



CARL T.C. GUTIERREZ
GOVERNOR OF GUAM

OFFICE OF THE LEGISLATIVE SECRETARY	
ACKNOWLEDGMENT RECEIPT	
Received By	<u>[Signature]</u>
Time	<u>11:22am</u>
Date	<u>8.31.99</u>

**Refer to
Legislative Secretary**

AUG 30 1999

The Honorable Antonio R. Unpingco
Speaker
I Mina'Bente Singko na Liheslaturan Guåhan
Twenty-Fifth Guam Legislature
Guam Legislature Temporary Building
155 Hesler Street
Hagåtña, Guam 96910

Office of the Speaker
ANTONIO R. UNPINGCO
Date: 8/30/99
Time: 5:03 PM
Rec'd by: [Signature]
Print Name: Carrie

Dear Speaker Unpingco:

Enclosed please find Bill No. 296 (COR) (2-S), "AN ACT TO REPEAL AND REENACT §4 OF CHAPTER II OF P.L. NO 25-03, TO REPEAL AND REENACT "EXHIBIT C" OF P.L. NO. 25-03, TO AMEND §7 OF CHAPTER V AND § 10 OF CHAPTER III OF P.L. NO. 25-03, TO REPEAL AND REENACT §3(d) OF CHAPTER III OF P.L. NO. 24-59 AND TO AMEND §26208 OF ARTICLE 2, CHAPTER 26, DIVISION 2 OF TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO APPROPRIATING THE SUM OF \$19,529,839 FOR THE CONTINUED OPERATIONS OF THE EXECUTIVE BRANCH OF THE GOVERNMENT OF GUAM FOR THE MONTH ENDING SEPTEMBER, 1999, AND FOR RESTRICTING THE USE OF GOVERNMENT MONIES", which I have signed into law today as **Public Law No. 25-71**.

Let me begin by saying I am pleased that the Legislature has responded to my urgent calls for action. But while the response acknowledges the fiscal needs of the Executive Branch, there are certain shortcomings which I am compelled to highlight.

While the Legislature now acknowledges in Section 18 that the Earned Income Tax Credit (EITC) must be appropriated, and you did so – you failed to identify an adequate source of funding that would ensure that even one dollar will be paid. Unfortunately even if we assume the government realizes revenues above the \$469 million, we will still not be able to determine until after October, according to this bill because again you used the word "actual", the same word that you changed from P.L. 25-03. Additionally, the very fact that you are making any appropriations for EITC is an acknowledgement that we could not have made payments without your appropriation in the first place as was aptly put by Senator Tony Blaz. So why would you put in the Legislative intent that our revenue figures were inflated by the 'non-payment' of EITC, unless you are acknowledging your own failure to appropriate the money in the first place.

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It is precisely this war of words, Mr. Speaker, that we must move away from if the people are to understand what we are doing. I stand prepared to make the payments, if the Legislature will make a responsible appropriation that will identify "real cash" which will ensure that the people will receive the EITC payments.

I am pleased that the Legislative findings acknowledge the unusual hardships that have been absorbed by the Executive Branch within the deficient budget originally given to us in P.L. 25-03. These items include a \$10 million dollar increase in welfare payments to needy families; the mass influx of illegal aliens resulting in a tripling of work at the prison; the influx of nearly 1,000 new students due to Compact Impact migration; emergencies including the Malojloj Dump Fire, Merizo Flooding, Ordot Fires and Mongmong Mustard Gas; the non-funding of the Solid Waste Division; and the South Pacific Games. These costs, totaling approximately \$30 million in all, were absorbed by the Executive Branch at the same time we made an additional \$20 million in cuts. The Legislature should be elated that we have taken such a strong stance to responsibly handle Executive Branch finances.

I am disappointed, however, at the erroneous statement of liability for utilities. The matter of utility bills is one that has also been ignored by the Legislature. Streetlights, which average \$4 million a year, are appropriated by your body to be paid out of the Abandoned Vehicle and Streetlight Fund that brings in less than \$1 million each year. And, it must be noted that most of the liability for utility bills is attributable to the autonomous agencies, not the line agencies of the Executive Branch.

With regard to the provisions restricting cellular phone use, cars and travel, I concur with the need to pare down these expenses in difficult times despite the impact on overall government productivity and efficiency. I will be directing all agencies and departments to go beyond the requirements of this law, and extend, through next fiscal year, the prohibition on the use of cellular phones and government vehicles. I would, however, hope that the Legislature takes more time in the FY2000 Budget to consider individual cases of health and safety in judiciously allowing certain individuals such as nurses, emergency medical technicians, and other critical health and safety employees to utilize this technological tool.

I am pleased that the Legislature has recognized the need to allow the flexibility of transfers to compensate for such things as lump-sum payments for employees retiring in September. It was precisely this transfer authority that gave the Executive Branch the ability to handle the \$30 million in unforeseen expenditures listed above.

I am saddened at the provision in Section 10, page 17, which stops me from transferring money "into" the School Operations Fund for much needed school supplies. While educational salaries have been covered, we all are cognizant of our responsibility as caretakers of our children's education, to also provide them the supplies needed to learn.

I will be working with the Department of Education to see where we can stretch resources to meet our social obligations to our children, despite the fiscal situation that we are facing.

Mr. Speaker, difficult times require responsible fiscal and social leadership from elected public servants. The residents of this territory deserve no less than our best efforts. While we all acknowledge that external factors have greatly contributed to our current economic problems, passing blame for the difficult decisions that have to be made will only tear our community apart. The time is now for hard decisions, it is a time to work together on solutions, and it is a time to demonstrate to the people of Guam, our acceptance of our responsibility to guide the community through these hard times with an eye to building a strong economy in the future for our children.

It is in this spirit of cooperation that I sign Public Law 25-71 today.

Very truly yours,



Carl T. C. Gutierrez
I Maga'Lahen Guåhan
Governor of Guam

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

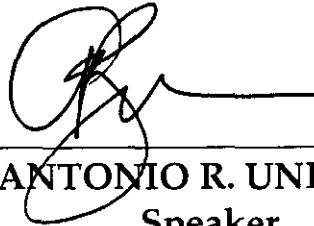
cc: The Honorable Joanne M.S. Brown
 Legislative Secretary

00483

MINA'BENTE SINGKO NA LIHESLATURAN GUAHAN
1999 (SECOND) Special Session

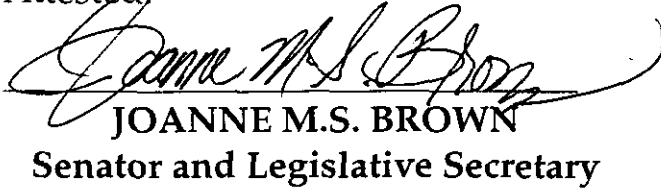
CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUAHAN

This is to certify that Bill No. 296 (COR) (2-S), "AN ACT TO REPEAL AND REENACT §4 OF CHAPTER II OF P.L. NO. 25-03, TO REPEAL AND REENACT "EXHIBIT C" OF P.L. NO. 25-03, TO AMEND §7 OF CHAPTER V AND §10 OF CHAPTER III OF P.L. NO. 25-03, TO REPEAL AND REENACT §3(d) OF CHAPTER III OF P.L. NO. 24-59 AND TO AMEND §26208 OF ARTICLE 2, CHAPTER 26, DIVISION 2 OF TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO APPROPRIATING THE SUM OF \$19,529,839 FOR THE CONTINUED OPERATIONS OF THE EXECUTIVE BRANCH OF THE GOVERNMENT OF GUAM FOR THE MONTH ENDING SEPTEMBER, 1999, AND FOR RESTRICTING THE USE OF GOVERNMENT MONIES," was on the 30th day of August, 1999, duly and regularly passed.



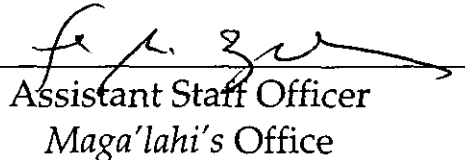
ANTONIO R. UNPINGCO
Speaker

Attested:



JOANNE M.S. BROWN
Senator and Legislative Secretary

This Act was received by I Maga'lahaen Guahan this 30th day of August, 1999,
at 11:31 o'clock A.M.



Assistant Staff Officer
Maga'laha's Office

APPROVED:



CARL T. C. GUTIERREZ
I Maga'lahaen Guahan

Date: 8-30-99

Public Law No. 25-71

MINA'BENTE SINGKO NA LIHESLATURAN GUÅHAN
1999 (SECOND) Special Session

Bill No. 296 (COR)(2-S)

As amended in the Committee of the
Whole and on the Floor.

Introduced by:

Committee on Housing,
General Government
Services and Foreign
Affairs

K. S. Moylan
F. B. Aguon, Jr.
E. C. Bermudes
A. C. Blaz
J. M.S. Brown
E. B. Calvo
M. G. Camacho
Mark Forbes
L. F. Kasperbauer
A. C. Lamorena, V
C. A. Leon Guerrero
V. C. Pangelinan
J. C. Salas
S. A. Sanchez, II
A. R. Unpingco

**AN ACT TO REPEAL AND REENACT §4 OF
CHAPTER II OF P.L. NO. 25-03, TO REPEAL AND
REENACT "EXHIBIT C" OF P.L. NO. 25-03, TO
AMEND §7 OF CHAPTER V AND §10 OF
CHAPTER III OF P.L. NO. 25-03, TO REPEAL
AND REENACT §3(d) OF CHAPTER III OF P.L.
NO. 24-59 AND TO AMEND §26208 OF ARTICLE
2, CHAPTER 26, DIVISION 2 OF TITLE 11 OF
THE GUAM CODE ANNOTATED, RELATIVE
TO APPROPRIATING THE SUM OF \$19,529,839**

FOR THE CONTINUED OPERATIONS OF THE
EXECUTIVE BRANCH OF THE GOVERNMENT
OF GUAM FOR THE MONTH ENDING
SEPTEMBER, 1999, AND FOR RESTRICTING
THE USE OF GOVERNMENT MONIES.

1 BE IT ENACTED BY THE PEOPLE OF GUAM:

2 Section 1. Legislative Findings and Intent. Bill Number 273

3 (COR), introduced at the request of *I Maga'lahaen Guahan*, contains four (4)
4 major components: (1) to adjust the General Fund revenue projections for
5 FY 1999 from Four Hundred Fifty-two Million Nine Hundred Five
6 Thousand Six Hundred Eleven Dollars (\$452,905,611) to Four Hundred
7 Sixty-nine Million Five Hundred Twenty-four Thousand Eight Hundred
8 Eighty-two Dollars (\$469,524,882), or by Sixteen Million Six Hundred
9 Nineteen Thousand Two Hundred Seventy-one Dollars (\$16,619,271); (2) to
10 de-appropriate and provide a mechanism for the reimbursement of
11 Fourteen Million Eight Hundred Fifty-five Thousand Five Hundred Eighty-
12 five Dollars (\$14,855,585) in supplemental annuity and COLA payments
13 made by the General Fund to the Retirement Fund in Fiscal Year 1999 and
14 to make available the same amount for Executive Branch operations; (3) to
15 de-appropriate Five Million Sixty-eight Thousand Nine Hundred Forty-
16 seven Dollars (\$5,068,947) of various miscellaneous appropriations and
17 appropriates the same amount to various departments for operational
18 requirements; and (4) to adjust special fund revenues and to replace
19 "Exhibit C" contained in Public Law Number 25-03.

20 Regarding component (1), *I Liheslaturan Guahan* finds that Public Law
21 Number 25-03 provides *I Maga'lahaen Guahan* with the spending authority of

1 up to eight percent (8%) of actual revenues collected, or up to Four
2 Hundred Eighty-nine Million One Hundred Thousand Dollars
3 (\$489,100,000); therefore, the revenue adjustment is *not* needed. *However, I*
4 *Maga'lahaen Guahan* provided testimony during the public hearing on Bill
5 Number 273 that the language in Public Law Number 25-03 relating to this
6 spending authority is unworkable since actual revenues collected cannot be
7 determined until some time past September, 1999. At the same public
8 hearing, Attorney General John Tarantino concurred that if the word
9 "actual," contained in §4, Chapter II of Public Law Number 25-03 was
10 changed to "projected," it would suffice the legislative intent of providing *I*
11 *Maga'lahaen Guahan* with the spending authority necessary for collections
12 beyond the estimated revenues adopted in §3 of Chapter 1 of Public Law
13 Number 25-03.

14 Revenue estimates proposed by *I Maga'lahaen Guahan* for Fiscal Year
15 1999 was initially at Four Hundred Eighty-six Million Dollars
16 (\$486,000,000). A revised estimate of Four Hundred Sixty-nine Million
17 Dollars (\$469,000,000) was presented during the budget cycle for the
18 second half of the fiscal year. *I Liheslaturan Guahan* found that the second
19 estimate did *not* sufficiently address the economic downturn and
20 subsequently adopted a reduced projection of Four Hundred Fifty-two
21 Million Nine Hundred Thousand Dollars (\$452,900,000) in Public Law
22 Number 25-03. Another revised revenue estimate of Four Hundred Sixty-
23 nine Million Five Hundred Thousand Dollars (\$469,500,000) was presented
24 by *I Maga'lahaen Guahan* in Bill Number 273.

1 *I Liheslaturan Guåhan* in Public Law Number 25-03 recognized the
2 need to provide *I Maga'lahen Guåhan* with the level of flexibility that would
3 ensure that government services are *not* disrupted.

4 Regarding component (2), *I Liheslaturan Guåhan* finds that the
5 proposal to recapture some Fourteen Million Nine Hundred Thousand
6 Dollars (\$14,900,000) in supplemental and COLA annuity payments made
7 by the General Fund to the Retirement Fund as a revenue source for FY
8 1999 operations is unjustified. This amount is reduced to Twelve Million
9 Three Hundred Thousand Dollars (\$12,300,000) per input from the Director
10 of the Retirement Fund, this, notwithstanding, the mechanism for securing
11 these revenues would be by withholding future General Fund obligations
12 through the Retirement Fund. According to information provided by the
13 Department of Administration, this amount comes to about One Million
14 Three Hundred Thousand Dollars (\$1,300,000) bi-weekly. This would yield
15 an aggregate of Two Million Six Hundred Thousand Dollars (\$2,600,000) in
16 the month of September, 1999. The balance would *not* be realized until FY
17 2000. Thus, some eighty percent (80%) of this revenue source will *not* be
18 available for expenditure in FY 1999. The Board of Directors of the
19 Retirement Fund issued a position statement on the identification of this
20 revenue source for government of Guam operational requirements. The
21 Board states, in part, ... "[T]he diversion of pension fund assets to pay for
22 benefits outside of the established defined benefit plan is considered
23 inappropriate. ... What matters to the Board, individually and collectively,
24 is that we are all duty-bound to follow Federal and local laws governing

1 the 'exclusive benefit rule.' ... Violating this exclusive benefit rule exposes
2 each board member to personal financial liability, a prospect that no one on
3 the Board cherishes."

4 Regarding component (3), *I Liheslaturan Guåhan* finds the proposed
5 de-appropriation of such critical needs as firefighters' equipment; the
6 payment of rent for the Department of Law and the Public Defender; and
7 the repair of Clara Street in Toto to fund other operational requirements of
8 the government of Guam, to be unjustified. *I Liheslaturan Guåhan* finds the
9 de-appropriation of funding for the Residential Drug Treatment Facility in
10 the amount of Five Hundred Thousand Dollars (\$500,000.00) is justified to
11 help offset the cost of public assistance requirements for the month of
12 September, 1999.

13 Regarding component (4), *I Liheslaturan Guåhan* finds the proposed
14 amendment to "Exhibit C" in Public Law Number 25-03 necessary. The
15 proposed adjustments to the special fund revenues inadvertently left out of
16 "Exhibit C" in Public Law Number 25-03 reflect an overall decrease based
17 on current revenue tracking. The replacement of this exhibit is technical in
18 nature and would correct an omission of several special revenue funds in
19 support of certain departmental operations.

20 **Summary Findings and Intent.** *I Liheslaturan Guåhan* has
21 determined that only Nineteen Million Five Hundred Twenty-nine
22 Thousand Eight Hundred Thirty-nine Dollars (\$19,529,839) in revenues is
23 available for appropriation. This comprises Sixteen Million Six Hundred
24 Nineteen Thousand Two Hundred Seventy-one Dollars (\$16,619,271) in

1 adjusted projected revenue resulting from the non-payment of EITC plus
2 Two Million Four Hundred Ten Thousand Five Hundred Sixty-eight
3 Dollars (\$2,410,568) in un-appropriated General Fund monies from the
4 previously adopted estimates, plus Five Hundred Thousand Dollars
5 (\$500,000.00) from the de-appropriation of funding for the Residential Drug
6 Treatment Facility.

7 *I Liheslaturan Guåhan* further determines that the Nineteen Million
8 Five Hundred Twenty-nine Thousand Eight Hundred Thirty-nine Dollars
9 (\$19,529,839) in available revenue is sufficient to pay the net payroll
10 requirements of the entire Executive Branch for September, 1999. *However,*
11 the remaining balance of One Million Six Hundred Thirty-nine Thousand
12 Four Hundred Fifty-six Dollars (\$1,639,456) is *not* enough to cover the
13 additional payroll expenses that accrue from the payment of Executive
14 Branch payroll in September, 1999.

15 *I Liheslaturan Guåhan* further determines that other critical
16 expenditures are necessary to protect the interests of school children,
17 families dependent on public assistance, public health, the retirement and
18 insurance benefits of government employees and those detained in public
19 correctional facilities.

20 *However,* these expenditures cannot be authorized without an
21 identified funding source. *I Liheslaturan Guåhan* confirms that the
22 information provided by the Executive Branch during public testimony on
23 Bill Number 273 and in data requests show clearly that the government of
24 Guam has incurred obligations and liabilities already in excess of Four

1 Hundred Sixty-nine Million Five Hundred Thousand Dollars
2 (\$469,500,000). Fiscal officers of the Executive Branch reported that the
3 deficit between encumbrances and revenues is likely to grow.

4 Unpaid utility bills for FY 1999 already exceed Twenty Million
5 Dollars (\$20,000,000), despite these amounts already being budgeted as
6 part of the total Executive Branch appropriations for FY 1999. Unpaid tax
7 refunds, now accruing additional interest expense, indicate that the cash
8 necessary to pay these obligations is *not* available. Any additional
9 authorization to encumber expenses will only add to a growing deficit
10 caused by a significant drop in General Fund revenues and the inability to
11 reduce government spending.

12 Nonetheless, *I Liheslaturan Guåhan* believes that a funding source
13 must be provided to fund Five Million Nine Hundred Eighteen Thousand
14 Seven Hundred Thirty-eight Dollars (\$5,918,738) in additional spending
15 authorization necessary to protect the public interest during the month of
16 September, 1999.

17 Under the provisions of this Act, *I Liheslaturan Guåhan* will allow *I*
18 *Maga'lahaen Guåhan* to arrange for a short-term line of credit to fund specific
19 expenditures in September, 1999. The line of credit shall be repaid within
20 forty-five (45) days of the start of Fiscal Year 2000 from the budgeted
21 revenues of FY 2000. Whatever amounts that are borrowed, *if any*, shall be
22 deducted from the General Fund revenues projected to be available in FY
23 2000, and will thereby cause an equal reduction in the amount of
24 expenditures that will be allowed by *I Liheslaturan Guåhan* for FY 2000.

1 Immediate repayment of the line of credit in FY 2000 is the only way that I
2 *Liheslaturan Guåhan* will allow any additional expenditures for FY 1999 to
3 occur in order to continue the process of limiting government spending
4 only to what is available from revenues.

5 *I Liheslaturan Guåhan* recognizes that the payroll authorization, by
6 agency, includes only two (2) full pay periods in September, 1999. The
7 periods from September 26 through 30, 1999, shall accrue towards the pay
8 period ending October 9, 1999 (the first pay period of FY 2000) and paid at
9 that time.

10 **Section 2.** Section 4 of Chapter II of Public Law Number 25-03 is
11 hereby *repealed and reenacted* to read as follows:

12 **"Section 4.** In the event that revenues projected for the
13 General Fund for Fiscal Year 1999 by the Special Accounting Service
14 exceed the revenue estimate adopted herein, *I Maga'laken Guåhan* is
15 authorized to expend such additional projected revenues to support
16 the operations of the Executive Branch, inclusive of the Department
17 of Education, for Fiscal Year 1999, *provided* that such additional
18 revenues to be expended shall *not* comprise a sum greater than three
19 and six-tenth percent (3.6%) of the estimated total General Fund
20 revenues adopted in §3 of Chapter 1."

