

COMMITTEE ON WAYS AND MEANS COMMITTEE REPORT ON

BILL NO. 582

AN ACT TO CREATE THE GUAM FINANCE COMMISSION IN ORDER TO COORDINATE THE FUNCTIONS OF ECONOMIC AND FINANCIAL DATA COLLECTION, ECONOMIC FORECASTING, FINANCIAL MANAGEMENT, AND TAX POLICY FOR THE TERRITORY OF GUAM.

PURPOSE AND ESSENTIAL ELEMENTS

Bill No. 582 is an outgrowth of the difficulties experienced in the last few years in obtaining reliable financial and economic data concerning the government and the territory of Guam, both for financial planning in the preparation of the budget for the government, and in gathering reliable data for use in modern financial management of the government, including issuing of bonds and other instruments of finance.

There is presently a Guam Tax Code Commission, whose duties consist of reviewing the tax structure of the government of Guam with reference to making adjustments in the Guam tax laws as the United States Internal Revenue Code relates to taxation in the territory. During the Guam Tax Code Commission's work, it was discovered that a great deal more detailed financial and economic information, regularly collected, is necessary to fully update Guam's tax laws properly. Information such as Gross Island Product is not collected, as well as other financial data.

The Guam Finance Commission, as proposed in Bill 582, is an outgrowth of the present Guam Tax Code Commission, takes the present law concerning the Guam Tax Code Commission and expands the role of that commission and renames it to be the Guam Finance Commission.

Section 1 of the Bill repeals and reenacts the present code sections creating the Guam Tax Code Commission. Duties presently in current law delegated to the Guam Tax Code Commission are repeated in Subsection (a) of §19953 of Chapter XII of Title XX as set out in the Bill. In addition, investigative duties are given to the new Guam Finance Commission in §19952, and duties to consolidate and update the financial data and management of the government in Subsection (b) of §19553.

The membership of the current Guam Tax Code Commission remains for purposes of carryover of the detailed and technical tax work done so far by the Commission, and an expanded membership is contained in Bill 582, to include those persons in the government, and a representative of the private sector, who presently have responsibility for various elements of the economic picture of Guam, yet are not coordinated, unified, and modernized in performing their functions. The additional members of the new Guam Finance Commission are Directors of the Departments of Commerce, the Bureau of Budget and Management Research, and, as added in

after the public hearing, the Chairperson of the Board of Directors of the Guam Economic Development Authority (GEDA). A working staff organized into a new Special Economic Service is also developed in the Bill, including the Senior Economist of the Department of Revenue and Taxation, the Chief Planner of the Bureau of Planning, the Chief Economist of the Department of Commerce, the Research Manager of the Guam Visitors Bureau, the Senior Economist of the Department of Labor, an economist from the private sector, and, as added after the public hearing, the Administrator of the GEDA.

PUBLIC HEARING

The Committee on Ways and Means conducted a public hearing on Wednesday September 29, 1993 at 9:00 a.m. in the Legislative Public Hearing Room to gather testimony on Bill No. 582. Present at the hearing were the Chairman, Senator Carl T. C. Gutierrez, who conducted the hearing, being joined by Senators T. C. Ada, E.P. Arriola, J. G. Bamba, A.C. Blaz, P.C. Lujan, V. C. Pangelinan, T. S. Nelson, and D.L.G. Shimizu.

TESTIMONY

The following persons testified in favor of the passage of Bill 582. Mr. Peter Barcinas, Director of the Department of Commerce; Mr. Joe Bradley, Economist for the Bank of Guam; Mr. John Gilliam, representative of the Department of Revenue and Taxation; and Mr. Carl Taitano, Governor's Office, testifying in relation to the function of his position as the financial advisor to the Governor. No one testified against the bill.

1. Mr. Carl Taitano, of the Governor's Office, offered oral testimony, and began the testimony by describing for the Committee the process that the government went through in 1991 to obtain ratings from Moody's and from Standard and Poor's for the purpose of issuing bonds. There was no central data collection point for the territory and it was extremely difficult to obtain data from various agencies and obtain what was collected, what should be collected, and how reliable the data collected was. It took many months to prepare a package of data and materials giving a good view of the territory to give to the rating agencies for their consideration. The government had to contract an outside party, Deloitte and Touche, to assist in this package preparation, at considerable expense. From that experience, the government now deals directly with the rating agencies.

Mr. Taitano pointed out that there is no agency of the government, which is centralized, which gathers this data and compiles it on a regular basis, making sure that the data is standardized and accurate. Mr. Taitano indicated that probably in a year's time, the government will want to have the investment rating services return to Guam and do another survey to see if the territory can obtain a better rating than what has been obtained so far. The territory will need to deliver the same data to them as was done before, updated. Mr. Taitano indicated that the ability to do this will go a long way towards improving the credibility of the government of Guam in the capital market, and improve the territory's ratings. This will eliminate

the requirement that there is now of buying credit enhancement for the issuing of bonds, and will help in cutting the fees back, and getting better prices for the bonds issued. The basic requirement is in getting information to rating agencies when it is needed and explain the status of the territory.

Mr. Taitano indicated that a centralization and standardization of this type of data is absolutely essential to the territory, and for this reason he is testifying in favor of the bill.

2. **Mr. Peter Barcinas**, Director of the Department of Commerce, then testified in favor of the bill. He provided written testimony, which is attached, and summarized it orally for the Committee. The points that he emphasized were the following: the Department of Commerce is limited in some respects in the statistical and financial area and the bill would enhance these abilities through the function of the proposed Guam Finance Commission. An enhanced data collection effort would be realized.

Mr. Barcinas indicated that some programs need to be revisited and updated, such as the Household Income Expenditure Survey, and a development of a Gross Island Product. The data collection activity that needs to be developed also involves interagency coordination data collection.

The Department of Commerce is also concerned that once the type of data is collected that needs to be collected, that the technical resource exist to continue this type of data collection effort. The Department of Administration is presently the point of collection for a lot of financial data. The Department of Commerce is interested in the question of access to information. Commerce is concerned that information given out to investors and private enterprise is quality data, and accurate. Mr. Barcinas pointed out that the bill is desirable in creating a Guam Finance Commission that comprises elements of the public and private sectors, however, some areas of confidentiality, especially in the area of tax records, need to be protected. Insider information needs to be handled appropriately and in a way that takes into account the government's interests.

3. **Mr. Joe Bradley**, on behalf of the private sector as Chief Economist for the Bank of Guam, then submitted written testimony, which is attached, and which he read into the record. He pointed out his background as economist with the Department of Commerce for some years. Some points from his written testimony are as follows: In 1986, he experienced the method that personnel from Bureau of Budget and Management Research used in calculating projected revenues of the government for the purpose of preparing the budget of the government of Guam was autoregressive, or, linear projections based upon past revenue trends were used. This method does not predict well for situations where there is knowledge of impending major changes, and he has used other methods of forecasting, with more accuracy.

Mr. Bradley points out that the revenue projections of the government of Guam have been very accurate, despite the lack of use of more sophisticated methods, however, he sees room for improvement in this area. He points out that his

analysis of recent revenue projections made by the government of Guam have returned to the linear method.

Mr. Bradley emphasized that there is a great difference between a projection and a forecast. A projection takes a straight line path from the past into the future, and a forecast starts with a projection and then explores known or probable future events that would cause a deviation from the trend. In 1984, there were many variables that were known that made the forecast of revenues estimated more than the projection.

