



LEGISLATIVE COUNCIL  
OFFICE OF THE GOVERNOR

OFFICE OF THE GOVERNOR OF GUAM

2011 SEP - 8 AM 8:49 EDM

September 8, 2011

Honorable Judith T. Won Pat, Ed.D.  
Speaker  
*I Mina Trentai Unu na Liheslaturan Guahan*  
155 Hesler Place  
Hagatna, Guam 96932

31-11-846  
Office of the Speaker  
Judith T. Won Pat, Ed. D.  
Date 9/8/11  
Time 8:49  
Received by [Signature]

Dear Madam Speaker,

The bill attached here has never had the benefit of debate on the floor of the legislature, much like the original budget bill I submitted and the budget bill the legislature was supposed to consider yesterday on the floor. And just like the bill I submitted for consideration in special session yesterday, there is no other legislation that can be considered, according to the law of the land, either by debate or in substitution. No procedural maneuver should circumvent the Organic Act of Guam.

What is most disheartening, as an elected official and a colleague to those who serve under your house of government, is that the senators of the Guam Legislature have been continuously robbed of their responsibility and privilege to consider legislation I have submitted. Their concerns, their questions and their debate on the merits of the ideas that have come before them have gone unanswered, not because someone refused to answer them, but because the *legislative leadership* has refused to even allow the forum for their consideration. While this government has long struggled in the past with the plague of 'gag orders' by managers who refused to be accountable or transparent, the muffling of senators' voices – those elected individually by the people to be the voice of the people – is a grave disservice to democracy and the democratic process.

Madam Speaker, unlike the budget measures the legislature has ultimately passed after substituting the original bills, I have put my ideas and my proposals to the white-hot light of public scrutiny and debate. It seems everyone has been allowed to engage in this debate except for the senators. Support has grown for the effort to pay taxpayers ALL of their tax refunds. From every corner of this community, people are imploring their government to immediately pay its obligations to the people of Guam. Yet, for some reason, my proposal to float a \$343 million bond to pay all tax refunds and COLA has not once been debated on the floor of the legislature. To the contrary, other measures, conjured in the dead of night and without any degree of public debate or scrutiny, are given consideration on the floor. And yet, it's not even full consideration. Procedural motions are made, and these proposals are pushed through the legislature, as though the voices of Senators like Tom Ada, Tony Ada, Frank Blas, Jr., Chris Duenas, Dr. Judith Guthertz, Dr. Sam Mabini, Tina Muna Barnes, Adolpho Palacios, Dennis Rodriguez, Jr., Mana Silva Taijeron and Dr. Aline Yamashita do not count.

Madam Speaker, they were all elected by the people, too. They, in being the voices for the people, have the right and the duty to consider this proposal in full and on the floor of the legislature, just as the Organic Act dictates. I am certain they want to consider this measure, because I am certain

they share the same conscience as I: to pay the people all their tax refunds and our *manamko* ' the outstanding COLA they have been waiting for.

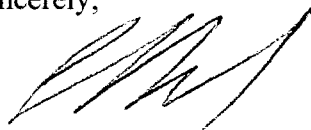
Pursuant to Section 1423h of the Organic Act of Guam, I am hereby calling a special session of *I Liheslaturan Guahan* to take place today, September 8, 2011, at 9 a.m. at the Speaker Antonio R. Unpingco Legislative Session Hall. In this regard, please immediately alert all sitting members of the legislature to appear for the convening of this special session. I am calling this special session for the sole purpose that *I Mina Trentai Unu na Liheslaturan Guahan* consider and vote upon the proposed legislation I am introducing, which you will find attached to this letter. It is my solemn opinion that the public interest requires I call this special session for the legislature to consider and vote upon the attached bond authorization to pay the people their tax refunds, and government retirees their outstanding cost of living allowances.

Please note the Organic Act of Guam, at Section 1423h, legally mandates that the Governor of Guam "may call special sessions of the Legislature at any time...". Thus controlling law directs that the legislature suspend any other business for this call to special session, until such time as the matter identified for the special session has been voted upon after full and fair consideration, and debate.

Furthermore, Section 1423h of the Organic Act of Guam states: "No legislation shall be considered at any special session other than that specified in the call therefore or in any special message by the Governor to the Legislature while in such session." Thus I would remind the legislature, again, that the attached proposed legislation is the only matter which may be considered and acted upon during this special session, and no other matter may be addressed.

Thank you in advance for your diligence and quick action to assemble all sitting members of the legislature for the special session I have called. I look forward to this opportunity for you and your colleagues to fulfill your duty to the people of Guam by passing this bond to repay taxpayers and our *manamko* '.

Sincerely,

A handwritten signature in black ink, appearing to read 'Eddie Baza Calvo', written in a cursive style.