21 **Section 3. Reference to Exhibits.** "Exhibit C" attached to
22 Public Law Number 25-03 is hereby *repealed and reenacted*, and a new
23 **"Exhibit C,"** attached, is enacted in its place.

24 **Section 4. Executive Branch Appropriation for September, 1999.**

1 There is hereby appropriated from the General Fund each of the following
2 sums to each of the following agencies or departments of the Executive
3 Branch of the government of Guam for the month ending September 30,
4 1999. This appropriation shall be expended pursuant to the following
5 departmental and object category breakdown and only for the month of
6 September, 1999:

7	Department of Administration	
8	for personnel services not to exceed:	\$468,998.00
9	Department of Agriculture	
10	for personnel services not to exceed:	\$158,927.00
11	Agency for Human Resources Development	
12	for personnel services not to exceed:	\$93,538.00
13	Bureau of Budget and Management Research	
14	for personnel services not to exceed:	\$94,542.00
15	Bureau of Planning	
16	for personnel services not to exceed:	\$92,050.00
17	Chamorro Land Trust Commission	
18	for personnel services not to exceed:	\$25,930.00
19	Chamorro Language Commission	
20	for personnel services not to exceed:	\$8,892.00
21	Chief Medical Examiner	
22	for personnel services not to exceed:	\$17,010.00
23	Civil Defense	
24	for personnel services not to exceed:	\$8,000.00
25	Civil Service Commission	

1	for personnel services not to exceed:	\$72,122.00
2	Department of Commerce	
3	for personnel services not to exceed:	\$93,678.00
4	Department of Integrated Services for	
5	Individuals with Disabilities	
6	for personnel services not to exceed:	\$56,688.00
7	Department of Corrections	
8	for personnel services not to exceed:	\$670,164.00
9	Department of Education	
10	for personnel services not to exceed:	\$8,344,916.00
11	<i>I Maga'lahaen Guåhan's Office</i>	
12	for personnel services <i>not</i> to exceed:	\$459,794.00
13	Guam Election Commission	
14	for personnel services not to exceed:	\$5,610.00
15	Guam Environmental Protection Agency	
16	for personnel services not to exceed:	\$50,104.00
17	Guam Council on the Arts and Humanities	
18	for personnel services not to exceed:	\$11,290.00
19	Guam Police Department	
20	for personnel services not to exceed:	\$1,358,252.00
21	Guam Fire Department	
22	for personnel services not to exceed:	\$1,275,682.00
23	Guam Educational Telecommunications	
24	Corporation (KGTF)	
25	for personnel services not to exceed:	\$25,660.00

1	Department of Labor	
2	for personnel services not to exceed:	\$138,564.00
3	Department of Land Management	
4	for personnel services not to exceed:	\$181,277.00
5	Department of Law	
6	for personnel services not to exceed:	\$395,208.00
7	Guam Public Library	
8	for personnel services not to exceed:	\$57,374.00
9	Mayors' Council	
10	for personnel services not to exceed:	\$329,026.00
11	Department of Mental Health and	
12	Substance Abuse	
13	for personnel services not to exceed:	\$291,884.00
14	Department of Military Affairs	
15	for personnel services not to exceed:	\$21,464.00
16	Department of Parks and Recreation	
17	for personnel services not to exceed:	\$146,314.00
18	Department of Public Health and	
19	Social Services	
20	for personnel services not to exceed:	\$854,606.00
21	Office of the Public Auditor	
22	for personnel services not to exceed:	\$21,954.00
23	Department of Public Works	
24	for personnel services not to exceed:	\$1,374,520.00
25	Department of Revenue and Taxation	

1	for personnel services not to exceed:	\$457,986.00
2	Veterans Affairs Office	
3	for personnel services not to exceed:	\$10,982.00
4	Department of Youth Affairs	
5	for personnel services not to exceed:	\$217,377.00
6		
7	Sub-total for personnel services <i>not</i> to exceed:	\$17,890,383.00
8		
9	Department of Public Health and	
10	Social Services, for Public Assistance Cash	
11	Grants for September, 1999, not to exceed:	\$1,639,456.00
12		
13	Total:	\$19,529,839.00

14 **Section 5.** Section 7 of Chapter V of Public Law Number 25-03 is
15 hereby *amended* to read as follows:

16 "Section 7. **Transfer Authority for General Government**
17 **Operations.** *I Maga'lahaen Guåhan* is authorized to transfer from
18 one (1) appropriation of the Executive Branch to another
19 appropriation of the Executive Branch, *provided*, that total transfers
20 between appropriations shall *not* exceed ten percent (10%) of the
21 estimated total General Fund revenues adopted in §3 of Chapter I of
22 this Act for Fiscal Year 1999, and provided further that notice of each
23 transfer and justification therefor, is delivered at least seven (7) days
24 before the transfer takes place to the Speaker of *I Liheslaturan Guåhan*.
25 This transfer authority shall *not* permit *I Maga'lahaen Guåhan* to

1 transfer funds from any appropriation to *I Liheslaturan Guåhan*, the
2 Superior Court of Guam and the Supreme Court of Guam, nor shall *I*
3 *Maga'lahaen Guåhan* transfer funds from the School Operations Fund."

4 **Section 6.** Section 10 of Chapter III of Public Law Number 25-03 is
5 hereby *amended* to read as follows:

6 "Section 10. Section 5 of Public Law Number 24-289 is
7 hereby *amended* to read as follows:

8 'Section 5. Notwithstanding Public Law Number
9 24-160, the sum of Five Hundred Thousand Dollars
10 (\$500,000.00) is appropriated from the General Fund for Fiscal
11 Year 1999 to the Department of Public Health and Social
12 Services for Public Assistance Cash Grants. This appropriation
13 is *not* subject to the allotment process controls, or the authority
14 of, the Bureau of Budget and Management Research. Further,
15 funds appropriated by this Act are *not* subject to the transfer
16 authority of *I Maga'lahaen Guåhan*."

17 **Section 7. Line of Credit.** *I Maga'lahaen Guåhan* is hereby
18 authorized to arrange a line of credit not to exceed Five Million Nine
19 Hundred Eighteen Thousand Seven Hundred Thirty-eight Dollars
20 (\$5,918,738) and such sums are hereby appropriated for the following
21 purposes:

- 22 (a) for government contributions to retirement,
23 medicare and social security taxes arising
24 from appropriations for personnel services

1	appropriated in §4	\$3,293,998.00
2	(b) for government contributions to medical, dental	
3	and life insurance arising from appropriations for	
4	personnel services appropriated in §4	\$881,021.00
5	(c) to fund the local match required by September 30,	
6	1999, for the Medicaid Program administered by the	
7	Dept. of Public Health and Social Services	\$975,000.00
8	(d) for the school lunch program of the	
9	Department of Education for September, 1999	\$300,000.00
10	(e) for meals for the clients of the	
11	Department of Corrections for September, 1999	\$300,000.00
12	(f) for meals for clients of the Department	
13	of Youth Affairs for September, 1999	\$15,000.00
14	(g) for additional Public Assistance Cash Grants paid	
15	by the Dept. of Public Health and Social Services	
16	for September, 1999	\$60,544.00
17	(h) for patient travel authorized by the	
18	Medically Indigent Program of the Department of	
19	Public Health and Social Services for September, 1999	\$43,175.00

20 The line of credit shall be upon such terms and conditions as
21 established by an agreement, and such other documents and instruments
22 as are executed by *I Maga'lahaen Guåhan* containing such terms as are
23 consistent with this Section. *I Maga'lahaen Guåhan*, on behalf of the
24 government of Guam, is authorized to guaranty the loan and to grant the

1 pledge of §30 revenues, the General Fund or Gross Receipts Taxes, as
2 provided below, as security for repayment of the loan.

3 (1) The loan shall be for such term, not to exceed seventy-five
4 (75) days, and repayment shall be completed within forty-five (45)
5 days of the start of Fiscal Year 2000. The rate of interest upon the
6 loan shall be as negotiated between the lender and *I Maga'lahaen*
7 *Guåhan*.

8 (2) Interest shall be computed upon the declining balance of
9 principal outstanding from time to time upon the loan.

10 (3) The lender for making the loan may levy prepaid charges.
11 The lender may charge and be paid either from the loan funds or
12 other funds of the government of Guam its expenses incurred in
13 making the loan, including legal fees, recording, title insurance and
14 appraisal fees, and like expenses.

15 (4) Interest earned by the lender shall be exempt from
16 taxation by the government of Guam, including without limitation
17 taxation under the Guam Gross Receipts Tax and Guam Territorial
18 Income Tax.

19 (5) The loan may be secured by:

20 (i) pledge of §30 revenues, the General Fund or Gross
21 Receipts Taxes;

22 (ii) a guaranty of the government of Guam; *or*

23 (iii) pledge of all or any part of the revenues derived by
24 the government of Guam under §30 of the Organic Act. Any

1 such pledge shall be made by a certificate of approval by I
2 *Maga'lahaen Guåhan* authorizing the pledge and the terms and
3 conditions thereof. Any such pledge shall be valid and binding
4 from the time the pledge is made, *subject to* prior pledges upon
5 such revenues. The revenues pledged and thereafter received
6 by the government of Guam or by any trustee appointed
7 pursuant hereto shall upon receipt immediately be subject to
8 the lien of the pledge without any physical delivery thereof or
9 further act, and the lien of such pledge shall be valid and
10 binding against the government of Guam irrespective of
11 whether the parties have notice thereof.

12 **Section 8.** Section 3(d) of Public Law Number 24-59, as amended
13 by P.L. Nos. 25-64 and 25-03, is hereby *repealed and re-enacted* to read as
14 follows:

15 “(d) Of the funds appropriated in Paragraphs (a), (b) and (c) of
16 this Section, no more than Ten Million Eight Hundred Thirty-eight
17 Thousand Eight Hundred Seventy-one Dollars (\$10,838,871) may be
18 spent on personnel services. This spending limits on personnel
19 services herein shall *not* be increased by any transfer authority of I
20 *Maga'lahaen Guåhan* or by act of the Board of Trustees.”

21 **Section 9.** Section 26208 of Article 2, Chapter 26, Division 2 of Title
22 11 of the Guam Code Annotated, as amended by Public Law Number 25-
23 03, is hereby *amended* to read as follows:

24 **“Section 26208. Creation of School Operations Fund. There**

1 is hereby created, separate and apart from other funds of the
2 government of Guam, a fund known as the 'School Operations Fund.'
3 This Fund shall *not* be commingled with the General Fund and shall be
4 kept in a separate bank account. Eighty-eight percent (88%) of all Gross
5 Receipts Taxes collected on Guam shall be deposited in the School
6 Operations Fund and shall be appropriated by *I Liheslaturan Guåhan* to
7 cover the operational expenses of the Guam Department of Education
8 and all schools in the Guam Public School System administered by that
9 Department, as well as any use associated with the Guam Public School
10 System, as determined by the laws of Guam. The Department of
11 Administration shall deposit on the last day of each month a sum equal
12 to eighty-eight percent (88%) of all Gross Receipts Taxes collected for
13 that month in the School Operations Fund. Beginning with the Fiscal
14 Year 2000 budget, all appropriations from the School Operations Fund
15 to the Department of Education shall be subject to the approval of *I*
16 *Liheslaturan Guåhan*. For purposes of this Act, the appropriations of the
17 School Operations Fund are included in the Three Hundred Fifteen
18 Million One Hundred Eighty-one Thousand Three Hundred Ninety-one
19 Dollar (\$315,181,391) Executive Branch appropriations in §1 of this Act."

20 **Section 10.** Notwithstanding any other provision of law, upon
21 enactment of this Section, no transfer to the School Operations Fund shall
22 be made for appropriations to the Department of Education for the balance
23 of Fiscal Year 1999.

24 **Section 11. Funding for Tax Refunds Processing. I**

1 *Maga'lahaen Guåhan* is hereby authorized to arrange a line of credit under
2 the same terms and conditions for securing a line of credit as provided in
3 §7 of this Act for an amount not to exceed Fifty Thousand Dollars
4 (\$50,000.00) for operating expenses as follows:

5 Notwithstanding any other provision of law or this Act, the
6 Director of Revenue and Taxation is hereby authorized to expend
7 Fifty Thousand Dollars (\$50,000.00) to hire personnel on a temporary
8 basis, whether by contract or other temporary means, strictly for the
9 purpose of processing individual and corporate income tax returns.
10 The director shall publish weekly the number of tax returns
11 processed by the Department of Revenue and Taxation during that
12 week, the tax year for those returns and the number of tax refund
13 checks issued and outstanding. Such expenditures shall be exempt
14 from all procurement laws of Guam. This appropriation shall *not* be
15 subject to transfer to any other entity of the government nor may it be
16 utilized for any other purpose.

17 **Section 12. Prohibition Against Payment for Cellular Phone**
18 **Services With Government Funds.** Notwithstanding any other
19 provision of law, and upon the effective date of this Act, no government of
20 Guam funds shall be expended, with the exception of billings for services
21 incurred *prior* to the enactment of this Act, for the purchase of cellular
22 telephones, cellular telephone service or cellular telephone air time. This
23 Section shall apply to the expenditure of any or all government of Guam
24 funds, regardless of source and inclusive of all funds utilized by

1 autonomous agencies. This Section shall *not* apply to *I Maga'lahaen Guahan*,
2 *I Segundo na Maga'lahaen Guahan*, the Chief Justice of the Guam Supreme
3 Court and the Presiding Judge of the Superior Court of Guam.

4 **Section 13. Moratorium on Travel.** Notwithstanding any
5 other provision of law, and upon the effective date of this Act, no
6 government of Guam funds shall be expended, nor expenses incurred, for
7 off-Island travel, with the exception of the following:

- 8 a) Court ordered travel;
- 9 b) travel required to transport prisoners;
- 10 c) travel for purposes of medical treatment; *and*
- 11 d) travel paid for entirely by Federal funds inclusive of any
12 per diem and ground transportation costs.

13 **Section 14. Prohibition Against the Lease and Use of**
14 **Government Vehicles by Directors and Deputy Directors of the**
15 **Government of Guam.** Notwithstanding any other provision of law,
16 and upon the effective date of this Act, no government of Guam funds shall
17 be expended for the lease of any vehicle which purpose is the
18 transportation of an unclassified Director or Deputy Director, regardless of
19 specific title or designation, of any agency, department, autonomous
20 agency or instrumentality of the government of Guam. This Section shall
21 apply to the expenditure of any or all government of Guam funds,
22 regardless of source and inclusive of all funds utilized by autonomous
23 agencies.

24 **Section 15. Prohibition Against the Payment of Fees and**

1 **Stipends for Members of Boards and Commissions.** Notwithstanding
2 any other provision of law, and upon the effective date of this Act, all
3 payment of fees and stipends to members of Boards and Commissions shall
4 be suspended. This prohibition shall apply to the expenditure of any or all
5 government of Guam funds, regardless of source and inclusive of all funds
6 utilized by autonomous agencies.

7 **Section 16. Prohibition Against the Use of Twenty-four (24)**
8 **Hour Vehicles.** Notwithstanding any other provision of law, and upon
9 the effective date of this Act, no government vehicle shall be used by any
10 government employee, contract employee or other person, *except* during
11 such time that the person is on official duty. This Section shall *not* apply to
12 *I Maga'lahaen Guåhan, I Segundo na Maga'lahaen Guåhan, the Speaker of I*
13 *Liheslaturan Guåhan, the Chief Justice of the Guam Supreme Court and the*
14 *Presiding Judge of the Superior Court of Guam.*

15 **Section 17. Exception to General Fund Reversion.** Subsection
16 (a) of §2 of Chapter V of Public Law Number 25-03 is hereby *amended* to
17 read as follows:

18 **"(a) General Fund Reversion.** All unexpended or
19 unencumbered appropriations made from the General Fund
20 pursuant to this Act for Fiscal Year 1999 shall revert to the General
21 Fund on the last day of that fiscal year, *except* for those amounts
22 authorized to pay 1998 Earned Income Tax Credits; *and*"

23 **Section 18. Earned Income Tax Credits.** In the event that
24 actual revenues collected for the General Fund for Fiscal Year 1999 exceed

1 the sum of the estimated total General Fund revenue adopted in Public
2 Law Number 25-03:I:3 and the additional three and six-tenth percent (3.6%)
3 of the estimated total General Fund revenue authorized to be expended
4 under Public Law Number 25-03:II:4, *I Maga'lahaen Guåhan* is authorized to
5 expend such excess actual revenues collected to pay only for the 1998
6 Earned Income Tax Credits and the obligations of the government incurred
7 pursuant to the line of credit authorized in §7 of this Act.

8 **Section 19. Applicability of Act Through End of FY 1999.**

9 The provisions contained within §§12-16 of this Act shall apply through the
10 end of Fiscal Year 1999.

11 **Section 20. Severability.** *If any provision of this Law or its*
12 *application to any person or circumstance is found to be invalid or contrary*
13 *to law, such invalidity shall not affect other provisions or applications of*
14 *this Law which can be given effect without the invalid provisions or*
15 *application, and to this end the provisions of this Law are severable.*

Exhibit C						
Special Fund Appropriation						
	General Fund	Special Fund	Notes	Fed Fund	Total	FTE's
Administration		\$350,000	1/		\$350,000	
Agriculture		1,494,715	2/		1,494,715	
Land Management		234,000	3/		234,000	
Parks and Recreation		100,000	4/		100,000	
Customs and Quarantine		7,913,502	2/		7,913,502	
Guam Police		300,000	5/		300,000	
Guam Community College		779,200	6/		779,200	
Guam Contractors License Board		375,000	7/		375,000	
Professional engineer, Architects and Land Surveyors Board		135,000	8/		135,000	
Public Works		1,550,000	9/		1,550,000	
SUBTOTAL		\$13,231,417			\$13,231,417	
Tourist Attraction Fund Appropriation						
	General Fund	TAF	Notes	Fed Fund	Total	FTE's
Guam Museum		\$416,250			\$416,250	9
Guam Council On the Arts and Humanities		\$624,747			\$624,747	9
Department of Parks & Recreation Maintenance Division		\$2,193,105			\$2,193,105	64
Chamorro Language Commission		\$50,770			\$50,770	
Guam Visitors Bureau – Total						
Budget FY 1999		\$13,752,755			\$13,752,755	30
Salaries and Benefits	GVB-Line item	1,248,390			1,248,390	
Travel and Transportation	GVB-Line item	18,141			18,141	
Contractual Services	GVB-Line item	785,221			785,221	
Office Space Rentals	GVB-Line item	0			0	
Supplies and Materials	GVB-Line item	15,000			15,000	
Equipment	GVB-Line item	0			0	
Miscellaneous	GVB-Line item	51,000			51,000	
Utilities	GVB-Line item	103,560			103,560	
Capital Outlay	GVB-Line item	25,000			25,000	
Japan Marketing & Operations	GVB-Line item	9,148,673			9,148,673	
Korea Marketing & Operation	GVB-Line item	519,013			519,013	
Taiwan Marketing & Operations	GVB-Line item	299,132			299,132	
Hongkong Marketing & Operations	GVB-Line item	163,314			163,314	
Philippines Marketing & Operations	GVB-Line item	100,000			100,000	
North America Marketing & Operations	GVB-Line item	235,449			235,449	
Pacific Marketing & Operations	GVB-Line item	10,356			10,356	
Cultural Heritage – Community Programs	GVB-Line item	333,104			333,104	
Community Development – Comm. Program	GVB-Line item	226,496			226,496	
TJVVA – Community Program	GVB-Line item	125,906			125,906	
Research	GVB-Line item	345,000			345,000	
SUBTOTAL		\$17,037,627			\$17,037,627	
SPECIAL FUND AND TAF TOTAL		\$30,269,044			\$30,269,044	

Notes:

- 1/ \$300,000 Housing Revolving Fund, \$50,000 Special Surplus Property Fund
- 2/ Customs, Agriculture & Quarantine Inspection Service Fund
- 3/ Land Survey Revolving Fund
- 4/ \$100,000 Parks Fund
- 5/ Police Services Fund (P.L. 24-23)
- 6/ Manpower Development Fund
- 7/ Contractors License Board Fund
- 8/ Professional Engineers, Architects and Land Surveyors Board Fund
- 9/ \$1,000,000 Solid Waste Operations Fund, \$400,000 Building and Design Fund, \$150,000 Abandoned Vehicle and Streetlight Fund



MINA' BENTE SINGKO NA LIHESLATURAN GUÅHAN
TWENTY-FIFTH GUAM LEGISLATURE
155 Hesler Street, Hagåtña, Guam 96910

August 30, 1999

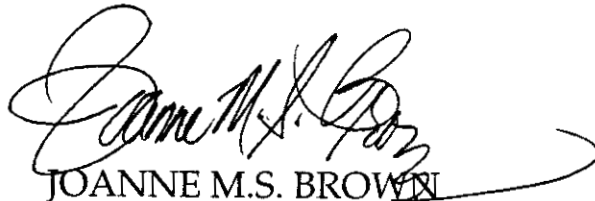
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The Honorable Carl T.C. Gutierrez
I Maga'lahaen Guåhan
Ufisinan I Maga'lahi
Hagåtña, Guam 96910

Dear *Maga'lahi* Gutierrez:

Transmitted herewith is Bill No. 296(COR)(2-S) which was passed by *I Mina' Bente Singko Na Liheslaturan Guåhan* on August 30, 1999.

