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2009 Jun 15 PM 12:54

Felix P. Camacho
Governor

Michael W. Cruz, M.D.
Lieutenant Governor

Office of the Speaker
Judith T. Won Pat, Ed. D.
Date 6/12/09
Time 4:59 pm
Received by [Signature]

JUN 12 2009

The Honorable Benjamin J.F. Cruz
Acting Speaker
I Mina' Trenta Na Liheslaturan Guahan
155 Hesler Place
Hagåtña, Guam 96910

RECEIVED
6-12-09

RE: Call to Session

Dear Acting Speaker Cruz:

Due to the closure of John F. Kennedy High School, our JFK and George Washington High School students have had to endure the challenges of double session. To avoid double session and the compromise of needed instructional time in the classroom, I have identified what I believe to be the only viable short term solution to alleviate this problem.

Based on the limited funds available for governmental operations, I believe it is necessary for a financing method that includes authority for tax credits and tax rebates as forms of payment for a lease agreement. Speaker Judith T. Won Pat has acknowledged this as a viable option by virtue of her introduction of Bill No. 1 (LS).

I agree with members of the Guam Education Policy Board that upon the completion of the construction of the new JFK High School campus, the Tiyan facility should be made available for use by the Guam Public School System (GPSS) as an interim location for other school communities in need of repair or reconstruction.

However, the language contained in Bill No. 1 (LS) as introduced will not accomplish this. I am attaching the legislation, as drafted by Core Tech, required under the terms of the lease agreement. Failure to enact such legislation will prevent the opening of the Tiyan campus in time for next school year.

Therefore, pursuant to §1423(h) of the Organic Act of Guam, I hereby call a Special Session of I Mina' Trenta Na Liheslaturan Guahan for Monday, June 15, 2009 at 1 p.m., for the purpose of considering the attached legislation.

I thank you and Speaker Won Pat for your leadership on this matter and look forward to your favorable consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'F. Camacho', with a long horizontal flourish extending to the right.

FELIX P. CAMACHO
I Maga' Låhen Guahan
Governor of Guam

I MINA'TRENTA NA LIHESLATURAN GUÅHAN
2009 (FIRST) Special Session

Bill No. 1 (4-5)

Introduced by:

Committee on Rules, Natural Resources,
Federal, Foreign, & Micronesian Affairs

By request of *I Maga'lahaen*
Guåhan in accordance
with the Organic Act of Guam

AN ACT TO AUTHORIZE TAX CREDITS, TAX OFFSETS, AND
TAX REBATES TO OBTAIN A TEMPORARY CAMPUS FOR
USE AS AN INTERIM JOHN F. KENNEDY HIGH SCHOOL
CAMPUS AND TO ADDRESS THE FACILITY NEEDS OF THE
GUAM PUBLIC SCHOOL SYSTEM

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

2 **Section 1. Legislative Findings and Intent.** It is the finding of *I*
3 *Liheslaturan Guahan* that the closing of John F. Kennedy High School (JFK
4 High School) has displaced its students, faculty, and staff due to the
5 physical disrepair and age of the campus, the longstanding overpopulation
6 of the school, and its history of maintenance and structural problems.
7 Temporarily, JFK High School has been sharing campuses in a double-
8 session with the school community of George Washington High School
9 (GW High School).

10 *I Liheslaturan Guahan* finds this to be an un-conducive environment
11 that hinders learning and the work and production of the teachers and the

1 students of both JFK High School and GW High School. *I Liheslaturan*
2 *Guahan* has taken all measures, including the passage of legislation and the
3 pledge of government revenues to provide for the proper and permanent
4 reconstruction of JFK High School in upper Tumon. Until this
5 reconstruction is completed, the JFK High School community will continue
6 to be displaced and the GW High School community will continue to be
7 negatively impacted.

8 In addition to the temporary needs of the JFK High School
9 community, other facilities and infrastructure of the Guam Public School
10 System are in need of repair and expansion to meet the demands of a
11 growing population and deteriorating facilities. For this purpose, *I*
12 *Liheslaturan Guahan* finds that obtaining a temporary campus for JFK High
13 School may also provide additional opportunities for the Guam Public
14 School System and the government of Guam to address these issues.

15 Once occupation of the new JFK High School campus is completed,
16 the temporary campus may be made available for other uses including but
17 not limited to the migration of school populations to a temporary campus
18 while repairs and reconstruction projects are pursued and completed; and
19 consideration for the establishment of an additional secondary school or
20 schools to alleviate the overcrowding situation currently being experienced
21 in central and northern Guam.

