

2012 Bill  
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**I MINA'TRENTAI UNU NA LIHESLATURAN GUÅHAN  
2012 (SECOND) Regular Session**

**Bill No. 414-31(Cor)**

**Introduced by:**

**V.C. Pangelinan**



**AN ACT TO AMEND 5GCA § 1512.3, 11GCA §§ 24102(a), 24102(f), 24103, 24401, 21GCA § 75112(i), SECTIONS 2(b) AND 7 OF PUBLIC LAW 30-37 AND SECTION 7 OF PUBLIC LAW 31-76, TO ADD SUBSECTION (d) TO 5GCA § 22704 AND SUBSECTION (d) TO SECTION 3 OF PUBLIC LAW 30-37, TO REPEAL AND RE-ENACT 5GCA § 1515(i)(2)(G) AND TO ADD A NEW SUBSECTION (W) TO 5GCA § 1515(i)(2), RELATIVE TO AUTHORIZING A SERIES B OF REVENUE ANTICIPATION FINANCING BONDS AND FOR OTHER PURPOSES.**

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

**Section 1. Legislative Statement and Intent.** *I Liheslaturan Guåhan* finds

that the GDOE has programmed all available ARRA funding for the needed repairs and renovation of its school facilities to ensure a safe and healthy learning environment for its students, system-wide. Furthermore, in an assessment of the repair, rehabilitation, and maintenance needs of the GDOE school facilities, the amount estimated to repair, maintain, rehabilitate, and re-construct existing school facilities and construct new facilities amounts to over \$139 million dollars.

The third party assessment performed, identified 36 schools in need of repairs ranging from \$478,972 to \$17,919,657. The assessment detail or Facility Capital Action Plan (FCAP) may be used by the Parents of the GDOE students, the GDOE, and the Guam Education Board to identify and prioritize capital investments that will be made in school facilities. The FCAP plan finalized in December 2010 is summarized by school as follows:

<b>1</b>	<b>School</b>	<b>Assessment Cost to Repair</b>
2	Agana Heights Elementary - Agana Heights	\$2,489,333
3	Agueda Johnston Middle - Chalan/Pago-Ordot	\$8,980,126
4	Astumbo Elementary - Dededo	\$3,113,425
5	Carbullido Elementary - Barrigada	\$2,665,439
6	Chief Brodie Elementary - Tumon, Tamuning	\$2,505,614
7	D.L. Perez Elementary - Yigo	\$2,746,566
8	Finegayan Elementary - Dededo	\$5,084,882
9	George Washington High School - Mangilao	\$6,948,157
10	Inarajan Elementary - Inarajan	\$1,302,568
11	Inarajan Middle – Inarajan	\$7,113,886
12	Johnson Elementary - Tamuning	\$2,919,863
13	Jose Rios Middle - Piti	\$1,835,248
14	Juan M. Guerrero Elementary - Dededo	\$2,682,079
15	Leon-Guerrero Middle - Yigo	\$3,112,728
16	M.U. Lujan Elementary - Yona	\$3,124,537
17	Machananao Elementary - Yigo	\$1,973,501
18	Marcial Sablan Elementary - Agat	\$3,455,368
19	Merizo Elementary - Merizo	\$1,643,111
20	Oceanview Middle - Agat	\$8,840,429
21	Ordot-Chalan Pago Elementary - Chalan/Pago-Ordot	\$478,972
22	P.C. Lujan Elementary - Barrigada	\$2,547,222
23	Price Elementary - Mangilao	\$6,110,970
24	San Miguel Elementary - Mongmong-Toto-Maite	\$2,994,756
25	Sanchez Elementary - Umatac	\$907,226
26	Sanchez High School - Yigo	\$6,786,492
27	Southern High School	\$17,919,657

