

I Mina'trentai Singko Na Liheslaturan Guåhan
BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	FISCAL NOTES	NOTES
17-35 (COR)	James C. Moylan	AN ACT TO AMEND §97102(b)2, §97103(a), AND §97103(b) AND TO ADD §97102(b)3, §97102(b)4, §97103(c), AND §97103(d) TO CHAPTER 97 OF TITLE 10 GUAM CODE ANNOTATED RELATIVE TO INCREASING THE ASSESSMENT FEE ON INCOME OF ALL AUTHORIZED GAMING DEVICES FROM (4%) FOUR PERCENT TO (10%) TEN PERCENT ON OCTOBER 1, 2019, (12%) TWELVE PERCENT ON OCTOBER 1, 2020, AND (14%) FOURTEEN PERCENT ON OCTOBER 1, 2021; MANDATING A CENTRALIZED MONITORING SYSTEM, AND AMENDING THE ALLOCATION OF THE MONIES FROM THE GUAM HEALTHCARE TRUST AND DEVELOPMENT FUND.	1/14/19 3:41 p.m.						

1 I MINA'TRENTAI SINGKO NA LIHESLATURAN GUAHAN
2 2019 (FIRST) Regular Session
3
4

5 BILL NO: 17-35 ~~(202)~~

6
7 INTRODUCED BY:

8 James C. Moylan 

9
10 AN ACT TO AMEND §97102(b)2, §97103(a), AND §97103(b) AND TO
11 ADD §97102(b)3, §97102(b)4, §97103(c), AND §97103(d) TO CHAPTER 97
12 OF TITLE 10 GUAM CODE ANNOTATED RELATIVE TO
13 INCREASING THE ASSESSMENT FEE ON INCOME OF ALL
14 AUTHORIZED GAMING DEVICES FROM (4%) FOUR PERCENT TO
15 (10%) TEN PERCENT ON OCTOBER 1, 2019, (12%) TWELVE PERCENT
16 ON OCTOBER 1, 2020, AND (14%) FOURTEEN PERCENT ON
17 OCTOBER 1, 2021; MANDATING A CENTRALIZED MONITORING
18 SYSTEM, AND AMENDING THE ALLOCATION OF THE MONIES
19 FROM THE GUAM HEALTHCARE TRUST AND DEVELOPMENT
20 FUND.

21
22 BE IT ENACTED BY THE PEOPLE OF GUAM

23
24 SECTION 1. Legislative Intent and Findings.

25
26 *I Liheslaturan Guahan* find's that the gaming fee which was established on
27 Guam several years ago was designed to provide a supplemental funding
28 source for the Guam Memorial Hospital, including for the operations of an
29 Urgent Care Center. However data has shown that the amount of the fees
30 collected have drastically decreased over the years, questioning if any
31 system is truly in place to accurately determine the amount of receivables
32 owed to our government.

1 Centralized Monitoring Systems are standard units utilized in the gaming
2 industries globally. Hence mandating these systems on authorized gaming
3 devices on island will lead to an increase in funding into the Guam
4 Healthcare Trust and Development Fund (GHTDF). This means additional
5 money floating into the Guam Memorial Hospital to address its
6 deficiencies.

7
8 Furthermore, increasing the fee from 4% to 14% would also enhance the
9 amount the hospital receives. Gaming taxes are averaged at 15% to 20%
10 nationally, and in some cases as high as 50% internationally, hence the 4%
11 fee on Guam is relatively diminutive. Financial Statements indicate that
12 between Fiscal Years 2015 to 2017, the Guam Memorial Hospital received
13 an average of \$2.2M annually from gaming fees. Raising this fee could
14 generate a minimum of \$5.5M at 10%, \$6.6M at 12%, and \$7.7M at 14%.
15 However the same statements have indicated inconsistent collections from
16 this assessment fee in those 3 Fiscal Years, thus by looking at the two
17 highest years, the GHTDF received an average of \$3.7M annually and
18 using these figures, if the fee is increased to 10%, this could amount to
19 around \$9.25M a year, at 12% it could amount to \$11.10M, and at 14% it
20 could be \$12.95M.

21
22 The current law requires that part of the funding from this special account
23 be allocated towards the creation and the maintaining of an Urgent Care
24 Center at the Guam Memorial Hospital. Because the hospital is currently
25 in a state of financial despair, it is vital to remove this mandate, and allow
26 the hospital to determine how to utilize the funds on their immediate
27 priorities. With the mandated accounting devices in place, 70% of the
28 estimated figures have the potential of providing GMH additionally
29 around \$6.48M annually, which is a significant increase from what it
30 presently receives. This amount potentially increases to \$7.7M when the
31 gaming fee increases to 12% and \$9.07M at 14%.

