



OFFICE OF THE GOVERNOR
TERRITORY OF GUAM

July 15, 1996

2:20 pm

M. Z. Bordallo
F. Roberts

REFER TO
LEGISLATIVE SECRETARY

JUL 15 1996

The Honorable Don Parkinson
Speaker
Twenty-Third Guam Legislature
Guam Legislature Temporary Building
155 Hesler Street
Agana, Guam 96910

Dear Mr. Speaker:

Enclosed please find a copy of Substitute Bill No. 380 (LS), "AN ACT TO REPEAL AND REENACT §§24109 AND 24110 AND TO ADD §§24111 TO 24113, TO TITLE 11, GUAM CODE ANNOTATED, TO PROVIDE REAL PROPERTY RELIEF FOR SENIOR CITIZENS, CITIZENS WITH DISABILITIES, AND HEAD OF HOUSEHOLDS WITH DEPENDENTS(S) WITH DISABILITIES BY REDUCING THEIR TAX RATE TO TWENTY PERCENT (20%) OF THE 1987 TAX ASSESSMENT AND FREEZING THEIR PROPERTY VALUATION AT THAT LEVEL (Renibahan Kontrebusion Para I manaina-ta I manelu-ta ni Man Enutet)", which was vetoed and thereafter overridden on July 8, 1996, which I have designated as **Public Law No. 23-107**.

A copy has also been delivered to the Office of the Legislative Secretary.

Very truly yours,

Madeleine Z. Bordallo
Madeleine Z. Bordallo
Acting Governor of Guam

Attachment
231253

OFFICE OF THE LEGISLATIVE SECRETARY	
ACKNOWLEDGMENT RECEIPT	
Received By	<i>JG</i>
Time	<i>2:47 pm</i>
Date	<i>15 JULY 1996</i>



OFFICE OF THE GOVERNOR
TERRITORY OF GUAM

JUL 15 1996

The Honorable Judith Won-Pat Borja
Legislative Secretary
Twenty-Third Guam Legislature
Guam Legislature Temporary Building
155 Hesler Street
Agana, Guam 96910

OFFICE OF THE LEGISLATIVE SECRETARY	
ACKNOWLEDGMENT RECEIPT	
Received By	<i>Jegamido</i>
Time	<i>2:36 pm.</i>
Date	<i>15 JULY 1996</i>

Dear Madame Legislative Secretary:

Enclosed please find a copy of Substitute Bill No. 380 (LS), "AN ACT TO REPEAL AND REENACT §§24109 AND 24110 AND TO ADD §§24111 TO 24113, TO TITLE 11, GUAM CODE ANNOTATED, TO PROVIDE REAL PROPERTY RELIEF FOR SENIOR CITIZENS, CITIZENS WITH DISABILITIES, AND HEAD OF HOUSEHOLDS WITH DEPENDENTS(S) WITH DISABILITIES BY REDUCING THEIR TAX RATE TO TWENTY PERCENT (20%) OF THE 1987 TAX ASSESSMENT AND FREEZING THEIR PROPERTY VALUATION AT THAT LEVEL (Renibahan Kontrebusion Para I manaina-ta I manelu-ta ni Man Enutet)", which was vetoed and thereafter overridden on July 8, 1996, which I have designated as **Public Law No. 23-107**.

A copy has also been delivered to the Office of the Speaker.

Very truly yours,

Madeleine Z. Bordallo
Acting Governor of Guam

Attachment

231260

(Same as Doc. No. 231253.
For file purposes only)

TWENTY-THIRD GUAM LEGISLATURE
1996 (SECOND) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

This is to certify that Substitute Bill No. 380 (LS), "AN ACT TO REPEAL AND REENACT §§24109 AND 24110 AND TO ADD §§24111 TO 24113, TO TITLE 11, GUAM CODE ANNOTATED, TO PROVIDE REAL PROPERTY RELIEF FOR SENIOR CITIZENS, CITIZENS WITH DISABILITIES, AND HEADS OF HOUSEHOLDS WITH DEPENDENT(S) WITH DISABILITIES BY REDUCING THEIR TAX RATE TO TWENTY PERCENT (20%) OF THE 1987 TAX ASSESSMENT AND FREEZING THEIR PROPERTY VALUATION AT THAT LEVEL. (Renibahan Kontrebusion Para I Manaina-ta yan I Manelu-ta ni Man Enutet)," returned to the Legislature without approval of the Governor, was reconsidered by the Legislature and after such reconsideration, the Legislature did, on the 8th day of July, 1996, agree to pass said bill notwithstanding the objection of the Governor by a vote of twenty (20) members.



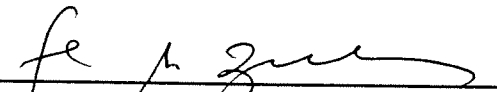
DON PARKINSON
Speaker

Attested:



JUDITH WON PAT-BORJA
Senator and Legislative Secretary

This Act was received by the Governor this 12th day of July,
1996, at 8:55 o'clock A.M.



