MAR 25 2002

The Honorable Joanne M. S. Brown  
Legislative Secretary  
I Mina'Bente Sais na Liheslaturan Guåhan  
Twenty-Sixth Guam Legislature  
Suite 200  
130 Aspinal Street  
Hagåtña, Guam 96910

Dear Legislative Secretary Brown:

Enclosed please find Substitute Bill No. 278 (COR) “AN ACT TO AMEND P.L. NO. 26-35, AS AMENDED, RELATIVE TO LOWERING THE GOVERNMENT OF GUAM’S FY2002 BUDGET ALLOTMENTS AND FOR OTHER PURPOSES” which the Governor declined to sign into law by March 23, 2002. This legislation was enacted pursuant to law without the signature of the Governor. It is now designated as Public Law No. 26-77.

Very truly yours,

[Signature]
Madeleine Z. Bordallo  
Acting Governor of Guam

Attachments: original bill for vetoed legislation or copy of bill for signed or overridden legislation and legislation enacted without signature

cc: The Honorable Antonio R. Unpingco  
Speaker
CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUÅHAN

This is to certify that Substitute Bill No. 278 (COR) "AN ACT TO AMEND P.L. NO. 26-35, AS AMENDED, RELATIVE TO LOWERING THE GOVERNMENT OF GUAM'S FY2002 BUDGET ALLOTMENTS AND FOR OTHER PURPOSES," was on the 12th day of March, 2002, duly and regularly passed.

ANTEONIO R. UNPINGCO
Speaker

Attested:

JOANNE M.S. BROWN
Senator and Legislative Secretary

This Act was received by I Maga'lahen Guahan this 12th day of March, 2002, at 1:10 o'clock P.M.

CARL T. C. GUTIERREZ
I Maga'lahen Guahan

Date: March 24, 2002

Public Law No. 26-77
Became law without the signature of I Maga'Lahen Guahan, the Governor of Guam.
AN ACT TO AMEND P.L. NO. 26-35, AS AMENDED, RELATIVE TO LOWERING THE GOVERNMENT OF GUAM’S FY2002 BUDGET ALLOTMENTS AND FOR OTHER PURPOSES.

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Legislative Statement and Findings. Pursuant to § 2 of Chapter IV of Public Law Number 26-35, as amended, the Administration has determined the government of Guam’s revenue shortfall for Fiscal Year 2002
to be Sixty Million Dollars ($60,000,000). This determination was made by
applying the revenue tracking of the first quarter (October – December, 2001)
through the balance of the fiscal year (January – September, 2002). I
Lihesluran Guåhan, in consideration of the threatened layoff of three
thousand eight hundred (3,800) government of Guam employees, conducted a
special review of the overall budget and the mandate that affects the allotment
process.

I Lihesluran Guåhan finds the Administration’s projected revenue
shortfall of Sixty Million Dollars ($60,000,000) is a misrepresentation of
anticipated revenues for the balance of the fiscal year. First quarter actual
collections reflect the worse-case scenario of tourist arrivals expected for the
fiscal year. To assume this will prevail through the next three (3) quarters is
clearly an inaccurate assessment. Tourism is the central element of Guam’s
economy, it single-handedly steers employment, tax base and gross business
receipts. To disregard its potential impact over three (3) quarters, especially a
positive impact in the face of threatened layoffs, is a gross oversight on the
part of the Administration.

I Lihesluran Guåhan, therefore, recognizes that an adjustment to the
Administration’s projected shortfall of Sixty Million Dollars ($60,000,000)
must be made to reflect these tourism indicators. The review determining this
adjustment was made with input from industry experts on visitor arrival
numbers projected for the next seven (7) months, and extrapolated for a
combined positive impact of Twenty-two Million Seven Hundred Seventy
Thousand Two Hundred Two Dollars ($22,770,202).
(a) the budget allotment of the Executive Branch shall be reduced by the amount of Seven Million Eight Hundred Eighty-nine Thousand Dollars ($7,889,000);

(b) the budget allotment of the Superior Court of Guam, within the Judicial Branch, shall be reduced by the amount of One Million One Hundred Eighty Thousand Dollars ($1,180,000);

(c) the budget allotment of the Supreme Court of Guam, within the Judicial Branch, shall be reduced by the amount of One Hundred Twenty Thousand Dollars ($120,000.00);

(d) the budget allotment of the Legislative Branch shall be reduced by the amount of Two Hundred Thousand Dollars ($200,000.00); and

(e) the budget allotment reductions mandated in Subsection (a) of this Section shall be allocated at the discretion of the Director of the Bureau of Budget and Management Research ("BBMR"), but shall not be applied to any activity or function within an agency or department dealing with public safety, public health and education.

