

*I Mina'Trentai Dos Na Liheslaturan Guahan*  
**Bill Log Sheet**

<b>BILL NO.</b>	<b>SPONSOR</b>	<b>TITLE</b>	<b>DATE INTRODUCED</b>	<b>DATE REFERRED</b>	<b>CMTE REFERRED</b>	<b>PUBLIC HEARING DATE</b>	<b>DATE COMMITTEE REPORT FILED</b>	<b>FISCAL NOTES</b>
<b>110-32 (COR)</b>	V. Anthony Ada	AN ACT TO ADD A NEW CHAPTER 8 TO 11GCA RELATIVE TO QUANTIFYING AND REPORTING THE AFFECTS OF THE EARNED INCOME TAX CREDIT (EITC) AS IT RELATES TO THE COMPACTS OF FREE ASSOCIATION.	5/8/13 3:35 p.m.	5/8/13	Committee on Appropriations, Public Debt, Legal Affairs, Retirement, Public Parks, Recreation, Historic Preservation, and Land			<b>Fiscal Notes Requested 5/9/13</b>



# COMMITTEE ON RULES

*I Mina'trentai Dos na Liheslaturan Guåhan* • The 32nd Guam Legislature

155 Hesler Place, Hagåtña, Guam 96910 • [www.guamlegislature.com](http://www.guamlegislature.com)

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Senator  
Rory J. Respicio  
CHAIRPERSON  
MAJORITY LEADER

May 14, 2013

Senator  
Thomas C. Ada  
VICE CHAIRPERSON  
ASSISTANT MAJORITY LEADER

## Memorandum

Senator  
Vicente (Ben) C. Pangelinan  
Member

To: **Rennae Meno**  
*Clerk of the Legislature*

Speaker  
Judith T.P. Won Pat, Ed.D.  
Member

From: **Senator Rory J. Respicio**  
*Majority Leader & Rules Chair*

Senator  
Dennis G. Rodriguez, Jr.  
Member

Subject: **Fiscal Notes**

Vice-Speaker  
Benjamin J.F. Cruz  
Member

*Hafa Adai!*

Attached please find the fiscal notes for the bill numbers listed below. Please note that the fiscal notes, or waivers, are issued on the bills as introduced.

Legislative Secretary  
Tina Rose Muña Barnes  
Member

### FISCAL NOTES:

**Bill Nos.: 65-32(COR), 77-32(COR), 110-32(COR)**

Senator  
Frank Blas Aguon, Jr.  
Member

### WAIVERS:

**Bill No. 109-32(COR)**

Senator  
Michael F.Q. San Nicolas  
Member

Please forward the same to MIS for posting on our website. Please contact our office should you have any questions regarding this matter.

Senator  
V. Anthony Ada  
Member  
MINORITY LEADER

*Si Yu'os ma'åse'!*

Senator  
Aline Yamashita  
Member

2013 MAY 14 PM 12:06

**BUREAU OF BUDGET & MANAGEMENT RESEARCH**OFFICE OF THE GOVERNOR  
Post Office Box 2950, Hagåtña Guam 96932EDDIE BAZA CALVO  
GOVERNORJOHN A. RIOS  
DIRECTORRAY TENORIO  
LIEUTENANT GOVERNOR**MAY 13 2013**

Senator Rory J. Respicio  
Chairperson, Committee on Rules  
I Mina'trentai Unu na Liheslaturan Guåhan  
The 31<sup>st</sup> Guam Legislature  
155 Hesler Place  
Hagåtña, Guam 96932

*Hafa Adai* Senator Respicio:

Transmitted herewith is Fiscal Note on the following Bill Nos.: 65-32(COR), 77-32(COR), 110-32(COR), and Fiscal Note Waiver on the following Bill Nos.: 109-32(COR).

If you have any question(s), please do not hesitate to call the office at 475-9412/9106.



