

§ 13889

**COMMISSION ON STATE FINANCE
Title 2**

(c) As a body, or, on the authorization of the commission, as a committee composed of two or more members, at least one of which shall be a legislative member, to hold hearings at such times and places as it may deem proper.

(d) Upon a vote of the commission, to issue subpoenas to compel the attendance of witnesses and the production of books, records, papers, accounts, reports, and documents.

(e) To administer oaths.

(f) To employ an executive director, who shall be exempt from civil service, and such staff as may be necessary. The commission may delegate to the executive director the authority to sign contracts on behalf of the commission.

(g) To contract with such other agencies or individuals, public or private, as it deems necessary, to provide or prepare such services, facilities, studies, and reports to the commission as will assist it in carrying out its duties and responsibilities.

(h) To authorize its agents and employees to absent themselves from the state where necessary for the performance of their duties.

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

(Added by Stats.1979, c. 1162, § 1. Amended by Stats.1991, c. 919 (S.B.1181), § 5.)

Library References

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

§§ 13890, 13891. Repealed by Stats.1977, c. 345, p. 1315, § 9

Historical and Statutory Notes

The repealed sections, added by Stats.1964, 1st Ex.Sess., c. 101, § 1, related to the division of tourism and visitor services.

Section 13890 was amended, prior to repeal, by Stats.1969, c. 1161, § 2.

Section 13891 was amended, prior to repeal, by Stats.1969, c. 138, § 92; Stats.1969, c. 1161, § 3.

Section 15 of Stats.1969, c. 1161, p. 2254, provided: "On the effective date of this act the Department of Commerce shall succeed to the duties, powers, purposes, responsibilities and

jurisdiction previously vested in the California World Trade Authority, the Office of Tourism and Visitor Services, the Division of Economic Development, and the Department of Agriculture with respect to the Museum of Science and Industry. Pursuant to Sections 16304.9 and 19370 of the Government Code, the apportioned unexpended appropriations and members of the state civil service of any agency, the functions of which the Department of Commerce succeeds to, shall be transferred to the Department of Commerce."

§ 13891.1. Repealed by Stats.1969, c. 1161, § 4

Historical and Statutory Notes

The repealed section, added by Stats.1964, 1st Ex.Sess., c. 101, § 1, related to the division of tourism and visitor services.

Sect
1389
1389

§ 1:
(a)
hund
to th
herel
the I
select
to ass
shall
accou
Act o
transf

STATE FINANCE
Title 2

as a committee
be a legislative
y deem proper.

to compel the
ds, papers, ac-

om civil service,
delegate to the
he commission.

ic or private, as
es, studies, and
its duties and

selves from the

enable it fully
owers expressly

(S.L. 1181), § 5.)

§ 9

d in the California
Office of Tourism
ision of Economic
rtment of Agricul-
useum of Science
) Sections 16304.9
at Code, the appor-
iations and mem-
of any agency, the
partment of Com-
transferred to the

COMMISSION ON STATE FINANCE
Div. 3

§ 13892

§ 13891.2. Repealed by Stats.1971, c. 1230, § 4

Historical and Statutory Notes

The repealed section, added by Stats.1964, 1st Ex.Sess., c. 101, § 1, amended by Stats. 1969, c. 1161, § 5, related to the division of tourism and visitor services.

Another § 13891.2, added by Stats.1969, c. 138, p. 315, § 93, relating to use of funds by

the office of tourism and visitor services in the department of commerce, was repealed by Stats.1969, c. 1161, p. 2250, § 6, effective the same date as Stats.1969, c. 138.

§ 13891.3. Repealed by Stats.1977, c. 345, § 9

Historical and Statutory Notes

The repealed section, added by Stats.1964, 1st Ex.Sess., c. 101, § 1, related to the division of tourism and visitor services.

§ 13891.4. Repealed by Stats.1969, c. 1161, § 8

Historical and Statutory Notes

Section 13891.4, added by Stats.1969, c. 138, § 94, effective the same date as Stats.1969, c.

1161, related to the division of tourism and visitor services.

Chapter 4

FUNDING

Section

13892. Appropriation; transfer of positions.
13892.1 to 13892.5. Repealed.

Chapter 4 was added by Stats.1979, c. 1162, § 1.

Repeal

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

§ 13892. Appropriation; transfer of positions

(a) There is hereby appropriated the sum of ninety-seven thousand five hundred dollars (\$97,500) from the General Fund for the 1979-80 fiscal year to the commission for carrying out the provisions of this part. (b) There are hereby transferred to the Commission on State Finance eight positions from the Department of Finance, and other state departments, the positions to be selected by the Department of Finance in consultation with the commission, to assist the commission in carrying out its duties. The positions transferred shall be of such skill levels as the commission deems necessary for the accomplishment of its duties. Out of the amounts appropriated by the Budget Act of 1979, for the support of the departments from which positions are transferred pursuant to this subdivision, sufficient funds are hereby reappro-

6

§ 13892

**COMMISSION ON STATE FINANCE
Title 2**

COI
Div.

riated for the 1979-80 fiscal year to the commission for support of the positions transferred by this subdivision.

(Added by Stats.1979, c. 1162, § 1.)

¹ Chaptered bill contained only subdivision (n).

Historical and Statutory Notes

Former § 13892, added to Part 3.5 by Stats. 1964, 1st Ex.Sess., c. 101, p. 318, § 1, related to the division of tourism and visitor services, and was repealed by Stats.1977, c. 345, p. 1315, § 9.

Library References

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

§§ 13892.1 to 13892.5. Repealed by Stats.1977, c. 345, p. 1315, § 9

Historical and Statutory Notes

Sections 13892.1 to 13892.5, added by Stats. 1964, 1st Ex.Sess., c. 101, pp. 318, 319, § 1, related to the powers and duties of the division of tourism and visitor services. See, now, § 15334.

Section 13892.2 was amended, prior to repeal, by Stats.1971, c. 1097, § 1.

Section 13892.5 was amended, prior to repeal, by Stats.1969, c. 138, § 95; Stats.1969, c. 1161, § 9.

Chapter 5

TERM

Section 13894. Duration.

The heading of Chapter 5, added as Chapter 6, Term, by Stats.1979, c. 1162, § 1, was renumbered Chapter 5 and amended by Stats.1980, c. 676, § 107.