1 <b>School</b>	<b>Assessment Cost to Repair</b>
2    Taitano Elementary - Sinajana	\$1,227,136
3    Talofofu Elementary - Talofofu	\$3,477,229
4    Tamuning Elementary	\$2,227,548
5    Torres Alternative School - Santa Rita	\$1,629,582
6    Truman Elementary - Santa Rita	\$2,898,456
7    Ulloa Elementary - Dededo	\$3,137,793
8    Untalan Middle School - Barrigada	\$3,056,740
9    UPI Elementary - Yigo	\$2,590,344
10    Vincente Benevente Middle - Dededo	\$5,374,331
11    Wettengel Elementary - Dededo	<u>\$3,291,167</u>
12 <b>Grand Total</b>	<b>\$139,192,481</b>

13        *I Liheslaturan Guåhan* also finds that none of these capital improvement  
14 needs are budgeted and the resources can only be reasonably made available through  
15 debt financing instruments, if the government wishes that these needs are to be  
16 addressed at the same time for all school facilities.

17        *I Liheslaturan Guåhan* further finds that the government of Guam has reached  
18 it's debt capacity as set in the Organic Act of Guam and the only window of debt  
19 capacity remaining is one final increase of the debt limit to 100 percent of the  
20 Organic Act limit.

21        It is the priority of *I Liheslaturan Guåhan* that the final borrowing capacity of  
22 the government *shall be* used for the purpose of providing the financial resources to  
23 the GDOE to make the urgent and immediate repairs and maintenance to school  
24 facilities for a safe and healthy school environment for our students.

25        Furthermore, *I Liheslaturan Guåhan* wishes to increase its support to local  
26 economic sectors that integrate the activities of our local entrepreneurs and our

1 tourism activities by providing development funds toward the plans for re-  
2 construction and enhancement of the Guam Fisherman’s Cooperative facilities.

3 **Section 2.** § 1512.3 of Article 5, Chapter 1, Title 5, Guam Code Annotated  
4 is hereby *amended* to read as follows:

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

7 (a) **Authorization of Issuance of Bonds.** *I Maga’lahen Guåhan* is  
8 authorized to issue ~~one or more~~ two series of bonds of the government of  
9 Guam as provided in this Section, in an aggregate principal amount *not to*  
10 *exceed* Three Hundred Forty-Three Million Seven Hundred Thousand  
11 Dollars (\$343,700,000) to provide the following:

12 (1) For the first bond series, in the following order of  
13 priority:

14 (i) up to One Hundred Ninety-Eight Million Dollars  
15 (\$198,000,000) for payment of unpaid income tax refunds plus  
16 interest to include for 2010 and prior;

17 (A) Set-aside for Tax Refunds for Humanitarian  
18 Purposes. Of the total amount of proceeds available to  
19 issue tax refund payments, the sum of Twenty Million  
20 Dollars (\$20,000,000) *shall* be set aside and appropriated  
21 to the Department of Revenue and Taxation for the  
22 purpose of paying tax refunds for humanitarian purposes.  
23 The provisions of this Section *shall* supplement other  
24 guiding provisions of law regarding the processing of  
25 emergency tax refund payments. Requests submitted for  
26 the following humanitarian purposes *shall* qualify to be  
27 processed from this Twenty Million Dollars (\$20,000,000)

1 set-aside:

- 2 (aa) off-island medical treatment, inclusive of the  
3 need to purchase medication; or death of a  
4 family member, within two (2) degrees of  
5 consanguinity;
- 6 (ab) delinquent billing payments owed to the  
7 Guam Power Authority, the Guam  
8 Waterworks Authority, the Guam Housing  
9 and Urban Renewal Authority, and the  
10 Judiciary of Guam, which have become  
11 delinquent due to financial hardships;
- 12 (ac) delinquent loan payments owed to the Guam  
13 Housing and Urban Renewal Authority,  
14 which have become delinquent due to  
15 financial hardships; and
- 16 (ad) delinquent loan payments owed to legally  
17 qualified and licensed lenders, which have  
18 become delinquent due to financial hardships.

19 For the purposes of this Section, a request for tax  
20 refunds *shall* be submitted by the taxpayer to the Director  
21 of Revenue and Taxation. All such requests are subject to  
22 the review and approval of the Director.