Assistant Staff Officer
Governor's Office

TWENTY-THIRD GUAM LEGISLATURE
1995 (FIRST) Regular Session

Bill No. 380 (LS)
As substituted by the
Committee on Ways & Means

Introduced by:

H. A. Cristobal
L. Leon Guerrero
J. P. Aguon
T. S. Nelson
M. C. Charfauros
V. C. Pangelinan
T. C. Ada
J. Won Pat-Borja
F. E. Santos
E. Barrett-Anderson
A. C. Blaz
J. M. S. Brown
F. P. Camacho
M. Forbes
A. C. Lamorena V
C. Leon Guerrero
S. L. Orsini
D. Parkinson
J. T. San Agustin
A. L. G. Santos
A. R. Unpingco

AN ACT TO REPEAL AND REENACT §§24109 AND 24110 AND TO ADD §§24111 TO 24113, TO TITLE 11, GUAM CODE ANNOTATED, TO PROVIDE REAL PROPERTY RELIEF FOR SENIOR CITIZENS, CITIZENS WITH DISABILITIES, AND HEADS OF HOUSEHOLDS WITH DEPENDENT(S) WITH DISABILITIES BY REDUCING THEIR TAX RATE TO TWENTY PERCENT (20%) OF THE 1987 TAX ASSESSMENT AND FREEZING THEIR PROPERTY VALUATION AT THAT LEVEL. (Renibahan

Kontrebusion Para I Manaina-ta yan I Manelu-ta ni Man
Enutet)

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

2 **Section 1. §24109 of Title 11, Guam Code Annotated, is repealed and**
3 **reenacted as follows:**

4 "§24109. **Legislative Intent.** Property taxes are slated to increase
5 a three-fold level as a result of the triennial assessment. The
6 Legislature finds that if property taxes are significantly increased, a
7 home's ultimate value will also increase unless the building
8 deteriorates. Since many senior citizens and citizens with disabilities
9 rely on fixed incomes which do not increase or keep pace with inflation,
10 the Legislature feels that a three-fold increase in taxes will have
11 significant detrimental effect in that such an action will ultimately
12 increase the effects of inflation and home values and such citizens will
13 face a decrease in their real buying power. Hence, the Legislature is
14 compelled to provide this relief to some of its citizens most in need of
15 consideration.

16 The reference regarding the effective date upon which this Act is
17 applicable shall not be interpreted to mean that the property taxes for
18 senior citizens and citizens with disabilities are to be based on the 1987
19 tax assessment. The tax assessment of senior citizens and citizens with
20 disabilities are to be based on the 1987 tax assessment of the
21 Department of Revenue and Taxation which is based on the tax of One
22 Percent (1%) on the building and improvements and One Half Percent
23 (1/2%) on the land. The assessment ratio is to be computed on the first
24 Thirty-five Percent (35%) of the full appraised value.

1 Citizens claiming this exemption may also claim other exemptions
2 such as the homeowner's exemptions or other tax relief as may be
3 passed in the future by the Legislature affecting property owners."

4 **Section 2. §24110 of Title 11, Guam Code Annotated, is repealed and**
5 **reenacted as follows:**

6 "§24110. **Reduced Tax Rates of Senior Citizens.** A senior citizen
7 who is defined for purposes of this Title as a person sixty (60) years of
8 age or older, who is the head of household, whose gross income is
9 \$40,000 or less, who has owned his or home for five (5) years and who
10 currently resides in it, shall pay a real property tax on such personal or
11 family residential property at Twenty Percent (20%) of the yearly real
12 estate tax based on the 1987 triennial tax assessment levied on such
13 property owned by the respective senior citizen."

14 **Section 3. §24111 is added to Title 11, Guam Code Annotated, to read**
15 **as follows:**

16 "§24111. **Reduced Tax for Citizens with Disabilities and Heads of**
17 **Households With Dependents With Disabilities.** A citizen with
18 disabilities or head of a household with dependents with disabilities,
19 who is defined for purposes of this Title as a citizen aged 18 years or
20 over, whose gross income is \$40,000 or less, who owned his or her home
21 for five (5) years and who currently resides in his or her own home, and
22 meets the definition of disabled as established by the Department of
23 Vocational Rehabilitation or Guam Housing and Urban Renewal
24 Authority, shall pay a real property tax on such personal or family
25 residential property at Twenty Percent (20%) of the yearly real estate
26 tax based on the 1987 triennial tax assessment levied on such property
27 owned by the respective citizen.

1 (a) This tax reduction is only applicable to the person or head of
2 household claiming reduction. The person claiming the tax reduction
3 must have lived on such person's residence as of January 1st of the year
4 for which the claim is filed; and the person claiming the tax reduction
5 must be a resident of Guam for the required number of years preceding
6 the year in which the claim is filed.

7 (b) The income or gain realized by any person from the sale,
8 transfer, or upon being displaced from the residence shall not be
9 considered as income for the purposes of this Act if reinvested in a
10 replacement residence within five (5) years."

11 **Section 4. §24112 is added to Title 11, Guam Code Annotated, to read**
12 **as follows:**

13 **"§24112. Property Valuation for Senior Citizens or Citizens with**
14 **Disabilities are Frozen at Their Current Level.** A senior citizen, a
15 citizen with disabilities, or a head of household with dependent(s) with
16 disabilities whose residential property qualifies for a lower real estate
17 tax under the provisions of §24110 and §24111 of this Act is entitled to
18 have the valuation of his or her residential property fixed at the amount
19 assessed in its first year of eligibility and remain at such valuation until
20 such citizen dies or no longer owns and resides in such property."