Mr. Bradley stated that there are many government employees who are talented, yet frustrated in their work, because of the lack of information to properly perform their duties. He stated that "Guam has only the bare basics in terms of socioeconomic data; in many respects, we have even less than is available to the poorest county in Mississippi." The consumer price index is based upon consumption patterns of 1978. there are no complete import and export statistics since 1983. There is no data regarding the cross-border flows of funds into and out of Guam, there is no occupancy permit data, and Gross Business Receipts data are available only in the broadest categories. The unemployment and payroll employment data are published months after the surveys are taken, and there is no acceptable estimate of Guam's Gross Island Product.

One of the problems pointed out by Mr. Bradley is that government agencies traditionally compile only that data which is necessary for their own internal operations, so the coordination effect of a Guam Finance Commission is necessary.

Mr. Bradley pointed out that although the upgrading the Guam's data collection methods would be costly, there are considerable costs to the government already, and there are no benefits which can be obtained from proper data collection methods. "We have been 'penny wise and pound foolish,'" in our approach to funding data collection projects.

Mr. Bradley summarizes his testimony by applauding the direction taken by Bill 582, as it makes a modification on a proposal made many years ago by the United Nation's Economic and Social Commission for Asia and the Pacific (ESCAP) and puts it into effect, namely, the centralization of a statistical agency for Guam. Bill 582 would provide for the coordination of the present decentralized collection of statistical data.

4. Mr. John Gilliam, then testified on behalf of the Department of Revenue and Taxation. He submitted written testimony signed by the Director, Mr. Joaquin G. Blaz, which is attached. Mr. Gilliam indicated that the Department of Revenue and Taxation recommends two small changes in the bill, namely, that tax returns deemed confidential pursuant to the laws of the United States and Guam be exempted from examination by the Commission, and that existing statutes adopted by the Sixteenth Guam Legislature that conflict with the bill's provisions, providing for the Department of Commerce produce a macro-economic model for Guam, should be repealed.

Mr. Gilliam indicated that Bill 582 is the result of interagency consultation and intergovernmental consultation. He referred to the oversight hearing of the Committee on Ways and Means held in May, 1993 wherein the Chairman of the Committee expressed concern over the quality of the information being given to the Committee on Ways and Means as a basis of policy formulation. The Chairman, Senator Carl T. C. Gutierrez, directed the Director of the Department of Revenue and Taxation to convene a task force to look into the problems of data discrepancy and data completeness. The Director empaneled members of the Governor's Fiscal Policy Committee for advice, and a series of meetings were held and a report issued and transmitted to the Committee on Ways and Means. Mr. Gilliam suggested that the report be made a part of the report on Bill 582, and the cover letter, the report, and the appendices to the report are attached.

The recommendation from the task force suggested the basic framework, which the Ways and Means staff adopted for the purposes of drafting Bill 582. Bill 582 would extend the work of the present Guam Tax Code Commission, expand its functions to help in the coordination of fiscal policy administration, which is an area which requires serious attention. The Bill provides for an improvement of the data that government policy makers in the fiscal policy area have to work with, particularly the data in the financial accounting area and the data that the Guam Tax Code Commission has been charged with collecting in the economic area as well.

Senator Bamba indicated that he is in favor of the bill and that it "sounds like a job description for the Governor", since he needs this type of data when he transmits his budget requests to the Legislature. Senator Bamba characterized the bill as providing a "one-stop center" for financial and economic information.

Senator Bamba inquired whether the commission proposed, the Guam Finance Commission, would be autonomous.

Mr. Gilliam responded that the composition of the Guam Finance Commission would be the same as that for the present Guam Tax Code Commission, expanding the membership to include three new positions, the Director of Commerce, the Director of Administration, and the Director of the Bureau of Budget and Management Research. He indicated that that would encompass the entire Fiscal Policy Coordinating Committee that presently advises the Governor, and is composed by Executive Order.

Senator Bamba then inquired whether the Governor would have to accept the recommendations of the Guam Finance Commission.

Mr. Gilliam responded that neither the Legislature nor the Governor would be required to accept the work of the Commission. The findings, however, would be an interagency governmental recommendation, based upon a single information reference. He feels that government fiscal policy makers need accurate and up to date information at all times.

Mr. Gilliam indicates that every agency involved has a separate data base of information, and the various compilations are not suitable for an overall view.

Senator Bamba summarized by saying that the Guam Finance Commission would be an ongoing commission, submitting its reports to the Governor and the Legislature, and is not accountable to either. Senator Bamba then inquired about the staffing of the commission, that various staff from different areas would be drawn together.

Mr. Gilliam said that the commission creates an information standard and compels the creation of an information system, which once completed, provides that necessary data is available. Each of the people specified in the bill for data gathering responsibilities has the responsibility for gathering data already. A new format would be required, but the bill calls for the management of information, not any action which would adversely affect the staffing patterns of the agencies.

Senator Pangelinan referred to the last bond issue and that some bond rating agencies made comment on the status of audits.

Mr. Carl Taitano indicated that there is no problem with the audits, other than to get them done. Preparation of the audits was a "due diligence" question, not a matter of whether the territory is good for the money. The information system is very important for bond issue situation and credit rating by rating agencies. Mr. Taitano indicated that so far the territory has been successful with bonds because of the rating from Standard and Poor's, and that once a rating is procured from Moody's that the territory will be even more successful. Mr. Taitano highlighted the need to be able to regularly update the data for the rating agencies.

Senator Pangelinan inquired how often projections are done by the Department of Revenue and Taxation. Mr. Gilliam responded, everyday. He indicated that each agency does their own projections in house, yet only come together at one time for budget preparation.

Mr. Gilliam conceives the Commission as being integral to the budget process, and for example, incorporates the impact of federal aid. Perhaps reporting requirements should be specified. A calendar of activities should be set up.

Senator Pangelinan asked about the Governor ignoring the projections of the commission. He recommended that the budget numbers developed by the Guam Finance Commission be mandated to be used in the budget.

Mr. Gilliam pointed out that the numbers of the commission would be used in any event because the commission would be using for its staff the key fiscal advisors of the Governor, and these key positions have been the key fiscal advisors of every Governor.

Senator Pangelinan referred to the proposal to merge the Guam Economic Development Authority (GEDA) and the Department of Commerce.

Chairman Gutierrez inquired on Mr Bradley's suggestion of the inclusion of GEDA. Mr. Gilliam indicated that that would be desirable, because GEDA has an important role in investment banking. GEDA could also possibly contribute financial support, should that ever become necessary for the commission.

At this point, the Chairman, noting that there was no other testimony, thanked the participants for putting together their very comprehensive testimony, and concluded the hearing on the bill.

COMMITTEE ACTION

The Committee on Ways and Means, after consideration of the testimony offered at the public hearing, decided to incorporate the suggestions for modification of Bill 582 offered by the Department of Revenue and Taxation, and also by Mr. Joe Bradley, private sector economist, and the following changes were incorporated into a substitute Bill 582:

1. The Administrator of GEDA was incorporated as a member of the Guam Finance Commission, and the members of the Executive Branch who are appointed Directors of Agencies and who are also members of the Guam Finance Commission are non-voting Commission members.

2. Reference was made that income tax return information which is now private information under the laws of Guam and the United States would still remain private information as far as usage by the Guam Finance Commission.