Sincerely,


JOANNE M.S. BROWN
Senator and Legislative Secretary

Enclosure (1)

Recvd: 8/30/99
12:52 AM

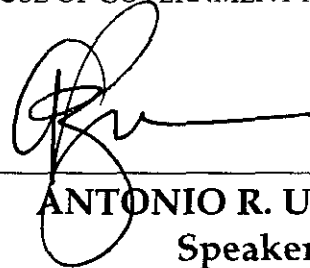
 # 546

MINA'BENTE SINGKO NA LIHESLATURAN GUAHAN
1999 (SECOND) Special Session


COPY

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

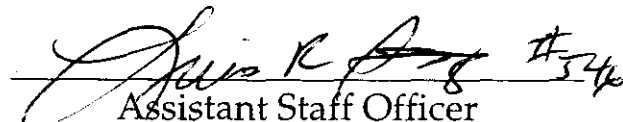
This is to certify that Bill No. 296 (COR) (2-S), "AN ACT TO REPEAL AND REENACT §4 OF CHAPTER II OF P.L. NO. 25-03, TO REPEAL AND REENACT "EXHIBIT C" OF P.L. NO. 25-03, TO AMEND §7 OF CHAPTER V AND §10 OF CHAPTER III OF P.L. NO. 25-03, TO REPEAL AND REENACT §3(d) OF CHAPTER III OF P.L. NO. 24-59 AND TO AMEND §26208 OF ARTICLE 2, CHAPTER 26, DIVISION 2 OF TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO APPROPRIATING THE SUM OF \$19,529,839 FOR THE CONTINUED OPERATIONS OF THE EXECUTIVE BRANCH OF THE GOVERNMENT OF GUAM FOR THE MONTH ENDING SEPTEMBER, 1999, AND FOR RESTRICTING THE USE OF GOVERNMENT MONIES," was on the 30th day of August, 1999, 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 30 day of AUGUST, 1999,
at 12:52 o'clock A.M.


Assistant Staff Officer
Maga'lahi's Office

APPROVED:

CARL T. C. GUTIERREZ
I Maga'lahaen Guahan

Date: _____

Public Law No. _____

MINA'BENTE SINGKO NA LIHESLATURAN GUÅHAN
1999 (SECOND) Special Session

Bill No. 296 (COR)(2-S)

As amended in the Committee of the
Whole and on the Floor.

Introduced by:

Committee on Housing,
General Government
Services and Foreign
Affairs

K. S. Moylan
F. B. Aguon, Jr.
E. C. Bermudes
A. C. Blaz
J. M.S. Brown
E. B. Calvo
M. G. Camacho
Mark Forbes
L. F. Kasperbauer
A. C. Lamorena, V
C. A. Leon Guerrero
V. C. Pangelinan
J. C. Salas
S. A. Sanchez, II
A. R. Unpingco

**AN ACT TO REPEAL AND REENACT §4 OF
CHAPTER II OF P.L. NO. 25-03, TO REPEAL AND
REENACT "EXHIBIT C" OF P.L. NO. 25-03, TO
AMEND §7 OF CHAPTER V AND §10 OF
CHAPTER III OF P.L. NO. 25-03, TO REPEAL
AND REENACT §3(d) OF CHAPTER III OF P.L.
NO. 24-59 AND TO AMEND §26208 OF ARTICLE
2, CHAPTER 26, DIVISION 2 OF TITLE 11 OF
THE GUAM CODE ANNOTATED, RELATIVE
TO APPROPRIATING THE SUM OF \$19,529,839**

FOR THE CONTINUED OPERATIONS OF THE
EXECUTIVE BRANCH OF THE GOVERNMENT
OF GUAM FOR THE MONTH ENDING
SEPTEMBER, 1999, AND FOR RESTRICTING
THE USE OF GOVERNMENT MONIES.

1 BE IT ENACTED BY THE PEOPLE OF GUAM:

2 Section 1. Legislative Findings and Intent. Bill Number 273

3 (COR), introduced at the request of *I Maga'lahaen Guåhan*, contains four (4)
4 major components: (1) to adjust the General Fund revenue projections for
5 FY 1999 from Four Hundred Fifty-two Million Nine Hundred Five
6 Thousand Six Hundred Eleven Dollars (\$452,905,611) to Four Hundred
7 Sixty-nine Million Five Hundred Twenty-four Thousand Eight Hundred
8 Eighty-two Dollars (\$469,524,882), or by Sixteen Million Six Hundred
9 Nineteen Thousand Two Hundred Seventy-one Dollars (\$16,619,271); (2) to
10 de-appropriate and provide a mechanism for the reimbursement of
11 Fourteen Million Eight Hundred Fifty-five Thousand Five Hundred Eighty-
12 five Dollars (\$14,855,585) in supplemental annuity and COLA payments
13 made by the General Fund to the Retirement Fund in Fiscal Year 1999 and
14 to make available the same amount for Executive Branch operations; (3) to
15 de-appropriate Five Million Sixty-eight Thousand Nine Hundred Forty-
16 seven Dollars (\$5,068,947) of various miscellaneous appropriations and
17 appropriates the same amount to various departments for operational
18 requirements; and (4) to adjust special fund revenues and to replace
19 "Exhibit C" contained in Public Law Number 25-03.

20 Regarding component (1), *I Liheslaturan Guåhan* finds that Public Law
21 Number 25-03 provides *I Maga'lahaen Guåhan* with the spending authority of

1 up to eight percent (8%) of actual revenues collected, or up to Four
2 Hundred Eighty-nine Million One Hundred Thousand Dollars
3 (\$489,100,000); therefore, the revenue adjustment is *not* needed. *However, I*
4 *Maga'lahen Guåhan* provided testimony during the public hearing on Bill
5 Number 273 that the language in Public Law Number 25-03 relating to this
6 spending authority is unworkable since actual revenues collected cannot be
7 determined until some time past September, 1999. At the same public
8 hearing, Attorney General John Tarantino concurred that if the word
9 "actual," contained in §4, Chapter II of Public Law Number 25-03 was
10 changed to "projected," it would suffice the legislative intent of providing *I*
11 *Maga'lahen Guåhan* with the spending authority necessary for collections
12 beyond the estimated revenues adopted in §3 of Chapter 1 of Public Law
13 Number 25-03.

14 Revenue estimates proposed by *I Maga'lahen Guåhan* for Fiscal Year
15 1999 was initially at Four Hundred Eighty-six Million Dollars
16 (\$486,000,000). A revised estimate of Four Hundred Sixty-nine Million
17 Dollars (\$469,000,000) was presented during the budget cycle for the
18 second half of the fiscal year. *I Liheslaturan Guåhan* found that the second
19 estimate did *not* sufficiently address the economic downturn and
20 subsequently adopted a reduced projection of Four Hundred Fifty-two
21 Million Nine Hundred Thousand Dollars (\$452,900,000) in Public Law
22 Number 25-03. Another revised revenue estimate of Four Hundred Sixty-
23 nine Million Five Hundred Thousand Dollars (\$469,500,000) was presented
24 by *I Maga'lahen Guåhan* in Bill Number 273.

1 *I Liheslaturan Guåhan* in Public Law Number 25-03 recognized the
2 need to provide *I Maga'lahaen Guåhan* with the level of flexibility that would
3 ensure that government services are *not* disrupted.

4 Regarding component (2), *I Liheslaturan Guåhan* finds that the
5 proposal to recapture some Fourteen Million Nine Hundred Thousand
6 Dollars (\$14,900,000) in supplemental and COLA annuity payments made
7 by the General Fund to the Retirement Fund as a revenue source for FY
8 1999 operations is unjustified. This amount is reduced to Twelve Million
9 Three Hundred Thousand Dollars (\$12,300,000) per input from the Director
10 of the Retirement Fund, this, notwithstanding, the mechanism for securing
11 these revenues would be by withholding future General Fund obligations
12 through the Retirement Fund. According to information provided by the
13 Department of Administration, this amount comes to about One Million
14 Three Hundred Thousand Dollars (\$1,300,000) bi-weekly. This would yield
15 an aggregate of Two Million Six Hundred Thousand Dollars (\$2,600,000) in
16 the month of September, 1999. The balance would *not* be realized until FY
17 2000. Thus, some eighty percent (80%) of this revenue source will *not* be
18 available for expenditure in FY 1999. The Board of Directors of the
19 Retirement Fund issued a position statement on the identification of this
20 revenue source for government of Guam operational requirements. The
21 Board states, in part, ... "[T]he diversion of pension fund assets to pay for
22 benefits outside of the established defined benefit plan is considered
23 inappropriate. ... What matters to the Board, individually and collectively,
24 is that we are all duty-bound to follow Federal and local laws governing

1 the 'exclusive benefit rule.' ... Violating this exclusive benefit rule exposes
2 each board member to personal financial liability, a prospect that no one on
3 the Board cherishes."

4 Regarding component (3), *I Liheslaturan Guåhan* finds the proposed
5 de-appropriation of such critical needs as firefighters' equipment; the
6 payment of rent for the Department of Law and the Public Defender; and
7 the repair of Clara Street in Toto to fund other operational requirements of
8 the government of Guam, to be unjustified. *I Liheslaturan Guåhan* finds the
9 de-appropriation of funding for the Residential Drug Treatment Facility in
10 the amount of Five Hundred Thousand Dollars (\$500,000.00) is justified to
11 help offset the cost of public assistance requirements for the month of
12 September, 1999.

13 Regarding component (4), *I Liheslaturan Guåhan* finds the proposed
14 amendment to "Exhibit C" in Public Law Number 25-03 necessary. The
15 proposed adjustments to the special fund revenues inadvertently left out of
16 "Exhibit C" in Public Law Number 25-03 reflect an overall decrease based
17 on current revenue tracking. The replacement of this exhibit is technical in
18 nature and would correct an omission of several special revenue funds in
19 support of certain departmental operations.

20 **Summary Findings and Intent.** *I Liheslaturan Guåhan* has
21 determined that only Nineteen Million Five Hundred Twenty-nine
22 Thousand Eight Hundred Thirty-nine Dollars (\$19,529,839) in revenues is
23 available for appropriation. This comprises Sixteen Million Six Hundred
24 Nineteen Thousand Two Hundred Seventy-one Dollars (\$16,619,271) in

1 adjusted projected revenue resulting from the non-payment of EITC plus
2 Two Million Four Hundred Ten Thousand Five Hundred Sixty-eight
3 Dollars (\$2,410,568) in un-appropriated General Fund monies from the
4 previously adopted estimates, plus Five Hundred Thousand Dollars
5 (\$500,000.00) from the de-appropriation of funding for the Residential Drug
6 Treatment Facility.

7 *I Liheslaturan Guåhan* further determines that the Nineteen Million
8 Five Hundred Twenty-nine Thousand Eight Hundred Thirty-nine Dollars
9 (\$19,529,839) in available revenue is sufficient to pay the net payroll
10 requirements of the entire Executive Branch for September, 1999. *However,*
11 the remaining balance of One Million Six Hundred Thirty-nine Thousand
12 Four Hundred Fifty-six Dollars (\$1,639,456) is *not* enough to cover the
13 additional payroll expenses that accrue from the payment of Executive
14 Branch payroll in September, 1999.

15 *I Liheslaturan Guåhan* further determines that other critical
16 expenditures are necessary to protect the interests of school children,
17 families dependent on public assistance, public health, the retirement and
18 insurance benefits of government employees and those detained in public
19 correctional facilities.

20 *However,* these expenditures cannot be authorized without an
21 identified funding source. *I Liheslaturan Guåhan* confirms that the
22 information provided by the Executive Branch during public testimony on
23 Bill Number 273 and in data requests show clearly that the government of
24 Guam has incurred obligations and liabilities already in excess of Four

1 Hundred Sixty-nine Million Five Hundred Thousand Dollars
2 (\$469,500,000). Fiscal officers of the Executive Branch reported that the
3 deficit between encumbrances and revenues is likely to grow.

4 Unpaid utility bills for FY 1999 already exceed Twenty Million
5 Dollars (\$20,000,000), despite these amounts already being budgeted as
6 part of the total Executive Branch appropriations for FY 1999. Unpaid tax
7 refunds, now accruing additional interest expense, indicate that the cash
8 necessary to pay these obligations is *not* available. Any additional
9 authorization to encumber expenses will only add to a growing deficit
10 caused by a significant drop in General Fund revenues and the inability to
11 reduce government spending.

12 Nonetheless, *I Liheslaturan Guåhan* believes that a funding source
13 must be provided to fund Five Million Nine Hundred Eighteen Thousand
14 Seven Hundred Thirty-eight Dollars (\$5,918,738) in additional spending
15 authorization necessary to protect the public interest during the month of
16 September, 1999.

17 Under the provisions of this Act, *I Liheslaturan Guåhan* will allow *I*
18 *Maga'lahaen Guåhan* to arrange for a short-term line of credit to fund specific
19 expenditures in September, 1999. The line of credit shall be repaid within
20 forty-five (45) days of the start of Fiscal Year 2000 from the budgeted
21 revenues of FY 2000. Whatever amounts that are borrowed, *if any*, shall be
22 deducted from the General Fund revenues projected to be available in FY
23 2000, and will thereby cause an equal reduction in the amount of
24 expenditures that will be allowed by *I Liheslaturan Guåhan* for FY 2000.

1 Immediate repayment of the line of credit in FY 2000 is the only way that *I*
2 *Liheslaturan Guåhan* will allow any additional expenditures for FY 1999 to
3 occur in order to continue the process of limiting government spending
4 only to what is available from revenues.

5 *I Liheslaturan Guåhan* recognizes that the payroll authorization, by
6 agency, includes only two (2) full pay periods in September, 1999. The
7 periods from September 26 through 30, 1999, shall accrue towards the pay
8 period ending October 9, 1999 (the first pay period of FY 2000) and paid at
9 that time.

10 **Section 2.** Section 4 of Chapter II of Public Law Number 25-03 is
11 hereby *repealed and reenacted* to read as follows:

12 **"Section 4.** In the event that revenues projected for the
13 General Fund for Fiscal Year 1999 by the Special Accounting Service
14 exceed the revenue estimate adopted herein, *I Maga'lahaen Guåhan* is
15 authorized to expend such additional projected revenues to support
16 the operations of the Executive Branch, inclusive of the Department
17 of Education, for Fiscal Year 1999, *provided* that such additional
18 revenues to be expended shall *not* comprise a sum greater than three
19 and six-tenth percent (3.6%) of the estimated total General Fund
20 revenues adopted in §3 of Chapter 1."

21 **Section 3. Reference to Exhibits.** "Exhibit C" attached to
22 Public Law Number 25-03 is hereby *repealed and reenacted*, and a new
23 **"Exhibit C,"** attached, is enacted in its place.

24 **Section 4. Executive Branch Appropriation for September, 1999.**

1 There is hereby appropriated from the General Fund each of the following
2 sums to each of the following agencies or departments of the Executive
3 Branch of the government of Guam for the month ending September 30,
4 1999. This appropriation shall be expended pursuant to the following
5 departmental and object category breakdown and only for the month of
6 September, 1999:

7	Department of Administration	
8	for personnel services not to exceed:	\$468,998.00
9	Department of Agriculture	
10	for personnel services not to exceed:	\$158,927.00
11	Agency for Human Resources Development	
12	for personnel services not to exceed:	\$93,538.00
13	Bureau of Budget and Management Research	
14	for personnel services not to exceed:	\$94,542.00
15	Bureau of Planning	
16	for personnel services not to exceed:	\$92,050.00
17	Chamorro Land Trust Commission	
18	for personnel services not to exceed:	\$25,930.00
19	Chamorro Language Commission	
20	for personnel services not to exceed:	\$8,892.00
21	Chief Medical Examiner	
22	for personnel services not to exceed:	\$17,010.00
23	Civil Defense	
24	for personnel services not to exceed:	\$8,000.00
25	Civil Service Commission	

1	for personnel services not to exceed:	\$72,122.00
2	Department of Commerce	
3	for personnel services not to exceed:	\$93,678.00
4	Department of Integrated Services for	
5	Individuals with Disabilities	
6	for personnel services not to exceed:	\$56,688.00
7	Department of Corrections	
8	for personnel services not to exceed:	\$670,164.00
9	Department of Education	
10	for personnel services not to exceed:	\$8,344,916.00
11	<i>I Maga'lahaen Guåhan's Office</i>	
12	for personnel services <i>not</i> to exceed:	\$459,794.00
13	Guam Election Commission	
14	for personnel services not to exceed:	\$5,610.00
15	Guam Environmental Protection Agency	
16	for personnel services not to exceed:	\$50,104.00
17	Guam Council on the Arts and Humanities	
18	for personnel services not to exceed:	\$11,290.00
19	Guam Police Department	
20	for personnel services not to exceed:	\$1,358,252.00
21	Guam Fire Department	
22	for personnel services not to exceed:	\$1,275,682.00
23	Guam Educational Telecommunications	
24	Corporation (KGTF)	
25	for personnel services not to exceed:	\$25,660.00

1	Department of Labor	
2	for personnel services not to exceed:	\$138,564.00
3	Department of Land Management	
4	for personnel services not to exceed:	\$181,277.00
5	Department of Law	
6	for personnel services not to exceed:	\$395,208.00
7	Guam Public Library	
8	for personnel services not to exceed:	\$57,374.00
9	Mayors' Council	
10	for personnel services not to exceed:	\$329,026.00
11	Department of Mental Health and	
12	Substance Abuse	
13	for personnel services not to exceed:	\$291,884.00
14	Department of Military Affairs	
15	for personnel services not to exceed:	\$21,464.00
16	Department of Parks and Recreation	
17	for personnel services not to exceed:	\$146,314.00
18	Department of Public Health and	
19	Social Services	
20	for personnel services not to exceed:	\$854,606.00
21	Office of the Public Auditor	
22	for personnel services not to exceed:	\$21,954.00
23	Department of Public Works	
24	for personnel services not to exceed:	\$1,374,520.00
25	Department of Revenue and Taxation	

1 for personnel services not to exceed: \$457,986.00

2 **Veterans Affairs Office**

3 for personnel services not to exceed: \$10,982.00

4 **Department of Youth Affairs**

5 for personnel services not to exceed: \$217,377.00

6

7 **Sub-total for personnel services *not* to exceed: \$17,890,383.00**

8

9 **Department of Public Health and**

10 **Social Services, for Public Assistance Cash**

11 Grants for September, 1999, not to exceed: \$1,639,456.00

12

13 **Total: \$19,529,839.00**

14 **Section 5.** Section 7 of Chapter V of Public Law Number 25-03 is
15 hereby *amended* to read as follows:

16 **"Section 7. Transfer Authority for General Government**

17 **Operations.** *I Maga'lahaen Guåhan* is authorized to transfer from

18 one (1) appropriation of the Executive Branch to another

19 appropriation of the Executive Branch, *provided*, that total transfers

20 between appropriations shall *not* exceed ten percent (10%) of the

21 estimated total General Fund revenues adopted in §3 of Chapter I of

22 this Act for Fiscal Year 1999, and provided further that notice of each

23 transfer and justification therefor, is delivered at least seven (7) days

24 before the transfer takes place to the Speaker of *I Liheslaturan Guåhan*.

25 This transfer authority shall *not* permit *I Maga'lahaen Guåhan* to

1 transfer funds from any appropriation to *I Liheslaturan Guåhan*, the
2 Superior Court of Guam and the Supreme Court of Guam, nor shall *I*
3 *Maga'lahaen Guåhan* transfer funds from the School Operations Fund."