21 **Section 5. §24113 is added to Title 11, Guam Code Annotated, to read**
22 **as follows:**

23 **"§24113. Effective Date for Application of Act.** The exemption created
24 by Sections 1 through 6 of this Act shall be effective with property taxes levied
25 on calendar year 1995 for collection in calendar year 1996. The former
26 exemption created by P. L. 21-30, under Section 2 of the legislation, shall
27 continue to be effective with respect to property taxes levied in the past,

1 affecting senior citizens who have secured exemptions prior to the enactment
2 of this Act.

3 The Department of Revenue and Taxation shall provide a written
4 public notice of this exemption in a newspaper and in the mayors' offices at
5 least once a year and shall inform citizens who may qualify about the
6 existence of this Act."

Date: 7/8/96

VOTING SHEET

Bill No. VB 380

Resolution No. _____

Question: Notwithstanding the Governor's veto

NAME	YEAS	NAYS	NOT VOTING/ ABSTAINED	ABSENT/ OUT DURING ROLL CALL
ADA, Thomas C.	✓			
AGUON, John P.	✓			
BARRETT-ANDERSON, Elizabeth	✓			
BLAZ, Anthony C. /	✓			
BROWN, Joanne S.				✓
CAMACHO, Felix P.	✓			
CHARFAUROS, Mark C	✓			
CRISTOBAL, Hope A.	✓			
FORBES, -MARK /	✓			
LAMORENA, Alberto C., V	✓			
LEON GUERRERO, Carlotta	✓			
LEON GUERRERO, Lou	✓			
NELSON, Ted S.	✓			
ORSINI, Sonny L.	✓			
PANGELINAN, Vicente C	✓			
PARKINSON, Don	✓			
SAN AGUSTIN, Joe T.	✓			
SANTOS, Angel L. G.	✓			
SANTOS, Francis E.	✓			
UNPINGCO, Antonio R.	✓			
WONPAT-BORJA, Judith	✓			

TOTAL

20 0 0 1

CERTIFIED TRUE AND CORRECT:

Recording Secretary



OFFICE OF THE GOVERNOR
TERRITORY OF GUAM

OFFICE OF THE LEGISLATIVE SECRETARY
 ACKNOWLEDGMENT RECEIPT
 Received By: [Signature]
 Time: 10:39
 Date: 5/8/96
MAY 08 1996

OFFICE OF THE SPEAKER
 Date: 5-8-96
 Time: 9:30 am
 Received By: [Signature]
 Print Name: Lori Sordica

OFFICE OF THE LEGISLATIVE SECRETARY
ACKNOWLEDGMENT RECEIPT

Received By
 The Honorable Don Parkinson
 Speaker
 Twenty Third Guam Legislature
 Guam Legislature Temporary Building
 155 Hesler Street
 Agana, Guam 96910

REFER TO
 LEGISLATIVE SECRETARY

Dear Mr. Speaker:

Enclosed please find Substitute Bill No. 380 (LS), "AN ACT TO REPEAL AND REENACT §§24109 AND 24110 AND TO ADD §§24111 TO 24113, TO TITLE 11, GUAM CODE ANNOTATED, TO PROVIDE REAL PROPERTY RELIEF FOR SENIOR CITIZENS, CITIZENS WITH DISABILITIES, AND HEADS OF HOUSEHOLDS WITH DEPENDENT(S) WITH DISABILITIES BY REDUCING THEIR TAX RATE TO TWENTY PERCENT (20%) OF THE 1987 TAX ASSESSMENT AND FREEZING THEIR PROPERTY VALUATION AT THAT LEVEL (Renibahan Kontrebusion Para I Manaina-ta yan I Manelu-ta ni Man Enutet)", which I have vetoed.

A copy has also been delivered to the Office of the Legislative Secretary.

There is a great deal of merit in applying a property tax reduction for senior citizens and persons with disabilities. It is a welcome idea that our legislators are trying to assist these sectors of Guam society.

There is currently on the books a property tax break for senior citizens. At present, the tax break is a 25% reduction in the rate applied to all other persons. The legislation proposed in this bill would further reduce the tax break to an 80% reduction. The current law requires a senior citizen to have a gross income which is not more than 80% of the median income for Guam established by the U. S. Department of Housing and Urban Development and to have owned their own home for 5 consecutive years or more and currently reside in it. The legislation contained in this bill

would apply the 80% reduction to senior citizens who have an income less than \$40,000 per year, and they would not need to live in the home for consecutive years.

There is also presently on the books a Gross Receipts tax break for disabled persons. The proposed legislation in this bill includes disabled persons in a further tax break on property taxes which would be the same as that proposed for senior citizens.

Although the concept of a property tax break for these groups of citizens is attractive, the bill as passed has inconsistent statements making the legislation unworkable.

