

Refer to
Legislative Secretary



CARL T.C. GUTIERREZ
GOVERNOR OF GUAM

Office of the Speaker
ANTONIO R. UNPINGCO

Date: 8/17/98

Time: 11:15am

Rec'd by: *[Signature]*

Print Name: ANTONIO R. UNPINGCO

AUG 14 1998

The Honorable Antonio R. Unpingco
Speaker
Mina'Bente Kuattro na Liheslaturan Guahan
Twenty-Fourth Guam Legislature
Guam Legislature Temporary Building
155 Hesler Street
Hagåtña, Guam 96910

OFFICE OF THE LEGISLATIVE SECRETARY	
COMMUNICATIONS UNIT	
Received By:	<i>[Signature]</i>
Time:	8:45am
Date:	8/18/98

Dear Speaker Unpingco:

Enclosed please find Substitute Bill No. 556 (COR), "AN ACT TO AMEND §§2(II)(1), 2(III), 2(IV), 2(V) AND 2(VII) OF P.L. NO. 22-64, RELATIVE TO THE RULES AND REGULATIONS GOVERNING THE COMPENSATION TO FARMERS FOR CROP DAMAGE PROGRAM, AS PROMULGATED BY THE DEPARTMENT OF AGRICULTURE PURSUANT TO P.L. NO. 20-84", which I have signed into law today as **Public Law No. 24-256**.

This bill amends the rules and regulations passed by the Twenty-Second Guam Legislature, sponsored by Sen. V. C. Pangelinan, for compensation of farmers. The previous law defined farmer as a person who is registered and grows commercially for profit. This legislation expands that definition of farmer to those who grow commercially for in-kind exchange or barter.

The legislation states that registration of crops can be done by telephone, so in-person trips to the Department of Agriculture are not necessary. The requirement that the registration be with the Agricultural Development Services Division is deleted, leaving the location of registration open. Any claim which is going to be denied is required to be denied within 30 days. If receipts are not available for the calculation of payments, the Department will estimate reimbursement at 50% of an estimated cost of the consumable input at the time of the purchase.

Very truly yours,

[Signature]
Carl T. C. Gutierrez
I Maga'lahaen Guahan
Governor of Guam

00972

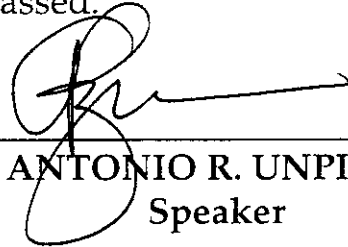
Attachment: copy attached for signed bill
original attached for vetoed bill

cc: The Honorable Joanne M. S. Brown
Legislative Secretary

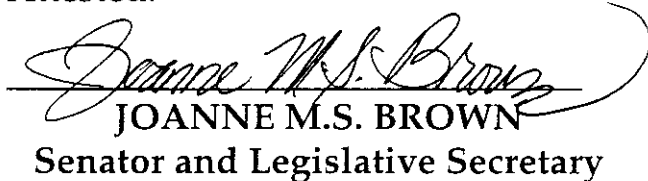
MINA'BENTE KUATTRO NA LIHESLATURAN GUAHAN
1998 (SECOND) Regular Session

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

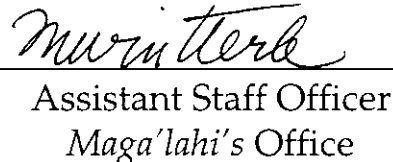
This is to certify that Substitute Bill No. 556 (COR), "AN ACT TO AMEND §§2(II)(1), 2(III), 2(IV), 2(V) AND 2(VII) OF P.L. NO. 22-64, RELATIVE TO THE RULES AND REGULATIONS GOVERNING THE COMPENSATION TO FARMERS FOR CROP DAMAGE PROGRAM, AS PROMULGATED BY THE DEPARTMENT OF AGRICULTURE PURSUANT TO P.L. NO. 20-84," was on the 29th day of July, 1998, duly and regularly passed.


ANTONIO R. UNPINGCO
Speaker

Attested:


JOANNE M.S. BROWN
Senator and Legislative Secretary

This Act was received by *I Maga'lahaen Guahan* this 3rd day of August, 1998,
at 9:05 o'clock 9.M.