Repeal

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

§ 13894. Duration

This part shall remain in effect only until July 1, 1994, and as of such date is repealed, unless a later enacted statute chaptered before July 1, 1994, deletes or extends such date.

(Added by Stats.1979, c. 1162, § 1. Amended by Stats.1982, c. 1258, p. 4625, § 1.)

Library References

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

7

E FINANCE
Title 2

Report of the

, c. 345, p. 1315,

p. 1315, § 9

ed, prior to re-

1.

ed, prior to re-

5; Stats.1969, c.

ats.1979,

..1980, c.

§ 13894.

of such date
uly 1, 1994,

p. 4625, § 1.)

COMMISSION ON STATE FINANCE
Div. 3

Chapter 6

[HEADING RENUMBERED]

The heading of Chapter 6, Term, added by Stats.1979, c. 1162, § 1, consisting of § 13894, was renumbered Chapter 5 and amended by Stats.1980, c. 676, § 107.

8

RES

Stats. 1985,
added by

added by
13890 to

operative Jan.

by Stats. 1987, c.
or to repeal, by

Part 3.8

INFORMATION ON FEDERAL EXPENDITURES

- Section**
13899. Legislative intent.
13899.1. Definitions.
13899.2. Economic model of impact of federal expenditures on state's economy and employment.
13899.3. Report on impact of federal expenditures on state's economy and employment.
13899.4. Working group on federal expenditures; purposes.
13899.5. Members; volunteers.
13899.6. Powers of commission.
13899.7. Inoperative date and repeal of part.

Part 3.8 was added by Stats. 1990, c. 1621 (A.B. 2895), § 2.

Repeal

Under the terms of § 13899.7, Part 3.8 is inoperative on July 1, 1994 and is repealed on Jan. 1, 1995.

§ 13899. Legislative Intent

It is the intent of the Legislature that:

(a) The executive and legislative branches have access to timely and objective information on the impact of federal expenditures on the state's economy and employment.

(b) The Commission on State Finance be responsible for collecting information and analyzing the impact of changing federal expenditures on California's economy, employment, and tax revenues, as provided pursuant to this part and that this information be utilized to the maximum extent to direct state and local job training and economic development resources to areas of the state experiencing expansions or reductions in federal expenditures.

(c) The efforts of the commission encourage public-private sector collaboration and input to the maximum extent possible.

(Added by Stats. 1990, c. 1621 (A.B. 2895), § 2.)

Historical and Statutory Notes

Derivation: Former § 13895 added by Stats. 1985, c. 1027, § 2.

§ 13899.1. Definitions

For the purposes of this part the following terms have the following meanings:

(a) "Federal expenditures" means federal contract awards, including defense and space procurement, research and development, construction contract awards, and expenditures affecting military bases and personnel.

§ 13899.1

FEDERAL EXPENDITURE INFORMATION
Title 2

(b) "Economic adjustment" means community-based activities intended to strengthen local competitiveness in attracting and sustaining expanding firms and new market activity.

(c) "Committee" means Federal Spending Advisory Committee established as an advisory body to the Commission on State Finance.

(d) "Commission" means the Commission on State Finance.

(Added by Stats.1990, c. 1621 (A.B.2895), § 2.)

Historical and Statutory Notes

Derivation: Former § 13895.1 added by Stats.1985, c. 1027, § 2.

Library References

Words and Phrases (Perm.Ed.)

§ 13899.2. Economic model of impact of federal expenditures on state's economy and employment

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

(Added by Stats.1990, c. 1621 (A.B.2895), § 2.)

Historical and Statutory Notes

Derivation: Former § 13895.2 added by Stats.1985, c. 1027, § 2.

§ 13899.3. Report on impact of federal expenditures on state's economy and employment

On a semiannual basis, the commission shall report to the Legislature and the Governor on the impact of federal expenditures on the state's economy and employment. The commission's report shall address all of the following:

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

(b) 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. Federal spending data shall include, but not be limited to:

(1) Selected data on defense prime contract awards, including information on programs, major contractors, and distribution of awards by county.

(2) Cumulative effects of defense spending on industry output and employment.

(3) Total federal expenditures received by all states, along with state rankings.

(4) State-by-state comparisons of federal tax collections.

(5) A summary of significant federal expenditure increases or decreases affecting California military bases, installations, and active duty and retired

FED
Div.
mili
thes
(c)
spen
to, f
educ
light
local
(Add

Der
Stats.1

§ 13

The
work
shall
(a)
semia

(b)

State
state
devel

(c)

the co
plann

(d)

for di
come
in Cal

(e)

the Go

(Added

Deriv
Stats.19

§ 138

The
which
group
diversi
of the

-11

INFORMATION
Title 2

intended to
funding firms

established

on state's

estimating
employment.

's economy

slature and
's economy
following:
changes in

ic growth,
significant
three years.

nformation
ounty.
nd employ-

state rank-

r decreases
and retired

FEDERAL EXPENDITURE INFORMATION
Div. 3

§ 13899.5

military personnel located within the state as well as the impact of changes in these expenditures.

(c) Reporting on specific topics of governmental finance where federal spending plays a significant role. Such topics may include, but not be limited to, federal, state, and local responsibilities for funding infrastructure or education spending; a regional outlook on impacts of defense spending in light of the elimination of specific major programs; and federal, state, and local funding sources for California counties.

(Added by Stats.1990, c. 1621 (A.B.2895), § 2.)

Historical and Statutory Notes

Derivation: Former § 13895.3 added by
Stats.1985, c. 1027, § 2.

§ 13899.4. Working group on federal expenditures; purposes

The Executive Director of the Commission on State Finance shall convene a working group on federal expenditures. The purposes of the working group shall be to do all of the following:

(a) Advise the commission on priority study areas in the commission's semiannual report.

(b) Recommend strategies to maximize dissemination of Commission on State Finance study data for the benefit of state, local and regional planners, state and local job training agencies, private sector entities, and economic development groups.

(c) Recommend methods to utilize federal expenditure data generated by the commission to improve state, local, and regional economic development planning.

(d) Identify a menu of needs for the state which may be used as a data base for directing economic adjustment or diversification efforts which may become appropriate as a result of significant reductions in defense expenditures in California.

(e) Assist the commission in making recommendations, as appropriate, to the Governor and the Legislature.

(Added by Stats.1990, c. 1621 (A.B.2895), § 2.)

Historical and Statutory Notes

Derivation: Former § 13895.4 added by
Stats.1985, c. 1027, § 2.