1. Page 2, lines 16-19 states: "The reference regarding the effective date upon which this Act is applicable **shall not be interpreted to mean** that the property taxes for senior citizens and citizens with disabilities **are to be based on the 1987 tax assessment.**"

Page 2, lines 19-24 states: "the tax assessment of senior citizens and citizens with disabilities **are to be based on the 1987 tax assessment** of the Department of Revenue and Taxation which is based on the tax of One Percent (1%) on the building and improvements and One Half Percent (1/2%) on the land. The assessment ratio is to be computed on the first Thirty-five Percent (35%) of the full appraised value."

These two statements are directly opposite in meaning. The first states that the 1987 tax assessment is not to be used, and the second states that the 1987 tax assessment is to be used. The remaining language relative to percentages is a restatement of the current law in effect now, regardless of the appraised value of the property.

2. Page 3, line 12 states that the tax break to be applied to the senior citizens is based on the **1987 triennial tax assessment.**

Page 4, line 19 states that the tax break to be applied to the senior citizens and persons with disabilities is to be assessed in **its first year of eligibility and remain at such valuation. . . "**

These two statements are inconsistent. Either the tax break is based on the 1987 tax assessment, or it is based on the assessment of the property at the time the person becomes a senior citizen or disabled. These assessments would be different amounts.

3. Page 4, line 24 states that Sections 1-6 of the act are effective in 1996, however the bill only contains 5 sections.
4. Page 4, lines 7-10 states that "the income or gain realized by any person from the sale, transfer, or upon being displaced from the residence shall not be considered as income for the purposed of this Act if reinvested in a replacement residence within five (5) years.

This statement is "inorganic". Its provisions are not in accordance with the Income Tax Laws of Guam, which are currently applied under a federal law, the Internal Revenue Code. The IRC applies allows persons over age 55 to sell their homes and reinvest the proceeds in another home within 1 year, however the second home bought must be the same or greater in value. The inorganic provision would only apply to persons 60 years of age or older, and would allow such a person to sell their home and buy another one of lesser value, and still not pay taxes on the capital gains.


5. An additional problem with the bill is that there is a requirement that the property tax break be applied to those who have a disability as defined by the Department of Vocational Rehabilitation or the Guam Housing and Urban Renewal Authority, however, there is no mechanism to certify who is or who is not disabled, so that the Department of Revenue and Taxation can have evidence of this.
6. The current law applies a property tax break for senior citizens who have owned their own home for 5 years **or more**. This legislation deletes the phrase "or more", thereby applying the property tax reduction only to those senior citizens who have owned their own home for **exactly** 5 years, no more and no less.

Because of the impossibility of determining which property assessment to use in applying the property tax reduction, and the forgiveness of capital gains in income tax in contradiction of the federal law on the subject, as

Speaker/SB380/veto
May 8, 1996 - page 4

well as the other objections noted above, this proposed legislation cannot be applied as written. For these reasons, it must be vetoed.

Very truly yours,

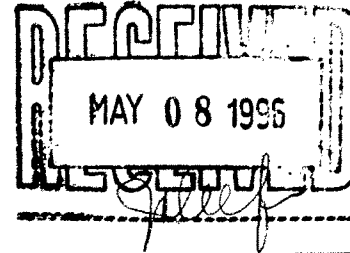

Madeleine Z. Bordallo
Acting Governor of Guam

Attachment
231119



OFFICE OF THE GOVERNOR
TERRITORY OF GUAM

MAY 08 1996



The Honorable Judith Won-Pat Borja
Legislative Secretary
Twenty-Third Guam Legislature
Guam Legislature Temporary Building
155 Hesler Street
Agana, Guam 96910

OFFICE OF THE LEGISLATIVE SECRETARY	
ACKNOWLEDGMENT RECEIPT	
Received By	<u>Heefin</u>
Time	<u>10:39</u>
Date	<u>5/8/96</u>

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Although the concept of a property tax break for these groups of citizens is attractive, the bill as passed has inconsistent statements making the legislation unworkable.

1. Page 2, lines 16-19 states: "The reference regarding the effective date upon which this Act is applicable **shall not be interpreted to mean** that the property taxes for senior citizens and citizens with disabilities **are to be based on the 1987 tax assessment.**"

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Because of the impossibility of determining which property assessment to use in applying the property tax reduction, and the forgiveness of capital gains in income tax in contradiction of the federal law on the subject, as

well as the other objections noted above, this proposed legislation cannot be applied as written. For these reasons, it must be vetoed.

