



Office of the Governor of Guam

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Office of the People's Speaker
vicente (ben) c. pangelinan

JAN 05 2004

TIME: 2:48 (AM) (PM)
RECEIVED BY:

05 JAN 2004

Felix Perez Camacho
Governor

Kaleo Scott Moylan
Lieutenant Governor

The Honorable Vicente C. Pangelinan
Speaker
I Mina' Bente Siete Na Liheslaturan Guahån
Twenty-Seventh Guam Legislature
155 Hesler Street
Hagåtña, Guam 96910

Dear Speaker Pangelinan:

Transmitted herewith is Bill No. 182 (COR), "AN ACT TO ADD A NEW CHAPTER 11 TO TITLE 2, GUAM CODE ANNOTATED, TO CREATE A LEGISLATIVE TAX REVIEW COMMISSION TO BE APPOINTED BY THE SPEAKER OF I LIHESLATURAN GUÅHAN IN JANUARY, 2004, AND EVERY FOUR (4) YEARS THEREAFTER, TO EVALUATE THE ISLAND'S TAX STRUCTURE, AND TO SUBMIT REVENUE AND TAX POLICY RECOMMENDATIONS AND DRAFT LEGISLATION TO I MAGA'LAHEN GUÅHAN AND I LIHESLATURAN GUÅHAN WITHIN ONE (1) YEAR," which I signed into law on December 17, 2003, as Public Law No. 27- 56.

Bill No. 182 establishes a Legislative Tax Review Commission to make long-term recommendations that will be the centerpiece of a complete tax system that fits the needs for Guam. I would like to thank Senator Antoinette P. Sanford for implementing the recommendation by my Tax Conversion and Reform Commission. I am certain to see tax recommendations that will benefit Guam, however, we need to work together to ensure that the historic data required to make systemic changes are being collected and done so regularly. There is much work that needs to be done to examine the method in which current taxes are assessed and collected, and increasing and improving collection activities within the Department of Revenue and Taxation. I sign this bill confident that this will be done for the best interest of the people of Guam.

Sincerely yours,

[Handwritten signature of Felix P. Camacho]

FELIX P. CAMACHO
I Maga'lahen Guåhan
Governor of Guam

Attachment: copy attached of signed bill

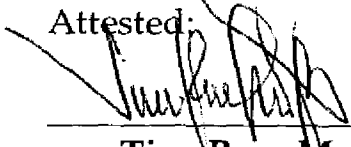
cc: The Honorable Tina Rose Muna-Barnes
Senator and Legislative Secretary

I MINA'BENTE SIETE NA LIHESLATURAN GUÅHAN
2003 (FIRST) Regular Session

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

This is to certify that Bill No. 182 (LS), "AN ACT TO ADD A NEW CHAPTER 11 TO TITLE 2, GUAM CODE ANNOTATED, TO CREATE A LEGISLATIVE TAX REVIEW COMMISSION TO BE APPOINTED BY THE SPEAKER OF I LIHESLATURAN GUÅHAN IN JANUARY, 2004, AND EVERY FOUR (4) YEARS THEREAFTER, TO EVALUATE THE ISLAND'S TAX STRUCTURE, AND TO SUBMIT REVENUE AND TAX POLICY RECOMMENDATIONS AND DRAFT LEGISLATION TO I MAGA'LAHEN GUÅHAN AND I LIHESLATURAN GUÅHAN WITHIN ONE (1) YEAR," was on the 6th day of December, 2003, duly and regularly passed.

Attested:



Tina Rose Muña Barnes
Senator and Legislative Secretary

vicente (ben) c. pangelinan
Speaker

This Act was received by I Maga'lahen Guåhan this 10th day of December, 2003, at 4:50
o'clock P.M.



Assistant Staff Officer
Maga'lahi's Office

APPROVED:



FELIX P. CAMACHO
I Maga'lahen Guåhan

Date: 12/17/03

Public Law No. 27-56

I MINA'BENTE SIETE NA LIHESLATURAN GUÅHAN
2003 (FIRST) Regular Session

Bill No. 182 (LS)

As amended on the Floor.

