

*MINA' TRENTA NA LIHESLATURAN GUÁHAN*  
2010 (SECOND) REGULAR SESSION

2010 JUL -9 AM 10:17 *ad*

Bill No 438-30 (COR)

Introduced by:

v.c. pangelinan *[Signature]*

**AN ACT TO ADD SUBSECTIONS (a)(5), (a)(6) and (a)(7)  
OF SECTION 13109 CHAPTER 13 OF TITLE 2 GUAM  
CODE ANNOTATED RELATIVE TO SECTION 30  
FUNDS AND OTHER FEDERAL MATTERS.**

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

2 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan*  
3 finds that with various parts of the military buildup in progress, the need to  
4 accurately forecast the amount of the Section 30 funds which is due Guam is  
5 essential for development of sound fiscal policy strategies.

6 In May 2009, members of the Executive Branch and the Guam  
7 Economic Development Authority made a presentation to Standard and  
8 Poors, which estimated that by 2017 Section 30 revenues will increase to  
9 \$133.5 million a year. This is a \$90 million or 309% increase over the fiscal  
10 year 2010 Section 30 money received.

11 As outlined in the Organic Act of Guam, *I Maga'låhen Guåhan*, with  
12 the concurrence of the government comptroller estimates forthcoming  
13 duties, taxes and fees, also referred to as Section 30 revenue, which are  
14 remitted to Guam prior to the start of said fiscal year.

15 In fiscal years 2003 and 2004 the requests submitted for remittance to  
16 the government of Guam by the Chief Executive were overestimated by  
17 \$16,520,052 which resulted in an overpayment that was required to be  
18 repaid to the federal government. The federal government recouped this

1 overpayment by reducing the Section 30 remittance in the amount of  
2 \$5,506,684 in fiscal years 2007, 2008 and 2009.

3 In fiscal years 2005 and 2007, the Chief Executive again submitted  
4 remittance requests which were overestimated by \$23,233,181. To recoup  
5 this overpayment of Section 30 revenue, future Section 30 in the amount of  
6 \$5,808,295 in fiscal years 2010, 2011, 2012 and 2013 have and will be  
7 reduced in each of these years.

8 *I Liheslaturan Guåhan* finds the practice of overestimating Section 30  
9 advance requests impacts the amount of funds available for appropriation in  
10 future fiscal years. An example of the negative impact of this practice was  
11 the island experiencing budget shortfalls which led to the government-wide  
12 increases of certain fees and the implementation of new fees for services  
13 which previously performed at no charge to residents. Recent pledges of  
14 Section 30 revenue for debt service leave little room for error without  
15 impacting government of Guam operations and bond ratings.

16 *I Liheslaturan Guåhan* further finds the need for fiscal responsibility  
17 among government officials extends to the federal sources of revenues,  
18 which our island is entitled to receive. We must not only project the amount  
19 of Section 30 funds due but must track the movement of personnel to  
20 recapture any additional funds or reimburse any funds as a result of said  
21 personnel movements.

22 It is therefore the intent of *I Liheslaturan Guåhan* to task the Office of  
23 Finance and Budget, the Special Accounting Service, and the Special  
24 Economic Service with the responsibility of compiling and providing to *I*  
25 *Liheslaturan Guåhan* and *I Maga'lahaen Guåhan* as accurate a forecast as  
26 possible of the amount of Section 30 funds to be expected.

1           Recent government wide audit findings highlighted issues related to  
2 incorrect classification of reimbursements as revenue as well as garnishment  
3 of federal grant monies due to the non-payment of monies due to federal  
4 departments for services rendered.

5           *I Liheslaturan Guåhan* finds that the dollar amount of these  
6 highlighted transactions materially affect current and future funding of the  
7 government of Guam and therefore should be automatically transmitted as  
8 communication for purposes of examination and planning by *I Liheslaturan*  
9 *Guåhan*.

10           **Section 2.** Subsection (a)(5) and (a)(6) of Section 13109 Chapter 13  
11 of Title 2 Guam Code Annotated is here added to read:

12           “**§13109. Executive Branch Accounting, Financial, and Economic**  
13 **Services.**

14                   (a)(5) (i) *No later than* 15 days after the end of the third quarter  
15 of each fiscal year, the Governor of Guam *shall* make available in a  
16 report to the speaker of *I Liheslaturan Guåhan* and the Office of  
17 Finance and Budget all correspondence between the United States  
18 Treasury, the Department of Interior, the Department of Insular  
19 Affairs and any other entities of the United States Government related  
20 to prior and future fiscal year estimates and reconciliations of duties,  
21 fees and taxes (also referred to as Section 30 revenue) remitted prior  
22 to the commencement of the forthcoming fiscal year.

23                   (ii) The report *shall* also contain a forthcoming fiscal year  
24 Section 30 Cash Advance Request to the Secretary of the United  
25 States Treasury or his representative.

26                   (iii) *Prior to* the issuance of the report outlined in subsection  
27 (i), the Bureau of Budget and Management Research and the

1 Department of Revenue and Taxation *shall* present to the Special  
2 Accounting Service all data and information used to develop the  
3 request outlined in subsection (ii). The Special Accounting Service  
4 *shall* evaluate and certify by a majority of members, concurrence of  
5 the Section 30 Cash Advance Request by the Governor or provide a  
6 revised recommendation.”

7 (a)(6) *No later than* 15 days after receipt of any United States  
8 Treasury warrants issued to Guam relative to transactions with the  
9 Internal Revenue Service, the Governor of Guam *shall* make available  
10 to the speaker of *I Liheslaturan Guåhan* and the Office of Finance and  
11 Budget in a report all correspondence between the United States  
12 Treasury, the Department of Interior, the Department of Insular  
13 Affairs and any other entities of the United States Government related  
14 to said warrants.

15 (a)(7) *No later than* 15 days after receipt of any United States  
16 Treasury notice of garnishments, the Governor of Guam *shall* make  
17 available to the speaker of *I Liheslaturan Guåhan* and the Office of  
18 Finance and Budget in a report all correspondence between the United  
19 States Treasury, the Department of Interior, the Department of Insular  
20 Affairs and any other entities of the United States Government related  
21 to said garnishments.

22 **Section 4. Effective Date.** This Act shall become effective upon  
23 enactment.

24 **Section 5. Severability.** If any provisions of this Act or the  
25 application thereof to any person or circumstance is held invalid, such  
26 invalidity shall not affect any other provision or application of this Act  
27 which can be given effect without the invalid provision or application, and to

1 this end the provisions of this Act are severable.