



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

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

Bill Introduced to Ensure Swift Payment of Tax Refunds with Earned Income Tax Credits

FOR IMMEDIATE RELEASE (August 9, 2021 – Hagåtña, Guam) Speaker Therese Terlaje introduced a bill that would set aside the anticipated federal cash reimbursement of the Earned Income Tax Credit (EITC) for the sole purpose of swift payments of tax refunds beginning with tax year 2021.

Bill No. 175-36 (LS) would ensure that GovGuam has a sufficient amount of cash to quickly pay all tax refunds eligible for the EITC refund by requiring immediate deposits of the EITC cash reimbursements from the federal government into the Income Tax Refund Efficient Payment Trust Fund. Before the EITC cash reimbursement is used for any other purpose, Bill No. 175-36 will allow GovGuam to catch up on tax refund payments and ensure enough cash is available in the Trust Fund to make swift tax refund payments for the entire tax year.

“We should lock away the federal reimbursement for these EITC tax refunds so that the next years’ refunds can be paid within 30 days of processing. We have been told time and time again by multiple administrations that the timing of the payments for tax refunds is dependent on the amount of cash available to make the refund payments, but we know that the working families that qualify for the EITC are often the ones who are in dire need of their tax refunds and it should be our duty to ensure the government pay these refunds immediately, rather than borrow them for other government services. This will also relieve the pressure on the General Fund ensuring that the payment of all types of refunds can be made sooner rather than waiting for up to 6 months,” stated Speaker Terlaje.

Part of the American Rescue Plan Act of 2021 included language that would provide a 100% cost reimbursement from the federal government for EITC obligations to the government of Guam beginning in 2021 and for all following tax years. Prior to passage of the American Rescue Plan Act of 2021, the EITC obligations for Guam would range between \$55 and \$60 million dollars annually and would be paid using local tax revenues.

In 2001, prior to being a senator, Speaker Terlaje successfully represented the 25th Guam Legislature as legal counsel in the original Earned Income Tax Credit case brought before the Supreme Court of Guam to compel the government of Guam to implement the EITC program for working families. The EITC aims to reduce poverty by supplementing the earnings of low-wage workers and by rewarding work.

####

Guam Congress Building, 163 Chalan Santo Papa, Hagåtña, Guam 96910

Tel: (671) 472-3586 | Fax: (671) 969-3590 | Email: senatorterlajeguam@gmail.com | www.senatorterlaje.com

**For transmittal of official Messages & Communications to the Guam Legislature to be distributed to all Senators, please send to: speaker@guamlegislature.org*