



EDDIE BAZA CALVO  
Governor

RAY TENORIO  
Lieutenant Governor

*Office of the Governor of Guam.*

June 16, 2016

33-16-1710

Office of the Speaker  
Judith T. Won Pat, Ed.D

The Honorable Judith T. Won Pat, Ed.D.  
Suite 201  
155 Hesler Place  
Hagåtña, Guam 96910

Date: 6/16/16  
Time: 5:21 PM  
Received By: [Signature]

Dear Madam Speaker,

I am introducing legislation that will provide the necessary capital needed to establish the Guam Memorial Hospital Authority (GMHA), Guam’s only public hospital, as a Medical Center of Excellence as well as to provide Greater Access to Health and Medical Care for the people of Guam.

Support for these transformation initiatives will enable the hospital to shift its strategic focus from an acute long-term stay model to a financially solvent outpatient model through a unified system of health care and coverage. Anything less is setting the hospital up for failure by not allowing its well-trained team of doctors, nurses, support staff as well as its network of health care providers, suppliers, and service partners to continue to provide high quality care to the people of Guam 24 hours a day, 365 days a year in a modern facility, using the latest advanced technology and training.

For the first time in the history of our island’s only public civilian hospital our goal is to turn GMHA into a Medical Center of Excellence that is responsive to the needs of our community.

Pursuant to my authority under Section 1422 of the Organic Act of Guam, I am pleased to recommend to I Liheslaturan Guåhan the attached bill entitled, **“THE HEALTH CARE AND INSURANCE INDUSTRIES INVESTMENT ACT.”**

The Guam Memorial Hospital Authority (GMHA) has been able to renovate and expand certain areas, such as the Emergency Room and the Urgent Care Center in recent years. You also have heard the news that we are, thanks to the help of your office and our colleagues at the Legislature, another step closer to upgrading the Child and Maternity ward. These are great steps but they still fall short in meeting the concerns expressed by our healthcare professionals and patients who utilize the hospital.

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This Investment Act builds upon the momentum generated by the partnership between our healthcare professionals, this Administration and the Legislature. It meets the needs of the hospital by investing in the facilities, technology, and the people necessary to establish Centers of Excellence so that GMHA may provide quality specialized outpatient care while also enhancing its revenue base.

Investing in the Z-wing will help address its longstanding safety concerns. But just as exciting is that a new Z-wing could provide the hospital with a home for the Oncology Program, Healthy Heart Program, Cardiac Center, Diabetes Center, and Health & Longevity Hub, as well as other programs that would assist the health needs of our community. These Centers of Excellence require our support to build.

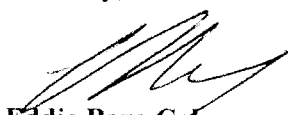
In addition to this, we estimate that over half of our brothers and sisters on Guam are either uninsured or underinsured and do not have equal access to medical care. As such, they are unable to access regular preventative care or seek the proper medical attention after they leave the hospital in order to prevent their condition from becoming life-threatening and requiring emergency care at GMHA.

The goal of this legislation is to lay the foundation for an integrated system of managed care programs, beginning with an insurance pool to assist employers offset the cost to provide health insurance for their employees. By embarking on this initiative we begin to provide equal access to healthcare and wellness programs that would improve their quality of life. This also will help solve a long-standing financial issue at GMHA and other health care providers on Guam. By capturing the health care dollar through this program we greatly reduce the risk of losing tens of millions of dollars each year due to uncollected revenues for services.

If we properly invest in GMHA then we will be able to do more than just pay its vendors; we will be able to grow GMHA into a jewel on Guam and have it become a major economic generator that improves the lives of our people in more ways than one. GMHA will no longer be that 'last resort,' instead, like a loving parent who has always been there, it too will be there and ready to continue to provide the best possible care that the people of Guam deserve and have enjoyed for the past 50 years.

I want to thank I Liheslaturan Guåhan for its timely consideration of this very important measure and I look forward to working with you to pass this measure as soon as possible.