Very truly yours,


Madeleine Z. Bordallo
Acting Governor of Guam

Attachment

231127 (Same as Doc. NO. 231119)

23-107

✓



**TWENTY-THIRD
GUAM LEGISLATURE**
155 Hesler St.
Agana, Guam 96910

Senator Francis E. Santos

Chairperson, Committee on Ways & Means

Phone: (671) 472-3414/5 Fax: (671) 477-3048

February 23, 1996

Honorable Don Parkinson
Speaker,
Twenty - Third Guam Legislature
155 Hesler Street
Agana, Gu 96910

Member,
Committee on
Economic-Agricultural
Development & Insurance

Member,
Committee on
Electrical Power &
Consumer Protection

Member,
Committee on Federal
& Foreign Affairs

Member,
Committee on Rules

Member,
Committee on
Tourism & Transportation

Member,
Commission on
Self-Determination

Member,
Guam Finance Commission

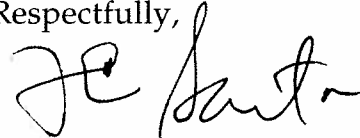
Dear Speaker Parkinson :

The Committee on Ways and Means, now reports its findings on Bill #380, **An act to repeal and reenact Subsection 24109 and 24110 to title XI, Guam Code Annotated, and to add a section 24111 to 24114, to provide real property relief for senior and disabled citizens by reducing their tax rate to twenty percent of the normal property rate and freezing their property valuation at current levels. (Renibahan Kontrebusion Para I Manaina-ta yan I Maneluta ni man enutet).** to the full legislature with the recommendation to pass.

Votes of the Committee Members are as follows :

To Pass:	<u>8</u>
Not to Pass:	<u>0</u>
Abstain:	<u>0</u>
Inactive File:	<u>0</u>
Off Island:	<u>0</u>
Unavailable:	<u>0</u>
Report Out Only	<u>0</u>

Copies of the Committee Report and all pertinent documents are attached for your information.

Respectfully,

FRANCIS E. SANTOS



**TWENTY-THIRD
GUAM LEGISLATURE**
155 Hesler St.
Agana, Guam 96910

Senator Francis E. Santos

Chairperson, Committee on Ways & Means

Phone: (671) 472-3414/5 Fax: (671) 477-3048

Voting Sheet

On Bill No. 380, An act to repeal and reenact §24109 and 24110 to title XI, Guam Code Annotated, and to add a section 24111 to 24114, to provide real property relief for senior and disabled citizens by reducing their tax rate to twenty percent of the normal property rate and freezing their property valuation at current levels. (Renibahan Kontrebusion Para I Manaina-ta yan I maneluta ni man enutet)

	<u>Committee Members</u>	<u>To Pass</u>	<u>Not To Pass</u>	<u>To Abstain</u>	<u>For the Purpose Discussion</u>
Member, Committee on Economic-Agricultural Development & Insurance	 Francis E. SANTOS Chairman	✓			
Member, Committee on Electrical Power & Consumer Protection	 Joe T. SAN AGUSTIN Vice - Chairman	✓			
Member, Committee on Federal & Foreign Affairs	 John P. Aguon Member	✓			
Member, Committee on Rules	Sonny L. Orsini Member				
Member, Committee on Tourism & Transportation	 Judith Won Pat - Borja Member	✓			
Member, Commission on Self-Determination	 Antonio R. Unpingco Member	✓			
Member, Guam Finance Commission	Anthony C. Blaz Member				
	 Felix P. Camacho Member	✓			
	 Elizabeth Barrett -Anderson Member	✓			

**Twenty Third Guam Legislature
Committee on Ways and Means
SENATOR FRANCIS E. SANTOS, CHAIRMAN
Committee Report**

on

**Bill #380 AN ACT TO REPEAL AND REENACT
§ AND 24110 TO TITLE XI, GUAM CODE
ANNOTATED, AND ADD SECTION 24111 TO
24114 TO PROVIDE REAL PROPERTY RELIEF
FOR SENIOR AND DISABLED CITIZENS BY
REDUCING THEIR TAX RATE TO TWENTY
PERCENT OF THE NORMAL PROPERTY
RATE AND FREEZING THEIR PROPERTY
VALUATION AT CURRENT LEVELS (
RENIBAHAN KONTREBUSION PARA I
MANAINA-TA YAN I MANELUTA NI MAN
ENUTET)**

Introduction

A public hearing was held on Friday, January 19, 1996 at 9:00 a.m. and on Friday, January 29, 1996 at 9:00 a.m. to hear public testimony on Bill #380, An act to repeal and reenact §24109 and 24110 to title XI, Guam Code Annotated, and add section 24111 to 24114 to provide real property relief for senior and disabled citizens by reducing their tax rate to twenty percent of the normal property valuation at current levels. (Renibahan Kontrebusion Para I Manaina-ta yan I manelu-ta ni man enutet) .

Committee Members Present

Senator Francis E. Santos, Chairman; Senator Tony C. Blaz; Senator Felix P. Camacho; Senator Tony R. Unpingco; Senator Judith Won Pat Borja; Senator Elizabeth Barrett-Anderson; Non Members Present included, Senator Tom Ada; Senator Ben Pangelinan; Senator Lou Leon Guerrero; Senator Hope Cristobal; and Senator Ted S. Nelson.

Witnesses Present

Mr. Joseph T. Duenas, Director Department of Revenue and Taxation also present were Mr. Jesus C. Torres, executive Director of the Governors Council on Persons with Disabilities, Miss Ruth Bodda, a private citizen and Ms Grajek from the Development Disabilities Council.

Testimony

Mr. Jesus C. Torres, the executive director of the governors council on persons with disabilities testified in favor of the bill stating that though strides have been made in the area of employment for persons with disabilities there was still a large gap in the average salary of a person with a disability and an average individual. He also stated that the bill should be amended to include not just the individual but also households with persons with disabilities due to the fact that there are many expenses involved in the care of a special needs individual.

