



**EDDIE BAZA CALVO**  
*Governor*

**RAY TENORIO**  
*Lieutenant Governor*

*Office of the Governor Of Guam.*

October 16, 2018

Benjamin J.F. Cruz  
Public Auditor  
Suite 301 DNA Building  
238 Archbishop Flores Street  
Hagåtña, Guam 96910

Dear Public Auditor,

Your letter is noted. I will forward your concerns to the Department of Revenue and Taxation as they have been in discussion with the Office of the Attorney General of Guam.

In my August 24, 2018 letter to you regarding Public Law 34-116, I warned you that this budget law is flawed and that work needs to be made to fix shortfalls to ensure we don't find ourselves in an unstable fiscal environment, which as you know can lead to a deficit.

My administration has been able to reduce the deficit and this effort required a lot of work – hence the vehement objections we had to some of the actions of the 34th Legislature that created an unbalanced budget.

As you very well know, the FY2019 bill only changed the rates. The rest of the law stayed the same. And the rest of the law says that the tax is assessed every March. Since the law was passed AFTER March 2018, and because a law cannot be applied retroactively, then the earliest date that the new rate can take effect is in March 2019. If you wanted to ensure the new rate was immediately effective, you should have written it clearly into the legislation that became law.

On another matter, the Office of the Attorney General has noted that the hiring freeze in PL 34-116, which is the budget bill that you introduced, violates the doctrine of separation of powers and is inorganic.

*Senseramente,*

**EDDIE BAZA CALVO**  
Governor of Guam

