



Office of the Governor of Guam

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Felix P. Camacho
Governor

Michael W. Cruz, M.D.
Lieutenant Governor

DEC 29 2010

The Honorable Judith T. Won Pat, Ed.D.
Speaker
Mina' Trenta Na Liheslaturan Guåhan
155 Hessler Street
Hagåtña, Guam 96910

10-30-1098
2010 DEC 30 AM 8:46
12/25/2010
4:07 PM
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Dear Speaker Won Pat:

Transmitted herewith is Substitute Bill No. 438-30 (COR) "AN ACT TO ADD NEW SUBSECTIONS (5), (6), (7) AND (8) TO §13109 (a), CHAPTER 13 OF TITLE 2, GUAM CODE ANNOTATED, RELATIVE TO SECTION 30 FUNDS AND OTHER FEDERAL MATTERS", which was enacted into law without the Governor's signature. The legislation is now designated as Public Law No. 30-219.

Sinseru yan Magåhet,

FELIX P. CAMACHO
I Maga'låhen Guahan
Governor of Guahan

Attachment: copy of Bill

MINA'TRENTA NA LIHESLATURAN GUÅHAN
2010 (SECOND) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUÅHAN

This is to certify that **Substitute Bill No. 438-30 (COR)**, "AN ACT TO ADD NEW SUBSECTIONS (5), (6), (7) AND (8) TO §13109(a), CHAPTER 13 OF TITLE 2, GUAM CODE ANNOTATED, RELATIVE TO SECTION 30 FUNDS AND OTHER FEDERAL MATTERS," returned without approval of *I Maga'lahaen Guåhan*, was reconsidered by *I Liheslaturan Guåhan* and after such consideration, did agree, on the 21st day of December, 2010, to pass said bill notwithstanding the veto of *I Maga'lahaen Guåhan* by a vote of fourteen (14) Members.



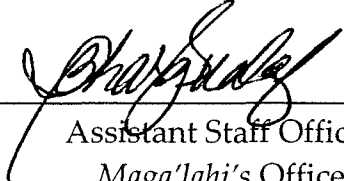
Judith T. Won Pat, Ed. D.
Speaker

Attested:



Tina Rose Muña Barnes
Legislative Secretary

This Act was received by *I Maga'lahaen Guåhan* this 23 day of Dec., 2010, at 10:35 o'clock P.M.



Assistant Staff Officer
Maga'lahaen's Office

Public Law No. 30-219

I MINA'TRENTA NA LIHESLATURAN GUÅHAN
2010 (SECOND) Regular Session

Bill No. 438-30 (COR)

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

Introduced by:

v. c. pangelinan
T. R. Muña Barnes
Judith T. Won Pat, Ed.D.
T. C. Ada
V. Anthony Ada
F. B. Aguon, Jr.
F. F. Blas, Jr.
E. J.B. Calvo
B. J.F. Cruz
J. V. Espaldon
Judith P. Guthertz, DPA
Adolpho B. Palacios, Sr.
R. J. Respicio
Telo Taitague
Ray Tenorio

**AN ACT TO *ADD* NEW SUBSECTIONS (5), (6), (7) AND
(8) TO §13109(a), CHAPTER 13 OF TITLE 2, GUAM
CODE ANNOTATED, RELATIVE TO SECTION 30
FUNDS AND OTHER FEDERAL MATTERS.**

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

2 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds
3 that with various parts of the military buildup in progress, the need to accurately

1 forecast the amount of the Section 30 funds which is due to Guam is essential for
2 development of sound fiscal policy strategies.

3 In May 2009, members of the Executive Branch and the Guam Economic
4 Development Authority made a presentation to Standard and Poors, which
5 estimated that by 2017 Section 30 funds will increase to \$133.5 Million Dollars a
6 year. This is a \$90 Million Dollars or three hundred nine percent (309%) increase
7 over Fiscal Year 2010.

8 As outlined in the Organic Act of Guam, *I Maga'lahaen Guåhan*, with the
9 concurrence of the government comptroller, estimates forthcoming duties, taxes
10 and fees, also referred to as Section 30 funds, which are remitted to Guam prior to
11 the start of said fiscal year.

12 In Fiscal Years 2003 and 2004 the requests submitted for remittance to the
13 government of Guam by the Chief Executive were overestimated by Sixteen
14 Million Five Hundred Twenty Thousand Fifty-two Dollars (\$16,520,052), which
15 resulted in an overpayment that was required to be repaid to the federal
16 government. The federal government recouped this overpayment by reducing the
17 Section 30 remittance in the amount of Five Million Five Hundred Six Thousand
18 Six Hundred Eighty-four Dollars (\$5,506,684) in Fiscal Years 2007, 2008 and
19 2009.

20 In Fiscal Years 2005 and 2007, the Chief Executive again submitted
21 remittance requests which were overestimated by Twenty-three Million Two
22 Hundred Thirty-three Thousand One Hundred Eighty-one Dollars (\$23,233,181).
23 To recoup this overpayment of Section 30 funds, the amount of Five Million Eight
24 Hundred Eight Thousand Two Hundred Ninety-five Dollars (\$5,808,295) in Fiscal
25 Years 2010, 2011, 2012 and 2013 have and will be reduced in each of these years.

