

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

Public Law No. 27-005

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 GUÅHAN* THE TOOLS AND FLEXIBILITY TO FURTHER IMPLEMENT CRITICAL REDUCTIONS IN THE OPERATIONAL COSTS OF THE GOVERNMENT OF GUAM.

BE IT ENACTED BY THE PEOPLE OF GUAM:

INDEX

CHAPTER I.

ESTIMATED REVENUES.

Section 1. Revised Revenue Estimate for Fiscal Year 2003.

CHAPTER II.

GENERAL APPROPRIATIONS.

Section 1. Government Appropriations for the Remainder of Fiscal Year 2003.

CHAPTER III.

MISCELLANEOUS APPROPRIATIONS.

Section 1. Office of *I Maga'lahen Guåhan* Appropriation.

- Section 2. Passport Office Employees Moved to Department of Revenue and Taxation.**
- Section 3. Passport Funds Deposited into Tax Collection Enhancement Fund.**
- Section 4. Director of Revenue and Taxation Authorized to Use Passport Funds and Hire Passport Agents.**
- Section 5. Creation of Tax Collection Enhancement Fund.**
- Section 6. Creation of Public School Library Resources Fund.**
- Section 7. Insurance Coverage on Public Facilities.**
- Section 8. Guam Aquaculture Development and Training Center Appropriation.**
- Section 9. Guam Police Department Matching Federal Funds Requirement.**
- Section 10. Government of Guam Agency Relocation Funds.**
- Section 11. Appropriation to *I Liheslaturan Guåhan*.**
- Section 12. Department of Public Health and Social Services Appropriation.**
- Section 13. Amendment of Appropriation to the Department of Public Health and Social Services for Public Assistance Program Payments.**
- Section 14. Senior Citizen Support Services Unit Appropriation.**
- Section 15. Office of Finance and Budget Appropriation.**
- Section 16. Mayors Council Appropriation.**
- Section 17. Amendment of Supplemental Annuity Appropriation.**
- Section 18. Appropriation to the Government of Guam Retirement Fund for Sliding Scale Supplemental Annuity Benefits.**
- Section 19. Repeal of COLA Appropriation.**
- Section 20. Amendment to Guam Community College Appropriation.**
- Section 21. Amendment to University of Guam Appropriations.**
- Section 22. Office of the Public Auditor Appropriation.**
- Section 23. Appropriation to Customs and Quarantine Agency for Personnel Services.**
- Section 24. Expansion of Public Health Community Centers.**

CHAPTER IV.

MISCELLANEOUS PROVISIONS.

- Section 1. *I Maga'lahen Guåhan* Transfer Authority.**
- Section 2. Annual Leave.**
- Section 3. Accumulation of Annual Leave.**
- Section 4. Maximum Accumulation of Annual Leave at Three Hundred Twenty (320) Hours.**
- Section 5. Suspension of Night Differential Pay.**
- Section 6. Transfer of Employees.**

- Section 7. Preferred Hiring of Government Employees in Autonomous Agencies.**
- Section 8. Reduction of Senatorial Salaries.**
- Section 9. *I Maga'lahren Guâhan* and *Segundo Maga'lahren Guâhan* Salary Reduction.**
- Section 10. Mayors and Vice-Mayors Salary Reduction.**
- Section 11. Attorney General Salary Reduction.**
- Section 12. Public Auditor Salary Reduction.**
- Section 13. Salary Savings to the General Fund.**
- Section 14. *I Maga'lahren Guâhan* Special Fund Transfer.**
- Section 15. Judicial Branch Staffing Levels.**
- Section 16. Restriction on Executive Branch Hiring of Unclassified Employees.**
- Section 17. Moratorium on Compensation for Appointed Boards and Commissions; Reduction in CCU Compensation.**
- Section 18. Amendment to Prohibition on Personal Services Contracts.**
- Section 19. Furlough and Layoff Procedures.**
- Section 20. Government Unfunded, Liability Amortization Cost Amendment.**
- Section 21. Cost Containment Measures.**
- Section 22. Retirement Fund Board Composition.**
- Section 23. Additions to Retirement Annuity.**
- Section 24. Additions to Survivor Annuity.**
- Section 25. Additions to Disability Retirement Annuity.**
- Section 26. Survivor Sliding Scale Annuity Additions.**
- Section 27. Disability Sliding Scale Annuity Additions.**
- Section 28. Sliding Scale Annuity Additions.**
- Section 29. Guam Visitors Bureau Transfer Authority.**
- Section 30. Authorization to Use Credits for Sports Tourism Events.**
- Section 31. Privatization of DOE Cafeteria and Facility Maintenance Services.**

CHAPTER V.

REVENUE ENHANCEMENTS.

- Section 1. Excise Tax on Alcoholic Beverages.**
- Section 2. Tobacco Tax Rates.**
- Section 3. Increase in Vehicle Registration Fee.**
- Section 4. Increase in Vehicle Registration Fee after April 1, 2003.**

- Section 5. Tracking of Government of Guam General Fund Revenues and Expenditures for Fiscal Year 2003.**
- Section 6. Increase in Gross Receipts Tax Rates.**
- Section 7. Reduction of GRT Exemptions.**
- Section 8. Use Tax Amendment.**
- Section 9. Severability.**

**CHAPTER I.
ESTIMATED REVENUES.**

Section 1. Revised Revenue Estimate for Fiscal Year 2003. *I Liheslaturan Guåhan* hereby updates and adopts from the Executive Branch the following revenue estimates for Fiscal Year 2003, which shall be utilized for appropriations contained herein:

I. GENERAL FUND REVENUE	AMOUNTS
A. <u>Taxes</u>	
i.) Income Tax (Individual, Withholding and Corporate)	\$ 140,145,420.00
ii.) Federal Income Tax Collection (Section 30 Funds)	\$ 54,000,000.00
iii.) Gross Receipts Tax	\$ 175,032,443.00
iv.) Other Taxes	\$ <u>4,532,990.00</u>
TOTAL TAXES	\$ 373,710,853.00
B. <u>Federal Sources</u>	
Immigration Fees and Indirect Cost	\$ 2,835,187.00
C. <u>Use of Money and Property</u>	
Interest Earned on Account	\$ 132,387.00
D. <u>Licenses, Fees and Permits</u>	
Business Licenses, Weights and Measures Fees and Others	\$ 996,585.00
E. <u>Department Charges</u>	
Education, Public Health, Agriculture and Others	\$ 1,546,091.00
F. <u>Outstanding Tax Receivables Collections</u>	
	\$ <u>13,000,000.00</u>
<u>TOTAL GENERAL FUND REVENUE</u>	\$ 392,221,103.00
II. SPECIAL FUND REVENUE	
A. Abandoned Vehicle and Streetlight Fund	\$ 1,650,766.00
B. Chamorro Land Trust Fund	\$ 566,765.00

C.	Customs, Agricultural and Quarantine Inspection Services Fund	\$	7,875,149.00
D.	Enhanced 911 Emergency Reporting System Fund	\$	739,301.00
E.	Guam Contractors License Board Fund	\$	242,599.00
F.	Guam Highway Fund	\$	8,168,021.00
G.	Land Survey Revolving Fund	\$	181,923.00
H.	Manpower Development Fund	\$	107,580.00
I.	Parks Fund	\$	65,181.00
J.	Police Services Fund	\$	288,479.00
K.	Professional Engineers, Architects and Land Surveyors Board Fund	\$	151,000.00
L.	Safe Street Fund	\$	100,000.00
M.	Solid Waste Fund	\$	4,845,437.00
N.	Tourist Attraction Fund	\$	14,557,703.00
O.	Healthy Futures Fund	\$	3,530,417.00
P.	Safe Homes, Safe Streets Fund	\$	<u>1,473,750.00</u>
	<u>TOTAL SPECIAL FUND REVENUE</u>	\$	44,544,071.00

III. FEDERAL MATCHING GRANTS-IN-AID REVENUE

Federal Grants-In-Aid Requiring Local Match:

A.	Agriculture	\$	457,000.00
B.	Guam Council on the Arts and Humanities	\$	240,200.00
C.	Guam Environmental Protection Agency	\$	1,465,652.00
D.	Guam Public Library	\$	106,337.00
E.	Integrated Services for Individuals with Disabilities	\$	1,983,456.00
F.	Labor	\$	74,600.00
G.	Law	\$	3,896,622.00
H.	Military Affairs	\$	842,383.00
I.	Public Health and Social Services	\$	16,856,438.00
J.	University of Guam	\$	1,432,379.00
K.	Youth Affairs	\$	33,000.00
	TOTAL FEDERAL MATCHING GRANTS-IN-AID REVENUE	\$	<u>27,388,067.00</u>

REVENUE SUMMARY

	TOTAL GENERAL FUND REVENUE	\$	392,221,103.00
--	----------------------------	----	----------------

TOTAL SPECIAL FUND REVENUE	\$ 44,544,071.00
TOTAL FEDERAL MATCHING GRANTS- IN-AID REVENUE	\$ <u>27,388,067.00</u>
GRAND TOTAL	\$ 464,153,241.00

CHAPTER II.