EDDIE BAZA CALVO

2011 SEP -8 AM 9:07 *gmm*

**I MINA'TRENTAI UNU NA LIHESLATURAN GUÅHAN**

**2011 (FIRST) Regular Session**  
**(THIRD) SPECIAL**

**BILL NO. 1 (35)**

Introduced by:

*[Signature]*  
Committee on Rules, Federal, Foreign & Micronesia Affairs & Human & Natural Resources  
by request of *I Maga'lahaen Guåhan*,  
the Governor of Guam, in accordance  
with the Organic Act of Guam.

**AN ACT TO AUTHORIZE ISSUANCE OF BONDS FOR THE PAYMENT OF UNPAID INCOME TAX REFUNDS, COST OF LIVING ALLOWANCE TO CERTAIN RETIRED FORMER GOVERNMENT OF GUAM EMPLOYEES PURSUANT TO THE CASE KNOWN AS RIOS V. CAMACHO, HEALTH INSURANCE PREMIUMS FOR FISCAL YEAR 2012, AND FOR OTHER PURPOSES.**

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

2 **Section 1. Revenue Anticipation Financing.** A new § 1512.3 is *added to*  
3 Title 5 Guam Code Annotated to read as follows:

4 **“§ 1512.3. Authorization to Issue Bonds for Revenue Anticipation**  
5 **Financing.**

6 (a) **Authorization of Issuance of Bonds.** *I Maga'lahaen Guåhan* is  
7 authorized to issue one or more series of bonds of the Government of Guam as  
8 provided in this Section, in an aggregate principal amount not to exceed three  
9 hundred forty-three million seven hundred thousand Dollars (\$343,700,000) to  
10 provide the following: (i) funds for the payment of unpaid income tax refunds, for  
11 the payment of cost of living allowance to certain retired former government of  
12 Guam employees pursuant to the case known as *Rios v. Camacho*, and, if no  
13 alternate source of funding is available, for the payment of health insurance

1 premiums for Fiscal Year 2012; (ii) such amount as may be needed to capitalize and  
2 pay from bond proceeds interest on the bonds due, accruing or required to be set  
3 aside in Fiscal Years 2012 and 2013; (iii) any appropriate or necessary debt service  
4 reserve; (iv) any appropriate or necessary working capital reserve (herein called the  
5 "Budget Stabilization Account"); and (v) expenses incurred in connection with the  
6 issuance of such bonds not already included in an existing appropriation for or the  
7 regular budget of any Government agency or instrumentality or public  
8 corporation providing any service in connection with the issuance of such bonds;  
9 *provided, however*, that bonds may not be issued in an amount that would cause a  
10 violation of the debt limitation provisions of 48 USC 1423a (§ 11 of the Organic  
11 Act of Guam).

12 (b) **Terms and Conditions Determined by Certificate *or* Indenture.**

13 The terms and conditions of the bonds *shall* be as approved by *I Liheslaturan*  
14 *Guåhan*, and as determined by *I Maga'lahaen Guåhan* by the execution of a certificate  
15 *or* indenture authorizing the issuance of the bonds, prior to the issuance of the  
16 bonds; provided, however, that such terms and conditions *shall* be consistent with  
17 this Section, and that the bonds *shall* mature *not later than* thirty-five (35) years  
18 after their date of issuance, *shall* bear interest at such rates and be sold for such  
19 price *or* prices as *shall* result in a yield to the bondholders that *does not exceed*  
20 eight percent (8%) per annum, *shall* require interest only payments for Fiscal  
21 Years 2012, 2013 and 2014 and *shall not* require bond principal payments until  
22 after such Fiscal Years.

23 (c) **Valid and Binding Limited Obligations.** The certificate *or*  
24 indenture pursuant to which the bonds authorized by this Section are issued *shall*  
25 provide that the bonds constitute the valid and legally binding limited obligations of  
26 the Government of Guam payable from the revenues as defined in the  
27 certificate *or* indenture. The validity of any such bonds *shall not* be affected by the

1 validity or regularity of any proceedings for the payment of the costs and  
2 expenses funded by such bonds. All officers charged by law with any duty in the  
3 collection of the revenues of the Government from which debt service on the  
4 bonds will be payable *shall* do every lawful thing necessary to collect such sum.  
5 The validity of any such bonds *shall not* be affected by the validity *or* regularity of  
6 any proceedings for the payment of the expenses paid *or* to be paid with the  
7 proceeds of the bonds.

