EDDIE BAZA CALVO
Governor

RAY TENORIO
Lieutenant Governor

Office of the Governor Of Guam

July 13, 2018

GL# 34-18-2077
Speaker Benjamin J.F. Cruz

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Honorable Benjamin J.F. Cruz
Speaker
I Mina'trentai Kuåttro Na Liheslaturan Guåhan
Guam Congress Building
163 Chalan Santo Papa
Hagåtña, Guam 96910

Dear Mr. Speaker:

Attached is Bill No. 262-34 (COR) entitled *"An Act . . . Relative to Repealing the Imposition of a General Sales Tax in Guam,"* which I have **VETOED**.

The obvious inexperience of freshmen senators like Regina Lee and Fernando Esteves, combined with the personal motives of senators running for higher office to include Senators Mike San Nicolas (congressional candidate), Frank Aguon (gubernatorial candidate), and Dennis Rodriguez (gubernatorial candidate) have robbed the Guam Memorial Hospital Authority and the Department of Education (DOE) of $40 million a year, and manufactured a fiscal crisis for Fiscal Year 2019.

Financial and public health experts agree, and the senators admit, that GMH has always been shortchanged. A portion of the revenues earned from the sales tax were intended to finally fix decades of underfunding. The remaining revenue was earmarked for the public schools and the education of Guam's children.

And yet with shocking disregard, the senators have callously turned their backs on the hospital, the schools and their government in order to further their own interests.

Bill 262-34 provides *no solutions* and serves no purpose other than to:

(1) Strip GMH of $30 million every year, at a time when the hospital needs life-saving facility investments and funding to address accreditation and CMS findings.

(2) Strip DOE of $10 million every year, thereby crippling any facility repairs and classroom improvements; and

(3) Manufacture a fiscal crisis by repealing a revenue source without providing; and leaving the island with a revenue shortfall of up to $160 million in Fiscal Year 2019.

In short, we have a hospital that for 40 years hasn't received the funding it needs to meet its mandate, we have nearly $100 million in deferred maintenance at public schools, and a revenue shortfall of up to $160 million. A repeal of the sales tax without a solution is a catastrophe that will cause the loss of ***up to*** 1,500 government jobs, which in turn will trickle down to adversely affect the private sector.

Mr. Speaker, you have repeatedly warned **your colleagues** that the shortfall in revenues caused by the federal tax cuts is real and that a repeal of the sales tax without an equally real solution is nothing but a fallacy. *"There are some real tough times ahead … I assure you that the revenue loss is at least $120 million and close to $160 million if not more,"* you told your fellow Senators. *"The loss to the General Fund is real."* You also said that while painful, there has to be a solution proffered and not just a simple removal to the sales tax provision currently allowed by law: *"How are we supposed to raise the revenue?"*

I am proud to veto Bill 262-34. It is the most self-serving and irresponsible bill that has ever been passed by any Legislature. The senators who voted for it have shown their true colors. Abandoning the hospital and schools, and causing the shutdown of government services and a loss of personnel, are disasters that will very quickly bleed into and bring down the economy and the private sector.

Senseramente,

EDDIE BAZA CALVO

I MINA'TRENTAI KUÅTTRO NA LIHESLATURAN GUÅHAN
2018 (SECOND) Regular Session

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

This is to certify that **Bill No. 262-34 (COR), "AN ACT TO *REPEAL* SECTIONS 1, 3, 4, 16, 17, AND 18; AND TO *AMEND* SECTION 2, ALL OF PUBLIC LAW 34-87, RELATIVE TO REPEALING THE IMPOSITION OF A GENERAL SALES TAX IN GUAM,"** was on the 2nd day of July 2018, duly and regularly passed.

Benjamin J.F. Cruz
Speaker

Attested:

Régine Biscoe Lee
Legislative Secretary

This Act was received by *I Maga'låhen Guåhan* this 2 day of JULY 2018, at 5:52 o'clock P.M.

Assistant Staff Officer
Maga'låhi's Office

APPROVED:

EDWARD J.B. CALVO
I Maga'låhen Guåhan

Date:

Public Law No.

I MINA'TRENTAI KUÅTTRO NA LIHESLATURAN GUÅHAN
2018 (SECOND) Regular Session

Bill No. 262-34 (COR)
As corrected by the Prime Sponsor;
and amended by the Committee on
Education, Finance and Taxation and
further amended on the Floor.

Introduced by: Michael F.Q. San Nicolas
Thomas C. Ada
FRANK B. AGUON, JR.
William M. Castro
B. J.F. Cruz
James V. Espaldon
Fernando Barcinas Esteves
Régine Biscoe Lee
Tommy Morrison
Louise B. Muña
Telena Cruz Nelson
Dennis G. Rodriguez, Jr.
Joe S. San Agustin
Therese M. Terlaje
Mary Camacho Torres

AN ACT TO *REPEAL* SECTIONS 1, 3, 4, 16, 17, AND 18; AND TO *AMEND* SECTION 2, ALL OF PUBLIC LAW 34-87, RELATIVE TO REPEALING THE IMPOSITION OF A GENERAL SALES TAX IN GUAM.

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Repeal of General Sales Tax. Section 1 of Public Law 34-87 is hereby *repealed.*

Section 2. Repeal of Use and Appropriation of Revenue from General Sales Tax. Section 3 of Public Law 34-87 is hereby *repealed.*

Section 3. Repeal of Approval of Voters Not Required for General Sales Tax. Section 4 of Public Law 34-87 is hereby *repealed*.

Section 4. Repeal of SNAP Exemption for General Sales Tax. Section 16 of Public Law 34-87 is hereby *repealed*.

Section 5. Repeal of General Sales Tax Visible as a Receipt Line Item. Section 17 of Public Law 34-87 is hereby *repealed*.

Section 6. Repeal of Effective Date of General Sales Tax. Section 18 of Public Law 34-87 is hereby *repealed*.

Section 7. Amendment of Monthly Returns for Alcoholic Beverage Tax, Liquid Fuel Tax, Automotive Surcharges and Tobacco Tax. Section 2 of Public Law 34-87 is hereby *amended* to read:

"**Section 2.** § 26110(a) of Article 1, Chapter 26, Title 11, Guam Code Annotated, is *amended* to read:

(a) Monthly Returns for Alcoholic Beverage Tax, Liquid Fuel Tax, Automotive Surcharges and Tobacco Tax. Each taxpayer against whom a tax is levied by the provisions of Articles 3, 4, 5, and 6 of this Chapter *shall* make and file monthly returns of taxes with the Tax Commissioner on or before the twentieth (20th) day following the close of the calendar month in which the taxes shall accrue, and in the form and in accordance with the rules and regulations prescribed by the Tax Commissioner. Except as may be specifically hereinafter provided, payment covering the full amount of tax liability as evidenced by the monthly return *shall* accompany such monthly return."