Sincerely,



**Eddie Baza Calvo**  
**Governor of Guam**

*I MINA' TRENTAI TRES NA LIHESLATURAN GUAHAN*  
2016 (SECOND) Regular Session

Bill No. \_\_\_\_\_-33 ( )

Introduced by:

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

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**“AN ACT TO (1) *ADD* §80125 TO CHAPTER 80, DIVISION 4 OF TITLE 10, GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING THE ISSUANCE OF ONE OR MORE SERIES OF GOVERNMENT OF GUAM LIMITED OBLIGATION (SECTION 30) BONDS TO (A) REFINANCE ALL OR A PORTION OF GOVERNMENT OF GUAM LIMITED OBLIGATION (SECTION 30) BONDS, SERIES 2009A, (B) FINANCE THE RENOVATION AND/OR NEW CONSTRUCTION OF CERTAIN GUAM MEMORIAL HOSPITAL FACILITIES, (C) FINANCE CERTAIN WORKING CAPITAL COSTS OF GUAM MEMORIAL HOSPITAL, INCLUDING, BUT NOT LIMITED TO, REFINANCING OF THE OUTSTANDING LOAN OF THE BANK OF GUAM TO THE GUAM MEMORIAL HOSPITAL, AND/OR (D) REFINANCE ALL OR A PORTION OF THE GOVERNMENT’S OBLIGATIONS WITH RESPECT TO THE SERIES 2013A AND SERIES 2013B GUAM EDUCATION FINANCING FOUNDATION II, INC. CERTIFICATES OF PARTICIPATION (OKKODO HIGH SCHOOL EXPANSION PROJECT), (2) *AMEND* §80109(a) TO CHAPTER 80, DIVISION 4 OF TITLE 10, GUAM CODE ANNOTATED, RELATIVE TO THE FEES FOR SERVICES OF THE GUAM MEMORIAL HOSPITAL AUTHORITY (THE “AUTHORITY”), (3) *AMEND* §80109(e) TO CHAPTER 80, DIVISION 4 OF TITLE 10, GUAM CODE ANNOTATED, RELATIVE TO LONG-TERM LEASE OF THE AUTHORITY’S SKILLED NURSING UNIT, AND (4) *ADD* OR *AMEND* VARIOUS PROVISIONS OF GUAM CODE ANNOTATED TO PROVIDE FOR ADDITIONAL**

REVENUE ENHANCEMENTS TO THE AUTHORITY, AND APPLY SUCH REVENUE ENHANCEMENTS FOR THE BENEFIT OF THE AUTHORITY AS WELL AS TO FUND AN EMPLOYEES HEALTH INSURANCE FUND, AND RELATED MATTERS. THIS ACT *SHALL* BE CITED AND REFERRED TO AS THE "HEALTH CARE AND INSURANCE INDUSTRIES INVESTMENT ACT."

BE IT ENACTED BY THE PEOPLE OF GUAM:

1       **Section 1. Legislative Findings and Intent:** *I Liheslaturan Guåhan* finds  
2 that under current market conditions, all or a portion of the outstanding Government of  
3 Guam Limited Obligation (Section 30) Bonds, Series 2009A (the "2009A Bonds") can  
4 be refunded with Government of Guam Limited Obligation (Section 30) Bonds, with  
5 significant savings for the General Fund.

6       *I Liheslaturan Guåhan* finds that major transformative initiatives are necessary in  
7 order for the Guam Memorial Hospital Authority (GMHA) to fully meet its public  
8 mandate of providing medical care to the people of Guam, regardless of their ability to  
9 pay, and to be financially self-sustaining. *I Liheslaturan Guåhan* further finds that these  
10 transformative initiatives require capital in order to establish GMHA as a Center of  
11 Excellence as well as provide Greater Access to Health and Medical care for the people  
12 of Guam.

13       *I Liheslaturan Guåhan* finds that until such time an integrated system of care and  
14 coverage is in place and that GMHA is financially self-sustaining through its revenue  
15 base that additional predictable sources of funding specifically for GMHA is necessary.  
16 These external revenue generation strategies are referenced herein. *I Liheslaturan*  
17 *Guåhan* finds that these transformation initiatives are rooted in the hospital's strategic

1 focus to shift from an acute long-term stay model to a financially solvent outpatient  
2 model.