3. Requirements under Public Law 16-111 that the Department of Commerce produce a Guam Island Product, or income and product accounts, and publish this data, was repealed.

COMMITTEE RECOMMENDATION

The Committee on Ways and Means wishes to report out Bill 582 to the full legislature to **do pass, as substituted.**

TWENTY-SECOND GUAM LEGISLATURE
1993 (FIRST) Regular Session

Bill No 582

Substitute Bill by Committee on Ways and Means

Introduced by:

C.T. C. Gutierrez

T.S. Velasco
M. Manibus
A.C. Blaz

AN ACT TO CREATE THE GUAM FINANCE COMMISSION IN ORDER TO COORDINATE THE FUNCTIONS OF ECONOMIC AND FINANCIAL DATA COLLECTION, ECONOMIC FORECASTING, FINANCIAL MANAGEMENT, AND TAX POLICY FOR THE TERRITORY OF GUAM; TO AMEND SECTION 47060 OF THE GOVERNMENT CODE RELATIVE TO THE RESPONSIBILITY OF THE DEPARTMENT OF COMMERCE TO PREPARE CERTAIN ECONOMIC DATA; AND TO AMEND SECTION 47060.1 OF THE GOVERNMENT CODE, RELATIVE TO THE RESPONSIBILITY OF THE DEPARTMENT OF COMMERCE TO PUBLISH CERTAIN ECONOMIC DATA.

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

2 Section 1. Chapter XII of Title XX of the Government Code is
3 repealed and reenacted to read:

4 "Chapter XII

5 GUAM FINANCE COMMISSION

6 §19950. Legislative findings. (a) Background. The government
7 of Guam was given the authority under federal law in the Tax Reform Act
8 of 1986 to develop its own tax code to replace the enforcement of the
9 Internal Revenue Code as a local tax. Executive Orders 86-09 and 87-06
10 created tax commissions, and Public Law 21-181, as amended, created a
11 Guam Tax Code Commission to incorporate the work of the previous tax
12 commissions and to draft a Guam Tax Code. The Guam Tax Code
13 Commission has engaged in intense work since 1990 on the revenue levels

1 of the government, as well as negotiating with the federal government on
2 various aspects of a de-linking arrangement, particularly the issue of
3 retaining the ability of the Guam resident to file a single tax return on
4 Guam and avoid filing a second tax return in the United States.

5 In progressing on these tasks, it has become evident that the
6 government of Guam will need more coordination and development of a
7 unified system of information gathering regarding economic factors and
8 revenue forecasting, as well as integrated financial management. This is
9 necessary as Guam embarks on more sophisticated financial arrangements
10 made possible by a more prosperous economy, and enters the Twenty-
11 First Century as a participatory partner in the world economy.

12 (b) Intent. It is the intent of the Legislature to continue the work of
13 the Guam Tax Code Commission and to give this commission additional
14 authority to act as a permanent commission on government finance. There
15 is a vital need for consolidation of the government's financial and economic
16 information, improvement of the forecasting of revenues, expenditures,
17 and surplus or deficit, and to determine the impact of federal expenditures
18 on the territory. The enlarged commission would serve as the
19 government's umbrella fiscal policy organization, would commence fiscal
20 policy work, and provide proposed legislation for major improvement in
21 the government's basic data systems and increasing Guam's fiscal
22 forecasting capability.

23 §19951. Establishment of Guam Finance Commission. The
24 Guam Finance Commission is established, consisting of the following
25 members:

- 26 (a) Three (3) voting members appointed by the Governor, including
- 27 One (1) Guam Certified Public Accountant;

- 1 (b) Four (4) voting members appointed by the Speaker of the
2 Legislature or his designee;
- 3 (c) Two (2) voting members consisting of the Legislature's
4 Chairperson of the Committee on Federal, Foreign, and Legal
5 Affairs and the Chairperson of the Committee on Ways and
6 Means;
- 7 (d) Five (5) ex-officio non-voting members consisting of:
8 the Directors of the Departments of Revenue and Taxation,
9 Administration, Commerce, Bureau of Budget and Management
10 Research, and the Administrator of the Guam Economic
11 Development Authority (GEDA). The Directors of the above-
12 named departments and the Administrator of GEDA shall serve
13 in their own capacity as members of the Guam Finance
14 Commission or shall appoint instead a designee from their
15 respective departments or agency to serve. These ex-officio
16 non-voting members of the Commission are to serve on the
17 Commission only as consultants, and are not entitled to vote on
18 any matter whatsoever.

19 Any member of the Commission may be dismissed for cause, approved by a
20 majority vote of the members. Any vacancy shall be filled by the same
21 authority who originally appointed the member to such position, or, in the
22 case of a former member of the Guam Tax Code Commission who became a
23 member of the Guam Finance Commission pursuant to Section 19954 of this
24 Code, by the same authority who appointed such member to the Guam Tax
25 Code Commission. The Commission shall elect a chairman from among its
26 members, who shall designate such other officers as are necessary to
27 conduct the Commission's business. The Commission shall draft and

1 implement operating procedures for the conduct of its business, which
2 procedures are exempt from the provisions of the Administrative
3 Adjudication Law.

4 **§19952. Powers of the Commission.** In carrying out its duties and
5 responsibilities, the Commission shall have the following powers:

6 (a) except as provided by United States and Guam law regarding
7 the confidentiality of tax return information, to examine any document,
8 report, or data, including programs and data files, held by any territorial
9 agency, which agencies are required to cooperate with the Commission and
10 its employees in any such examination;

11 (b) to meet at such times and places as it may deem proper;

12 (c) to hold hearings at times and places as it may deem proper;

13 (d) upon a vote of the Commission, to issue subpoenas, to compel
14 the attendance of witnesses and the production of books, records, papers,
15 accounts, reports, and documents;

16 (e) to administer oaths;

17 (f) to employ an executive assistant and staff as may be necessary,
18 however, before additional staff is employed from outside the government,
19 individuals already in the employment of the government and possessing
20 needed knowledge and skills shall be transferred to the Commission upon
21 the request of the Director of the respective Department where the
22 individual is employed, or in the case of GEDA, upon the request of the
23 Administrator;

24 (g) to contract with agencies or individuals, public or private, as it
25 deems necessary, to provide or prepare services, facilities, studies, and
26 reports to the Commission as will assist it in carrying out its duties and
27 responsibilities;

1 (h) to do any and all other things necessary or convenient to enable
2 it fully and adequately to perform its duties and to exercise the powers
3 expressly granted to it.