Section 4. Federal Reimbursement. (a) Immediate Reimbursement. The Director of the Department of Administration shall secure immediate reimbursement, but not later than forty-five (45) days from enactment of this Act, of the Federal Grants-In-Aid accounts receivables in the amount of Twenty-three Million Five Hundred Sixty-eight Thousand Six Hundred Sixty-five Dollars ($23,568,665), presented on a schedule
provided during the Oversight Hearing of the legislative Committee on Ways and Means on February 27, 2002.

(b) Weekly Status Report. The Director of the Department of Administration shall provide a weekly status report of these reimbursements to the Speaker of I Lihslaturan Guåhan, commencing the first week after enactment of this Act.

Section 5. Tax Collection. (a) The Director of the Department of Revenue and Taxation shall collect during FY2002 no less than Fifteen Million Dollars ($15,000,000) of the tax receivables presented on a schedule provided during the Oversight Hearing of the legislative Committee on Ways and Means on February 27, 2002.

(b) Weekly Status Report. The Director of the Department of Revenue and Taxation shall provide a weekly status report of these collections to the Speaker of I Lihslaturan Guåhan, commencing the first week after enactment of this Act.

Section 6. Immediate Freeze on Hiring. Notwithstanding any other provision of law, a hiring freeze shall be implemented immediately for the balance of FY2002 by all government of Guam departments, bureaus and agencies, including autonomous agencies and other instrumentalities of the Executive, Legislative and Judicial Branches of the government of Guam.

All vacant positions that are not Federally funded and which are vacant on the effective date of this Act shall thereupon be frozen, and all agencies must, within ten (10) days of the effective date of this Act, report to the Speaker of I Lihslaturan Guåhan what positions have thereby been frozen.
The only exceptions to the hiring restrictions of this Section are judges; judges pro tempore; referees; elected officials; directors; police officers; firemen; emergency technicians (non-administrative); the non-administrative personnel of the Department of Youth Affairs; uniformed prison guards at the Department of Corrections; uniformed personnel of the Customs and Quarantine Agency; and doctors, nurses, dentists, pharmacists, licensed medical or mental health professionals, ancillary health professionals, and all teaching positions.

No contract entered into for services by a consultant, or other person licensed to perform services, shall be paid from appropriations for personnel services, and no such contract shall contain provisions entitling contractors to standard employee benefits. No such contract shall be entered into, unless the contractor is licensed to do business and is current in tax payments. The government of Guam shall not pay social security taxes for the contractor. It is the purpose of this provision to stop irregular recruitment and to preclude the further payment of contracts from appropriations intended by I Liheslaturan Guåhan for positions authorized in the budget. This paragraph does not apply to contracts for services of licensed health care professionals working in positions requiring such license.

The University of Guam and the Guam Community College shall be exempt from the application of the hiring freeze provided for in this Section.

Section 7. Section 22(d) is hereby added to Chapter V of Public Law Number 26-35 to read as follows:
identify the government consumer's usage on a monthly basis of the quarter being reported for each government consumer, no less than thirty (30) days after the close of said quarter.

Section 11. Appropriation for Mayoral Utility Payments. Notwithstanding the provisions contained within § 1504(k)(1) of Title 5 of the Guam Code Annotated, relative to the creation of the Village Streets Fund, Four Hundred Fifteen Thousand Dollars ($415,000.00) is hereby appropriated from the Village Streets Fund as a supplemental appropriation for any utility payments encumbered by any public facility managed and controlled by a Mayor within their municipality for prior fiscal years and for Fiscal Year 2002 utility payments.

Section 12. Section 1504(k)(5) of Article 5, Chapter 1 of Title 5 of the Guam Code Annotated is hereby amended to read as follows:

"(5) Notwithstanding any other provision of law, I Maga'lahen Guåhan shall not use his transfer authority to utilize any monies deposited into the Village Streets Fund."