Assistant Staff Officer
Maga'lahi's Office

APPROVED:


CARL T. C. GUTIERREZ
I Maga'lahaen Guahan

Date: 8-14-98

Public Law No. 24-256

**MINA'BENTE KUATTRO NA LIHESLATURAN GUAHAN
1998 (SECOND) Regular Session**

Bill No. 556 (COR)

As substituted by the Committee on
Agriculture, Land, Housing, Community
and Human Resources Development, and
as amended on the Floor.

Introduced by:

T. C. Ada
V. C. Pangelinan
L. A. Leon Guerrero
J. Won Pat-Borja
F. B. Aguon, Jr.
A. C. Blaz
J. M.S. Brown
Felix P. Camacho
Francisco P. Camacho
M. C. Charfauros
E. J. Cruz
W. B.S.M. Flores
Mark Forbes
L. F. Kasperbauer
A. C. Lamorena, V
C. A. Leon Guerrero
J. C. Salas
A. L.G. Santos
F. E. Santos
A. R. Unpingco

**AN ACT TO AMEND §§2(II)(1), 2(III), 2(IV), 2(V)
AND 2(VII) OF P.L. NO. 22-64, RELATIVE TO THE
RULES AND REGULATIONS GOVERNING THE
COMPENSATION TO FARMERS FOR CROP
DAMAGE PROGRAM, AS PROMULGATED BY THE
DEPARTMENT OF AGRICULTURE PURSUANT TO
P.L. NO. 20-84.**

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

2 **Section 1. Legislative Intent.** *I Liheslaturan Guahan* finds that it is
3 desirable to accommodate farmers to the maximum extent possible so that
4 they can maximize their time tending to agricultural activities. Furthermore,
5 it is desired that the definition of "*bona fide farmer*" be revised to be more
6 inclusive.

7 **Section 2.** Section 2(II)(1) of Public Law Number 22-64 is hereby
8 *amended* to read as follows:

9 "II. Definitions:

10 1. '*Bona fide farmer*' shall mean a person registered with the
11 Department who commercially grows for profit or in-kind exchange or
12 barter fruits, crops, ornamentals, livestock, including aquaculture
13 and/or similar products, who furnishes financial records that
14 substantiate a claim to the Department's satisfaction and who is: (a) a
15 U.S. citizen, a permanent resident alien or who has been a resident of
16 Guam for the immediately preceding five (5) years, or (b) a corporation
17 or partnership licensed to do business on Guam."

18 **Section 3.** Section 2(III) of Public Law Number 22-64 is hereby *amended*
19 to read as follows:

20 "III. **Registration and Application Procedures:** In order to be
21 eligible to participate in this program, all farmers are required to
22 register their farms with the Department. Registration and application
23 must be filed with the Agricultural Development Services Division of

1 the Department ('Division'). The Division shall establish procedures to
2 allow registration by telephone. The Division is responsible for
3 verifying and sketching a detailed description of the farm, setting forth
4 the type of operation, acreage and other information. The Department
5 will maintain most recent aerial photographs of all farmlands. For the
6 purposes of determining eligibility for compensation for damages, the
7 applicant must register all plantings of crops, fruit trees, propagation of
8 ornamentals, births of livestock or stocking of aquaculture ponds."

9 **Section 4.** Section 2(IV) of Public Law Number 22-64 is hereby *amended*
10 to read as follows:

11 **"IV. Restrictions of Payment:** When the Department, upon
12 inspection, deems that a claim is being made on neglected, abandoned
13 or pest-infested plants, crops, ornamentals, aquaculture ponds and
14 livestock, it shall refuse application for payment. Denial of said claim
15 must be made in writing to the applicant within thirty (30) days of filing
16 of claims. Farmers shall have the right to appeal such denial. The
17 Agricultural Board of Commissioners shall hear all appeals."

18 **Section 5.** Section 2(V) of Public Law Number 22-64 is hereby *amended*
19 to read as follows:

20 **"V. Eligible Crops/Livestock/Ornamentals:** Only crops,
21 fruit trees, propagated ornamentals, aquacultural broodstock and
22 livestock grown or raised for commercial or in-kind exchange or barter
23 purposes registered with the Department are eligible for disaster
24 compensation to registered farmers."

