



Office of the Governor of Guam

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Felix P. Camacho
Governor

Michael W. Cruz, M.D.
Lieutenant Governor

07 MAY 2008

2008 MAY -9 PM 3:32

Honorable Judith T. Won Pat, Ed.D
Speaker
I Mina' Bente Nuebe Na Liheslaturan Guåhan
155 Hessler Street
Hagåtña, Guam 96910

29-08-0371
Office of the Speaker
Judith T. Won Pat, Ed. D.
Date 5/7/08
Time 4:45 pm
Received by [signature]

Dear Speaker Won Pat:

Returned herewith is Bill No. 255 (EC), "AN ACT TO REPEAL AND REENACT §20104 OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO THE RECORDING TAX ON SECURED TRANSACTIONS," which I have vetoed.

For years, the Department of Land Management [hereinafter referred to as "DLM" or the "Department"] has been operating at around 37% capacity with appropriation levels to the Department decreasing or remaining status quo. Unfortunately, government revenues have not been sufficient to supplement the Department's costs and assist the agency in regaining at least minimum capacity to cover its workload. To alleviate this burden, DLM reviewed its fee structure that was established in 1952 and determined that fee adjustments were due and necessary.

Public Law 29-02 increased DLM's departmental fees including the recording tax on secured transactions. As a result, DLM is now able to fully sustain itself without General Fund subsidy. Not only is the Department able to fund itself, it can now upgrade the services it provides and implement overdue initiatives.

The infusion of resources to the Department enables the agency to upgrade information technology and automate processes to provide more efficient and reliable service while reducing costs. Along with upgrading its systems, the Department will now be able to fill critical positions to relieve overworked employees and help provide faster, better service. For example, DLM has not had the requisite number of land surveyors for government survey work and survey of unregistered government land including ancestral lands and Chamorro land trust lands. The fee adjustment helps the Department complete work demands and improve services.

Not only is the new fee schedule providing DLM the means to improve its operations and provide efficient services to the people of Guam, it will finally provide a viable funding source to finance and construct a land building to house land agencies. Most government land agencies rent office space. This money can now be invested in a government facility that would also provide a one-stop land agency center for the people of Guam.

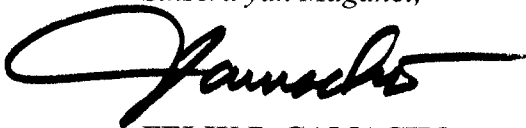
Since the fee adjustment in May 2007, *I Liheslaturan Guåhan* enacted Bill No. 222 to provide relief for smaller transactions by rolling back the recording tax on secured transactions from \$5 to \$2.50 on each \$1000 of the first \$300,000 or fractional part thereof. While this reduced the Department's funding, it was a reasonable compromise for the Department and mortgagors who file their documents at DLM. Bill 222 became law on April 4, 2008. Shortly thereafter, Bill No. 255 was enacted without a public hearing to further reduce the recording tax to \$2.50 on each \$1000 or fractional part thereof for all security transactions. This will impact DLM's operations forcing the General Fund to subsidize its shortfalls.

While Bill 255 is currently the only Bill that would roll back one of DLM's fees, the reduction of revenues from this rollback will impact DLM's operations, compromise the services it provides, and delay progress. The reduction would also require General Fund appropriations to augment departmental operations. The impact to the General Fund carries forward into FY 2009 and reduces the special fund revenues which have been allocated, thus requiring *I Liheslaturan Guåhan* to identify a new funding source.

A quick roll back of fees will disrupt services at DLM. The adjusted fees allowed the Department to project its expenditure plan till the end of the fiscal year. A mid fiscal year roll back of fees would require the Department to scramble and adjust its plan to avoid impending shortfalls.

Finally, Bill 255 is contrary to the Administration's efforts to adjust revenues to cover the cost of providing the level of service the people of Guam are entitled to receive. DLM's fee adjustment provides the Department the ability to sustain itself and thereby relieve the General Fund to support other critical services or reduce the government's deficit. It is for these reasons that I have vetoed Bill No. 255.

Sinseru yan Magåhet,



FELIX P. CAMACHO

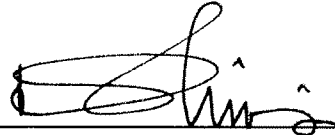
I Maga'låhen Guåhan

Governor of Guam

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

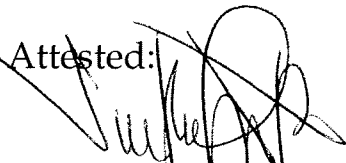
CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUÅHAN

This is to certify that Bill No. 255 (EC), "AN ACT TO REPEAL AND REENACT §20104 OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO THE RECORDING TAX ON SECURED TRANSACTIONS," was on the 25th day of April, 2008, duly and regularly passed.



Dr. David L.G. Shimizu
Acting Speaker

Attested:



Tina Rose Muña Barnes
Senator and Secretary of the Legislature

This Act was received by *I Maga'lahaen Guåhan* this 25th day of April, 2008, at
4:25 o'clock P.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 GUÁHAN
2008 (SECOND) Regular Session

Bill No. 255 (EC)

As amended on the Floor.

Introduced by:

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

**AN ACT TO *REPEAL* AND *REENACT* §20104 OF TITLE 11,
GUAM CODE ANNOTATED, RELATIVE TO THE
RECORDING TAX ON SECURED TRANSACTIONS.**

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

2 **Section 1.** §20104 of Title 11, Guam Code Annotated, as amended by
3 Public Law 29-02 and P.L. 29-65, is *repealed* and *reenacted* to read:

4 “§20104. **Security Transactions: Amount.** On every mortgage *or*
5 pledge of lands, estate *or* property, real *or* personal, whatsoever, where the
6 same *shall* be made as security for the repayment of any definite and certain
7 sum of money loaned at the time *or* previously due and owing *or* forborne
8 to be paid, being payable; and on any conveyance of a land, estate *or*

1 property, whatsoever, to be sold *or* otherwise converted into money, which
2 *shall* be and is intended *only* as security, either by express stipulation *or*
3 otherwise, *shall* be paid a tax of Two Dollars and Fifty Cents (\$2.50) on
4 each One Thousand Dollars (\$1,000.00) *or* fractional part thereof;
5 provided, that upon each and every assignment *or* transfer of any mortgage,
6 lease *or* renewal *or* continuance of any agreement *or* contract by altering *or*
7 otherwise, a tax *shall* be collected and paid at the same rate as that imposed
8 on the original document except that any such assignment *or* transfer of any
9 mortgage, lease, *or* renewal *or* continuance of any agreement *or* contract by
10 altering, made within sixty (60) days of the mortgage to which the full fees
11 were assessed, *shall* be assessed at a rate of Twenty Dollars (\$20.00).”