Mr. Torres also informed the panel that the correct way to refer to people with disabilities was to refer to the person first and the disabilities second. The panel went on to question Mr. Torres as to the other proper ways of addressing these people, and were told in no uncertain terms that there was no other way to refer to them that would not be derogatory and therefore unacceptable.

Mr. Torres also questioned the author of the bill about where she obtained her information that the average person with a disability had an average income of forty thousand dollars. The author (Sen. H.A. Cristobal) responded that all the information used in the research that led up to the bill was obtained from the last census done.

Sen. Cristobal then questioned Mr. Torres about the validity of this statement. Mr. Torres responded that on Guam the great majority of persons with disabilities make much less than the Forty Thousand Dollars per annum that the bill makes mention to.

Ms. Bernie Grajek, from the developmental disabilities council testified in favor of the bill reiterating all of Mr. Torres comments.

Mrs. Ruth Bodda, a private citizens also testified in favor of the bill stating that the triennial assessment that was done on her property increased the valuation of her property fourfold. She also stated that due to the fact that not only is she a senior citizen but also a person with disabilities, her income is not only fixed but very very limited. She also stated that even though her income if compared to the average citizen would seem adequate consideration must be taken into consideration that along with a disability comes extra cost due to medical treatment and or equipment. She urged senators to pass the bill in the fastest way possible.

Mr. Joey Duenas, the Director of the Department of Revenue and Taxation, testified last on this issue, he presented both written and oral testimony on the bill. (attached) He stated that the Department of Revenue and Taxation has no objections to the bill and that there was only one notation to be made and that was on section 5 of the bill the statutory citation should read §24113 and not §23113.

Recommendations

The committee on ways and means now wishes to report out bill #380 as substituted by the author to the full legislature with the recommendation to do pass.

TWENTY~THIRD GUAM LEGISLATURE
1995 (First) Regular Session

Bill No. 380 LS

As substituted by Committee on Ways & Means

Introduced by:

Hope A. Cristobal
Lou Leon Guerrero
Francis Santos

AN ACT TO REPEAL AND RE ENACT § 24109 AND 24110 TO TITLE XI, GUAM CODE ANNOTATED, AND ADD SECTION 24111 TO 24114, TO PROVIDE REAL PROPERTY RELIEF FOR SENIOR AND CITIZENS WITH DISABILITIES AND HEADS OF HOUSEHOLDS WITH DEPENDENT(S) WITH DISABILITIES BY REDUCING THEIR TAX RATE TO TWENTY PERCENT (20%) OF THE 1987 TAX ASSESSMENT AND FREEZING THEIR PROPERTY VALUATION AT THAT LEVEL. (Renibahan Kontrebusion Para I Manaina-ta yan I Manelu-ta ni Man Enutet)

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

2
3 Section 1. §24109 of Title XI, Guam Code Annotated is repealed and re enacted as follows:

4
5 **Legislative Intent.** Property taxes are slated to increase a three fold level as a result of the triennial
6 assessment. The Legislature finds that if property taxes are significantly increased, a home's
7 ultimate value will also increase unless the building deteriorates. Since many senior citizens and
8 citizens with disabilities rely on fixed incomes which does not increase or keep pace with inflation,
9 the legislature feels that a three fold increase in taxes will have significant detrimental effect in that
10 such an action will ultimately increase the effects of inflation and home values; and such citizens
11 will face a decrease in their real buying power. Hence, the legislature is compelled to provide this
12 relief to some of its citizens most in need of consideration.

13
14 The reference regarding the effective date upon which this Act is applicable shall not be interpreted
15 to mean that the property taxes for senior citizens and citizens with disabilities are to be based on
16 the 1995 tax assessment. The tax assessment of senior citizens and citizens with disabilities are to
17 be based on the 1987 tax assessment of the Department of Revenue and Taxation which is based on
18 a tax of One Percent (1%) on the building and improvements and One Half Percent (½%) on the

19 land. The assessment ratio is to be computed only on the first Thirty-five Percent (35%) of the full
20 appraised value.

21
22 Citizens claiming this exemption may also claim other exemptions such as the homeowner's
23 exemptions or other tax relief as may be passed in the future by the Legislature affecting property
24 owners.

25
26 Section 2. §24110 of Title XI, Guam Code Annotated is repealed and re enacted as follows:

27
28 **Reduced Tax Rates of Senior Citizens.** A senior citizen who is defined for purposes of this Title
29 as a person sixty (60) years of age or older, who is the head of household, whose gross income is
30 \$40,000 or less, who has owned his or home for ten (10) consecutive years or more and who
31 currently resides in it, shall pay a real property tax on such personal or family residential property
32 at Twenty Percent (20%) of the yearly real estate tax based on the 1987 triennial tax assessment
33 levied on such property owned by the respective senior citizen.

