

I Mina'trentai Sais Na Lihelaturan Guåhan
BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	FISCAL NOTES	NOTES
175-36 (LS)	Therese M. Terlaje	AN ACT RELATIVE TO MANDATING THE SWIFT PAYMENT OF TAX REFUNDS ELIGIBLE FOR EARNED INCOME TAX CREDITS THROUGH THE AMENDMENTS TO §51102 AND §51103, BOTH OF CHAPTER 51, TITLE 11, GUAM CODE ANNOTATED.	8/9/21 8:00 a.m.						

I MINA'TRENTAI SAIS NA LIHESLATURAN GUÅHAN
2021 (FIRST) Regular Session

Bill No. 175-36 (LS)

Introduced by:

Therese M. Terlaje *Tmt*

**AN ACT RELATIVE TO MANDATING THE SWIFT
PAYMENT OF TAX REFUNDS ELIGIBLE FOR
EARNED INCOME TAX CREDITS THROUGH THE
AMENDMENTS TO §51102 AND §51103, BOTH OF
CHAPTER 51, TITLE 11, GUAM CODE ANNOTATED.**

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

2 **Section 1. Legislative Findings and Intent.**

3 *I Liheslaturan Guåhan* finds that the Earned Income Tax Credit (EITC) helps
4 low- to moderate-income workers and families get a tax break by using the credit to
5 reduce the taxes owed and possibly increase their tax refund. This tax credit is called
6 the "earned income" credit because, to qualify, a person must work and have earned
7 income.

8 Prior to passage of the American Rescue Plan Act of 2021, the EITC
9 obligations for Guam would range between \$55 and \$60 million dollars annually
10 and would be paid using local tax revenues.

11 *I Liheslaturan Guåhan* finds that the American Rescue Plan Act of 2021, now
12 Public Law No: 117-2, will provide a 100% cost reimbursement for earned income
13 tax credit (EITC) paid by the government of Guam beginning in tax year 2021 and
14 for all following tax years.

1 *I Liheslaturan Guåhan* further finds that the Government of Guam is
2 mandated by court order to pay all tax refunds no later than six months after the
3 filing of the return. However, in light of the Coronavirus pandemic’s impact on the
4 island’s health and economy, many residents of Guam are in dire need of economic
5 relief immediately and without further delay, especially low and moderate income
6 working families who qualify for earned income tax credits.

7 Therefore, any EITC reimbursements from the federal government paid to the
8 government of Guam should be directly deposited in the Income Tax Refund
9 Efficient Payment Trust Fund for the immediate payment of income tax refunds with
10 earned income tax credits.

11 **Section 2.** §51102 of Chapter 51, Title 11, Guam Code Annotated, is hereby
12 amended to read:

13 **“§ 51102. Deposit of Funds.**

14 (a) The Director of the Department of Administration (DOA) shall, as a
15 ministerial duty, directly deposit, upon receipt of any payment of income tax,
16 including, but not limited to, individual, corporate and withholding taxes, interest
17 and penalties, to the Trust Fund a portion of the tax payment received to be
18 calculated by multiplying the amount of the tax payment received by the quotient
19 derived by the provision for tax refunds (the dividend) divided by the total income
20 taxes, including, but not limited to, individual, corporate and withholding taxes,
21 interest and penalties, (the divisor) amounts adopted in the pertinent government of
22 Guam fiscal year budget, so that, at the end of the fiscal year, the total amount set
23 aside in said budget for income tax refunds, the earned income tax credit and
24 advanced child tax credits shall have been deposited in said Fund.

25 (b) Notwithstanding other provisions of law, the full amounts of
26 reimbursement for tax years 2021 and beyond from the federal government to the
27 government of Guam for Earned Income Tax Credits (EITC) shall be deposited in

1 full upon receipt by the government of Guam into the Trust Fund. This deposit shall
2 be in addition to and shall not reduce the amounts set aside or deposited pursuant to
3 § 51102(a) or the provision for tax refund payments set aside in the annual budget.

4 Beginning with EITC reimbursements for tax year 2024, the Department of
5 Administration may forgo depositing the full amounts of EITC reimbursement from
6 the federal government to the government of Guam into the Trust Fund; provided
7 that the total amounts in the Trust Fund at the beginning of the fiscal year are
8 sufficient to pay all tax refunds eligible for EITC for the upcoming tax year.

9 (c) The funds deposited in the Trust Fund by the Director of Administration
10 shall immediately be transferred to the Income Tax Reserve Fund upon the written
11 request of the Tax Commissioner for payments made pursuant to § 50105 of Chapter
12 50, Division 2 of Title 11 of the Guam Code Annotated. The interest earned by
13 money in the Trust Fund shall be held in the Fund.”

14 **Section 3.** §51103 of Chapter 51, Title 11, Guam Code Annotated, is hereby
15 amended to read:

16 **“§ 51103. Expenditures from the Trust Fund.**

17 In order for I Liheslaturan Guåhan to make the proper legislative
18 appropriation pursuant to § 51101(a) of this Chapter, the Tax Commissioner shall
19 submit to *I Liheslaturan Guåhan* [Guam Legislature] on the 15th day of January
20 each year a detailed budget request of itemized cost of allowable expenditure, for an
21 appropriation from the earnings of the Trust Fund. All interest and investment
22 earnings from the Trust Fund pursuant to § 51101(b) of this Chapter shall be
23 exclusively expended for the following purposes:

24 (a) Notwithstanding other provisions of law, the Department of
25 Revenue and Taxation is hereby authorized to either enter into contracts with
26 temporary income tax returns processors (‘processors’), or to hire seasonal
27 employees, as deemed necessary by the Tax Commissioner anytime during

1 the period of filing dates established by the Internal Revenue Service for a
2 period of not more than ~~three~~ nine (3 9) months to process income tax returns.

3 (1) The Department of Revenue and Taxation shall prioritize the
4 processing of income tax returns according to their filing date.

5 (2) The Department of Revenue and Taxation shall submit to *I*
6 *Liheslaturan Guåhan* [Guam Legislature] a monthly report on the
7 status of the income tax processing, which shall include the following:

8 (A) number of income tax returns processed;

9 (B) number of income tax refunds issued and the total
10 dollar amount;

11 (C) number of income tax refunds with an Earned Income
12 Tax Credit (EITC), the total dollar amount of credit granted, the
13 total dollar amount refunded, and the average credit value
14 distributed for specified income ranges during the prior calendar
15 year;

16 (D) number of income tax returns waiting to be processed;

17 (DE) expected date of completion for the processing of
18 income tax returns pending; and

19 (EF) any other pertinent information.

20 (b) Proper training of employees hired pursuant to Subsection (a) of this
21 Section.

22 (c) Computers and other equipments necessary to quickly process the
23 income tax returns.”

24 **Section 4. Severability.** If any provision of this Act or its application to any
25 person or circumstance is found to be invalid or contrary to law, such invalidity shall
26 not affect other provisions or applications of this Act that can be given effect without

1 the invalid provision or application, and to this end the provisions of this Act are
2 severable.

3 **Section 5.** This Act shall be effective upon enactment.