Section 13. Section 1504(k)(6) of Article 5, Chapter 1 of Title 5 of the Guam Code Annotated is hereby amended to read as follows:

"(6) Notwithstanding the general provisions of § 22406 of Title 5 of the Guam Code Annotated, which requires that unused and de-appropriated funds revert to the General Fund, or any other provision of Guam law to the contrary, unused funds in the Village Streets Fund and funds allocated to each Mayor shall continuously carry over into any succeeding fiscal year until exhausted."
2002 (SECOND) Regular Session

I, Antonio R. Unpingco, Speaker of I Mina’Bente Sais Na Liheslaturan Guåhan, hereby certify, in conformance with Title 2 Guam Code Annotated § 2103, Public Hearings Mandatory, as amended, that an emergency condition exists involving danger to the public health and welfare of the People and therefore waive the statutory requirements for a public hearing on Bill Number 278 (COR), “AN ACT TO AMEND PUBLIC LAW NUMBER 26-35, AS AMENDED, AND FOR OTHER PURPOSES,” which was introduced on this date, March 11, 2002, and therefore waive the statutory requirements for a public hearing on Bill Number 278 (COR).

Dated: March 11, 2002

ANTONIO R. UNPINGCO
Speaker and Presiding Officer
**VOTING SHEET**

**Bill No.** 278 (cont)

**Resolution No.**

**Question:**

<table>
<thead>
<tr>
<th>NAME</th>
<th>YEAS</th>
<th>NAYS</th>
<th>NOT VOTING/ABSTAINED</th>
<th>OUT DURING ROLL CALL</th>
<th>ABSENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADA, Joseph F.</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ADA, Thomas C.</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AGUON, Frank B., Jr.</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BROWN, Joanne M. S.</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CALVO, Eddie B.</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CAMACHO, Felix P.</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CHARFAUROS, Mark C.</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FORBES, Mark</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>KASPERBAUER, Lawrence F.</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>LEON GUERRERO, Lourdes A.</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MOYLAN, Kaleo S.</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PANGELINAN, Vicente C.</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SANTOS, Angel L.G.</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UNPINGCO, Antonio R.</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WON PAT, Judith T.</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL**

<table>
<thead>
<tr>
<th>YEAS</th>
<th>NAYS</th>
<th>NOT VOTING/ABSTAINED</th>
<th>OUT DURING ROLL CALL</th>
<th>ABSENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**CERTIFIED TRUE AND CORRECT:**

______________________________
Clerk of the Legislature

* 3 Passes = No vote
   EA = Excused Absence
I, Antonio R. Unpingco, Speaker of I Mina’Bente Sais Na Liheslaturan Guåhan, hereby certify, in conformance with Title 2 Guam Code Annotated § 2103, Public Hearings Mandatory, as amended, that an emergency condition exists involving danger to the public health and welfare of the People and therefore waive the statutory requirements for a public hearing on Bill Number 278 (COR), “AN ACT TO AMEND PUBLIC LAW NUMBER 26-35, AS AMENDED, AND FOR OTHER PURPOSES,” which was introduced on this date, March 11, 2002, and therefore waive the statutory requirements for a public hearing on Bill Number 278 (COR).

Dated: March 11, 2002

ANTONIO R. UNPINGCO
Speaker and Presiding Officer
AN ACT TO AMEND PUBLIC LAW NUMBER 26-35, AS AMENDED, AND FOR OTHER PURPOSES.

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Legislative Statement. (a) Findings. Pursuant to Chapter IV, Section 2, of Public Law No. 26-35, as amended, the Administration has determined the government of Guam’s revenue shortfall for Fiscal Year 2002 to be Sixty Million Dollars ($60,000,000). This determination was made by applying the revenue tracking of the first quarter (October – December 2001) through the balance of the fiscal year (January – September 2002). I Liheslaturan Guåhan, in consideration of the threatened layoff of thirty-eight hundred (3,800) government of Guam employees, conducted a special review of the budget overall and the mandate that affects the allotment process.

I Liheslaturan Guåhan, finds the Administration’s projected revenue shortfall of Sixty Million Dollars ($60,000,000) to be a misrepresentation of anticipated revenues for the balance of the fiscal year. First quarter actual collections reflect the worse case scenario of tourist arrivals expected for the fiscal year; to assume this will prevail through the next three (3) quarters is clearly an inaccurate assessment.
Tourism is the central element of Guam’s economy; it single-handedly steers employment, tax base, and gross business receipts. To disregard it’s potential impact over three quarters, especially a positive impact in the face of threatened lay-offs, is grossly irresponsible on the part of the Administration.