8       (d)   **Pledge of Business Privilege Tax Revenues.** The certificate or  
9 indenture pursuant to which the bonds authorized by this Section are issued *may*  
10 provide that the tax revenues derived from the levy of up to three (3) percentage  
11 points, out of the total number of percentage points levied from time to time, of the  
12 business privilege tax levied pursuant to Article 2 of Chapter 26 of Title 11 of the  
13 Guam Code Annotated, or any successor thereto, are pledged to secure the  
14 repayment of any bonds issued under this Section and to pay costs incurred in the  
15 issuance or administration of the bonds and any required reserves. Any such  
16 pledge made to secure the bonds *shall* be valid and binding from the time the  
17 pledge is made. The revenues pledged and thereafter received by the government  
18 of Guam or by any trustee, depository or custodian *shall* be deposited in a separate  
19 account entitled the “RAF Revenue Fund” and *shall* be immediately subject to the  
20 lien of such pledge without any physical delivery thereof or further act, and the  
21 lien of such pledge *shall* be valid and binding against all parties having claims of  
22 any kind in tort, contract or otherwise against the government of Guam or such  
23 trustee, depository or custodian, irrespective of whether the parties have notice  
24 thereof. The certificate or indenture by which such pledge is created need not be  
25 recorded, and *shall* direct the distribution and disbursement of revenues from the  
26 RAF Revenue Fund following their deposit therein. All such taxes, to the extent  
27 so pledged, are hereby continuously appropriated for such purpose. So long as

1 any bonds issued pursuant to § 1512.3, Title 5 Guam Code Annotated remain  
2 outstanding, the Government of Guam may not reduce the rate of levy and  
3 collection of the pledged business privilege tax below three percent (3%), nor may  
4 the government of Guam reduce the services, products or activities to which the  
5 pledged Business Privilege Tax applies, nor may the government of Guam  
6 upwardly adjust any exception or exclusion to, or otherwise impair, the pledged  
7 business privilege tax.

8 (e) **Additional Bonds.** This Section does not prohibit the government  
9 of Guam from issuing, after appropriate enabling legislation, other obligations of  
10 the government that are general obligations of the government. This Section does not  
11 prohibit the government of Guam from issuing, after appropriate enabling  
12 legislation, other obligations of the government that are secured by pledged  
13 Business Privilege Tax revenues on a parity with or subordinate to the bonds  
14 authorized by this Section on such terms as are provided by the certificate or  
15 indenture pursuant to which the bonds are issued. Such certificate or indenture  
16 *may* also provide that the aggregate principal amount of all bonds outstanding  
17 on a parity with the bonds authorized pursuant to this Section with respect to  
18 pledged Business Privilege Tax revenues shall not exceed six hundred million  
19 Dollars (\$600,000,000). Notwithstanding anything to the contrary in this  
20 Subsection (e), the certificate or indenture pursuant to which the bonds are  
21 issued *shall* provide that such limitation shall not apply to additional bonds  
22 issued for the sole purpose of refunding outstanding bonds authorized under by  
23 this Section, paying costs of issuance and funding any required debt service reserves  
24 associated therewith, and *may* otherwise provide for the raising of such limitation  
25 under such circumstances as may be specified therein.

26 (f) **Waiver of Immunity; Submission to Jurisdiction.** Notwithstanding  
27 any substantive or procedural provision of Chapter 6 of Title 5, Guam Code

1 Annotated, the Government of Guam waives immunity from any suit or action in  
2 contract on the bonds or any other agreement or facility entered into in connection  
3 with the bonds, but does not waive immunity as to the personal liability of elected  
4 officials and employees of the Government of Guam. Any such suit or action  
5 shall be brought in the District Court of Guam.

6 (g) **No Personal Liability.** No employee or elected official of the  
7 Government of Guam shall be individually or personally liable for the payment of  
8 any amounts due on any bonds issued under this Section, or for any other liability  
9 arising in connection with the bonds; *provided, however,* that nothing in this  
10 Section shall relieve any employee or elected official from the performance of a  
11 ministerial duty required by law.

12 (h) **Form of Bonds; Covenants; Appointment of Fiduciaries.** The  
13 technical form and language of the bonds, including provisions for execution,  
14 exchange, transfer, registration, paying agency, lost or mutilated bonds,  
15 negotiability, cancellation and other terms or conditions not inconsistent with this  
16 Section, including covenants relating to the collection and application of  
17 revenues, *shall* be as specified in the certificate or indenture executed by *I*  
18 *Maga'lahañ Guåhan* authorizing issuance of the bonds. Said certificate or  
19 indenture *shall* appoint one or more trustees, co-trustees or other fiduciaries  
20 authorized to receive and hold in trust the proceeds of the bonds, the revenues and  
21 other moneys relating thereto, to protect the rights of bondholders and to perform  
22 such other duties as may be specified in the indenture. *I Maga'lahañ Guåhan* is also  
23 authorized to execute any appropriate agreements, certificates or other  
24 instruments relating to the bonds and the sale of bonds.