23 (ii) Twenty Million Dollars (\$20,000,000) for the  
24 payment of cost of living allowance to certain retired government  
25 of Guam employees pursuant to the case known as *Rios v.*  
26 *Camacho*;

1                    ~~(iii)~~2) For the second bond series, in the following order of  
2 priority:

3                    (i) no less than Twenty-Five~~Six~~ Million Four Hundred  
4 Thousand Dollars (\$25~~6,4~~000,000) for payments owed to the  
5 Government of Guam Retirement Fund for the Guam  
6 Department of Education and the Guam Memorial Hospital  
7 Authority principal and interest pursuant to PL 28-38, as  
8 amended by PL 31-74; and

9                    (ii) no less than Seventy-Three Million Dollars  
10 (\$73,000,000) for the design, construction, re-construction,  
11 rehabilitation, maintenance, and/or renovation of government of  
12 Guam or Guam Department of Education-owned school  
13 facilities. A “School Facility” shall mean school campus  
14 facilities including any structure or structures, together with all  
15 ancillary facilities, including parking facilities, utilities,  
16 infrastructure and equipment associated with providing the  
17 educational or related services required by the Guam Department  
18 of Education and may include an existing school facility being  
19 rehabilitated; and

20                    (iii)~~v~~) if no alternate source of funding is available, for the  
21 payment of health insurance premiums for Fiscal Year 2012;

22                    (2) such amount as may be needed to capitalize and pay from  
23 bond proceeds interest on the bonds due, accruing or required to be set  
24 aside in Fiscal Years 2012 and 2013; and

25                    (3) expenses incurred in connection with the issuance of such  
26 bonds *not* already included in an existing appropriation for or the regular  
27 budget of any government agency or instrumentality or public

1 corporation providing any service in connection with the issuance of  
2 such bonds; *provided, however*, that bonds may *not* be issued in an  
3 amount that would cause a violation of the debt limitation provisions of  
4 48 USC 1423a (§ 11 of the Organic Act of Guam).

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

6 (1) The terms and conditions of the first bond series shall be as  
7 approved by *I Liheslaturan Guåhan*, and as determined by *I Maga'lahen*  
8 *Guåhan* by the execution of a certificate *or* indenture authorizing the  
9 issuance of the bonds, prior to the issuance of the bonds; *provided,*  
10 *however*, that such terms and conditions shall be consistent with this  
11 Section, and that the bonds shall mature *not later than* thirty-five (35)  
12 years after their date of issuance, shall bear interest at such rates and be  
13 sold for such price *or* prices as shall result in a yield to the bondholders  
14 that *does not exceed* six and one half percent (6.5%) per annum, shall  
15 require interest only payments for Fiscal Years 2012, 2013 and 2014  
16 and shall not require bond principal payments until after such Fiscal  
17 Years.

18 (2) The terms and conditions of the second bond series shall be as  
19 approved by *I Liheslaturan Guåhan*, and as determined by *I Maga'lahen*  
20 *Guåhan* by the execution of a certificate *or* indenture authorizing the  
21 issuance of the bonds, prior to the issuance of the bonds; *provided,*  
22 *however*, that such terms and conditions shall be consistent with this  
23 Section, and that the bonds shall mature *not later than* thirty-five (35)  
24 years after their date of issuance, shall bear interest at such rates and be  
25 sold for such price *or* prices as shall result in a yield to the bondholders  
26 that *does not exceed* six and one half percent (6.5%) per annum, may

1           structure interest only payments for Fiscal Years 2012 and 2013 and  
2           not require bond principal payments until after such Fiscal Years.

3           (c)   **Valid and Binding General or Limited Obligations.** The  
4 certificate or indenture pursuant to which the bonds authorized by this Section  
5 are issued *shall* provide that the bonds constitute the valid and legally binding  
6 general or limited obligations of the government of Guam payable from the  
7 revenues as defined in the certificate or indenture. The validity of any such  
8 bonds *shall not* be affected by the validity or regularity of any proceedings  
9 for the payment of the costs and expenses funded by such bonds. All officers  
10 charged by law with any duty in the collection of the revenues of the  
11 government from which debt service on the bonds will be payable *shall* do  
12 every lawful thing necessary to collect such sum. The validity of any such  
13 bonds *shall not* be affected by the validity *or* regularity of any proceedings for  
14 the payment of the expenses paid *or* to be paid with the proceeds of the bonds.