4 **§19953. Duties and responsibilities of the Commission.** The
5 Commission shall:

6 (a) if they are not completed, continue the functions of the Guam
7 Tax Code Commission, as follows:

8 (i) study the effect of the present tax system as it has
9 affected Guam during varying economic situations in the past and
10 present, with a view towards probable future situations;

11 (ii) develop or adapt an econometric model of Guam's existing
12 and projected economy, which model shall be used to simulate the
13 effect of revenue raising, the effect of any proposed benefits and the
14 optional revenue generation and utility thereof. The Commission
15 shall utilize all existing and otherwise available resources, such as the
16 econometric model now used by the United States Treasury, in its
17 development of such model for its work. In developing or updating
18 its model, the Commission shall take into account the Comprehensive
19 Economic Development Plan to be drafted pursuant to Public Law 20-
20 147;

21 (iii) solicit information and advice from various sources on the
22 present tax structure and desired changes, through contact with
23 community sources such as the Guam Chamber of Commerce, the
24 Guam Employers' Council, the Guam Association of Social Workers, the
25 Guam Federation of Teachers, the Guam Visitors Bureau, the Guam
26 Association of Public Accountants, the Guam Society of Certified
27 Public Accountants, and others, and from public sector sources such

1 as the Department of Commerce, the Department of Public health and
2 Social Services, the Bureau of Planning, and others;

3 (iv) determine the effect of varying tax approaches tried in
4 other jurisdictions, such as Puerto Rico, the Virgin Islands, Hawaii, the
5 Commonwealth of the Northern Mariana Islands, and others, including
6 foreign jurisdictions, to the extent that they are useful for the
7 Commission's purposes;

8 (v) draft proposed tax legislation, incorporating
9 recommendations deemed desirable for Guam after undertaking the
10 study required in paragraphs (i), (ii), (iii), and (iv) of this Subsection
11 (a), and transmit such legislation to the Legislature. Until December
12 31, 1994, a favorable vote of six (6) or more voting members of the
13 Commission on the proposed legislation shall be necessary before its
14 transmittal to the Legislature. After December 31, 1994, a favorable
15 vote of a majority of the voting members shall be necessary.

16 (vi) take any and all steps necessary to communicate with the
17 Federal government regarding Guam's tax system; study existing
18 applicable domestic and international tax laws, tax treaties, and
19 agreements which may have a bearing on the present and future
20 relationship between the United States and Guam; and propose draft
21 modifications of such tax laws, tax treaties, and agreements which
22 might adversely impact upon Guam's development, such drafts and
23 proposals resulting from communications between the Commission
24 and representatives of the Federal government regarding such
25 legislation.

26 (b) Undertake additional duties and responsibilities as follows:

1 (i) develop a specific blueprint for consolidation of government
2 Policy Financial Information System to be administered by a Special
3 Accounting Service, directed by the Controller of the Department of
4 Administration and composed of the Chief of the Taxpayer Services
5 Administration of the Department of Revenue and Taxation, the
6 Budget Analyst Supervisor of the Bureau of Budget and Management
7 Research, a designee of the Chairperson of the Legislature's
8 Committee on Ways and Means, and consulting accountants as
9 required for system development, administration, and automation;

10 (ii) develop a specific blueprint for the consolidation of government
11 economic information as a basis for management of a central Fiscal
12 Policy Economic Information System, including administration of the
13 Guam Econometric Model as provided in item (ii) of Subsection (a) of
14 this Section, to be administered by a Special Economic Service,
15 directed by the Senior Economist of the Department of Revenue and
16 Taxation and composed of the Chief Planner of the Bureau of
17 Planning, the Chief Economist of the Department of Commerce, the
18 Research Manager of the Guam Visitors Bureau, the Senior Economist
19 of the Department of Labor, the Chief Economist of the Bank of Guam,
20 and such consulting economists and statisticians recruited for the
21 purpose of macroeconomic model design, management, and
22 automation;

23 (iii) compile and make available to the Legislature, the Governor,
24 and the public, forecasts of revenues, current and prior year
25 expenditures, and surplus or deficit;

26 (iv) determine the impact of federal expenditures in Guam;

27 (v) make reports to the Legislature and to the Governor as follows:

1 (1) on July 1, 1995, and on a semiannual basis thereafter, the
2 impact of federal expenditures on Guam's economy and
3 employment, including projections of federal expenditures
4 coming into Guam and changes in these expenditures; the impact
5 of these expenditures on Guam's economic growth, employment,
6 tax revenues, and other variables determined to be significant
7 by the Commission, for the next year compared with the
8 previous three (3) years; identify significant federal
9 expenditures or potential expenditures coming into Guam
10 affecting military bases, installations, active duty and retired
11 military personnel within Guam, as well as the impact of the
12 changes in these expenditures.

13 (2) Prepare long-range forecasts of revenues and
14 expenditures for each of the four (4) years immediately beyond
15 the budget year and for the ninth year beyond the budget year.

16 **§19954. Carryover from the Guam Tax Code Commission. (a)**
17 Appropriations, funds, and authority. The Guam Tax Code Commission is
18 terminated, and all appropriations of funds to the Guam Tax Code
19 Commission shall be transferred to the Guam Finance Commission within
20 Thirty (30) days of the effective date of this Section.

21 (b) Membership, vacancies, chairman, and operating procedures. All
22 current individual members of the Guam Tax Code Commission on the
23 effective date of this Section shall be the voting members of the Guam
24 Finance Commission, occupying their respective positions as set out in the
25 provisions of §19951 of this Chapter. Those who were appointed continue
26 to occupy their positions without the necessity for reappointment. Any
27 vacancy occurring among the current individual members shall be filled in

1 the manner set forth in Section 19951 of this Chapter. The former
2 Chairman of the Guam Tax Code Commission is the Chairman of the Guam
3 Finance Commission, and the operating rules and procedures of the Guam
4 Tax Code Commission shall be utilized by the Guam Finance Commission
5 until repealed, modified, or otherwise changed by the Guam Finance
6 Commission

7 (c) All rights and duties formerly vested in the Guam Tax Code
8 Commission, or any official thereof, shall become vested in the Guam
9 Finance Commission, or any equivalent official thereof, whichever is
10 applicable.

11 **Section 2. Repeal of obligation of Department of Commerce to**
12 **prepare certain economic data.** Subsection (a) of Section 47060 of the
13 Government Code, amended in Section 15 of Chapter II of Public Law 16-
14 111, is further amended to read:

15 "(a) To investigate, study and undertake ways and means of
16 promoting and encouraging the prosperous development and protection of
17 the interest and welfare of Guam's legitimate business, industry, and
18 commerce, and in connection therewith to investigate and study
19 governmental and other external conditions affecting Guam business,
20 industry and commerce and on the basis thereof to compile, collect, develop
21 and publish quarterly scientific indices and economic indicators including
22 but not limited to economic growth, [~~gross island product, gross island~~
23 ~~debt,]~~ trade balances, exports and imports, consumer prices and other
24 information relating to economic conditions."

25 **Section 3. Repeal of obligation of Department of Commerce to**
26 **publish certain economic data.** Section 47060.1 of the Government

1 Code, added in Section 16 of Chapter II of Public Law 16-111, is further
2 amended to read:

3 "§47060.1 Priority of Publication. In the event sufficient funds are
4 not available to the Department to publish all of the material required by
5 §47060.1 (a) of the Government Code, the information gathered shall be
6 published according to the following priorities:

7 ~~[(a) gross island product;~~

8 ~~(b) gross island debt:]~~

9 (a) [(e)] consumer prices;

10 (b) [(d)] exports and imports;

11 (c) [(e)] trade balances; and

12 (d) [(f)] all other information designated for publication."

TWENTY-SECOND GUAM LEGISLATURE
1993 (FIRST) Regular Session

Bill No. 582

Introduced by:

C.T. C. Gutierrez
[Signature]

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53 AUG - 2 AM 10:38

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9 Internal Revenue Code as a local tax. Executive Orders 86-09 and 87-06
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14 of the government, as well as negotiating with the federal government on
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16 retaining the ability of the Guam resident to file a single tax return on
17 Guam and avoid filing a second tax return in the United States.