1 The Liquid Fuel Tax, which impacts the cost of fuel for island residents, is
2 earmarked into the Guam Territorial Highway Fund (GTHF). However,
3 while the objective of this fund is to provide for road repairs and/or
4 construction, a number of expenses outside of these requirements have
5 adversely impacted the fund in fulfilling its objectives. Some of these
6 expenses include payments to Capital Improvement Funds for both the
7 University of Guam and the Guam Community College, along with monies
8 for public education, transportation and transfers to the general fund.

9
10 *I Liheslaturan Guahan* was prompted to increase this tax in 2017 with the
11 intent of providing more funds for the purposes outlined in the GTHF, but
12 at a cost of increasing the price of fuel at the gas pumps. With an increase
13 in the assessment fees associated with electronic gaming, additional monies
14 can be allocated to increase the GTHF and thus road repairs and/or
15 construction, while balancing things by reducing the recent increase in the
16 Liquid Fuel Tax.

17
18 *I Liheslaturan Guahan* also believes that an *Assistance to the Homeless*
19 program, which was created by public law decades ago, has not been able
20 to achieve its objectives, since it has not been provided a dedicated funding
21 source. With an increase in the gaming fees, coupled with mandated
22 accounting devices would provide the Department of Public Health and
23 Social Services funding to provide a Transitional Services Center for the
24 Homeless, as identified in Chapter 17 or Title 10, Guam Code Annotated.
25 This program would assist those most unfortunate in our island an
26 opportunity to acclimate towards becoming contributing members of the
27 community.

28
29 *I Liheslaturan Guahan* further finds that the Guam Office of Veterans Affairs
30 has been underfunded over the years to provide essential services to those
31 who proudly served our island and nation. While many other federal
32 programs still need to be adequately provided for our island veterans, the

1 government of Guam must also be able to assure that basic needs can be
2 funded immediately.

3
4 **SECTION 2.** §97102(b)2 is hereby *amended*, and §97102(b)3 and
5 §97102(b)4 are hereby *added* to read as follows:

6
7 **§ 97102. Guam Healthcare Trust and Development Fund.**

8
9 “(b) The Fund shall be financed by:

10
11 (1) licensing fees, business privilege tax, and income tax collected from the
12 companies involved in gaming as provided by 3 GAR § 7001 et seq. This
13 includes those electronic gaming devices referred to in § 7114(a)(5) and
14 licensed per Title 11 GCA, Chapter 22, Article 2. These devices shall be
15 known as the Liberty, Symbolix, and Match Play electronic gaming devices,
16 and only those registered with the Department of Revenue of Taxation
17 prior to August 1, 2001, pursuant to 3 GAR § 7114 (a)(5).

18
19 (2) Notwithstanding any other provision of law, the collection of a special
20 ~~four~~ ten percent (~~4~~10%) assessment fee *shall commence on October 1, 2019,*
21 and shall be increased to twelve percent (12%) on October 1, 2020, fourteen
22 percent (14%) on October 1, 2021, and to remain at his rate infinitely. This
23 shall be on income on all gaming devices authorized to be licensed
24 pursuant to 11 Guam Code Annotated § 22202 (f) and 3 GAR § 7114(a)(5),
25 ~~to be~~ and these funds will be known as the “GMHA Trust Fund Fee”.”

26
27 (c) The Department of Revenue and Taxation (hereinafter the Department)
28 shall collect such fees and transmit them to the Treasurer of Guam for
29 deposit into the Fund. The Department shall:

30
31 (1) develop the necessary forms and instructions for the licensing of
32 persons and companies as set forth in 3 GAR § 7001 and § 97102(b)(1)(2)
33 and of this Act;

1
2 (2) act as the repository for the Fund for use as authorized pursuant to this
3 Article in carrying out the purpose of the Fund.
4

5 “(3) all Electronic Devices licensed in this chapter shall be subject to
6 continuous monitoring by a centralized accounting system that complies
7 with an International Standardization Organization (ISO) certified testing
8 lab. The Department shall be permitted to have unlimited remote access to
9 this system at all times. Any electronic device that fails to maintain proper
10 communication with the implemented Centralized Monitoring System shall
11 have the associated Electronic Gaming License suspended and
12 immediately removed from service by the Department.”
13

14 “(4) The Department shall procure an entity to provide the centralized
15 accounting system, whose responsibilities will include 1). To set and link
16 up licensed devices, 2). Monitor daily revenue reports, 3). Provide the
17 Department with timely data, and 4). Any other requirements established
18 by the Department. The licensed operator of the electronic device shall be
19 responsible to shoulder the implementation and daily monitoring costs of
20 the accounting system. The selected entity must be an accredited lab on
21 Guam.”
22

23 (d) The Department of Administration shall be the disbursing and
24 certifying officer for the Fund, and shall comply with the provisions of
25 Chapter 14 of Title 46, Guam Code Annotated. The Director of
26 Administration shall maintain appropriate records of the Fund and shall
27 provide accounting and auditing services for the Fund.
28

