS400
5 government of Guam financial management system of the Tax Year 2009 ARRA Make
6 Work Pay Tax Credit transactions shall occur no later than September 30, 2011. The
7 Director of the Department of Administrations *shall* provide a written report to *I*
8 *Maga'låhen Guåhan* and to the Speaker of *I Liheslaturan Guåhan* the decided amounts
9 of Tax Year 2009 ARRA Make Work Pay Tax Credit revenue recognized and recorded in
10 the AS400 government of Guam financial management system, by fiscal year, no later
11 than October 15, 2011.

12 **Section 8. Pledge of Section 30 Revenues for the Expansion of Okkodo High**
13 **School.**

14 (a) §58B102 of Title 5 Guam Code Annotated is hereby *amended* to read as
15 follows:

16 **“§ 58B102. Authorization to Enter into Long-Term Leases.**

17 For the purpose of facilitating the financing of the design, construction and
18 maintenance of an Education Facility encompassed by this Act, the government of
19 Guam or an Education Agency, as the case may be, is authorized to lease, if
20 required, to the Contractor sufficient government of Guam real property on which
21 to construct, convert or rehabilitate an Education Facility and to extend an
22 existing lease of real estate to the Contractor.

23 The Education Agency is also authorized to lease back from the
24 Contractor the property for a period mutually agreed upon between the Education
25 Agency and the Contractor as may be reasonably necessary to amortize over the
26 Lease-Back Period the costs associated with the financing, design and
27 construction of the Education Facility. In no event shall the end of such Lease-
28 Back Period be later than ~~the date thirty (30)~~ seventeen (17) years from the
29 scheduled date of completion of the Education Facility. The Lease-Back shall be
30 structured as an annually renewable lease with a provision for automatic renewals
31 to the extent that pledged revenue under §58B105 is available. ~~The Lease-Back~~

1 ~~shall not be construed as a debt under any applicable debt limitation under the~~
2 ~~Guam Organic Act or Guam law.~~

3 The additions and improvements to Okkodo High School shall include the
4 expansion of classrooms to accommodate the overcrowding, restroom facilities at
5 all outdoor sports fields, additional restrooms required by public health due to the
6 increase in student population, solar panels, the culinary arts building,
7 signalization, the track and field track with proper turf, collateral equipment, and
8 other projects needed to facilitate the expansion to accommodate the increase in
9 student population.”

10 (b) §58B105 of Title 5 Guam Code Annotated is hereby *amended* to read as
11 follows:

12 **“§ 58B105. Use of Qualified School Construction Bonds.**

13 To minimize the financing cost to the Education Agency, financing
14 utilized by the Contractor to fund the design and construction of the Education
15 Facility shall be through the use of Qualified School Construction Bonds in an
16 amount not to exceed Twenty-One Million Eight Hundred Eighteen Thousand
17 Dollars (**\$21,818,000**) as authorized under Section 1521 of P.L. 111-5 (The
18 American Recovery and Reinvestment Act of 2009) and the issuance of tax
19 exempt bonds or lease certificates, provided such financing is available at an
20 interest rate of no more than eight and a half percent (8.5%). Alternatively, the
21 Contractor may use an alternative method of financing, including, but not limited
22 to, a short term debt, mortgage, loan, federally guaranteed loan or loan by an
23 instrumentality of the United States of America, if such financing will better serve
24 the needs of the people of Guam. Such alternative financing shall be approved by
25 *I Liheslaturan Guåhan*. The purpose for the requirements of this Section is to
26 assure the Education Agency pays the lowest possible net interest rate so that the
27 cost to the Education Agency of financing the design and construction of an
28 Education Facility, amortized through the Lease-Back payments from the
29 Education Agency to the Contractor, will be lower than regular commercial rates.

30 (c) §58B106 of Title 5 Guam Code Annotated is hereby *amended* to read as
31 follows:

1 **“§58B106. Pledge of Section 30 Revenues.**

2 Rental payments under the Lease and the Lease-Back shall be secured by a
3 pledge or other reservation of revenues received by or on behalf of the
4 government of Guam from the United States of America pursuant to Section 30 of
5 the Guam Organic Act (48 U.S.C.A. Section 1421h). ~~Any pledge or reservation of~~
6 ~~Section 30 revenues authorized by the Act shall be subordinate only to the~~
7 ~~existing lien securing the Government of Guam Limited Obligation (Section 30)~~
8 ~~Bonds, Series 2001A.~~ Any amounts pledged as provided in this section are
9 hereby continuously appropriated for the purpose of making Lease-Back
10 payments, but any amounts only reserved as provided in this section, and not
11 pledged, shall be subject to annual appropriation for the purpose of making Lease-
12 Back payments.