1 **Section 6.** Section 2(VII) of Public Law Number 22-64 is hereby
2 *amended* to read as follows:

3 **“VII. Calculation of Payments:** Payments are determined as
4 follows:

5 1. Payments are based on current receipts furnished by the
6 farmer to the Department for farm restoration and replacement of actual
7 production-related expenses during the growing period to the time the
8 disaster occurred. A sole proprietor's labor shall be included. In the
9 event receipts are not available to substantiate expenses for consumable
10 inputs, e.g. fuel for farm machinery, seeds/seedlings, and similar, the
11 Department shall estimate reimbursement at fifty percent (50%) of
12 estimated cost of the consumable input at the time of purchase.

13 2. The maximum amount of payment shall not exceed Twenty
14 Thousand Dollars (\$20,000.00) per farmer and shall be based on
15 availability of funds. Only expenses NOT recovered by sales prior to
16 and after the disaster will be allowed.”

24-254



MINA' BENTE KUATTRO
NA LIHESLATURAN GUAHAN

✓
COMMITTEE ON
AGRICULTURE, LAND, HOUSING,
COMMUNITY & HUMAN RESOURCES DEVELOPMENT

SENATOR JOHN CAMACHO SALAS
CHAIRMAN

July 6, 1998

The Honorable Antonio R. Unpingco
Speaker
Mina' Bente Kuattro Na Liheslaturan Guahan
155 Hesler Street
Hagatna, Guam 96910

Dear Mr. Speaker:

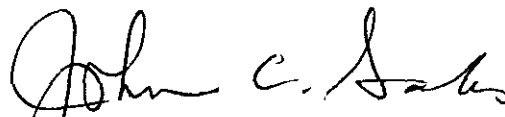
The Committee on Agriculture, Land, Housing, Community & Human Resources Development to which was referred Bill No. 556 has had the same under consideration and now wishes to report back the same with the recommendation TO DO PASS as substituted by the Committee.

The Committee votes are as follows:

To Do Pass	<u> 6 </u>
Not to Pass	<u> 0 </u>
Abstain	<u> 0 </u>
Other (Off-Island)	<u> 0 </u>

A copy of the Committee's report and other pertinent documents are enclosed for your reference and information.

Sincerely,


Senator John Camacho Salas
Chairman



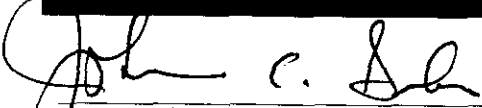


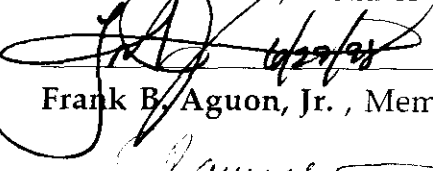
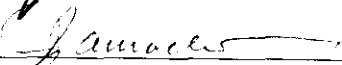
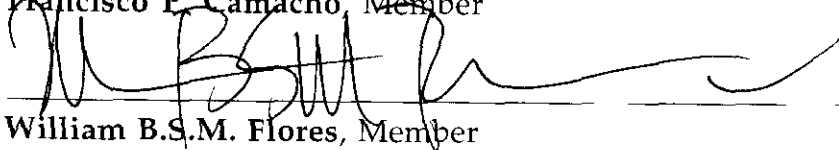
SENATOR JOHN CAMACHO SALAS CHAIRMAN

COMMITTEE ON AGRICULTURE, LAND, HOUSING, COMMUNITY AND HUMAN RESOURCES DEVELOPMENT

VOTING SHEET

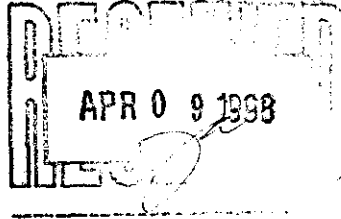
BILL NUMBER 556

TITLE An act to amend Sections of P.L. 22-64 the rules and regulations governing the compensation to farmers for crop damage program as promulgated by the Department of Agriculture pursuant to P.L. 20-84