§ 13899.5. Members; volunteers

The working group shall be composed of not more than 15 members, of which one shall be the Director of Commerce or designee. The working group shall be broadly representative of the geographic, gender, and cultural diversity of the state, and shall include, but not be limited to, representatives of the following groups:

12

§ 13899.5

**FEDERAL EXPENDITURE INFORMATION
Title 2**

- (a) Local elected officials representing regions significantly affected by federal spending.
- (b) Businesses significantly affected by federal spending.
- (c) Local economic development associations.
- (d) Private and public sector economists.
- (e) Institutions of higher education engaged in federally supported research.
- (f) Public employment training programs.
- (g) Public interest groups.
- (h) Labor unions.

Of the members of the working group, at least three shall be from among a list of names submitted by the Chairman of the Assembly Committee on Local Government and at least three from a list of names submitted by the Chairman of the Senate Rules Committee.

The working group shall be voluntary, and the commission shall expend no state funds for per diem, including travel expenses, for the members of the working group.

(Added by Stats.1990, c. 1621 (A.B.2895), § 2.)

Historical and Statutory Notes

Derivation: Former § 13895.4 added by Stats.1985, c. 1027, § 2.

§ 13899.6. Powers of commission

In order to carry out the duties under this part, the commission may do all of the following:

- (a) Conduct seminars and other public meetings at such times and places as the executive director deems appropriate.
- (b) Accept contributions, grants, and bequests and set reasonable fees for publications, studies, or reports. The executive director may also accept federal funds as may be available to develop specialized information systems and data bases on federal expenditures in this state.

(Added by Stats.1990, c. 1621 (A.B.2895), § 2.)

Historical and Statutory Notes

Derivation: Former § 13895.7 added by Stats.1985, c. 1027, § 2.

§ 13899.7. Inoperative date and repeal of part

This part shall become inoperative on July 1, 1994, and, as of January 1, 1995, is repealed, unless a later enacted statute, which becomes effective on or before January 1, 1995, deletes or extends the dates on which it becomes inoperative and is repealed.

(Added by Stats.1990, c. 1621 (A.B.2895), § 2.)

Chapter

- 1. Gen
- 2. Pow
- 3. Disc
- 4. Stat
- 5. Inde

Section

- 13900. Bo
- 13901. Ex
- 13902. Th
- 13903. Ch
- 13904. Re
- 13905. Se
- 13906. Ou
- 13907. Ac
- 13908. Inv
- 13909. Sec
- 13910. Sec
- 13911. Ex
- 13912. 1391
- 13914. Rej
- 13915. Me

Claims again

Aid to victi
Willard Shan

§ 13900.
As used i
(Added by S

13

AN ACT TO ADD A NEW CHAPTER XII TO TITLE XX OF THE GOVERNMENT CODE TO ESTABLISH THE GUAM TAX CODE COMMISSION.

Section 1 ... Adds GC Title XX, Chapter XII, Guam Tax Code Commission.

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

Section 1. A new Chapter XII is added to Title XX of the Government Code to read:

"Chapter XII

GUAM TAX CODE COMMISSION

§19950. Legislative findings. (a) Background. Under the Tax Reform Act of 1986, the government of Guam was given the authority to develop its own tax code to replace enforcement of the Internal Revenue Code currently used as the territorial income tax, commonly known as the "mirror-image tax". Executive Order 86-09 and Executive Order 87-06 created tax commissions to study Guam's tax situation, make recommendations, and to draft appropriate tax legislation. Additionally, an implementation agreement was signed by the Executive Branch and Department of the Treasury designating an effective date for the de-linking of the Internal Revenue Code from Guam as of January 1, 1991. Such implementation agreement, if effective, acts in Guam on matters which are within the exclusive statutory authority of the Legislature and is therefore void and of no force and effect.

(b) Intent. It is necessary to organize a Guam Tax Code Commission by statute in order to insure necessary continuity, broad input, and stability in the planning and implementing of Guam's future taxes, which commission shall be provided with all the work product of the previous commissions established through Executive Order, and will incorporate its recommendations into proposed legislation within the time frame provided herein.

§19951. Guam Tax Code Commission: establishment and organization. The Guam Tax Code Commission (the "Commission") is hereby established which Commission is composed of ten (10) voting members, appointed or selected as follows: 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, including the minority leader of the Legislature or his designee; and three (3) ex-officio voting members consisting of the Director of Revenue and Taxation, the Chairman of the Legislature's Committee on Federal, Foreign and Legal Affairs, and the Chairman of the Legislature's Committee on Ways & Means. The ex-officio members and any members appointed by the Governor who are members of the Executive Branch and are appointed in such capacity shall continue to be mem-

g Corner No. North 63 De- a distance of 1 35 Degrees, 1 289.59 feet, a curve line , 02 Seconds, 1C of 298.740 5 Minutes, 26 .307 feet to the point of

Guam shall register or to its transfer.

§2109 of Title 2, before a sale of , the Legislature viding for the sale y incorporate the he lengthy period proved the Prop- of Guam, except this Act may be islature copies of which appraisals it of Guam. Any bition against the s for a period of

- C.T.C. Gutierrez J.T. San Agustin J.P. Aguon P.C. Lujan D. Parkinson E.D. Reyes M.D.A. Manibusan A.R. Unpingco M.Z. Bordallo E.M. Espaldon F.V.C. Tanaka

bers of the Commission as long as they hold the positions because of which they were selected. The other appointed members shall serve for the life of the Commission. Any member of the Commission may be dismissed for cause, approved by a majority vote of the members. Any vacancy shall be filled by the same authority who originally appointed the member to such vacant position. The Commission shall elect a chairman from among its members, who shall designate such other officers as are necessary to conduct the Commission's business. The Commission shall draft and implement operating procedures for the conduct of its business, which procedures are exempt from the provisions of the Administrative Adjudication Law.

§19952. Functions of the Commission. The Commission shall:

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

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

(c) Solicit information and advice from various sources on the present tax structure and desired changes, through contact with community sources such as the Guam Chamber of Commerce, the Guam Employers' Council, the Guam Association of Social Workers, the Guam Federation of Teachers, the Guam Visitors Bureau, the Guam Association of Public Accountants, the Guam Society of Certified Public Accountants, and others, and from public sector sources such as the Department of Commerce, the Department of Public Health and Social Services, the Bureau of Planning, and others;

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

(e) Draft proposed tax legislation, incorporating recommendations deemed desirable for Guam after undertaking the study required in paragraphs (a), (b), (c) and (d) of this section, and transmit such legislation to the Legislature. A favorable vote of six (6) or more members of the Commission on the proposed legislation shall be necessary before its transmittal to the Legislature.