26 *I Liheslaturan Guåhan* finds that the practice of overestimating Section 30
27 advance requests impacts the amount of funds available for appropriation in future

1 fiscal years. An example of the negative impact of this practice was the island
2 experiencing budget shortfalls, which led to the government-wide increases of
3 certain fees and the implementation of new fees for services previously provided at
4 no charge to residents. Recent pledges of Section 30 funds for debt service leave
5 little room for error without impacting government of Guam operations and bond
6 ratings.

7 *I Liheslaturan Guåhan* further finds the need for fiscal responsibility among
8 government officials extends to the federal sources of revenues, which our island is
9 entitled to receive. We must not only project the amount of Section 30 funds due
10 but must track the movement of personnel to recapture any additional funds or
11 reimburse any funds as a result of said personnel movements.

12 It is, therefore, the intent of *I Liheslaturan Guåhan* to task the Office of
13 Finance and Budget, the Special Accounting Service, and the Special Economic
14 Service with the responsibility of compiling and providing to *I Liheslaturan*
15 *Guåhan* and *I Maga'lahen Guåhan* as accurate a forecast as possible of the amount
16 of Section 30 funds to be expected.

17 Recent government-wide audit findings highlighted issues related to
18 incorrect classification of reimbursements as revenue as well as garnishment of
19 federal grant monies due to the non-payment of monies due to federal departments
20 for services rendered.

21 *I Liheslaturan Guåhan* finds that the dollar amount of these highlighted
22 transactions materially affect current and future funding of the government of
23 Guam, and therefore should be automatically transmitted as communication for
24 purposes of examination and planning by *I Liheslaturan Guåhan*.

25 **Section 2.** New Subsections (5), (6), (7) and (8) are hereby *added* to
26 §13109(a), Chapter 13 of Title 2, Guam Code Annotated, to read:

1 “(5) (A) *No later than* fifteen (15) days after the end of the third
2 quarter of each fiscal year, *I Maga’lahen Guåhan* (the Governor of Guam)
3 *shall* make available in a report to the Speaker of *I Liheslaturan Guåhan* and
4 the Office of Finance and Budget all correspondence between the United
5 States Department of the Treasury, the Department of Interior, the Office of
6 Insular Affairs, or its successor, and any other entities of the United States
7 Government related to prior and future fiscal year estimates and
8 reconciliations of duties, fees and taxes (also referred to as Section 30 funds)
9 remitted prior to the commencement of the forthcoming fiscal year.

10 (B) The report *shall* also contain the Section 30 Cash Advance
11 Request to the Secretary of the United States Department of the Treasury or
12 his representative for the immediate forthcoming fiscal year.

13 (C) *Prior to* the issuance of the report outlined in subsection (A),
14 the Bureau of Budget and Management Research and the Department of
15 Revenue and Taxation *shall* present to the Special Accounting Service all
16 data and information used to develop the request outlined in subsection (B).
17 The Special Accounting Service *shall* evaluate and certify by a majority of
18 members, concurrence of the Section 30 Cash Advance Request by *I*
19 *Maga’lahi* (the Governor) or provide a revised recommendation.

20 (6) *No later than* fifteen (15) days after receipt of any United States
21 Department of the Treasury warrants issued to Guam relative to transactions
22 with the Internal Revenue Service, pursuant to Section 30 of the Organic
23 Act, *or* the Guam Territorial Income Tax, *I Maga’lahen Guåhan* (the
24 Governor of Guam) *shall* transmit to the Speaker of *I Liheslaturan Guåhan*
25 and the Office of Finance and Budget all correspondence between the United
26 States Department of the Treasury, the Department of Interior, the Office of

1 Insular Affairs, or its successor, and any other entities of the United States
2 Government related to said warrants.

3 (7) *No later than* fifteen (15) days after receipt of any United States
4 Department of the Treasury notice of garnishments, *I Maga'lahen Guåhan*
5 (the Governor of Guam) *shall* transmit to the Speaker of *I Liheslaturan*
6 *Guåhan* and the Office of Finance and Budget all correspondence between
7 the United States Department of the Treasury, the Department of Interior,
8 the Office of Insular Affairs, or its successor, and any other entities of the
9 United States Government related to said garnishments.

10 (8) *No later than* fifteen (15) days after the end of the third quarter
11 of each fiscal year, *I Maga'lahen Guåhan* (the Governor of Guam) *shall*
12 transmit to the Speaker of *I Liheslaturan Guåhan* and the Office of Finance
13 and Budget the projected provision for tax refund data by provision category
14 by quarter for the most recent five (5) calendar years and the projection for
15 the immediate forthcoming calendar year.”

16 **Section 3. Effective Date.** This Act *shall* become effective upon
17 enactment.

18 **Section 4. Severability.** *If* any provisions of this Act or the application
19 thereof to any person or circumstance is held invalid, such invalidity *shall not*
20 affect any other provision or application of this Act which can be given effect
21 without the invalid provision or application, and to this end the provisions of this
22 Act are severable.