JOHN A. RIOS  
Director

Enclosures

cc: Senator Vicente (ben) Pangelinan

**Bureau of Budget & Management Research  
Fiscal Note of Bill No. 110-32**

**AN ACT TO ADD A NEW CHAPTER 8 TO 11 GCA RELATIVE TO QUANTIFYING AND REPORTING THE AFFECTS OF THE EARNED INCOME TAX CREDIT (EITC) AS IT RELATES TO THE COMPACTS OF FREE ASSOCIATION.**

Department/Agency Appropriation Information	
Dept./Agency Affected: Revenue & Taxation	Dept./Agency Head: John Camacho, Director
Department's General Fund (GF) appropriation(s) to date:	9,164,180
Department's Other Fund (Specify) appropriation(s) to date: BPSF and TECF	2,977,271
<b>Total Department/Agency Appropriation(s) to date:</b>	<b>\$11,241,451</b>

Fund Source Information of Proposed Appropriation			
	General Fund:	(Specify Special Fund):	Total:
FY 2012 Unreserved Fund Balance <sup>1</sup>		\$0	\$0
FY 2013 Adopted Revenues	\$0	\$0	\$0
FY 2013 Appro. (P.L. 31-233)	\$0	\$0	\$0
Sub-total:	\$0	\$0	\$0
Less appropriation in Bill	\$0	\$0	\$0
<b>Total:</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Estimated Fiscal Impact of Bill						
	One Full Fiscal Year	For Remainder of FY 2013 (if applicable)	FY 2014	FY 2015	FY 2016	FY 2017
General Fund	\$0	\$0	\$0	\$0	\$0	\$0
(Specify Special Fund)	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

- Does the bill contain "revenue generating" provisions? / / Yes /x / No  
If Yes, see attachment
- Is amount appropriated adequate to fund the intent of the appropriation? /x / N/A / / Yes / / No  
If no, what is the additional amount required? \$ \_\_\_\_\_ /x / N/A
- Does the Bill establish a new program/agency? / / Yes /x / No  
If yes, will the program duplicate existing programs/agencies? /x / N/A / / Yes / / No  
Is there a federal mandate to establish the program/agency? / / Yes /x / No
- Will the enactment of this Bill require new physical facilities? / / Yes /x / No
- Was Fiscal Note coordinated with the affected dept/agency? If no, indicate reason: /x / Yes / / No  
/ / Requested agency comments not received as of the due date / / Other:

Analyst: 	Date: 5/10/13	Director: 	<b>MAY 13 2013</b>
John AB Panggelinan, Acting Deputy Director		John A. Rios, Director	

Footnotes:  
Please see attached comment sheet.

**Comments on Bill No. 110-32**

The proposed legislation is requiring the Department of Revenue & Taxation (DRT) to obtain information from all agencies of the Government of Guam on Freely Associated States (FAS) citizens that filed Guam Tax Return. Such information is to be used to identify those FAS citizens receiving Earned Income Tax Credit which would greatly enhance Guam's negotiation position in securing greater reimbursement of Compact Impact funding in the future.

A review of this bill's proposed requirements reflects a conflict with federal laws and regulations regarding nondiscriminatory practices on ethnicity. There is a potential financial impact should this Act be passed as follows:

1. Because such perceived discrimination is officially sanctioned by the Government of Guam, there could be a hold back on the reimbursement of federally funded expenses and/or the completed withdrawal of federal grants up to \$341.3 Million.
2. The cost of litigation from other governmental and private entities as the result of specifically discriminating against the FAS citizens, which could be in the hundreds of thousands.
3. The loss of Compact Impact funding of approximately \$17 Million annually as the result of such discriminatory practice.



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2013 MAY -9 PM 4: 22

Senator  
Rory J. Respicio  
CHAIRPERSON  
MAJORITY LEADER

May 9, 2013

Senator  
Thomas C. Ada  
VICE CHAIRPERSON  
ASSISTANT MAJORITY LEADER

VIA E-MAIL  
[john.rios@bbmr.guam.gov](mailto:john.rios@bbmr.guam.gov)

Senator  
Vicente (Ben) C. Pangelinan  
Member

John A. Rios  
Director  
Bureau of Budget & Management Research  
P.O. Box 2950  
Hagåtña, Guam 96910

Speaker  
Judith T.P. Won Pat, Ed.D.  
Member

Senator  
Dennis G. Rodriguez, Jr.  
Member

RE: Request for Fiscal Note- Bill Nos. 109 & 110 (COR)

*Hafa Adai* Mr. Rios:

Vice-Speaker  
Benjamin J.F. Cruz  
Member

Transmitted herewith is a listing of *I Mina'trentai Dos na Liheslaturan Guåhan's* most recently introduced bills. Pursuant to 2 GCA §9103, I respectfully request the preparation of fiscal notes for the referenced bills.

Legislative Secretary  
Tina Rose Muña Barnes  
Member

*Si Yu'os ma'åse'* for your attention to this matter.