GENERAL APPROPRIATIONS.

Section 1. Government Appropriations for the Remainder of Fiscal Year 2003.

The sum of One Hundred Forty-Seven Million Six Hundred Eighty-Two Thousand Eight Hundred Sixty-Nine Dollars (**\$147,682,869.00**), composed of One Hundred Thirty-Eight Million Four Hundred Seventy-One Thousand Eight Hundred Seventy Dollars (**\$138,471,870.00**) from the General Fund and Nine Million Two Hundred Ten Thousand Nine Hundred Ninety-Nine Dollars (**\$9,210,999.00**) from Special Funds, is appropriated for the personnel costs of the Executive and Judicial branches for the remaining months of Fiscal Year 2003, from March 1 through September 30, 2003, which sum shall be expended in accordance with Appendix A of this Act. The appropriations contained in Appendix A are representative of the fiscal year's funding for the respective entities for the remainder of the fiscal year.

The appropriations from the General Fund of Thirty-Four Million Six Hundred Twenty-Nine Thousand Seven Dollars (**\$34,629,007.00**) previously provided in Appendix A of Public Law 26-152 for operations of the respective Government of Guam agencies are hereby amended to reflect the FY 2003 Adjusted Operations Cost amounts of Thirty-Two Million One Hundred Fifty-Five Thousand Eight Hundred Twenty-Two Dollars (**\$32,155,822.00**) in Appendix B of this Act.

CHAPTER III.

MISCELLANEOUS APPROPRIATIONS.

Section 1. Office of *I Maga'laha*n *Guåhan* Appropriation. The sum of Two Million Five Hundred Fifty-Six Thousand Eight Hundred Three Dollars (**\$2,556,803.00**) is hereby appropriated from the General Fund to the Office of *I Maga'laha*n *Guåhan* for its operations, inclusive of Personnel Services, for the period March 1, 2003, through September 30, 2003.

Section 2. Passport Office Employees Moved to the Department of Revenue and Taxation. Section 2 of P.L. 27-02 is *amended* to read:

“**Section 2.** The sum of Four Hundred Sixty Thousand Nine Dollars (**\$460,009.00**) is hereby appropriated from the General Fund to the Office of *I Maga'laha*n *Guåhan* for its operations, inclusive of Personnel Services, for the period February 1, 2003 through February 28, 2003. Effective July 1, 2003, no appropriation may be used to operate a passport office, except that the Director of Revenue and Taxation is authorized to designate employees of the

Department of Revenue and Taxation to act as Passport Acceptance Agents for the U.S. Passport Office.”

Section 3. Passport Funds Deposited into the Tax Collection Enhancement Fund. A new subsection (n) is added to 11 GCA §1104 to read:

“(n) Passports. The Department shall be responsible for providing Passport Acceptance Agents, provided that all funds collected, derived or received from the issuance of passports shall be deposited in the Fund created by §1111 of this Title.”

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

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

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

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

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

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

Section 7. Insurance Coverage on Public Facilities. The sum of Two Hundred Seventy Thousand Dollars (**\$270,000.00**) is hereby appropriated from the General Fund for Fiscal Year 2003 to the Department of Administration for insurance coverage of public facilities in compliance with

requirements set forth by the Federal Emergency Management Agency, including but not limited to, the Department of Education facilities, but excluding autonomous agency facilities. The Department of Administration shall be the coordinating agency for the solicitation and acquisition of such insurance coverage, which coverage shall be up to and include, September 30, 2003. A written request shall be forwarded to *I Liheslaturan Guåhan* by the Department of Administration on the financial requirement for such insurance coverage for Fiscal Year 2004 no later than August 1, 2003. The funds appropriated herein shall not be subject to *I Maga'lahen Guåhan's* transfer authority.

Section 8. Guam Aquaculture Development and Training Center Appropriation. The sum of One Hundred Forty Thousand Dollars (**\$140,000.00**) is hereby appropriated from the General Fund to the Guam Aquaculture Development and Training Center within the University of Guam to fund its personnel and operational needs for the remainder of the Fiscal Year, from March 1 through September 30, 2003. In future fiscal years, the funding of the Guam Aquaculture Development and Training Center shall be incorporated into the University of Guam budget request.

Section 9. Guam Police Department Matching Federal Funds Requirement. The sum of Eighty Thousand Dollars (**\$80,000.00**) is hereby appropriated from the General Fund to the Guam Police Department to fund the personnel Federal fund matching requirement for the immediate recruitment of twenty (20) new uniformed police officers in Fiscal Year 2003.

Section 10. Government of Guam Agency Relocation Funds. The sum of Three Hundred Thousand Dollars (**\$300,000.00**) is hereby appropriated from the General Fund to the Department of Administration solely for the rental space of government agencies that relocate their offices from Tiyan and for rental of office space for Civil Service Commission by March 2003. The sums provided herein shall be for the period of March 1 through September 30, 2003. The appropriations contained herein shall not be subject to *I Maga'lahen Guåhan's* transfer authority.

Section 11. Appropriation to I Liheslaturan Guåhan. The sum of Four Million Sixty-Six Thousand Five Hundred Six Dollars (**\$4,066,506.00**) is hereby appropriated from the General Fund to *I Liheslaturan Guåhan* for its operations, including Personnel Services, for the period March 1 through September 30, 2003.

Section 12. Department of Public Health and Social Services Appropriation. The sum of One Hundred Sixty-Four Thousand Dollars (**\$164,000.00**) is hereby appropriated from the Environmental Health Fund to the Department of Public Health and Social Services for the purpose of monetary compensation for detailed assignments for thirteen (13) employees within the Division of Environmental Health.

Section 13. Amendment of Appropriation to the Department of Public Health and Social Services for Public Assistance Program Payments. Section 9, Chapter III, of Public Law 26-152 is hereby *amended* to read as follows:

“Section 9. Appropriation to the Public Health and Social Services for Public Assistance Program Payments. The sum of Thirteen Million Six Hundred Thirty-Seven Thousand Five Hundred Sixty-Two Dollars (\$13,637,562.00) is appropriated from the General Fund to the Department of Public Health and Social Services for Public Assistance Program payments for Fiscal Year 2003.”

Section 14. Senior Citizen Support Services Unit Appropriation. The sum of Nine Hundred Eighty-Five Thousand Two Hundred Ninety Dollars (**\$985,290.00**) is hereby appropriated from the General Fund to the Department of Public Health and Social Services for the purpose of meeting the Contracts category shortfall of the Senior Citizens, Title IIIB, Support Services Unit.

Section 15. Office of Finance and Budget Appropriation. There is hereby appropriated from the General Fund to *I Liheslaturan Guåhan*, specifically for the Office of Finance and Budget (OFB), the sum of Three Hundred Thirteen Thousand Nine Hundred Twenty-Three Dollars (**\$313,923.00**) for operations, inclusive of Personnel Services, for the period March 1 through September 30, 2003.

Section 16. Mayors Council Appropriations.

(a) The sum of Three Million Four Hundred Fifteen Thousand Four Hundred Eighty-Two Dollars (**\$3,415,482.00**) is hereby appropriated from the General Fund to the Mayors Council for Personnel Services for the period March 1 through September 30, 2003.

(b) The sum of Two Hundred Fifty Thousand Dollars (**\$250,000.00**) is hereby appropriated from the General Fund to the Mayors Council of Guam for utility obligations incurred during Fiscal Year 2003. These funds shall be allocated by the Mayors Council to the individual mayors and released by BBMR to avoid interruption in utility service, and to allow the individual mayors the ability to directly pay their utility obligations as they become due. Such funds shall not be subject to any transfer authority of *I Maga'lahaen Guåhan*, and shall be utilized for its aforementioned purposes, and shall be further restricted from any other use.

Section 17. Amendment of Supplemental Annuity Appropriation. Section 22 of Chapter III of Public Law 26-152 is hereby *amended* to read:

“Section 22. Appropriations to the Government of Guam Retirement Fund for Supplemental Annuity Benefits and Other Costs.

