



Office of the Governor of Guam

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Felix Perez Camacho  
Governor

Kaleo Scott Moylan  
Lieutenant Governor

Office of the People's Speaker  
vicente (ben) c. pangelinan

MAR 04 2003

TIME: 4:56 ( ) AM ( ) PM  
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March 4, 2003

The Honorable Vicente C. Pangelinan  
Speaker  
*I Mina' Bente Siete Na Liheslaturan Guåhan*  
Twenty-Seventh Guam Legislature  
155 Hesler Street Hagåtña, Guam 96910

Dear Mr. Speaker Pangelinan:

Enclosed please find Bill No.42 (COR), "AN ACT RELATIVE TO APPROPRIATING NECESSARY FUNDS FOR THE OPERATION OF THE EXECUTIVE, JUDICIAL, AND LEGISLATIVE BRANCHES OF THE GOVERNMENT OF GUAM FOR THE REMAINDER OF FISCAL YEAR 2003; INSTITUTING NECESSARY BUDGETARY REDUCTIONS IN GOVERNMENT EXPENDITURES; AND PROVIDING *I MAGA 'LAHEN GUAHAN* THE TOOLS AND FLEXIBILITY TO FURTHER IMPLEMENT CRITICAL REDUCTIONS IN THE OPERATIONAL COSTS OF THE GOVERNMENT OF GUAM," which I have signed into law on February 28, 2003 as Public Law 27-05.

Mr. Speaker, *I Liheslaturan Guåhan* is to be commended for their efforts in passing Bill No. 42. It is an important first step in beginning to address the difficult decisions that face our island community. Our current fiscal crisis calls for bold, decisive leadership and a community united in sharing in the painful process of rightsizing a government crippled by years of abuse and mismanagement.

Less than sixty (60) days ago, this Administration took over a near bankrupt government with a cash shortfall of \$110 million and an inevitable budgetary shortfall of another \$100 million. After weeks of arduous budget deliberations that in the end included tax increases and immediate reductions in salaries government-wide, we remain at about the same position from a cash standpoint. While Public Law 27-05 provides a workable budgetary framework, the revenues and savings to be derived do not address our cash requirement for providing basic services in the near term. As indicated in my presentation on the financial condition of the government back in January 2003 and again in my revised expenditure plan on February 10, 2003, in compliance with Public Law 27-02, the need for cash infusion is a key component to

our fiscal recovery. To this end, my office is presently working on proposed legislation for cash infusion to be transmitted later this week.

My Administration is moving forward with immediate cost cutting initiatives but recognizes the need for long-term economic stimulus and permanent changes in the size, organization, and structure of our government. Therefore, in the coming months, this Administration will be working on initiatives aimed at rightsizing, reorganizing, consolidating, and even eliminating certain government functions through outsourcing and privatization. I ask for *I Liheslaturan Guåhan*'s continued assistance in implementing measures which may require legislation.

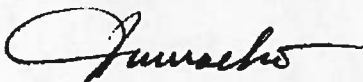
In the revenue component of Public Law 26-05, I wish to point out that the income tax and gross receipts tax categories and the Tourist Attraction Fund may be optimistic. The estimates do not appear to have taken into consideration Supertyphoon Pongsona's inevitable adverse impact. Conceivably, a \$10 million decline may result in the areas of income tax and gross receipts tax, and the Tourist Attraction Fund may yield only \$12 million by fiscal year end. I have asked the Director of the Guam Visitors Bureau to provide contingencies for operational adjustments in anticipation of this shortfall. We will closely monitor and track any changes in the General Fund revenues and my Administration will continue to implement the adjustments necessary to balance the budget.

Please review the following for possible technical changes that need to be addressed:

1. On page 11, line 10 should read "Section 3 of Public Law..."
2. Section 6 of Chapter 11, The Creation of Public School Library Resources Fund, has been added to Chapter 41 of Title 17 of the Guam Code Annotated. Chapter 41 of Title 17 of the Guam Code Annotated relates to Vocational Rehabilitation.
3. On page 38, line 17 should read "GCA § 8201(I)" instead of "GCA § 8301(I)"

Mr. Speaker, I pledge to continue to work in cooperation with *I Liheslaturan Guåhan* in evaluating this entire government, its programs, policies, and practices, so we may continue to deliver on our promises of a brighter future. I ask for your continued support in the coming months to effectuate lasting and meaningful changes in our government and how it serves our people.

Sincerely,



FELIX P. CAMACHO  
*I Maga'lahaen Guåhan*  
Governor of Guam

Enclosure

Cc: The Honorable Tina Rose Muns-Barnes  
Senator and Legislative Secretary

Document No.: 03-02028/lc

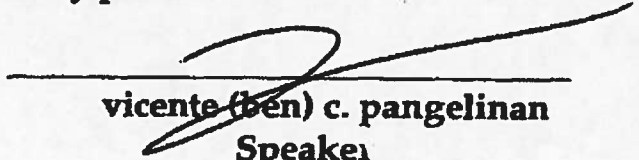
I MINA'BENTE SIETE NA LIHESLATURAN GUAHAN  
2003 (FIRST) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUAHAN

This is to certify that Substitute Bill No. 42 (COR), "AN ACT RELATIVE TO APPROPRIATING NECESSARY FUNDS FOR THE OPERATION OF THE EXECUTIVE, JUDICIAL, AND LEGISLATIVE BRANCHES OF THE GOVERNMENT OF GUAM FOR THE REMAINDER OF FISCAL YEAR 2003; INSTITUTING NECESSARY BUDGETARY REDUCTIONS IN GOVERNMENT EXPENDITURES; AND PROVIDING I MAGA'LAHEN GUAHAN THE TOOLS AND FLEXIBILITY TO FURTHER IMPLEMENT CRITICAL REDUCTIONS IN THE OPERATIONAL COSTS OF THE GOVERNMENT OF GUAM," was on the 28<sup>th</sup> day of February, 2003, duly and regularly passed.