15           (d)   **Cost-Benefit Analysis.**

16           (1)   *I Maga'låhi* (the Governor) Authorized to Pledge  
17 Revenues. *I Maga'låhi* (the Governor) *shall* perform or cause to be  
18 performed expert independent financial and cost-benefit analysis to  
19 determine the more favorable financing for the government using the  
20 pledge, either business privilege tax revenues or General Obligation full  
21 faith and credit, for the repayment of the bond of which he is authorized  
22 to pledge. Such financial and cost-benefit analysis *shall* be performed  
23 by an independent, external party that *does not* have any financial  
24 interest in the bond financing or any connection to any party who may  
25 have a financial interest in the bond financing. The analysis *shall*  
26 include, but *not* be limited to, the following:



1 (i) impact upon existing General Obligation  
2 bondholders and/or lines of credit;

3 (ii) cost of funds differential between a General  
4 Obligation and a Limited Obligation bond structure;

5 (iii) likelihood of investment grade rating on a Limited  
6 Obligation bond structure;

7 (iv) ability to issue future General Obligation debt in the  
8 capital markets;

9 (v) indenture provisions that may limit government of  
10 Guam flexibility; and

11 (vi) additional security requirements that may impact or  
12 reduce net proceeds or affect government of Guam liquidity (i.e.  
13 reserve funds, coverage requirements, other covenants)

14 *I Maga'låhen Guåhan shall first consult with the University of*  
15 *Guam to identify finance and economics professionals (professors or*  
16 *researchers), if any, within the University of Guam School of Business*  
17 *and Public Administration that hold the relevant experience and*  
18 *expertise necessary to perform the independent financial and cost-*  
19 *benefit analysis, to conduct the said analysis before seeking other*  
20 *potential providers. The University of Guam shall disclose the name(s)*  
21 *of all the faculty, staff or contracted individuals involved in the*  
22 *independent financial and cost-benefit analysis. The University of*  
23 *Guam shall have ten (10) days from the enactment of this Act, to*  
24 *inform I Maga'låhen Guåhan whether it agrees to provide the analysis.*

25 Before any marketing of Limited Obligation bonds backed by a  
26 pledge of business privilege tax or General Obligation bonds can occur,  
27 the expert independent financial and cost-benefit analysis required in

1 this Subsection *shall be* provided to the Speaker of *I Liheslaturan*  
2 *Guåhan*.

3 Up to Twenty Five Thousand Dollars (\$25,000) is appropriated  
4 from the operating fund balance, or its equivalent, of the Guam  
5 Economic Development Authority for the independent financial and  
6 cost-benefit analysis required in accordance with this Subsection.

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

1 Revenue Fund following their deposit therein. All such taxes to the  
2 extent so pledged are hereby continuously appropriated for such  
3 purpose. So long as any bonds issued pursuant to §1512.3, Title 5,  
4 Guam Code Annotated, remain outstanding, the government of Guam  
5 may *not* reduce the rate of levy and collection of the pledged business  
6 privilege tax below three percent (3%), *nor* may the government of  
7 Guam reduce the services, products or activities to which the pledged  
8 business privilege tax applies, nor may the government of Guam  
9 upwardly adjust any exception or exclusion to, *or* otherwise impair, the  
10 pledged business privilege tax.

11 (3) In the event the independent financial and cost-benefit  
12 analysis conclude that the pledge of the more favorable financing  
13 option for the repayment of the bond is credit-negative to any and all  
14 existing or authorized General Obligation bonds or lines of credit, the  
15 authorization of the bond issue *shall* be contingent upon final legislative  
16 approval of the financing terms including, but *not* limited to, the bond  
17 structure, security, indenture and covenants. *I Maga'lahi* (the  
18 Governor) *shall* request such approval from *I Liheslaturan Guåhan*  
19 *prior* to the sale of bonds in the market but *after* the credit rating on the  
20 bonds is secured and affirmation of the current General Obligation  
21 rating and outlook is received.