1 In progressing on these tasks, it has become evident that the
 2 government of Guam will need more coordination and development of a
 3 unified system of information gathering regarding economic factors and
 4 revenue forecasting, as well as integrated financial management. This is
 5 necessary as Guam embarks on more sophisticated financial arrangements
 6 made possible by a more prosperous economy, and enters the Twenty-
 7 First Century as a participatory partner in the world economy.

8 **(b) Intent.** It is the intent of the Legislature to continue the work of
 9 the Guam Tax Code Commission and to give this commission additional
 10 authority to act as a permanent commission on government finance. There
 11 is a vital need for consolidation of the government's financial and economic
 12 information, improvement of the forecasting of revenues, expenditures,
 13 and surplus or deficit, and to determine the impact of federal expenditures
 14 on the territory. The enlarged commission would serve as the
 15 government's umbrella fiscal policy organization, would commence fiscal
 16 policy work, and provide proposed legislation for major improvement in
 17 the government's basic data systems and increasing Guam's fiscal
 18 forecasting capability.

19 **§19951. Establishment of Guam Finance Commission**The
 20 Guam Finance Commission is established, consisting of the following voting
 21 members:

- 22 (a) Three (3) members appointed by the Governor, including One
 23 (1) Guam Certified Public Accountant;
- 24 (b) Four (4) members appointed by the Speaker of the Legislature
 25 or his designee;
- 26 (c) Six (6) ex-officio voting members consisting of:
 27 the directors of the departments of--

- 1 (i) Revenue and Taxation,
2 (ii) Administration,
3 (iii) Commerce, and
4 (iv) Bureau of Budget and Management Research,
5 and the Chairpersons of the Legislature's Committees on--
6 (i) Federal, Foreign, and Legal Affairs, and
7 (ii) Ways and Means.

8 Any member of the Commission may be dismissed for cause, approved by a
9 majority vote of the members. Any vacancy shall be filled by the same
10 authority who originally appointed the member to such vacant position.
11 The Commission shall elect a chairman from among its members, who shall
12 designate such other officers as are necessary to conduct the Commission's
13 business. The Commission shall draft and implement operating procedures
14 for the conduct of its business, which procedures are exempt from the
15 provisions of the Administrative Adjudication Law.

16 **§19952. Powers of the Commission.** In carrying out its duties and
17 responsibilities, the Commission shall have the following powers:

- 18 (a) to examine any document, report, or data, including programs
19 and data files, held by any territorial agency, which agencies are required
20 to cooperate with the Commission and its employees in any such
21 examination;
- 22 (b) to meet at such times and places as it may deem proper;
- 23 (c) to hold hearings at times and places as it may deem proper;
- 24 (d) upon a vote of the Commission, to issue subpoenas, to compel
25 the attendance of witnesses and the production of books, records, papers,
26 accounts, reports, and documents;
- 27 (e) to administer oaths;

1 (f) to employ an executive assistant and staff as may be necessary;

2 (g) to contract with agencies or individuals, public or private, as it
3 deems necessary, to provide or prepare services, facilities, studies, and
4 reports to the Commission as will assist it in carrying out its duties and
5 responsibilities;

6 (h) to do any and all other things necessary or convenient to enable
7 it fully and adequately to perform its duties and to exercise the powers
8 expressly granted to it.

9 **§19953. Duties and responsibilities of the Commission.** The
10 Commission shall:

11 (a) if they are not completed, continue the functions of the Guam
12 Tax Code Commission, as follows:

13 (i) study the effect of the present tax system as it has
14 affected Guam during varying economic situations in the past and
15 present, with a view towards probable future situations;

16 (ii) develop or adapt an econometric model of Guam's existing
17 and projected economy, which model shall be used to simulate the
18 effect of revenue raising, the effect of any proposed benefits and the
19 optional revenue generation and utility thereof. The Commission
20 shall utilize all existing and otherwise available resources, such as the
21 econometric model now used by the United States Treasury, in its
22 development of such model for its work. In developing or updating
23 its model, the Commission shall take into account the Comprehensive
24 Economic Development Plan to be drafted pursuant to Public Law 20-
25 147;

26 (iii) solicit information and advice from various sources on the
27 present tax structure and desired changes, through contact with

1 community sources such as the Guam Chamber of Commerce, the
2 Guam Employers' Council, the Guam Association of Social Workers, the
3 Guam Federation of Teachers, the Guam Visitors Bureau, the Guam
4 Association of Public Accountants, the Guam Society of Certified
5 Public Accountants, and others, and from public sector sources such
6 as the Department of Commerce, the Department of Public health and
7 Social Services, the Bureau of Planning, and others;

8 (iv) determine the effect of varying tax approaches tried in
9 other jurisdictions, such as Puerto Rico, the Virgin Islands, Hawaii, the
10 Commonwealth of the Northern Mariana Islands, and others, including
11 foreign jurisdictions, to the extent that they are useful for the
12 Commission's purposes;

13 (v) draft proposed tax legislation, incorporating
14 recommendations deemed desirable for Guam after undertaking the
15 study required in paragraphs (i), (ii), (iii), and (iv) of this Section, and
16 transmit such legislation to the Legislature. Until December 31, 1994,
17 a favorable vote of six (6) or more members of the Commission on the
18 proposed legislation shall be necessary before its transmittal to the
19 Legislature. After December 31, 1994, a favorable vote of a majority
20 of the members shall be necessary.

21 (b) Undertake additional duties and responsibilities as follows:

22 (i) develop a specific blueprint for consolidation of government
23 financial information as the basis for management of a central Fiscal
24 Policy Financial Information System to be administered by a Special
25 Accounting Service, directed by the Controller of the government of
26 Guam's Department of Administration and composed of the Chief of
27 the Taxpayer Services Administration of the Department of Revenue

1 and Taxation, the Budget Analyst Supervisor of the Bureau of Budget
2 and Management Research, a designee of the Chairperson of the
3 Legislature's Committee on Ways and Means, and consulting
4 accountants as required for system development, administration, and
5 automation;

6 (ii) develop a specific blueprint for the consolidation of government
7 economic information as a basis for management of a central Fiscal
8 Policy Economic Information System, including administration of the
9 Guam Econometric Model as provided in item (ii) of Subsection (a) of
10 this Section, to be administered by a Special Economic Service,
11 directed by the Senior Economist of the Department of Revenue and
12 Taxation and composed of the Chief Planner of the Bureau of
13 Planning, the Chief Economist of the Department of Commerce, the
14 Research Manager of the Guam Visitors Bureau, the Senior Economist
15 of the Department of Labor, the Chief Economist of the Bank of Guam,
16 and such consulting economists and statisticians recruited for the
17 purpose of macroeconomic model design, management, and
18 automation;

19 (iii) compile and make available to the Legislature, the Governor,
20 and the public, forecasts of revenues, current and prior year
21 expenditures, and surplus or deficit;

22 (iv) determine the impact of federal expenditures in Guam;

23 (v) make reports to the Legislature and to the Governor as follows:

24 (1) on July 1, 1995, and on a semiannual basis thereafter, the
25 impact of federal expenditures on Guam's economy and
26 employment, including projections of federal expenditures
27 coming into Guam and changes in these expenditures; the impact

1 of these expenditures on Guam's economic growth, employment,
2 tax revenues, and other variables determined to be significant
3 by the Commission, for the next year compared with the
4 previous three (3) years; identify significant federal
5 expenditures or potential expenditures coming into Guam
6 affecting military bases, installations, active duty and retired
7 military personnel within Guam, as well as the impact of the
8 changes in these expenditures.