	TO DO PASS	NOT TO PASS	ABSTAIN	INACTIVE FILE
 John Camacho Salas, Chairman	<input checked="" type="checkbox"/>			
 Edwardo J. Cruz, M.D., Vice-Chairman	<input checked="" type="checkbox"/>			
 Thomas C. Ada, Member	<input checked="" type="checkbox"/>			
 Frank B. Aguon, Jr., Member	<input checked="" type="checkbox"/>			
 Felix P. Camacho, Member	<input checked="" type="checkbox"/>			
Francisco P. Camacho, Member				
 William B.S.M. Flores, Member				
Larry F. Kasperbauer, Member				
Carlotta A. Leon Guerrero, Member				
Antonio R. Unpingco, Ex-officio Member				



24th Guam Legislature
Committee on Rules, Government
Reform and Federal Affairs
Senator Mark Forbes, Chairman



APR 09 1998

MEMORANDUM

TO: Chairman
Committee on Agriculture, Land, Housing, Community and Human
Resources Development

FROM: Chairman
Committee on Rules, Government Reform and Federal Affairs

SUBJECT: Referral- Bill No. 556

The above Bill is referred to your Committee as the principal committee. It is recommended you schedule a public hearing at your earliest convenience.

Thank you for your attention to this matter.

MARK FORBES

Attachment

Committee on Agriculture, Land, Housing,
Community & Human Resources Development
Summary of Public Hearing on Bill 556
Publicly Heard Thursday, May 7, 1998
Legislature's Public Hearing Room

Bill 556: An act to amend Sections of P.L 22-64 the rules and regulations governing the compensation to farmers for crop damage program as promulgated by the Department of Agriculture pursuant to P.L. 20-84.

I. ATTENDANCE

- Senator John C. Salas, Chairman
- Senator Edwardo J. Cruz, Vice-Chairman
- Senator Tom C. Ada, Member
- Senator Frank B. Aguon, Jr., Member
- Senator Felix P. Camacho, Member
- Senator Francisco P. Camacho, Member
- Senator Lou A. Leon Guerrero, Guest
- Senator Angle L.G. Santos, Guest

II. MAIN SPONSORS

Senator Tom C. Ada
Senator Vicente C. Pangelinan
Senator Lou Leon Guerrero

III. SYNOPSIS

Expands the definition of farmer to include those that grow crops for in-kind exchange or barter. The bill allows for registration of farmers with either Department of Agriculture, UOG Extension Service or the Mayor's office of the village in which the farm activity is located for the purposes of damage compensation.

IV. TESTIMONY

Senator Ada, the bill's author, provided an overview. The bill simply tries to accommodate the farmers. At a farmer's meeting he attended, he created this bill from their feedback.

Michael W. Kuhlmann, Director of the Department of Agriculture (DOAg), testified on the bill. He expressed concern with the bill that includes farmers as those that practice bartering. He noted that Guam does not have a legitimate bartering system in place and is open to abuse. He further testified that farmers can report their planting to DOAg via telephone. He cautioned against allowing farmers to report plantings to UOG or the Mayors' office as that will require a whole new set of logistics and procedures. He noted that the shortest lines of communication is the best, most direct way to ensure no miscommunication occurs. He noted that the crop damage program has been implemented twice and each one a learning system. Bill 556, in his opinion would introduce at least 20 new offices and 50 additional people with little knowledge of the system and no accountability for performance.

Felix P. Quan, Private Farmer, he noted concern that if the bill wants to include everyone that produces any type of crop for any reason, then the bill should do so instead of hiding behind the in-kind heading. He further noted that the best and most efficient way to communicate is directly with the person responsible for collecting the information. If we add other layers, we will invite disaster. The public law that created assistance was to assist those that produce for the island's consumption. If the government wants to assist farming on Guam, then there needs to be focus on those that grow produce that is too costly to maintain or that are low demand items to ensure continuity in farming practices.