3 It is the intent of *I Liheslaturan Guåhan* to authorize a measure that would assist  
4 in facilitating the financial sustainability and flexibility of the Government of Guam by  
5 taking advantage of present favorable market conditions. Further, it is the intent of *I*  
6 *Liheslaturan Guåhan* to authorize one or more series of Government of Guam Limited  
7 Obligation (Section 30) Bonds to finance such facilities, including but not limited to, Z  
8 wing demolition and replacement, certain IT improvements, as well as related fixtures,  
9 furnishings and equipment for GMHA, as well as to finance certain working capital costs,  
10 including vendor and other payables

11 *I Liheslaturan Guåhan* further finds that, for decades, Guam's only public  
12 hospital has been unable to generate sufficient revenue to support its operations. This is  
13 due, in large part, to policies and other mandates beyond its control. Notwithstanding,  
14 GMHA has made major strides in cost avoidance, reduction and cutting; establishing  
15 internal revenue enhancement strategies; and generating external revenue generating  
16 options for the legislature's consideration and approval. One such option is the need for  
17 an integrated system of care and coverage.

18 *I Liheslaturan Guåhan* intends on working with the administration and GMHA to  
19 ensure that the extremely high number of Guam residents who are either uninsured or  
20 underinsured, have equal access to health and medical care and that an integrated system  
21 of managed care is created and sustained beginning with a funding measure which will  
22 create a pool to support employers who are currently unable to provide health insurance  
23 to their employees access to this funding source to offset the cost of insurance. By doing

1 so we begin the process of providing equal access to healthcare and wellness programs  
2 that would improve the quality of life for Guam’s residents and ensure that Guam’s  
3 health care industry as an economic generator is safeguarded. Increasing the number of  
4 residents who have health insurance would move Guam residents from “self-pay” to  
5 “insured,” thereby providing GMHA and other health care providers with more certainty  
6 of payment for services rendered.

7 In addition, there have been heightened concerns over the condition of other  
8 existing facilities of GMHA as well as the potential funding sources for the renovation or  
9 construction of new facilities for GMHA. GMHA has to date incurred vendor payables of  
10 approximately \$30 million.

11 *I Liheslaturan Guåhan* further finds that GMHA, Guam’s only public hospital,  
12 has been unable to generate sufficient revenue to support its operations and that this  
13 situation has been an ongoing concern for a number of years despite the best efforts of *I*  
14 *Liheslaturan Guåhan* and the current Administration which has infused millions of  
15 dollars into GMHA in recent years. This financial challenge also prevents GMHA from  
16 obtaining much needed new technology and diagnostic equipment along with undertaking  
17 capital improvements to the facility.

18 It is therefore the intent of *I Liheslaturan Guåhan* to provide for additional  
19 sources of funding specifically for GMHA to address the needs stated above by  
20 authorizing one or more of the following revenue enhancements referenced below.

21 **Section 2. § 80125 of Chapter 80, Division 4 of Title 10, Guam Code**  
22 **Annotated.** § 80125 of Chapter 80, Division 4 of Title 10, Guam Code Annotated is  
23 hereby *added* as follows:

