



MAY 15 2002

CARL T.C. GUTIERREZ  
GOVERNOR OF GUAM

The Honorable Joanne M. S. Brown  
Legislative Secretary  
I Mina'Bente Sais na Liheslaturan Guåhan  
Twenty-Sixth Guam Legislature  
Suite 200  
130 Aspinal Street  
Hagåtña, Guam 96910

Dear Legislative Secretary Brown:

Enclosed please find Substitute Bill No. 305 (COR) "AN ACT TO ADD §§ 22429, 22430 AND 22431 TO TITLE 5, TO AMEND §§ 8207 AND 8218(h) OF TITLE 4, ALL OF THE GUAM CODE ANNOTATED, RELATIVE TO GENERATING CASH FOR THE GENERAL FUND THROUGH THE COLLECTION OF TAXES DUE AND PERMITTING TRANSFERS TO THE DEFINED CONTRIBUTION RETIREMENT SYSTEM" which I have signed into law as **Public Law No. 26-85**.

This legislation authorizes the borrowing of \$24 Million in order to pay tax refunds. The security for this loan are tax amounts owed to the Department of Revenue and Taxation by the public, and that are already a part of written payment plans made for tax years prior to tax year 2001 and additionally which are not subject to levy, payroll deduction, written voluntary agreement, or an account pending litigation or other legal problems.

The borrowing authority contained in this legislation is a convoluted plan, and may be unworkable. The legislation is signed for the purpose of combining this borrowing authority with that contained in Substitute Bill No. 311, now Public Law No. 26-84, to maximize, if possible, the reduction of the costs to the government of borrowing funds.

While creativity is welcomed in attempting to find ways to finance the government's tax refund obligations, a caution must be made. Our people cannot count on funding that does not cover the whole amount of tax refunds owed. This legislation does not cover the whole amount of tax refunds owed. Our people also cannot count on funding methods that may be unworkable. As we move forward in experimenting, let's not make empty promises to the public.

Very truly yours,

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

Attachments: original bill for vetoed legislation or  
copy of bill for signed or overridden legislation  
and legislation enacted without signature

cc: The Honorable Antonio R. Unpingco  
Speaker


|                                     |                    |
|-------------------------------------|--------------------|
| OFFICE OF THE LEGISLATIVE SECRETARY |                    |
| ACKNOWLEDGMENT RECEIPT              |                    |
| Received By                         | <u>[Signature]</u> |
| Time                                | <u>1035</u>        |
| Date                                | <u>5/15/02</u>     |

0781

MINA'BENTE SAIS NA LIHESLATURAN GUAHAN  
2002 (SECOND) Regular Session

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

This is to certify that Substitute Bill No. 305 (COR), "AN ACT TO ADD §§ 22429, 22430 AND 22431 TO TITLE 5, TO AMEND §§ 8207 AND 8218(h) OF TITLE 4, ALL OF THE GUAM CODE ANNOTATED, RELATIVE TO GENERATING CASH FOR THE GENERAL FUND THROUGH THE COLLECTION OF TAXES DUE AND PERMITTING TRANSFERS TO THE DEFINED CONTRIBUTION RETIREMENT SYSTEM," was on the 8<sup>th</sup> day of May, 2002, 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 10<sup>th</sup> day of May, 2002,  
at 4:00 o'clock P.M.

  
\_\_\_\_\_  
Assistant Staff Officer  
Maga'lahaen's Office

APPROVED:

  
\_\_\_\_\_  
CARL T. C. GUTIERREZ  
I Maga'lahaen Guahan

Date: 5-15-02

Public Law No. 26-85

**MINA'BENTE SAIS NA LIHESLATURAN GUÅHAN**  
**2002 (SECOND) Regular Session**

**Bill No. 305 (COR)**

As substituted by the Committee  
on Ways and Means and amended  
on the Floor.