25 (i) **Authorization for Credit Enhancement.** *I Maga'lahañ Guåhan* is  
26 authorized to enter into such contracts or agreements with such banks,  
27 insurance companies or other financial institutions as he determines are necessary or

1 desirable to improve the security and marketability of the bonds issued under this  
2 Section. Such contracts or agreements *may* obligate the Government to  
3 reimburse, with interest, any such banks, insurance companies or other financial  
4 institutions for advances they make to pay principal of or interest on the bonds and  
5 to indemnify any such banks, insurance companies or other financial  
6 institutions for costs and expenses incurred in connection with any such advance.  
7 Any such reimbursement obligation and any other obligations of the Government of  
8 Guam under such contracts or agreements *shall* be limited obligations of the  
9 Government of Guam payable from and secured by the revenues as provided by the  
10 certificate *or* indenture. Any such reimbursement obligation and any other obligations  
11 of the Government of Guam under such contracts or agreements *shall* be treated, under  
12 § 11 of the Organic Act, as creating an obligation issued to refund the bonds.

13 (j) **Use of Proceeds from the Sale of the Bonds.** The proceeds from  
14 the sale of the bonds *shall* be used and are hereby appropriated to (i) pay unpaid  
15 income tax refunds, pay cost of living allowance to certain retired former  
16 government of Guam employees pursuant to the case known as *Rios v. Camacho*,  
17 and, if no alternate source of funding is available, pay health insurance premiums  
18 for Fiscal Year 2012; (ii) fund capitalized interest due, accruing or required to be set  
19 aside on the bonds prior to the end of Fiscal Year 2013; (iii) establish any appropriate  
20 or necessary debt service reserve; (iv) establish any appropriate or necessary Budget  
21 Stabilization Account; and (v) pay expenses relating to the authorization, sale and  
22 issuance of the bonds, including, without limitation, printing costs, costs of  
23 reproducing documents, credit enhancement fees, underwriting, legal, feasibility,  
24 financial advisory and accounting fees and charges, fees paid to banks *or* other  
25 financial institutions providing credit enhancement, costs of credit ratings and  
26 other costs, charges and fees in connection with the issuance, sale and delivery of  
27 the bonds.



1           (k)     **Permitted Investments.** The bond proceeds and any revenues  
2 pledged to secure the payment of the bonds are authorized to be, and shall only be,  
3 invested in those investments permitted by the certificate or indenture pursuant  
4 to which such bonds are issued. Permitted investments shall include investment  
5 agreements, forward purchase agreements or similar structured contracts as  
6 further described in the certificate *or* indenture authorizing the issuance of the  
7 bonds.

8           (l)     **Approval by Guam Economic Development Authority.** No  
9 bonds authorized by this Section shall be sold until the Board of Directors of  
10 GEDA has approved the sale by resolution.

11           (m)   **Approval of Voters Not Required.** The issuance of bonds  
12 pursuant to this Section *shall not* be subject to the approval of the voters of Guam.

13           (n)   **Approval of Bonds.** *I Liheslaturan Guåhan*, pursuant to subsection (b)  
14 of this Section and § 50103(k), Title 12 Guam Code Annotated, hereby approves the  
15 issuance and sale by the Government of Guam of the bonds for the purposes and in  
16 the aggregate principal amount authorized by § 1512.3, Title 5 Guam Code  
17 Annotated; provided that such bonds are issued and sold subject to the terms,  
18 conditions, requirements and limitations mandated therein.

19           (o)   **Deposit of Bond Proceeds to Pay Income Tax Refunds.** The  
20 portion of the bond proceeds authorized by this Section that is mandated to pay  
21 income tax refunds *shall* be transferred immediately after receipt thereof by the bond  
22 trustee into the Income Tax Reserve Fund.

23           (p)   **Bond Proceeds Not Subject to Transfer Authority.** The proceeds  
24 of the bonds authorized by this Section *shall not* be subject to any transfer  
25 authority of *I Maga'laken Guåhan*.”

26           **Section 2. Amendment of Real Property Tax Provisions.**

1 (a) **Intent of Amendments.** The intent of the amendments made by this  
2 Section is that real property taxpayers have the same amount of liability to the  
3 government of Guam and the Chamorro Land Trust Commission after the  
4 effectiveness of the amendments as they did before such effectiveness, and the  
5 amended sections shall be administered consistent with that intent.

6 (b) **Amendments.** §§ 24102(a), 24102(f) and 24103 of Article 1 Chapter  
7 24 Division 2 of Title 11 GCA; §§ 24401, 24402, 24404, 24405, 24406 and 24407  
8 of Article 4 Chapter 24 Division 2 of Title 11 GCA; and § 75112(i) of Chapter 75  
9 of Title 21 GCA are hereby amended to read as follows:

10 “§ 24102. (a) *Property* means land and improvements on land, and includes  
11 the interest of a lessee or licensee of land owned by the Chamorro Land Trust  
12 Commission.”