22 (e) **Additional Bonds.** This Section *does not* prohibit the  
23 government of Guam from issuing, after appropriate enabling legislation,  
24 other obligations of the government that are general obligations of the  
25 government. This Section does not prohibit the government of Guam from  
26 issuing, after appropriate enabling legislation, other obligations of the  
27 government that are secured by pledged business privilege tax revenues on a

1 parity with or subordinate to the bonds authorized by this Section on such  
2 terms as are provided by the certificate or indenture pursuant to which the  
3 bonds are issued. Such certificate or indenture *may* also provide that the  
4 aggregate principal amount of all bonds outstanding on a parity with the  
5 bonds authorized pursuant to this Section with respect to pledged business  
6 privilege tax revenues *shall not* exceed ~~Six~~ Three Hundred Forty Three  
7 Million Seven Hundred Thousand Dollars (\$600,0343,700,000).  
8 Notwithstanding anything to the contrary in this Subsection (e), the  
9 certificate or indenture pursuant to which the bonds are issued *shall*  
10 provide that such limitation *shall not* apply to additional bonds issued for  
11 the *sole* purpose of refunding outstanding bonds authorized under by this  
12 Section, paying costs of issuance and funding any required debt service reserves  
13 associated therewith, and *may* otherwise provide for the raising of such  
14 limitation under such circumstances as may be specified therein.

15 (f) **Waiver of Immunity; Submission to Jurisdiction.**

16 Notwithstanding any substantive or procedural provision of Chapter 6 of  
17 Title 5, Guam Code Annotated, the government of Guam waives immunity  
18 from any suit or action in contract on the bonds or any other agreement or  
19 facility entered into in connection with the bonds, but *does not* waive immunity  
20 as to the personal liability of elected officials and employees of the  
21 government of Guam. Any such suit or action *shall* be brought in the  
22 District Court of Guam.

23 (g) **No Personal Liability.**

24 No employee or elected official of the  
25 government of Guam shall be individually or personally liable for the payment  
26 of any amounts due on any bonds issued under this Section, or for any other  
liability arising in connection with the bonds; *provided, however,* that

1 nothing in this Section shall relieve any employee or elected official from the  
2 performance of a ministerial duty required by law.

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

17 (i) **Authorization for Credit Enhancement.** *I Maga'lahaen Guåhan*  
18 is authorized to enter into such contracts or agreements with such banks,  
19 insurance companies or other financial institutions as he determines are  
20 necessary or desirable to improve the security and marketability of the bonds  
21 issued under this Section. Such contracts or agreements *may* obligate the  
22 government to reimburse, with interest, any such banks, insurance companies  
23 or other financial institutions for advances they make to pay principal of or  
24 interest on the bonds and to indemnify any such banks, insurance  
25 companies or other financial institutions for costs and expenses incurred in  
26 connection with any such advance. Any such reimbursement obligation and  
27 any other obligations of the government of Guam under such contracts or

1 agreements *shall* be limited obligations of the government of Guam payable from  
2 and secured by the revenues as provided by the certificate *or* indenture. Any such  
3 reimbursement obligation and any other obligations of the government of Guam  
4 under such contracts or agreements *shall* be treated, under § 11 of the Organic  
5 Act, as creating an obligation issued to refund the bonds.