Introduced by:

V. C. Pangelinan

Mark Forbes

A. R. Unpingco

J. F. Ada

T. C. Ada

F. B. Aguon, Jr.

J. M.S. Brown

E. B. Calvo

F. P. Camacho

M. C. Charfauros

L. F. Kasperbauer

L. A. Leon Guerrero

K. S. Moylan

A. L.G. Santos

J. T. Won Pat

**AN ACT TO ADD §§ 22429, 22430 AND 22431 TO  
TITLE 5, TO AMEND §§ 8207 AND 8218(h) OF TITLE  
4, ALL OF THE GUAM CODE ANNOTATED,  
RELATIVE TO GENERATING CASH FOR THE  
GENERAL FUND THROUGH THE COLLECTION  
OF TAXES DUE AND PERMITTING TRANSFERS  
TO THE DEFINED CONTRIBUTION  
RETIREMENT SYSTEM.**

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

2           **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan*

3 finds that during the Legislative Ways and Means Committee's financial

1 status oversight hearing on February 27, 2002, the Director of the Department  
2 of Revenue and Taxation provided the Committee with the total accounts  
3 receivable on their records. According to the Department, the total accounts  
4 receivable is One Hundred Forty-three Million Two Hundred Eighty  
5 Thousand Five Hundred Ninety-eight Dollars and Nine Cents  
6 (\$143,280,598.09), categorized as follows:

7 (1) Forty-one Million Two Hundred Forty-two Thousand Nine  
8 Hundred One Dollars and Twenty-four Cents (\$41,242,901.24) falls  
9 under "inactive accounts" due to foreclosure or bankruptcy;

10 (2) Twenty Million Two Hundred Eight-five Thousand Eighty-  
11 three Dollars and Fifty eight Cents (\$20,285,083.58) falls under the  
12 "active accounts" due to continuous levy, payroll deductions and  
13 voluntary payment agreements;

14 (3) Forty-four Million Four Hundred Thirty-three Thousand Six  
15 Hundred Seventy-six Dollars and Twenty-three Cents (\$44,433,676.23)  
16 falls under "pending accounts" due to litigation and other legal  
17 problems; *and*

18 (4) Thirty-seven Million Three Hundred Eighteen Thousand  
19 Nine Hundred Thirty-seven Dollars and Four Cents (\$37,318,937.04)  
20 under its "unaddressed accounts."

21 It is these monies, which have the greatest potential to be collected from  
22 taxpayers, to provide the government with the best opportunity to  
23 collateralize for a loan to pay outstanding income tax refunds owed to  
24 taxpayers. Collection and expenditure of the loan proceeds will greatly assist

1 the government in its dire financial needs. With the millions of dollars of  
2 anticipated revenue shortfall for Fiscal Year 2002, injecting the cash into the  
3 economy from the proceeds of the borrowing by the expenditure of the tax  
4 refunds paid to taxpayers will yield positive tax revenues for the government  
5 and sustain economic activity in the private sector.

6 Therefore, it is the intent of *I Liheslaturan Guåhan* to facilitate ways to  
7 solve, at least partly, the expected revenue shortfall, by bringing an *immediate*  
8 inflow of cash through the collection of uncollected taxes in its entire amount.

9 **Section 2.** Section 22429 is hereby *added* to Article 4, Chapter 22,  
10 Division 2 of Title 5 of the Guam Code Annotated to read as follows:

11 **“Section 22429. Line of Credit.**

12 (a) *I Maga’lahen Guåhan*, on behalf of the government of  
13 Guam, is authorized to arrange a line of credit *not* to exceed  
14 Twenty-four Million Dollars (\$24,000,000) with one (1) or more  
15 bank(s) or commercial lending institution(s) licensed on Guam.

16 (b) **Terms and Conditions.** The terms of the line of  
17 credit shall include the following:

18 (i) prepaid charges shall *not* be levied by the bank  
19 or trust department for opening the line of credit;

20 (ii) the interest rate shall be subject to competitive  
21 negotiations between *I Maga’lahen Guåhan* and the banks;

22 (iii) interest income earned by the banks or lending  
23 institutions from the line of credit shall be *exempt* from the  
24 business privilege tax by the government of Guam;

1 (iv) all terms of the line of credit *not* specifically  
2 defined in the foregoing shall be negotiated by *I Maga'lahen*  
3 *Guåhan* in the best interest of the People of Guam;

4 (v) funds necessary for such repayment of interest  
5 and principal shall be first paid from the Line of Credit  
6 Repayment Fund as established in § 22430 of Title 5 of the  
7 Guam Code Annotated; *and*

8 (vi) the duration for the repayment of the line of  
9 credit shall be as negotiated by *I Maga'lahen Guåhan*, but  
10 shall *not* exceed ten (10) years.