1 (a) **Authorization of One or More Series of Limited Obligation (Section 30)**

2 **Bonds.** *I Liheslaturan* Guåhan, pursuant to §50103(k) of Title 12 of the Guam Code  
3 Annotated, hereby authorizes *I Maga'lahaen Guåhan* to issue one or more additional  
4 series of tax-exempt and/or taxable Limited Obligation (Section 30) Bonds of the  
5 Government of Guam, as provided in this Section, in an aggregate principal amount *not*  
6 *to exceed* Four Hundred Twenty-Five Million Dollars (\$425,000,000) for one or more of  
7 the following purposes: (1) to finance Z wing demolition and replacement, certain IT  
8 system improvements, and any related fixture, furnishing and equipment costs, as well as  
9 such other capital improvements that may from time to time be approved by the Board of  
10 Trustees (the "Board") of GMHA, (2) to capitalize interest on the Limited Obligation  
11 (Section 30) Bonds, (3) to refund all or a portion of the 2009A Bonds, (4) to finance  
12 certain working capital costs of GMHA[, including financing reserves for such costs,]  
13 and the refinancing of the outstanding loan of the Bank of Guam to GMHA, currently  
14 outstanding in the approximate principal amount of \$20.1 million, (5) to refinance all or a  
15 portion of the Government's obligations with respect to the Series 2013A and Series  
16 2013B Guam Education Financing Foundation II, Inc. Certificates of Participation  
17 (Okkodo High School Expansion Project) (the "2013 Certificates"), and (6) to pay  
18 expenses relating to the authorization, sale and issuance of the bonds, including without  
19 limitation, printing costs, costs of reproducing documents, credit enhancement fees,  
20 underwriting, legal, feasibility, financial advisory and accounting fees and charges, fees  
21 paid to banks or other financial institutions providing credit enhancement, costs of credit  
22 ratings and other costs, charges and fees in connection with the issuance, sale and  
23 delivery of the bonds, subject to the following additional conditions:

1                   (1)     The terms and conditions of the bonds shall be as  
2                   determined by *I Maga'lahen Guåhan* by the execution of a  
3                   certificate or indenture authorizing the issuance of the bonds, prior  
4                   to the issuance of the bonds and shall be issued under the master  
5                   indenture pursuant to which the 2009A Bonds were issued  
6                   (including any amendments thereto) or under a new master  
7                   indenture; provided, however, that such terms and conditions shall  
8                   be consistent with this Section, that the bonds shall mature not later  
9                   than thirty-one (31) years after their date of issuance, shall bear  
10                  interest at such rates and be sold for such price or prices as shall  
11                  result in a yield to the bondholders that does not exceed six percent  
12                  (6%) per annum; [the maturity of the 2009A Bonds refunded may  
13                  be extended through the issuance of the refunding bonds]; and that  
14                  the combined present value of debt service on the bonds issued to  
15                  refund the 2009A Bonds, the above-referenced Bank of Guam loan  
16                  and the 2013 Certificates shall be at least two percent (2%) less  
17                  than the present value of debt service on the bonds and loan being  
18                  refunded or refinanced, inclusive of all fees for bond counsel and  
19                  bond underwriters and other costs of issuance.

20                 (2)     The proceeds from such bonds shall be used and  
21                 are hereby appropriated (i) to finance Z wing demolition and  
22                 replacement, certain IT system improvements, and any related  
23                 fixture, furnishing and equipment costs, as well as such other



1 capital improvements that may from time to time be approved by  
2 the Board of GMHA; (ii) to capitalize interest on such bonds, (iii)  
3 to refund all or a portion of the 2009A Bonds and the 2013  
4 Certificates, (iv) to finance certain working capital costs of  
5 GMHA, including financing reserves for such costs, and the  
6 refinancing of the outstanding loan of the Bank of Guam to the  
7 GMHA, currently outstanding in the approximate principal amount  
8 of \$20.1 million, and (v) to pay expenses relating to the  
9 authorization, sale and issuance of the bonds including, without  
10 limitation, printing costs, costs of reproducing documents, credit  
11 enhancement fees, underwriting, legal, feasibility, financial  
12 advisory and accounting fees and charges, fees paid to banks or  
13 other financial institutions providing credit enhancement, costs of  
14 credit ratings and other costs, charges and fees in connection with  
15 the issuance, sale and delivery of the bonds.

16 (3) No bonds authorized by this Section shall be sold  
17 until the Board of Directors of Guam Economic Development  
18 Authority has approved the sale by resolution.