I Liheslaturan Guåhan, therefore, recognizes that an adjustment to the Administration’s projected shortfall of Sixty Million Dollars ($60,000,000) must be made to reflect these tourism indicators. The review determining this adjustment was made with input from industry experts on visitor arrival numbers projected for the next seven (7) months, and extrapolated for a combined positive impact of Twenty-Two Million Seven Hundred Seventy Thousand Two Hundred Two Dollars ($22,770,202).

I Liheslaturan Guåhan, also conducted a review of potential personnel lapses throughout line agencies, excluding the Department of Education. Using actual expenditures as of pay period ending February 23, 2002, and the Labor Cost Distribution Report as of pay period ending February 9, 2002, agency personnel costs for the balance of the fiscal year were determined. Assuming the implementation of an immediate hiring freeze, remaining personnel costs for employees currently on board would result in a savings of Seven Million Eight Hundred Eighty-nine Thousand Dollars ($7,889,000). This amount is a part of the budget level for the Executive Branch and would represent a reduction in the overall revenue impact, if not used.

I Liheslaturan Guåhan, finds that the revenue adjustment and the savings from unused personnel appropriations should be factored into the present budget authorization in light of the present financial crisis. I Liheslaturan Guåhan, further finds that the Administration’s projected shortfall of Sixty Million Dollars ($60,000,000) will be resolved by the adoption of the following:
(b) **Subsection Repeal.** Subsection (c), Section 2, Chapter IV, of Public Law No. 26-35, as amended, is hereby *repealed*.

(c) **Budget Allotment.** Notwithstanding any other provision of law and this Act, the Director of the Bureau of Budget and Management Research shall reduce the Fiscal Year 2002 budget allotments, funded by Public Law No. 26-35, as amended, as follows:

1. The budget allotment of the Executive Branch shall be reduced by the amount of Seven Million Eight Hundred Eighty-nine Thousand Dollars ($7,889,000);
2. The budget allotment of the Judicial Branch shall be reduced by the amount of One Million Three Hundred Thousand Dollars ($1,300,000); and
3. The budget allotment of the Legislative Branch shall be reduced by the amount of Two Hundred Thousand Dollars ($200,000).

4. The budget allotment reductions mandated in Subsection (c)(1) of this Section shall be allocated at the discretion of the Director of BBMR, but shall not be applied to any government agency dealing with public safety, public health, and education.

Section 2. **Federal Reimbursement.** (a) **Immediate Reimbursement.** The Director of the Department of Administration shall secure immediate reimbursement, but not later than forty-five (45) days from enactment of this Act, the Federal Grants Accounts Receivables in the amount of Twenty-Three Million Five Hundred Sixty-eight Thousand Six Hundred Sixty-five Dollars ($23,568,665), presented on a schedule provided during the Oversight Hearing of the Committee on Ways and Means on February 27, 2001.
(b) **Weekly Status Report.** The Director of the Department of Administration shall provide a weekly status report of these reimbursements to *I Liheslaturan Guåhan* commencing the first week after enactment of this Act.

**Section 3. Tax Collection.** (a) The Director of the Department of Revenue and Taxation shall collect during FY 2002, no less than Fifteen Million Dollars ($15,000,000), of the tax receivables presented on a schedule provided during the Oversight Hearing of the Committee on Ways and Means on February 27, 2001.

(b) **Weekly Status Report.** The Director of Revenue & Taxation shall provide a weekly status report of these collections to *I Liheslaturan Guåhan* commencing the first week after enactment of this Act.

**Section 4. Immediate freeze on hiring.** Notwithstanding any other provision of law, a hiring freeze shall be implemented immediately for the balance of Fiscal Year 2002, by all government of Guam departments, bureaus and agencies, including autonomous agencies and other instrumentalities of the executive and judicial branches of the government of Guam:

(i) All vacant positions that are not federally funded and which are vacant on the effective date of this Act shall thereupon be frozen and all Agencies must within ten (10) days of the effective date of this Act report to the chairperson of the Legislature's Committee on Ways and Means what positions have thereby been frozen.

The only exceptions to the hiring restrictions of this Section are judges, judges pro-tem, referees, elected officials, directors, police officers, firemen, emergency technicians (non-administrative), the non-administrative personnel of the Department of Youth Affairs, uniformed prison guards at the Department of Corrections, uniformed personnel of the Department of Customs and