9 (2) Prepare long-range forecasts of revenues and
10 expenditures for each of the four (4) years immediately beyond
11 the budget year and for the ninth year beyond the budget year.

12 **§19955. Carryover from the Guam Tax Code Commission.(a)**

13 Appropriations. All appropriations and funds of the Guam Tax Code
14 Commission are transferred to the Guam Finance Commission on the
15 effective date of this Chapter.

16 (b) Membership, vacancies, chairman, operating procedures.
17 Notwithstanding the provisions of §19951 of this Chapter, all current
18 individual members of the Guam Tax Code Commission shall continue to be
19 voting members of the Guam Finance Commission. A vacancy occurring
20 among the current individual member of the Guam Tax Code Commission
21 shall not be filled. The current Chairman of the Guam Tax Code Commission
22 shall continue to be the Chairman of the Guam Finance Commission, and the
23 current operating procedures of the Guam Tax Code Commission shall be
24 utilized by the Guam Finance Commission until repealed, modified, or
25 otherwise changed by the Guam Finance Commission.



JOSEPH F. ADA
Governor

FRANK F. BLAS
Lieutenant Governor

DEPARTMENT OF

REVENUE & TAXATION

GOVERNMENT OF GUAM

JOAQUIN G. BLAZ, Director • V.M. CONCEPCION, Deputy Director

JUN 11 1993

Senator Carl T. Gutierrez
22ND GUAM LEGISLATURE
Committee on Ways & Means
155 Hesler Street
Pacific Arcade
Agana, Guam 96910

Dear Senator Gutierrez:

In response to your request of May 17th, 1993, I formed a Special Fiscal Policy Task Force for the purpose of identifying means to improve the formulation, coordination and evaluation of Government of Guam fiscal policy. The task force consisted of the members of Governor Ada's Fiscal Policy Coordinating Committee: the Director of Administration, the Controller, the Governor's Chief Financial Officer, the Director of the Bureau of Budget Management Research and the Director of Commerce; the task force had finished its deliberation before I received your request to add Dr. Guthertz to the group. At the final meeting of the Special Task Force, the enclosed report of our findings and recommendations was adopted.

The members of the Special Task Force were in general agreement with the need for institutional reform of fiscal policy administration. To accomplish this the Task Force recommends an overhaul of existing policy management organization and the basic financial and economic information systems required to support it. We also recommend adopting new forecasting methods once basic information support systems have been put in place. The reorganization we envision includes both inter-agency and inter-governmental elements; we propose creating a statute based umbrella fiscal policy organization, built upon the Guam Tax Code Commission's existing statutory structure.

The Guam Tax Code Commission now operates pursuant to Guam Public Law No. 20-181 as amended. We propose further amending this act to provide for an enlarged commission with additional authority to act as a permanent Commission on Government of Guam Finance, generally modeled after the State of California's Commission on State Finance. In addition to completing the work already put in progress by the Guam Tax Code Commission, fiscal policy administration work would be commenced, utilizing funds already appropriated to the Commission for this purpose.

Senator Carl Gutierrez

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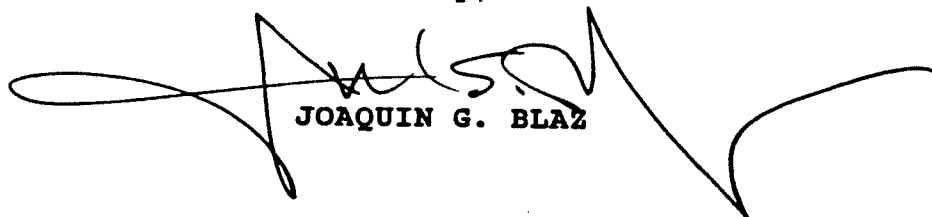
The work of the Commission on Government of Guam Finance would phase in as the work of the Tax Code Commission winds up. The Guam Tax Code Commission, which has a term of limited duration which expires in two (2) years, would evolve into a permanent Commission on Government of Guam Finance and continue thereafter to serve as the umbrella organization we feel must be created if necessary reform in fiscal policy administration is to be achieved.

The Special Task Force has not attempted to go beyond confirming the need for public administration reform and suggesting a framework for it; we have reserved the details of draft legislation for a separate working group to develop. In the meantime we have gathered model legislation enacted by the State of California for review.

The members of the Special Task Force join me in the belief this is an urgency matter which deserves the priority attention of all concerned. Timely, accurate financial and economic information is a prerequisite to sound policy administration; major improvement in Government of Guam's basic data systems is required. Because data is poor, GovGuam's methods of revenue forecasting remain crude. The present cash-based budget system discriminates sharply against capital project investment contributing to an alarming, rapidly growing infrastructure deficit. The budget could be a much more effective economic development tool than it has been in the past.

Thank you for entrusting me with this important work. Please call upon me if you feel I can contribute further. I would be happy to offer testimony on the matters covered here should you choose to convene follow-up oversight legislative hearings on the subject.

Sincerely,



JOAQUIN G. BLAZ

FINDINGS AND RECOMMENDATIONS
OF THE
SPECIAL FISCAL POLICY TASK FORCE
GOVERNMENT OF GUAM

Presented by:

Joaquin G. Blaz, Chairman
Wilfred Aflague, Member
John Denorcey, Member
Carl Taitano, Member
Giovanni Sgambelluri, Member
Peter Barcinas, Member

June 4, 1993
Agana, Guam

OBJECTIVE

To improve the formulation, coordination and evaluation of Government of Guam fiscal policy by overhauling the existing policy management organization, the financial and economic information support systems and revenue forecasting methods.

BACKGROUND

GovGuam's fiscal policymakers have expressed increasing disenchantment with their present approach to fiscal policy administration citing a disconnected administrative apparatus, contradictory financial information and limited forecasting capability as jointly responsible for undermining controls. Conspicuous capital budget deficiencies have been characterized as shortsighted - fiscal policy administration is deemed uncoordinated as between the executive and legislative branches of the Government. The basic information required by policymakers, when designing policy or attempting to coordinate or evaluate it is decidedly limited, failing to present the correct and complete financial situation in a timely fashion. GovGuam revenue forecasting methods remain crudely bound to inferior economic data systems which fail to sufficiently describe Guam's tax base when attempting to forecast future revenues or assess the impact of anticipated changes in tax or revenue policy.

On May 17, 1993 the Chairman of Committee on Ways & Means, 22nd Guam Legislature, Government of Guam convened an oversight hearing for the purpose of addressing problems exhibited by the present fiscal policy management system. After a review of pertinent issues an adhoc task force was organized under the chairmanship of the Director of the Department of Revenue and Taxation, Joaquin G. Blaz who currently serves both as a member of the Guam Tax Code Commission and a member of the Governor's Fiscal Policy Coordinating Committee. Other members of the "Blaz Task Force" include the Directors of the Department of Administration and Commerce, the head of the Bureau of Budget Management Research and the government's Controller. Having met and conferred on the subject, the Task Force adopted the following recommendations as the basis for its report on its findings.