19 The issuance of bonds pursuant to this Section shall not be subject to the approval  
20 of the voters of Guam.

21 All bonds issued pursuant to this Section shall be secured by a statutory lien on all  
22 revenues derived by the government of Guam under Section 30 of the Organic Act  
23 (“Section 30 revenues”). This lien shall arise automatically without the need for any

1 action or authorization by *I Maga'lahañ Guåhan*, the government of Guam, or any other  
2 person or entity. Such lien shall be valid and binding from the time such bonds are issued.  
3 The Section 30 revenues shall immediately be subject to such lien, and the lien shall  
4 automatically attach to the Section 30 revenues and be effective, binding, and enforceable  
5 against *I Maga'lahañ Guåhan*, the government of Guam, their successors, assignees, and  
6 creditors, and all others asserting the rights therein, irrespective of whether those parties  
7 have notice of the lien and without the need for any physical delivery, recordation, filing,  
8 or further act. Section 30 revenues that are not required to make payments on the bonds  
9 shall automatically, and without the need for any further action, be released from such  
10 lien and shall be available for appropriation for any other lawful purpose of the  
11 government. The statutory lien described in this paragraph shall not be subject to  
12 Division 9 of Title 13 of the Guam Code Annotated or any successor statute. The Section  
13 30 revenues received by the government of Guam or by any trustee, depository or  
14 custodian shall be deposited in accordance with the provisions of the applicable  
15 indenture.

16 In addition to the statutory lien provided for above, all or any part of the Section  
17 30 revenues may be pledged, if and to the extent determined by *I Maga'lahañ Guåhan*, to  
18 secure the payment of any bonds issued pursuant to this subsection (a). Any such pledge  
19 shall be valid and binding against all parties in accordance with its terms and have  
20 priority against all parties in accordance with its terms from the time the pledge is made,  
21 and property so pledged shall immediately be subject to the lien of the pledge without the  
22 need for physical delivery, recordation, filing, or other further act. The pledge shall not be  
23 subject to Division 9 of Title 13 of the Guam Code Annotated or any successor statute.

1 The indenture by which such pledge is created need not be recorded. All Section 30  
 2 revenue so pledged is hereby appropriated for the purpose for which it has been pledged.  
 3 Indebtedness issued by the government pursuant to this Article and that is payable from  
 4 Section 30 revenue may not be issued in an amount that would cause a violation of the  
 5 debt limitation provisions of Section 11 of the Organic Act.

6 (b) Commencing with the Fiscal Year ending September 30, 2017 and  
 7 continuing to the Fiscal Year ending September 30, 2035, the Guam Solid Waste  
 8 Authority (“GSWA”) is hereby directed to deposit or cause to be deposited in the General  
 9 Fund of the Government the amounts as specified below, which amounts represent  
 10 reimbursements to the Government for a percentage of debt service of the Bonds  
 11 referenced in subsection (a) above applied to refund the 2009A Bonds.

09/30/2017	\$11,978,000
09/30/2018	\$11,979,888
09/30/2019	\$11,978,459
09/30/2020	\$11,980,017
09/30/2021	\$11,980,697
09/30/2022	\$11,980,031
09/30/2023	\$11,978,375
09/30/2024	\$11,978,629
09/30/2025	\$11,979,763
09/30/2026	\$11,980,017
09/30/2027	\$11,977,472
09/30/2028	\$11,978,356
09/30/2029	\$11,977,449
09/30/2030	\$11,980,888
09/30/2031	\$11,977,461
09/30/2032	\$11,980,174
09/30/2033	\$11,980,939
09/30/2034	\$11,977,996
09/30/2035	\$11,980,724

12  
 13 Such reimbursements shall be made from revenues of the solid waste  
 14 management system, now or hereafter existing, owned and/or operated by GSWA or a

1 successor (the “System”) upon the terms and conditions set forth in the indenture  
2 pursuant to which the bonds referenced in subsection (a) are issued.

3 Such terms may include, but are not limited to, a term that provides that the  
4 obligation of GSWA to reimburse the Government may in the future be subordinated to  
5 facilitate the issuance of bonds by GSWA or a successor for financing relating to the  
6 System.

