

I Mina'trentai Sais Na Liheslaturan Guåhan
BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	FISCAL NOTES	NOTES
202-36 (COR)	Mary Camacho Torres Tina Rose Muña Barnes Jose “Pedo” Terlaje Joe S. San Agustin Christopher M. Dueñas V. Anthony Ada Frank F. Blas, Jr.	AN ACT TO <i>AMEND</i> § 26203.2. OF CHAPTER 26, TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO INCREASING THE GROSS THRESHOLD FOR LIMITED EXEMPTIONS ON THE BUSINESS PRIVILEGE TAXES FOR CERTAIN SMALL BUSINESSES.	9/16/21 11:23 a.m.	9/27/21	Committee on General Government Operations, Appropriations, and Housing			Request: 9/28/21 10/5/21	



Vice Speaker

TINA ROSE MUÑA BARNES

CHAIRPERSON, COMMITTEE ON RULES

I Mina'trentai Sais Na Liheslaturan Guåhan

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October 5, 2021

MEMO

To: Rennae Meno
Clerk of the Legislature

From: Senator Amanda L. Shelton
Acting Chairperson, Committee on Rules

Re: Fiscal Note on Bill No. 202-36 (COR)

Håfa adai,

Attached, please find the fiscal note for the following bill:

Bill No. 202-36 (COR)

Please forward the same to Management Information Services (MIS) for posting on our website.

If you have any questions or concerns, please feel free to contact Mary Maravilla, Committee on Rules Director at 472-2461.

Thank you for your attention to this important matter.



Bureau of Budget & Management Research
Fiscal Note of Bill No. 202-36 (COR)

AN ACT TO AMEND § 26203.2 OF CHAPTER 26, TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO INCREASING THE GROSS THRESHOLD FOR LIMITED EXEMPTIONS ON THE BUSINESS PRIVILEGE TAXES FOR CERTAIN SMALL BUSINESSES.

Department/Agency Appropriation Information

Dept./Agency Affected: Department of Revenue and Taxation (DRT)	Dept./Agency Head: Dafne Mansapit-Shimizu, Director
Department's General Fund (GF) appropriation(s) to date:	\$8,945,336
Department's Other Fund appropriation(s) to date: Banking and Insurance Enforcement Fund (\$479,765); Better Public Service Fund (\$1,410,919); Tax Collection Enhancement Fund (\$919,948)	\$2,810,632
Total Department/Agency Appropriation(s) to date:	\$11,755,968

Fund Source Information of Proposed Appropriation

	General Fund:	Special Fund:	Total:
FY 2020 Unreserved Fund Balance	\$0	\$0	\$0
FY 2021 Adopted Revenues	\$0	0	0
FY 2021 Appro. (P.L. 35-99)	\$0	0	0
Sub-total:	\$0	0	0
Less appropriation in Bill	\$0	0	0
Total:	\$0	0	0

Estimated Fiscal Impact of Bill

	One Full Fiscal Year	For Remainder of FY 2021 (if applicable)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund 1/	\$0	\$0	\$0	\$0	\$0	\$0
Special Fund	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0	\$0

- Does the bill contain "revenue generating" provisions? / / Yes /X/ No
If Yes, see attachment
- Is amount appropriated adequate to fund the intent of the appropriation? /X/ N/A / / Yes / / No
If no, what is the additional amount required? \$ /X/ N/A
- Does the Bill establish a new program/agency? / / Yes /X/ No
If yes, will the program duplicate existing programs/agencies? /X/ N/A / / Yes / / No
Is there a federal mandate to establish the program/agency? / / Yes /X/ No
- Will the enactment of this Bill require new physical facilities? / / Yes /X/ No
- Was Fiscal Note coordinated with the affected dept/agency? If no, indicate reason: /X/ Yes / / No
/X/ Requested agency comments not received by due date: **DRT** / / Other:

Analyst:  Raymond Rieta, BMA II	Date: 10/5/21	Director:  Lester L. Carlson, Jr., Director	Date: OCT 05 2021
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Notes:
1/ See attached Comments.

Bureau of Budget & Management Research
Comments on Bill No. 202-36 (COR)

The proposed legislation seeks to amend §26203.2 of Chapter 26, Title 11, Guam Code Annotated (GCA) relative to permanently increasing the gross threshold for Limited Exemptions for Certain Small Businesses (LECSB) on Business Privilege Tax (BPT) remittances above 3% of the business's gross proceeds from \$250K to \$500K.

The Bureau has not received comments from the Department of Revenue and Taxation (DRT) specific to the subject Bill, however, referencing past comments from DRT in response to the introduction of Bill No. 177-36 (LS), which intent was also to increase the gross threshold for the LECSB on BPT remittances from \$250K to \$500K, they surmised that this action would result in BPT revenue losses. However, they also added that revenue losses may be offset on a residual basis through the payment of income taxes on net operating profits once the economy rebounds from the COVID-19 pandemic. Furthermore, DRT commented that the proposed actions to increase the gross threshold for the LECSB in Bill No. 177-36 (similar to the subject Bill No. 202-36) does not affect this funding source nor impact operations at the department.

Additionally, per the August 2021 Consolidated Revenue and Expenditure Report, BPT collections have experienced an approximate \$13.8M collection shortfall below adopted levels per P.L. 35-99. Absent specific information from DRT regarding businesses that collect \$500K in gross income, the Bureau is unable to determine an approximate financial impact at this time. However, the Bureau notes that additional exemptions from BPT remittances will exacerbate the shortfall noted above for FY21 and prospectively.