13 Any such pledge or reservation authorized hereunder shall be valid and
14 binding from the time the pledge or reservation is made and shall be limited to
15 Two Million Nine Hundred Thousand Dollars (**\$2,900,000**) per year during the
16 Lease-Back Period, as prescribed in Section 3 of Public Law 30-178. The Section
17 30 revenues pledged or reserved and thereafter received by the government of
18 Guam or by any trustee, depository or custodian shall be deposited in a separate
19 account and shall be immediately subject to such reservation or the lien of such
20 pledge without any physical delivery thereof or further act, and such reservation
21 or the lien of such pledge shall be valid and binding against all parties having
22 claims of any kind in tort, contract or otherwise against the government of Guam
23 or such trustee, depository or custodian, irrespective of whether the parties have
24 notice thereof. The instrument by which such pledge or reservation is created
25 need not be recorded. The remainder of the funds from the existing lien, supra,
26 not utilized for this project shall be subject to legislative appropriation.”

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CHAPTER VI
DEFICIT REDUCTION AND COMPASSION FOR PEOPLE FIRST
ACT OF 2011

Section 1. Legislative Statement and Intent. *I Liheslaturan Guåhan* finds the payment to retirees who were eligible to be part of the class action suit, Rios v. Camacho, Superior Court No. SP0206-93 has yet to be paid in full by the government of Guam. *I Liheslaturan Guåhan* wishes to work toward the completion of the payment of the Cost of Living Allowance (COLA) awards to bring finality to this injustice the *manåmko* and their heirs have endured. These retired dedicated public servants struggle everyday find the resources for the most basic needs such as medical care, maintenance medications and providing daily nutrition needs and sometimes forgo such needs due to lack of financial resources.

I Liheslaturan Guåhan further finds that the current non-payment of income tax refunds to the people of Guam imparts undeserved financial burdens and hardships on the taxpayers of Guam and that the prioritization of the payments of tax refunds is of utmost importance to *I Liheslaturan Guåhan*. These emergency tax refunds are needed to help family members with needed life saving medical care, both on-island and off-island, save family homes, work transportation and even burying loved ones who are not able to get the medical care on time due to lack of financial resources.

I Liheslaturan Guåhan further finds that the Committee on Appropriations, Taxation, Public Debt, Banking, Insurance, Retirement, and Land (Committee) has diligently worked toward the reimbursement of the funds from the Guam Waterworks Authority (GWA) in accordance with Public Law 30-145, which requires that Twenty Million Dollars (**\$20,000,000**) of the principal amount of the GWA's Series Bond be used to pay the balance of the government of Guam Limited Obligation (Section 30) Series 2001A bond and any other portions of Bonds or Loans paid for by General Fund revenues for which the GWA has received proceeds.

I Liheslaturan Guåhan understands that the Committee had to work diligently in order to uphold the spirit and letter of Public Law 30-145, due to the incessant disregard of Public Law 30-145 by the Consolidated Commission on Utilities (CCU) and the GWA. On June 2, 2011, the Public Utilities Commission (PUC) dutifully and rightfully

1 upheld and ordered that the CCU and the GWA reimburse the government of Guam in
2 the amount of Eighteen Million Three Hundred Thirty Three Thousand Three Hundred
3 Thirty Three Dollars (**\$18,333,333**).

4 *I Liheslaturan Guåhan* further finds that the use of such reimbursed funds from
5 the GWA will not only decrease the government of Guam’s deficit by the cash infusion
6 of Eighteen Million Three Hundred Thirty Three Thousand Three Hundred Thirty Three
7 Dollars (**\$18,333,333**), but will provide a stimulus to our fragile economy. Therefore, it is
8 the intent of *I Liheslaturan Guåhan* to appropriate these reimbursed funds for the
9 purposes of COLA payments for retirees in accordance with the judgment rendered in
10 *Rios v. Camacho*, Superior Court No. SP0206-93 and paying emergency income tax
11 refunds.