11 (c) **Form of Line of Credit; Covenants.** The technical  
12 form and language of the line of credit, including provisions for  
13 execution, exchange, transfer, negotiability, cancellation or other  
14 terms or conditions consistent with this Section, shall be as  
15 specified in the line of credit agreement executed by *I Maga'lahen*  
16 *Guåhan* evidencing the loan. *I Maga'lahen Guåhan* is also  
17 authorized to execute, on behalf of the government of Guam, any  
18 appropriate agreements or other instruments relating to the line of  
19 credit.

20 (d) **Approval of *I Liheslaturan Guåhan*.** *I Liheslaturan*  
21 *Guåhan* hereby approves the line of credit of the government of  
22 Guam in the aggregate principal amount *not* to exceed Twenty-  
23 four Million Dollars (\$24,000,000) as authorized by this Act;  
24 *provided* the terms of the line of credit are consistent with this Act."

1           **Section 3.** Section 22430 is hereby *added* to Article 4, Chapter 22,  
2 Division 2 of Title 5 of the Guam Code Annotated to read as follows:

3           **“Section 22430. Creation of Fund.**

4           (a) There is hereby created, separate and apart from other  
5 funds of the government of Guam, a fund to be known as the  
6 ‘Line of Credit Repayment Fund’ (‘Fund’). The Fund shall *not* be  
7 commingled with the General Fund and shall be kept in a separate  
8 bank account, under the purview of the Public Auditor. The  
9 funds deposited into the Line of Credit Repayment Fund are  
10 hereby appropriated for the repayment of the line of credit  
11 authorized by *I Liheslaturan Guåhan* in § 22429(a) of Title 5 of the  
12 Guam Code Annotated.

13           (b) All payments made pursuant to the written payment  
14 plans executed between the government and taxpayers for balance  
15 taxes due for all tax years, other than tax year 2001, *not* subject to  
16 an existing levy, payroll deduction, or written voluntary  
17 agreement, or constitute an account deemed by the Department of  
18 Revenue and Taxation to be pending due to litigation or other  
19 legal problems, shall be deposited into the Fund to be *solely* used  
20 for the repayment of the line of credit authorized herein.

21           (c) The Department of Revenue and Taxation shall  
22 provide *I Maga’lahen Guåhan* and *I Liheslaturan Guåhan* on a bi-  
23 weekly basis, upon the enactment of this Act, the total amount of

1 balance taxes due, *subject* to a written payment plan, and the  
2 number of taxpayers executing the written payment plan.

3 (d) The deposits made to the Fund pursuant to § 22430(b)  
4 of Title 5 of the Guam Code Annotated shall be invested or  
5 reinvested in interest-bearing instruments, United States treasury  
6 notes, investment grade and insured corporate notes, and other  
7 like instruments which are readily convertible to cash needed to  
8 pay for the line of credit authorized by *I Liheslaturan Guåhan* in §  
9 22429(a) of Title 5 of the Guam Code Annotated."

10 **Section 4.** Section 22431 is hereby *added* to Article 4, Chapter 22,  
11 Division 2 of Title 5 of the Guam Code Annotated to read as follows:

12 "Section 22431. The authorization of the line of credit as set forth  
13 in § 22429(a) of Title 5 of the Guam Code Annotated shall become  
14 effective *only* after *I Maga'lahaen Guåhan* reduces the total salary spending  
15 for unclassified positions, *not* to include licensed professionals, within  
16 the government of Guam by Two Million Dollars (\$2,000,000)."

17 **Section 5. Uses of Line of Credit Proceeds.** The uses of the proceeds  
18 of the line of credit shall be used *exclusively* for the payment of income tax  
19 refunds due Guam taxpayers for tax year 2000 or earlier. The income tax  
20 refunds due individual taxpayers shall have priority over all other refunds.  
21 Any remaining proceeds shall then be paid to refunds due to individual  
22 taxpayers for tax year 2001.



1           **Section 6.** There is hereby appropriated annually from the General  
2 Fund the amount necessary to fully fund the debt service of the line of credit  
3 *not* funded by the Line of Credit Repayment Fund.