Introduced by:

Toni Sanford
v. c. pangelinan
Mark Forbes
F. B. Aguon, Jr.
J. M.S. Brown
F. R. Cunliffe
C. Fernandez
L. F. Kasperbauer
R. Klitzkie
L. A. Leon Guerrero
J. A. Lujan
T. R. Muña Barnes
J. M. Quinata
R. J. Respicio
Ray Tenorio

AN ACT TO ADD A NEW CHAPTER 11 TO TITLE 2, GUAM CODE ANNOTATED, TO CREATE A LEGISLATIVE TAX REVIEW COMMISSION TO BE APPOINTED BY THE SPEAKER OF *I LIHESLATURAN GUÅHAN* IN JANUARY, 2004, AND EVERY FOUR (4) YEARS THEREAFTER, TO EVALUATE THE ISLAND'S TAX STRUCTURE, AND TO SUBMIT REVENUE AND TAX POLICY RECOMMENDATIONS AND DRAFT LEGISLATION TO *I MAGA'LAHEN GUÅHAN* AND *I LIHESLATURAN GUÅHAN* WITHIN ONE (1) YEAR.

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

1 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan*
2 finds, as did *I Maga'lahi's* Tax Commission, that there is insufficient data to
3 make an informed and logical decision concerning converting the Guam
4 Gross Receipts Tax to a sales tax, or revision of Guam's applicable tax laws.
5 It is the finding of *I Liheslatura* that the taxes and fees assessed and charged
6 by the government of Guam are in urgent need of review and revision.

7 *I Liheslatura* further finds that without appropriate guidelines in
8 place, *I Liheslatura* has, in the past, acted precipitously on numerous
9 occasions relative to tax policy, including preventing a mandated property
10 tax increase, abrogating its Organically mandated responsibility to enact
11 taxes and allowing the fiscal condition of the government to deteriorate to
12 a state such that an increase in taxes without proper research and valid
13 information became a necessity.

14 It is, therefore, the intent of *I Liheslatura* to create a Legislative Tax
15 Review Commission ("Commission") to be appointed on a quadrennial
16 basis, to review and make recommendations concerning Guam's tax
17 policies and structure. This ten (10) member quadrennial Commission is
18 empowered to collect and analyze such data as it deems appropriate to
19 substantiate its studied recommendations to *I Liheslatura*, as a basis for
20 appropriate changes in Guam's tax policy and structure necessary to
21 implement the economic objectives of the government of Guam.

22 It is *I Liheslatura's* intent that this quadrennial Commission be
23 allowed one (1) year to perform its tasks and submit its recommendations,
24 after which it will cease to exist, until a new quadrennial Commission is
25 appointed in the quadrennium.

1 It is additionally the intent of *I Liheslatura* that this Legislative Tax
2 Review Commission becomes the subject of an amendment to the Organic
3 Act of Guam.

4 Section 2. A new Chapter 11 is *added* to Title 2, Guam Code
5 Annotated, to read:

6 "CHAPTER 11

7 LEGISLATIVE TAX REVIEW COMMISSION

8 §11100. Legislative Intent.

9 §11101. Establishment of Legislative Tax
10 Review Commission.

11 §11102. Administration.

12 §11103. Membership.

13 §11104. Vacancy.

14 §11105. Government cooperation.

15 §11106. Contractual Services and Funding for
16 Commission.

17 §11107. Duties.

18 §11108. Dissolution.

19 §11100. Legislative Intent. *I Liheslaturan Guåhan* intends
20 that the Legislative Tax Review Commission, after appointment and
21 confirmation, shall conduct a systematic review of Guam's tax
22 policies and statutes each quadrennium, using the principles of
23 economic efficiency, equity, simplicity, administrative feasibility,
24 accountability and for the purpose of promoting economic growth

1 and shall submit to *I Maga'lahaen Guåhan* and to *I Liheslaturan Guåhan*
2 an evaluation of Guam's tax structure with recommendations for any
3 changes in revenue and tax policy deemed necessary.

4 **§11101. Establishment of Legislative Tax Review**
5 **Commission.** There is hereby established a Legislative Tax Review
6 Commission, hereinafter 'the Commission.' The quadrennial
7 Commission shall consist of ten (10) members as provided by this
8 Chapter, five (5) of whom shall be appointed by the Speaker. The
9 appointments to the first quadrennial Commission shall be made and
10 submitted to *I Liheslaturan Guåhan* no later than the last day of
11 January, 2004. The next Commission shall be constituted in January
12 2007 and the Commission shall be reconstituted every four (4) years
13 thereafter.