13 “§ 24102. (f) *Value, full cash value, fair market value and cash value* ~~means~~  
14 ~~ninety percent (90%)~~ mean one hundred percent (100%) of the appraised value;  
15 *appraised value* means the amount at which property would be taken in payment of  
16 a just debt from a solvent debtor as determined by the last completed valuation  
17 conducted pursuant to ~~§ 24306, Title 11, Guam Code Annotated~~ Title 11 GCA  
18 §24306, as amended by the annual adjustments mandated in this Chapter. The  
19 appraised value of the interest of a lessee or licensee of land owned by the  
20 Chamorro Land Trust Commission shall be the appraised value of the land, not  
21 including improvements.”

22 “§ 24103. **Levy.**

23 There is hereby levied on all land property in Guam a yearly tax at the rate of  
24 ~~seven-seventy seconds (7/72%)~~ seven-eightieths percent (0.0875%) of the value  
25 thereof and ~~seven-eightieths percent (7/18%)~~ seven-twentieths percent  
26 (0.3500%) of the value of the improvements thereon. Such tax shall be assessed and  
27 collected in the manner prescribed in this Chapter. All proceeds derived by the

1 government under any provision of this Chapter *shall* be deposited in the Treasury  
2 of Guam to the credit of the General Fund.”

3 **“§ 24401. Exemptions: Listed.**

4 The following property is exempt from real property taxes and shall not be assessed:

5 (a) All property title to which is in the United States or the government of  
6 Guam, except for the interest of a lessee or licensee in land owned and leased or  
7 licensed by the Chamorro Land Trust Commission;

8 (b) All property which is being used for public roads or easements;

9 (c) All property used exclusively for educational, religious, or other  
10 eleemosynary purposes;

11 (d) Property included in any cemetery in use as such and not conducted for  
12 profit.

13 (e) Property upon which the provisions of 21 GCA § 61504 prohibit the  
14 construction of buildings.

15 (f) Property use in active farming for at least eight (8) months in any tax year.”

16 **“§ 24402. Home Tax Exemption.**

17 The owner of a home shall ~~be entitled to an exemption in determining the value~~  
18 ~~thereof for the purpose of assessing real property to the following extent: the first~~  
19 ~~Fifty Thousand Dollars (\$50,000.00) of the appraised value of improvements,~~  
20 ~~consisting of a building used as a dwelling and any outbuilding, and the land on~~  
21 ~~which it is located, the exemption being applied first to the improvements and the~~  
22 ~~balance, if any, to the land.~~ pay a real property tax on the value of the  
23 improvements at a rate equal to the rate that would otherwise apply pursuant to  
24 Section 24103 or Section 24110, as applicable, times the ratio of (i) the appraised  
25 value of the improvements minus Fifty Thousand Dollars (\$50,000.00) (but not  
26 less than zero), divided by (ii) the appraised value of the improvements; and shall  
27 pay a real property tax on the value of the land at a rate equal to the rate that would

1 otherwise be applicable pursuant to Section 24103 or Section 24110 times the ratio  
2 of (i) the appraised value of the land minus the excess, if any of Fifty Thousand  
3 Dollars (\$50,000.00) over the appraised value of the improvements (but not less  
4 than zero), divided by (ii) the appraised value of the land. Those taxpayers who  
5 previously qualified for home tax exemptions shall automatically qualify for the  
6 rates contained herein.”

7 **“§ 24404. Limitation.**

8 The ~~exemption~~ rates provided by Section 24402 shall not be allowed for more than  
9 one home for any one owner.”

10 **“§ 24405. Same: Husband and Wife.**

11 A husband and wife shall be permitted one home ~~exemption~~ subject to the rates  
12 provided in Section 24403, where entitled thereto, whether the home is community  
13 property or not, and shall not be permitted ~~an exemption~~ those rates for separate  
14 homes for each of them, unless they are living separate and apart, in which case the  
15 amount of the exemption shall be divided equally between them.”

16 **“§ 24406. Same: Commercial Use.**

17 A person whose home comprises property that is used in part for commercial  
18 purposes shall not be entitled to ~~an exemption~~ the rates provided by Section 24402,  
19 except as to a building, or a separate portion thereof or apartment therein, that is  
20 exclusively used and occupied by him or her as his or her permanent residence;  
21 provided, further, that in the case of a separate portion or apartment, the amount of  
22 the exemption shall be prorated on the basis that the appraised value of the separate  
23 portion or apartment bears to the total appraised value of the building.”

24 **“§ 24407. Same: Ownership in Common.**

25 Where property is owned in common, the ~~exemption~~ \$50,000 amount provided in  
26 the formulas in Section 24402 shall be prorated among the owners.”