4           **Section 7. Transfer to the Defined Contribution Retirement System.**

5           **(a) Legislative Findings and Intent.** *I Liheslaturan Guåhan*  
6 finds that the annual one (1) month period during which Defined  
7 Benefit Plan members may elect to transfer to the Defined Contribution  
8 Retirement System should be expanded to allow more time for potential  
9 transferees to obtain information about the advantages and  
10 disadvantages associated with the contemplated transfer. *I Liheslaturan*  
11 *Guåhan* finds that an additional two (2) month period would be of  
12 benefit for potential transferees.

13           **(b)** Section 8207 of Article 2, Chapter 8 of Title 4 of the Guam  
14 Code Annotated, as amended by P.L. No. 24-53:1, and as further  
15 amended by P.L. No. 25-19:6, and as repealed and reenacted by P.L. No.  
16 25-157:5, is hereby *amended* as follows:

17           **“Section 8207. Voluntary Participation in System.**

18           **(a)** Any member with *less than* twenty (20) years  
19 service credit, recognized under the existing system, may,  
20 upon written election, voluntarily elect membership in the  
21 Government of Guam Defined Contribution Retirement  
22 System, on a prospective basis, on or after October 1, 1995.  
23 Said member of the existing retirement system, upon  
24 election to withdraw that person’s contribution plus interest,

1 must then deposit such funds into the Government of Guam  
2 Defined Contribution Retirement System; and as a result  
3 thereof, such member's years of service credit in the existing  
4 system shall be applied towards the years of employment  
5 service for vesting purposes under § 8210 of this Article, and  
6 no further benefits will be payable to such member under  
7 the existing retirement system.

8 Members electing to transfer to the Defined  
9 Contribution Retirement System will have their transfers  
10 effective at the end of the first pay period following the  
11 month of transfer. Employees will have sixty-five (65)  
12 months after enactment of this legislation, and between  
13 March 1 and May 31 of every year, beginning in the year  
14 2002, in which to elect to transfer to the Defined  
15 Contribution Retirement System. After having made such  
16 election, the employee may *not* change such election or again  
17 become a member of the existing retirement system. Any  
18 member who does *not* select one (1) option or the other at  
19 the end of the sixty-five (65) month period, *except* as  
20 provided for in this Section, shall be deemed to have  
21 irrevocably elected to be a member in the existing system."

22 (c) Section 8218(h) of Article 2, Chapter 8 of Title 4 of the Guam  
23 Code Annotated, as amended by P.L. No. 24-53:2, and as further

1 amended by P.L. No. 25-19:7, and as repealed and reenacted by P.L. No.  
2 25-157:11, is hereby *amended* to read as follows:

3 “(h) Process pre-October 1, 1995, hire elections, transfer  
4 accumulated member contributions from existing retirement  
5 system to defined contribution plan or calculate frozen accrued  
6 benefits in existing retirement plan as appropriate. This step is to  
7 be completed within sixty-five (65) months of enactment of  
8 enabling legislation, *except* for the steps related to transfer  
9 elections as provided in § 8207.”

10 (d) **Effective Date.** This Section shall be effective upon  
11 enactment, *except* that the annual period described in § 7(b) of this  
12 Section, in which transfers may be elected, shall be effective *retroactively*  
13 as of March 1, 2002.

14 **Section 8. Severability.** *If* any provision of this Law or its  
15 application to any person or circumstance is found to be invalid or contrary to  
16 law, such invalidity shall *not* affect other provisions or applications of this  
17 Law which can be given effect without the invalid provisions or application,  
18 and to this end the provisions of this Law are severable.

6

# I MINA' BENTE SAIS NA LIHESLATURAN GUAHAN

2002 (SECOND) Regular Session

Date: 5/8/02

## VOTING SHEET

S Bill No. 305 (COR)