Attested.

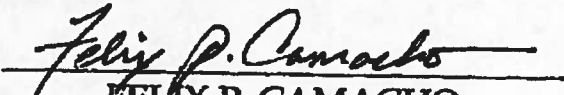
  
Tina Rose Muna-Barnes  
Senator and Legislative Secretary

  
vicente (ben) c. pangelinan  
Speaker

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This Act was received by I Maga'lahaen Guahan this 28<sup>th</sup> day of FEBRUARY, 2003,  
at 9:15 o'clock P.M.

  
Assistant Staff Officer  
Maga'lahaen's Office

APPROVED:

  
FELIX P. CAMACHO  
I Maga'lahaen Guahan

Date: FEBRUARY 28, 2003

Public Law No. 27-05

**MINA' BENTE SIETE NA LIHESLATURAN GUÅHAN  
2003 (FIRST) REGULAR SESSION**

**Bill No. 42 (COR)**

As substituted by the Committee on Appropriations and Budgeting, General Governmental Operations, Reorganization and Reform and further substituted on the Floor, and amended in the Committee of the Whole.

**Introduced by:**

Committee on Appropriations and Budgeting, General Governmental Operations, Reorganization and Reform

F. B. Aguon, Jr.

J. M.S. Brown

F. R. Cunliffe

C. Fernandez

Mark Forbes

L. F. Kasperbauer

R. Klitzkie

L. A. Leon Guerrero

J. A. Lujan

T. Muna-Barnes

v. c. pangelinan

J. M. Quinata

R. J. Respicio

Toni D. Sanford

Ray Tenorio

**AN ACT RELATIVE TO APPROPRIATING NECESSARY FUNDS FOR THE OPERATION OF THE EXECUTIVE, JUDICIAL, AND LEGISLATIVE BRANCHES OF THE GOVERNMENT OF GUAM FOR THE REMAINDER OF FISCAL YEAR 2003; INSTITUTING NECESSARY BUDGETARY REDUCTIONS IN GOVERNMENT EXPENDITURES; AND PROVIDING *I MAGA'LAHEN***

1 collected, derived or received from the issuance of passports shall be  
2 deposited in the Fund created by §1111 of this Title.”

3 **Section 4. Director of Revenue and Taxation Authorized to Use**  
4 **Passport Funds and Hire Passport Agents.** A new subsection (e) is added  
5 to 11 GCA §1107 to read:

6 “(e) Shall expend fifty percent (50%), *pro rata*, of the funds in  
7 the Tax Collection Enhancement Fund to employ Tax Technicians,  
8 Revenue Agents, Revenue Officers and for other related expenses in  
9 order to increase collection of taxes and for the salaries of employees  
10 serving as Passport Acceptance Agents, two of whom may be  
11 transferred into the Department. He shall deposit fifty percent (50%),  
12 *pro rata*, of the funds in the Tax Collection Enhancement Fund to the  
13 Public School Library Resources Fund created by 17 GCA §4120.1.”

14 **Section 5. Creation of Tax Collection Enhancement Fund.** A new  
15 §1111 is added to Title 11, Guam Code Annotated, to read:

16 “§1111. **Creation of Tax Collection Enhancement Fund.** No  
17 **Commingling.** There is hereby created, separate and apart from other  
18 funds of the government of Guam, a reserve fund known as the Tax  
19 Collection Enhancement Fund (the “Fund”). The Fund shall not be  
20 commingled with the General Fund or any other funds of the  
21 government of Guam. Expenditure from the Fund shall be pursuant  
22 to 11 GCA §1107(e) for FY 2003, 2004, and 2005, and by appropriation  
23 only beginning with Fiscal Year 2006.”

24 **Section 6. Creation of Public School Library Resources Fund.** A  
25 new §41201.1 is added to Title 17, Guam Code Annotated, to read:

1           “§41201.1 (a) There is hereby created, separate and apart from  
2 other funds of the government of Guam, a fund known as the "Public  
3 School Library Resources Fund ("Fund")." The Fund shall not be  
4 commingled with the General Fund and shall be kept in a separate  
5 bank account and administered by the Guam Education Policy Board.  
6 All monies deposited into the Fund shall be expended exclusively for  
7 enhancement of learning resources and technology within the Public  
8 School Libraries, including, but not limited to, the purchase of  
9 computer equipment for the direct use of students, resources,  
10 subscriptions, periodical materials and other library supplies and  
11 materials that directly benefit the students.”

12           **Section 7. Insurance Coverage on Public Facilities.** The sum of  
13 Two Hundred Seventy Thousand Dollars (\$270,000.00) is hereby  
14 appropriated from the General Fund for Fiscal Year 2003 to the  
15 Department of Administration for insurance coverage of public facilities in  
16 compliance with requirements set forth by the Federal Emergency  
17 Management Agency, including but not limited to, the Department of  
18 Education facilities, but excluding autonomous agency facilities. The  
19 Department of Administration shall be the coordinating agency for the  
20 solicitation and acquisition of such insurance coverage, which coverage  
21 shall be up to and include, September 30, 2003. A written request shall be  
22 forwarded to *I Liheslaturan Guåhan* by the Department of Administration  
23 on the financial requirement for such insurance coverage for Fiscal Year  
24 2004 no later than August 1, 2003. The funds appropriated herein shall not  
25 be subject to *I Maga'lahren Guåhan's* transfer authority.