4 **Section 6.** Section 10 of Chapter III of Public Law Number 25-03 is
5 hereby *amended* to read as follows:

6 **"Section 10.** Section 5 of Public Law Number 24-289 is
7 hereby *amended* to read as follows:

8 **'Section 5.** Notwithstanding Public Law Number
9 24-160, the sum of Five Hundred Thousand Dollars
10 (\$500,000.00) is appropriated from the General Fund for Fiscal
11 Year 1999 to the Department of Public Health and Social
12 Services for Public Assistance Cash Grants. This appropriation
13 is *not* subject to the allotment process controls, or the authority
14 of, the Bureau of Budget and Management Research. Further,
15 funds appropriated by this Act are *not* subject to the transfer
16 authority of *I Maga'lahaen Guåhan*."

17 **Section 7. Line of Credit.** *I Maga'lahaen Guåhan* is hereby
18 authorized to arrange a line of credit not to exceed Five Million Nine
19 Hundred Eighteen Thousand Seven Hundred Thirty-eight Dollars
20 (\$5,918,738) and such sums are hereby appropriated for the following
21 purposes:

22 (a) for government contributions to retirement,
23 medicare and social security taxes arising
24 from appropriations for personnel services

1	appropriated in §4	\$3,293,998.00
2	(b) for government contributions to medical, dental	
3	and life insurance arising from appropriations for	
4	personnel services appropriated in §4	\$881,021.00
5	(c) to fund the local match required by September 30,	
6	1999, for the Medicaid Program administered by the	
7	Dept. of Public Health and Social Services	\$975,000.00
8	(d) for the school lunch program of the	
9	Department of Education for September, 1999	\$300,000.00
10	(e) for meals for the clients of the	
11	Department of Corrections for September, 1999	\$300,000.00
12	(f) for meals for clients of the Department	
13	of Youth Affairs for September, 1999	\$15,000.00
14	(g) for additional Public Assistance Cash Grants paid	
15	by the Dept. of Public Health and Social Services	
16	for September, 1999	\$60,544.00
17	(h) for patient travel authorized by the	
18	Medically Indigent Program of the Department of	
19	Public Health and Social Services for September, 1999	\$43,175.00

20 The line of credit shall be upon such terms and conditions as
21 established by an agreement, and such other documents and instruments
22 as are executed by *I Maga'lahaen Guåhan* containing such terms as are
23 consistent with this Section. *I Maga'lahaen Guåhan*, on behalf of the
24 government of Guam, is authorized to guaranty the loan and to grant the

1 pledge of §30 revenues, the General Fund or Gross Receipts Taxes, as
2 provided below, as security for repayment of the loan.

3 (1) The loan shall be for such term, not to exceed seventy-five
4 (75) days, and repayment shall be completed within forty-five (45)
5 days of the start of Fiscal Year 2000. The rate of interest upon the
6 loan shall be as negotiated between the lender and *I Maga'lahaen*
7 *Guåhan*.

8 (2) Interest shall be computed upon the declining balance of
9 principal outstanding from time to time upon the loan.

10 (3) The lender for making the loan may levy prepaid charges.
11 The lender may charge and be paid either from the loan funds or
12 other funds of the government of Guam its expenses incurred in
13 making the loan, including legal fees, recording, title insurance and
14 appraisal fees, and like expenses.

15 (4) Interest earned by the lender shall be exempt from
16 taxation by the government of Guam, including without limitation
17 taxation under the Guam Gross Receipts Tax and Guam Territorial
18 Income Tax.

19 (5) The loan may be secured by:

20 (i) pledge of §30 revenues, the General Fund or Gross
21 Receipts Taxes;

22 (ii) a guaranty of the government of Guam; *or*

23 (iii) pledge of all or any part of the revenues derived by
24 the government of Guam under §30 of the Organic Act. Any

1 such pledge shall be made by a certificate of approval by *I*
2 *Maga'lahaen Guåhan* authorizing the pledge and the terms and
3 conditions thereof. Any such pledge shall be valid and binding
4 from the time the pledge is made, *subject to* prior pledges upon
5 such revenues. The revenues pledged and thereafter received
6 by the government of Guam or by any trustee appointed
7 pursuant hereto shall upon receipt immediately be subject to
8 the lien of the pledge without any physical delivery thereof or
9 further act, and the lien of such pledge shall be valid and
10 binding against the government of Guam irrespective of
11 whether the parties have notice thereof.

12 **Section 8.** Section 3(d) of Public Law Number 24-59, as amended
13 by P.L. Nos. 25-64 and 25-03, is hereby *repealed and re-enacted* to read as
14 follows:

15 “(d) Of the funds appropriated in Paragraphs (a), (b) and (c) of
16 this Section, no more than Ten Million Eight Hundred Thirty-eight
17 Thousand Eight Hundred Seventy-one Dollars (\$10,838,871) may be
18 spent on personnel services. This spending limits on personnel
19 services herein shall *not* be increased by any transfer authority of *I*
20 *Maga'lahaen Guåhan* or by act of the Board of Trustees.”

21 **Section 9.** Section 26208 of Article 2, Chapter 26, Division 2 of Title
22 11 of the Guam Code Annotated, as amended by Public Law Number 25-
23 03, is hereby *amended* to read as follows:

24 **“Section 26208. Creation of School Operations Fund.** There

1 is hereby created, separate and apart from other funds of the
2 government of Guam, a fund known as the '*School Operations Fund*.'
3 This Fund shall *not* be commingled with the General Fund and shall be
4 kept in a separate bank account. Eighty-eight percent (88%) of all Gross
5 Receipts Taxes collected on Guam shall be deposited in the School
6 Operations Fund and shall be appropriated by *I Liheslaturan Guåhan* to
7 cover the operational expenses of the Guam Department of Education
8 and all schools in the Guam Public School System administered by that
9 Department, as well as any use associated with the Guam Public School
10 System, as determined by the laws of Guam. The Department of
11 Administration shall deposit on the last day of each month a sum equal
12 to eighty-eight percent (88%) of all Gross Receipts Taxes collected for
13 that month in the School Operations Fund. Beginning with the Fiscal
14 Year 2000 budget, all appropriations from the School Operations Fund
15 to the Department of Education shall be subject to the approval of *I*
16 *Liheslaturan Guåhan*. For purposes of this Act, the appropriations of the
17 School Operations Fund are included in the Three Hundred Fifteen
18 Million One Hundred Eighty-one Thousand Three Hundred Ninety-one
19 Dollar (\$315,181,391) Executive Branch appropriations in §1 of this Act."

20 **Section 10.** Notwithstanding any other provision of law, upon
21 enactment of this Section, no transfer to the School Operations Fund shall
22 be made for appropriations to the Department of Education for the balance
23 of Fiscal Year 1999.

24 **Section 11. Funding for Tax Refunds Processing. I**

1 *Maga'lahaen Guåhan* is hereby authorized to arrange a line of credit under
2 the same terms and conditions for securing a line of credit as provided in
3 §7 of this Act for an amount not to exceed Fifty Thousand Dollars
4 (\$50,000.00) for operating expenses as follows:

5 Notwithstanding any other provision of law or this Act, the
6 Director of Revenue and Taxation is hereby authorized to expend
7 Fifty Thousand Dollars (\$50,000.00) to hire personnel on a temporary
8 basis, whether by contract or other temporary means, strictly for the
9 purpose of processing individual and corporate income tax returns.
10 The director shall publish weekly the number of tax returns
11 processed by the Department of Revenue and Taxation during that
12 week, the tax year for those returns and the number of tax refund
13 checks issued and outstanding. Such expenditures shall be exempt
14 from all procurement laws of Guam. This appropriation shall *not* be
15 subject to transfer to any other entity of the government nor may it be
16 utilized for any other purpose.

17 **Section 12. Prohibition Against Payment for Cellular Phone**
18 **Services With Government Funds.** Notwithstanding any other
19 provision of law, and upon the effective date of this Act, no government of
20 Guam funds shall be expended, with the exception of billings for services
21 incurred *prior* to the enactment of this Act, for the purchase of cellular
22 telephones, cellular telephone service or cellular telephone air time. This
23 Section shall apply to the expenditure of any or all government of Guam
24 funds, regardless of source and inclusive of all funds utilized by

1 autonomous agencies. This Section shall *not* apply to *I Maga'lahren Guåhan*,
2 *I Segundo na Maga'lahren Guåhan*, the Chief Justice of the Guam Supreme
3 Court and the Presiding Judge of the Superior Court of Guam.

4 **Section 13. Moratorium on Travel.** Notwithstanding any
5 other provision of law, and upon the effective date of this Act, no
6 government of Guam funds shall be expended, nor expenses incurred, for
7 off-Island travel, with the exception of the following:

- 8 a) Court ordered travel;
- 9 b) travel required to transport prisoners;
- 10 c) travel for purposes of medical treatment; *and*
- 11 d) travel paid for entirely by Federal funds inclusive of any
12 per diem and ground transportation costs.

13 **Section 14. Prohibition Against the Lease and Use of**
14 **Government Vehicles by Directors and Deputy Directors of the**
15 **Government of Guam.** Notwithstanding any other provision of law,
16 and upon the effective date of this Act, no government of Guam funds shall
17 be expended for the lease of any vehicle which purpose is the
18 transportation of an unclassified Director or Deputy Director, regardless of
19 specific title or designation, of any agency, department, autonomous
20 agency or instrumentality of the government of Guam. This Section shall
21 apply to the expenditure of any or all government of Guam funds,
22 regardless of source and inclusive of all funds utilized by autonomous
23 agencies.

24 **Section 15. Prohibition Against the Payment of Fees and**

1 **Stipends for Members of Boards and Commissions.** Notwithstanding
2 any other provision of law, and upon the effective date of this Act, all
3 payment of fees and stipends to members of Boards and Commissions shall
4 be suspended. This prohibition shall apply to the expenditure of any or all
5 government of Guam funds, regardless of source and inclusive of all funds
6 utilized by autonomous agencies.

7 **Section 16. Prohibition Against the Use of Twenty-four (24)**
8 **Hour Vehicles.** Notwithstanding any other provision of law, and upon
9 the effective date of this Act, no government vehicle shall be used by any
10 government employee, contract employee or other person, *except* during
11 such time that the person is on official duty. This Section shall *not* apply to
12 *I Maga'lahaen Guåhan, I Segundo na Maga'lahaen Guåhan, the Speaker of I*
13 *Liheslaturan Guåhan, the Chief Justice of the Guam Supreme Court and the*
14 *Presiding Judge of the Superior Court of Guam.*

15 **Section 17. Exception to General Fund Reversion.** Subsection
16 (a) of §2 of Chapter V of Public Law Number 25-03 is hereby *amended* to
17 read as follows:

18 **"(a) General Fund Reversion.** All unexpended or
19 unencumbered appropriations made from the General Fund
20 pursuant to this Act for Fiscal Year 1999 shall revert to the General
21 Fund on the last day of that fiscal year, *except* for those amounts
22 authorized to pay 1998 Earned Income Tax Credits; *and"*

23 **Section 18. Earned Income Tax Credits.** In the event that
24 actual revenues collected for the General Fund for Fiscal Year 1999 exceed

1 the sum of the estimated total General Fund revenue adopted in Public
2 Law Number 25-03:I:3 and the additional three and six-tenth percent (3.6%)
3 of the estimated total General Fund revenue authorized to be expended
4 under Public Law Number 25-03:II:4, *I Maga'lahaen Guåhan* is authorized to
5 expend such excess actual revenues collected to pay only for the 1998
6 Earned Income Tax Credits and the obligations of the government incurred
7 pursuant to the line of credit authorized in §7 of this Act.

8 **Section 19. Applicability of Act Through End of FY 1999.**

9 The provisions contained within §§12-16 of this Act shall apply through the
10 end of Fiscal Year 1999.

11 **Section 20. Severability.** *If any provision of this Law or its*

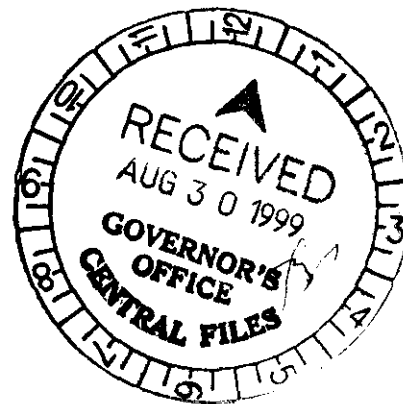
12 application to any person or circumstance is found to be invalid or contrary
13 to law, such invalidity shall *not* affect other provisions or applications of
14 this Law which can be given effect without the invalid provisions or
15 application, and to this end the provisions of this Law are severable.



COPY

MINA' BENTE SINGKO NA LIHESLATURAN GUÅHAN
TWENTY-FIFTH GUAM LEGISLATURE
155 Hesler Street, Hagåtña, Guam 96910

August 30, 1999




The Honorable Carl T.C. Gutierrez
I Maga'lahaen Guåhan
Ufisinan I Maga'lahi
Hagåtña, Guam 96910

Dear *Maga'lahi* Gutierrez:

Re-transmitted herewith is Bill No. 296(COR)(2-S), together with Exhibit "C", which was passed at a Special Session by *I Mina'Bente Singko Na Liheslaturan Guåhan* on August 30, 1999.

On our original transmittal, Exhibit "C" was not attached to subject Bill.

Sincerely,

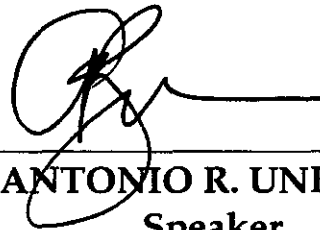

JOANNE M.S. BROWN
Senator and Legislative Secretary

Enclosure (2) - *fyf* - 8-30-99
11:31 pm

MINA'BENTE SINGKO NA LIHESLATURAN GUAHAN
1999 (SECOND) Special Session


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

This is to certify that Bill No. 296 (COR) (2-S), "AN ACT TO REPEAL AND REENACT §4 OF CHAPTER II OF P.L. NO. 25-03, TO REPEAL AND REENACT "EXHIBIT C" OF P.L. NO. 25-03, TO AMEND §7 OF CHAPTER V AND §10 OF CHAPTER III OF P.L. NO. 25-03, TO REPEAL AND REENACT §3(d) OF CHAPTER III OF P.L. NO. 24-59 AND TO AMEND §26208 OF ARTICLE 2, CHAPTER 26, DIVISION 2 OF TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO APPROPRIATING THE SUM OF \$19,529,839 FOR THE CONTINUED OPERATIONS OF THE EXECUTIVE BRANCH OF THE GOVERNMENT OF GUAM FOR THE MONTH ENDING SEPTEMBER, 1999, AND FOR RESTRICTING THE USE OF GOVERNMENT MONIES," was on the 30th day of August, 1999, duly and regularly passed.



ANTONIO R. UNPINGCO
Speaker


Attested:



JOANNE M.S. BROWN
Senator and Legislative Secretary

COPY

This Act was received by *I Maga'lahen Guahan* this 30th day of August, 1999,
at 11:31 o'clock A.M.



Assistant Staff Officer
Maga'lahi's Office

APPROVED:

CARL T. C. GUTIERREZ
I Maga'lahen Guahan

Date: _____

Public Law No. _____

MINA'BENTE SINGKO NA LIHESLATURAN GUÅHAN
1999 (SECOND) Special Session

Bill No. 296 (COR)(2-S)

As amended in the Committee of the
Whole and on the Floor.

Introduced by:

Committee on Housing,
General Government
Services and Foreign
Affairs

K. S. Moylan
F. B. Aguon, Jr.
E. C. Bermudes
A. C. Blaz
J. M.S. Brown
E. B. Calvo
M. G. Camacho
Mark Forbes
L. F. Kasperbauer
A. C. Lamorena, V
C. A. Leon Guerrero
V. C. Pangelinan
J. C. Salas
S. A. Sanchez, II
A. R. Unpingco

**AN ACT TO REPEAL AND REENACT §4 OF
CHAPTER II OF P.L. NO. 25-03, TO REPEAL AND
REENACT "EXHIBIT C" OF P.L. NO. 25-03, TO
AMEND §7 OF CHAPTER V AND §10 OF
CHAPTER III OF P.L. NO. 25-03, TO REPEAL
AND REENACT §3(d) OF CHAPTER III OF P.L.
NO. 24-59 AND TO AMEND §26208 OF ARTICLE
2, CHAPTER 26, DIVISION 2 OF TITLE 11 OF
THE GUAM CODE ANNOTATED, RELATIVE
TO APPROPRIATING THE SUM OF \$19,529,839**

FOR THE CONTINUED OPERATIONS OF THE
EXECUTIVE BRANCH OF THE GOVERNMENT
OF GUAM FOR THE MONTH ENDING
SEPTEMBER, 1999, AND FOR RESTRICTING
THE USE OF GOVERNMENT MONIES.

1 BE IT ENACTED BY THE PEOPLE OF GUAM:

2 Section 1. Legislative Findings and Intent. Bill Number 273

3 (COR), introduced at the request of *I Maga'lahaen Guåhan*, contains four (4)
4 major components: (1) to adjust the General Fund revenue projections for
5 FY 1999 from Four Hundred Fifty-two Million Nine Hundred Five
6 Thousand Six Hundred Eleven Dollars (\$452,905,611) to Four Hundred
7 Sixty-nine Million Five Hundred Twenty-four Thousand Eight Hundred
8 Eighty-two Dollars (\$469,524,882), or by Sixteen Million Six Hundred
9 Nineteen Thousand Two Hundred Seventy-one Dollars (\$16,619,271); (2) to
10 de-appropriate and provide a mechanism for the reimbursement of
11 Fourteen Million Eight Hundred Fifty-five Thousand Five Hundred Eighty-
12 five Dollars (\$14,855,585) in supplemental annuity and COLA payments
13 made by the General Fund to the Retirement Fund in Fiscal Year 1999 and
14 to make available the same amount for Executive Branch operations; (3) to
15 de-appropriate Five Million Sixty-eight Thousand Nine Hundred Forty-
16 seven Dollars (\$5,068,947) of various miscellaneous appropriations and
17 appropriates the same amount to various departments for operational
18 requirements; and (4) to adjust special fund revenues and to replace
19 "Exhibit C" contained in Public Law Number 25-03.

20 Regarding component (1), *I Liheslaturan Guåhan* finds that Public Law
21 Number 25-03 provides *I Maga'lahaen Guåhan* with the spending authority of

1 up to eight percent (8%) of actual revenues collected, or up to Four
2 Hundred Eighty-nine Million One Hundred Thousand Dollars
3 (\$489,100,000); therefore, the revenue adjustment is *not* needed. *However, I*
4 *Maga'lahaen Guahan* provided testimony during the public hearing on Bill
5 Number 273 that the language in Public Law Number 25-03 relating to this
6 spending authority is unworkable since actual revenues collected cannot be
7 determined until some time past September, 1999. At the same public
8 hearing, Attorney General John Tarantino concurred that if the word
9 "actual," contained in §4, Chapter II of Public Law Number 25-03 was
10 changed to "projected," it would suffice the legislative intent of providing *I*
11 *Maga'lahaen Guahan* with the spending authority necessary for collections
12 beyond the estimated revenues adopted in §3 of Chapter 1 of Public Law
13 Number 25-03.

14 Revenue estimates proposed by *I Maga'lahaen Guahan* for Fiscal Year
15 1999 was initially at Four Hundred Eighty-six Million Dollars
16 (\$486,000,000). A revised estimate of Four Hundred Sixty-nine Million
17 Dollars (\$469,000,000) was presented during the budget cycle for the
18 second half of the fiscal year. *I Liheslaturan Guahan* found that the second
19 estimate did *not* sufficiently address the economic downturn and
20 subsequently adopted a reduced projection of Four Hundred Fifty-two
21 Million Nine Hundred Thousand Dollars (\$452,900,000) in Public Law
22 Number 25-03. Another revised revenue estimate of Four Hundred Sixty-
23 nine Million Five Hundred Thousand Dollars (\$469,500,000) was presented
24 by *I Maga'lahaen Guahan* in Bill Number 273.

1 the 'exclusive benefit rule.' ... Violating this exclusive benefit rule exposes
2 each board member to personal financial liability, a prospect that no one on
3 the Board cherishes."