14 **§11102. Administration.** For administrative purposes,
15 clerical support and necessary funding, the quadrennial Commission
16 shall be housed at *I Liheslaturan Guåhan* with the Committee that has
17 oversight over tax policy in Guam. The quadrennial Commission
18 shall select a chairperson from among its members. Quadrennial
19 Commission members shall receive no stipends but shall be
20 reimbursed for actual expenses incurred in the performance of their
21 duties, subject to submission of documentation and approval by the
22 chairperson of the Committee that houses the quadrennial
23 Commission. The quadrennial Commission shall meet from time to
24 time, as determined by the chairperson, to execute its duties.

1 **§11103. Membership.** The Director of the Department of
2 Revenue and Taxation or its successor agency, the Administrator of
3 the Guam Economic Development and Commerce Authority or its
4 successor agency, the Senator who chairs the Legislative Committee
5 with oversight over Guam tax policy, the Senator who chairs the
6 Legislative Committee with oversight over budgetary matters, and
7 the Minority Leader, or designee, shall be standing members of the
8 quadrennial Commission. Should oversight over Guam tax policy
9 and budgetary matters fall under the same Legislative Committee,
10 the Speaker shall serve as a standing member of the quadrennial
11 Commission. The five (5) members appointed by the Speaker shall
12 meet the following criteria:

13 (a) One (1) shall be a Certified Public Accountant,
14 selected from among three (3) names submitted by the Guam
15 Society of Certified Public Accountants;

16 (b) One (1) shall be an attorney specializing in tax laws,
17 selected from among three (3) names submitted by the Guam
18 Bar Association;

19 (c) One (1) shall be an economist who is currently
20 employed in a field of economics and who has a doctorate
21 degree in economics from an accredited institution of higher
22 learning;

23 (d) One (1) shall be a representative of the business
24 community who is a business owner, selected from among

1 three (3) names submitted by the Guam Chamber of
2 Commerce; and

3 (e) One (1) shall be a representative from the public at
4 large who does not fall into any of the other categories listed in
5 this Subsection.

6 **§11104. Vacancy.** *If any vacancy occurs in the appointed*
7 *membership of the quadrennial Commission prior to the completion*
8 *of its duties or dissolution, the Speaker shall appoint a replacement*
9 *member in accordance with §11103 of this Chapter.*

10 **§11105. Government cooperation.** *Government of Guam*
11 *agencies and departments, including autonomous entities, shall make*
12 *available to the quadrennial Commission on a timely basis such data*
13 *and technical support as is necessary for it to perform its duties as*
14 *provided in this Chapter.*

15 **§11106. Contractual Services and Funding for Quadrennial**
16 **Commission.** *Should data and technical support necessary to*
17 *accomplish its duties as provided in this Chapter be unavailable from*
18 *government of Guam entities and/or personnel, I Liheslatura may*
19 *enter into contractual agreements with private consultants as it*
20 *deems necessary to perform those duties, giving preference to those*
21 *currently licensed to do business in Guam. I Liheslatura shall approve*
22 *the funding of the quadrennial Commission.*

23 **§11107. Duties.** *The quadrennial Commission shall conduct a*
24 *systematic review and evaluation of Guam's tax structure and tax*
25 *policies, using such standards as set forth in §11100 above. The*

1 quadrennial Commission shall compare Guam's tax code, rates and
2 fees to other similar jurisdictions within the United States. *No later*
3 *than* one (1) year after its initial meeting, the quadrennial
4 Commission shall submit to *I Maga'lahaen Guåhan* and *I Liheslaturan*
5 *Guåhan* its evaluation of the island's tax structure, and its revenue
6 and tax policy recommendations, including recommendations for
7 adjustment of tax rates and fees, removal of existing taxes and fees,
8 and draft legislation relative to such recommendations.

9 §11108. **Dissolution.** Each quadrennial Commission shall
10 dissolve upon Legislative action on all of the recommendations made
11 to the Legislature to which it submits its evaluation and
12 recommendations required by this Chapter, or upon the adjournment
13 *sine die* of that Legislature, whichever comes first."

14 **Section 3. Severability.** *If* any provision of this Act or its
15 application to any person or circumstance is found to be invalid or contrary
16 to law, such invalidity shall *not* affect other provisions or applications of
17 this Act which can be given effect without the invalid provisions or
18 application, and to this end the provisions of this Act are severable.