Resolution No. \_\_\_\_\_

Question: \_\_\_\_\_

20-45

| NAME                      | YEAS | NAYS | NOT VOTING/<br>ABSTAINED | OUT DURING<br>ROLL CALL | ABSENT |
|---------------------------|------|------|--------------------------|-------------------------|--------|
| ADA, Joseph F.            | ✓    |      |                          |                         |        |
| ADA, Thomas C.            | ✓    |      |                          |                         |        |
| AGUON, Frank B., Jr.      | ✓    |      |                          |                         |        |
| BROWN, Joanne M. S.       | ✓    |      |                          |                         |        |
| CALVO, Eddie B.           | ✓    |      |                          |                         |        |
| CAMACHO, Felix P.         | ✓    |      |                          |                         |        |
| CHARFAUROS, Mark C.       | ✓    |      |                          |                         |        |
| FORBES, Mark              | ✓    |      |                          |                         |        |
| KASPERBAUER, Lawrence F.  | ✓    |      |                          |                         |        |
| LEON GUERRERO, Lourdes A. |      |      | <i>excused</i>           |                         |        |
| MOYLAN, Kaleo S.          | ✓    |      |                          |                         |        |
| PANGELINAN, Vicente C.    | ✓    |      |                          |                         |        |
| SANTOS, Angel L.G.        | ✓    |      |                          |                         |        |
| UNPINGCO, Antonio R.      | ✓    |      |                          |                         |        |
| WON PAT, Judith T.        |      |      |                          |                         | ✓      |

TOTAL

13    0    1    0    1

CERTIFIED TRUE AND CORRECT:

\_\_\_\_\_  
Clerk of the Legislature

\* 3 Passes = No vote  
EA = Excused Absence

**Senator Kaleo S. Moylan**  
**Chairperson, Committee on Ways and Means**  
***Mina'Bente Sais Na Liheslaturan Guåhan***  
**Twenty-Sixth Guam Legislature**

April 26, 2002

Honorable Antonio R. Unpingco  
Speaker  
*Mina'Bente Sais Na Liheslaturan Guåhan*  
Hagåtña, Guam 96910

VIA: Chairperson, Committee on Rules, General Government Operations,  
Reorganization and Reform and Federal, Foreign and General Affairs

Dear Mr. Speaker:

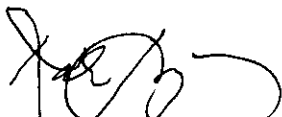
The Committee on Ways and Means, to which was referred Bill No. 305 (COR), "AN ACT TO ADD NEWS SECTIONS 22429, 22430 AND 22431 ALL TO ARTICLE 4, CHAPTER 22, DIVISION 2 OF TITLE 5 OF THE GUAM CODE ANNOTATED, RELATIVE TO GENERATING CASH FOR THE GENERAL FUND THROUGH THE COLLECTION OF BALANCE TAXES DUE," has had the same under consideration, and now wishes to report back the same with the recommendation to do pass as substituted.

The Committee votes are as follows:

|              |               |
|--------------|---------------|
| <u>  1  </u> | To Do Pass    |
| <u>  0  </u> | Not to Pass   |
| <u>  0  </u> | To Report Out |
| <u>  0  </u> | Abstain       |
| <u>  0  </u> | Inactive File |

A copy of the Committee Report and other pertinent documents are attached for your immediate reference and information.

Thank you,

  
**KALEO S. MOYLAN**  
Chairperson

Enclosure:


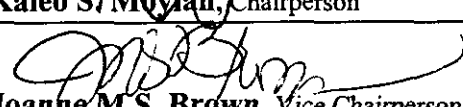

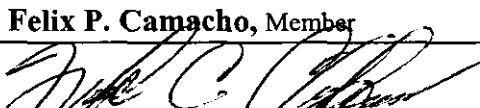

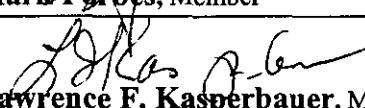
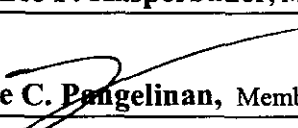
**Committee on Ways and Means**

**Vote Sheet on**

**Bill No. 305 (COR)**

*As substituted by the Committee*

**AN ACT TO ADD NEW SECTIONS 22429, 22430 AND 22431 ALL TO ARTICLE 4, CHAPTER 22, DIVISION 2 OF TITLE 5 OF THE GUAM CODE ANNOTATED, RELATIVE TO GENERATING CASH FOR THE GENERAL FUND THROUGH THE COLLECTION OF BALANCE TAXES DUE.**

