FILE COPY

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. 514-31 (COR), "AN ACT TO *AMEND* ITEM (ii) AND REPEAL ITEM (iii) OF §1512.3(a)(2)(B) OF ARTICLE 5, CHAPTER 1, TITLE 5, GUAM CODE ANNOTATED, RELATIVE TO PRIORITIZING THE PAYMENT OF INCOME TAX REFUNDS WITH THE REMAINING EIGHTEEN MILLION DOLLARS OF SERIES B BOND PROCEEDS",** was on the 14th day of December, 2012, duly and regularly passed.

Benjamin J.F. Cruz.
Acting Speaker

Attested:

Tina Rose Muña Barnes
Legislative Secretary

This Act was received by *I Maga'lahen Guåhan* this 17 day of Dec, 2012, at 11:40 o'clock A.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. 514-31 (COR)

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

AN ACT TO *AMEND* ITEM (ii) AND REPEAL ITEM (iii) OF §1512.3(a)(2)(B) OF ARTICLE 5, CHAPTER 1, TITLE 5, GUAM CODE ANNOTATED, RELATIVE TO PRIORITIZING THE PAYMENT OF INCOME TAX REFUNDS WITH THE REMAINING EIGHTEEN MILLION DOLLARS OF SERIES B BOND PROCEEDS.

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Legislative Statement and Intent. *I Liheslaturan Guåhan* finds that the payment of past-due income tax refunds is a top priority of *I Liheslatura.* Such priority was and continues to be apparent in *I Liheslatura's* passing of Public Law 31-76 and Public Law 31-196, which authorized the government of Guam to

borrow a total of approximately Two Hundred Sixty Million Dollars ($260,000,000) to pay past-due income tax refunds to the people of Guam. Furthermore, in the passing and enactment of the *General Appropriations Act of Fiscal Year 2013*, the amount of One Hundred Million Dollars ($100,000,000) in income tax refunds was set-aside before any other expenditures of the government of Guam, which signifies this continued prioritization of the payment of income tax refunds.

I Liheslaturan Guåhan further finds that Public Law 31-76 authorized the Series A bond, and Public Law 31-196 authorized the Series B bond. In the Series B bond issuance after the payment of approximately Sixty Million Dollars ($60,000,000) in past-due income tax refunds *I Liheslaturan Guåhan* finds that there remains approximately Eighteen Million Dollars ($18,000,000) in bond proceeds that has *not* been expended.

I Liheslaturan Guåhan further finds that Public Law 31-196, the Series B bond authorization, mandated *I Maga'låhen Guåhan* to use the Series B bond proceeds for the following options: (1) the design, construction, re-construction, rehabilitation, maintenance, renovation of government of Guam or Guam Department of Education-owned school facilities, and/or procurement and preventive maintenance of school buses; and/or (2) the payment of unpaid income tax refunds for tax year 2011; and/or (3) if no alternate source of funding is available, the payment of health insurance premiums for Fiscal Year 2012.

I Liheslaturan Guåhan further finds that *I Maga'låhen Guåhan* chose to prioritize the use of Eighteen Million Dollars ($18,000,000) of Fiscal Year 2012 revenue collections that were budgeted to pay income tax refunds to fund the Fiscal Year 2012 payments to the health insurance instead of paying income tax refunds. It is the finding of *I Liheslatura* that there still remains proceeds of the Eighteen Million Dollars ($18,000,000) in Series B bond issue that have yet to be expended, with Fiscal

Year 2013 fast approaching, which illustrates that *I Maga'låhen Guåhan* used Fiscal Year 2012 revenue collections to fund Fiscal Year 2012 health insurance premiums.

With *I Liheslatura's* prioritization of the payment of past-due income tax refunds, it is the intent of *I Liheslaturan Guåhan* to require the remaining of the Eighteen Million Dollars ($18,000,000) of Series B bond proceeds be reimbursed directly to the Income Tax Refund Efficient Payment Trust Fund and then be used to pay income tax refunds for tax years 2012 and prior.

Section 2. §1512.3(a)(2)(B)(ii) of Article 5, Chapter 1, Title 5 of the Guam Code Annotated is hereby *amended* to read:

"(ii) the payment of unpaid income tax refunds for tax year 2012 and prior."

Section 3. §1512.3(a)(2)(B)(iii) of Article 5, Chapter 1, Title 5 of the Guam Code Annotated is hereby *repealed.*

Section 4. Reaffirmation of §1512.3(o)(1) of Article 5, Chapter 1, Title 5 of the Guam Code Annotated. The Legislature does hereby reaffirm without amendment Section 1512.3(o)(1) of Article 5, Chapter 1, Title 5 of the Guam Code Annotated relative to mandating the deposit of bond proceeds for Income Tax Refunds:

"(1) Pay Income Tax Refunds. The portion of the bond proceeds authorized by this Section to pay income tax refunds *shall* be transferred immediately after receipt thereof by the bond trustee into the Income Tax Reserve Fund and *shall* be considered separate and apart from any required deposits in Title 11, Guam Code Annotated, Chapters 50 and 51, and *shall not* be credited toward any required deposits in Title 11, Guam Code Annotated, Chapters 50 and 51."

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

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