6 (j) **Use of Proceeds from the Sale of the Bonds.**

7 (1) The proceeds from the sale of the first bond series shall be  
8 used and are hereby appropriated to (i) pay unpaid income tax refunds,  
9 and pay cost of living allowance to certain retired government of Guam  
10 employees pursuant to the case known as *Rios v. Camacho*; payments  
11 owed to the Government of Guam Retirement Fund for the Guam  
12 Department of Education and the Guam Memorial Hospital Authority  
13 principal and interest pursuant to PL 28-38, as amended by PL 31-74;  
14 and, if no alternate source of funding is available, pay health insurance  
15 premiums for Fiscal Year 2012; (ii) fund capitalized interest due,  
16 accruing or required to be set aside on the bonds prior to the end of Fiscal  
17 Year 2013; and (iii) pay expenses relating to the authorization, sale and  
18 issuance of the bonds, including, without limitation, printing costs, costs  
19 of reproducing documents, credit enhancement fees, underwriting, legal,  
20 feasibility, financial advisory and accounting fees and charges, fees paid  
21 to banks *or* other financial institutions providing credit enhancement,  
22 costs of credit ratings and other costs, charges and fees in connection  
23 with the issuance, sale and delivery of the bonds.

24 (2) The proceeds from the sale of the second bond series shall be  
25 used and are hereby appropriated to (i) pay monies owed to the  
26 Government of Guam Retirement Fund for the Guam Department of  
27 Education and the Guam Memorial Hospital Authority principal and

1 interest pursuant to PL 28-38, as amended by PL 31-74; pay for the  
2 design, construction, re-construction, rehabilitation, and/or maintenance  
3 of School Facilities; and, if *no* alternate source of funding is available,  
4 pay health insurance premiums for Fiscal Year 2012; (ii) fund  
5 capitalized interest due, accruing or required to be set aside on the bonds  
6 prior to the end of Fiscal Year 2013; and (iii) pay expenses relating to the  
7 authorization, sale and issuance of the bonds, including, without limitation,  
8 printing costs, costs of reproducing documents, credit enhancement fees,  
9 underwriting, legal, feasibility, financial advisory and accounting fees and  
10 charges, fees paid to banks *or* other financial institutions providing  
11 credit enhancement, costs of credit ratings and other costs, charges  
12 and fees in connection with the issuance, sale and delivery of the  
13 bonds.

14 (k) **Permitted Investments.** The bond proceeds and any revenues  
15 pledged to secure the payment of the bonds are authorized to be, and *shall*  
16 *only* be, invested in those investments permitted by the certificate or  
17 indenture pursuant to which such bonds are issued. Permitted investments  
18 *shall* include investment agreements, forward purchase agreements or  
19 similar structured contracts as further described in the certificate *or*  
20 indenture authorizing the issuance of the bonds.

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

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

1           (n)    **Approval of Bonds.**    *I Liheslaturan Guåhan*, pursuant to  
2           Subsection (b) of this Section and §50103(k), Title 12, Guam Code Annotated,  
3           hereby approves the issuance and sale by the government of Guam of the  
4           bonds for the purposes and in the aggregate principal amount authorized by  
5           §1512.3, Title 5, Guam Code Annotated; *provided* that such bonds are issued  
6           and sold subject to the terms, conditions, requirements and limitations  
7           mandated therein.

8           (o)    **Deposit of Bond Proceeds to Pay Income Tax Refunds.**  The  
9           portion of the bond proceeds authorized by this Section that is mandated to  
10          pay income tax refunds *shall* be transferred immediately after receipt thereof by  
11          the bond trustee into the Income Tax Reserve Fund and *shall* be considered  
12          separate and apart from any required deposits in Title 11, Guam Code  
13          Annotated, Chapters 50 and 51, and *shall not* be credited toward any required  
14          deposits in Title 11, Guam Code Annotated, Chapters 50 and 51.

15          (p)    **Bond Proceeds Not Subject to Transfer Authority.**  The  
16          proceeds of the bonds authorized by this Section *shall not* be subject to any  
17          transfer authority of *I Maga'lahen Guåhan*.

