

EDDIE BAZA CALVO
Governor

RAY TENORIO
Lieutenant Governor

Office of the Governor of Guam

July 8, 2013

Honorable Judith T. Won Pat, Ed.D
Speaker
I Mina'trentai Dos Na Liheslaturan Guåhan
155 Hesler Street
Hagåtña, Guam 96910

32-13-562
Office of the Speaker
Judith T. Won Pat, Ed. D.
Date 7/8/13
Time 4:31
Received by

Dear Madame Speaker:

Attached is Bill No. 89-32 (COR), entitled, "**An Act to add a new Article 17 to Chapter 22, Title 5, Guam Code Annotated, relative to creating the Responsible Receivables Fund,**" which I have vetoed.

Bill 89-32 is well intentioned in that it seeks to identify additional revenue sources for the Government of Guam. However, the mechanism it creates for doing so is technically problematic and unfeasible.

First, interest and penalties from collections are not "unallocated cash resources," despite being identified as such by Bill 89-32. Rather, these revenues are already identified and allocated in the Interest & Penalties section of the Department of Administration's *Monthly Revenue Report to I Liheslaturan Guåhan* as "Income Taxes."

Second, the bill diverts collection revenues away from the General Fund, thereby restricting funds that are used for General Fund expenditures. Unless *I Liheslaturan Guåhan* correspondingly reduces projected tax revenues in the FY2013 and future appropriation bills, the result will be deficit spending and an unbalanced budget.

Third, Bill 89-32 is duplicative with respect to the prioritization of expenditures. Unallocated cash resources are only realized at the end of the fiscal year. Current Guam law already requires that any funds collected above projections be used towards the payments of court-ordered judgments, prior year obligations, etcetera.

Finally, Bill 89-32 has the general effect of limiting the Government of Guam's ability to address liabilities. Revenue projection is based on actual collections from the last three years and adjusted for organic growth. The alleged unallocated cash revenues have already been factored and accounted for in these projections. Restricting the Government of Guam's ability to manage finances will impair its ability to provide basic services, and is not in the best interests of the island.

Senseramente,

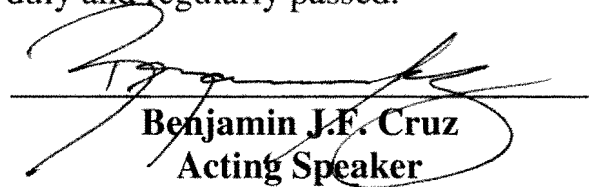
EDDIE BAZA CALVO

2013 JUL - 8 PM 5:00
2013 JUL - 8 PM 5:00
2013 JUL - 8 PM 5:00


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

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

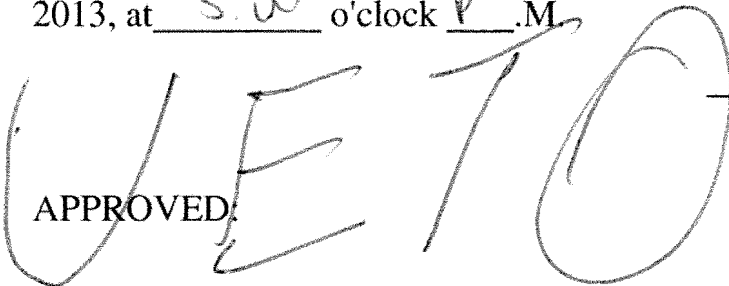
This is to certify that **Bill No. 89-32 (COR)**, "AN ACT TO ADD A NEW ARTICLE 17 TO CHAPTER 22, TITLE 5, GUAM CODE ANNOTATED, RELATIVE TO CREATING THE RESPONSIBLE RECEIVABLES FUND", was on the 24th day of June, 2013, duly and regularly passed.



Benjamin J.F. Cruz
Acting Speaker

Attested:


Thomas C. Ada
Acting Legislative Secretary

This Act was received by *I Maga'lahaen Guåhan* this 26th day of June,
2013, at 3:00 o'clock P.M.