34
35 Section 3. §24111 is added to Title XI, of the Guam Code Annotated to read as follows:

36
37 **Reduced Tax for Citizens with Disabilities and Heads of Households With Dependents With**
38 **Disabilities.** A citizen with disabilities or head of a household with dependents with disabilities,
39 who is defined for purposes of this title as a citizen age 18 years or over, whose gross income is
40 \$40,000 or less, who owns his or her home for at least ten (10) consecutive years or more and who
41 currently resides in his or her own home, and meets the definition of disabled as established by the
42 Department of Vocational Rehabilitation or Guam Housing and Urban Renewal Authority, shall pay
43 a real property tax on such personal or family residential property at Twenty Percent (20%) of the
44 yearly real estate tax based on the 1987 triennial tax assessment levied on such property owned by
45 the respective citizen.

46
47 Section 4. §24112 is added to Title XI, of the Guam Code Annotated to read as follows:

- 48
49 a.) This tax reduction is only applicable to the person or head of household claiming reduction.
50 The person claiming the tax reduction must have lived in such person's residence as of
51 January 1st of the year for which the claim is filed; and the person claiming the tax reduction must
52 be a resident of Guam for the required number of years preceding the year in which the claim is
53 filed.
54
55 b.) The income or gain realized by any person from the sale, transfer, or upon being displaced
56 from that person's residence shall not be considered as income for the purposes of this Act
57 if reinvested in a replacement residence within five (5) years.

58
59 Section 5. Section 24113 is added to Title XI, of the Guam Code Annotated to read as follows:

60
61 **Property Valuation for Senior Citizens or Citizens with Disabilities are Frozen at Their**
62 **Current Level.** A senior citizen or citizens with disabilities or head of household with dependent(s)
63 with disabilities whose residential property qualifies for a lower real estate tax under the provisions

64 of 24110 and 24111 of this act is entitled to have the valuation of his or her residential property fixed
65 at the amount assessed in its first year of eligibility and remain at such valuation until such citizen
66 dies or no longer owns and resides in such property.

67
68 Section 6. Section 24114 is added to Title XI of the Guam Code Annotated to read as follows:

69
70 **Effective Date for Application of Act.** The exemption created by Section 1 through 6 of this Act
71 shall be effective with property taxes levied in calendar year 1995 for collection in calendar 1996.
72 The former exemption created by P.L. 21-30, under Section 2 of the legislation shall continue to be
73 effective with respect to property taxes levied in the past, affecting senior citizens, who have secured
74 exemptions prior to the enactment of this Act.

75
76 The Department of Revenue and Taxation shall provide a written public notice of this exemption
77 in a newspaper and in the mayor's office at least once a year and shall inform citizens who may
78 qualify about the existence of this Act.

SEP 27 1995

**TWENTY-THIRD GUAM LEGISLATURE
1995 (First) Regular Session**

Bill No. **380 (LS)**
Introduced by:

Hope A. Cristobal
L. Leon Guerrero
5. J. P. ...
4. ...
6. ...
7. 2.C. ...
8. ...

AN ACT TO REPEAL AND RE ENACT §24109 AND 24110 TO TITLE XI, GUAM CODE ANNOTATED, AND ADD SECTION 24111 TO 24114, TO PROVIDE REAL PROPERTY RELIEF FOR SENIOR AND DISABLED CITIZENS BY REDUCING THEIR TAX RATE TO TWENTY PERCENT OF THE NORMAL PROPERTY RATE AND FREEZING THEIR PROPERTY VALUATION AT CURRENT LEVELS. (Renibahan Kontrebusion Para I Manaiña-ta yan I Mañelu-ta ni Man Enutet)

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

Section 1. §24109 of Title XI, Guam Code Annotated is repealed and reenacted as follows:

Legislative Intent. Property taxes are slated to increase a three fold level as a result of the triennial assessment. The Legislature finds that if property taxes are significantly increased, a home's ultimate value will also increase. Since many senior citizens and disabled citizens rely on fixed incomes which does not increase and/or keep pace with inflation, the legislature feels that a three fold increase in taxes will have a significant detrimental effect in that such an action will ultimately increase the effects of inflation and home values; and such citizens will face a decrease in their real buying power. Hence, the legislature is compelled to provide this relief to some of its citizens most in need of consideration.

Section 2. §24110 of Title XI, Guam Code Annotated is repealed and reenacted as follows:

Reduced Tax Rates of Senior Citizens. A Senior Citizen who is defined for purposes of this Title as a person Sixty(60) years of age or older, who is the head of household whose gross income is \$40, 000 or less, who has owned his or her home for ten (10) consecutive years or more and who currently resides in it, shall pay a real property tax on such personal or family residential property at Twenty percent (20%) of the yearly real estate tax levied on such property owned by the respective senior citizen.