Dr. Jeff Barcinas, Dean of the University of Guam's College of Agriculture & Life Sciences, emphasized that UOG and DOAg's role is to train and assist farmers in their practices and to monitor and enforce, respectively. However, he noted that if the Director of Agriculture feels that UOG can assist in their recording, then the request should come from the Director. He cautioned that we must be careful to protect the reputation of farming because in the past, there has been a perception that Guam's farmers only come out when assistance is available. Further, he noted that there must be a differentiation between farmers that produce for profit and gardeners or those that produce for home consumption. If bartering is a recognized activity and involves receipts, then that may be something that needs to be looked at. UOG and DOAg have been working closely with the Farm Services Agency to seek alternative support for farmers, but the requirements and rules are very stringent in terms of documentation and receipts that must be provided for compensation. He felt that this requirement should be placed on farmers as well. To compensate farmers because they have a few plants for home consumption will be difficult. But in a small 10 by 10 area that is used to grow produce for sale, then that is a legitimate business and would depend on DOAg's flexibility and acceptance of this as a legitimate business. He felt that there needs to be accountability to ensure that something goes back into Guam's economy.

Senator Ada asked if a person is a farmer or gardener if the person grows flowers in the back yard, takes these to the flea market and sales them? It was clarified that she would be considered a farmer. He felt that it should be a legitimate business if that same person instead bartered her products in return for other services. He further noted that during the farmers meeting he attended, he was given feedback that it would be accommodating if these farmers could call in and advise DOAg of their planting. He noted that the farmers attending the meeting did not express any knowledge of their reporting plantings via telephone. They, in fact, complained that they have to go to DOAg and register their crops, a time consuming process. Finally, the farmers expressed concern that they were led to believe that compensation was to pay for their costs, fuel, etc. But in fact only received an amount far insufficient to cover what they lost. How do farmers get compensated for labor, for which receipts would not be available? These were among the concerns that the farmers expressed.

Mr. Kuhlmann noted that there were many farmers that were only compensated between \$20 - \$100, but that is the nature of their business. Regarding the complaint that farmers are not being compensated enough for their loss, Mr. Kuhlmann noted that although the number of Guam's farmers has grown substantially by 50%, the amount has remained the same at \$250,000. The cost of labor is allowed in current law. However, the funding available is only enough to cover out of pocket expenses and is far too little to cover the labor costs. He suggested clarification on terminology to ensure that there is clear understanding of what is to be compensated in the absence of receipts and other documentation. He also clarified that although farmers can register their planting via telephone, they must still register these planting in person to ensure accountability and monitoring.

Senator Frank Camacho asked how farmers can project production of goods and sales at retail value when farmers may not know the potential of their crop. Should reimbursement be only the cost of your crop up to the point of sale? Mr. Kuhlmann and Dr. Barcinas noted that there are estimated values for crop potential assigned to determine compensation. Further, there is ongoing work to determine how to include labor into the equation. However, he noted, there is a need to update current data.

Senator Santos asked how much was expended to satisfy the claims of Typhoon Paka. Mr. Kuhlmann noted that the entire \$250,000 was totally expended. This only covered 70% of out-of-pocket expenses. No one received 100% of reimbursement. The Legislature appropriated 30% additional money to finalize compensation. However, this money has not yet been released.

Senator Santos requested that the Chairman allow the *Chamoru Nation* to submit testimony. Chairman Salas indicated that any group may submit testimony within 10 days after a hearing.

The Committee on Agriculture, Land, Housing, Community & Human Resources Development held three (3) village meetings to secure greater input from the farming community. The first of these meetings were held in Barrigada on June 15, 1998, with meetings in Santa Rita and Dededo on June 16th and June 19th.

Summary of Public Hearing on Bill 556
Publicly Heard Monday, June 15, 1998
Barrigada Community Center

I. ATTENDANCE

- Senator John C. Salas, Chairman
- Senator Lawrence F. Kasperbauer, Member
- Senator Vicente C. Pangelinan, Guest

II. TESTIMONY

There was discussion regarding the 2nd installment reimbursement of farmers for crop damage. **Chairman Salas** asked Director Kuhlmann whether the farmers have received the 2nd installment appropriated by the Legislature to make up for the 30% shortfall in crop damage compensation.

Michael Kuhlmann, Director of the Department of Agriculture (DOAg), noted that the funds were given to individual Mayor's offices for processing and distribution. Of the audience members entitled to compensation, 50% responded that they had received their 2nd installment.