Assistant Staff Officer
Maga'lahaen's Office

EDWARD J.B. CALVO
I Maga'lahaen Guåhan

Date: JUL 05 2013

Public Law No. _____

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

Bill No. 89-32 (COR)

As amended on the Floor.

Introduced by:

Michael F. Q. San Nicolas
Vicente (ben) C. Pangelinan
T. C. Ada
T. R. Muña Barnes
R. J. Respicio
Aline A. Yamashita, Ph.D.
V. Anthony Ada
Frank B. Aguon, Jr.
B. J.F. Cruz
Chris M. Dueñas
Michael T. Limtiaco
Brant T. McCreddie
Tommy Morrison
Dennis G. Rodriguez, Jr.
Judith T. Won Pat, Ed.D.

**AN ACT TO *ADD* A NEW ARTICLE 17 TO CHAPTER
22, TITLE 5, GUAM CODE ANNOTATED, RELATIVE
TO CREATING THE RESPONSIBLE RECEIVABLES
FUND.**

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

2 **Section 1. Short Title.** This Act *shall* be cited as the “Responsible
3 Receivables Fund Act.”

4 **Section 2. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds
5 that the annual budgets of the government of Guam are based upon projected
6 revenues.

1 **§ 221702. Separate Fund and Bank Account.**

2 The Responsible Receivables Fund *shall not* be commingled
3 with the General Fund or any other funds of the government of Guam
4 and *shall* be maintained in a separate bank account, administered by
5 the Director of the Department of Administration in accordance with
6 this Article.

7 **§ 221703. Administration of the Responsible Receivables Fund.**

8 *Unless* otherwise provided by law or prevented by contract, the
9 following *shall* be deposited or transferred into the Responsible
10 Receivables Fund:

11 (a) all collections by the Department of Revenue and
12 Taxation of accounts receivable older than twelve months; and

13 (b) all interest and penalties from collections items of the
14 Department of Revenue and Taxation older than twelve months.

15 **§ 221704. Expenditures from the Responsible Receivables Fund.**

16 (a) Expenditures from the Responsible Receivables Fund *may* be
17 authorized by legislative appropriation. Said appropriation *shall not* exceed
18 the amount of money held in the Fund. Expenditures from the Responsible
19 Receivables Fund *shall* be limited to payments toward:

20 (1) court-ordered amounts owed by the government of
21 Guam;

22 (2) prior fiscal years' contractual obligations outstanding and
23 payable;

24 (3) prior fiscal years' accrued and unpaid wages due to
25 government of Guam employees;

26 (4) prior fiscal years' merit pay bonuses accrued and unpaid;

1 (5) the procurement of medical supplies for the Guam
2 Memorial Hospital Authority;

3 (6) education expenses to comply with the Adequate
4 Education Act;

5 (7) capital improvement projects with an estimated useful
6 life of five or more years, for agencies dealing with education, health,
7 public safety, or services for individuals with disabilities;

8 (8) procurement of durable goods with an estimated useful
9 life of five (5) or more years, for agencies dealing with education,
10 health, public safety, or services for individuals with disabilities;
11 and/or

12 (9) advanced prepayment of existing debt obligations of the
13 government of Guam as defined by bond covenants, municipal lease
14 agreements, or financial institution loan provisions.

15 (b) The Responsible Receivables Fund *shall not* be subject to *I*
16 *Maga'lahañ Guåhan*'s transfer authority, or any other law allowing use or
17 transfer of special funds. Revenues to and expenditures from the
18 Responsible Receivables Fund are restricted to *only* those authorized by *I*
19 *Liheñlaturan Guåhan* in subsequent Acts. All interest and investment
20 earnings of the Responsible Receivables Fund *shall* remain in the Fund until
21 appropriated and expended pursuant to this Subsection.

22 **§ 221705. Annual Audit.**

23 The Office of Public Accountability *shall* perform an annual audit of
24 the Responsible Receivables Fund and the compliance of the Director of the
25 Department of Administration with the expenditure of such funds within the
26 Responsible Receivables Fund in accordance with the administration and
27 exclusive purposes of this Article. Said audit *shall* include, but is *not* limited