7 (c) As an alternative to the issuance of bonds referenced in subsection (a)  
8 above, GMHA is hereby authorized to obtain alternative financing in the form of a lease,  
9 loan or other financing from the United States Department of Agriculture (USDA) to  
10 finance Z wing demolition and replacement, certain IT system improvements, and any  
11 related fixture, furnishing and equipment costs, as well as such other capital  
12 improvements that may from time to time be approved by the Board of GMHA. *I*  
13 *Liheslaturan Guåhan*, pursuant to § 50103(k), Title 12 Guam Code Annotated, hereby  
14 approves such USDA loan, lease or other financing; provided, however, that such loan,  
15 lease or other financing shall bear interest at a rate that does not exceed four percent  
16 (4.0%) annum and shall be at a term and principal amount of financing as determined by  
17 GEDA in consultation with USDA.

18 **Section 3. Revisions of Guam Memorial Hospital Fees for Care and**  
19 **Services.**

20 § 80109(a) of Chapter 80, Division 4 of Title 10, Guam Code Annotated is hereby  
21 amended as follows:

22 (a) Maintain and operate a facility providing acute, chronic and all other  
23 health care services, including those services specifically provided by contract

1 for the Department of Mental Health and Substance Abuse, for the people of  
2 Guam.

3 (b) ~~(1)~~ Establish a schedule of fees, in accordance with Title 10  
4 GCA § 80105, to be charged for care and services at or by GMHA, which  
5 shall, at a minimum, be charged at the Medicare rate for GMHA's services  
6 and supplies. The schedule of fees shall be sufficient to recover the  
7 operating costs and fixed costs and to generate such revenue as is  
8 necessary to enable the Hospital to meet its financial obligations,  
9 operating expenses and capital improvement needs. The Guam Public  
10 Utilities Commission shall not have any purview over the Authority rates.  
11 ~~The rates established per fee schedule may be increased by the Board of~~  
12 ~~Trustees up to five percent (5%) per year; provided, that the total revenues~~  
13 ~~from all increases per fee schedule shall not exceed five percent (5%) of~~  
14 ~~the total revenues adopted by the Board in the Authority's budget for that~~  
15 ~~fiscal year, or decreased as necessary.~~

16 ~~(2) Fees for new services, medications, or supplies, or rate~~  
17 ~~increases of more than five percent (5%) annually shall be established by~~  
18 ~~the Authority, approved and ratified by the Board of Trustees and~~  
19 ~~forwarded to I Liheslaturan Guåhan for approval. Prior to the approval~~  
20 ~~and ratification by the Board of Trustees, public hearings must be~~  
21 ~~conducted by the Authority for any new fee or rate increase of more than~~  
22 ~~five percent (5%).~~

1                   (3) ~~I Liheslaturan Guåhan shall have forty-five (45) days from the~~  
2                   ~~receipt of the proposed new fee or rate increase to conduct a public~~  
3                   ~~hearing and approve the increase or new fee. If I Liheslaturan Guåhan~~  
4                   ~~does not disapprove or amend the proposed new fee or increase in rates~~  
5                   ~~within the forty-five (45) days, the new fee or rate increase will~~  
6                   ~~immediately become effective.~~

7                   **Section 4.     Long-Term Lease of Skilled Nursing Unit.**

8                   § 80109(e) of Chapter 80, Division 4 of Title 10, Guam Code Annotated is hereby  
9                   amended as follows:

10                   (e) Acquire, subject to the laws of Guam, by grant, purchase, gift, devise  
11                   or lease, and hold and use any real property necessary or convenient or useful for  
12                   the carrying on of any of its powers pursuant to the provisions of this Article;  
13                   upon written certification of the Administrator, that specified and specialized  
14                   medical equipment and related supplies are needed immediately for the health  
15                   and welfare of the patients of the Hospital in particular, and the people of Guam  
16                   in general, GMHA shall be exempt from the provisions of §§ 5210 and 5211 of  
17                   Title 5, Guam Code Annotated, in the acquisition of the medical equipment and  
18                   related supplies specified in such written certification of the Administrator;  
19                   provided, that the Hospital shall use its best judgment and efforts to secure the  
20                   best equipment and supplies at the lowest cost and in the best financial interests  
21                   of the Hospital, utilizing businesses licensed to do business on Guam whenever  
22                   possible.