18          (q)    **Conflicts Prohibited.**  No Covered Person, as such term is  
19          defined below, shall be eligible to provide or be paid for, in whole or in part,  
20          any services related to the authorization, sale and issuance of the bonds,  
21          including, without limitation, printing costs, costs of reproducing documents,  
22          credit enhancement fees, underwriting, legal, feasibility, financial advisory  
23          and accounting fees and charges, fees paid to banks or other financial  
24          institutions providing credit enhancement, costs of credit ratings and other  
25          costs, charges and fees in connection with the issuance, sale and delivery of  
26          the bonds authorized in this Act and for any design, construction, repair,  
27          renovation, rehabilitation, and/or maintenance contracts for any School



1 Facility that are authorized to be paid for with the bond proceeds in this Act.

2 For the purposes of this Section, the term “Covered Person” *shall* mean any:

3 (1) elected or appointed official of the government of Guam,  
4 unclassified managers of the Guam Economic Development Authority  
5 (GEDA), members of the GEDA Board of Directors, and members of *I*  
6 *Liheslaturan Guåhan* who hold office at the time of the approval and  
7 issuance of the bonds and bond indentures authorized by this Act;

8 (2) advisors or consultants of *I Liheslaturan Guåhan* who are  
9 advising or working with *I Liheslaturan Guåhan* with respect to the  
10 approval and issuance of the bonds and bond indentures authorized by  
11 this Act;

12 (3) person or spouse of such person related by consanguinity  
13 of the third degree, which for the purposes of this Act *shall* include  
14 spouses, all children, parents, grandchildren, siblings, grandparents,  
15 great-grandchildren, nieces, nephews, uncles, aunts, and great-  
16 grandparents, to any person described in Subsections (a) and (b) of this  
17 Section.”

18 **Section 3.** Section 24102(a) of Article 1 Chapter 24 Division 2 of Title 11  
19 Guam Code Annotated is hereby amended to read as follows:

20 “§ 24102. (a) *Property* means land and improvements on land, ~~and includes~~  
21 ~~the interest of a lessee or licensee of land owned by the Chamorro Land Trust~~  
22 ~~Commission.”~~

23 **Section 4.** Section 24102(f) of Article 1 Chapter 24 Division 2 of Title 11  
24 Guam Code Annotated is hereby amended to read as follows:

25 “§ 24102. (f) *Value, full cash value, fair market value and cash value* means  
26 ~~ninety percent (90%)~~ one hundred percent (100%) of the appraised value;  
27 *appraised value* means the amount at which property would be taken in payment of a

1 just debt from a solvent debtor as determined by the last completed valuation  
2 conducted pursuant to Title 11 GCA §24306, as amended by the annual  
3 adjustments mandated in this Chapter. ~~The appraised value of the interest of a~~  
4 ~~lessee or licensee of land owned by the Chamorro Land Trust Commission shall be~~  
5 ~~the appraised value of the land, not including improvements.”~~

6 **Section 5.** Section 24103 of Article 1 Chapter 24 Division 2 of Title 11 Guam Code  
7 annotated is hereby amended to read as follows:

8 **“§ 24103. Levy.**

9 There is hereby levied on all land property in Guam a yearly tax at the rate of  
10 ~~seven-seventy seconds (7/72%)~~ seven-eighths percent (7/80%) of the value  
11 thereof and ~~seven-eighths percent (7/18%)~~ seven-twentieths percent (7/20%) of  
12 the value of the improvements thereon. Such tax shall be assessed and collected in  
13 the manner prescribed in this Chapter. All proceeds derived by the government  
14 under any provision of this Chapter *shall* be deposited in the Treasury of Guam to  
15 the credit of the General Fund.”

16 **Section 6.** Section 24401 of Article 4 Chapter 24 Division 2 of Title 11 Guam  
17 Code Annotated is hereby amended to read as follows:

18 **“§ 24401. Exemptions: Listed.**

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

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

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

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

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

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

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

4 **Section 7.** Section 75112(i) of Chapter 75 Title 21 Guam Code Annotated is  
5 hereby amended to read as follows:

6 “§ 75112(i). **Applicable Taxes on Chamorro Homelands.** Notwithstanding  
7 any other provision of law:

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

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

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

1           **Section 8.** Subsection (d) is hereby *added* to § 22704 of Chapter 22 of Title  
2 5 of the Guam Code Annotated to read as follows:

3           “(d) No lease-purchase agreement for office space and other facilities for the  
4 purpose of providing office and other space for the departments and agencies of the  
5 Judicial and Executive Branches of the government of Guam *shall not* be authorized  
6 to be paid for through the issuance of tax credits without the advice and consent of  
7 the Guam Legislature.”

