



Office of the Governor of Guam

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Felix P. Camacho
Governor

Michael W. Cruz, M.D.
Lieutenant Governor

March 19, 2008

The Honorable Judith Won Pat
Speaker
Mina' Bente Nuebi Na Liheslaturan Guahan
Twenty-Ninth Guam Legislature
155 Hessler Street
Hagåtña, Guam 96910

2008 MAR 20 AM 10:08
JE

Dear Speaker Won Pat:

Due to an unfortunate oversight, the transmittal letter on vetoed Bill #'s 210, 211, 214, 218, and 221 dated March 18, 2008 delivered yesterday was a version in the draft stage.

Please replace with the attached which reflects the final version that should have been sent.

Your attention is appreciated.

Sincerely,

J. GEORGE BAMBA
Chief of Staff

for



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19 MAR 2008

Honorable Judith T. Won Pat
Speaker
I Mina' Bente Nuebi Na Liheslaturan Guahan
155 Hesler Street
Hagåtña, Guam 96910

Dear Speaker Won Pat:

Please find enclosed:

Bill No. 210 "AN ACT TO APPROPRIATE FUNDS TO AUTHORIZE THE DEPARTMENT OF REVENUE AND TAXATION TO PURCHASE NEW EQUIPMENT AND CONTRACTUAL NEEDS NECESSARY FOR THE FUNCTIONS OF THE DEPARTMENT."

Bill No. 211 "AN ACT TO APPROPRIATE FUNDS TO AUTHORIZE THE DEPARTMENT OF REVENUE AND TAXATION TO HIRE NEW PERSONNEL WITHIN VARIOUS DIVISIONS TO ENHANCE COLLECTION EFFORTS AND COMPLIANCE WITH LOCAL LAWS."

Bill No. 214 "AN ACT TO APPROPRIATE THE SUM OF TWELVE MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$12,800,000) FOR DELINQUENT STREETLIGHT ARREARAGE OWED TO THE GUAM POWER AUTHORITY TO COMPLY WITH THE STIPULATION ISSUED BY THE GUAM PUBLIC UTILITIES COMMISSION IN RESPONSE TO THE GUAM POWER AUTHORITY PETITION FOR FY08 BASE RATE RELIEF AS CONTAINED IN DOCKET 07-10."

Bill No. 218 "AN ACT TO APPROPRIATE THE SUM OF EIGHT HUNDRED THOUSAND DOLLARS (\$800,000) FROM THE GENERAL FUND TO THE DEPARTMENT OF REVENUE AND TAXATION (DRT) FOR THE PURPOSE OF FUNDING OVERTIME COSTS AND THE PURCHASE OF COMPUTER HARDWARE AND SOFTWARE IN ORDER TO SPEED UP THE REVIEW AND PROCESSING OF INCOME TAX RETURNS SO THAT DRT CAN PAY OUT FEDERAL FUNDS RECEIVED RELATIVE TO THE FEDERAL ECONOMIC STIMULUS PACKAGE IN A TIMELY MANNER."

Bill No. 221 "AN ACT TO AMEND SECTION 1 OF PART 1-DEPARTMENT OF PUBLIC HEALTH AND SOCIAL SERVICES, OF CHAPTER III OF PUBLIC LAW 29-19 TO INCREASE THE APPROPRIATION FROM FORTY-SEVEN MILLION THREE HUNDRED FIFTY-SIX THOUSAND ONE HUNDRED EIGHT DOLLARS (\$47,356,108) TO SIXTY-ONE MILLION THREE HUNDRED FIFTY-SIX THOUSAND ONE HUNDRED EIGHT DOLLARS (\$61,356,108) FOR THE PURPOSE OF FUNDING OBLIGATIONS IN THE MEDICALLY INDIGENT PROGRAM AND THE MEDICAID PROGRAM."

All of which I have vetoed in their entirety.

Had I allowed these bills to become law, this government would add an additional \$36 million to a budget already deficient by over \$40 million. These include \$11.5 million needed for the EITC settlement, \$10 million in retirees' insurance costs, \$14 million in MIP and Medicaid billings, and adds to the books some \$13.4 million in carry-over appropriations from FY 2007 unsupported by real cash. Just last week, I transmitted to the Chairman of the Committee on Finance, Taxation, Commerce and Economic Development, a request that the Legislature immediately address the funding shortfall of the health insurance benefits for our man'amko. Without the additional appropriation and the cash resources to support it, my Administration will be unable to cover the health insurance benefits for government of Guam retirees for the remainder of this fiscal year. The passage of legislation that increases the gap between appropriations and cash resources detects the unwillingness of the Legislature as a body to recognize the reality of our fiscal condition and the very real impact it is having on our entire island.

Aggravating this situation are several Court orders that will have to be paid at some point, some sooner than later. These include the permanent injunctions issued upon the Department of Integrated Services for Individuals with Disabilities and the Department of Mental Health and Substance Abuse and, just yesterday, the appointment of a federal receiver to oversee the closure of the Ordot Dump and the opening of a new landfill. This receivership jeopardizes our entire government's fiscal stability and our financial outlook in the bond market. While I recognize the importance of the programs and initiatives contained in these bills, I cannot place this government in a deeper deficit position.

