

# QUESTIONNAIRE

Deadline to submit written answers is September 30<sup>th</sup> 2020

## Legislative Candidate Interview Vying For Election To The 36<sup>th</sup> Guam Legislature

Candidate: Kelly Marsh (Taitano)

### A. Real Estate Industry Related

1. The Governor's office has upgraded the classification of the real estate industry as an *essential service* during COVID-19 "Condition of Readiness" operating restrictions. However, Government of Guam agencies that are part and parcel of the real estate industry remain either closed or inactive. (*The real estate industry encompasses private sector real estate activities as well as Government of Guam agencies that are involved in the processing of real estate transactions including taxation, recordation, land management interaction, construction and land use permitting, building inspections, building occupancy and document recordation.*). Will you support the preparation and passage of legislation to classify the whole of the real estate industry encompassing both the private sector and related Government of Guam agencies as **TRUE ESSENTIAL SERVICES**?

**ANSWER:** COVID-19 is going to continue to be part of our lives for awhile. Beyond that, there have been predictions of an increase in such global pandemics that we need to figure out answers to, the sooner, the better. Rather than utilizing measures to overrule or and supplant public health directives, I would prefer to think outside the box toward long-term solutions and explore alternatives to meet the needs of the real estate industry for government services. The government needs to make itself more responsive to community needs no matter what PCOR level we are in. More regulatory and licensing operations should be placed online so that business can be conducted, perhaps even more readily and more efficiently, while minimizing the need for interaction in open offices. Access to government agencies by appointment should be regularized so that to agencies is not completely shut off during necessary COVID-19 restrictions. That I believe is the prudent and balanced course of action to take during a public health emergency.

2. The Guam Land Use Commission (GLUC) application processing system has been rendered inactive by GovGuam COVID restrictions since March 2020 with no apparent urgency to restore the system to full operation. The estimated value of development projects currently awaiting Department of Land Management and GLUC-related action since March is nearly \$2 billion.

Will you support the classification of the GLUC application processing system (*critical to improving Guam's economic well-being*) as an essential service during the COVID-19 Condition of Readiness operating restrictions?

**ANSWER:** Again, the government needs to make itself more responsive to community needs. We have been in this pandemic for eight months with an unknown number of months to go. We are

all figuring workarounds, the GLUC should be no exception. The GLUC must figure out conducting its business just as every other agency or branch of government must. They can receive applications electronically or by arranged drop off. They can carry out their meetings and any other such business by zoom meetings and other accommodations. Whether or not a government office is physically open or not, it must figure out how to carry out its business.

## **B. General Government**

1. Will you support the creation, introduction and passage of a bill to change the operation of the Guam Legislature from full time to part time?

**ANSWER:** As a Senator, I have held numerous oversight hearings to ensure that agencies are carrying out the work the community needs and ensuring that monies are used prudently. For example, a contractor to be paid some \$660,000 over a two-year period for public pool maintenance was held accountable for his performance. That contract was terminated. I am now ensuring that the Director is working with the Attorney General's office to see what monies the contractor may owe the government.

On an even larger scale, over a billion dollars of federal assistance are coming into our economy with perhaps another billion or more on their way in the near future. At the same time, our local budget is tighter than ever. Agency performance is going to be a struggle. More oversight of our government agencies is needed, not less. A part time legislature would mean less oversight as well as less work on reform. From the pulse of the community right now, they are calling for increased oversight. In the big picture, I do not believe our community would feel that any modest savings that may accrue is worth the loss of oversight of the executive branch as well as checks and balances to ensure accountability and transparency. To me this is the most important responsibility of a Senator and a Committee Chair.

Having carried out oversight of several agencies, I can attest that the oversight that is needed takes a lot of scrutiny, persistence, meetings, and committee work to accomplish. Furthermore, it has to be recognized that a government leader who may need to work elsewhere to make ends meet, has potential to increase his or her levels of conflicts of interest, especially in areas of the government that bids out tens of millions of dollars in contracts each year, among other such payments.

2. Will you support the repeal of the 1% increase in the Business Privilege Tax/Gross Receipt Tax rate, i.e. restoring the BPT/GRT rate to 4%?