(a) Fifteen Million Five Hundred Sixty Thousand Twenty-Two Dollars (\$15,560,022.00) is appropriated from the General Fund to the Government of Guam Retirement Fund for the payment of benefits from October 1, 2002 to February 28, 2003, for those employees who retired prior to October 1, 1995 for the continuing provisions of Items (i) through (iv), below, and for the payment of benefits of current retirees from October 1, 2002 to September 30, 2003, consisting of the continuing provisions of Items (v) through (viii), below:

(i) One Thousand Two Hundred Dollars (\$1,200.00) to annuity benefits (to continue existing programs currently contained in the semi-monthly payments);

(ii) One Thousand Five Hundred Dollars (\$1,500.00) to supplemental annuity benefits (to continue existing programs currently contained in the semi-monthly payments);

(iii) Seven Hundred Dollars (\$700.00) to supplemental annuity benefits (to continue existing programs currently contained in the semi-monthly payments);

(iv) Eight Hundred Thirty-Eight Dollars (\$838.00) to annuity benefits (to continue existing programs currently contained in the semi-monthly payments);

(v) *I Maga'lahi and I Segundo Maga'lahi* Pensions (to continue existing programs currently contained in the semi-monthly payments);

(vi) Retiree group health, dental and life insurance premiums (to continue existing programs currently contained in the semi-monthly payments);

(vii) Retiree life insurance subsidy (to continue existing programs currently contained in the semi-monthly payments); and

(viii) to defray the cost of Medicare premiums for government of Guam Retirees and their survivors who are eligible to receive social security income benefits and are required under the government of Guam group health insurance program to pay such premiums to continue to participate in such health insurance program failing which they are excluded therefrom (to continue existing programs contained in the monthly payments).

(b) For October 1, 2002, through February 28, 2003, the Guam Power Authority, the Guam Telephone Authority, the A.B. Won Pat Guam International Airport Authority, the Guam Economic Development Authority, the Guam Housing Corporation, the Government of Guam Retirement Fund, the Port Authority of Guam, and the Guam Visitors Bureau shall remit to the Government of Guam Retirement Fund an amount equal to the number of employees which are retired from each entity multiplied by the amounts listed in Items (i) through (iv) in Subsection (a) of this Section. The remittance shall be made in two (2) equal installments and shall be due on or before December 31, 2002, and March 31, 2003, respectively.

(c) The Government of Guam Retirement Fund shall promulgate, continue and amend, if necessary, previous administrative procedures to ensure the proper

submission, receipt and accounting of all sums remitted in conformance with Subsection (b) of this Section.”

Section 18. Appropriations to the Government of Guam Retirement Fund for Sliding Scale Supplemental Annuity Benefits.

(a) The sum of Three Million Five Hundred Twenty Thousand Eight Hundred Forty Dollars (\$3,520,840.00) is appropriated from the General Fund to the Government of Guam Retirement Fund for the prospective payment of supplemental benefits for the period March 1, 2003, through September 30, 2003, for those employees who retired prior to October 1, 1995, or their survivors, to be paid in the following manner:

(i) Two Thousand Four Hundred Seventy-Two **(\$2,472.00)** for prospective supplemental annuity benefits, known as the sum of One Thousand Two Hundred Dollars **(\$1,200.00)**, One Thousand Five Hundred Dollars **(\$1,500.00)**, Seven Hundred Dollars **(\$700.00)**, and Eight Hundred Thirty-Eight Dollars **(\$838.00)** in annual benefits formerly contained in various General Appropriation Acts, for those employees who retired as of October 1, 1977, or their survivors. This amount shall now be known as Class 1 Retiree Supplemental Annuity Benefits.

(ii) One Thousand Seven Hundred Seventy-Two **(\$1,772.00)** for prospective supplemental annuity benefits, comprised of the sum of One Thousand Five Hundred Dollars **(\$1,500.00)**, Seven Hundred Dollars **(\$700.00)**, and Eight Hundred Thirty-Eight Dollars **(\$838.00)** in annual annuity benefits formerly contained in various General Appropriation Acts, for those employees who retired between October 2, 1977, and October 1, 1980, or their survivors. This amount shall now be known as Class 2 Retiree Supplemental Annuity Benefits.

(iii) One Thousand Three Hundred Sixty-Four Dollars **(\$1,364.00)** for supplemental annuity benefits, comprised of the sum of One Thousand Five Hundred Dollars **(\$1,500.00)**, and Eight Hundred Thirty-Eight Dollars **(\$838.00)** in annual annuity benefits formerly contained in various General Appropriation Acts, for those employees who retired between October 2, 1980, and October 1, 1982, or their survivors. This amount shall now be known as Class 3 Retiree Supplemental Annuity Benefits.

(iv) Eight Hundred Seventy-Five Dollars **(\$875.00)** for prospective supplemental annuity benefits, composed of the annual sum of One Thousand Five Hundred Dollars **(\$1,500.00)** in annual annuity benefits, formerly contained in various General Appropriation Acts, for those employees who retired between October 2, 1982, and October 1, 1995, or their survivors. This amount shall now be known as Class 4 Retiree Supplemental Annuity Benefits.

No persons eligible for Class 1, 2, 3 or 4 Retiree Supplemental Annuity Benefits provided for in paragraph (a) of this Section shall receive such benefit if their regular annual retirement annuity prior to the supplemental amounts herein is more than Forty Thousand Dollars (**\$40,000.00**). Persons eligible for Class 1, 2, 3, or 4 Retiree Supplemental Annuity Benefits shall only receive an amount of such benefits up to the total aggregate sum of Forty Thousand Dollars (**\$40,000.00**) in combined retirement annuities and supplemental retirement annuities and not more.

(b) For March 1, 2003, to September 30, 2003, of Fiscal Year 2003, the Guam Power Authority, the Guam Telephone Authority, the A.B. Won Pat Guam International Airport Authority, the Guam Economic Development Authority, the Guam Housing Corporation, the Government of Guam Retirement Fund, the Port Authority of Guam, the Guam Waterworks Authority and the Guam Visitors Bureau shall remit to the Government of Guam Retirement Fund an amount equal to the number of eligible employees which are retired from each entity multiplied by the amounts listed in Items (i) through (iv) in Subsection (a) of this Section. The remittance shall be made in two (2) equal installments and shall be due on or before June 30, 2003, and August 31, 2003, respectively.

Supplemental Annuities authorized herein are *ex gratia* payments and are for fiscal year 2003 only. Any future supplemental annuities may be addressed by future legislation.

Section 19. Repeal of COLA Appropriation. Section 23 of Chapter III of Public Law 26-152 is hereby *repealed*.

Section 20. Amendment to Guam Community College Appropriation. Section 7 of Public Law 27-02 is hereby *amended* to read as follows:

“**Section 7. Appropriation to GCC.** The sum of Five Million Eight Hundred Forty Thousand Dollars (**\$5,840,000.00**) is hereby appropriated from the General Fund to the Guam Community College for its operations, inclusive of its Personnel Services, for the period February 1, 2003 through September 30, 2003.”

Section 21. Amendment to University of Guam Appropriation. Subsection (a) of Section 10, Chapter III, of Public Law 26-152 is hereby *amended* to read as follows:

“(a) **Appropriations to UOG.** The sum of Twenty-Seven Million One Hundred Fourteen Thousand Three Hundred Sixty-Nine Dollars (**\$27,114,369.00**) composed of Twenty-Five Million Six Hundred Eighty-One Thousand Nine Hundred Ninety Dollars (**\$25,681,990.00**) from the General Fund and One Million Four Hundred Thirty-Two Thousand Three Hundred Seventy-Nine Dollars (**\$1,432,379.00**) from Federal Matching Grants-in-Aid, is hereby appropriated to the University of Guam (“UOG”) for its Fiscal Year 2003 operations. The sum of the funds appropriated herein that can be expended upon the Board of Regents’ sponsored programs for Reserve Officer Training Corp (“ROTC”) and Marine Lab Graduates Assistance Program shall

not exceed One Hundred Fifty-Three Thousand Two Hundred Eighty Dollars (\$153,280.00).”

Section 22. Office of the Public Auditor Appropriation. Subsection (a) of Section 17, Chapter III, of Public Law 26-152 is hereby *amended* to read as follows:

“(a) **Appropriation to the Office of the Public Auditor.** The sum of Eight Hundred Eighty-Seven Thousand Eight Hundred Fifty-Nine Dollars (\$887,859.00) is hereby appropriated from the General Fund to the Office of the Public Auditor for its FY 2003 operations.”