1           “§ 75112(i). **Applicable Taxes on Chamorro Homelands.** Notwithstanding  
2 any other provision of law:

3 (1) Taxes on Chamorro Land Trust Land. The holder of any lease or license for the  
4 occupation or beneficial use of Chamorro Homelands shall be subject to all  
5 applicable taxes on the lessee’s or licensee’s interest in the land and on any  
6 improvements to any tract land so leased or licensed. Taxes assessed for  
7 ~~improvements~~ shall be collected by the Department of Revenue and Taxation,  
8 which shall maintain a separate record for all such taxes collected.

9 ~~(2) Payment in Lieu of Real Property Taxes on Chamorro Land Trust Land. In lieu~~  
10 ~~of payment of real property taxes, the holder of any lease or license for the~~  
11 ~~occupation or beneficial use of Chamorro Homelands shall pay to the Department~~  
12 ~~of Revenue and Taxation the equivalent sum which would otherwise be paid to the~~  
13 ~~government of Guam in real property taxes, as if the tract or tracts were taxable~~  
14 ~~private real property. For the purpose of assessing payment in lieu of taxes, the~~  
15 ~~Department of Revenue and Taxation shall determine and collect an assessment in~~  
16 ~~a manner consistent with the assessment of real property taxes for privately owned~~  
17 ~~real property. The Department of Revenue and Taxation shall maintain a separate~~  
18 ~~record of all payments in lieu of taxes collected.~~

19 ~~(3) Deposit and Earmarking of Funds Collected. All taxes on improvements or~~  
20 ~~payments in lieu of taxes identified in Items 1 and 2 of Subsection (i) of this~~  
21 ~~Section shall be deposited in the Chamorro Loan Guarantee Fund, and is~~  
22 ~~earmarked to carry out the purposes set forth pursuant to this Chapter.”~~

23           **Section 3. Additional Child Tax Credit Reimbursements.**

24           (a) No less than ninety percent (90%) of all Additional Child Tax Credit  
25 (ACTC) reimbursements received by the government of Guam shall be deposited  
26 directly into the Income Tax Refund Efficient Payment Trust Fund of Chapter 51,  
27 Title 11, Guam Code Annotated and applied to “A” Status returns. Interest

1 earned in the Fund may be used to hire seasonal employees to assist with income  
2 tax processing.

3 (b) No less than ten percent (10%) of all ACTC reimbursements  
4 received by the government of Guam shall be deposited into the General Fund  
5 and are hereby appropriated from the General Fund to fund vacancies and  
6 overtime for the Department of Revenue and Taxation (DRT) Income Tax  
7 Processing and Income Tax Enforcement Divisions and to fund DRT related data  
8 processing activities, services, inclusive of e-filing of taxes, and revaluation of  
9 property tax assessment as determined by the Director of the Department of  
10 Revenue and Taxation.

11 **Section 4. Refunding of 1993 General Obligation Bonds for Savings.**

12 A new § 1512.4 is *added* to Title 5 Guam Code Annotated to read as follows:

13 **“§1512.4. Authorization to Issue General Obligation Bonds to Refund**  
14 **Government of Guam General Obligation Bonds, 1993 Series A.**

15 (a) **Authorization of Issuance of Bonds.** *I Maga’lahen Guåhan* is  
16 authorized to issue bonds of the government of Guam as provided in this Section,  
17 in an aggregate principal amount not to exceed the amount necessary to provide for  
18 the following: (i) the refunding of all or a portion of the Government of Guam  
19 General Obligation Bonds, 1993 Series A, (ii) capitalizing and paying from bond  
20 proceeds interest on the bonds accruing or due in Fiscal Year 2012, and (iii) paying  
21 expenses incurred in connection with the issuance of such bonds not already included  
22 in an existing appropriation for or the regular budget of any Government agency  
23 or instrumentality or public corporation providing any service in connection with  
24 the issuance of such bonds; *provided, however*, that bonds may not be issued in an  
25 amount that would cause a violation of the debt limitation provisions of 48 USC  
26 1423a (§ 11 of the Organic Act of Guam). The issuance of the bonds shall be  
27 subject to the following additional limitations and conditions: (1) all obligation of

1 the Government to pay debt service on the 1993 Series A bonds being refunded  
2 shall be discharged concurrently with the issuance of the refunding bonds and  
3 thereafter any remaining debt service on the refunded 1993 Series A bonds shall be  
4 payable solely from and secured solely by a refunding escrow established for such  
5 purpose; and (2) the present value in the aggregate of debt service on the refunding  
6 bonds shall be at least two percent (2.0%) less than the present value in the  
7 aggregate of debt service on the refunded bonds, using the yield on the refunding  
8 bonds as the discount rate.

9 **(b) Terms and Conditions Determined by Certificate or Indenture.**

10 The terms and conditions of the bonds shall be as determined by *I Maga'laha*  
11 *Guåhan* by the execution of a certificate or indenture authorizing the issuance of  
12 the bonds upon or prior to the issuance of the bonds; provided, however, that such  
13 terms and conditions shall be consistent with this Section, and that the bonds shall  
14 mature not later than the year after final year in which the refunded bonds mature.