**ANSWER:** My position on the rollback is that it may be possible and I support introducing a measured approach to a rollback. Two things I am working on could greatly assist the push for a rollback. One continues work that I have started already. It is for the business community, the university, and the government to work more closely toward appropriate compact impact reimbursement from the federal government. We are expecting to make great strides in improving the calculation of compact impact in the next year or two, which is a good first step. However, at the same time, we need pressure on the federal government to actually do a better job at

reimbursing us. Right now, the pot of compact reimbursement money is set at \$30 million which is divided among Guam, CNMI, and Hawaii. (see joint roundtable public hearings held by Sen. Lee and myself, [https://youtu.be/68G3\\_88uull](https://youtu.be/68G3_88uull) and <https://youtu.be/YBOHOw2shLQ>).

Though certain of our calculations for compact financial impacts are currently flawed as they are for all compact impact areas, indications from our cleanest data lean toward an assessment that we may be owed well over \$100 million dollars a year that is currently on your tax paying shoulders along with the rest of Guam's tax paying shoulders. Guam is actually the farthest along of all areas to correct its compact impact calculations. The hardest step will be to convince the federal government, which is planning to stop all compact impact reimbursement in the next few years, to instead commit to more accurate reimbursements for areas like Guam. \$100 million more per annum would greatly relieve the burden we have all been shouldering. We may not get it in cash, but if we can get it in Medicaid waivers, debt relief, and matches for federal grants and the like, then it is the same value of relief and the same level of weight off of our shoulders. The more that we work together, the stronger the political pressure we can apply on the federal government to stop leaving the burden of 90% of the cost of compact impact on your and my tax paying shoulders, then the more readily we are able to achieve the federal government living up to its statements of being responsible for the impacts caused by its treaty agreements with the Freely Associated States. Two, is to better examine whether a sales tax or other system works better for Guam in the long run.

3. Are you in favor of increasing taxes and/fees to deal with Government of Guam revenue shortfall caused by COVID-19 imposed restrictions on private sector business operations?

**ANSWER:** This is not the time to increase taxes or fees for the private sector. Emphasis needs to be on leveraging as much federal funding as possible; growing and diversifying our economy; and retraining, reskilling, and retooling our workforce. This is why I supported an additional \$1.4M going toward GCC and the Department of Labor to specifically support bootcamp and other such training programs, and further fought to keep it there when it was proposed to take that \$1M away from GCC. It is also why I am submitting a bill to create an Intraregional Commerce Commission to specifically analyze, foster, and promote economic growth within our region that also works toward food security, zero-waste/recycling efforts, and improving health care. Adjustment of some fees that allow for maximizing federal compensation may be in our best interest, for services such as medical treatment for Medicaid, or others that are so derelict so as to unduly strain other parts of the government may also be in our best interest to update so as to make the government more self-sustaining.

4. Will you support a significant reduction in Government of Guam expenditures including payroll during COVID-19 lockdown and PCOR2 periods in order to keep the Government solvent?

**ANSWER:** To balance the budget, the Legislature just finished cutting \$66M out of our government budget in legislation that I voted for both as a bill and to override the Governor's veto when the administration wanted to project \$7M more in potential revenues. No matter the

pressure to agree to the administration's increase, the projections from the legislature's financial advisors did not support it so I held fast to being guided by the data.

To achieve cost reduction on the scale required, there are important things that need to happen for the Government of Guam. One of these is to streamline itself with technology and online access. This will make the government less onerous, its processes more accessible, and the government less labor intensive. This has several positive outcomes including the government being more effective as well as having less need to fill current vacant positions. Overall, this approach will make the government more effective and better able to provide services while cutting down on the size of government across a wide number of agencies. Covid-19 federal grant and federal assistance are able to finance at least some of this move to online government operations. I support the government taking full opportunity of these offerings.