4 Regarding component (3), *I Liheslaturan Guåhan* finds the proposed
5 de-appropriation of such critical needs as firefighters' equipment; the
6 payment of rent for the Department of Law and the Public Defender; and
7 the repair of Clara Street in Toto to fund other operational requirements of
8 the government of Guam, to be unjustified. *I Liheslaturan Guåhan* finds the
9 de-appropriation of funding for the Residential Drug Treatment Facility in
10 the amount of Five Hundred Thousand Dollars (\$500,000.00) is justified to
11 help offset the cost of public assistance requirements for the month of
12 September, 1999.

13 Regarding component (4), *I Liheslaturan Guåhan* finds the proposed
14 amendment to "Exhibit C" in Public Law Number 25-03 necessary. The
15 proposed adjustments to the special fund revenues inadvertently left out of
16 "Exhibit C" in Public Law Number 25-03 reflect an overall decrease based
17 on current revenue tracking. The replacement of this exhibit is technical in
18 nature and would correct an omission of several special revenue funds in
19 support of certain departmental operations.

20 **Summary Findings and Intent.** *I Liheslaturan Guåhan* has
21 determined that only Nineteen Million Five Hundred Twenty-nine
22 Thousand Eight Hundred Thirty-nine Dollars (\$19,529,839) in revenues is
23 available for appropriation. This comprises Sixteen Million Six Hundred
24 Nineteen Thousand Two Hundred Seventy-one Dollars (\$16,619,271) in

1 Hundred Sixty-nine Million Five Hundred Thousand Dollars
2 (\$469,500,000). Fiscal officers of the Executive Branch reported that the
3 deficit between encumbrances and revenues is likely to grow.

4 Unpaid utility bills for FY 1999 already exceed Twenty Million
5 Dollars (\$20,000,000), despite these amounts already being budgeted as
6 part of the total Executive Branch appropriations for FY 1999. Unpaid tax
7 refunds, now accruing additional interest expense, indicate that the cash
8 necessary to pay these obligations is *not* available. Any additional
9 authorization to encumber expenses will only add to a growing deficit
10 caused by a significant drop in General Fund revenues and the inability to
11 reduce government spending.

12 Nonetheless, *I Liheslaturan Guåhan* believes that a funding source
13 must be provided to fund Five Million Nine Hundred Eighteen Thousand
14 Seven Hundred Thirty-eight Dollars (\$5,918,738) in additional spending
15 authorization necessary to protect the public interest during the month of
16 September, 1999.

17 Under the provisions of this Act, *I Liheslaturan Guåhan* will allow *I*
18 *Maga'lahen Guåhan* to arrange for a short-term line of credit to fund specific
19 expenditures in September, 1999. The line of credit shall be repaid within
20 forty-five (45) days of the start of Fiscal Year 2000 from the budgeted
21 revenues of FY 2000. Whatever amounts that are borrowed, *if any*, shall be
22 deducted from the General Fund revenues projected to be available in FY
23 2000, and will thereby cause an equal reduction in the amount of
24 expenditures that will be allowed by *I Liheslaturan Guåhan* for FY 2000.

1 Immediate repayment of the line of credit in FY 2000 is the only way that I
2 *Liheslaturan Guåhan* will allow any additional expenditures for FY 1999 to
3 occur in order to continue the process of limiting government spending
4 only to what is available from revenues.

5 *I Liheslaturan Guåhan* recognizes that the payroll authorization, by
6 agency, includes only two (2) full pay periods in September, 1999. The
7 periods from September 26 through 30, 1999, shall accrue towards the pay
8 period ending October 9, 1999 (the first pay period of FY 2000) and paid at
9 that time.

10 **Section 2.** Section 4 of Chapter II of Public Law Number 25-03 is
11 hereby *repealed and reenacted* to read as follows:

12 **"Section 4.** In the event that revenues projected for the
13 General Fund for Fiscal Year 1999 by the Special Accounting Service
14 exceed the revenue estimate adopted herein, *I Maga'lahen Guåhan* is
15 authorized to expend such additional projected revenues to support
16 the operations of the Executive Branch, inclusive of the Department
17 of Education, for Fiscal Year 1999, *provided* that such additional
18 revenues to be expended shall *not* comprise a sum greater than three
19 and six-tenth percent (3.6%) of the estimated total General Fund
20 revenues adopted in §3 of Chapter 1."

21 **Section 3. Reference to Exhibits.** "Exhibit C" attached to
22 Public Law Number 25-03 is hereby *repealed and reenacted*, and a new
23 "**Exhibit C,**" attached, is enacted in its place.

24 **Section 4. Executive Branch Appropriation for September, 1999.**

1 There is hereby appropriated from the General Fund each of the following
2 sums to each of the following agencies or departments of the Executive
3 Branch of the government of Guam for the month ending September 30,
4 1999. This appropriation shall be expended pursuant to the following
5 departmental and object category breakdown and only for the month of
6 September, 1999:

7	Department of Administration	
8	for personnel services not to exceed:	\$468,998.00
9	Department of Agriculture	
10	for personnel services not to exceed:	\$158,927.00
11	Agency for Human Resources Development	
12	for personnel services not to exceed:	\$93,538.00
13	Bureau of Budget and Management Research	
14	for personnel services not to exceed:	\$94,542.00
15	Bureau of Planning	
16	for personnel services not to exceed:	\$92,050.00
17	Chamorro Land Trust Commission	
18	for personnel services not to exceed:	\$25,930.00
19	Chamorro Language Commission	
20	for personnel services not to exceed:	\$8,892.00
21	Chief Medical Examiner	
22	for personnel services not to exceed:	\$17,010.00
23	Civil Defense	
24	for personnel services not to exceed:	\$8,000.00
25	Civil Service Commission	

1	for personnel services not to exceed:	\$72,122.00
2	Department of Commerce	
3	for personnel services not to exceed:	\$93,678.00
4	Department of Integrated Services for	
5	Individuals with Disabilities	
6	for personnel services not to exceed:	\$56,688.00
7	Department of Corrections	
8	for personnel services not to exceed:	\$670,164.00
9	Department of Education	
10	for personnel services not to exceed:	\$8,344,916.00
11	<i>I Maga'lahaen Guahan's Office</i>	
12	for personnel services <i>not</i> to exceed:	\$459,794.00
13	Guam Election Commission	
14	for personnel services not to exceed:	\$5,610.00
15	Guam Environmental Protection Agency	
16	for personnel services not to exceed:	\$50,104.00
17	Guam Council on the Arts and Humanities	
18	for personnel services not to exceed:	\$11,290.00
19	Guam Police Department	
20	for personnel services not to exceed:	\$1,358,252.00
21	Guam Fire Department	
22	for personnel services not to exceed:	\$1,275,682.00
23	Guam Educational Telecommunications	
24	Corporation (KGTF)	
25	for personnel services not to exceed:	\$25,660.00

1	Department of Labor	
2	for personnel services not to exceed:	\$138,564.00
3	Department of Land Management	
4	for personnel services not to exceed:	\$181,277.00
5	Department of Law	
6	for personnel services not to exceed:	\$395,208.00
7	Guam Public Library	
8	for personnel services not to exceed:	\$57,374.00
9	Mayors' Council	
10	for personnel services not to exceed:	\$329,026.00
11	Department of Mental Health and	
12	Substance Abuse	
13	for personnel services not to exceed:	\$291,884.00
14	Department of Military Affairs	
15	for personnel services not to exceed:	\$21,464.00
16	Department of Parks and Recreation	
17	for personnel services not to exceed:	\$146,314.00
18	Department of Public Health and	
19	Social Services	
20	for personnel services not to exceed:	\$854,606.00
21	Office of the Public Auditor	
22	for personnel services not to exceed:	\$21,954.00
23	Department of Public Works	
24	for personnel services not to exceed:	\$1,374,520.00
25	Department of Revenue and Taxation	

1	for personnel services not to exceed:	\$457,986.00
2	Veterans Affairs Office	
3	for personnel services not to exceed:	\$10,982.00
4	Department of Youth Affairs	
5	for personnel services not to exceed:	\$217,377.00
6		
7	Sub-total for personnel services <i>not</i> to exceed:	\$17,890,383.00
8		
9	Department of Public Health and	
10	Social Services, for Public Assistance Cash	
11	Grants for September, 1999, not to exceed:	\$1,639,456.00
12		
13	Total:	\$19,529,839.00

14 **Section 5.** Section 7 of Chapter V of Public Law Number 25-03 is
15 hereby *amended* to read as follows:

16 **"Section 7. Transfer Authority for General Government**
17 **Operations.** *I Maga'lalen Guåhan* is authorized to transfer from
18 one (1) appropriation of the Executive Branch to another
19 appropriation of the Executive Branch, *provided*, that total transfers
20 between appropriations shall *not* exceed ten percent (10%) of the
21 estimated total General Fund revenues adopted in §3 of Chapter I of
22 this Act for Fiscal Year 1999, and provided further that notice of each
23 transfer and justification therefor, is delivered at least seven (7) days
24 before the transfer takes place to the Speaker of *I Liheslaturan Guåhan*.
25 This transfer authority shall *not* permit *I Maga'lalen Guåhan* to

1 transfer funds from any appropriation to *I Liheslaturan Guåhan*, the
2 Superior Court of Guam and the Supreme Court of Guam, nor shall *I*
3 *Maga'lalen Guåhan* transfer funds from the School Operations Fund."

4 **Section 6.** Section 10 of Chapter III of Public Law Number 25-03 is
5 hereby *amended* to read as follows:

6 "Section 10. Section 5 of Public Law Number 24-289 is
7 hereby *amended* to read as follows:

8 'Section 5. Notwithstanding Public Law Number
9 24-160, the sum of Five Hundred Thousand Dollars
10 (\$500,000.00) is appropriated from the General Fund for Fiscal
11 Year 1999 to the Department of Public Health and Social
12 Services for Public Assistance Cash Grants. This appropriation
13 is *not* subject to the allotment process controls, or the authority
14 of, the Bureau of Budget and Management Research. Further,
15 funds appropriated by this Act are *not* subject to the transfer
16 authority of *I Maga'lalen Guåhan*."

17 **Section 7. Line of Credit.** *I Maga'lalen Guåhan* is hereby
18 authorized to arrange a line of credit not to exceed Five Million Nine
19 Hundred Eighteen Thousand Seven Hundred Thirty-eight Dollars
20 (\$5,918,738) and such sums are hereby appropriated for the following
21 purposes:

- 22 (a) for government contributions to retirement,
23 medicare and social security taxes arising
24 from appropriations for personnel services

1	appropriated in §4	\$3,293,998.00
2	(b) for government contributions to medical, dental	
3	and life insurance arising from appropriations for	
4	personnel services appropriated in §4	\$881,021.00
5	(c) to fund the local match required by September 30,	
6	1999, for the Medicaid Program administered by the	
7	Dept. of Public Health and Social Services	\$975,000.00
8	(d) for the school lunch program of the	
9	Department of Education for September, 1999	\$300,000.00
10	(e) for meals for the clients of the	
11	Department of Corrections for September, 1999	\$300,000.00
12	(f) for meals for clients of the Department	
13	of Youth Affairs for September, 1999	\$15,000.00
14	(g) for additional Public Assistance Cash Grants paid	
15	by the Dept. of Public Health and Social Services	
16	for September, 1999	\$60,544.00
17	(h) for patient travel authorized by the	
18	Medically Indigent Program of the Department of	
19	Public Health and Social Services for September, 1999	\$43,175.00

20 The line of credit shall be upon such terms and conditions as
21 established by an agreement, and such other documents and instruments
22 as are executed by *I Maga'lahaen Guåhan* containing such terms as are
23 consistent with this Section. *I Maga'lahaen Guåhan*, on behalf of the
24 government of Guam, is authorized to guaranty the loan and to grant the

1 pledge of §30 revenues, the General Fund or Gross Receipts Taxes, as
2 provided below, as security for repayment of the loan.

3 (1) The loan shall be for such term, not to exceed seventy-five
4 (75) days, and repayment shall be completed within forty-five (45)
5 days of the start of Fiscal Year 2000. The rate of interest upon the
6 loan shall be as negotiated between the lender and *I Maga'lahen*
7 *Guåhan*.

8 (2) Interest shall be computed upon the declining balance of
9 principal outstanding from time to time upon the loan.

10 (3) The lender for making the loan may levy prepaid charges.
11 The lender may charge and be paid either from the loan funds or
12 other funds of the government of Guam its expenses incurred in
13 making the loan, including legal fees, recording, title insurance and
14 appraisal fees, and like expenses.

15 (4) Interest earned by the lender shall be exempt from
16 taxation by the government of Guam, including without limitation
17 taxation under the Guam Gross Receipts Tax and Guam Territorial
18 Income Tax.

19 (5) The loan may be secured by:

20 (i) pledge of §30 revenues, the General Fund or Gross
21 Receipts Taxes;

22 (ii) a guaranty of the government of Guam; *or*

23 (iii) pledge of all or any part of the revenues derived by
24 the government of Guam under §30 of the Organic Act. Any

1 such pledge shall be made by a certificate of approval by *I*
2 *Maga'lahaen Guåhan* authorizing the pledge and the terms and
3 conditions thereof. Any such pledge shall be valid and binding
4 from the time the pledge is made, *subject to* prior pledges upon
5 such revenues. The revenues pledged and thereafter received
6 by the government of Guam or by any trustee appointed
7 pursuant hereto shall upon receipt immediately be subject to
8 the lien of the pledge without any physical delivery thereof or
9 further act, and the lien of such pledge shall be valid and
10 binding against the government of Guam irrespective of
11 whether the parties have notice thereof.

12 **Section 8.** Section 3(d) of Public Law Number 24-59, as amended
13 by P.L. Nos. 25-64 and 25-03, is hereby *repealed and re-enacted* to read as
14 follows:

15 “(d) Of the funds appropriated in Paragraphs (a), (b) and (c) of
16 this Section, no more than Ten Million Eight Hundred Thirty-eight
17 Thousand Eight Hundred Seventy-one Dollars (\$10,838,871) may be
18 spent on personnel services. This spending limits on personnel
19 services herein shall *not* be increased by any transfer authority of *I*
20 *Maga'lahaen Guåhan* or by act of the Board of Trustees.”

21 **Section 9.** Section 26208 of Article 2, Chapter 26, Division 2 of Title
22 11 of the Guam Code Annotated, as amended by Public Law Number 25-
23 03, is hereby *amended* to read as follows:

24 **“Section 26208. Creation of School Operations Fund.** There

1 is hereby created, separate and apart from other funds of the
2 government of Guam, a fund known as the 'School Operations Fund.'
3 This Fund shall *not* be commingled with the General Fund and shall be
4 kept in a separate bank account. Eighty-eight percent (88%) of all Gross
5 Receipts Taxes collected on Guam shall be deposited in the School
6 Operations Fund and shall be appropriated by *I Liheslaturan Guåhan* to
7 cover the operational expenses of the Guam Department of Education
8 and all schools in the Guam Public School System administered by that
9 Department, as well as any use associated with the Guam Public School
10 System, as determined by the laws of Guam. The Department of
11 Administration shall deposit on the last day of each month a sum equal
12 to eighty-eight percent (88%) of all Gross Receipts Taxes collected for
13 that month in the School Operations Fund. Beginning with the Fiscal
14 Year 2000 budget, all appropriations from the School Operations Fund
15 to the Department of Education shall be subject to the approval of *I*
16 *Liheslaturan Guåhan*. For purposes of this Act, the appropriations of the
17 School Operations Fund are included in the Three Hundred Fifteen
18 Million One Hundred Eighty-one Thousand Three Hundred Ninety-one
19 Dollar (\$315,181,391) Executive Branch appropriations in §1 of this Act."

20 **Section 10.** Notwithstanding any other provision of law, upon
21 enactment of this Section, no transfer to the School Operations Fund shall
22 be made for appropriations to the Department of Education for the balance
23 of Fiscal Year 1999.

24 **Section 11. Funding for Tax Refunds Processing. I**

1 *Maga'lahaen Guåhan* is hereby authorized to arrange a line of credit under
2 the same terms and conditions for securing a line of credit as provided in
3 §7 of this Act for an amount not to exceed Fifty Thousand Dollars
4 (\$50,000.00) for operating expenses as follows:

5 Notwithstanding any other provision of law or this Act, the
6 Director of Revenue and Taxation is hereby authorized to expend
7 Fifty Thousand Dollars (\$50,000.00) to hire personnel on a temporary
8 basis, whether by contract or other temporary means, strictly for the
9 purpose of processing individual and corporate income tax returns.

10 The director shall publish weekly the number of tax returns
11 processed by the Department of Revenue and Taxation during that
12 week, the tax year for those returns and the number of tax refund
13 checks issued and outstanding. Such expenditures shall be exempt
14 from all procurement laws of Guam. This appropriation shall *not* be
15 subject to transfer to any other entity of the government nor may it be
16 utilized for any other purpose.

17 **Section 12. Prohibition Against Payment for Cellular Phone**
18 **Services With Government Funds.** Notwithstanding any other
19 provision of law, and upon the effective date of this Act, no government of
20 Guam funds shall be expended, with the exception of billings for services
21 incurred *prior* to the enactment of this Act, for the purchase of cellular
22 telephones, cellular telephone service or cellular telephone air time. This
23 Section shall apply to the expenditure of any or all government of Guam
24 funds, regardless of source and inclusive of all funds utilized by

1 autonomous agencies. This Section shall *not* apply to *I Maga'lahren Guåhan*,
2 *I Segundo na Maga'lahren Guåhan*, the Chief Justice of the Guam Supreme
3 Court and the Presiding Judge of the Superior Court of Guam.

4 **Section 13. Moratorium on Travel.** Notwithstanding any
5 other provision of law, and upon the effective date of this Act, no
6 government of Guam funds shall be expended, nor expenses incurred, for
7 off-Island travel, with the exception of the following:

- 8 a) Court ordered travel;
- 9 b) travel required to transport prisoners;
- 10 c) travel for purposes of medical treatment; *and*
- 11 d) travel paid for entirely by Federal funds inclusive of any
12 per diem and ground transportation costs.

13 **Section 14. Prohibition Against the Lease and Use of**
14 **Government Vehicles by Directors and Deputy Directors of the**
15 **Government of Guam.** Notwithstanding any other provision of law,
16 and upon the effective date of this Act, no government of Guam funds shall
17 be expended for the lease of any vehicle which purpose is the
18 transportation of an unclassified Director or Deputy Director, regardless of
19 specific title or designation, of any agency, department, autonomous
20 agency or instrumentality of the government of Guam. This Section shall
21 apply to the expenditure of any or all government of Guam funds,
22 regardless of source and inclusive of all funds utilized by autonomous
23 agencies.

24 **Section 15. Prohibition Against the Payment of Fees and**

1 **Stipends for Members of Boards and Commissions.** Notwithstanding
2 any other provision of law, and upon the effective date of this Act, all
3 payment of fees and stipends to members of Boards and Commissions shall
4 be suspended. This prohibition shall apply to the expenditure of any or all
5 government of Guam funds, regardless of source and inclusive of all funds
6 utilized by autonomous agencies.

7 **Section 16. Prohibition Against the Use of Twenty-four (24)**
8 **Hour Vehicles.** Notwithstanding any other provision of law, and upon
9 the effective date of this Act, no government vehicle shall be used by any
10 government employee, contract employee or other person, *except* during
11 such time that the person is on official duty. This Section shall *not* apply to
12 *I Maga'lahren Guåhan, I Segundo na Maga'lahren Guåhan, the Speaker of I*
13 *Liheslaturan Guåhan, the Chief Justice of the Guam Supreme Court and the*
14 *Presiding Judge of the Superior Court of Guam.*

15 **Section 17. Exception to General Fund Reversion.** Subsection
16 (a) of §2 of Chapter V of Public Law Number 25-03 is hereby *amended* to
17 read as follows:

18 **"(a) General Fund Reversion.** All unexpended or
19 unencumbered appropriations made from the General Fund
20 pursuant to this Act for Fiscal Year 1999 shall revert to the General
21 Fund on the last day of that fiscal year, *except* for those amounts
22 authorized to pay 1998 Earned Income Tax Credits; *and"*

23 **Section 18. Earned Income Tax Credits.** In the event that
24 actual revenues collected for the General Fund for Fiscal Year 1999 exceed

AUG 28 1999

MINA'BENTE SINGKO NA LIHESLATURAN GUAHAN
1999 (FIRST) Regular Session

Bill No. 296 (COR)

Introduced by:

Committee on Housing,
General Government
Services and Foreign
Affairs

AN ACT TO APPROPRIATE THE SUM OF NINETEEN MILLION FIVE HUNDRED TWENTY NINE THOUSAND EIGHT HUNDRED THIRTY NINE DOLLARS (\$19,529,839); TO REPEAL AND REENACT SECTION 4 OF CHAPTER II OF P.L. 25-03; TO REPEAL AND REENACT EXHIBIT "C" OF P.L. 25-03; TO AMEND GCC HIRING AUTHORITY; AND TO AUTHORIZE A LINE OF CREDIT NOT TO EXCEED SIX MILLION THREE HUNDRED SIXTY EIGHT THOUSAND SEVEN HUNDRED THIRTY EIGHT DOLLARS (\$6,368,738), RELATIVE TO THE CONTINUED OPERATIONS OF THE EXECUTIVE BRANCH OF THE GOVERNMENT OF GUAM FOR THE MONTH ENDING SEPTEMBER 30, 1999.