In discussion on the bill, it was made clear that the proposed legislation draws a distinction between commercial and non-commercial farmers. While drawing this distinction, it was made clear that the bill would compensate those that are not "bona-fide" commercial farmers.

Albert San Agustin, President of the Ornamental Growers Association, supported the bill noting that the bill recognizes both commercial and non-commercial farmers. He noted that there are those that farm for subsistence and may sell small amounts to supplement their income. He further applauded the bill's intent not to downgrade subsistence farmers but to include them in the farming community. He also supported the bill's measure to allow farmers to register with mayors, which will bridge the gap between the Department of Agriculture and the farmers.

San Agustin recommended that the Department of Agriculture establish and maintain a mandatory minimum number of visits to farmers throughout the island so that they know what the farmers are growing. He also noted his understanding of the need for documentation and he suggested that the DOAg conduct seminars with farmers to ensure that these farmers understand that documentation is required.

In answer to Senator Kasperbauer inquiry, San Agustin noted that if a person can prove that the plants grown in a garden contribute to the livelihood of a household, DOAg needs to establish criteria for compensating these people.

Benny San Nicolas, President of the Guam Farmers Association and Chairman of the Southern Guam Soil & Water Conservation District, testified in favor of the bill. San Nicolas noted that the services of DOAg are wanting and the bill would make it far easier for farmers to conduct the business of farming. He recommended that the term "commercial farmer" be eliminated and that all farmer be recognized for crop damage compensation. Further, he stated that the requirement for receipts should be eliminated since many farmers barter or give their products in-kind. Compensation should be based on what a farmer had lost through registration. The first contact for these farmers should be the mayor. He also noted that some plants will not provide saleable items for 3-5 years, but that farmers should be compensated for the loss of these plants. He expressed concern that in the mainland, subsistence farmers are recognized and included in a \$50 million program to ensure their viability, but no such program is extended to Guam. He also noted that the timeframe for assistance should be no less than 30 days after a disaster as farmers will need seed money to rejuvenate the farm. He also expressed concern that compensation is taking longer to secure than before.

Maria Gange, farmer, asked that compensation for plants that are to produce future crops also be included since this produce will have no receipts.

Senator Kasperbauer expressed his concern that there should be a limit to the government's support to farmers. Where, he asked, does assistance end and welfare takeover for our farmers.

Senator Vicente Pangelinan noted that no matter the definition, there must be some shared responsibility in what crops are verified.

Rita Cruz, Farmer and Vice Chairperson of the Southern Guam Soil & Water Conservation District, testified in support of the bill. She noted that farmers should not have to go to DOAg, but that DOAg should go out to the farmers and verify the crops. Farmers should not have to report water usage, etc., to DOAg, but that DOAg should service the farmers. She also expressed dismay at DOAg's lack of interest and dismal approach to farmers.

Michael Kuhlmann repeated his May 7, 1998 testimony. In response to Chairman Salas, Kuhlmann noted that the rules for crop damage compensation were established in 1993 and that DOAg has never amended the rules because it felt that the rules did not need any changes. Chairman Salas asked if Kuhlmann has ever asked the farming community if changes should be made. Kuhlmann replied no. Chairman Salas noted that there is a communication problem between the farmers and Kuhlmann, the farmers advocate. This area needs improvement.

Kuhlmann clarified that the original law was established to compensate small business farmers that could get farm insurance to ensure their viability. In answer to Chairman Salas, Kuhlmann noted that the Executive Branch has found funding for the 2nd installment and these should be processed and distributed soon.

Senator Kasperbauer expressed concern that what may be developing is free government insurance for anyone "farming" versus farmers buying their own farm insurance.

Summary of Public Hearing on Bill 556
Publicly Heard Tuesday, June 16, 1998
Santa Rita Community Center

I. ATTENDANCE

- Senator John C. Salas, Chairman
- Senator Frank B. Aguon, Member
- Senator Lou Leon Guerrero, Guest

II. TESTIMONY

Senator Lou Leon Guerrero, the bill's co-sponsor, gave an overview of the bill and noted that the bill came out of concern from farmers that could not get compensation without being bona-fide, certified farmers and that it was too difficult to register crops.