On the revenue side, I believe we need to be more aggressive in securing compact impact reimbursement and in diversifying our economy into new industries. I have carried out work toward both of these. Along with Senator Lee, this August, we held 2 joint hearings to hear from agencies about, 1. the impact of the lack of appropriate reimbursement to our government programs and thus our community, 2. updates on what is being done to improve our compact impact calculations which the Government Accountability Office has called upon all compact impacted areas to do, an effort which, as noted above, Guam is leading, and 3. the FSM compact negotiations that are currently ongoing and how we may influence and/or be impacted by them. We also discussed ongoing efforts and strategies as to increasing the amount of compact impact reimbursement we receive which have very good potential. When the GAO reached out to our government to hear more about Guam's efforts, links of our roundtables were sent to their office. Regarding diversifying our economy, I am working on a few bills right now to develop new, sustainable economic opportunities that are less dependent on volatile outside forces.

It also must be kept in mind that reductions in payroll will have its own economic consequences. Our businesses are in desperate need of customers. Gainfully employed workers are and will continue to be those customers. Any reduction in hours or pay has the potential to severely impact people purchasing goods or services which will create a downward spiral in our entire island economy. Economists have informed the legislature that we must do everything we can to infuse money into our economy by essentially putting money in the hands of customers utilizing federal assistance and bolstering employment

5. Are you in favor of increasing the local minimum wage and *Why*?

**ANSWER:** Given the current economic challenges, I would not support any further changes to the current minimum wage law. There are many ways to support both our workers and our businesses. I mentioned above supporting manpower programs at GCC and DOL for reskilling, upskilling, and retooling our workforce and employers to succeed in this new COVID-19 landscape. Having strong programs that support this are important ways to provide paths for people to achieve higher qualities of life.

6. Are you in favor of *reducing* taxes and fees to assist in the start of small businesses and in maintaining their viability?

**ANSWER:** To help small businesses, I co-sponsored a new law to expand the Dave Santos tax exemptions. Should the fiscal situation improve, I would support further tax reductions. I have worked to either develop initiatives myself toward looking for a variety of ways to assist small businesses, co-sponsor them, or otherwise support them. I wrote a law to strengthen protection of the Guam brand and provide better support to local entrepreneurs within the Guam Product Seal program which accounts for some 750 jobs (pre-COVID-19), and pump millions of dollars into our economy. I have supported expanding apprentice programs, expanding the Dave Santos Act tax breaks for small businesses even further a second time this term, and more. The bill that I will be submitting shortly on developing an Intraregional Commerce Commission will focus on regional initiatives, many of which will likely be ways to grow small business opportunities that not only serve us economically but which provide us better food security, help recycle our waste which China is no longer accepting, and make our islands more sustainable for the long run.

7. What functions of the Government of Guam do you believe should be privatized?

**ANSWER:** Some 70 governmental entities exist that provide a wide range of services from issuing building permits to operating public pools. In fact, a lot of governmental services are already privatized—restroom maintenance and lawn maintenance are two examples. Privatization has to make sense for the taxpayers and the community as a whole. A cost-benefit analysis should always be conducted so that data informs the decision. Whenever possible, I believe we should explore public-private partnerships including for new initiatives such as zero-waste/recycling. For example, for our zero-waste/recycling initiatives, the Guam Environmental Protection Agency is working with a world leader in zero-waste engineering to create new opportunities for private sector recycling enterprises.

8. Are you in support of the impending military buildup and the Marine relocation?

**ANSWER:** My stance has always been that Guam is a very special place with, as is common for islands, a lot of vulnerabilities. We must protect our resources. Here, more than in other places, our resources provide for our health and our economy. The local government, individuals, developers, and the federal government all need to be held accountable for following local and federal laws that ensure that community and their health and resources are protected. We must protect our social fabric, our health, and our resources like our fresh water lens that supplies 80% of our drinking water, our fishing grounds that sustain families and provides livelihoods for many, and the marine mammals in our waters that make 16 boat tour companies that offer dolphin watching viable, especially if we know they are protected by the military elsewhere as is the case for our marine mammals in Hawaii and Southern California. The standards and safety for our community should not be any less than it is for others within the US.

Military presence and serving in the military have a long tradition on Guam. That being said, the military build up or other associated activities need to be mutually beneficial. They cannot cost us more in the long term than they benefit us for the short term. It is up to leaders to ensure that protection of a community, its health and resources, occurs, and that the relationship is mutually beneficial, not costing us more in the long run.