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I MINA'TRENTAI UNU NA LIHESLATURAN GUÅHAN
2012 (SECOND) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO *I MAGA'LAHEN GUÅHAN*

This is to certify that **Bill No. 470-31 (LS), "AN ACT TO *AMEND* § 50103 OF CHAPTER 50 OF DIVISION 2, TITLE 11 GUAM CODE ANNOTATED RELATIVE TO THE INCOME TAX REFUND RESERVE FUND",** was on the 4th day of June, 2012, duly and regularly passed.

Judith T. Won Pat, Ed.D.
Speaker

Attested:

Tina Rose Muña Barnes
Legislative Secretary

This Act was received by *I Maga'lahen Guåhan* this 4 day of June, 2012, at 7:35 o'clock P.M.

Assistant Staff Officer
Maga'lahi's Office

APPROVED:

EDWARD J.B. CALVO
I Maga'lahen Guåhan

Date: _____

Public Law No. _____

I MINA'TRENTAI UNU NA LIHESLATURAN GUÅHAN
2012 (SECOND) Regular Session

Bill No. 470-31 (LS)
As amended on the Floor.

Introduced by: Judith P. Guthertz, DPA
R. J. Respicio
T. C. Ada
Dennis G. Rodriguez, Jr.
B. J.F. Cruz
Aline A. Yamashita, Ph.D.
Sam Mabini, Ph.D.
V. Anthony Ada
T. R. Muña Barnes
Adolpho B. Palacios, Sr.
F. F. Blas, Jr.
M. Silva Taijeron
Chris M. Dueñas
V. C. Pangelinan
Judith T. Won Pat, Ed.D.

AN ACT TO *AMEND* § 50103 OF CHAPTER 50 OF DIVISION 2, TITLE 11 GUAM CODE ANNOTATED RELATIVE TO THE INCOME TAX REFUND RESERVE FUND.

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Legislative Findings and Intent. *I Liheslaturan Guåhan* finds that the processing of income tax returns is prioritized pursuant to the date of filing by individual taxpayers. Accordingly, the priority of payments should be for obligations owed to the people of Guam. The timely payment of income tax returns is proper and should be an area of concern for the government of Guam.

The Income Tax Refund Efficient Payment Trust Fund requires a set aside for each subsequent tax year – in this instance, for tax year 2012 – regardless of current or past due tax liabilities, monies are accruing subject to provisions of law. These funds shall be deposited to the Income Tax Reserve Fund as requested by the Tax Commissioner as 2012 income tax returns are filed and become due.

The estimated liability of the government of Guam for the current 2011 tax year has been pegged at $105 million. Recent success secured millions in Guam Bond proceeds, of which $60 million will be dedicated to the drawdown of the 2011 tax obligation. Still, for TY 2011 an estimated $45 million shortfall will remain. This does not include recent filings of TY 2010 and prior years' claims and also does not include TY 2010 and prior years' "E" and "S" status claims that have since been converted to A Status. This amount is estimated to be $22 million. However, if the Administration is authorized to utilize the monies available in the Income Tax Refund Efficient Payment Trust Fund, which as reported by the Department of Administration, reflects a set aside of $33 million as of May 2012, the government of Guam will be able to satisfy a total of $93 million in tax refund liabilities. Dedicating these monies to the 2011 and prior years' tax burden will further lessen the estimated amount owed by our government, provide a boost to our island economy and return, without delay, the people's money.

It is the intent of *I Liheslaturan Guåhan* to ensure that any reserves intended for a subsequent tax year be made available in order to ensure that any current or past due obligation is first settled. Reconciling the annual obligations of tax refunds owed to the people of Guam should be completed each year and any reserve in the Income Tax Refund Efficient Payment Trust Fund may be made available for this purpose.

Section 2. §50103 of Chapter 50 of Title 11 of the Guam Code Annotated is hereby *amended.*

"§ 50103. Formula for Reserve Funds for Income Tax Refunds, Earned Income Tax Credits, and Child Tax Credits.

Each year, the Director of Revenue and Taxation, in consultation with the Director of Administration and the Director of the Bureau of Budget and Management Research, shall establish a formula for reserving income tax receipts to pay income tax refunds, earned income tax credits, and child tax credits. Such formula shall be derived from the statistical average of income tax refunds, earned income tax credits, and child tax credits issued in the previous three (3) years, and shall further provide for reserving income tax receipts, on a percentage basis, in order to accumulate sufficient cash reserves to pay projected income tax refunds, earned income tax credits, and child tax credits in a timely manner. Notwithstanding any other provision of law, such cash receipts may be used to pay for *prior years'* income tax refunds, earned income tax credits, and child tax credits."

OFFICE OF THE SPEAKER
JUDITH T. WON PAT, Ed.D.
CHAIRPERSON OF THE COMMITTEE ON EDUCATION AND PUBLIC LIBRARIES

VICE CHAIR
COMMITTEE ON TOURISM, MUNICIPAL AFFAIRS, HOUSING AND RECREATION

COMMITTEE ON TAXATION, APPROPRIATIONS, PUBLIC DEBT, BANKING, INSURANCE, RETIREMENT AND LAND

COMMISSIONER
GUAM COMMISSION ON DECOLONIZATION

GUAM FIRST COMMISSION

VICE PRESIDENT
ASSOCIATION OF PACIFIC ISLAND LEGISLATURES (APIL)

BOARD MEMBER
PACIFIC RESOURCES FOR EDUCATION AND LEARNING (PREL)

LEGISLATIVE REPRESENTATIVE
PACIFIC ISLAND DEVELOPMENT BANK (PIDB)

FESTIVAL OF THE PACIFIC ARTS (FESTPAC)

June 4, 2012

To: Honorable Rory J. Respicio
Chairman, Committee on Rules

RE: Waiver of Public Hearing Request on Bill No. 470-31(LS)

After careful evaluation for a request to waive the requirements for a public hearing on Bill No. 470-31 (LS)

Bill No. 470-31 (LS) AN ACT TO AMEND § 50103 OF CHAPTER 50 OF DIVISION 2, TITLE 11 GUAM CODE ANNOTATED RELATIVE TO THE INCOME TAX REFUND RESERVE FUND.

I certify that Bill No. 470-31 (LS) meets a condition set forth in 2 GCA §2103(a), and that the requirements for a public hearing on Bill No. 470-31 (LS).

Senseramente,

Judith T. Won Pat, Ed.D.
Speaker

Cc: Clerk of the Legislature