**RECOMMENDATIONS FOR OVERHAULING GOVGUAM'S
FISCAL POLICY ADMINISTRATION:
ORGANIZATION,
FINANCIAL INFORMATION SYSTEMS & ADMINISTRATION,
ECONOMIC INFORMATION SYSTEMS & ADMINISTRATION,
STANDARDIZED FORECASTING METHODS (Re., TAX BASE & TAX EFFECTS)**

Establish and Organize a permanent Commission on
Government of Guam Finance

We recommend amending Guam Public Law No. 20-181 (creating the Guam Tax Code Commission) to incorporate the Guam Tax Code Commissions' duties and functions into a more broadly empowered permanent **Commission on Government of Guam Finance**, generally modeled after the State of California's Commission on State Finance, to thereafter act as GovGuam's umbrella fiscal policy organization. In addition to present commissioners, the Director of the Department's of Administration and Commerce, and the Director of the Bureau of Budget and Management Research, would become ex-officio voting members. A permanent office, to support its exercise of the following duties, would be established by the Commission:

- Consolidation of Government of Guam financial information as the basis for management of a central Fiscal Policy Financial Information System to be administered by a Special Accounting Service, directed by the Controller of the Government of Guam's Department of Administration, composed of the Chief, Taxpayer Services Administration, Department of Revenue and Taxation, Budget Analyst Supervisor, Bureau of Budget and Management Research, designee of the Chairman, Committee on Ways & Means, Guam Legislature, and consulting accountants as required for system development, administration and automation;
- Consolidation of Government of Guam economic information as a basis for management of a central Fiscal Policy Economic Information System (including administration of the Guam Econometric model provided by §19952 of P.L. 20-181, as amended) to be administered by a Special Economic Service, directed by the Senior Economist of the Department of Revenue & Taxation, composed of the Chief Planner, Bureau of Planning, Chief Economist, Department of Commerce, Research Manager, Guam Visitors' Bureau, Senior Economist, Department of Labor, Chief Economist, Bank of Guam and such consulting economists and statisticians recruited for the purpose of macroeconomic model design, management and automation;
- Forecasts of revenues, expenditures and surplus or deficit;

- Impact of federal expenditures in Guam;
- Reports.

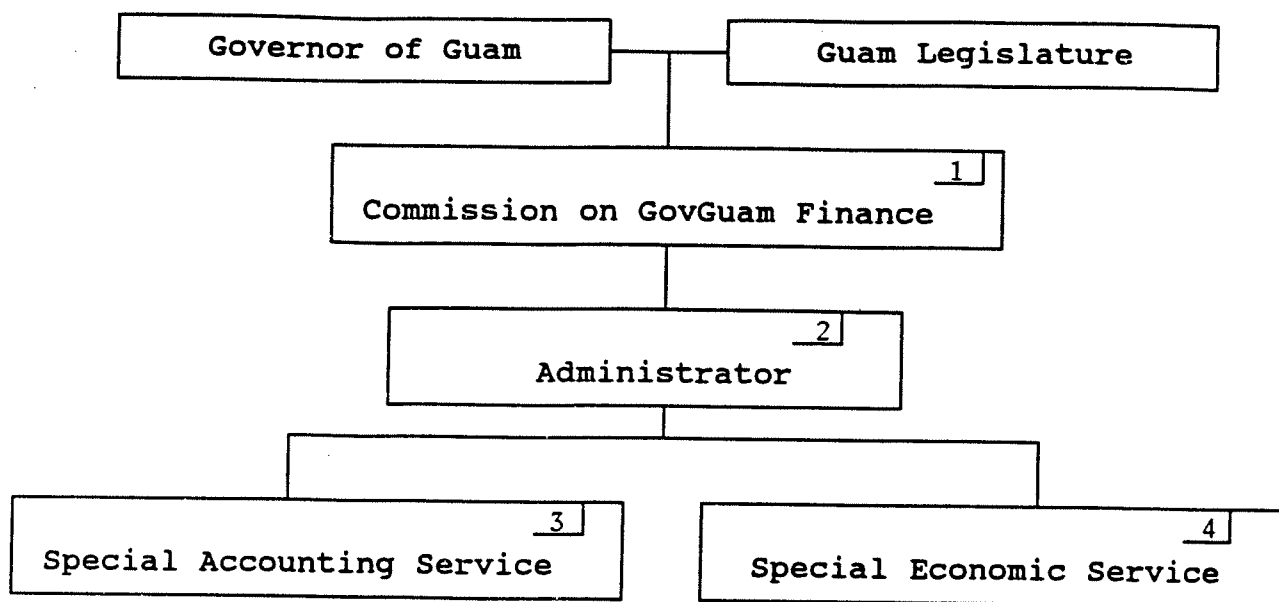
To accomplish these duties, we recommend enlarging the powers of the Commission from those prescribed by PL 20-181 to include all powers set out in the code providing for California's Commission on State Finance (see Appendix Item 2). Separate provisions for funding, commission administration, transfer of key positions, duration of term, establishment of working group members, volunteers, paid consulting contractors and special powers are also required (see Appendix Item 2 as model legislation).

The Commission on Government of Guam Finance which we envision would serve as Government of Guam's umbrella fiscal policy organization. Through support provided by a permanent staff established in two special information services (financial/economic information) the Governor of Guam and Guam Legislature's members would be provided the type and quality of financial and economic information required to formulate, coordinate and evaluate fiscal policy. Forecasting and impact analysis would also be standardized and centralized to assure coordination on both the inter-agency and inter-governmental levels required to reach and administer sound fiscal policy decisions. The work of the present Guam Tax Code Commission would be continued, after merger with new fiscal policy powers and duties and placed on a permanent basis with a term of unlimited duration. The technical support needed to obtain the data required to make the entire fiscal system work properly would be brought together and tasked by law as required to effectively coordinate the process over an appropriate budgeting time horizon, special information systems would be put in place and thereafter properly managed by the professional/technical staff of the special statistical services assigned to assure system integrity. Present deficiencies identified in cash and capital budgeting systems would be mitigated by these reforms.

Appendix:

1. Organizational Chart, proposed
2. Model California Statutes
3. PL 20-181 as Amended

ORGANIZATIONAL CHART, PROPOSED



Composition:

1. 14 voting members; three (3) voting members appointed by the Governor including one (1) Guam Certified Public Accountant, four (4) voting members appointed by the Speaker of the Legislature or his designee; and six (6) ex-officio voting members consisting of the Director or Revenue and Taxation, Director of the Department of Administration, Director of Commerce, Director Bureau of Budget Management Research, the Chairman of the Legislature's Committee on Federal, Foreign and Legal Affairs and the Chairman of the Legislature's Committee on Ways and Means
2. Chief Financial Officer as Executive Director, Wordprocessing/Desktop Printing Specialist, Electronic Data Processing Specialist, Administrative Secretary/Receptionist
3. DOA Controller, R/T Chief Taxpayer Services, BBMR Supervisor Budget Analysts, designee of Chairman Committee on Ways & Means Guam Legislature, consultants and volunteers
4. R/T Senior Economist, Chief Planner, Bureau of Planning, Chief Economist DOC, Research Manager GVB, Senior Economist DOC, Chief Economist Bank of Guam, consultants and volunteers

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ANNOTATED CALIFORNIA CODES

GOVERNMENT CODE

Sections 12300 to 14599

*Official
California Government Code Classification*

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ST. PAUL, MINN.