Section 23. Appropriation to Customs and Quarantine Agency for Personnel Services. There is hereby appropriated from the Customs, Agriculture, and Quarantine Inspection Services Fund to the Customs and Quarantine Agency a total of One Million Four Hundred Thousand Dollars (\$1,400,000.00) for the purpose of recruitment of customs officers and essential personnel services staff for the operational requirements of the A. B. Won Pat Guam International Airport. Customs and Quarantine Agency is authorized to also utilize this appropriation for training, drug testing, staff development and the payment for administrative services and equipment assessed by the Department of Administration. This appropriation shall continue until expended for the operations and purposes specified herein. The provision of Section 7 of Chapter IV of this act shall apply to the recruitment of customs officers and other personnel as if the Customs and Quarantine Agency was an autonomous agency.

Section 24. Expansion of Public Health Community Centers. The sum of One Million Three Hundred Twenty-Four Thousand Eight Hundred Seventy-Five Dollars (\$1,324,875.00) is hereby appropriated from the General Fund to the Department of Public Health and Social Services, Division of Public Health, to be allocated and expended as follows: Object Category 230 for contractual services the amount of Three Hundred Thousand Dollars (\$300,00.00); and Object Category 240 for medical and pharmaceutical supplies the amount of One Million Twenty-Four Thousand Eight Hundred Seventy-Five Dollars (\$1,024,875.00).”

CHAPTER IV.

MISCELLANEOUS PROVISIONS.

Section 1. *I Maga’lahen Guåhan* Transfer Authority. Unless otherwise provided in this Act, *I Maga’lahen Guåhan* is hereby authorized to transfer no more than fifteen percent (15%) within an agency or between agencies of the Executive Branch. Such transfer authorization shall be restricted to transfers from the Personnel Services category in Appendix A of this Act to Operations, except that no transfer shall occur into the Personnel Services category for funding any positions within the Executive Branch. This transfer authority shall not be applicable to funds allocated to the Supreme Court of Guam, Superior Court of Guam, *I Liheslaturan Guåhan*, University of Guam, and Guam Community College.

I Maga'lahren Guåhan shall report to *I Liheslaturan Guåhan* on the 5th day of every month subsequent to the enactment of this Act on the application of the provisions contained herein. Such report shall include detailed information on the amount of such transfers and the agency expending such funds.

Section 2. Annual Leave. Repeal of subsection (d) of 4 GCA §4109. Subsection (d) of 4 GCA §4109, as amended by Section 18 of Chapter IV of Public Law 25-164 is hereby *repealed*.

Section 3. Accumulated Annual Leave. Subsection (a) of 4 GCA §4109 is hereby *amended* to read as follows:

“(a) Annual leave shall be granted to employees occupying permanent positions, except personnel of the Department of Education, Guam Community College or the University of Guam who are employed on a school-year basis, in accordance with the following schedule:

- (1) One-half day (4 hours) for each full bi-weekly pay period in the case of employees with less than five (5) years of service;
- (2) Three-fourths day (6 hours) for each bi-weekly pay period in the case of employees with more than five (5) years of service.

For purposes of this Subsection (a), all elected officials except members of the Guam Education Policy Board and the Consolidated Commission on Utilities shall be deemed employees occupying permanent positions.”

Section 4. Maximum Accumulation of Annual Leave at Three Hundred Twenty (320) hours. Subsection (c) of 4 GCA §4109 is hereby *amended* to read as follows:

“(c) Employees entitled to annual leave hereunder may accumulate up to three hundred twenty (320) hours. Any annual leave earned by eligible employees in excess of three hundred twenty (320) hours shall be credited to such employee’s accumulated sick leave; provided, that no more than one hundred (100) hours shall be credited to said sick leave at the end of each fiscal year. The determination of accumulation of annual leave, and crediting of excess hours sick leave, shall be done at the end of each fiscal year.

Employees who have accumulated annual leave in excess of three hundred and twenty (320) hours as of the enactment of this act shall have up to and including September 30, 2004, to use the excess amount of leave or that portion permitted to be credited to sick leave shall be so credited and the remainder of excess leave, if any, shall be lost.”

Section 5. Suspension of Night Differential Pay. Notwithstanding any other provision of law, and effective immediately, the entitlement to Night Differential Pay by public employees in all branches of the government is suspended. Any ability to earn or accrue night differential pay for employees of the Government of Guam is hereby suspended for the duration of Fiscal Year 2003.

Section 6. Transfer of Employees. Notwithstanding any other provision of law, and in recognition of the shortages of personnel in certain areas of the government, *I Maga'lahren Guåhan* is

authorized to transfer employees within or between any department or agency of the Government of Guam, *except* that:

1. The provisions of this Section shall *not* apply to any employee of the Legislative or Judicial Branches of government, personnel within the Department of Education, and personnel within the University of Guam and Guam Community College;
2. The transfer of any employee shall *not* result in a loss of pay or salary;
3. The transfer of any employee shall not occur if the employee has filed a legitimate grievance with the Civil Service Commission for discrimination based on political affiliation, gender, or sexual harassment, unless the said transfer is agreed to by the employee;
4. The provisions of this Section shall not provide for the transfer of autonomous agency employees into line departments or agencies;
5. The transfer of any employee pursuant to this Section shall be accompanied with the authorized funding for the transferred employee's position by the department or agency from which the employee is being transferred, unless the employee is transferred to an autonomous department or agency;
6. The employee shall be provided written notice thirty (30) days prior to the beginning of the pay period in which the employee is to be transferred; *and*
7. This Section shall not be used to transfer employees acting in the best interest of the government in reporting or exposing bad business practices, illegal activities, or unofficial conduct by public officials.

Section 7. Preferred Hiring of Government Employees in Autonomous Agencies.

Notwithstanding any other provision of law, rule, or regulation, employees of the line departments and agencies of the government of Guam shall have the right of first refusal for classified positions being recruited in all autonomous agencies, departments, and instrumentalities, except those positions being recruited "in-house" within such agency. Such recruitment shall be conducted in a competitive process consistent with the merit system of the government of Guam. The Department of Administration is hereby directed and authorized to develop a rating system for use by the autonomous agencies, departments, and instrumentalities in the filling of such positions. This Section shall be interpreted to mean that employees of the line departments and agencies are preferred for employment. In cases where the autonomous agencies, departments, and instrumentalities opine that there are no qualified applicants found from the line departments and agencies, the Civil Service Commission shall review the applications and render its opinion as to the qualification of the applicants. Should the Civil Service Commission agree with the autonomous agencies, departments or instrumentalities that no qualified applicant exists in the line departments, or agencies, then the Civil Service Commission shall certify that the applicants were

not qualified and that the need to recruit from outside government sources exists. The autonomous agencies, departments, or instrumentalities may then commence general recruitment activities.

Section 8. Reduction of Senatorial Salaries. §1106 of Title 2 of the Guam Code Annotated, is *amended* to read:

"§ 1106. Legislative Compensation and Allowances.

(a) Compensation of each member of *I Liheslaturan Guåhan* shall be paid in twenty-six (26) equal installments at the rate per annum of fifty percent (50%) of the annual salary of a judge of the Superior Court; the compensation of the Speaker of *I Liheslaturan Guåhan* shall be paid in twenty-six (26) equal installments at the rate per annum of fifty percent (50%) of the annual salary of the presiding judge of the Superior Court. Such compensation shall be paid out of funds to be appropriated to *I Liheslaturan Guåhan*.

(b) From the date of enactment of this Subsection (b) and until the end of Fiscal Year 2003, the annual salary of Senators of *I Mina'Bente Siete Liheslaturan Guåhan* shall be based on eighty percent (80%) of the amount as computed according to Subsection (a) of this Section, for a reduction of twenty percent (20%)."

Section 9. I Maga'lahren Guåhan and I Segundo Maga'lahren Guåhan_Salary Reduction.

From the date of enactment of this Section and until the end of Fiscal Year 2003, *I Maga'lahren Guåhan* and *I Segundo Maga'lahren Guåhan*, are authorized to reduce their salaries down to eighty percent (80%) of the current amount authorized by the Civil Service Commission pursuant to the Hay Study, for a maximum reduction of twenty percent (20%)."

Section 10. Mayors and Vice-Mayors Salary Reduction. § 40109 of Title 5 of the Guam Code Annotated is *amended* to read:

"§ 40109. Compensation. (a) The compensation of the Chief Mayor, Mayors and Vice-Mayors shall be that provided in 4 GCA § 6206.

(b) From the date of enactment of this Subsection (b) and until the end of Fiscal Year 2003, the Chief Mayor, Mayors, and Vice-Mayors are authorized to reduce their salaries down to eighty percent (80%) of the amount as computed according to Subsection (a) of this Section, for a maximum reduction of twenty percent (20%)."