8           **Section 9.** Section 2(b) of Public Law 30-37 is hereby *amended* to read as  
9 follows:

10           “(b) *Lease* shall mean the contract between the Lessor Core Tech  
11 International Corporation and the Government of Guam for the lease and  
12 maintenance of interim school facilities at the former interim JFK site in *Tiyan* and  
13 the purchase of collateral equipment subject to the availability of funds and annual  
14 legislative approval of tax credits for said lease.”

15           **Section 10.** Subsection (d) is hereby *added* to Section 3 of Public Law 30-37  
16 to read as follows:

17           “(d) **Conflicts Prohibited.** Notwithstanding any provision in this Act, no  
18 Covered Person, as such term is defined below, *shall* be eligible to be assigned or  
19 transferred, in whole or in part, any tax credit authorized in this Act by the Lessor.  
20 For purposes of this Section, the term “Covered Person” *shall* mean any:

21           (1) elected or appointed official of the government of Guam that  
22 executed the Lease or any amendments to the Lease on or after June 1, 2011.

23           (2) person or spouse of such person related by consanguinity of the  
24 third degree, which for the purposes of this Act *shall* include spouses, all  
25 children, parents, grandchildren, siblings, grandparents, great-grandchildren,  
26 nieces, nephews, uncles, aunts, and great-grandparents, to any person  
27 described in subsection (1) of this Section and his or her sole proprietorship,

1 partnership, and/or corporation in which he or she has an ownership interest of  
2 five percent (5%) or more.”

3 **Section 11.** Section 7 of Public Law 30-37 is hereby *amended* to read as  
4 follows:

5 “**Section 7. Payment of Lease Expenses.** All government of Guam  
6 agencies, divisions, and departments occupying space at the *Tiyan* Campus (former  
7 interim JFK site) for any purpose other than as school facilities, and pursuant to an  
8 award of an Invitation for Bid, are hereby authorized to pay for lease expenses  
9 ~~through the use of tax credits authorized in Section 3, or to pay for lease expenses~~  
10 from approved appropriations for office space rental provided in the Annual  
11 Appropriations Act of 2012. FY 2012 appropriations to any agency occupying space  
12 at the *Tiyan* Campus for non-school facilities pursuant to this Section *shall* be  
13 reduced and deappropriated in the amount of any tax credits given.”

14 **Section 12.** Section 7 of Public Law 31-76 is hereby *amended* to read as  
15 follows:

16 “**Section 7.** Sections 4 ~~and 6~~ of Public Law 30-37 ~~are~~ is hereby *repealed*.”

17 **Section 13.** Section 1515(i)(2)(G), Article 5, Chapter 1, Title 5 of the Guam  
18 Code Annotated is hereby *repealed and re-enacted* to read as follows:

19 “~~(G) for the acquisition of available real estate that is offered for sale,~~  
20 ~~and the development of a public park, within the area known as *Faifai* and *Gognga*~~  
21 ~~(*Gun Beach*) in *Tumon*;~~

22 (G) for the design and construction of a Guam Fisherman’s  
23 Cooperative Association facility at the *Paseo de Susana* in accordance with Public  
24 Law 14-149 as amended.”

25 **Section 14.** Section 1515(i)(2)(W) is hereby *added* to Article 5, Chapter 1,  
26 Title 5 of the Guam Code Annotated to read as follows:

1           “(W) for the acquisition of available real estate that is offered for sale, and  
2 the development of a public park, within the area known as *Faifai* and *Gognga* (Gun  
3 Beach) in *Tumon*.”

4           **Section 15. Severability.** If any provisions of this Act or the application  
5 thereof to any person or circumstance is held invalid, such invalidity *shall* not affect  
6 any other provision or application of this Act which can be given effect without the  
7 invalid provision or application, and to this end the provisions of this Act are  
8 severable.