§19953. Logistical support, and services of professionals. The Executive Branch in general and the Department of Revenue and Taxation in particular shall provide needed logistical support for the

Commission. The Commission shall employ (1) or more attorneys, tax specialists, of one or more firms, and of such other personnel as may be necessary.

§19954. Appropriation. Appropriate sums as are necessary for the Commission shall be provided, that existing funds (\$300,000) appropriated to the Department of Internal Revenue shall be used for the expenditure of local funds.

§19955. Sunset provision. Upon the Commission convenes, the Commission shall meet once every six months. The Speaker of the Legislature shall, in each report shall, inter alia, recommend any funds by the Commission to constitute cause for the Commission. Upon completion of five years from the date of the Commission shall submit a final report to the Legislature. Legislation of a comprehensive nature shall revert to the Commission.

§19956. Agreement. The Commission shall declare the implementation of the Comprehensive Economic Development Plan for AMERICA AND GUAM. The Director of Revenue and the Assistant Secretary of Revenue shall void and neither shall amend or change, amends a law of Guam in violation of Public Law 99-514, and Section 1421, et seq. of the U.S.C.

§19957. Duty of the Commission. The Commission shall draft a comprehensive new tax code for Guam, which shall be required by Federal law, enacted, to the Secretary of the Department of Revenue in accordance with the requirements.

Bill No. 1398 (LS)
Date Became Law:
Governor's Action:

P.L. NO. 20-181

Commission. The Commission is authorized to retain the services of one (1) or more attorneys, whether individuals or a law firm, who are tax specialists, of one (1) or more economists, whether individuals or a firm, and of such other persons as the Commission deems necessary.

§19954. Appropriation. There is authorized to be appropriated such sums as are necessary to carry out the intent of this Chapter; provided, that existing funds such as the Three Hundred Thousand Dollars (\$300,000) appropriated by the Federal Government through the Department of Interior's budget shall be spent prior to any expenditure of local funds.

§19955. Sunset provision and reports. From the date it first convenes, the Commission shall issue a progress report detailing its work once every six (6) months, which report shall be submitted to the Speaker of the Legislature and to the Governor of Guam. The report shall, inter alia, detail and substantiate all expenditures of any funds by the Commission. Failure to submit such report will constitute cause for removal of the chairperson of the Commission. Upon completion of the Commission's task, no later than five (5) years from the date of the enactment of this Chapter, the Commission shall submit a final report which shall include the proposed draft legislation of a comprehensive new tax code for Guam. Any unspent funds shall revert to the General Fund.

§19956. Agreement ineffective. It is the express finding and declaration of the Legislature that the agreement entitled: "TAX IMPLEMENTATION AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND GUAM", signed by the Governor of Guam and the Director of Revenue and Taxation on April 3, 1989, and by the Assistant Secretary of the United States on April 5, 1989, is null and void and neither has nor shall have any force or effect since it changes, amends and otherwise directly affects laws applicable to Guam in violation of Sections 1271 et seq. and 1277 et seq. of Public Law 99-514, and Sections 3 and 10(1) of the Organic Act of Guam (48 U.S.C. 1421, et seq.)

§19957. Duty to certify. Upon enactment into law of the new tax code for Guam, the Governor shall certify the same as a comprehensive new tax code enacted by Guam if such certification is then required by Federal law and shall transmit copies of the same, as enacted, to the Secretary of the Treasury, or to any other appropriate authority in accordance with the then-existing legal requirements."

PUBLIC LAW NO. 20-182

Bill No. 1398 (LS)	Introduced by:	T.S. Nelson
Date Became Law: May 23, 1990	C.T.C. Gutierrez	J.T. San Agustin
Governor's Action: Veto	H.D. Dierking	E.P. Arriola

P.L. NO. 20-220

ous lifting on the part of the driver or the use of a rope or tie-down to secure its presence on or within the taxicab (i.e., a bicycle, surfboard, etc.). Such fare for luggage authorized by this Section shall be posted pursuant to the provisions of 11102 of this Chapter."

Section 36. Seventy Thousand Dollars (\$70,000) are hereby appropriated from the Fiscal Year 1991 revenues of the General Fund to the Department of Land Management to compensate Mr. Manuel Cruz for the property taken from him for easement purposes by the government of Guam, consisting of Sabana Magas Road and associated rights of way as situated on Lot 2389-R1, Municipality of Mangilao, containing an area of 2,546 square meters.

Section 37. A new 37041 is added to Title XXXIII of the Government Code to read as follows:

"37041. Special fund. (a) There is hereby established separate and apart from other funds of the government of Guam, a special fund to make payments in accordance with the provisions of subsection (f)(1) of 37008 of this Title. Such fund shall be administered by the Commission. The Treasurer of Guam shall be the custodian of such fund, and all moneys and securities in such fund shall be held in trust by such Treasurer, and shall not be money or property of the government of Guam.

(b) The Treasurer is authorized to disburse moneys from such fund only upon order of the Commission.

(c) The amount of such fund shall be subject to audit in accordance with established government of Guam auditing procedures, but the action of the Commission in making payments from such fund shall be final and not subject to review."

Section 38. Five Hundred Twenty-Five Thousand Dollars (\$525,000) are hereby appropriated from the Fiscal Year 1991 revenues of the General Fund to the Workers Compensation Fund (the "Fund"). Monies in the Fund be allocated shall as follows: Five Hundred Thousand Dollars (\$500,000) to pay beneficiaries as required under Subsection (g) of 37008 of the Government Code, and Twenty-Five Thousand Dollars (\$25,000) to fund the special fund established by 37041 of the Government Code."

Section 39. Notwithstanding any other provision of law, all current individual members of the Guam Tax Code Commission shall serve for the same term, which shall be the same term as those members appointed by the Speaker of the Legislature.