Section 11. Attorney General Salary Reduction. § 30116 of Chapter 30, Division 3 of Title 5 of the Guam Code Annotated is *amended* to read:

"§ 30116. Compensation. (a) The Attorney General shall be compensated in twenty-six (26) equal installments for an annual salary based on ninety percent (90%) of the annual compensation of a judge of the Superior Court of Guam.

(b) From the date of enactment of this Subsection (b) and until the end of Fiscal Year 2003, the Attorney General is authorized to reduce his salary down to eighty percent (80%) of the

amount as computed according to Subsection (a) of this Section, for a maximum reduction of twenty percent (20%)."

Section 12. Public Auditor Salary Reduction. § 1907 of Title 1 of the Guam Code Annotated is *amended* to read:

"§ 1907. Deputies and Staff. (a) Subject to the availability of funds, the Public Auditor may appoint a Deputy Public Auditor, who shall be appointed to serve at the pleasure of the Public Auditor.

(b) The salaries of the Public Auditor and her staff shall be fixed by the Civil Service Commission in accordance with the methodology recommended by the Hay Study adopted by *I Liheslatura* and effective October 1, 1991, and shall not be diminished during the Public Auditor's term of office.

(c) From the date of enactment of this Subsection (c) and until the end of Fiscal Year 2003, the Public Auditor is authorized to reduce her salary down to eighty percent (80%) of the current salary as set by the Civil Service Commission, for a maximum reduction of twenty percent (20%)."

Section 13. Salary Savings to the General Fund. The Department of Administration is authorized to receive such funds that may result from the reduction of the salaries of *I Maga'lahi* and *I Segundo Maga'lahi*, Attorney General, Public Auditor, Mayors, and Vice-Mayors as authorized by this Act and to deposit said amounts into the General Fund.

Section 14. I Maga'lahaen Guåhan Special Fund Transfer. Notwithstanding any other provision of law, *I Maga'lahaen Guåhan* is authorized to transfer to the General Fund, from any Special Fund, Trust Fund, and Revolving Fund to supplement the cash obligations of the General Fund, *except* that such authority shall *not* extend to the Tourist Attraction Fund, the Customs Agriculture and Quarantine Inspection Services Fund, and funds under the purview and administered by *I Liheslaturan Guåhan*, the Superior Court of Guam, the Supreme Court of Guam or the Public Defender Service Corporation.

Section 15. Judicial Branch Staffing Levels. Notwithstanding any other provision of law, rule, or regulation, the overall number of full-time equivalent (FTE) positions at the Superior Court of Guam and the Supreme Court of Guam shall not exceed the number of employees in incumbent positions as of January 6, 2003. This provision shall cease to be effective on September 30, 2003.

Section 16. Restrictions on Executive Branch Hiring of Unclassified Employees. Notwithstanding any other provision of law, rule, or regulation, and in recognition of the authority vested in *I Maga'lahaen Guåhan* by the Organic Act of Guam, there shall be no employment of or hiring of unclassified employees in the Executive Branch of the government of Guam, except for the following:

- 1) Federally funded positions;
- 2) Teaching positions at the Department of Education;

- 3) Positions at the University of Guam and the Guam Community College;
- 4) Nurses, doctors, licensed medical professionals and ancillary help employees necessary for clinical purposes at the Department of Public Health and Social Services, Department of Mental Health & Substance Abuse, the Office of the Chief Medical Examiner, and the Guam Memorial Hospital Authority; and
- 5) Department of Labor Survey Workers.

This provision does not apply to employees at the Office of *I Maga'lahaen Guåhan* and *I Segundo Maga'lahaen Guåhan*, and the appointments of departments or agencies heads and their First Assistants. For the purposes of this Section, a First Assistant is recognized as the Deputy Director of such agency or a private secretary, but not both.

Section 17. Moratorium on Compensation for Boards and Commissions.

(a) Notwithstanding any other provision of law, rule, or regulation, and except for the Civil Service Commission, a moratorium is hereby placed on the compensation of appointed members of government boards and commissions for their attendance at hearings or meetings, through the end of Fiscal Year 2004.

(b) §79106 of Title 12 of the Guam Code Annotated is *amended* to read:

“**§79106. Compensation.** Commissioners shall be compensated at the rate of Eight Hundred Dollars (\$800.00) per month for their services. All funds required for the operations of the Commission shall be obtained by subscription from the Authorities administered by the Commission, pursuant to such formula as the Commission shall devise. Commissioners shall *not* be eligible for government of Guam retirement or insurance benefits, or other benefits associated with government of Guam employment. Commissioners who are government of Guam retirees may serve on the Commission without giving up their retirement benefits.”

Section 18. Amendment to Prohibition on Personal Services Contracts. Section 11 of Chapter V of Public Law 26-152 is hereby *amended* to read as follows:

“**Section 11. Prohibition on Personal Services Contracts.** Notwithstanding any other provision of law, no appropriation made in this Act shall be used to fund any *new* Personal Services Contracts. The University of Guam, the Guam Community College, the Superior Court and the Supreme Court of Guam, and licensed health professionals shall be *exempt* from the application of this Section.”

Section 19. Furlough and Layoff Procedures. Notwithstanding any other provision of law, rule or regulation, *I Maga'lahi* is authorized to begin furlough and layoff procedures in accordance with the requirements of this Section. The Personnel Rules and Regulations of any Government of Guam departments, bureaus or agencies which includes autonomous agencies or other instrumentalities of the

Executive Branch of the government of Guam, but excludes the University of Guam and the Guam Community College, shall be followed subject to the following:

(a) The written notice procedures contained in the Personnel Rules and Regulations for furloughs and layoffs shall be for thirty (30) days.

(b) The government shall pay for both government and employee health insurance contributions during any period of furlough only when the employee is certified to have family income at or below the Department of Public Health & Social Services' Medically Indigent Program Income Eligibility Level for the specific household size.

(c) Employees with some form of income (e.g., spouse's income, part-time or full-time job, etc.) during the furlough period shall be required to pay for the employee's contribution only, of the health plan premium, provided that income is greater than the Department of Public Health & Social Services' Medically Indigent Program Income Eligibility Level for the specific household size. Employees who wish to continue their life insurance benefits shall be required to pay for the premium for supplemental plans only. The employee shall continue to be fully covered for the basic life insurance while on furlough.

(d) Upon furlough of identified personnel, any appropriations to such agency in excess of actual personnel costs and the cost for continuing health care benefits shall be reverted to the original funding source.

(e) Furloughed employees shall be recalled according to need, classification, or ability to do the job based on retention standing points. The recall notice shall be sent by registered mail, return receipt requested, to the current home address furnished by the employee. It is solely the responsibility of the employees' to ensure that the agency has their current home address.

(f) Unless and until made available to the furloughed employee, any position affected by furlough shall only be filled by the incumbent, provided the incumbent wishes to return and responds to the recall in conformance with Personnel Rules and Regulations, *however*, such incumbent may be displaced in accordance with employees' retention standing points.

(g) Employees returning from furlough shall be paid the same salary as before they were furloughed. Any unused sick leave or annual leave accrued prior to the furlough shall be reinstated. All employment benefits shall be restored at the same rate as before the furlough and subject to all amendments or changes to benefits that may be in effect upon the recall date.

(h) Upon separation of personnel identified for layoff, each vacated position shall be automatically eliminated.

Section 20. Government Unfunded, Liability Amortization Cost Amendment.

§8137(b) of Article 1 of Chapter 8 of Title 4, Guam Code Annotated, is hereby *amended* to read as follows:

“(b) **Government Unfunded, Liability Amortization Cost.** An amount resulting from the application of a rate percent of total salaries of all members which will amortize the remaining liability for prior service over a period of eighty (80) years following May 1, 1951. From July 1, 1955, to August 30, 1972, the rate of contribution shall be not less than one and three hundred seventeen thousandths percent (1.317%) of the total salaries of the members participating in the Fund. From September 1, 1972, the rate of contributions shall be not less than one and four hundred and seven thousandths percent (1.407%) of the total salaries of the members participating in the Fund. From the beginning of the first full pay period following the beginning of the 1992 fiscal year, the rate of contribution shall be equal to thirteen and six hundred sixty-five thousandths percent (13.665%) of the total salaries of the members participating in the Fund. From October 1, 1993, the rate of contribution shall be equal to the Government Unfunded Liability Amortization Cost rate percent determined in the latest completed actuarial valuation prepared for the Board of Trustees by the actuary appointed by the Board, subject to the approval by *I Liheslaturan Guåhan* by legislation. From March 1, 2003, until the next completed actuarial valuation prepared for the Board of Trustees by the actuary appointed by the Board, the rate of contribution shall be eighteen percent (18%) of the total salaries of the members participating in the Fund. Thereafter, the contribution shall be equal to the Government Unfunded Liability Amortization Cost rate percent prepared for the Board of Trustees by the actuary appointed by the Board, subject to approval by *I Liheslaturan Guåhan* by legislation, which will amortize the remaining liability for prior service for the full period authorized herein.