Time and again, I have stressed the urgency of focusing our collective efforts on resolving the longstanding structural imbalance that a flawed budget process has created over the years. Along these efforts, my Administration offered a comprehensive Fiscal Recovery and Deficit Elimination Plan for use as a departure point to begin discussions to bring the growing deficit to a manageable level. Unfortunately, the Legislature quickly rejected my plan without proffering any solutions of their own.

The General Fund deficit is now at \$524 million or 125% of its annual revenues. The government's regular vendor payables alone have reached \$33 million, larger than the average deficit growth of an entire year during most of the last decade. This situation has forced the prioritizing of what we can't

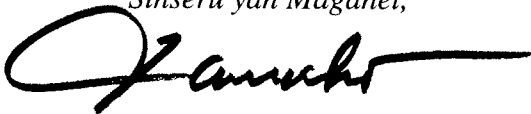
pay as opposed to what we can pay! A recent assessment of our cash equivalents to current liabilities revealed that we have only 3 cents to pay for every \$1 we owe. How do we prioritize between paying MIP and Medicaid vendors and paying police, firefighters, health professionals or, for that matter, paying all other vendors who drive this economy? Any additional burden through unsupported appropriations as proposed by these measures only exacerbates a budget that is already seriously challenged.

While the Legislature continues to ignore these financial realities by passing appropriation measures absent viable and available funding sources, my Administration continues to do what is within its ability to control this government's deteriorating situation. We've imposed a 5% reserve across-the-board to mitigate the cash flow impact. We've reduced overtime costs by 20% between 2006 and 2007 and an additional 10% this fiscal year. We've reduced regular salaries cost by 3% or \$3.2 million so far this fiscal year alone. We've withheld allotments for continuing and carryover appropriations, as well as other new appropriations, not supported by new revenues. We've maximized federal funds and reduced questioned costs from a critical high of over \$50 million down to just \$5.7 million. These are the small victories that do not make the headlines but chip away on the demands placed upon a government that is fiscally strained against the backdrop of a Legislative leadership oblivious to its plight.

I sincerely hope that no attempts are made to override my veto. To do so would send the wrong message to the federal court and the financial market in general. I, and members of my fiscal team, have warned of the very real and direct negative impact the financial condition of this government will have on our overall ability to provide even the most basic critical services to our community. Yet, empty appropriation measures continue to make their way out of the Legislature and on to my desk for action. Even as we face a large deficit and the potential for more than \$40 million in shortfalls this year, members of the Legislature continue to ignore the warnings of my administration and the financial markets by attempting to obligate this government to more than it can obviously pay.

I look forward to your leadership and ask for your commitment to join my Administration in finally addressing the serious financial challenges that we face. I ask that you and your colleagues to take seriously the federal receivership this government has been placed under and begin to work on a comprehensive plan to address both our short and long term financial challenges.

Sinseru yan Magahet,



FELIX P. CAMACHO
I Maga'lahaen Guahan
Governor of Guam

I MINA'BENTE NUEBI NA LIHESLATURAN GUÅHAN
2008 (SECOND) Regular Session

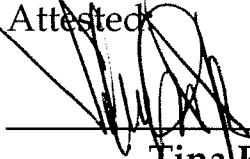
CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUÅHAN

This is to certify that **Bill No. 211 (LS)**, "AN ACT TO APPROPRIATE FUNDS TO AUTHORIZE THE DEPARTMENT OF REVENUE AND TAXATION TO HIRE NEW PERSONNEL WITHIN VARIOUS DIVISIONS TO ENHANCE COLLECTION EFFORTS AND COMPLIANCE WITH LOCAL LAWS," was on the 6th day of March, 2008, duly and regularly passed.



J. T. Won Pat
Speaker

Attested



Tina Rose Muña Barnes
Senator and Secretary of the Legislature

This Act was received by *I Maga'lahaen Guåhan* this _____ day of _____, 2008, at _____ o'clock _____.M.

Assistant Staff Officer
Maga'lahaen's Office

APPROVED:

VETO

FELIX P. CAMACHO
I Maga'lahaen Guåhan

Date: _____

Public Law No. _____

I MINA'BENTE NUEBI NA LIHESLATURAN GUÅHAN
2008 (SECOND) Regular Session

Bill No. 211 (LS)

As amended.

Introduced by:

David L.G. Shimizu
Tina Rose Muña Barnes
J. T. Won Pat
Frank F. Blas, Jr.
Edward J.B. Calvo
B. J.F. Cruz
James V. Espaldon
Mark Forbes
Judith Paulette Guthertz
Frank T. Ishizaki
J. A. Lujan
A. B. Palacios, Sr.
v. c. pangelinan
R. J. Respicio
Ray Tenorio

**AN ACT TO APPROPRIATE FUNDS TO THE
DEPARTMENT OF REVENUE AND TAXATION TO
HIRE NEW PERSONNEL WITHIN VARIOUS
DIVISIONS TO ENHANCE COLLECTION EFFORTS
AND COMPLIANCE WITH LOCAL LAWS.**

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

2 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds
3 that the Department of Revenue and Taxation is underemployed with reference to
4 personnel who are able to monitor and collect the payment of taxes due the
5 government. In times when revenue is scarce, it is counterproductive to cut back
6 on the resources given to the Department of Revenue and Taxation because that is
7 the department of the government where money is taken in. *If* the government is

1 not vigilant in collecting taxes due and owing to it, it will be difficult to fund
2 services demanded by the public.