Chairman Salas noted that during the Barrigada hearing, farmers offered their support for the bill. The question was whether this compensation should be only for commercial farmers who have the resources to recover or is it for the small farmer who really needs the help. He also noted that it was obvious DOAg and the farmers had a communication problem in terms of crop registration and compensation.

Maraquita Taitague, Farmer, testified that the bill may hurt commercial farmers because the money available for compensation will not cover everyone sufficiently. There will be a need to increase the funding to ensure that farmers that actually spend money will receive the compensation they need. She warned against thinning available funds. She further noted that the original law was created to encourage the growth of commercial farming and this bill may hurt the viability of these farmers.

Senator Lou Leon Guerrero noted that the compensation is not for anyone, but those that farm for a purpose, whether it is commercial or subsistence. She assured Ms. Taitague that the Legislature will have to be diligent in ensuring the budget can provide for these farmers.

Senator Frank B. Aguon, noted that the government needs to be more supportive of the agricultural industry. This can encourage backyard farmers to grow into viable commercial farmers. Even if more farmers are added to the industry, this would increase the farmers' lobbying effort to increase funding for compensation.

Benny San Nicolas, President of the Guam Farmers Association and Chairman of the Southern Guam Soil & Water Conservation District, testified in favor of the bill, and he reiterated his testimony from previous hearings. He noted that when he found out that the Director of the Department of Agriculture was against this bill, the Guam Farmers Association and Southern Conservation District asked him to testify before the committee.

Senator Frank B. Aguon asked San Nicolas if he could provide the committee the number of farmers that the Guam Farmers Association and Southern Soil Conservation District represents to determine how many actually need or want what the bill provides.

Summary of Public Hearing on Bill 556
Publicly Heard Friday, June 19, 1998
Dededo Community Center

I. ATTENDANCE

- Senator John C. Salas, Chairman
- Senator Tom C. Ada, Member
- Senator Frank B. Aguon, Member

II. TESTIMONY

Senator Tom Ada, the bill's author, gave an overview of the bill. He noted that initially, the bill was given to the Guam Farmers Association to ensure that the bill met their needs as farmers. Once that input was received, the bill was then put through the public hearing process.

Mayor Jose A. Rivera, Mayor of Dededo, offered the Committee testimony highlighting the difficulty with which mayors' offices will have in registering and keeping track of farmers, let alone all the other constituents after a disaster strikes. After Typhoon Paka, Mayor Rivera noted that he and his 2 administrative clerks had to service approximately 8,000 people who were affected by the storm. To add the responsibility of registering farmers' crops and ensuring that they secure their compensation is beyond the resources of a mayor's office. He recommended that the bill allow farmers to register with the mayors for identification and verification purposes, but leave the crop registration with the DOAg. He further noted that by placing a "middle man" in the process, it increases the risk of losing the crop registration list.

Benny San Nicolas, President of the Guam Farmers Association and Chairman of the Southern Guam Soil & Water Conservation District, testified in favor of the bill, and he reiterated his testimony from previous hearings.

Jesus San Nicolas, farmer, testified in favor of the bill and noted that the mayor should take on the responsibility of registering farmers' crops as he is an elected official that must serve everyone in the village.

Loella R. Armstrong, Armstrong Ranch, asked the Committee to consider including non-traditional animals in the compensation law. In her case, she sells rabbits that are eaten as well as kept for pets. She felt that since these and other animals can be sold and purchased as a food and not solely as pets, the compensation program needs to look at this situation.

Jose L.G. Garrido, farmer & resident of Barrigada, complained that the bill would not work because mayors do not come out to the villagers unless it is election time. He felt that the farmers in his village would not be well represented.

Ernie Wusstig, farmer, testified that he is satisfied with the existing law and that farmers need to take the initiative and register their crops so they can be compensated.

V. Committee Findings

At it's June 29, 1998 markup meeting, the committee discussed the bill and testimony submitted at the various public hearings, and concluded that the bill needed certain amendments before it could be reported out on the floor.

Senator Frank Aguon was concerned that there would not be enough money in the pot to go around. Senator John Salas indicated the Governor is only authorized to give up to \$250,000 and is limited to how much he can pay each farmer. That limit is \$20,000.