The amount of contributions by the Government shall be determined by applying the applicable percentage rate of contributions as hereinabove prescribed to the total salaries paid to the members during each payroll period, and all such amounts shall be paid into the Fund following the close of each payroll period, concurrently with the contributions made to the Fund by the members. For purposes of this Section, the term total salaries of members shall be interpreted to include Base Pay, as defined in 4 GCA § 8301(l), of members participating in the Government Defined Contribution System.”

Section 21. Cost Containment Measures. Section 2 of Chapter IV of Public Law 26-152 is hereby *amended* to read as follows:

"Section 2. Repeal and Reenactment of §8137(e) of Article 1, Chapter 8 of Title 4 of the Guam Code Annotated. §8137(e) of Article 1, Chapter 8 of Title 4 of the Guam Code Annotated is *repealed and reenacted* to read as follows:

“(e) From October 1, 2000, the Government rate of contribution for agencies receiving appropriations from *I Liheslaturan Guåhan* and for Federally funded programs shall equal 18.6%. From October 1, 2001, the government rate of contribution for agencies receiving appropriations from *I Liheslaturan Guåhan* and for Federally funded programs shall equal 85% of the sum of the contribution rates required under §§ 8137(a) and 8137(b) up to a *maximum* of 19.8016%. From October 1, 2002, the Government rate of contribution for agencies receiving appropriations from *I Liheslaturan Guåhan* and for Federally funded programs shall equal twenty-six percent (26.0%). From March 1, 2003, the Government rate of contribution for agencies receiving appropriations from *I Liheslaturan Guåhan* and for Federally funded programs shall equal eighteen percent (18%) and thereafter shall be one hundred percent (100%) of the sum of the contribution rates required under §8137(a) and adopted by the Board pursuant to §8137(b).

From October 1, 2000, the government rate of contribution for autonomous agencies not receiving appropriations from *I Liheslaturan Guåhan* shall equal one hundred percent (100%) of the sum of the contribution rates required under §§ 8137(a) and 8137(b) up to a maximum of twenty-one percent (21%). From October 1, 2002, the government rate of contribution for autonomous agencies not receiving appropriations from *I Liheslaturan Guåhan* shall equal one hundred percent (100%) of the sum of the contribution rates required under §§ 8137(a) and 8137(b) up to a maximum of twenty-six percent (26%). From March 1, 2003, the government rate of contribution for autonomous agencies not receiving appropriations from *I Liheslaturan Guåhan* shall be eighteen percent (18%), and thereafter shall equal to one hundred percent (100%) of the sum of the contribution rates required under §8137(a) and adopted by the Board pursuant to §8137(b).”

Section 22. Retirement Fund Board Composition. §8138(b) of Chapter 8 of Title 4, GCA is hereby *amended* to read as follows:

“(b) Two (2) of *I Maga’lahen Guåhan*’s appointees to the board of Trustees shall be from the private sector and one (1) appointee shall be a member of the classified service of the government of Guam.”

Section 23. Additions to Retirement Annuity. §8122(d)(1) of Article 1 of Chapter 8 of Title 4, Guam Code Annotated, is hereby *amended* to read as follows:

“(d) Additions to Recomputed Annuities. The recomputed retirement annuity set forth in Subsection (c) shall be subject to any of the following applicable non-cumulative additions:

(1) any member who commenced receiving a retirement annuity prior to October 1, 1995, and who is entitled to benefits under this Chapter, shall receive, during the fiscal years commencing on October 1, 2002, and ending on February 28, 2003, an additional Four Thousand Two Hundred Thirty-Eight Dollars (\$4,238.00), to replace the amount known as the sum of the One Thousand Two Hundred Dollars (\$1,200.00), One Thousand Five Hundred Dollar (\$1,500.00), Seven Hundred Dollars (\$700.00), and Eight Hundred Thirty-Eight Dollars (\$838.00) supplemental annuity benefits formerly contained in various General Appropriation Acts.”

Section 24. Additions to Survivor Annuity. §8135(d)(1) of Article 1 of Chapter 8 of Title 4, Guam Code Annotated is hereby *amended* to read as follows:

“(1) Any survivor annuitant who commenced receiving a survivor annuity prior to October 1, 1995, shall receive, during the fiscal years commencing on October 1, 2002, and ending on February 28, 2003, an additional Four Thousand Two Hundred Thirty-Eight Dollars (\$4,238.00) to replace the amount known as the sum of the One Thousand Two Hundred Dollar (\$1,200.00), One Thousand Five Hundred Dollars (\$1,500.00), Seven Hundred Dollars (\$700.00), and Eight Hundred Thirty-Eight Dollars (\$838.00) supplemental annuity benefits formerly contained in various General Appropriation Acts.”

Section 25. Additions to Disability Retirement Annuity. §8129(b) of Article 1 of Chapter 8 of Title 4, Guam Code Annotated is hereby *amended* to read as follows:

“(b) Any disability retirement annuitant who commenced receiving a disability retirement annuity prior to October 1, 1995, and who is entitled to disability retirement benefits under this Chapter shall receive, during the fiscal years commencing on October 1, 2002 and ending on February 28, 2003, an additional Four Thousand Two Hundred Thirty-Eight Dollars (\$4,238.00), to replace the sum known as the One Thousand Two Hundred Dollars (\$1,200.00), One Thousand Five Hundred Dollars (\$1,500.00), Seven Hundred Dollar (\$700.00), and Eight Hundred Thirty-Eight Dollars (\$838.00) supplemental annuity benefits formerly contained in various General Appropriation Acts.”

Section 26. Survivor Sliding Scale Annuity Additions. Add a new item (5) to subsection (d) of 4 GCA §8135 to read:

(5) the prospective payment of supplemental benefits for the period March 1, 2003, through September 30, 2003, for survivors of those employees who retired prior to October 1, 1995, to be paid in the following manner:

(i) Two Thousand Four Hundred Seventy-Two **(\$2,472.00)** in Class 1 Retiree Supplemental Annuity Benefits, known as the sum of One Thousand Two Hundred Dollars **(\$1,200.00)**, One Thousand Five Hundred Dollars **(\$1,500.00)**, Seven

Hundred Dollars (**\$700.00**), and Eight Hundred Thirty-Eight Dollars (**\$838.00**) in *annual* benefits formerly contained in various General Appropriation Acts, for survivors of those employees who retired as of October 1, 1977.

(ii) One Thousand Seven Hundred Seventy-Two (**\$1,772.00**) in prospective Class 2 Retiree Supplemental Annuity Benefits comprised of the sum of One Thousand Five Hundred Dollars (**\$1,500.00**), Seven Hundred Dollars (**\$700.00**), and Eight Hundred Thirty-Eight Dollars (**\$838.00**) in *annual* annuity benefits formerly contained in various General Appropriation Acts, for survivors of those employees who retired between October 2, 1977, and October 1, 1980.

(iii) One Thousand Three Hundred Sixty-Four Dollars (**\$1,364.00**) in Class 3 Retiree Supplemental Annuity Benefits, comprised of the sum of One Thousand Five Hundred Dollars (**\$1,500.00**), and Eight Hundred Thirty-Eight Dollars (**\$838.00**) in *annual* annuity benefits formerly contained in various General Appropriation Acts, for survivors of those employees who retired between October 2, 1980 and October 1, 1982.

(iv) Eight Hundred Seventy-Five Dollars (**\$875.00**) in Class 4 Retiree Supplemental Annuity Benefits, composed of the sum of One Thousand Five Hundred Dollars (**\$1,500.00**) in *annual* annuity benefits, formerly contained in various General Appropriation Acts, for survivors of those employees who retired between October 2, 1982, and October 1, 1995.

(v) No persons eligible for Class 1, 2, 3 or 4 Retiree Supplemental Annuity Benefits provided for in paragraph (5) of this Section shall receive such benefit if their regular *annual* retirement annuity prior to the supplemental amounts herein is more than Forty Thousand Dollars (**\$40,000.00**). Persons eligible for Class 1, 2, 3, or 4 Retiree Supplemental Annuity Benefits shall only receive an amount of such benefits up to the total aggregate sum of Forty Thousand Dollars (**\$40,000.00**) in combined retirement annuities and supplemental retirement annuities and not more.”