Senator  
Frank Blas Aguon, Jr.  
Member

Very Truly Yours,

Senator  
Michael E.Q. San Nicolas  
Member

Senator Rory J. Respicio  
*Chairperson, Committee on Rules*

Senator  
V. Anthony Ada  
Member  
MINORITY LEADER

Attachments (1)

Senator  
Aline Yamashita  
Member

Cc: Clerk of the Legislature

<b>Bill Nos.</b>	<b>Sponsor</b>	<b>Title</b>
<b>109-32 (COR)</b>	Michael F.Q. San Nicolas, B.J.F. Cruz	AN ACT TO AMEND §26205 OF ARTICLE 2, CHAPTER 26, TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO INCREASING THE STATUTE OF LIMITATIONS ON THE COLLECTION OF UNPAID BUSINESS PRIVILEGE TAX TO TEN(10) YEARS.
<b>110-32 (COR)</b>	V. Anthony Ada	AN ACT TO ADD A NEW CHAPTER 8 TO 11GCA RELATIVE TO QUANTIFYING AND REPORTING THE EFFECTS OF THE EARNED INCOME TAX CREDIT (EITC) AS IT RELATES TO THE COMPACTS OF FREE ASSOCIATION.



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Senator  
Michael F.Q. San Nicolas  
Member

Senator  
V. Anthony Ada  
Member  
MINORITY LEADER

Senator  
Aline Yamashita  
Member

May 8, 2013

### MEMORANDUM

**To: Rennae Meno**  
*Clerk of the Legislature*

**Attorney Therese M. Terlaje**  
*Legislative Legal Counsel*

**From: Senator Rory J. Respicio**  
*Majority Leader & Rules Chair*

**Subject: Referral of Bill Nos. 109 & 110-32(COR)**

As the Chairperson of the Committee on Rules, I am forwarding my referral of **Bill Nos. 109 & 110-32(COR)**.

Please ensure that the subject bills are referred, in my name, to the respective committee, as shown on the attachment. I also request that the same be forwarded to all members of *I Mina'trentai Dos na Liheslaturan Guåhan*.

Should you have any questions, please feel free to contact our office at 472-7679.

*Si Yu'os Ma'åse!*

Attachment



I MINA' TRENTAI DOS NA LIHESLATURAN GUÅHAN  
2013 (FIRST) Regular Session

2013 MAY -8 PM 3:35  
*[Handwritten signature]*

Bill No. 110-32 (COR)

Introduced by:

V. Anthony Ada *[Handwritten signature]*

**AN ACT TO ADD A NEW CHAPTER 8 TO 11GCA RELATIVE TO QUANTIFYING AND REPORTING THE AFFECTS OF THE EARNED INCOME TAX CREDIT (EITC) AS IT RELATES TO THE COMPACTS OF FREE ASSOCIATION.**

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

2 **Section 1.** A new Chapter 8 is *added* to 11GCA to read as follows:

3

4

**Chapter 8**

5

**Accounting And Reporting Of Information Related To The Payment Of**

6

**Earned Income Tax Credits To FAS Citizens Who Are Required To File An**

7

**Income Tax Return On Guam.**

8

9 **§8101. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds the

10 Earned Income Tax Credit (EITC) the government of Guam is required, under

11 federal income tax laws, to pay to all eligible income tax return-filers who file a

12 Guam tax return is one of the few credits where the amount of the credit may

13 exceed the income taxes due. Under federal law, income tax-filers with dependent

14 children who have *earned income* may be eligible for a substantial credit

15 regardless of the *income taxes* due. In many cases where a tax return-filer has zero

16 income taxes due, the government of Guam may be required to pay the full amount

17 of the credit to the income tax return-filer depending on the income tax return-

18 filer's *earned income* and number of qualifying dependents. For tax year 2009,

1 income tax return-filers with earned income of up to \$48,279 may be eligible for  
2 the EITC. For tax year 2009, the maximum EITC per income tax return-filer was  
3 \$5,657 (for married filers with three children and earned income between \$12,550  
4 and \$21,450). Given the large number of FAS citizens currently receiving some  
5 form of public assistance, it is likely that the number of FAS citizens who claim  
6 the EITC on their Guam Income Tax return may number in the thousands. The  
7 total amount paid by the Government of Guam, since the inception of the  
8 Compacts of Free Association, total hundreds of millions of dollars.