1 BE IT ENACTED BY THE PEOPLE OF GUAM:

2 Section 1. Legislative Findings and Intent. Bill No. 273 (COR),
3 introduced at the request of the Governor, contains four (4) major
4 components: (1) to adjust the General Fund revenue projections for FY 1999
5 from \$452,905,611 to \$469,524,882 or by \$16,619,271; (2) to de-appropriate and

1 provide a mechanism for the reimbursement of \$14,855,585 in supplemental
2 annuity and COLA payments made by the General Fund to the Retirement
3 Fund in Fiscal Year 1999 and to make available the same amount for
4 Executive Branch operations; (3) to de-appropriate \$5,068,947 million of
5 various miscellaneous appropriations and appropriates the same amount to
6 various departments for operational requirements; and (4) to adjust special
7 fund revenues and to replace Exhibit "C" contained in Public Law 25-03.

8 Regarding component (1), *I Liheslaturan Guahan* finds that P.L. 25-03
9 provides the Governor with the spending authority of up to eight percent
10 (8%) of actual revenues collected or up to \$489.1 million; therefore, the
11 revenue adjustment is not needed. However, *I Maga'lahaen Guahan* provided
12 testimony during the public hearing on Bill 273 that the language in Public
13 Law 25-03 relating to this spending authority is unworkable since actual
14 revenues collected cannot be determined until some time past September
15 1999. At the same public hearing, Attorney General John Tarantino concurred
16 that if the word "actual" contained in Section 4, Chapter II of P.L. 25-03 was
17 changed to "projected," it would suffice the Legislative intent of providing *I*
18 *Maga'lahaen Guahan* with the spending authority necessary for collections
19 beyond the estimated revenues adopted in Section 3, Chapter 1 of P.L. 25-03.

20 Revenue estimates proposed by *I Maga'lahaen Guahan* for Fiscal Year 1999
21 was initially at \$486 million. A revised estimate of \$469 million was presented
22 during the budget cycle for the second half of the fiscal year. *I Liheslaturan*
23 *Guahan* found that the second estimate did not sufficiently address the
24 economic downturn and subsequently adopted a reduced projection of \$452.9
25 million in P.L. 25-03. Another revised revenue estimate of \$469.5 million was

1 presented by *I Maga'lahaen Guahan* in Bill 273. This revenue estimate's upward
2 adjustment by \$16,619,271 is largely attributable to the Tax Commissioner's
3 ruling not to pay over \$14 million in Earned Income Tax Credits to eligible
4 taxpayers. All previous General Fund revenue estimates included set-asides
5 for the payment of these Earned Income Tax Credits.

6 *I Liheslaturan Guahan* in P.L. 25-03 recognized the need to provide *I*
7 *Maga'lahaen Guahan* with the level of flexibility that would ensure that
8 government services are not disrupted. Such support was premised on the
9 Executive Branch's ability to show fiscal responsibility and accountability.
10 The Executive Branch instead continued a spending trend which has
11 compromised the timely payment of tax refunds, utilities, and public
12 assistance to the indigent, among other things. It has exempted from the
13 requirements of its own cost-containment Executive Order over \$2 million in
14 recruitment and overtime expenditures in recent months.

15 Regarding component (2), *I Liheslaturan Guahan* finds that the proposal
16 to recapture some \$14.9 million in supplemental and COLA annuity
17 payments made by the General Fund to the Retirement Fund as a revenue
18 source for FY 1999 operations is unjustified. The Board of Directors of the
19 Retirement Fund issued a position statement on the identification of this
20 revenue source for government of Guam operational requirements. The
21 Board states, in part, ...“The diversion of pension fund assets to pay for
22 benefits outside of the established defined benefit plan is considered
23 inappropriate. ...What matters to the Board, individually and collectively, is
24 that we are all duty-bound to follow federal and local laws governing the
25 “exclusive benefit rule”.Violating this exclusive benefit rule exposes each

1 board member to personal financial liability, a prospect that no one on the
2 Board cherishes.”

3 Regarding component (3), *I Liheslaturan Guahan* finds the proposed de-
4 appropriation of such critical needs as firefighters’ equipment; the payment of
5 rent for the Department of Law and the Public Defender; and the repair of
6 Clara Street in Toto to fund other operational requirements of the government
7 of Guam, to be unjustified. *I Liheslaturan Guahan* finds the de-appropriation of
8 funding for the Residential Drug Treatment Facility in the amount of \$500,000
9 is justified to help offset the cost of public assistance requirements for the
10 month of September 1999.

11 Regarding component (4), *I Liheslaturan Guahan* finds the proposed
12 amendment to Exhibit C in P.L. 25-03 necessary. The proposed adjustments
13 to the special fund revenues inadvertently left out of Exhibit C in P.L. 25-03
14 reflect an overall decrease based on current revenue tracking. The
15 replacement of this exhibit is technical in nature and would correct an
16 omission of several special revenue funds in support of certain departmental
17 operations.

18 **SUMMARY FINDINGS & INTENT:** *I Liheslaturan Guahan* has
19 determined that only \$19,529,839 in revenues is available for appropriation.
20 This comprises \$16,619,271 in adjusted projected revenue resulting from the
21 non-payment of EIC plus \$2,410,568 in unappropriated General Fund monies
22 from the previously adopted estimates plus \$500,000 from the de-
23 appropriation of funding for the Residential Drug Treatment Facility.

24 *I Liheslaturan Guahan* further determines that the \$19,529,839 in available
25 revenue is sufficient to pay the net payroll requirements of the entire

1 Executive Branch for September 1999. However, the remaining balance of
2 \$1,639,456 is not enough to cover the additional payroll expenses that accrue
3 from the payment of Executive Branch payroll in September 1999.

4 *I Liheslaturan Guahan* further determines that other critical expenditures
5 are necessary to protect the interests of school children, families dependent on
6 public assistance, public health, the retirement and insurance benefits of
7 government employees and those detained in public correctional facilities.

8 However, these expenditures cannot be authorized without an
9 identified funding source. *I Liheslaturan Guahan* confirms that the information
10 provided by the Executive Branch during public testimony on Bill 273 and in
11 data requests show clearly that Executive Branch has incurred obligations and
12 liabilities already in excess of \$469.5 million. Fiscal officers of the Executive
13 Branch reported that the deficit between encumbrances and revenues is likely
14 to grow by \$30 million to \$50 million by the end of FY 1999.

15 Unpaid utility bills for FY 1999 already exceed \$20 million, despite these
16 amounts already being budgeted as part of the total Executive Branch
17 appropriations for FY 1999. Unpaid tax refunds, now accruing additional
18 interest expense, indicate that the cash necessary to pay these obligations is
19 not available despite the requirement to reserve at least \$65 million during FY
20 1999 for the payment of these obligations. Vendor payments lag as much as a
21 year and some vendors are already cutting off additional government
22 purchases due to non-payment. Any additional authorization to encumber
23 expenses will only add to a growing deficit caused by a significant drop in
24 General Fund revenues and the inability to reduce government spending.

25 Nonetheless, *I Liheslaturan Guahan* believes that a funding source must

1 be provided to fund \$6,368,738 in additional spending authorization
2 necessary to protect the public interest during the month of September 1999.
3 Under the provisions of this Act, *I Liheslaturan Guahan* will allow *I Maga'lahaen*
4 *Guahan* to arrange for a short-term line of credit to fund specific expenditures
5 in September 1999. The line of credit shall be repaid within 45 days of the start
6 of Fiscal Year 2000 from the budgeted revenues of FY 2000. Whatever
7 amounts that are borrowed, if any, shall be deducted from the general fund
8 revenues projected to be available in FY 2000, and will thereby cause an equal
9 reduction in the amount of expenditures that will be allowed by *I Liheslaturan*
10 *Guahan* for FY 2000. Immediate repayment of the line of credit in FY 2000 is
11 the only way that *I Liheslaturan Guahan* will allow any additional expenditures
12 for FY 1999 to occur in order to continue the process of limiting government
13 spending only to what is available from revenues.

14 **Section 2. Repeal and Reenact Section 4 of Chapter II of Public Law**
15 **25-03.** Section 4 of Chapter II of Public Law No. 25-03 is hereby *repealed and*
16 *reenacted* to read as follows:

17 "Section 4. In the event that revenues projected for the General
18 Fund for Fiscal Year 1999 by the Special Accounting Service exceed the
19 revenue estimate adopted herein, *I Maga'lahaen Guahan* is authorized to
20 expend such additional projected revenues to support the operations of
21 the Executive Branch, inclusive of the Department of Education, for
22 Fiscal Year 1999, provided that such additional revenues to be expended
23 shall *not* comprise a sum greater than three and six-tenth percent (3.6 %)
24 of the estimated total General Fund revenues adopted in Section 3 of
25 Chapter 1."

1 **Section 3. Reference to Exhibits.** Exhibit "C" attached to Public
2 Law No. 25-03 is hereby *repealed and reenacted*, and a new Exhibit "C",
3 attached, is enacted in its place.

4 **Section 4. Executive Branch Appropriations for September 1999.**

5 There is hereby appropriated from the General Fund each of the
6 following sums to each of the following agencies or departments of the
7 Executive Branch of the government of Guam for the month ending
8 September 30, 1999. This appropriation shall be expended pursuant to the
9 following departmental and object category breakdown and only for the
10 month of September 1999:

11

12	Department of Administration	
13	for personnel services not to exceed:	468,998
14	Department of Agriculture	
15	for personnel services not to exceed:	158,927
16	Agency for Human Resources Development	
17	for personnel services not to exceed:	93,538
18	Bureau of Budget and Management Research	
19	for personnel services not to exceed:	94,542
20	Bureau of Planning	
21	for personnel services not to exceed:	92,050
22	Chamorro Land Trust Commission	
23	for personnel services not to exceed:	25,930
24	Chamorro Land Commission	
25	for personnel services not to exceed:	8,892

1	Chief Medical Examiner	
2	for personnel services not to exceed:	17,010
3	Civil Defense	
4	for personnel services not to exceed:	8,000
5	Civil Service Commission	
6	for personnel services not to exceed:	72,122
7	Department of Commerce	
8	for personnel services not to exceed:	93,678
9	Department of Integrated Services for	
10	Individuals with Disabilities	
11	for personnel services not to exceed:	56,688
12	Department of Corrections	
13	for personnel services not to exceed:	670,164
14	Department of Education	
15	for personnel services not to exceed:	8,344,916
16	Governor's Office	
17	for personnel services not to exceed:	459,794
18	Guam Election Commission	
19	for personnel services not to exceed:	5,610
20	Guam Environmental Protection Agency	
21	for personnel services not to exceed:	50,104
22	Guam Council on the Arts and Humanities	
23	for personnel services not to exceed:	11,290
24	Guam Police Department	
25	for personnel services not to exceed:	1,358,252

1	Guam Fire Department	
2	for personnel services not to exceed:	1,275,682
3	Guam Educational Telecommunications	
4	Corporation (KGTF)	
5	for personnel services not to exceed:	25,660
6	Department of Labor	
7	for personnel services not to exceed:	138,564
8	Department of Land Management	
9	for personnel services not to exceed:	181,277
10	Department of Law	
11	for personnel services not to exceed:	395,208
12	Guam Public Library	
13	for personnel services not to exceed:	57,374
14	Mayors' Council	
15	for personnel services not to exceed:	329,026
16	Department of Mental Health and	
17	Substance Abuse	
18	for personnel services not to exceed:	291,884
19	Department of Military Affairs	
20	for personnel services not to exceed:	21,464
21	Department of Parks and Recreation	
22	for personnel services not to exceed:	146,314
23	Department of Public Health and	
24	Social Services	
25	for personnel services not to exceed:	854,606

1	Office of the Public Auditor	
2	for personnel services not to exceed:	21,954
3	Department of Public Works	
4	for personnel services not to exceed:	1,374,520
5	Department of Revenue and Taxation	
6	for personnel services not to exceed:	457,986
7	Veterans Affairs Office	
8	for personnel services not to exceed:	10,982
9	Department of Youth Affairs	
10	for personnel services not to exceed:	217,377
11		
12	Sub-total for personnel services not to exceed:	\$ 17,890,383
13		
14	Department of Public Health and	
15	Social Services, for Public Assistance Cash	
16	Grants for September, 1999, not to exceed:	1,639,456
17		
18	Total:	\$ 19,529,839
19		

20 **Section 5. Transfers Prohibited.** The appropriations made in
21 Section 4 shall not be subject to any transfers in, out, or between items of
22 appropriation.

23 **Section 6. Re-appropriation of the Department of Mental Health**
24 **and Substance Abuse Agency Appropriation for the Residential Drug**
25 **Treatment Facility.** Section 5 of Public Law No. 24-289, amended by

1 Section 10 of Chapter III, Miscellaneous Appropriations, of Public Law 25-03,
2 is hereby reappropriated from the Department of Mental Health and
3 Substance Abuse to the Department of Public Health and Social Services for
4 Public Assistance Cash Grants. The total identified in Section 4, above, for
5 Department of Public Health and Social Services for Public Assistance Cash
6 Grants is inclusive of this \$500,000 re-appropriation.

7 **Section 7. Line of Credit.** *I Maga'lahen Guahan* is hereby authorized to
8 arrange a line of credit not to exceed Six Million Three Hundred Sixty Eight
9 Thousand Seven Hundred Thirty Eight Dollars (\$6,368,738) for the following
10 purposes:

11 (a) for Government Contributions to Retirement, 12 Medicare and Social Security Taxes arising 13 from appropriations for personnel services 14 appropriated in Section 4	\$3,293,998
15 (b) for Government Contributions to Medical, Dental 16 and Life insurance arising from appropriations for 17 personnel services appropriated in Section 4	\$881,021
18 (c) to fund the Local Match required by September 30, 19 1999, for the Medicaid Program administered by the 20 Dept. of Public Health and Social Services	\$975,000
21 (d) for the School Lunch Program of the 22 Department of Education for September, 1999	\$300,000
23 (e) for Meals for the clients of the 24 Department of Corrections for September, 1999	\$300,000
25 (f) for Meals for clients of the Department	

1	of Youth Affairs for September, 1999	\$15,000
2	(g) for additional Public Assistance Cash Grants paid	
3	by the Dept. of Public Health and Social Services	
4	for September, 1999	\$560,544
5	(h) for patient travel authorized by the	
6	Medically Indigent Program of the Department of	
7	Public Health and Social Services for September, 1999	\$43,175

8 The line of credit shall be upon such terms and conditions as established
9 by an Agreement , and such other documents and instruments as are executed
10 by *I Maga'lahaen Guahan* containing such terms as are consistent with this
11 Section. *I Maga'lahaen Guahan*, on behalf of the government of Guam, is
12 authorized to guaranty the loan and to grant the pledge of Section 30
13 revenues, the General Fund, the Tourist Attraction Fund, or Gross Receipts
14 Taxes as provided below as security for repayment of the loan.

15 (1) The loan shall be for such term, not to exceed seventy-five (75) days,
16 and repayment shall be completed within forty-five (45) days of the
17 start of Fiscal Year 2000. The rate of interest upon the loan shall be as
18 negotiated between the Lender *and I Maga'lahaen Guahan*.

19 (2) Interest shall be computed upon the declining balance of principal
20 outstanding from time to time upon the loan.

21 (3) The Lender for making the loan may levy prepaid charges. The
22 Lender may charge and be paid either from the loan funds or other
23 funds of the government of Guam its expenses incurred in making
24 the loan, including legal fees, recording, title insurance and appraisal
25 fees, and like expenses.

1 Section, no more than Ten Million Eight Hundred Thirty Eight Thousand Eight
2 Hundred Seventy One Dollars (\$10,838,871) may be spent on personnel
3 services. This spending limits on personnel services herein shall not be
4 increased by any transfer authority of *I Maga'lahaen Guahan* or by act of the
5 Board of Trustees.”

6 **Section 9.** The following is added to Section 11 (a) of Public Law 25-03:

7 “For purposes of this Act, the appropriations of the School Operations Fund are
8 included in the \$315,181,391 Executive Branch appropriations in Section 1 of this
9 Act.”

10 **Section 10.** Notwithstanding any other provision of law, upon enactment of
11 this section, no transfer to the School Operations Fund shall be made for
12 appropriations to the Department of Education for the balance of Fiscal Year 1999.

13 **Section 11. Funding for Tax Refunds Processing.** *I Maga'lahaen Guahan* is
14 hereby authorized to arrange a line of credit under the same terms and
15 conditions for securing a line of credit as provided in Section 7 of this Act for
16 an amount not to exceed Fifty Thousand Dollars (\$50,000) for operating expenses
17 as follows:

18 Notwithstanding any other provision of law or this Act, the Director of
19 Revenue & Taxation is hereby authorized to expend \$50,000 to hire
20 personnel on a temporary basis, whether by contract or other temporary
21 means, strictly for the purpose of processing individual and corporate
22 income tax returns. The director shall publish weekly the number of tax
23 returns processed by the Department of Revenue and Taxation during
24 that week, the tax year for those returns, and the number of tax refund
25 checks issued and outstanding. Such expenditures shall be exempt from
26 all procurement laws of Guam. This appropriation shall not be subject to

1 autonomous agencies.

2 **Section 15. Prohibition against the payment of fees and stipends for**
3 **members of Boards and Commissions.** Notwithstanding any other provision of law,
4 and upon the effective date of this Act, all payment of fees and stipends to members
5 of Boards and Commissions shall be suspended. This prohibition shall apply to the
6 expenditure of any or all government of Guam funds, regardless of source and
7 inclusive of all funds utilized by autonomous agencies.

8 **Section 16. Prohibition against the use of 24-hour vehicles.** .
9 Notwithstanding any other provision of law, and upon the effective date of
10 this Act, no government vehicle shall be used by any government employee
11 except during such times that the employee is on official duty. This section
12 shall not apply to *I Maga'lahaen Guahan, I Segundo na Maga'lahaen Guahan*, the
13 Speaker of *I Liheslaturan Guahan*, the Chief Justice of the Guam Supreme
14 Court, and the Presiding Judge of the Superior Court of Guam.

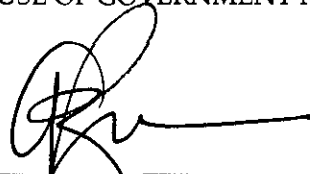
15

MINA'BENTE SINGKO NA LIHESLATURAN GUAHAN
1999 (SECOND) Special Session

COPY


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

This is to certify that Bill No. 296 (COR) (2-S), "AN ACT TO REPEAL AND REENACT §4 OF CHAPTER II OF P.L. NO. 25-03, TO REPEAL AND REENACT "EXHIBIT C" OF P.L. NO. 25-03, TO AMEND §7 OF CHAPTER V AND §10 OF CHAPTER III OF P.L. NO. 25-03, TO REPEAL AND REENACT §3(d) OF CHAPTER III OF P.L. NO. 24-59 AND TO AMEND §26208 OF ARTICLE 2, CHAPTER 26, DIVISION 2 OF TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO APPROPRIATING THE SUM OF \$19,529,839 FOR THE CONTINUED OPERATIONS OF THE EXECUTIVE BRANCH OF THE GOVERNMENT OF GUAM FOR THE MONTH ENDING SEPTEMBER, 1999, AND FOR RESTRICTING THE USE OF GOVERNMENT MONIES," was on the 30th day of August, 1999, duly and regularly passed.



ANTONIO R. UNPINGCO
Speaker

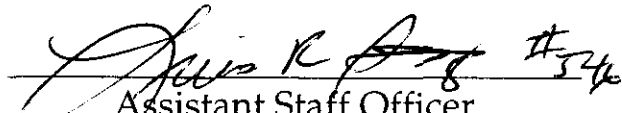
Attested:



JOANNE M.S. BROWN
Senator and Legislative Secretary

.....