Section 27. Disability Sliding Scale Annuity Additions. Add a new Subsection (f) to 4 GCA §8129 to read as follows:

“(f) Any disability retirement annuitant who commenced receiving a disability retirement annuity prior to October 1, 1995, and who is entitled to disability retirement benefits under this Chapter shall receive, during the period commencing on March 1, 2003, and ending on October 28, 2003, prospective non-cumulative supplemental annuity benefits as follows:

(i) Two Thousand Four Hundred Seventy-Two (**\$2,472.00**) in Class 1 Retiree Supplemental Annuity Benefits, known as the sum of One Thousand Two Hundred Dollars (**\$1,200.00**), One Thousand Five Hundred Dollars (**\$1,500.00**), Seven Hundred Dollars (**\$700.00**), and Eight Hundred Thirty-Eight Dollars (**\$838.00**) in *annual*

benefits formerly contained in various General Appropriation Acts, for those employees who retired as of October 1, 1977.

(ii) One Thousand Seven Hundred Seventy-two **(\$1,772.00)** in Class 2 Retiree Supplemental Annuity Benefits comprised of the sum of One Thousand Five Hundred Dollars **(\$1,500.00)**, Seven Hundred Dollars **(\$700.00)**, and Eight Hundred Thirty-Eight Dollars **(\$838.00)** in *annual* annuity benefits formerly contained in various General Appropriation Acts, for those employees who retired between October 2, 1977, and October 1, 1980.

(iii) One Thousand Three Hundred Sixty-Four Dollars **(\$1,364.00)** in Class 3 Retiree Supplemental Annuity Benefits, comprised of the sum of One Thousand Five Hundred Dollars **(\$1,500.00)**, and Eight Hundred Thirty-Eight Dollars **(\$838.00)** in *annual* annuity benefits formerly contained in various General Appropriation Acts, for those employees who retired between October 2, 1980, and October 1, 1982.

(iv) Eight Hundred Seventy-Five Dollars **(\$875.00)** in Class 4 Retiree Supplemental Annuity Benefits, composed of the sum of One Thousand Five Hundred Dollars **(\$1,500.00)** in *annual* annuity benefits, formerly contained in various General Appropriation Acts, for those employees who retired between October 2, 1982, and October 1, 1995, or their survivors.

(v) No persons eligible for Class 1, 2, 3 or 4 Retiree Supplemental Annuity Benefits provided for in paragraph (f) of this Section shall receive such benefit if their regular *annual* retirement annuity prior to the supplemental amounts herein is more than Forty Thousand Dollars **(\$40,000.00)**. Persons eligible for Class 1, 2, 3, or 4 Retiree Supplemental Annuity Benefits shall only receive an amount of such benefits up to the total aggregate sum of Forty Thousand Dollars **(\$40,000.00)** in combined retirement annuities and supplemental retirement annuities and not more.”

Section 28. Sliding Scale Annuity Additions. Add a new item (5) to 4 GCA §8122(d) to read as follows:

“(5) Any retirement annuitant who commenced receiving a retirement annuity prior to October 1, 1995, and who is entitled to retirement benefits under this Chapter shall receive, during the period commencing on March 1, 2003, and ending on October 28, 2003, prospective, non-cumulative supplemental annuity benefits as follows:

(i) Two Thousand Four Hundred Seventy-Two **(\$2,472.00)** in Class 1 Retiree Supplemental Annuity Benefits, known as the sum of One Thousand Two Hundred Dollars **(\$1,200.00)**, One Thousand Five Hundred Dollars **(\$1,500.00)**, Seven Hundred Dollars **(\$700.00)**, and Eight Hundred Thirty-Eight Dollars **(\$838.00)** in *annual*

benefits formerly contained in various General Appropriation Acts, for those employees who retired as of October 1, 1977.

(ii) One Thousand Seven Hundred Seventy-Two Dollars **(\$1,772.00)** in Class 2 Retiree Supplemental Annuity Benefits comprised of the sum of One Thousand Five Hundred Dollars **(\$1,500.00)**, Seven Hundred Dollars **(\$700.00)**, and Eight Hundred Thirty-Eight Dollars **(\$838.00)** in *annual* annuity benefits formerly contained in various General Appropriation Acts, for those employees who retired between October 2, 1977, and October 1, 1980.

(iii) One Thousand Three Hundred Sixty-Four Dollars **(\$1,364.00)** in Class 3 Retiree Supplemental Annuity Benefits, comprised of the sum of One Thousand Five Hundred Dollars **(\$1,500.00)**, and Eight Hundred Thirty-Eight Dollars **(\$838.00)** in *annual* annuity benefits formerly contained in various General Appropriation Acts, for those employees who retired between October 2, 1980, and October 1, 1982.

(iv) Eight Hundred Seventy-Five Dollars **(\$875.00)** in Class 4 Retiree Supplemental Annuity Benefits, composed of the sum of One Thousand Five Hundred Dollars **(\$1,500.00)** in *annual* annuity benefits, formerly contained in various General Appropriation Acts, for those employees who retired between October 2, 1982 and October 1, 1995, or their survivors.

(v) No persons eligible for Class 1, 2, 3 or 4 Retiree Supplemental Annuity Benefits provided for in paragraph (5) of this Section shall receive such benefit if their regular *annual* retirement annuity prior to the supplemental amounts herein is more than Forty Thousand Dollars **(\$40,000.00)**. Persons eligible for Class 1, 2, 3, or 4 Retiree Supplemental Annuity Benefits shall only receive an amount of such benefits up to the total aggregate sum of Forty Thousand Dollars **(\$40,000.00)** in combined retirement annuities and supplemental retirement annuities and not more.”

Section 29. Guam Visitors Bureau Transfer Authority. The Guam Visitors Bureau is hereby authorized transfer authority over the monies appropriated herein and set forth in Appendix A at a rate not greater than fifteen percent (15%) of the appropriation. Such transfer authority shall be restricted to transfers from the Personnel Services category to Operations and shall not permit transfers into the Personnel Services category.

Section 30. Authorization to Use Credits for Sports Tourism Events. Notwithstanding any other provision of law, the Guam Racing Federation is authorized to use up to twenty percent (20%) of its annual Gross Receipts Tax credit limit as authorized by Public Law 24-141, as *amended*, for costs associated with special racing events promoting sports tourism. The total amount of credits for such sports tourism events and track construction shall not exceed the limits set by Section 2 of Public Law 26-

37. Notwithstanding any other provision of law, such Gross Receipts Tax credits authorized *supra* for sports tourism events may be used by Guam businesses to cover costs associated with such event.

Section 31. Privatization of DOE Cafeteria and Facility Maintenance Services.

(a) Within 60 days from the enactment of this Section, the Superintendent of Education shall issue a Request for Proposal (RFP) for the privatization of the cafeteria services within the Department of Education. The award for this RFP shall be made no later than August 1, 2003.

(b) Within 60 days from the enactment of this Section, the Superintendent of Education shall issue a RFP for the privatization of the facility maintenance services within the Department of Education. The award for this RFP shall be made no later than August 1, 2003.

(c) No funds may be expended by the Department of Education for cafeteria services or facility maintenance services after August 1, 2003, unless the provisions of subsections (a) and (b) of this Section are met.

(d) The issuance and award of the RFPs authorized herein shall be in conformance with all applicable procurement laws and regulations of Guam.

CHAPTER V.

REVENUE ENHANCEMENTS.

Section 1. Excise Tax on Alcoholic Beverages. Amendment of §26302 of Article 3, Chapter 26, Division 2 of Title 11 of the Guam Code Annotated. Notwithstanding any other provision of law, §26302 of Article 3, Chapter 26, Division 2 of Title 11 of the Guam Code Annotated is hereby *amended* to read as follows with said amendment to take effect on May 1, 2003:

“§26302. Excise Tax on Alcoholic Beverages. An excise tax is imposed upon all alcoholic beverages (except alcoholic beverages manufactured in Guam) sold in Guam by manufacturer, manufacturer's agents, rectifiers or wholesalers or sellers of alcoholic beverages selling alcoholic beverages with respect to which no tax has been paid within areas of which the Federal government exercises jurisdiction at the following rates:

(a) **Malted Fermented Beverage.** A tax in the amount of Seven Cents (\$0.07) per each twelve (12) fluid ounces or fraction thereof on all malted fermented beverages to be applied to the measure of the container in which it is offered for sale.

(b) **Distilled Beverages.** A tax in the amount of Eighteen Dollars (\$18.00) per gallon on all distilled beverages to be applied to the measure of the container in which it is offered for sale; provided further that any fraction of One Cent (\$0.01) shall be taken as a whole cent.