29 (e) The Department of Administration shall disperse funds in a manner
30 compliant with § 97105 of this Chapter.
31

32 **SECTION 3. §97103(a) and §97103(b) are hereby *amended*, and §97103(c)**
33 **and §97103(d) are hereby *added* to read as follow:**

1
2 **"§ 97103. Allocations and Use of Funds; Authorized.**

3
4 (a) Up to seventy (70%) ~~sixty~~ percent, of the funds in the GMHA
5 Healthcare Trust and Development Fund, shall be allocated to the Guam
6 Memorial Hospital Authority for the purpose of subsidizing the
7 establishment, ~~and operation, and delivery of healthcare services. in whole~~
8 ~~or part, including as seed or start-up money, of an Urgent Healthcare~~
9 ~~Center within the Guam Memorial Hospital Authority facility and~~
10 ~~grounds.~~ The fees collected pursuant to this Article shall be annually
11 allocated and is hereby appropriated, and shall continue to be deemed
12 appropriated, annually, to the Guam Memorial Hospital Authority for the
13 sole and specific purpose of subsidizing the establishment and operation,
14 ~~in whole or part, including as seed or start-up money, of an Urgent~~
15 ~~Healthcare Medical Center within the Guam Memorial Hospital Authority~~
16 ~~facility and grounds.~~ This shall continue and shall remain in full force and
17 effect until specifically revoked or amended pursuant to law. Delivery of
18 healthcare services shall include:

19
20 ~~(b) Up to forty percent of the funds in the GMHA Healthcare Trust and~~
21 ~~Development Fund shall be allocated to the Guam Memorial Hospital~~
22 ~~Authority for the purpose of subsidizing its delivery of healthcare services.~~
23 ~~The fees collected pursuant to this Subsection (b) shall be annually allocated~~
24 ~~and is hereby appropriated, and shall continue to be deemed appropriated,~~
25 ~~annually, to the Guam Memorial Hospital Authority for the sole and~~
26 ~~specific purposes outlined below:~~

27
28 (1) local matching funds for the Medicaid program, specifically for patients
29 seen and treated at the Guam Memorial Hospital Authority;

30
31 (2) in an effort to free up cash flow for other expenses of the Authority,
32 funds from this Subsection (b) may be used as additional debt service
33 payments for any existing borrowing by the Authority;

1
2 (3) funding for the establishment of new revenue generating medical
3 services; and

4
5 (4) funding for medication, supplies, and medical equipment.
6

7 (b) Up to twenty (20%) percent, of the funds in the GMHA Healthcare
8 Trust and Development Fund, shall be allocated to the Guam Territorial
9 Highway Fund and shall only be utilized for the purpose of any capital
10 improvement of road construction or repairs . The fees collected pursuant
11 to this Article shall be annually allocated and is hereby appropriated, and
12 shall continue to be deemed appropriated, annually, to the Guam
13 Territorial Highway Fund for the purposes outlined in this Subsection.
14

15 (c) Up to five (5%) percent, of the funds in the GMHA Healthcare Trust and
16 Development Fund, shall be allocated to the Department of Public Health
17 and Social Services for the Assistance to the Homeless provisions identified in
18 Chapter 10 of Title 17, Guam Code Annotated. The entire amount shall be
19 expended towards the Transitional Services Center for the Homeless
20 program. The fees collected pursuant to this Article shall be annually
21 allocated and is hereby appropriated, and shall continue to be deemed
22 appropriated, annually, to the Department of Public Health and Social
23 Services for the purposes outlined in this Subsection.
24

25 (d) Up to five (5%) percent, of the funds in the GMHA Healthcare Trust
26 and Development Fund, shall be allocated to the Guam Office of Veterans
27 Affairs to supplement operational expenses related to services for Guam's
28 veterans. This would include any burial expenses that would qualify for
29 federal expenses. The fees collected pursuant to this Article shall be
30 annually allocated and is hereby appropriated, and shall continue to be
31 deemed appropriated, annually, to the Guam Office of Veterans Affairs for
32 the purposes outlined in this Subsection."

1 **SECTION 2: EFFECTIVE DATES.** §97102(b)4, *shall* be effective
2 immediately upon enactment. All other sections and subsections of this
3 Act *shall* be effective on October 1, 2019. The assessment fees identified in
4 §97102(b)2 *shall* be increased to ten percent (10%) on October 1, 2019,
5 twelve percent (12%) on October 1, 2020, and fourteen (14%) on October 1,
6 2021.

7

8 **SECTION 3: SEVERABILITY.** If any provision of this Act or its
9 application to any person or circumstances is found to be invalid or
10 contrary to law, such invalidity *shall* not affect other provisions or
11 applications of this Act that can be given effect without the invalid
12 provision or application, and to this end the provisions of this Act are
13 severable.