| COMMITTEE MEMBER   | TO DO PASS | NOT TO PASS | REPORT OUT ONLY | ABSTAIN | INACTIVE FILE |
|--|------------|-------------|-----------------|---------|---------------|
| <br>Kaleo S. Moylan, Chairperson                  | ✓          |             |                 |         |               |
| <br>Joanne M.S. Brown, Vice Chairperson           | ✓          |             |                 |         |               |
| <br>Antonio R. Unpingco,<br>Speaker & Ex-Officio | ✓          |             |                 |         |               |
| Eddie B. Calvo, Member   |            |             |                 |         |               |
| Felix P. Camacho, Member   |            |             |                 |         |               |
| <br>Mark C. Charfauros, Member                  | ✓          |             |                 |         |               |
| <br>Mark Forbes, Member                          | —          |             |                 |         |               |
| <br>Lawrence F. Kasperbauer, Member             | +          |             |                 |         |               |
| <br>Vicente C. Pangelinan, Member               | ✓          |             |                 |         |               |

***Committee on Ways and Means  
Report On***

**Bill No. 305(COR)**

***As substituted by the Committee.***

**AN ACT TO ADD NEWS SECTIONS 22429, 22430 AND 22431 ALL TO ARTICLE 4, CHAPTER 22, DIVISION 2 OF TITLE 5 OF THE GUAM CODE ANNOTATED, RELATIVE TO GENERATING CASH FOR THE GENERAL FUND THROUGH THE COLLECTION OF BALANCE TAXES DUE.**

***PUBLIC HEARING:***

The Committee on Ways and Means, to which was referred Bill No. 305 (COR), "AN ACT TO ADD NEWS SECTIONS 22429, 22430 AND 22431 ALL TO ARTICLE 4, CHAPTER 22, DIVISION 2 OF TITLE 5 OF THE GUAM CODE ANNOTATED, RELATIVE TO GENERATING CASH FOR THE GENERAL FUND THROUGH THE COLLECTION OF BALANCE TAXES DUE," conducted a public hearing on Friday, April 26, 2001, at the Guam Legislature Public Hearing Room. Senator Kaleo S. Moylan, Chairperson of the Committee on Ways and Means, convened the hearing at 9:00 a.m. In attendance were Senators Tom C. Ada, Vicente C. Pangelinan and Lou A. Leon Guerrero.

***TESTIMONY:***

Appearing before the Committee were Messrs. Paul D. Leon Guerrero, Carlos Bordallo and Joey S. Calvo, Director and Budget Analyst respectively, all representing the Bureau of Budget and Management Research. According to Director Leon Guerrero, the Bureau, with minor amendments, supports the intent of the legislation.

In closing, Mr. Leon Guerrero reiterated the concerns that if the payment plan was extended from 5 to 10 years the government would be in a position to save money and urged the incorporation of the Bureau's suggested amendments.

There being no further discussion, the Chair adjourned the hearing on Bill No 305 (COR) at 10:10 a.m.

***COMMITTEE PROFILE  
FINDINGS AND RECOMMENDATION***

Brief Title: "Line of Credit Repayment Fund."


Date Introduced: Tuesday, April 16, 2002.

**MINA'BENTE SAIS NA LIHESLATURAN GUÅHAN**  
**2002 (SECOND) Regular Session**

Bill No. 305 (COR)

Introduced by:

v.c. pangelinan  
M. Forbes



---

**AN ACT TO GENERATE CASH FOR THE GENERAL  
FUND THROUGH THE ESTABLISHMENT OF NEW  
SECTIONS 22429, 22430 AND 22431 OF ARTICLE 4  
OF CHAPTER 22 OF DIVISION 2 OF TITLE 5, GUAM  
CODE ANNOTATED, RELATIVE TO THE  
COLLECTION OF BALANCE TAXES DUE.**

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4 Hearing on February 27, 2002, the Director of the Department of Revenue and  
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11 Dollars and Twenty-four Cents (\$41,242,901.24) falls under the "inactive  
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1 Eighty-five Thousand Eighty-three Dollars and Fifty-eight Cents (\$20,285,083.58)  
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17 Therefore, it is the intent of the legislature to facilitate ways to solve, at  
18 least partly, the expected revenue shortfall, by bringing in an immediate inflow  
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20 **Section 2.** A new Section 22429 of Article 4 of Chapter 22 of Division 2  
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7           (iii) Interest income earned by the banks or lending  
8 institutions from the line of credit shall be exempt from the  
9 business privilege tax by the government of Guam;

10          (iv) All terms of the line of credit not specifically defined in  
11 the foregoing shall be negotiated by the Governor in the best  
12 interest of the people of Guam;

13          (v) Funds necessary for such repayment of interest and  
14 principal shall be first paid from the Line of Credit  
15 Repayment Fund as established in 5 G.C.A. §22430, and  
16 second from Section 30 Funds;

17          (vi) The duration for the repayment of the line of credit  
18 shall be as negotiated by the Governor, but shall not exceed  
19 five (5) years.