This Act was received by *I Maga'lahen Guahan* this 30 day of AUGUST, 1999,
at 12:52 o'clock A.M.



Assistant Staff Officer
Maga'lahi's Office

APPROVED:

CARL T. C. GUTIERREZ
I Maga'lahen Guahan

Date: _____

Public Law No. _____

**MINA'BENTE SINGKO NA LIHESLATURAN GUÅHAN
1999 (SECOND) Special Session**

Bill No. 296 (COR)(2-S)

As amended in the Committee of the
Whole and on the Floor.

Introduced by:

Committee on Housing,
General Government
Services and Foreign
Affairs

K. S. Moylan
F. B. Aguon, Jr.
E. C. Bermudes
A. C. Blaz
J. M.S. Brown
E. B. Calvo
M. G. Camacho
Mark Forbes
L. F. Kasperbauer
A. C. Lamorena, V
C. A. Leon Guerrero
V. C. Pangelinan
J. C. Salas
S. A. Sanchez, II
A. R. Unpingco

**AN ACT TO REPEAL AND REENACT §4 OF
CHAPTER II OF P.L. NO. 25-03, TO REPEAL AND
REENACT "EXHIBIT C" OF P.L. NO. 25-03, TO
AMEND §7 OF CHAPTER V AND §10 OF
CHAPTER III OF P.L. NO. 25-03, TO REPEAL
AND REENACT §3(d) OF CHAPTER III OF P.L.
NO. 24-59 AND TO AMEND §26208 OF ARTICLE
2, CHAPTER 26, DIVISION 2 OF TITLE 11 OF
THE GUAM CODE ANNOTATED, RELATIVE
TO APPROPRIATING THE SUM OF \$19,529,839**

FOR THE CONTINUED OPERATIONS OF THE
EXECUTIVE BRANCH OF THE GOVERNMENT
OF GUAM FOR THE MONTH ENDING
SEPTEMBER, 1999, AND FOR RESTRICTING
THE USE OF GOVERNMENT MONIES.

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

2 **Section 1. Legislative Findings and Intent.** Bill Number 273

3 (COR), introduced at the request of *I Maga'lahaen Guåhan*, contains four (4)
4 major components: (1) to adjust the General Fund revenue projections for
5 FY 1999 from Four Hundred Fifty-two Million Nine Hundred Five
6 Thousand Six Hundred Eleven Dollars (\$452,905,611) to Four Hundred
7 Sixty-nine Million Five Hundred Twenty-four Thousand Eight Hundred
8 Eighty-two Dollars (\$469,524,882), or by Sixteen Million Six Hundred
9 Nineteen Thousand Two Hundred Seventy-one Dollars (\$16,619,271); (2) to
10 de-appropriate and provide a mechanism for the reimbursement of
11 Fourteen Million Eight Hundred Fifty-five Thousand Five Hundred Eighty-
12 five Dollars (\$14,855,585) in supplemental annuity and COLA payments
13 made by the General Fund to the Retirement Fund in Fiscal Year 1999 and
14 to make available the same amount for Executive Branch operations; (3) to
15 de-appropriate Five Million Sixty-eight Thousand Nine Hundred Forty-
16 seven Dollars (\$5,068,947) of various miscellaneous appropriations and
17 appropriates the same amount to various departments for operational
18 requirements; and (4) to adjust special fund revenues and to replace
19 "Exhibit C" contained in Public Law Number 25-03.

20 Regarding component (1), *I Liheslaturan Guåhan* finds that Public Law
21 Number 25-03 provides *I Maga'lahaen Guåhan* with the spending authority of

1 up to eight percent (8%) of actual revenues collected, or up to Four
2 Hundred Eighty-nine Million One Hundred Thousand Dollars
3 (\$489,100,000); therefore, the revenue adjustment is *not* needed. *However, I*
4 *Maga'lahaen Guåhan* provided testimony during the public hearing on Bill
5 Number 273 that the language in Public Law Number 25-03 relating to this
6 spending authority is unworkable since actual revenues collected cannot be
7 determined until some time past September, 1999. At the same public
8 hearing, Attorney General John Tarantino concurred that if the word
9 "actual," contained in §4, Chapter II of Public Law Number 25-03 was
10 changed to "projected," it would suffice the legislative intent of providing *I*
11 *Maga'lahaen Guåhan* with the spending authority necessary for collections
12 beyond the estimated revenues adopted in §3 of Chapter 1 of Public Law
13 Number 25-03.

14 Revenue estimates proposed by *I Maga'lahaen Guåhan* for Fiscal Year
15 1999 was initially at Four Hundred Eighty-six Million Dollars
16 (\$486,000,000). A revised estimate of Four Hundred Sixty-nine Million
17 Dollars (\$469,000,000) was presented during the budget cycle for the
18 second half of the fiscal year. *I Liheslaturan Guåhan* found that the second
19 estimate did *not* sufficiently address the economic downturn and
20 subsequently adopted a reduced projection of Four Hundred Fifty-two
21 Million Nine Hundred Thousand Dollars (\$452,900,000) in Public Law
22 Number 25-03. Another revised revenue estimate of Four Hundred Sixty-
23 nine Million Five Hundred Thousand Dollars (\$469,500,000) was presented
24 by *I Maga'lahaen Guåhan* in Bill Number 273.

1 *I Liheslaturan Guåhan* in Public Law Number 25-03 recognized the
2 need to provide *I Maga'lahaen Guåhan* with the level of flexibility that would
3 ensure that government services are *not* disrupted.

4 Regarding component (2), *I Liheslaturan Guåhan* finds that the
5 proposal to recapture some Fourteen Million Nine Hundred Thousand
6 Dollars (\$14,900,000) in supplemental and COLA annuity payments made
7 by the General Fund to the Retirement Fund as a revenue source for FY
8 1999 operations is unjustified. This amount is reduced to Twelve Million
9 Three Hundred Thousand Dollars (\$12,300,000) per input from the Director
10 of the Retirement Fund, this, notwithstanding, the mechanism for securing
11 these revenues would be by withholding future General Fund obligations
12 through the Retirement Fund. According to information provided by the
13 Department of Administration, this amount comes to about One Million
14 Three Hundred Thousand Dollars (\$1,300,000) bi-weekly. This would yield
15 an aggregate of Two Million Six Hundred Thousand Dollars (\$2,600,000) in
16 the month of September, 1999. The balance would *not* be realized until FY
17 2000. Thus, some eighty percent (80%) of this revenue source will *not* be
18 available for expenditure in FY 1999. The Board of Directors of the
19 Retirement Fund issued a position statement on the identification of this
20 revenue source for government of Guam operational requirements. The
21 Board states, in part, ... "[T]he diversion of pension fund assets to pay for
22 benefits outside of the established defined benefit plan is considered
23 inappropriate. ... What matters to the Board, individually and collectively,
24 is that we are all duty-bound to follow Federal and local laws governing

1 the 'exclusive benefit rule.' ... Violating this exclusive benefit rule exposes
2 each board member to personal financial liability, a prospect that no one on
3 the Board cherishes."

4 Regarding component (3), *I Liheslaturan Guåhan* finds the proposed
5 de-appropriation of such critical needs as firefighters' equipment; the
6 payment of rent for the Department of Law and the Public Defender; and
7 the repair of Clara Street in Toto to fund other operational requirements of
8 the government of Guam, to be unjustified. *I Liheslaturan Guåhan* finds the
9 de-appropriation of funding for the Residential Drug Treatment Facility in
10 the amount of Five Hundred Thousand Dollars (\$500,000.00) is justified to
11 help offset the cost of public assistance requirements for the month of
12 September, 1999.

13 Regarding component (4), *I Liheslaturan Guåhan* finds the proposed
14 amendment to "Exhibit C" in Public Law Number 25-03 necessary. The
15 proposed adjustments to the special fund revenues inadvertently left out of
16 "Exhibit C" in Public Law Number 25-03 reflect an overall decrease based
17 on current revenue tracking. The replacement of this exhibit is technical in
18 nature and would correct an omission of several special revenue funds in
19 support of certain departmental operations.

20 **Summary Findings and Intent.** *I Liheslaturan Guåhan* has
21 determined that only Nineteen Million Five Hundred Twenty-nine
22 Thousand Eight Hundred Thirty-nine Dollars (\$19,529,839) in revenues is
23 available for appropriation. This comprises Sixteen Million Six Hundred
24 Nineteen Thousand Two Hundred Seventy-one Dollars (\$16,619,271) in

1 adjusted projected revenue resulting from the non-payment of EITC plus
2 Two Million Four Hundred Ten Thousand Five Hundred Sixty-eight
3 Dollars (\$2,410,568) in un-appropriated General Fund monies from the
4 previously adopted estimates, plus Five Hundred Thousand Dollars
5 (\$500,000.00) from the de-appropriation of funding for the Residential Drug
6 Treatment Facility.

7 *I Liheslaturan Guåhan* further determines that the Nineteen Million
8 Five Hundred Twenty-nine Thousand Eight Hundred Thirty-nine Dollars
9 (\$19,529,839) in available revenue is sufficient to pay the net payroll
10 requirements of the entire Executive Branch for September, 1999. *However,*
11 the remaining balance of One Million Six Hundred Thirty-nine Thousand
12 Four Hundred Fifty-six Dollars (\$1,639,456) is *not* enough to cover the
13 additional payroll expenses that accrue from the payment of Executive
14 Branch payroll in September, 1999.

15 *I Liheslaturan Guåhan* further determines that other critical
16 expenditures are necessary to protect the interests of school children,
17 families dependent on public assistance, public health, the retirement and
18 insurance benefits of government employees and those detained in public
19 correctional facilities.

20 *However,* these expenditures cannot be authorized without an
21 identified funding source. *I Liheslaturan Guåhan* confirms that the
22 information provided by the Executive Branch during public testimony on
23 Bill Number 273 and in data requests show clearly that the government of
24 Guam has incurred obligations and liabilities already in excess of Four

1 Hundred Sixty-nine Million Five Hundred Thousand Dollars
2 (\$469,500,000). Fiscal officers of the Executive Branch reported that the
3 deficit between encumbrances and revenues is likely to grow.

4 Unpaid utility bills for FY 1999 already exceed Twenty Million
5 Dollars (\$20,000,000), despite these amounts already being budgeted as
6 part of the total Executive Branch appropriations for FY 1999. Unpaid tax
7 refunds, now accruing additional interest expense, indicate that the cash
8 necessary to pay these obligations is *not* available. Any additional
9 authorization to encumber expenses will only add to a growing deficit
10 caused by a significant drop in General Fund revenues and the inability to
11 reduce government spending.

12 Nonetheless, *I Liheslaturan Guåhan* believes that a funding source
13 must be provided to fund Five Million Nine Hundred Eighteen Thousand
14 Seven Hundred Thirty-eight Dollars (\$5,918,738) in additional spending
15 authorization necessary to protect the public interest during the month of
16 September, 1999.

17 Under the provisions of this Act, *I Liheslaturan Guåhan* will allow *I*
18 *Maga'lahaen Guåhan* to arrange for a short-term line of credit to fund specific
19 expenditures in September, 1999. The line of credit shall be repaid within
20 forty-five (45) days of the start of Fiscal Year 2000 from the budgeted
21 revenues of FY 2000. Whatever amounts that are borrowed, *if any*, shall be
22 deducted from the General Fund revenues projected to be available in FY
23 2000, and will thereby cause an equal reduction in the amount of
24 expenditures that will be allowed by *I Liheslaturan Guåhan* for FY 2000.

1 Immediate repayment of the line of credit in FY 2000 is the only way that I
2 *Liheslaturan Guâhan* will allow any additional expenditures for FY 1999 to
3 occur in order to continue the process of limiting government spending
4 only to what is available from revenues.

5 *I Liheslaturan Guâhan* recognizes that the payroll authorization, by
6 agency, includes only two (2) full pay periods in September, 1999. The
7 periods from September 26 through 30, 1999, shall accrue towards the pay
8 period ending October 9, 1999 (the first pay period of FY 2000) and paid at
9 that time.

10 **Section 2.** Section 4 of Chapter II of Public Law Number 25-03 is
11 hereby *repealed and reenacted* to read as follows:

12 **"Section 4.** In the event that revenues projected for the
13 General Fund for Fiscal Year 1999 by the Special Accounting Service
14 exceed the revenue estimate adopted herein, *I Maga'lahaen Guâhan* is
15 authorized to expend such additional projected revenues to support
16 the operations of the Executive Branch, inclusive of the Department
17 of Education, for Fiscal Year 1999, *provided* that such additional
18 revenues to be expended shall *not* comprise a sum greater than three
19 and six-tenth percent (3.6%) of the estimated total General Fund
20 revenues adopted in §3 of Chapter 1."

21 **Section 3. Reference to Exhibits.** "Exhibit C" attached to
22 Public Law Number 25-03 is hereby *repealed and reenacted*, and a new
23 **"Exhibit C,"** attached, is enacted in its place.

24 **Section 4. Executive Branch Appropriation for September, 1999.**

1 There is hereby appropriated from the General Fund each of the following
2 sums to each of the following agencies or departments of the Executive
3 Branch of the government of Guam for the month ending September 30,
4 1999. This appropriation shall be expended pursuant to the following
5 departmental and object category breakdown and only for the month of
6 September, 1999:

7 **Department of Administration**
8 for personnel services not to exceed: \$468,998.00

9 **Department of Agriculture**
10 for personnel services not to exceed: \$158,927.00

11 **Agency for Human Resources Development**
12 for personnel services not to exceed: \$93,538.00

13 **Bureau of Budget and Management Research**
14 for personnel services not to exceed: \$94,542.00

15 **Bureau of Planning**
16 for personnel services not to exceed: \$92,050.00

17 **Chamorro Land Trust Commission**
18 for personnel services not to exceed: \$25,930.00

19 **Chamorro Language Commission**
20 for personnel services not to exceed: \$8,892.00

21 **Chief Medical Examiner**
22 for personnel services not to exceed: \$17,010.00

23 **Civil Defense**
24 for personnel services not to exceed: \$8,000.00

25 **Civil Service Commission**

1	for personnel services not to exceed:	\$72,122.00
2	Department of Commerce	
3	for personnel services not to exceed:	\$93,678.00
4	Department of Integrated Services for	
5	Individuals with Disabilities	
6	for personnel services not to exceed:	\$56,688.00
7	Department of Corrections	
8	for personnel services not to exceed:	\$670,164.00
9	Department of Education	
10	for personnel services not to exceed:	\$8,344,916.00
11	<i>I Maga'lahaen Guåhan's Office</i>	
12	for personnel services <i>not</i> to exceed:	\$459,794.00
13	Guam Election Commission	
14	for personnel services not to exceed:	\$5,610.00
15	Guam Environmental Protection Agency	
16	for personnel services not to exceed:	\$50,104.00
17	Guam Council on the Arts and Humanities	
18	for personnel services not to exceed:	\$11,290.00
19	Guam Police Department	
20	for personnel services not to exceed:	\$1,358,252.00
21	Guam Fire Department	
22	for personnel services not to exceed:	\$1,275,682.00
23	Guam Educational Telecommunications	
24	Corporation (KGTF)	
25	for personnel services not to exceed:	\$25,660.00

1	Department of Labor	
2	for personnel services not to exceed:	\$138,564.00
3	Department of Land Management	
4	for personnel services not to exceed:	\$181,277.00
5	Department of Law	
6	for personnel services not to exceed:	\$395,208.00
7	Guam Public Library	
8	for personnel services not to exceed:	\$57,374.00
9	Mayors' Council	
10	for personnel services not to exceed:	\$329,026.00
11	Department of Mental Health and	
12	Substance Abuse	
13	for personnel services not to exceed:	\$291,884.00
14	Department of Military Affairs	
15	for personnel services not to exceed:	\$21,464.00
16	Department of Parks and Recreation	
17	for personnel services not to exceed:	\$146,314.00
18	Department of Public Health and	
19	Social Services	
20	for personnel services not to exceed:	\$854,606.00
21	Office of the Public Auditor	
22	for personnel services not to exceed:	\$21,954.00
23	Department of Public Works	
24	for personnel services not to exceed:	\$1,374,520.00
25	Department of Revenue and Taxation	

1 for personnel services not to exceed: \$457,986.00

2 **Veterans Affairs Office**

3 for personnel services not to exceed: \$10,982.00

4 **Department of Youth Affairs**

5 for personnel services not to exceed: \$217,377.00

6

7 **Sub-total for personnel services *not* to exceed: \$17,890,383.00**

8

9 **Department of Public Health and**

10 **Social Services, for Public Assistance Cash**

11 Grants for September, 1999, not to exceed: \$1,639,456.00

12

13 **Total: \$19,529,839.00**

14 **Section 5.** Section 7 of Chapter V of Public Law Number 25-03 is

15 hereby *amended* to read as follows:

16 **"Section 7. Transfer Authority for General Government**

17 **Operations.** *I Maga'lahaen Guåhan* is authorized to transfer from

18 one (1) appropriation of the Executive Branch to another

19 appropriation of the Executive Branch, *provided*, that total transfers

20 between appropriations shall *not* exceed ten percent (10%) of the

21 estimated total General Fund revenues adopted in §3 of Chapter I of

22 this Act for Fiscal Year 1999, and provided further that notice of each

23 transfer and justification therefor, is delivered at least seven (7) days

24 before the transfer takes place to the Speaker of *I Liheslaturan Guåhan*.

25 This transfer authority shall *not* permit *I Maga'lahaen Guåhan* to

1 transfer funds from any appropriation to *I Liheslaturan Guåhan*, the
2 Superior Court of Guam and the Supreme Court of Guam, nor shall *I*
3 *Maga'lahaen Guåhan* transfer funds from the School Operations Fund."

4 **Section 6.** Section 10 of Chapter III of Public Law Number 25-03 is
5 hereby *amended* to read as follows:

6 "Section 10. Section 5 of Public Law Number 24-289 is
7 hereby *amended* to read as follows:

8 'Section 5. Notwithstanding Public Law Number
9 24-160, the sum of Five Hundred Thousand Dollars
10 (\$500,000.00) is appropriated from the General Fund for Fiscal
11 Year 1999 to the Department of Public Health and Social
12 Services for Public Assistance Cash Grants. This appropriation
13 is *not* subject to the allotment process controls, or the authority
14 of, the Bureau of Budget and Management Research. Further,
15 funds appropriated by this Act are *not* subject to the transfer
16 authority of *I Maga'lahaen Guåhan*."

17 **Section 7. Line of Credit.** *I Maga'lahaen Guåhan* is hereby
18 authorized to arrange a line of credit not to exceed Five Million Nine
19 Hundred Eighteen Thousand Seven Hundred Thirty-eight Dollars
20 (\$5,918,738) and such sums are hereby appropriated for the following
21 purposes:

- 22 (a) for government contributions to retirement,
23 medicare and social security taxes arising
24 from appropriations for personnel services

1	appropriated in §4	\$3,293,998.00
2	(b) for government contributions to medical, dental	
3	and life insurance arising from appropriations for	
4	personnel services appropriated in §4	\$881,021.00
5	(c) to fund the local match required by September 30,	
6	1999, for the Medicaid Program administered by the	
7	Dept. of Public Health and Social Services	\$975,000.00
8	(d) for the school lunch program of the	
9	Department of Education for September, 1999	\$300,000.00
10	(e) for meals for the clients of the	
11	Department of Corrections for September, 1999	\$300,000.00
12	(f) for meals for clients of the Department	
13	of Youth Affairs for September, 1999	\$15,000.00
14	(g) for additional Public Assistance Cash Grants paid	
15	by the Dept. of Public Health and Social Services	
16	for September, 1999	\$60,544.00
17	(h) for patient travel authorized by the	
18	Medically Indigent Program of the Department of	
19	Public Health and Social Services for September, 1999	\$43,175.00

20 The line of credit shall be upon such terms and conditions as
21 established by an agreement, and such other documents and instruments
22 as are executed by *I Maga'lahaen Guåhan* containing such terms as are
23 consistent with this Section. *I Maga'lahaen Guåhan*, on behalf of the
24 government of Guam, is authorized to guaranty the loan and to grant the

1 pledge of §30 revenues, the General Fund or Gross Receipts Taxes, as
2 provided below, as security for repayment of the loan.

3 (1) The loan shall be for such term, not to exceed seventy-five
4 (75) days, and repayment shall be completed within forty-five (45)
5 days of the start of Fiscal Year 2000. The rate of interest upon the
6 loan shall be as negotiated between the lender and *I Maga'lahaen*
7 *Guåhan*.