P.L. NO. 20-221

- Section 32 ... Appropriations to DMHSA for the operation of the Adult Residential Treatment Program for FY 1991.
- Section 33 ... Appropriations to DPW to repair the Espinosa, Quinene and Santiago Roads, Merizo.
- Section 34 ... Appropriations to Dept. of Agriculture to purchase various equipment.
- Section 35(a). Legislative findings that there is a need for physical exams and treatment of individuals exposed to hazardous materials (PCB).
- (b). Appropriations to PDSC to establish a fund known as the "Hazardous Exposure Fund" for those government employees exposed to hazardous materials as described in subsection (a) of this section.
- (c). The Corporation shall notify by appropriate advertisement all individuals who suspect that they have been exposed to hazardous materials.
- (d). The Corporation shall make semi-annual reports to the Legislature's Committee on General Governmental Operations.
- Section 36(a). Increase of classified positions within the Guam Employment Service Division, Dept. of Labor.
- (b). Appropriations to Dept. of Labor to fund the additional 3 positions created in subsection (a) of this section for FY 1991.
- Section 37 ... Amends P.L. 20-218 Section 7, by adding 3 positions, 2 positions, and 3 positions.
- Section 38 ... Amends GC 19953, Logistical Support and Services of Professionals.
- Section 39 ... R/R CC 19954, Appropriation.
- Section 40 ... Appropriations to Guam Tax Code Commission for its operations, stipends for members retroactive to August 7, 1990.
- Section 41 ... Appropriations to Guam Housing Corporation's Revolving Loan Fund created by P.L. 20-210.
- Section 42 ... Appropriations to DPW to construct a concrete box culvert A. Quanga Street, Piti.
- Section 43 ... Amends 4 GCA 8127(a) allowing persons with disabilities to continue to receive their annuities if they are able to obtain jobs different from that for which they were certified incapacitated.
- Section 44 ... Appropriations to UOG to purchase a System 512 planetarium instrument and remote-control console for the College of Arts and Science.

P.L. NO. 20-224

- 5. Expansion and purchase of playground equipment, 25,180,
- 6. Instructional equipment. 38,012.

Section 9. (a) Subsections (b) and (c) of 4303, Title 4, Guam Code Annotated, are repealed and reenacted to read:

"(b) Participation by employees, as employees are defined in subsection (d) of this Section, in such contracts of life insurance shall provide coverage for up to a face amount of Ten Thousand Dollars (\$10,000), and shall be non-contributory by the employees, the premium to be paid by the government of Guam.

(c) Contracts of life insurance procured under the foregoing subsection (b) shall be limited to a face amount of up to Ten Thousand Dollars (\$10,000) including charges for accidental death and dismemberment. Coverage under such non-contributory plan shall commence after an employee has served six (6) consecutive months service in the government on entry or re-entry. Retirees and survivors of retirees are covered as of the day they become retirees or survivors of retirees.

Supplemental coverage may also be procured as an added benefit for an active employee only. The face amount of such supplemental coverage shall be at least Thirty Thousand Dollars (\$30,000), the premium for which shall be paid entirely by the employee. Such supplemental insurance shall be on a voluntary basis and may include such features as accidental death and dismemberment, and waiver of premium. Dependent coverage may be included as part of the supplemental coverage. The government of Guam shall provide payroll deduction for payment of the premiums for such supplemental coverage."

(b) The provisions of subsection (a) of this Section shall take effect upon the award of the next Group Life Insurance Contract for the government of Guam, scheduled for April 1991.

Section 10. 19951 of the Government Code of Guam is amended to read:

"19951. Guam Tax Code Commission: establishment and organization. The Guam Tax Code Commission (the "Commission") is hereby established which Commission is composed of eleven (11) voting members, appointed or selected as follows: Three (3) voting members appointed by the Governor including one (1) Guam certified public accountant; five (5) voting members appointed by the Speaker of the Legislature, including the minority leader of the Legislature or his designee; and three (3) ex officio voting members consisting of the Director of Revenue and Taxation, the Chairman of the Legislature's Committee on Federal, Foreign and Legal Affairs, and the Chairman of the

Hundred Ninety
General Fund
to design and
Alido Elementary

Hundred Thou-
General Fund to
ing amounts, all

Amounts:
\$995,000,
185,000,
350,000.

One Million Five
Hundred Thousand
al Fund to the
area at F. Q.

Hundred Twelve
General Fund
arking areas at

One Hundred
riated from the
ade the parking

One Hundred
riated from the
king area at M.

One Million Three
Hundred Twenty-Two Dollars
to the Depart-
ments, all at San

Amounts:
\$ 98,000,
432,000,
606,000,
15,000,

Legislature's Committee on Ways and Means. All other appointed members shall serve for the life of the Commission (Reference P.L. 20-220:39). Any member of the Commission may be dismissed for cause, approved by a majority vote of the members. Any vacancy shall be filled by the same authority who originally appointed the member to such vacant position. The Commission shall elect a chairman from among its members, who shall designate such other officers as are necessary to conduct the Commission's business. The Commission shall draft and implement operating procedures for the conduct of its business, which procedures are exempt from the provisions of the Administrative Adjudication Law."

Section 11. Sixty-Five Thousand Dollars (\$65,000) are appropriated from the General Fund to the Public Utility Agency of Guam to construct additional water and sewer lines in the R.R. Cruz Subdivision, Agat (the "Subdivision"); Five Hundred Eighty-Five Thousand Dollars (\$585,000) are appropriated from the General Fund to the Department of Public Works (the "Department") to pave roads in the Subdivision; and Ten Thousand Dollars (\$10,000) are appropriated from the General Fund to the Department to construct sidewalks in the Subdivision.

Section 12. Paragraph (a) of 8610.4 of the Government Code is repealed and reenacted to read:

"(a) Prior to departure, the employee shall receive an advance per diem allowance equal to the number of days of authorized official travel multiplied by the following rates: The basic per diem rates shall be as follows:

1. Hawaii, San Francisco, New York and, Washington, D.C. areas and Japan; \$175 per day.
2. All of Micronesia and the Commonwealth of the Northern Mariana Islands; \$125 per day.
3. All other areas; \$150 per day.

a. If the employee is the Governor, or Lieutenant Governor, a member of the Legislature or a Judge, the rates are One Hundred Thirty Percent (130%) of the basic per diem rates;

b. If the employee is an Executive Assistant or Special Assistant to the Governor, director or deputy director of any department, or member of the board of directors or commission of any autonomous agency, authority, line agency (including the Council of the Arts and Humanities), authority, or public corporation, the rates are One Hundred and Twenty-Five Percent (125%) of the basic per diem rates;

P.L. NO. 21-3

Commission dated January 23, 1991 for this position (CSC No. 91-048).