20           **(c) Form of Line of Credit; Covenants.** The technical form and  
21 language of the line of credit, including provisions for execution,  
22 exchange, transfer, negotiability, cancellation or other terms or  
23 conditions not inconsistent with this Section, shall be as specified in the  
24 line of credit agreement executed by the Governor evidencing the loan.

1 The Governor is also authorized to execute, on behalf of the government  
2 of Guam, any appropriate agreements or other instruments relating to  
3 the line of credit.

4 (d) **Approval of the Legislature.** *I Liheslaturan Guåhan* hereby  
5 approves the line of credit of the government of Guam in the aggregate  
6 principal amount not to exceed Twenty-four Million Dollars  
7 (\$24,000,000.00) as authorized by this Act; provided the terms of the line  
8 of credit are not inconsistent with this Act.”

9 **Section 3.** A new Section 22430 of Article 4 of Chapter 22 of Division 2  
10 of Title 5, Guam Code Annotated is hereby added to read as follows:

11 “§22430. **Creation of Fund.** (a) There is hereby created, separate and  
12 apart from other funds of the government of Guam, a fund to be known  
13 as the “Line of Credit Repayment Fund” (hereafter in this Act referred  
14 to as the “Fund”). The Fund shall not be commingled with the General  
15 Fund and shall be kept in a separate bank account, under the purview of  
16 the Public Auditor. Subject to legislative approval, the funds deposited  
17 into the Line of Credit Repayment Fund shall be appropriated for the  
18 repayment of the line of credit authorized by the Legislature in 5 G.C.A.  
19 §22429(a).

20 (b) All payments made pursuant to the written payment plans  
21 executed between the government and taxpayers for balance taxes due  
22 for all tax years other than tax year 2001 not subject to an existing levy,  
23 payroll deduction, or written voluntary agreement, or constitute an  
24 account deemed by the Department of Revenue and Taxation to be

1 pending due to litigation or other legal problems shall be deposited into  
2 the Fund to be solely used for the repayment of the line of credit  
3 authorized herein.

4 (c) Department of Revenue and Taxation shall provide the  
5 Governor and the Legislature on a bi-weekly basis, upon the enactment  
6 of this Act, the total amount of Balance Taxes Due subject to a written  
7 payment plan, and the number of taxpayers executing the written  
8 payment plan.

9 (d) The deposits made to the Fund pursuant to 5 G.C.A. 22430(b),  
10 shall be invested or reinvested in interest bearing instruments, United  
11 States treasury notes, investment grade and insured corporate notes,  
12 and other like instruments which are readily convertible to cash needed  
13 to pay for the line of credit authorized by the Legislature in 5 G.C.A. §  
14 22429(a).

15 **Section 5.** A new Section 22431 of Article 4 of Chapter 22 of Division 2  
16 of Title 5, Guam Code Annotated is hereby added to read as follows:

17 “§22432. The authorization of the line of credit as set forth in 5 G.C.A.  
18 §22429(a) shall become effective only after the Governor reduces the  
19 total salary spending for unclassified positions within the government  
20 of Guam by Two Million Dollars (\$2,000,000.00).”

21 **Section 6. Uses of Line of Credit Proceeds.** The uses of the proceeds of  
22 the line of credit shall be used exclusively for the payment of income tax  
23 refunds due Guam taxpayers for tax years 2000 or earlier. The income tax  
24 refunds due individual taxpayers shall have priority over all other refunds.

1 Any remaining proceeds shall then be paid to refunds due to individual  
2 taxpayers for tax year 2001.

3 **Section 7. Severability.** *If* any provision of this Law or its  
4 application to any person or circumstance is found to be invalid or contrary to  
5 law, such invalidity shall *not* affect other provisions or applications of this  
6 Law which can be given effect without the invalid provisions or application,  
7 and to this end the provisions of this Law are severable.