(c) **Vinous Beverages.** A tax at the rate of Four Dollars and Ninety-Five Cents (\$4.95) per wine gallon on all vinous beverages to be applied to the measure of the

container in which it is offered for sale; provided, however, that the tax levied by this Section shall be prorated in units of measure less than one (1) gallon; and provided further, that any fraction of One Cent (\$0.01) shall be taken as a whole cent.

(d) **Creation of Safe Homes, Safe Streets Fund.** There is hereby created in the Department of Administration a fund, separate and apart from other funds of the government of Guam, known as the ‘Safe Homes, Safe Streets Fund.’ This Fund shall not be commingled with the General Fund and shall be kept in a separate bank account. The Safe Homes, Safe Streets Fund shall be expended on public safety and social programs that enforce alcohol regulations, reduce underage drinking, support traffic safety, reduce drug-related violence and abuse, and/or support community-based drug and substance abuse prevention programs at the Guam Police Department, the Department of Education, the Department of Public Health and Social Services, the Department of Youth Affairs, the Department of Mental Health and Substance Abuse and other agencies deemed appropriate by *I Liheslaturan Guåhan*. All expenditures of the Safe Homes, Safe Streets Fund shall be by appropriation by *I Liheslaturan Guåhan*. The Department of Administration shall report on a quarterly basis to the Speaker of *I Liheslaturan Guåhan* the revenues collected and expended from this Fund.

(e) **Distribution of Excise Tax on Alcoholic Beverages.** Fifty percent (50%) of all proceeds from taxes collected under this Section shall be deposited in the Safe Homes, Safe Streets Fund. All remaining proceeds from taxes collected under this Section will be deposited in the Healthy Futures Fund.”

Section 2. Tobacco Tax Rates. Amendment of §26603 of Article 6, Chapter 26, Division 2 of Title 11 of the Guam Code Annotated. Notwithstanding any other provision of law, §26603 of Article 6, Chapter 26, Division 2 of Title 11 of the Guam Code Annotated is hereby *repealed* and *reenacted* to read as follows with said amendment to take effect on May 1, 2003:

“§26603. Rates. The following rates shall apply in computing, assessing and collecting Tobacco Tax:

(a) **Cigarettes.** A tax at the rate of Five Dollars (\$5.00) per one hundred (100) cigarettes to be prorated in accordance with the number of cigarettes contained in the individual package taxed.

(b) **Cigars.** The tax rates for cigars shall be based on the following sizes:

1. Mini Cigars: Twenty Cents (\$0.20) Per Cigar. Mini Cigars are defined as cigars with a ring size of forty (40) or less, or a length of less than four and one-half inches (4.5"), regardless of ring size as specified by the manufacturer's label.

2. Standard Cigars: Twenty-Two Cents (\$0.22) Per Cigar. Standard Cigars are defined as cigars with a ring size of more than forty (40), but less than sixty-four (64) as specified by the manufacturer's label.

3. Large Cigars: Twenty-Five Cents (\$0.25) Per Cigar. Large Cigars are defined as cigars with a ring size of more than sixty-four (64), or a length of more than eight inches (8"), regardless of the ring size as specified by the manufacturer's label.

4. Where no ring size or length is specified by the manufacturer's label, the tax shall be Twenty-Two Cents (\$0.22) per cigar. For purposes of this Section, ring size shall be defined as the usually accepted measure used by cigar manufacturers for determining the diameter of cigar at its widest point. A ring size of one (1) is equal to one sixty-fourth (1/64) of an inch.

(c) **Other Tobacco Products.** A tax at the rate of Three Dollars and Fifty Cents (\$3.50) per pound for all other tobacco products to be prorated in accordance with the size of the package to be taxed.

(d) **Creation of Healthy Futures Fund.** There is hereby created in the Department of Administration a fund, separate and apart from other funds of the government of Guam, known as the 'Healthy Futures Fund.' This Fund shall not be commingled with the General Fund and shall be kept in a separate bank account. All proceeds from taxes collected under this Section shall be deposited in the Healthy Futures Fund and shall be expended for health and education programs relating to tobacco and alcohol prevention, cessation, treatment, control and to improving overall health and well-being at the Department of Health and Social Services, the Department of Mental Health and Substance Abuse, the Department of Education, the Guam Memorial Hospital, the Department of Youth Affairs and other agencies deemed appropriate by *I Liheslaturan Guåhan*. Preference will be given to programs directed towards youth, low-income or at-risk persons and families, drug and substance prevention, cessation, and treatment, preventative health care, and chronic disease management. All expenditures of the Healthy Futures Fund shall be made by legislative appropriation. The Department of Administration shall report on a quarterly basis to the Speaker of *I Liheslaturan Guåhan* the revenues collected and expended from this Fund."

Section 3. Increase in Vehicle Registration Fee. Notwithstanding any other provision of law, Subsection (b) of 16 GCA §7161 is hereby *amended* to read as follows:

“(b) In addition to all other fees imposed by law, an additional Twenty-Five Dollars (**\$25.00**) annual fee is imposed upon any vehicle subject to registration under this Title which shall be deposited in the Treasury of Guam to the credit of the Abandoned

Vehicle and Street Light Fund. This fee shall be collected at the same time and in the same manner as the annual license and registration fee provided for in this Title.”

Section 4. Increase in Vehicle Registration Fee after April 1, 2003. A new subsection (c) is hereby *added* to 16 GCA §7161 to read:

“(c) Effective April 1, 2004, the fee established in the preceding subsection shall be amended and increased by Fifteen Dollars (\$15.00), to be adjusted to a total of Forty Dollars (\$40.00), with the proceeds to be deposited in said Fund.”

Section 5. Tracking of Government of Guam General Fund Revenues and Expenditures for Fiscal Year 2003. *I Maga'lahaen Guåhan* shall provide the Speaker and the Chairman of the Committee on Appropriations and Budgeting, General Governmental Operations, Reorganization and Reform of *I Liheslaturan Guåhan* a written report on the revenues and expenditures of the General Fund and Special Funds within fifteen (15) days upon the conclusion of every quarter within the Fiscal Year and shall also provide a written schedule of cash flows and disbursements from the General Fund and Special Funds within five (5) working days after the end of each month within the Fiscal Year.

Section 6. Increase in Gross Receipts Tax Rates.

(a) Notwithstanding any other provision of law, the four percent (4%) gross receipts tax rate contained in 11 GCA §26202 **(a),(c),(d),(e),(f),(g),(h), (i), and (j)** shall be *amended* to six percent (6%), effective April 1, 2003. This Section shall cease to be effective after September 30, 2005, at which time the rate shall revert to four percent (4%).

(b) Not less than six (6) months prior to September 30, 2005, *I Maga'lahaen Guåhan* shall submit a plan to *I Liheslaturan Guåhan* on the deletion of the Gross Receipts or Business Privilege Tax, and the implementation of a sales tax or other tax.

(c) The first paragraph of 11 GCA §26202(f) shall be *amended* to read: “**Tax on banks, banking institutions, small lenders and building and loan associations.** Upon every person engaging or continuing within Guam in the business of operating any bank, banking institutions, building and loan association, small lending business, or lending institutions, there shall be a tax equivalent to four percent (4%) of the net income received from business.”

Section 7. Reduction of Gross Receipt Tax Exemptions. Notwithstanding any other provision of law, the Fifty Thousand Dollars (\$50,000.00) exemptions contained in items (9), (28), (29), (30), (31), and (32) of 11 GCA §26203(k) are reduced to Thirty-Five Thousand Dollars (\$35,000.00) effective April 1, 2003. In addition, the Five Hundred Thousand Dollars (\$500,000.00) recent tax year caps contained in the same items are decreased to Three Hundred Thousand Dollars (\$300,000.00) effective April 1, 2003.

This Section shall cease to be effective after September 30, 2005, at which time the original Fifty Thousand (\$50,000.00) and Five Hundred Thousand (\$500,000.00) amounts are restored.

Section 8. Use Tax Amendment. §28104 of Chapter 28 of Title 11, Guam Code Annotated, is hereby *amended* to read:

“§28104. Rate of Tax. The rate of the tax hereby imposed shall be four percent (4%). Effective April 1, 2003, the rate of the tax hereby imposed shall be six percent (6%) until September 30, 2005, at which time the rate shall revert to four percent (4%).”

Section 9. Severability. *If* any provision of this Act or its application to any person or circumstance is found to be invalid or contrary to law, such invalidity shall *not* affect other provisions or applications of this Act which can be given effect without the invalid provisions or application, and to this end the provisions of this Act are severable.