15 **(c) Valid and Binding General Obligations.** The bonds authorized by  
16 this Section shall constitute the valid and binding general obligations of the  
17 government of Guam. The government of Guam pledges its full faith and credit  
18 for the punctual payment of both principal of and interest on the bonds. There  
19 shall be collected annually in the same manner and at the same time as government  
20 revenue for other purposes is collected, such sum as is required to pay the principal  
21 of and interest on the bonds. All officers charged by law with any duty in the  
22 collection of revenues of the government from which debt service on the bonds  
23 will be payable shall do every lawful thing necessary to collect such sum. The  
24 validity of any such bonds shall not be affected by the validity or regularity of any  
25 proceedings for the expenditure of the proceeds of the bonds.

1           (d) **Appropriations from the General Fund.** There is hereby  
2 appropriated from the General Fund such amount as will equal in each year the  
3 amount of money necessary to pay the principal and interest on such bonds.

4           (e) **Additional Bonds.** Nothing in this Section shall be construed to  
5 prevent the government of Guam from issuing, after appropriate enabling  
6 legislation, other obligations of the government secured by the general obligation  
7 of the government on a parity with or subordinate to the bonds authorized by this  
8 Section on such terms as may be provided by the indenture or certificate pursuant  
9 to which the bonds are issued.

10          (f) **Waiver of Immunity; Submission to Jurisdiction.** Notwithstanding  
11 any substantive or procedural provision of Chapter 6 of Title 5 Guam Code  
12 Annotated, the government of Guam waives immunity from any suit or action in  
13 contract on the bonds, but does not waive immunity as to the personal liability of  
14 elected officials and employees of the government of Guam.

15          (g) **No Personal Liability.** No employee or elected official of the  
16 government of Guam shall be individually or personally liable for the payment of  
17 any amounts due on any bonds issued under this Section, or for any other liability  
18 arising in connection with the bonds; provided, however, that nothing in this  
19 Section shall relieve any employee or elected official from the performance of any  
20 ministerial duty required by law.

21          (h) **Form of Bonds; Covenants; Appointment of Fiduciaries.** The  
22 technical form and language of the bonds, including provisions for execution,  
23 exchange, transfer, registration, paying agency, lost or mutilated bonds,  
24 negotiability, cancellation and other terms or conditions not inconsistent with this  
25 Section, including covenants relating to the collection of revenues, shall be as  
26 specified in the certificate or indenture executed by I Maga'lāhen Guåhan  
27 authorizing the issuance of the bonds. *I Maga'lāhen Guåhan* is also authorized to



1 execute, on behalf of the government of Guam, any appropriate agreements,  
2 certificates or other instruments relating to the bonds, the sale of bonds and the  
3 payment of the refunded bonds.

4 (i) **Authorization for Credit Enhancement.** *I Maga'lahaen Guåhan* is  
5 authorized to enter into such contracts or agreements with such banks, insurance  
6 companies or other financial institutions as he determines are necessary or  
7 desirable to improve the security and marketability of the bonds issued under this  
8 Section. Such contracts or agreements may contain an obligation to reimburse,  
9 with interest, any such bank, insurance company or other financial institution for  
10 advances it makes to pay the principal of or interest on the bonds and to indemnify  
11 any such bank, insurance company or other financial institution for costs and  
12 expenses incurred in connection with any such advance. Any such reimbursement  
13 obligation and any other obligations of the government under such contracts or  
14 agreements shall be general obligations of the government of Guam and any such  
15 advance, if necessary, shall be treated for Organic Act purposes as creating an  
16 obligation issued to refund the bonds.

17 (j) **Use of Proceeds from the Sale of the Bonds.** The proceeds from the  
18 sale of the bonds shall be used and are hereby appropriated to (1) establish an  
19 escrow for the payment of the refunded bonds; (2) to pay interest on the bonds  
20 accruing or due in Fiscal Year 2012, (3) to pay expenses incurred in connection with  
21 the issuance of such bonds not already included in an existing appropriation for or  
22 the regular budget of any Government agency or instrumentality or public  
23 corporation providing any service in connection with the issuance of such bonds.  
24 The proceeds of the bonds shall not be subject to any transfer authority of *I*  
25 *Maga'lahaen Guåhan*.

26 (k) **Permitted Investments.** The proceeds of the bonds and any debt  
27 service deposits relating to such bonds may be invested in, but only in, the types of

1 investments permitted by the certificate or indenture pursuant to which such bonds  
2 are issued. Permitted investments shall include investment agreements, forward  
3 purchase agreements or similar structured contracts as further described in the  
4 certificate *or* indenture authorizing the issuance of the bonds.