Section 24. Forty-Two Thousand Dollars (\$42,000) are appropriated from the General Fund to the Department of Revenue and Taxation to lease 1,825+ sq.m. of Lot No. 2071, Agana for a term of six months.

Section 25. Five Hundred Thousand Dollars (\$500,000) are appropriated from the General Fund to the Guam Tax Code Commission for operations of the Commission.

Section 26. Three Hundred Thousand Dollars (\$300,000) are appropriated from the General Fund to the Department of Public Works to supplement the appropriation in Section 2 of Public Law 20-18 to complete construction of an open culvert at Finile Sub-Division, Agat.

Section 27. Twenty Thousand Dollars (\$20,000) are hereby appropriated from the General Fund to the Agana Heights Municipal Planning Council (the "Council") to hire part-time or full-time equivalent positions to maintain and keep up the Agana Heights gymnasium. The number, wages and duties of such positions shall be as determined by the Council.

Section 28. Twenty-One Thousand Dollars (\$21,000) are hereby appropriated from the General Fund to the Department of Education for the use of the Inarajan High School Close-up Club to permit eight additional members to participate in the Close-up Foundation Program to be held March 15, 1991 in Washington, D.C., the funds to be used for air travel and lodging.

Section 29. Seven Hundred Fifty Thousand Dollars (\$750,000) are appropriated from the General Fund to the "Off-island Residential Treatment Fund" administered by the Department of Administration. Money from the Fund shall be expended upon order of the Superior Court of Guam for expenses to send a person under the jurisdiction of the Court for residential care arising from a physical, mental or emotional handicap or a severe emotional disturbance. Authorized items of expenditure are diagnosis, evaluation and treatment fees, medical and incidental expenses, room and board, and transportation costs of the person sent off-island and accompanying personnel. Of this appropriation, One Hundred Thousand Dollars (\$100,000) shall come from any available balance of the General Fund from the Fiscal Year 1991 revenues, and Six Hundred Fifty Thousand Dollars (\$650,000) shall come from the Fiscal Year 1992 revenues of the General Fund. The appropriation made in this Section shall remain available until expended.

- Section 1... Added 8 GCA §10.15, Limitation on Sex Crimes.
Section 2... R/R 8 GCA § 10.20, Statute of Limitations of Felonies.
Section 3... Added 8 GCA § 10.25, Definition of Age of Consent.
Section 4... Added GC, Title XX, Chapter XII, §19952 (F), Powers of Guam Tax Commission.

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

Section 1. §10.15 is added to Title 8, Guam Code Annotated, to read:

"§10.15. Limitation on sex crimes. A prosecution for felony criminal sexual conduct involving a person under the age of consent may be commenced up to three (3) years after the minor reaches the age of consent."

Section 2. §10.20 of Title 8, Guam Code Annotated, is hereby repealed and reenacted to read:

"§10.20. Statute of limitation of felonies. (a) A prosecution of murder shall have no statute of limitation;

(b) A prosecution of criminal sexual conduct involving persons under the age of consent shall be in accordance with §10.15 of this Title;

(c) A prosecution for any other felony shall be commenced within three (3) years after it is committed."

Section 3. A new §10.25 is hereby added to Title 8, Guam Code Annotated, to read as follows:

"§10.25. Definition of age of consent. For purposes of this Chapter, "age of consent" means the age of sixteen (16)."

Section 4. Subparagraph (f) is hereby added to §19952, Chapter XII, Title XX, Government Code of Guam, to read:

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

REVENUE & TAXATION

GOVERNMENT OF GUAM

JOSEPH F. ADA
GovernorFRANK F. BLAS
Lieutenant Governor

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

SEP 27 1993

Honorable Carl T.C. Gutierrez
Chairman, Committee on Ways and Means
Twenty-Second Guam Legislature
155 Hesler St., Pacific Arcade
Agana, Guam 96910

Dear Senator Gutierrez and Members:

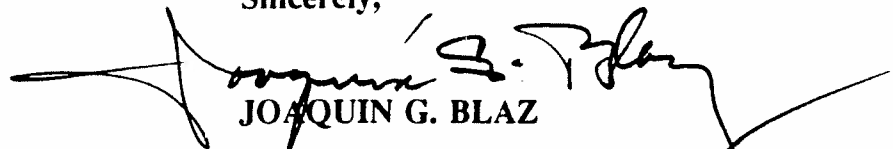
The Department of Revenue and Taxation offers the following comments on Bill No. 582:

The Department strongly supports creating the proposed Guam Finance Commission as a means for continuing the on-going work of the Guam Tax Code Commission while expanding the government's fiscal policy coordinating functions. The need for reforms in the present state of fiscal policy administration is very great; creating a Guam Finance Commission addresses many of the reforms required. Bill No. 582 will also permit the unfinished work of the Guam Tax Code Commission to continue beyond the limited term now prescribed by law. Recent federal tax policy changes make it essential to preserve the Tax Code Commission beyond the original five (5) year term allowed.

The administration of Guam government fiscal policy needs much improvement. By creating an umbrella Guam Finance Commission, essential financial and economic data would be administered in the manner required to assure accurate, timely information is made available to all pertinent policy makers. Under the proposed Finance Commission the work in progress on a macro-economic model for Guam would be continued. Work to consolidate government financial information into a central Fiscal Policy Financial Information System would accelerate under a Special Accounting Service to be administered by the controller of DOA. Revenue forecasting will be upgraded as a basis for preparing better long and medium range estimates of government income; investments and expenditures.

Beyond endorsing Bill No. 582's principal provisions, we would like to offer two (2) suggestions: in Section §19952, Powers of the Commission under (a), tax returns deemed confidential pursuant to laws of the United States and Guam should be exempted from examination by the Commission; existing statutes adopted by the 16th Guam Legislature which conflict with carry-over provisions of the Tax Code Commission statute (providing for the Department of Commerce to produce a macro-economic model for Guam) should be repealed.

Sincerely,



JOAQUIN G. BLAZ

**Testimony of Joseph P. Bradley
Regarding Bill 582
before the
22nd Guam Legislature
September 29th, 1993**

Good morning, Mr. Chairman and Distinguished Members of the Committee. My name is Joe Bradley, and I am here as the Chief Economist of Bank of Guam to testify in favor of the Bill before you. I was formerly the Chief Economist for the Guam Department of Commerce, a position which I filled for more than eight years.

