

I MINA'TRENTAI DOS NA LIHESLATURAN GUÅHAN
2013 (FIRST) Regular Session

Bill No. 89-32 (COR)

Introduced by:

Michael F.O. San Nicolas

2013 APR 12 PM 2:45

AN ACT TO ADD A NEW ARTICLE 17 TO CHAPTER
22, TITLE 5, GUAM CODE ANNOTATED, RELATIVE
TO THE RESPONSIBLE RESERVE FUND.

1 BE IT ENACTED BY THE PEOPLE OF GUAM:

2 Section 1. Short Title. This Act *shall* be cited as the "Responsible
3 Reserve Fund Act."

4 Section 2. Legislative Findings and Intent. *I Liheslaturan Guåhan*
5 finds that the annual budgets of the government of Guam are based upon
6 projected revenues.

7 *I Liheslaturan Guåhan* further finds that revenues from prior fiscal
8 years' accounts receivable and interest and penalties from collections items
9 of the Department of Revenue and Taxation are unallocated cash resources.

10 *I Liheslatura* further finds that these unallocated cash resources
11 become discretionary spending resources that make up for budget
12 shortfalls, subsidizing the practice of poor spending practices, poor
13 collections, or both.

1 **§ 221702. Separate Fund and Bank Account.**

2 The Responsible Reserve Fund *shall* not be commingled with the
3 General Fund or any other funds of the government of Guam and *shall* be
4 maintained in a separate bank account, administered by the Director of the
5 Department of Administration in accordance with this Article.

6 **§ 221703. Administration of the Responsible Reserve Fund.**

7 Unless otherwise provided by law or prevented by contract, the
8 following *shall* be deposited or transferred into the Responsible Reserve
9 Fund:

10 (a) *all* collections by the Department of Revenue and Taxation of prior
11 fiscal years' accounts receivable; and

12 (b) *all* interest and penalties from collections items of the Department
13 of Revenue and Taxation.

14 **§ 21704. Expenditures from the Responsible Reserve Fund.**

15 (a) Expenditure from the Responsible Reserve Fund *may* be
16 authorized by legislative appropriation *only* when an *equal or greater*
17 amount of money *is* held in the Fund. Expenditures from the Responsible
18 Reserve Fund *shall* be limited to payments toward:

19 (1) court-ordered amounts owed by the government of Guam;

20 (2) prior fiscal years' contractual obligations outstanding and
21 payable;

22 (3) prior fiscal years' accrued and unpaid wages due to
23 government of Guam employees;

1 (4) prior fiscal years' merit pay bonuses accrued and unpaid;

2 (5) the procurement of medical supplies for the Guam
3 Memorial Hospital Authority;

4 (6) education expenses to comply with the Adequate Education
5 Act;

6 (7) capital improvement projects with an estimated useful life
7 of five (5) or more years, for agencies dealing with education, health,
8 public safety or services for individuals with disabilities;

9 (8) procurement of durable goods with an estimated useful life
10 of five (5) or more years, for agencies dealing with education, health,
11 public safety or services for individuals with disabilities; and/or

12 (9) advanced prepayment of existing debt obligations of the
13 government of Guam as defined by bond covenants, municipal lease
14 agreements, or financial institution loan provisions."

15 (b) The Responsible Reserve Fund *shall* not be subject to *I Maga'laha*
16 *Guåhan's* transfer authority or any other law allowing use or transfer of
17 special funds. Revenues to and expenditures from the Responsible Reserve
18 Fund are restricted to only those authorized by *I Liheslaturan Guåhan* in
19 subsequent Acts. *All* interest and investment earnings of the Responsible
20 Reserve Fund *shall* remain in the Fund until appropriated and expended
21 pursuant to subsection (b) of this Section.

22 **§ 221705. Annual Audit.**

1 The Office of Public Accountability *shall* perform an annual audit of
2 the Responsible Reserve Fund and the compliance of the Director of the
3 Department of Administration with the expenditure of such funds within
4 the Responsible Reserve Fund in accordance with the administration and
5 exclusive purposes of this Article. Said audit *shall* include, but is not
6 limited to, the revenues to the Responsible Reserve Fund and the
7 expenditures from the Responsible Reserve Fund. The OPA shall prepare
8 and provide a written report of compliance no later than seventy-five (75)
9 days after the end of the fiscal year to *I Måga'lahen Guåhan* and to the
10 Speaker of *I Liheslaturan Guåhan*."