II Committee Findings

At its June 29, 1998 markup meeting, the committee discussed the bill and testimony submitted at the various public hearings, and concluded that the bill needed certain amendments before it could be reported out on the floor.

Senator Frank Aguon was concerned that there would not be enough money in the pot to go around. Senator John Salas indicated the Governor is only authorized to give up to \$250,000 and is limited to how much he can pay each farmer. That limit is \$20,000.

It was decided to take out the provision in section 3 for using mayors and the College of Agriculture, based on testimony, and to add a new element, "The Division shall allow registration by telephone." Senator Ada, the bill's author, agreed.

The group also decided to include in-kind exchanges or bartering (p. 2 line 34) as long as it remains in the context that the person is a registered farmer.

There was some discussion about increasing reimbursement to 70%, as proposed by Senator Frank Aguon. Senator Salas agreed, if it were set at the wholesale rate. It was agreed to maintain the reimbursement level at 50% to be discussed on the session floor.

Committee Recommendation. The committee recommends that Bill 556 be reported out with a recommendation **TO DO PASS**, as substituted by the committee.

FISCAL NOTE

BUREAU OF BUDGET AND MANAGEMENT RESEARCH

Bill No. 556 (COR)

Date Received - May 11, 1998

Amendatory Bill: YES X NO _____

Date Reviewed - May 26, 1998

Department/Agency Affected: Department of Agriculture

Department/Agency Head: Michael W. Kuhlmann, Director

Total FY appropriation to Date: \$5,957,157.38

Bill Title (preamble): AN ACT TO AMEND SECTIONS OF P.L. 22-64 THE RULES AND REGULATIONS GOVERNING THE COMPENSATION TO FARMERS FOR CROP DAMAGE PROGRAM AS PROMULGATED BY THE DEPARTMENT OF AGRICULTURE PURSUANT TO PUBLIC LAW 20-84.

Change In Law: Amends P.L. 22-64 as promulgated by the Department pursuant to P.L. 20-84.

Bill's Impact on Present Program Funding:

Increase _____ Decrease _____ Reallocation _____ No Change X
Bill is for: Operations _____ Capital Improvement _____ Other X (Farmer Compensation)

FINANCIAL/PROGRAM IMPACT

ESTIMATED SINGLE-YEAR FUND REQUIREMENTS (Per Bill)

PROGRAM CATEGORY	GENERAL FUND	OTHER	TOTAL
Nat. Resources, Rec., & Arts	<u>1/</u>		

ESTIMATED MULTI-YEAR FUND REQUIREMENTS (Per Bill)

FUND	1st	2nd	3rd	4th	5th	TOTAL
GEN. FUND	<u>1/</u>					
OTHER(TAF)						
TOTAL						

Funds Adequate To Cover Intent Of Bill? N/A - If No, Add'l Amount Required: _____
Agency/Person/Date Contacted: Department of Agriculture / Antonia Santos, ASO / May 14, 1998

ESTIMATED POTENTIAL MULTI-YEAR REVENUES

FUND	1st	2nd	3rd	4th	5th	TOTAL
GEN. FUND	<u>N/A</u>					
OTHER						
TOTAL						

ANALYST: Arthur R. Mariano DATE: 5/26/98 DIRECTOR: Joseph E. Rivera, Acting Date: MAY 28 1998

FOOTNOTE(s):
1/: See Comments (Attached)

Comments on Bill No. 556 (COR):

It is the I Liheslaturan Guahan's intent to amend sections of P.L. 22-64 relative to the rules and regulations governing the program for compensation to farmers for crop damages. The proposed legislation redefines the term "bona fide farmer" to be more inclusive and essentially aims to accommodate more farmers to the maximum extent possible.

In its current form, the proposed legislation will not have a fiscal impact. Although Bill No. 556 broadens the group of farmers eligible under the said program, existing rules and regulations stipulate that compensation is subject to the availability of funding. Per correspondence received from the Department on May 15, 1998, Director Mike Kuhlmann concurs with this position. He has indicated that the proposed changes to the current law would present only "operational difficulties, but not added cost" as the not category of farmers eligible for disaster assistance "would be expanded by a few people, but for any disaster, the number of recipients would have to fit within the amount of assistance funding made available for that particular event."