



OFFICE OF THE GOVERNOR  
HAGÁTÑA, GUAM  
U.S.A.

EXECUTIVE ORDER NO. 2011- 10

**RELATIVE TO CREATING THE FISCAL RESPONSIBILITY AND TAX  
REFUND COMMISSION**

**WHEREAS**, upon assuming office the new administration has encountered, along with the Public Auditor, a burgeoning \$349 million governmental deficit, \$83 million of which was created in Fiscal Year 2010 alone. Most of this deficit is money owed directly to the people in tax refunds, an amount estimated to be \$269 million. This situation has forced the new administration to curtail spending, request a supplemental budget to sustain operations, and devise a proposal to finance this overwhelming deficit through bond borrowing; and

**WHEREAS**, taxpayers are historically made to wait years before receiving their tax refunds, money which is rightfully theirs. This money has never been readily refunded to the people timely because the government is forced to use it to fund essential operations (e.g., schools, the hospital, public safety agencies) due to inadequate revenues or cash flow. In fact, the new administration has been straddled with negative cash balances in recent months totaling several millions of dollars monthly; and

**WHEREAS**, there are simply insufficient revenues in the budget to fully meet both the government's operational and tax refunds obligations simultaneously. However, the need to pay tax refunds and pay down the deficit cannot be made at the expense of public workers and their families. This administration will not order massive layoffs or furloughs to repair the sins of the past. Cuts in expenditures are occurring, yet the government must find solutions to pay tax refunds without crippling already under funded and understaffed government agencies to the point where Guam's people will be deprived of essential government services; and

**WHEREAS**, the ongoing budget practice of failing to match operating expenditures to revenue levels based in reality has caused a culminating deficit comprised of unpaid tax refund debt. As a result, the General Fund is structurally imbalanced, which is unfair to those taxpayers owed tax refunds and who should not bear the burden of continually floating government operations; and

**WHEREAS**, it is the responsibility of both the executive and legislative branches to work together through cooperative effort to seek an end to government's historic practice of using the people's tax refunds to fund operational expenses, and to solve this fundamental problem of structural imbalance in the General Fund;



**NOW THEREFORE, I, EDWARD J.B. CALVO, *I Maga'lahaen Guåhan*, Governor of Guam, by virtue of the authority vested in me by the Organic Act of Guam, as amended, and the laws of Guam, do order as follows:**

**Creation of the Fiscal Responsibility and Tax Refund Commission.** The Fiscal Responsibility and Tax Refund Commission ("FRTRC") is hereby created with the following mission and membership:

1. **Mission.** The FRTRC will provide recommendations to the Executive Branch on issues related to identifying policies to immediately improve the fiscal situation of the Government of Guam in order to achieve long-term fiscal sustainability.

Specifically, the FRTRC shall propose recommendations designed to reduce the deficit, expedite the delivery of tax refund payments to Guam taxpayers, and balance the budget.

Further, the FRTRC shall propose recommendations that meaningfully improve the long-term fiscal outlook for the Government of Guam, including but not limited to, solutions to government cash flow volatility, vehicles for ensuring prompt and regular tax refund payments without jeopardizing governmental operations, changes to address the solvency of the Government of Guam Retirement Fund, and the gap between the projected revenues and expenditures of the Government.


2. **Membership.** The FRTRC shall be composed as follows:

- a) The Governor of Guam, *I Maga'lahaen Guåhan*, who shall be the Chairperson;
- b) A Co-Chairperson, who shall be a current member of *I Liheslaturan Guåhan*, selected by the Governor;
- c) Four (4) currently sitting Majority Party Members of *I Liheslaturan Guåhan*, selected by the Governor;
- d) Two (2) currently sitting Minority Party Members of *I Liheslaturan Guåhan*, selected by the Minority Leader;
- e) Director of the Department of Administration;
- f) Director of the Bureau of Budget and Management Research;
- g) Director of Department of Revenue and Taxation;
- h) Administrator of the Guam Economic Development Authority;
- i) Chief Fiscal Policy Advisor to *I Maga'lahaen Guåhan*, the Governor of Guam; and
- j) Special Assistant for Socioeconomic Affairs to *I Maga'lahaen Guåhan*, the Governor of Guam;



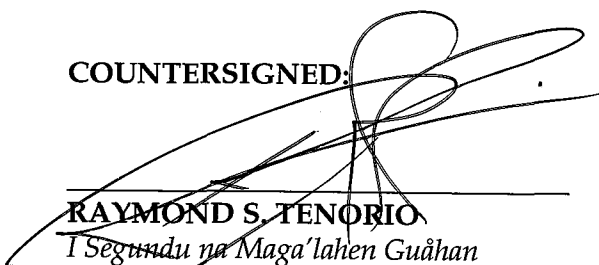
3. **Term of Service.** Members shall serve so long as they retain the positions they occupy or are members of the groups they represented when they were appointed, unless relieved of membership sooner at the discretion of the Governor. Vacancies in membership shall be filled in the same manner as the original appointment.
4. **Reporting of Recommendations.** The FRTRC will meet regularly and meetings will be noticed and convened by the Chairperson. The FRTRC shall adopt, no later than thirty (30) days upon the execution of this herein Executive Order, its first report of recommendations made in accordance with its mission statement outlined in section 1 above. Similar subsequent reports of recommendations shall be issued on a monthly basis thereafter.

**SIGNED AND PROMULGATED** at Hagåtña, Guam this 11th day of May, 2011.



**EDWARD J. B. CALVO**  
*I Maga'lahaen Guåhan*  
Governor of Guam

**COUNTERSIGNED:**



**RAYMOND S. TENORIO**  
*I Segundu na Maga'lahaen Guåhan*  
Lieutenant Governor of Guam