3 Based on prior analysis within the department, it has been shown that hiring
4 revenue agents and revenue officers more than makes up for the cost of their
5 salaries. For example, hiring six (6) revenue agents will cost approximately Two
6 Hundred Thousand Dollars (\$200,000), yet those six (6) agents can bring in One
7 Million Six Hundred Thousand Dollars (\$1,600,000) in revenue for the
8 government. By the same token, hiring ten (10) revenue officers will cost the
9 government approximately Three Hundred Thousand Dollars (\$300,000), yet these
10 same ten (10) revenue officers can bring in over Six Million Dollars (\$6,000,000)
11 for the government. The results are obvious.

12 In addition to merely collecting taxes, more personnel are needed at the
13 Department of Revenue and Taxation for the purpose of regulating compliance
14 with the laws of Guam. For this reason, additional resources are to be given to the
15 Department of Revenue and Taxation.

16 **Section 2. Appropriations.** (a) Tax Enforcement. From the increase
17 in actual revenues over revenue projections as shown by the most recent month's
18 revenue tracking report as required by Public Law 29-19, Nine Hundred Forty-
19 eight Thousand Four Hundred Sixteen Dollars (\$948,416) is appropriated from the
20 General Fund to the Department of Revenue and Taxation to hire the following
21 personnel:

22 Tax Investigator I (Four (4) positions)

23 Revenue Agent III (Five (5) positions)

24 Revenue Agent II (Seven (7) positions)

25 Revenue Officer II (Five (5) positions)

26 Revenue Officer I (Seven (7) positions)

1 (b) Taxpayer Advocate. From the increase in actual revenues over
2 revenue projections as shown by the most recent month's revenue tracking report
3 as required by Public Law 29-19, Four Hundred Eighty-eight Thousand Nine
4 Hundred Ninety-six Dollars (\$488,996) is appropriated from the General Fund to
5 the Department of Revenue and Taxation to hire the following personnel:

6 Income Tax Service Specialist III (One (1) position)

7 Income Tax Service Specialist II (One (1) position)

8 Income Tax Service Specialist I (Four (4) positions)

9 Tax Technician III (One (1) position)

10 Tax Technician I (Two (2) positions)

11 Business Tax Service Specialist II (Three (3) positions)

12 Tax Accounting Technician I (Two (2) positions)

13 Tax Technician I (Five (5) positions)

14 (c) Real Property Tax. From the increase in actual revenues over revenue
15 projections as shown by the most recent month's revenue tracking report as
16 required by Public Law 29-19, One Hundred Twenty-six Thousand Nine Hundred
17 Seventy-three Dollars (\$126,973) is appropriated from the General Fund to the
18 Department of Revenue and Taxation to hire the following personnel:

19 Property Tax Technician II (One (1) position)

20 Property Tax Technician I (Two (2) positions)

21 Property Tax Appraiser I (Two (2) positions)

22 (d) Regulatory. From the increase in actual revenues over revenue
23 projections as shown by the most recent month's revenue tracking report as
24 required by Public Law 29-19, Three Hundred Ninety-two Thousand Seven
25 Hundred Seventy Dollars (\$392,770) is appropriated from the General Fund to the
26 Department of Revenue and Taxation to hire the following personnel:

27 Regulatory Examiner Supervisor (One (1) position)

1 Regulatory Examiner I (Five (5) positions)

2 License Officer II (One (1) position)

3 License Officer I (One (1) position)

4 Compliance Inspector I (Three (3) positions)

5 Weights and Measures Inspector I (Two (2) Positions)

6 (e) Motor Vehicle. From the increase in actual revenues over revenue
7 projections as shown by the most recent month's revenue tracking report as
8 required by Public Law 29-19, Two Hundred Thirty Thousand Ninety-three
9 Dollars (\$230,093) is appropriated from the General Fund to the Department of
10 Revenue and Taxation to hire the following personnel:

11 Driver's License Examiner II (Two (2) positions)

12 Driver's License Examiner I (Two (2) positions)

13 Vehicle Registration Officer II (Two (2) positions)

14 Vehicle Registration Officer I (Three (3) positions)

15 (f) Technical Research and Appeals Bureau. From the increase in actual
16 revenues over revenue projections as shown by the most recent month's revenue
17 tracking report as required by Public Law 29-19, Forty-one Thousand One
18 Hundred Eighteen Dollars (\$41,118) is appropriated from the General Fund to the
19 Department of Revenue and Taxation to hire the following personnel:

20 Research and Appeals Officer (One (1) position).