12 **Section 2. Appropriation of Reimbursed Funds from the GWA.**

13 The sum of Eighteen Million Three Hundred Thirty Three Thousand Three
14 Hundred Thirty Three Dollars (**\$18,333,333**) reimbursed and received from the Guam
15 Waterworks Authority by the government of Guam in accordance with Public law 30-145
16 is hereby by authorized for the following:

17 (a) Fifty-percent (50%) of funds appropriated herein is hereby appropriated to pay
18 for income tax refunds for tax year 2009 and prior for “A-status returns” and approved
19 requests for emergency tax refunds payments filed with the Department of Revenue and
20 Taxation and shall be deposited by the bond trustee of the Guam Waterworks Authority
21 or any other entity from which such reimbursed funds are held, directly into the Income
22 Tax Refund Efficient Payment Trust Fund. For the purposes of this section, an A-status
23 return means income tax returns that are certified by the Department of Revenue and
24 Taxation and ready for payment.

25 (b) Fifty-percent (50%) of funds appropriated herein is hereby appropriated to the
26 Government of Guam Retirement Fund (GGRF) for the payment of principal and interest
27 that is owed to qualified retirees pursuant to *Rios v. Camacho*, Superior Court No.
28 SP0206-93 and shall be deposited by the bond trustee of the Guam Waterworks Authority
29 or any other entity from which such reimbursed funds are held, to the GGRF. Such
30 payment of principal and interest shall be prepared and disbursed in accordance with
31 Section 3 of this Law.

1 **Section 3. Cost of Living Allowance (COLA) Preparation and Disbursement**
2 **Provisions.**

3 (a) The Government of Guam Retirement Fund and the Department of
4 Administration (DOA) shall perform the preparation of payments to COLA recipients
5 according to Section 2(b) of this Act. Upon preparing COLA payments, the DOA shall
6 request from the Government of Guam Retirement Fund, the funds required to prepare
7 COLA payments and shall be paid out from the bank account set forth in Section 3(c).

8 (b) The disbursement provisions for the appropriation in Section 2(b) are
9 principal or interest from principal owed to claimants set forth in Title 5 Guam Code
10 Annotated, Chapter 6, Article 4, §6404(d)(1) starting with the claimant with the lowest
11 initial award from the class settlement, followed by the next lowest initial award from the
12 class settlement, followed by the next lowest initial award and repeating this
13 disbursement methodology until all the funds appropriated in Section 2(b) of this Act are
14 exhausted.

15 (c) The funds requested and received by the DOA in accordance with Section
16 3(a) *shall* be deposited into a bank account, separate and apart from the General Fund,
17 and *shall* only be withdrawn or expended for the payment of principal and interest that is
18 owed to qualified retirees pursuant to Rios v. Camacho, Superior Court No. SP0206-93.
19 Any funds transferred to the bank account set forth in this section, *shall not* be subject to
20 the transfer authority of *I Maga`lahen Guåhan*.

21 **Section 4. Reporting.** The DOA *shall* submit a written report regarding the
22 reimbursed funds from the Guam Waterworks Authority as indicated in Sections 2(a) and
23 2(b) as follows:

24 (a) A detailed, written report of the actual expenditure of the appropriation
25 and the total amount deposited into the Income Tax Refund Efficient Payment Trust Fund
26 as outlined in Section 2(a) of this Act shall be reported to *I Liheslaturan Guåhan* no later
27 than September 30, 2011.

28 (b) A detailed written report of the total amount requested from the
29 Government of Guam Retirement Fund, the total amount received from the Government
30 of Guam Retirement Fund, the total amount disbursed and paid to for the purposes set

1 forth in Section 2(b), and a reconciliation and explanation if there is/are any differences
2 between such totals to *I Liheslaturan Guåhan* within forty-five (45) days after being
3 reimbursed by the Guam Waterworks Authority.

4 *No* portion of this appropriation *shall* be used for purposes other than that are
5 specifically defined in Section 2 of this Act.

6 **Section 5. Severability.** If any provisions of this Law or the application thereof to any
7 person or circumstance is held invalid, such invalidity *shall* not affect any other provision
8 or application of this Law which can be given effect without the invalid provision or
9 application, and to this end the provisions of this Law are severable.