1                   (1) The Hospital is hereby expressly authorized to lease, on a  
2                   long-term basis, its Skilled Nursing Facility upon terms approved by the  
3                   Board. Revenues received by the Hospital from such long-term lease of  
4                   the Skilled Nursing Facility shall be applied to fund an insurance pool (the  
5                   “Employees Health Insurance Fund”), which pool shall be applied to  
6                   provide financing to private businesses on Guam that do not currently  
7                   provide health insurance to their employees.

8                   **Section 5. Additional Revenue Enhancements for Guam Memorial**  
9                   **Hospital and the Employees Health Insurance Fund.**

10                   *I Liheslaturan Guåhan* hereby authorizes one or more of the following legislative  
11 amendments for the purpose of providing revenue enhancements to GMHA, as well as to  
12 fund a new Employees Health Insurance Fund. The Department of Administration *shall*  
13 develop the Rules and Regulations for the Employees Health Insurance Fund subject to  
14 the Administrative Adjudication Act. None of the following revenue enhancements shall  
15 be pledged to or otherwise secure any bonds or indebtedness issued by the government of  
16 Guam or any other entity.

17                   (a)       **Increase on the excise tax charged on the occupancy of hotel and**  
18 **similar lodging house facilities.** A new Section 30101(a)(3) of Chapter 30, Title 11,  
19 Guam Code Annotated is hereby added as follows:

20                   “§ 30101 Imposition.

21                   (a)       Notwithstanding any existing statute, an excise tax is hereby levied and  
22 imposed which shall be assessed and collected monthly, against transient

1 occupants of a room or rooms in a hotel, lodging house, and bed and breakfast, or  
2 similar facility located in Guam according to the following schedule:

3 (1) From September 1, 1993 through March 31, 1995, the rate shall be ten  
4 percent (10%) of the rental price charged or paid per occupancy per day;

5 (2) From April 1, 1995 and thereafter the rate shall be eleven percent (11%) of  
6 the rental price charged or paid per occupancy per day.

7 (3) From July 1, 2016 and thereafter the rate shall be fifteen percent (15%) of  
8 the rental price charged or paid per occupancy per day. Proceeds from the four percent  
9 increase from eleven percent (11%) to fifteen percent (15%) shall be deposited into either  
10 (1) a Special Fund set up by the Department of Administration exclusively for the use by  
11 GMHA to support its operational needs, or (2) the Employees Health Insurance Fund.”

12 (b) **Increase in Business Privilege Tax.** Section 26202(a) of Chapter 26,  
13 Title 11, Guam Code Annotated is hereby amended as follows:

14 § 26202. Rates.

15 The following rates shall apply in computing, assessing and collecting the  
16 business privilege tax:

17 (a) Tax on the business of selling tangible personal property. Upon every  
18 person engaging or continuing within Guam in the business of selling any tangible  
19 property whatsoever (not including however, bonds or other evidence of indebtedness or  
20 stocks), there shall be a tax equivalent to ~~four percent (4%)~~ five percent (5%) of gross  
21 proceeds of sales; except that on the gross proceeds of the operation of poker machines,  
22 there shall be a tax equivalent to eight percent (8%) on the gross proceeds of each  
23 machine, as determined by subtracting the winnings, pay-outs and malfunction refunds



1 from total receipts of the machine. All proceeds derived from the increase in the tax  
2 specified above from the rate of four percent (4%) to five percent (5%) shall be deposited  
3 into either: (1) a Special Fund set up by the Department of Administration exclusively for  
4 the use by GMHA to support its operational needs, or (2) the Employees Health  
5 Insurance Fund.”

6 (c) **Implementation of a wholesale surcharge on any business’s gross**  
7 **receipts.** A new Chapter 53 to Title 11, Guam Code Annotated is hereby added as  
8 follows:

9 § **53101.** (a) Notwithstanding any existing statute, a wholesale surcharge is  
10 hereby levied and imposed at the rate of one-half percent (0.5%) of any business’s gross  
11 receipts collections. All proceeds derived from the provisions of this section shall be  
12 deposited into either: (1) a Special Fund set up by the Department of Administration  
13 exclusively for the use by GMHA to support its operational needs, or (2) the Employees  
14 Health Insurance Fund.