I have offered legislative testimony on many occasions in the past, and have addressed many of the fiscal issues facing the government and the people of Guam. However, I hope that you will understand that my most recent appearance here was to favor the opening of public access to private lands at Urunao and Ritidian, so my style of presentation may seem a little rusty.

One of my first assignments upon my employment with the government of Guam was to assist a group of analysts at the Bureau of Budget and Management Research in estimating the Fiscal Year 1986 budget revenues. The personnel with whom I worked were quite capable in their respective fields, but the methodology that they employed in projecting revenues in various tax and fee categories was strictly autoregressive; that is to say, they were using linear projections based upon past revenue trends to estimate the government's future resources. This method worked well prior to the beginning of the last economic boom, but there was sufficient information available in 1984 to know that major changes were about to occur in both the local and world economies. Using a more elaborate model (although not particularly sophisticated), we were able to predict that the source of revenues would actually be more than fifteen percent higher than the linear model proposed; our resulting estimate was unusually accurate.

Over the years, I have received annual requests from BBMR for my "predictions" of inflation rates, visitor arrivals, payroll employment and unemployment rates, wage rates and so forth. However, I was not directly involved in preparing the budget projections after 1986. Nevertheless, I feel that the government's revenue estimates have been remarkably accurate (given Guam's astonishing economic conditions) until this most recent fiscal year; even so, we have done far better in our budget preparations than most other jurisdictions, including one called the United States. At the same time, I am confident that the accuracy of the revenue projections of the government of Guam could be substantially improved. I am sorry to say that the process will be expensive, but we all understand that information and analyses are costly. It is a simple matter, though, to assess the value of information, and to devote resources only where they are most productive.

I recently came into possession of a comparison (through June) of government revenues, their forecast levels and the actual revenues from the prior fiscal year. Given my curiosity and my infatuation with numeric manipulation, I analyzed the figures to compare the FY'93 projections with the FY'92 actuals; I discovered that the government has essentially returned to the linear

method of revenue projections that had been used prior to 1984. Income tax revenues, in every category, were estimated to grow by 19.79 percent. Gross Receipts Taxes were projected to grow, in every category, by 4.94 percent; other Business Privilege Taxes were projected to decrease in the neighborhood of 12.65 percent. Section 30 monies were projected to decline by 19.83 percent, while other direct government transfers were projected to increase by 10.69 percent. All department charges were estimated to decrease by 13.44 percent. I attach a copy of my worksheet for your inspection.

The difference between a projection and a forecast is so important that I cannot emphasize it enough. It would be pure folly to believe that, just because things were changing at a given pace in the past, they will always change at that pace in the future, yet a projection takes a straight line path from the past into the future, or, at best, suggests a range of possibilities around that straight line, but is always based strictly upon past experience. A forecast, on the other hand, starts with a projection, but then explores those known (or probable) future events that would cause a deviation from the trend. In 1984, we knew that Congress was putting pressure on Japan to repatriate some of the Dollars they had won in trade, that income in Japan had risen significantly, that the adjustments in the pricing mechanism due to the oil crisis were pretty much completed, and that new hotel projects were in the pipeline; we had a pretty good handle on the rate of inflation, unemployment was falling, and revenues were already rising. Thus, the forecast of revenues estimated more than the projection indicated, and the budget was prepared along those lines. If recollection serves me, our forecast was off by just over one-tenth of one percent from actual revenues.

By my reading of Bill 582, what is intended is to establish a more formal process in both budget preparations and in fixing an appropriate tax structure for Guam's economy. I find it particularly pleasing that an "interdisciplinary" approach is being taken, with the involvement of several of the agencies that deal more with the operations of the economy, in addition to those almost exclusively associated with government financial matters. I would like to suggest, though, that the Guam Economic Development Authority have some measure of involvement in the process; it is conspicuously absent from the listing of affected agencies and, in my opinion, has been a principal driving force in the fundamental creation of government revenues.

As I have said, I am in favor of this Bill, but I must tell you something that I was never comfortable saying in my earlier legislative testimony as a government employee. There are many talented people within the government of Guam who are frustrated in their work for the simple reason that they lack sufficient information to effectively perform their duties. I know that I was one of those. 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. We have a consumer price index that is based upon consumption patterns in 1978, yet our spending habits have changed radically with time and the enormous increases in income and population since then. We have no complete import and export statistics since 1983. There is no data available regarding the cross-border flows of funds into and out of Guam. Building permit data are easy to come by, but forget about occupancy permit data. Our Gross Business Receipts data are only available for the broadest categories (we had detailed data in the early 1970s, but not since). Our unemployment and payroll employment data are impeccable in their accuracy, but they are consistently published

months after the surveys are taken; our 1991 Annual Economic Review was not released until December of 1992. We do not even have an acceptable estimate of Guam's Gross Island Product, perhaps the most basic measure of economic activity.

Even the best of analysts with the most elaborate econometric models can not work miracles with outdated, inaccurate or entirely nonexistent data. In order to even develop reliable models that are reasonably accurate, it will first be necessary for the government to establish sound and reliable data series that are well-defined and well understood. This is an expensive task, but we are already bearing most of the cost without getting adequate results; most of the necessary data could easily be compiled, if anyone had both the necessary understanding of what is needed, and the will (and authority) to do it. In my experience, government agencies only compile that information that is necessary for their own internal operations; if there were some overall coordination of the way in which data is gathered, stored, compiled, summarized and reported, much of the task of generating a comprehensive budgetary data set would be accomplished. Usually, though, the data is there, but it is not in a useful form.

There are other costs, though, that will have to be incurred in order to gain the greatest possible benefit from forming a central financial/economic analysis capability. I will use the example with which I am most familiar: Guam's Consumer Price Index. By 1986, the structure of households, levels of income and availability of products in Guam had changed sufficiently from their 1978 characteristics that an update of the CPI was justified. At the time, the project was estimated to cost about \$200 thousand, but it was "trimmed" from the budget. By 1990, the project would have cost about \$500 thousand, if it were to be done correctly, but it was again cut from the budget. I will not even venture a guess as to what the project would cost today, but I can assure you that if the survey had been done in 1986, then updated with inexpensive quarterly surveys, we would have a good CPI and it would have cost us, in total, far less than the same survey would cost to initiate today. We have been "penny wise and pound foolish;" we saved a little bit of money, and now it is costing us dearly in terms of having adequate data with which to predict the performance of our economy and our revenue levels. Our CPI today is not even very reliable for quarter-to-quarter comparisons, let alone those needed over extended periods of time.