1 *I Liheslaturan Guahan* further finds that the government of Guam is
2 financially strapped and obligated to provide essential services for all the
3 people of Guam. The government is unlikely to afford payments for a lease
4 to temporarily house the JFK High School community while construction is
5 being conducted on the new permanent campus. It is therefore the intent
6 of *I Liheslaturan Guahan* to leverage and utilize the government's ability to
7 issue tax credits, tax rebates, and tax offsets to a Lessor willing to provide
8 the property and facility conducive for a school environment for JFK High
9 School.

10 **Section 2. Definitions.** The following definitions shall be used for
11 the purposes of this act.

12 (a) "*Government of Guam*" shall mean the government of Guam, its
13 agencies, departments, divisions, and departments.

14 (b) "*Lease*" shall mean the contract between the *Lessor* and the
15 Government of Guam for the Lease and Maintenance of Interim Facilities
16 for John F. Kennedy High School, and Collateral Equipments.

17 (c) "*Lessor*" shall mean the party who has been selected by the
18 Governor of Guam for the Lease and Maintenance of Interim Facilities for
19 John F. Kennedy High School, and Collateral Equipments.

20 **Section 3. Payment of Lease Expenses.** In lieu of any cash payment
21 from the Government of Guam to the *Lessor* for lease expenses, the

1 government is authorized to issue tax credits. The tax credits authorized
2 under this Act shall be permitted as follows:

- 3 (a) The *Lessor* shall be authorized to “off-set,” lease payments against
- 4 i. Any gross receipts tax or business privilege tax
 - 5 liabilities of the *lessor* as they accrue; and
 - 6 ii. Any income tax credit against any income tax liability
 - 7 of the *lessor*.
 - 8 iii. All income tax rebates and any tax exemptions and
 - 9 benefits under the Guam statutes concerning a
 - 10 qualifying certificate, Chapter 58, Title 12, Guam Code
 - 11 Annotated, and under any other applicable Guam
 - 12 Statutes as a form of payment for the Lease.

13 (b) The authorization of the *Lessor* to off-set or credit may be applied
14 by the *Lessor* against any amount owed to the government of Guam.

15 (c) The parties or persons entitled to use the rights of off-set and
16 credits as set forth in this law shall be as follows:

- 17 i. If the *Lessor* is a corporation, then the *Lessor* and any
- 18 shareholder owning or holding a minimum of five percent (5%)
- 19 in the corporation shall also have the right to use the rights of
- 20 off-set and credits.

- 21 ii. If the *Lessor* is a partnership, then all the partners shall

1 have the right to use the rights of off-set and credits. If a
2 partner is a corporation, then the rights as set forth above
3 concerning corporations shall apply to the corporation and its
4 shareholders.

5 iii. If the *Lessor* is a person or persons, then such rights
6 shall apply to a person or persons.

7 (d) The authorization to off-set, credits, and rebates by the *Lessor* shall
8 be freely assignable and transferable, in whole or in part, to any party,
9 company, partnership or corporation. The assignment and transfer may be
10 by gift or may be for legal consideration. Any assignment and/or transfer
11 shall be in writing, notarized, and an original thereof shall be filed with
12 GEDCA, with a copy to the Department of Revenue and Taxation.

13 (e) The *Lessor* shall be entitled to a rebate of one-hundred percent
14 (100%) of all income taxes on the income received from any cash or
15 consideration for the rents, costs and expenses under the Lease, including
16 any off-set, credit, or rebate. The *Lessor* shall be entitled to an exemption of
17 one hundred percent (100%) of all gross receipts taxes or business privilege
18 taxes levied on income received from any cash or consideration for the
19 rents, costs and expenses under the Lease, including any off-set, credit, or
20 rebate.

21 **Section 4. Reporting Requirements.** Pursuant to §58123 of Title 12

1 of the Guam Code Annotated, the *Lessor* shall furnish monthly written
2 reports to the Guam Economic Development and Commerce Authority
3 beginning thirty (30) days after the issuance of any income tax rebate and
4 any tax exemptions and benefits under the Guam Statutes concerning a
5 qualifying certificate contained in Chapter 58, Title 12, Guam Code
6 Annotated.

7 **Section 5. Severability.** If any provision of this Law or its
8 application to any person or circumstance is found to be invalid or contrary
9 to law, such invalidity shall not affect or provisions or applications of this
10 Law which can be given effect without the invalid provisions or
11 application, and to this end the provisions of this Law are severable.