15 (d) **Increase in Real Property Tax.**

16 (1) Section 24103 of Chapter 24, Title 11, Guam Code Annotated is hereby  
17 *amended* as follows:

18 “§ 24103. Levy.

19 (a) There is hereby levied on all land property in Guam a yearly tax at the rate  
20 of seven-eightieths percent (7/80%) of the value thereof and seven-twentieths percent  
21 (7/20%) of the value of the improvements thereon. Such tax shall be assessed and  
22 collected in the manner prescribed in this Chapter. All proceeds derived by the  
23 government under any provision of this Chapter shall be deposited in the General Fund.

1 (2) A new Section 24103(b) is hereby added to Chapter 24, Title 11, Guam  
2 Code Annotated as follows:

3 (b) An additional yearly tax shall be levied on all land property in Guam at the  
4 rate of one-twenty-thirds percent (1/23%) of the value thereof and seven-fortieths percent  
5 (7/40%) of the value of the improvements thereon. Such tax shall be assessed and  
6 collected in the manner prescribed in this Chapter. All proceeds derived from the  
7 provisions of this section shall be deposited into either (1) a Special Fund set up by the  
8 Department of Administration exclusively for the use by GMHA to support its  
9 operational needs, or (2) the Employees Health Insurance Fund.

10 (e) **Authorization of a Subscriber Fee to be Assessed to**  
11 **Telecommunications Companies for Use of Public Roads and Rights-of-Ways.** A  
12 new Section 12206(g) is hereby added to Article 2, Chapter 12, Title 12, Guam Code  
13 Annotated as follows:

14 “(g) Notwithstanding any existing statute, a subscriber fee is hereby assessed on  
15 every telecommunications company utilizing the public roads and rights-of-ways. This  
16 new fee shall be assessed beginning July 1, 2016. All proceeds derived from the  
17 provisions of this section shall be deposited into either (1) a Special Fund set up by the  
18 Department of Administration exclusively for the use by GMHA to support its  
19 operational needs, or (2) the Employees Health Insurance Fund.”

20 (f) **Authorization of an Automated Traffic Ticketing System** A new  
21 Chapter 28, is hereby added to Title 16, Guam Code Annotated as follows:

1           **Section 28101.** “An Automated Traffic Light Ticketing System is hereby  
2 established by the [Department of Public Works]. Such system will be installed at  
3 streetlights [throughout Guam] and will be designed to identify traffic speeding  
4 infractions, assign appropriate fees, prepare billing for mailing, and to reconcile on the  
5 backend for payments made. Payments shall be made online. The [Department of Public  
6 Works] shall enter into public-private partnership(s) with vendor(s) who shall acquire,  
7 manage and maintain the system.]

8           All proceeds derived from [net] revenues collected relating to the system shall be  
9 deposited into either: (1) a Special Fund set up by the Department of Administration  
10 exclusively for the use by GMHA to support its operational needs, or (2) the Employees  
11 Health Insurance Fund.”

12           (g)     **Authorization of Revenues from the Sale of Medicinal Marijuana.** A  
13 new Section 122508 is hereby added to Article 25, Chapter 12, Title 10, Guam Code  
14 Annotated as follows:

15           Notwithstanding any other provision of law to the contrary, any proceeds through  
16 the issuance of licenses for the sale of medical marijuana shall be deposited into either  
17 (1) a Special Fund set up by the Department of Administration exclusively for the use by  
18 GMHA to support its operational needs, or (2) the Employees Health Insurance Fund.

19           **Section 6. Severability.** If a provision of this act or its application to any  
20 person or circumstance is held invalid, the invalidity does not affect other provisions or  
21 applications of the act that can be given effect without the invalid provision or  
22 application, and to this end the provisions of this act are severable.