8 (2) Interest shall be computed upon the declining balance of
9 principal outstanding from time to time upon the loan.

10 (3) The lender for making the loan may levy prepaid charges.
11 The lender may charge and be paid either from the loan funds or
12 other funds of the government of Guam its expenses incurred in
13 making the loan, including legal fees, recording, title insurance and
14 appraisal fees, and like expenses.

15 (4) Interest earned by the lender shall be exempt from
16 taxation by the government of Guam, including without limitation
17 taxation under the Guam Gross Receipts Tax and Guam Territorial
18 Income Tax.

19 (5) The loan may be secured by:

20 (i) pledge of §30 revenues, the General Fund or Gross
21 Receipts Taxes;

22 (ii) a guaranty of the government of Guam; or

23 (iii) pledge of all or any part of the revenues derived by
24 the government of Guam under §30 of the Organic Act. Any

1 such pledge shall be made by a certificate of approval by *I*
2 *Maga'lahaen Guåhan* authorizing the pledge and the terms and
3 conditions thereof. Any such pledge shall be valid and binding
4 from the time the pledge is made, *subject to* prior pledges upon
5 such revenues. The revenues pledged and thereafter received
6 by the government of Guam or by any trustee appointed
7 pursuant hereto shall upon receipt immediately be subject to
8 the lien of the pledge without any physical delivery thereof or
9 further act, and the lien of such pledge shall be valid and
10 binding against the government of Guam irrespective of
11 whether the parties have notice thereof.

12 **Section 8.** Section 3(d) of Public Law Number 24-59, as amended
13 by P.L. Nos. 25-64 and 25-03, is hereby *repealed and re-enacted* to read as
14 follows:

15 “(d) Of the funds appropriated in Paragraphs (a), (b) and (c) of
16 this Section, no more than Ten Million Eight Hundred Thirty-eight
17 Thousand Eight Hundred Seventy-one Dollars (\$10,838,871) may be
18 spent on personnel services. This spending limits on personnel
19 services herein shall *not* be increased by any transfer authority of *I*
20 *Maga'lahaen Guåhan* or by act of the Board of Trustees.”

21 **Section 9.** Section 26208 of Article 2, Chapter 26, Division 2 of Title
22 11 of the Guam Code Annotated, as amended by Public Law Number 25-
23 03, is hereby *amended* to read as follows:

24 **“Section 26208. Creation of School Operations Fund.** There

1 is hereby created, separate and apart from other funds of the
2 government of Guam, a fund known as the '*School Operations Fund*.'
3 This Fund shall *not* be commingled with the General Fund and shall be
4 kept in a separate bank account. Eighty-eight percent (88%) of all Gross
5 Receipts Taxes collected on Guam shall be deposited in the School
6 Operations Fund and shall be appropriated by *I Liheslaturan Guåhan* to
7 cover the operational expenses of the Guam Department of Education
8 and all schools in the Guam Public School System administered by that
9 Department, as well as any use associated with the Guam Public School
10 System, as determined by the laws of Guam. The Department of
11 Administration shall deposit on the last day of each month a sum equal
12 to eighty-eight percent (88%) of all Gross Receipts Taxes collected for
13 that month in the School Operations Fund. Beginning with the Fiscal
14 Year 2000 budget, all appropriations from the School Operations Fund
15 to the Department of Education shall be subject to the approval of *I*
16 *Liheslaturan Guåhan*. For purposes of this Act, the appropriations of the
17 School Operations Fund are included in the Three Hundred Fifteen
18 Million One Hundred Eighty-one Thousand Three Hundred Ninety-one
19 Dollar (\$315,181,391) Executive Branch appropriations in §1 of this Act."

20 **Section 10.** Notwithstanding any other provision of law, upon
21 enactment of this Section, no transfer to the School Operations Fund shall
22 be made for appropriations to the Department of Education for the balance
23 of Fiscal Year 1999.

24 **Section 11. Funding for Tax Refunds Processing. I**

1 *Maga'lahan Guåhan* is hereby authorized to arrange a line of credit under
2 the same terms and conditions for securing a line of credit as provided in
3 §7 of this Act for an amount not to exceed Fifty Thousand Dollars
4 (\$50,000.00) for operating expenses as follows:

5 Notwithstanding any other provision of law or this Act, the
6 Director of Revenue and Taxation is hereby authorized to expend
7 Fifty Thousand Dollars (\$50,000.00) to hire personnel on a temporary
8 basis, whether by contract or other temporary means, strictly for the
9 purpose of processing individual and corporate income tax returns.
10 The director shall publish weekly the number of tax returns
11 processed by the Department of Revenue and Taxation during that
12 week, the tax year for those returns and the number of tax refund
13 checks issued and outstanding. Such expenditures shall be exempt
14 from all procurement laws of Guam. This appropriation shall *not* be
15 subject to transfer to any other entity of the government nor may it be
16 utilized for any other purpose.

17 **Section 12. Prohibition Against Payment for Cellular Phone**
18 **Services With Government Funds.** Notwithstanding any other
19 provision of law, and upon the effective date of this Act, no government of
20 Guam funds shall be expended, with the exception of billings for services
21 incurred *prior* to the enactment of this Act, for the purchase of cellular
22 telephones, cellular telephone service or cellular telephone air time. This
23 Section shall apply to the expenditure of any or all government of Guam
24 funds, regardless of source and inclusive of all funds utilized by

1 autonomous agencies. This Section shall *not* apply to *I Maga'lahren Guåhan*,
2 *I Segundo na Maga'lahren Guåhan*, the Chief Justice of the Guam Supreme
3 Court and the Presiding Judge of the Superior Court of Guam.

4 **Section 13. Moratorium on Travel.** Notwithstanding any
5 other provision of law, and upon the effective date of this Act, no
6 government of Guam funds shall be expended, nor expenses incurred, for
7 off-Island travel, with the exception of the following:

- 8 a) Court ordered travel;
- 9 b) travel required to transport prisoners;
- 10 c) travel for purposes of medical treatment; *and*
- 11 d) travel paid for entirely by Federal funds inclusive of any
12 per diem and ground transportation costs.

13 **Section 14. Prohibition Against the Lease and Use of**
14 **Government Vehicles by Directors and Deputy Directors of the**
15 **Government of Guam.** Notwithstanding any other provision of law,
16 and upon the effective date of this Act, no government of Guam funds shall
17 be expended for the lease of any vehicle which purpose is the
18 transportation of an unclassified Director or Deputy Director, regardless of
19 specific title or designation, of any agency, department, autonomous
20 agency or instrumentality of the government of Guam. This Section shall
21 apply to the expenditure of any or all government of Guam funds,
22 regardless of source and inclusive of all funds utilized by autonomous
23 agencies.

24 **Section 15. Prohibition Against the Payment of Fees and**

1 **Stipends for Members of Boards and Commissions.** Notwithstanding
2 any other provision of law, and upon the effective date of this Act, all
3 payment of fees and stipends to members of Boards and Commissions shall
4 be suspended. This prohibition shall apply to the expenditure of any or all
5 government of Guam funds, regardless of source and inclusive of all funds
6 utilized by autonomous agencies.

7 **Section 16. Prohibition Against the Use of Twenty-four (24)**
8 **Hour Vehicles.** Notwithstanding any other provision of law, and upon
9 the effective date of this Act, no government vehicle shall be used by any
10 government employee, contract employee or other person, *except* during
11 such time that the person is on official duty. This Section shall *not* apply to
12 *I Maga'lahren Guåhan, I Segundo na Maga'lahren Guåhan, the Speaker of I*
13 *Liheslaturan Guåhan, the Chief Justice of the Guam Supreme Court and the*
14 *Presiding Judge of the Superior Court of Guam.*

15 **Section 17. Exception to General Fund Reversion.** Subsection
16 (a) of §2 of Chapter V of Public Law Number 25-03 is hereby *amended* to
17 read as follows:

18 **"(a) General Fund Reversion.** All unexpended or
19 unencumbered appropriations made from the General Fund
20 pursuant to this Act for Fiscal Year 1999 shall revert to the General
21 Fund on the last day of that fiscal year, *except* for those amounts
22 authorized to pay 1998 Earned Income Tax Credits; *and"*

23 **Section 18. Earned Income Tax Credits.** In the event that
24 actual revenues collected for the General Fund for Fiscal Year 1999 exceed

1 the sum of the estimated total General Fund revenue adopted in Public
2 Law Number 25-03:I:3 and the additional three and six-tenth percent (3.6%)
3 of the estimated total General Fund revenue authorized to be expended
4 under Public Law Number 25-03:II:4, *I Maga'lahaen Guåhan* is authorized to
5 expend such excess actual revenues collected to pay only for the 1998
6 Earned Income Tax Credits and the obligations of the government incurred
7 pursuant to the line of credit authorized in §7 of this Act.

8 **Section 19. Applicability of Act Through End of FY 1999.**

9 The provisions contained within §§12-16 of this Act shall apply through the
10 end of Fiscal Year 1999.

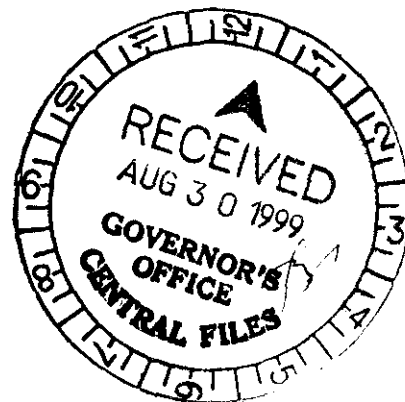
11 **Section 20. Severability.** *If* any provision of this Law or its
12 application to any person or circumstance is found to be invalid or contrary
13 to law, such invalidity shall *not* affect other provisions or applications of
14 this Law which can be given effect without the invalid provisions or
15 application, and to this end the provisions of this Law are severable.



COPY

MINA' BENTE SINGKO NA LIHESLATURAN GUAHAN
TWENTY-FIFTH GUAM LEGISLATURE
155 Hesler Street, Hagåtña, Guam 96910

August 30, 1999



The Honorable Carl T.C. Gutierrez
I Maga'lahaen Guahan
Ufisinan I Maga'lahi
Hagåtña, Guam 96910

Dear *Maga'lahi* Gutierrez:

Re-transmitted herewith is Bill No. 296(COR)(2-S), together with Exhibit "C", which was passed at a Special Session by *I Mina'Bente Singko Na Liheslaturan Guahan* on August 30, 1999.

On our original transmittal, Exhibit "C" was not attached to subject Bill.

Sincerely,

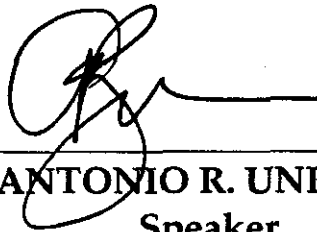

JOANNE M.S. BROWN
Senator and Legislative Secretary

Enclosure (2) - *freq* - 8-30-99
11:31 pm

MINA'BENTE SINGKO NA LIHESLATURAN GUAHAN
1999 (SECOND) Special Session


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

This is to certify that Bill No. 296 (COR) (2-S), "AN ACT TO REPEAL AND REENACT §4 OF CHAPTER II OF P.L. NO. 25-03, TO REPEAL AND REENACT "EXHIBIT C" OF P.L. NO. 25-03, TO AMEND §7 OF CHAPTER V AND §10 OF CHAPTER III OF P.L. NO. 25-03, TO REPEAL AND REENACT §3(d) OF CHAPTER III OF P.L. NO. 24-59 AND TO AMEND §26208 OF ARTICLE 2, CHAPTER 26, DIVISION 2 OF TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO APPROPRIATING THE SUM OF \$19,529,839 FOR THE CONTINUED OPERATIONS OF THE EXECUTIVE BRANCH OF THE GOVERNMENT OF GUAM FOR THE MONTH ENDING SEPTEMBER, 1999, AND FOR RESTRICTING THE USE OF GOVERNMENT MONIES," was on the 30th day of August, 1999, duly and regularly passed.



ANTONIO R. UNPINGCO
Speaker

Attested:

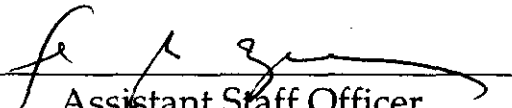


JOANNE M.S. BROWN
Senator and Legislative Secretary

COPY

.....

This Act was received by *I Maga'lahen Guahan* this 30th day of August, 1999,
at 11:31 o'clock A.M.



Assistant Staff Officer
Maga'lahi's Office

APPROVED:

CARL T. C. GUTIERREZ
I Maga'lahen Guahan

Date: _____

Public Law No. _____

MINA'BENTE SINGKO NA LIHESLATURAN GUÅHAN
1999 (SECOND) Special Session

Bill No. 296 (COR)(2-S)

As amended in the Committee of the
Whole and on the Floor.

Introduced by:

Committee on Housing,
General Government
Services and Foreign
Affairs

K. S. Moylan

F. B. Aguon, Jr.

E. C. Bermudes

A. C. Blaz

J. M.S. Brown

E. B. Calvo

M. G. Camacho

Mark Forbes

L. F. Kasperbauer

A. C. Lamorena, V

C. A. Leon Guerrero

V. C. Pangelinan

J. C. Salas

S. A. Sanchez, II

A. R. Unpingco

**AN ACT TO REPEAL AND REENACT §4 OF
CHAPTER II OF P.L. NO. 25-03, TO REPEAL AND
REENACT "EXHIBIT C" OF P.L. NO. 25-03, TO
AMEND §7 OF CHAPTER V AND §10 OF
CHAPTER III OF P.L. NO. 25-03, TO REPEAL
AND REENACT §3(d) OF CHAPTER III OF P.L.
NO. 24-59 AND TO AMEND §26208 OF ARTICLE
2, CHAPTER 26, DIVISION 2 OF TITLE 11 OF
THE GUAM CODE ANNOTATED, RELATIVE
TO APPROPRIATING THE SUM OF \$19,529,839**

FOR THE CONTINUED OPERATIONS OF THE
EXECUTIVE BRANCH OF THE GOVERNMENT
OF GUAM FOR THE MONTH ENDING
SEPTEMBER, 1999, AND FOR RESTRICTING
THE USE OF GOVERNMENT MONIES.

1 BE IT ENACTED BY THE PEOPLE OF GUAM:

2 Section 1. Legislative Findings and Intent. Bill Number 273
3 (COR), introduced at the request of *I Maga'lahren Guåhan*, contains four (4)
4 major components: (1) to adjust the General Fund revenue projections for
5 FY 1999 from Four Hundred Fifty-two Million Nine Hundred Five
6 Thousand Six Hundred Eleven Dollars (\$452,905,611) to Four Hundred
7 Sixty-nine Million Five Hundred Twenty-four Thousand Eight Hundred
8 Eighty-two Dollars (\$469,524,882), or by Sixteen Million Six Hundred
9 Nineteen Thousand Two Hundred Seventy-one Dollars (\$16,619,271); (2) to
10 de-appropriate and provide a mechanism for the reimbursement of
11 Fourteen Million Eight Hundred Fifty-five Thousand Five Hundred Eighty-
12 five Dollars (\$14,855,585) in supplemental annuity and COLA payments
13 made by the General Fund to the Retirement Fund in Fiscal Year 1999 and
14 to make available the same amount for Executive Branch operations; (3) to
15 de-appropriate Five Million Sixty-eight Thousand Nine Hundred Forty-
16 seven Dollars (\$5,068,947) of various miscellaneous appropriations and
17 appropriates the same amount to various departments for operational
18 requirements; and (4) to adjust special fund revenues and to replace
19 "Exhibit C" contained in Public Law Number 25-03.

20 Regarding component (1), *I Liheslaturan Guåhan* finds that Public Law
21 Number 25-03 provides *I Maga'lahren Guåhan* with the spending authority of

1 up to eight percent (8%) of actual revenues collected, or up to Four
2 Hundred Eighty-nine Million One Hundred Thousand Dollars
3 (\$489,100,000); therefore, the revenue adjustment is *not* needed. *However, I*
4 *Maga'lahaen Guahan* provided testimony during the public hearing on Bill
5 Number 273 that the language in Public Law Number 25-03 relating to this
6 spending authority is unworkable since actual revenues collected cannot be
7 determined until some time past September, 1999. At the same public
8 hearing, Attorney General John Tarantino concurred that if the word
9 "actual," contained in §4, Chapter II of Public Law Number 25-03 was
10 changed to "projected," it would suffice the legislative intent of providing *I*
11 *Maga'lahaen Guahan* with the spending authority necessary for collections
12 beyond the estimated revenues adopted in §3 of Chapter 1 of Public Law
13 Number 25-03.

14 Revenue estimates proposed by *I Maga'lahaen Guahan* for Fiscal Year
15 1999 was initially at Four Hundred Eighty-six Million Dollars
16 (\$486,000,000). A revised estimate of Four Hundred Sixty-nine Million
17 Dollars (\$469,000,000) was presented during the budget cycle for the
18 second half of the fiscal year. *I Liheslaturan Guahan* found that the second
19 estimate did *not* sufficiently address the economic downturn and
20 subsequently adopted a reduced projection of Four Hundred Fifty-two
21 Million Nine Hundred Thousand Dollars (\$452,900,000) in Public Law
22 Number 25-03. Another revised revenue estimate of Four Hundred Sixty-
23 nine Million Five Hundred Thousand Dollars (\$469,500,000) was presented
24 by *I Maga'lahaen Guahan* in Bill Number 273.

1 the 'exclusive benefit rule.' ... Violating this exclusive benefit rule exposes
2 each board member to personal financial liability, a prospect that no one on
3 the Board cherishes."

4 Regarding component (3), *I Liheslaturan Guåhan* finds the proposed
5 de-appropriation of such critical needs as firefighters' equipment; the
6 payment of rent for the Department of Law and the Public Defender; and
7 the repair of Clara Street in Toto to fund other operational requirements of
8 the government of Guam, to be unjustified. *I Liheslaturan Guåhan* finds the
9 de-appropriation of funding for the Residential Drug Treatment Facility in
10 the amount of Five Hundred Thousand Dollars (\$500,000.00) is justified to
11 help offset the cost of public assistance requirements for the month of
12 September, 1999.

13 Regarding component (4), *I Liheslaturan Guåhan* finds the proposed
14 amendment to "Exhibit C" in Public Law Number 25-03 necessary. The
15 proposed adjustments to the special fund revenues inadvertently left out of
16 "Exhibit C" in Public Law Number 25-03 reflect an overall decrease based
17 on current revenue tracking. The replacement of this exhibit is technical in
18 nature and would correct an omission of several special revenue funds in
19 support of certain departmental operations.

20 **Summary Findings and Intent.** *I Liheslaturan Guåhan* has
21 determined that only Nineteen Million Five Hundred Twenty-nine
22 Thousand Eight Hundred Thirty-nine Dollars (\$19,529,839) in revenues is
23 available for appropriation. This comprises Sixteen Million Six Hundred
24 Nineteen Thousand Two Hundred Seventy-one Dollars (\$16,619,271) in

1 adjusted projected revenue resulting from the non-payment of EITC plus
2 Two Million Four Hundred Ten Thousand Five Hundred Sixty-eight
3 Dollars (\$2,410,568) in un-appropriated General Fund monies from the
4 previously adopted estimates, plus Five Hundred Thousand Dollars
5 (\$500,000.00) from the de-appropriation of funding for the Residential Drug
6 Treatment Facility.

7 *I Liheslaturan Guåhan* further determines that the Nineteen Million
8 Five Hundred Twenty-nine Thousand Eight Hundred Thirty-nine Dollars
9 (\$19,529,839) in available revenue is sufficient to pay the net payroll
10 requirements of the entire Executive Branch for September, 1999. *However,*
11 the remaining balance of One Million Six Hundred Thirty-nine Thousand
12 Four Hundred Fifty-six Dollars (\$1,639,456) is *not* enough to cover the
13 additional payroll expenses that accrue from the payment of Executive
14 Branch payroll in September, 1999.

15 *I Liheslaturan Guåhan* further determines that other critical
16 expenditures are necessary to protect the interests of school children,
17 families dependent on public assistance, public health, the retirement and
18 insurance benefits of government employees and those detained in public
19 correctional facilities.

20 *However,* these expenditures cannot be authorized without an
21 identified funding source. *I Liheslaturan Guåhan* confirms that the
22 information provided by the Executive Branch during public testimony on
23 Bill Number 273 and in data requests show clearly that the government of
24 Guam has incurred obligations and liabilities already in excess of Four