Director of finance
President pro tempore
Speaker of the Assembly
State controller, ex officio
State treasurer, ex officio

States 121.
WESTLAW Topic
C.J.S. States § 121

Part 3.2
COMMISSION ON STATE FINANCE

Chapter	Section
1. General	13885
2. Duties	13887
3. Powers	13889
4. Funding	13892
5. Term	13894
6. [Heading Renumbered]	

Part 3.2 was added by Stats.1979, c. 1162, § 1.

Repeal

Part 3.2 is repealed July 1, 1994, under the terms of § 13894.

Chapter 1
GENERAL

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| <p>Section
13885.
13886.
13886.5.</p> | <p>Establishment; composition.
Organization; meetings; legislative members.
Office.</p> |
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Chapter 1 was added by Stats.1979, c. 1162, § 1.

Repeal

This chapter is repealed July 1, 1994, under the terms of § 13894.

§ 13885. Establishment; composition

There is hereby established a Commission on State Finance which is hereafter referred to in this part as the commission. The commission shall comprise the following members:

(a) Four members of the Legislature or their designees: the President pro Tempore of the Senate or, at the option of the President pro Tempore, the chairman of the Senate Finance Committee; the Speaker of the Assembly or, at the option of the Speaker, the chairman of the Assembly Ways and Means Committee; the Senate Minority Floor Leader; and the Assembly Minority Floor Leader.

(b) The Director of Finance or his designee.

(c) The State Controller or his designee.

(d) The State Treasurer or his designee.

(Added by Stats.1979, c. 1162, § 1.)

§ 13886. Org

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| <p>Section
13887.
13887.3.
13887.5.
13888.</p> | <p>Forecasts
Impact of
California
Open meet</p> |
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COMMISSION ON STATE FINANCE
Div. 3

§ 13886.5

Cross References

Director of finance, see § 13002.
President pro tempore of the senate, see §§ 9170, 9190.
Speaker of the Assembly, see §§ 9171, 9220 et seq.
State controller, see §§ 12400, 12402 et seq.
State treasurer, see § 12300.

Library References

States ⇄ 121.
WESTLAW Topic No. 360.
C.J.S. States §§ 203, 223.

§ 13886. Organization; meetings; legislative members

(a) The members of the commission shall elect a chairman and a vice chairman of the commission.

(b) The commission shall not conduct any meeting unless at least one legislative member from each house is present.

(c) The commission shall hold its first meeting no later than 30 days after the effective date of this part and shall meet at the call of the chairman or at the request of a majority of the members.

(d) For the purposes of this part, Members of the Legislature serving as members of the commission shall be considered a joint committee of the two houses of the Legislature constituting and acting as an investigating committee, and as such shall have the powers and duties imposed on such committees by the Joint Rules of the Senate and Assembly. Members of the commission who are legislators shall meet with and participate in the work of the commission to the extent that such participation is not incompatible with their positions as Members of the Legislature.

(e) For the purposes of this part, designees shall not be authorized to vote on the reports required pursuant to Section 13887.

(Added by Stats.1979, c. 1162, § 1.)

§ 13886.5. Office

The Commission on State Finance shall maintain its principal office in Sacramento.

(Added by Stats.1979, c. 1162, § 1.)

Chapter 2

DUTIES

Section
13887. Forecasts of revenues, expenditures, and surplus or deficit.
13887.3. Impact of federal expenditures in state; reports.
13887.5. California necessities index; study; report; computations.
13888. Open meetings; executive sessions.

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Section
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§ 13887

COMMISSION ON STATE FINANCE

Title 2

Chapter 2 was added by Stats.1979, c. 1162, § 1.

Repeal

This chapter is repealed July 1, 1994, under the terms of § 13894.

§ 13887. Forecasts of revenues, expenditures, and surplus or deficit

In order for the Legislature and the Governor to establish an appropriate, timely, and coordinated fiscal policy for the state, the commission shall provide the Legislature, the Governor, and the public with forecasts of state revenues, current year expenditures, and the surplus or deficit at least 4 times a year.

In addition, the commission annually shall prepare long-range forecasts of revenues and expenditures for each of the four years immediately beyond the budget year and for the ninth year beyond the budget year.

(Added by Stats.1979, c. 1162, § 1. Amended by Stats.1984, c. 1244, § 1.)

Library References

States ¶121.
WESTLAW Topic No. 360.
C.J.S. States §§ 203, 223.

§ 13887.3. Impact of federal expenditures in state; reports

(a) The commission shall develop and maintain an economic model capable of estimating the impact of federal expenditures on the state's economy and employment.

(b) On July 1, 1989, and on a semiannual basis thereafter, the commission shall report to the Legislature and Governor on the impact of federal expenditures on the state's economy and employment. The commission's report shall address both of the following:

(1) Projections of federal expenditures coming into the state and changes in these expenditures.

(2) The impact of these expenditures on the state's economic growth, employment, tax revenues, and other variables determined to be significant by the commission, for the next year compared with the previous three years.

(c) The report also shall identify significant federal expenditures or potential expenditures coming into the state affecting military bases, installations, and active duty and retired military personnel located within the state, as well as the impact of the changes in these expenditures.

This section shall become operative on January 1, 1989.

(Added by Stats.1987, c. 31, § 1, eff. May 29, 1987, operative Jan. 1, 1989.)

Historical and Statutory Notes

Former § 13887.3, added by Stats.1982, c. 1450, § 2, relating to forecasts of home ownership interest reduction assistance, was repealed by Stats.1983, c. 323, § 45.2.

COMMISS
Div. 3

§ 13887

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Title 2

COMMISSION ON STATE FINANCE
Div. 3

§ 13889

§ 13887.5. California necessities index; study; report; computations

(a) The commission shall study and report to the Governor and Legislature by December 1, 1981, on the manner in which the California Necessities Index is determined pursuant to Sections 11453 and 12201 of the Welfare and Institutions Code. The commission shall recommend any changes, based on its surveys and studies, which are necessary or advisable to more accurately reflect the impact of inflation on low-income families.

(b) The commission shall make the computations required by Sections 11453 and 12201 of the Welfare and Institutions Code on or before March 1 for the following fiscal year except for federal supplemental security income benefit adjustments, which shall be made no later than April 27 of each year.

(Added by Stats.1980, c. 511, § 1.)

Library References

Social Security and Public Welfare ↔9.
WESTLAW Topic No. 356A.

C.J.S. Social Security and Public Welfare
§ 12.

§ 13888. Open meetings; executive sessions

All meetings of the commission shall be open to the public, except that the commission may meet in executive session to consider the appointment or dismissal of officers or employees of the commission or to hear complaints or charges brought against a member or employee of the commission.

(Added by Stats.1979, c. 1162, § 1.)

Chapter 3

POWERS

Section

13889. Powers.
13890 to 13891.4. Repealed.

Chapter 3 was added by Stats.1979, c. 1162, § 1.

Repeal

This chapter is repealed July 1, 1994, under the terms of § 13894.

§ 13889. Powers

In carrying out its duties and responsibilities, the commission shall have the following powers:

(a) To examine any document, report, or data, including computer programs and data files, held by any state agency, as defined by Section 11000, which agencies are hereby required to cooperate with the commission and its employees in any such examination.

(b) To meet at such times and places as it may deem proper.

5