9 *I Liheslatura* further finds the Earned Income Tax Credit was created by the  
10 US Congress in 1975 as a tax benefit to assist lower income working families to  
11 offset the costs associated with employment tax mandates such as Social Security  
12 and Medicare taxes (FICA taxes). Most Guam taxpayers are required to pay into  
13 the US Government's Social Security system. Today, the EITC is regarded by  
14 many members of both houses of Congress one of the largest anti-poverty tools in  
15 the United States (despite the fact that most income measures, including the  
16 poverty rate, do not account for the credit), and enjoys broad bipartisan support.

17 *I Liheslatura* further finds since there are no requirements for FAS citizens  
18 to disclose their citizenship on their income tax-returns, such returns alone, can  
19 not be used to quantify the amount of EITC that the Government of Guam is  
20 required to pay FAS citizens.

21 *I Liheslatura* further finds the impact of the EITC mandate on Guam  
22 continues to grow and become increasingly convoluted. Since certain Compacts  
23 of Free Association and their predecessor agreements have been in place since the  
24 late 1980s, there are succeeding generations of original FAS citizens that who are  
25 born on Guam and are not considered FAS citizens. Under federal law, any parent  
26 regardless of citizenship who gives birth to a child in the United States may opt for

1 that child to be a United States citizen. Public Assistance programs for U.S.  
2 citizens who are children of FAS citizens are not calculated in Compact Impact  
3 costs. Further, many of these children of FAS citizens may be reaching the age  
4 where they may be eligible for EITC payments from the Government of Guam.

5 *I Liheslatura* seeks to provide the Department of Revenue and Taxation  
6 with the authority and the means to delineate the EITC payments made to FAS  
7 citizens and their children from other income tax return-filers who are required to  
8 file a Guam Income Tax Return.

9 *I Liheslatura* concludes that accurate data related to EITC payments to FAS  
10 citizens will greatly enhance Guam's negotiating position to secure reimbursement  
11 for past Compact Impact obligations as adequate funding for the future.

12 It is the intent of *I Liheslatura* to create a means to quantify the cost of the  
13 Government of Guam's subsidies of EITC payments to FAS citizens and to seek  
14 reimbursement of such subsidy costs from the United States government. Such  
15 reimbursement will enhance the Government of Guam's ability to make timely  
16 payments of the EITC to all tax-filers that are eligible for this benefit.

17  
18 **§8102. Authorization to Obtain Identifying Information.** The

19 Department of Revenue and Taxation (the Department) is authorized to obtain,  
20 from all agencies and instrumentalities of the government of Guam, any and all  
21 information necessary to identify (1) Freely Associated States (FAS) citizens who  
22 have filed *Guam Income Tax Returns* and (2) Children of FAS citizens who are  
23 United States citizens and who have filed *Guam Income Tax Returns*. Information  
24 obtained by the Department is confidential and not subject to public disclosure or  
25 the Freedom of Information Act. Information gathered by the Department shall be  
26 used for the sole purpose of determining the amount of Earned Income Tax Credits

1 paid or payable to Guam Income Tax Return filers who are FAS citizens or  
2 children of FAS citizens as described, *supra*.

3 Information gathered pursuant to the provisions this section shall *not* be  
4 used for any other purposes. The improper use of information gathered pursuant  
5 to this section is a third degree felony.

6  
7 **§8103. Reporting of the EITC payments made to FAS citizens and their**  
8 **children.** The Department shall, from the information obtain pursuant to the  
9 provisions of §8102 of this Chapter, prepare and file an annual report with the  
10 Government of Guam agency responsible for preparing Compact Impact reports.  
11 The report shall be redacted of information that may be used to identify individual  
12 Guam income tax-filers. The filing date of the report, *supra*, shall be determined  
13 by the Government of Guam agency responsible for preparing Compact Impact  
14 reports.

15 **§8104. Collection of EITC Data.** Any agency or instrumentality involved  
16 in the surveying and collection of data to determine the impact of the Compacts of  
17 Free Association on Guam are authorized to request information from FAS  
18 citizens on amounts of payments of the Earned Income Tax Credit they received  
19 from the Government of Guam. Any identifying information of the recipients of  
20 Earned Income Tax Credits is confidential and shall be destroyed once the survey  
21 is completed.

22 **§8105. Operating Budget.** The Department shall prepare and submit a  
23 budget to *I Liheslaturan Guåhan* annually along with its annual budget  
24 submission. Nothing herein shall be construed as to limit the Department's ability  
25 to request for funding for the purposes of achieving the goals of this Chapter at  
26 any time during a fiscal year.