



Office of the Speaker **THERESE M. TERLAJE**

I Mina'trentai Sais na Liheslaturan Guahan | 36th Guam Legislature
Committee on Health, Land, Justice and Culture

Speaker succeeds in increasing the budget to allow for faster payment of tax refunds

FOR IMMEDIATE RELEASE (August 30, 2021 – Hagåtña, Guam) Speaker Therese M. Terlaje's fourth attempt to pay the people of Guam their tax refunds faster passed on the session floor this weekend.

GovGuam owes \$23 M in processed returns awaiting payment for 2020 and previous years, according to the July refund report. There are also 6,800 returns from 2020 that have not been processed, which could mean another \$20 M owed. The budget bill prior to her amendment provided only \$74 M for tax refunds in FY 22 even though BBMR asked during the Committee of the Whole for an increase in the tax refund provision to at least \$87 M to ensure there is enough cash to pay out the tax year 2021 EITC tax refunds and non-EITC tax refunds on top of the 2020 amounts. Instead of increasing the tax provision for refunds, the Legislature earlier last week decreased the current budget bill's tax refund provision to \$67.9 M, an amount far less than needed to pay back the people of Guam. Ninety-five million dollars was set aside in FY 21 for tax, EITC tax, and non-EITC tax refunds.

Speaker Terlaje, with the help of some of her colleagues Senators Sabina Perez, Telo Taitague, Joanne Brown, Vicente "Tony" Ada, Jose "Pedo" Terlaje, Clynt Ridgell, and Frank Blas Jr., passed an amendment to immediately set aside additional funds from FY 21 revenues to offset the reduction to \$67.9 M in FY 22.

Current tracking of FY 21 General Fund revenues as of July 31st shows a surplus of \$22.3 M, with only 2 months unaccounted for left in the fiscal year. When there are higher revenues collected than the adopted amount in the Budget Act at the end of the fiscal year, the administration has controlled where those funds go despite prior attempts by the Legislature to direct those funds to the hospital and refunds. Speaker Terlaje believes that those funds should be controlled by the people of Guam, so she proffered an amendment on the session floor Saturday night to adjust the adopted FY 21 amount for Withholding Tax Revenue and deposit the additional cash into a trust for tax refunds.

Speaker Terlaje advocated for her amendment by saying, "Now is the time to secure this year's potential surplus and dedicate it to refunds, especially because the Governor said she will cover pandemic-related shortfalls next fiscal year with ARP funds. We've already taken other lapsed funds and refinancing savings from FY 21 and given them to agencies for the upcoming year. This is just another one of the Legislature's creative efforts to give cash back to the people the government owes."

The amendment specifically increased the FY 21 Withholding Taxes Revenue by \$20 M, an increase justified with current CRER tracking being \$34 M over the expected amount and the overall surplus of all revenues estimated to be \$22.3 M. The amendment also secured that the additional \$20 M be deposited in the Income Tax Refund Efficient Payment Trust Fund before October, making sure that the money goes only towards tax refunds.

"People are facing great need. The legislature can control those potential funds without harm to any government agencies and help provide for all taxpayers and get their refunds faster," stated Speaker Terlaje.

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