I am an economist, the principal reason that I favor this Bill is that it holds the promise of finally obtaining adequate information to really do the job that I am trained (and paid) to do. However, I also consider myself to be a citizen of this community, in all except the color of my skin and my embarrassing inability to learn the language. As such, I am vitally interested in the economic development of this island and the resulting benefits to its people, and I have long considered the basic tax structure of Guam to be inappropriate for a small, resource-poor, external-trade-dependent economy. There are innumerable volumes of theories and analyses describing how social and economic behavior can be influenced by the structure of taxation (as well as other elements of the economic environment), so I will not dwell on the subject here, but even as early as my involvement with the Tax Reform Committee (the predecessor of the Guam Tax Code Commission) in 1985 and 1986, I advocated a fundamental overhaul of Guam's tax structure. What we have now was designed for a large, resource-rich and industrialized continental economy, not that of a remote island more in the Asian sphere of influence than that of the U.S. or Europe. We need a system that is more in tune with our particular circumstances and


objectives. For all of the "Americanization" of Guam over the past fifty years, we are not now, nor will we ever be, America, in an economic sense; I sincerely hope that we never become what America has become in a social sense, either.

Guam has stepped over at least two major thresholds since I moved here in 1984. On the economic side, we have become self-sufficient; we have developed private industry in spite of the obstacles that have been thrown in our way; our reliance on colonial dependency has almost entirely disappeared. On the social side, I am elated that the Chamorro people have rediscovered a well-deserved sense of pride and dignity, no longer buying into the myth of racial superiority or inferiority. It is time to test the abilities of the talented people of our island to forge their own destiny, and given the importance of the operations of the government in our community, the structure of our system of taxation seems an appropriate place to start.

In summary, I applaud the direction taken by Bill 582 in modifying a proposal made many years ago by the United Nation's Economic and Social Commission for Asia and the Pacific (ESCAP) that a centralized statistical agency be formed in Guam; the decentralization of statistical functions with central coordination ensures both that the various agencies can gather the information that they need internally and help to contribute to the array of information needed for other purposes (which need not be restricted exclusively to budgetary purposes). I am also fully supportive of the initiative to reform Guam's tax system so that it is in greater harmony with the social and economic realities that we face (although I consider the "revenue neutrality" provision in the 1986 Tax Reform Act to be a petty bit of imperial nonsense). I firmly believe that our economic performance can be greatly enhanced by a tax structure tailored to Guam, rather than to the United States in general or to California in particular.

In closing, I have to put on my face of humility. In truth, I am quite gratified and I take as a high compliment the fact that I am (or, at least, my position title is) specifically mentioned among the human resources to be involved in the execution of this important piece of legislation; I only wish that I had the same confidence in my skills that others seem to have. While I would be honored to serve in the capacity reserved for me in this Bill, I would like to recommend that a replacement within the ranks of the public service be actively recruited. Although I am reasonably competent in my profession, I am nowhere near the best economist around, and I believe that the people of Guam deserve the best available. With appropriate care, one can be hired.

I have said my piece, except to thank you, Mr. Chairman, for inviting me to express my views today. If there are any questions that you or your fellow Committee Members may have, I would be more than happy to answer them now. Otherwise, I thank you for your patience in listening to my rather extensive discourse.


Joseph P. Bradley

TESTIMONY 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

Good Morning, Mr. Chairman and Members of the Committee. My name is Peter R. Barcinas; as the Director of the Department of Commerce, I am here this morning to provide testimony regarding Bill 582.

The Department is in favor of the provisions which will allow for the on-going work of the Guam Tax Code Commission to continue under the Guam Finance Commission while expanding the government's fiscal policy coordinating responsibilities.

It is clear that the efforts and the resources of the Department of Commerce is rather limited and that the vehicle provided through the Guam Finance Commission will address an avenue that has been long overdue in terms of developing a Macro-economic model for Guam.

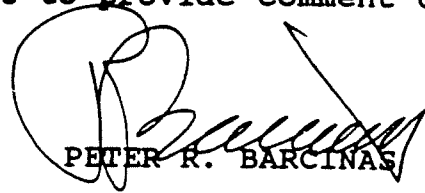
The long standing efforts of the Department in this area has been limited due to funding priorities and the manner of which programs have been affected. For the most part we see each statistical niche starved for the funds needed to produce minimal requirements. Updates in the Household Income Expenditure Survey, the development of a Gross Island Product are among the key statistical programs that are in dire need of funding support. It is hoped that the key provisions of this bill will address indirectly the needs of some of these key programs and will allow the government to produce timely and accurate information.

I think good reasons for centralization and consolidation can be given as provided for in past oversight hearings with regard to data coordination of a statistical and economic nature. Fiscal policy formulation, coordination and administration requires specialized statistical support. This is one area that has to be seriously evaluated as to the technical resources available and the program strictures that will continue its existance. The proposal attempts to address this area in Government fiscal policy that needs much improvement. Under the proposed system, the consolidation of government financial information into a central Fiscal Policy Financial Information System will be formalized under Bill 582.

On the issue of confidentiality, I believe its important that this matter should be handled according to the existing confidentiality provisions by each key government agency. The related issue of insider information must be addressed seriously as proposed in the creation of the Special Economic Service and its membership.

In summary, it is appropriate that the Guam Finance Commission and its principal provisions addresses the priorities at hand as recommended by the Government Task Force of which we are a member of. And that the key duties and responsibilities of this Department are not duplicated or amended in anyway as this Department serves a wider spectrum of users that goes beyond the government service. It is hoped that our support and direct participation in this effort can ensure that the mechanism to address the efforts to consolidate government financial information can be realized regarding Fiscal Policy financial information.

Thank you for allowing our department to provide comment on this important matter.



PETER R. BARCINAS

AUG 19 '93

TWENTY-SECOND GUAM LEGISLATURE
1993 (FIRST) Regular Session

Bill No. 582 (LS)

Introduced by:


C.T. C. Gutierrez

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.

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 repealed and
3 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
14 of the government, as well as negotiating with the federal government on
15 various aspects of a de-linking arrangement, particularly the issue of
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.