27 Section 3. §24111 is added to Title XI, of the Guam Code Annotated to read as
28 follows:
29

30 Reduced Tax for Disabled Citizens. A disabled citizen, who is defined for purpose of
31 this title as a citizen age 18 years or over, whose gross income is \$40,000 or less, who
32 owns his or her home for at least five(5) consecutive years or more and who currently
33 resides in his own home, and meets the definition of "disabled" as established by the
34 Department of Vocational Rehabilitation or GHURA, shall pay a real property tax on
35 such personal or family residential property at Twenty percent (20%) of the yearly real
36 estate tax levied on such property owned by the respective citizen.
37

38 Section 4. §24112 is added to Title XI, of the Guam Code Annotated to read as
39 follows:
40

41 This tax reduction is only applicable to the person or head of household claiming
42 reduction. If the income of the person claiming this tax reduction is reduced because of
43 the death of the person's spouse, the combined income shall be calculated by
44 multiplying the average monthly combined income by twelve (12) months.
45

46 The person claiming the tax reduction must have lived in his/her residence as of
47 January 1st of the year for which the claim is filed; and the person claiming the tax
48 reduction must be a resident of Guam for the required number of years preceding the
49 year in which the claim is filed.
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51 The amount that the person shall be entitled to with respect to this tax reduction shall
52 be calculated, on the basis of a couple's combined income from all sources whatsoever
53 of the person claiming such a tax reduction or his/her spouse for the preceding
54 calendar year.
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56 The gain realized by any person from the sale, transfer, or upon being displaced from
57 his/her residence shall not be considered as income for the purposes of this Act if
58 reinvested in a replacement residence within Eighteen (18) months of its realization.
59

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61 Section 5. Section 24110 of Title XI, of the Guam Code Annotated is repealed,
62 amended, and reenacted as §23113 and as follows:
63

64 Property valuation for senior and disabled citizens frozen at their current level. A
65 senior and/or disabled citizen whose residential property qualifies for a lower real
66 estate tax under the provisions of 24110 and 24111 of this act is entitled to have the
67 valuation of his or her residential property fixed at the amount assessed in its first year
68 of eligibility and remain at such valuation until such citizen dies or no longer owns and
69 resides in such property.

70 Section 6. Section 24114 is added to Title XI of the Guam Code Annotated to read
71 as follows:
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73 The exemption created by Section 1 through 6 of this Act shall be effective with
74 property taxes levied in calendar year 1995 for collection in calendar 1996.. The
75 former exemption created by P.L. 21-30, under Section 2 of the legislation shall
76 continue to be effective with respect to property taxes levied in the past, affecting senior
77 citizens, who have secured exemptions prior to the enactment of this Act. The
78 Department of Revenue & Taxation shall provide a written public notice of this
79 exemption in a newspaper and in the mayor's office at least once a year and shall
80 inform citizens who may qualify about the existence of this Act.

BILL NO. 380

AN ACT TO REPEAL AND RE ENACT §24109 AND 24110 TO TITLE XI, GUAM CODE ANNOTATED, AND ADD SECTION 24111 TO 24114, TO PROVIDE REAL PROPERTY RELIEF FOR SENIOR AND DISABLED CITIZENS BY REDUCING THEIR TAX RATE TO TWENTY PERCENT OF THE NORMAL PROPERTY RATE AND FREEZING THEIR PROPERTY VALUATION AT CURRENT LEVELS.

Section 1 - No objection.

Section 2 - No objection.

Section 3 - No objection.

Section 4 - No objection.

Section 5 - No objection. However a point of clarification on the amendment is needed. The reenacted subsection reads: §23113. I believe this is in error and that the new subsection should read: §24113.

Section 6 - No objection.

THANK YOU FOR ALLOWING ME TO TESTIFY ON BILL NO. 380

SEP 27 1995

**TWENTY-THIRD GUAM LEGISLATURE
1995 (First) Regular Session**

Bill No. **380 (LS)**
Introduced by:

Hope A. Cristobal *Hope A. Cristobal*
 L. Leon Guerrero *L. Leon Guerrero*
 3. J. P. Aguirre *J. P. Aguirre*
 4. *[Signature]*
 5. *[Signature]*
 6. *[Signature]*
 7. *[Signature]*
 8. *[Signature]*

AN ACT TO REPEAL AND RE ENACT §24109 AND 24110 TO TITLE XI, GUAM CODE ANNOTATED, AND ADD SECTION 24111 TO 24114, TO PROVIDE REAL PROPERTY RELIEF FOR SENIOR AND DISABLED CITIZENS BY REDUCING THEIR TAX RATE TO TWENTY PERCENT OF THE NORMAL PROPERTY RATE AND FREEZING THEIR PROPERTY VALUATION AT CURRENT LEVELS. (Renibahan Kontrebusion Para I Manaiña-ta yan I Mañelu-ta ni Man Enutet)

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31 this title as a citizen age 18 years or over, whose gross income is \$40,000 or less, who
32 owns his or her home for at least five(5) consecutive years or more and who currently
33 resides in his own home, and meets the definition of “disabled” as established by the
34 Department of Vocational Rehabilitation or GHURA, shall pay a real property tax on
35 such personal or family residential property at Twenty percent (20%) of the yearly real
36 estate tax levied on such property owned by the respective citizen.
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48 reduction must be a resident of Guam for the required number of years preceding the
49 year in which the claim is filed.
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52 be calculated, on the basis of a couple’s combined income from all sources whatsoever
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54 calendar year.
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57 his/her residence shall not be considered as income for the purposes of this Act if
58 reinvested in a replacement residence within Eighteen (18) months of its realization.
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65 senior and/or disabled citizen whose residential property qualifies for a lower real
66 estate tax under the provisions of 24110 and 24111 of this act is entitled to have the
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