5 (l) **Approval by the Guam Economic Development Authority.** Title  
6 12 Guam Code Annotated §50103(k) provides that agencies and instrumentalities  
7 of the Government of Guam shall issue bonds and other obligations only by means  
8 of and through the agency of the Guam Economic Development Authority  
9 (GEDA). No bonds authorized by this Section shall be sold until the board of  
10 directors of GEDA has adopted a resolution approving the sale.

11 (m) **Approval of Voters Not Required.** Notwithstanding Title 3 Guam  
12 Code Annotated §§17311 and 17312, the issuance of the bonds authorized by this  
13 Section shall not be subject to the approval of, or placed before, the voters of  
14 Guam.

15 (n) **Approval of Bonds.** *I Liheslaturan Guåhan*, pursuant to §50103(k),  
16 Title 12 Guam Code Annotated, hereby approves the issuance and sale by the  
17 government of Guam of bonds for the purposes and in the principal amounts not to  
18 exceed the purpose and limits set forth in this Section; *provided* that the conditions  
19 to the issuance of such bonds, including but not limited to the savings requirement,  
20 shall have been met, and that such bonds shall have a final maturity date not later  
21 than the year after the final maturity of the refunded bonds.”

22 **Section 5. Reaffirmation of 5GCA, §22413.** a) Pursuant to and in  
23 accordance with Chapter 22 of Title 5 of the Guam Code Annotated, *I Maga'lahaen*  
24 *Guåhan* is authorized to arrange a Line of Credit with any bank or commercial  
25 lending institution licensed on Guam not to exceed Six Million Dollars  
26 (\$6,000,000) without the approval of *I Liheslaturan Guåhan*. This Section merely

1 reaffirms 5GCA §22413, as amended, and is not intended to modify, alter, or  
2 amend 5GCA §22413.

3 b) Notwithstanding any other provision of law, a report of the expenditures  
4 pursuant to the Subsection above shall be submitted to *I Maga'lahaen Guåhan* and  
5 the Speaker of *I Liheslaturan Guåhan* no later than thirty (30) days after the end of  
6 each month.

7 **Section 6. Definitions and Use of the *Tiyan Campus*.** Section 2 of  
8 Public Law 30-37 shall be amended to read: “The following meanings shall be  
9 ascribed to the following capitalized terms used in this Act:

10 (a) *Government of Guam* shall mean the Government of Guam, its  
11 agencies, divisions, and departments.

12 (b) *Lease* shall mean that certain Lease Agreement with Option to  
13 Purchase entered into on June 23, 2009 between Core Tech International  
14 Corporation, as Landlord, and the Government of Guam, as Tenant, as already  
15 amended or as may become amended, whereby Government of Guam is to utilize  
16 the *Tiyan Campus*, as defined below, for educational or other governmental  
17 purposes, including accommodating any shortage of classrooms and school  
18 facilities.

19 (c) *Tiyan Campus* shall mean the lease premises under the Lease and may  
20 be utilized for educational or other governmental purposes, including  
21 accommodating any shortage of classrooms and school facilities.

22 (d) *Lessor* shall mean the Landlord under the Lease. *Lessor*, as used in  
23 this Act, shall also mean and include any assignee or transferee of the rights,  
24 credits and off-sets as allowed in this Act.”

25 **Section 7. Other Provisions Unchanged.** Except as specifically modified  
26 herein, all other provisions of Public Law 30-37 shall remain unchanged and in full  
27 force and effect.

1           **Section 8. Suspension of interest accruing on COLA award amounts**  
2 **due to unidentified COLA awardees' beneficiaries, estates still in probate, and**  
3 **other unresolved issues.** The lawsuit relating to Rios vs Camacho, Superior Court  
4 Case No. SP0206-93 ruled in favor of the COLA Class. The Government of  
5 Guam issued a General Obligation Bond 2009 with intentions to pay the full \$90  
6 million settlement to the COLA recipients. Concurrently, the COLA Relief Act  
7 was passed ordering the Government to pay 7% interest per annum calculated from  
8 the settlement date on outstanding principal amount due to the COLA Awardees.  
9 As a result, the bond proceeds were insufficient to pay the total COLA class  
10 settlement award. As of this date, not all COLA claims have been resolved due to  
11 estates in probate, unidentified beneficiaries, and/or other reasons beyond the  
12 control of the Department of Administration, while the principal amount continues  
13 to accrue interest. As such, for these class of recipients with unresolved  
14 beneficiary or other issues, interest will no longer accrue effective September 30,  
15 2011.

16           **Section 9. Severability.** If any provision of this Act or its application to  
17 any person or circumstance is held invalid, the invalidity shall not affect other  
18 provisions or applications of this Act which can be given effect without the invalid  
19 provision or application and to this end the provisions of this Act is severable.