

I Mina'trentai Sais Na Lihelaturan Guåhan
BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	FISCAL NOTES	NOTES
40-36 (COR)	Committee on Rules	AN ACT TO ADD §1512.5 TO TITLE 5, GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING THE REFUNDING OF GOVERNMENT OF GUAM BUSINESS PRIVILEGE TAX BONDS, SERIES 2011A, GOVERNMENT OF GUAM BUSINESS PRIVILEGE TAX BONDS, SERIES 2012B, AND GOVERNMENT OF GUAM BUSINESS PRIVILEGE TAX REFUNDING BONDS, SERIES 2015D, AND RELATED MATTERS.	1/25/21 11:51 a.m.	1/26/21	Committee on General Government Operations, Appropriations, and Housing			Request: 1/26/21 2/4/21	



Vice Speaker

TINA ROSE MUÑA BARNES

CHAIRPERSON, COMMITTEE ON RULES

I Mina'trentai Sais Na Liheslaturan Guåhan

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February 4, 2021

MEMO

To: Rennae Meno
Clerk of the Legislature

From: Vice Speaker Tina Rose Muña Barnes
Chairperson, Committee on Rules

Re: Fiscal Note on Bill No. 40-36 (COR)

Buenas yan Håfa adai.

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

Bill No. 40-36 (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. 40-36 (COR)**

AN ACT TO ADD \$1512.5 TO TITLE 5, GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING THE REFUNDING OF GOVERNMENT OF GUAM BUSINESS PRIVILEGE TAX BONDS, SERIES 2011A, GOVERNMENT OF GUAM BUSINESS PRIVILEGE TAX BONDS, SERIES 2012B, AND GOVERNMENT OF GUAM BUSINESS PRIVILEGE TAX REFUNDING BONDS, SERIES 2015D, AND RELATED MATTERS.

Department/Agency Appropriation Information	
Dept./Agency Affected: Guam Economic Development Authority (GEDA)	Dept./Agency Head: Melanie Mendiola, Administrator
Department's General Fund (GF) appropriation(s) to date:	\$0
Department's Other Fund (Specify) appropriation(s) to date:	\$0
	\$0

Fund Source Information of Proposed Appropriation			
	General Fund:	Special Fund	Total:
FY 2020 Unreserved Fund Balance		\$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	\$0	\$0	\$0	\$0	\$0	\$0
Special Fund	\$0	\$0	\$0	\$0	\$0	\$0
Total 1/	\$0	\$0	\$0	\$0	\$0	\$0

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

Analyst: Jose Salas Cruz, Jr., BMA II Date: 03 FEB 21 Director: Lester L. Carlson, Jr., Director Date: FEB 04 2021

1/The proposed legislation intends to add \$1512.5 to Title 5, Guam Code Annotated, relative to authorizing the refunding of Government of Guam Business Privilege Tax (BPT) Bonds, Series 2011A, Government of Guam BPT Bonds, Series 2012B, and Guam BPT Refunding Bonds, Series 2015D, and related matters. The Guam Economic Development Authority (GEDA) stated that the 2011A Business Privilege Tax (BPT) Bonds and the 2012B BPT Bonds have a current call date of January 1, 2011, with the earliest date for a current refunding of October 3, 2021. GEDA has found that there exists an opportunity to achieve nearly \$22 million in estimate debt service savings and accelerate this savings into Fiscal Year 2021, estimated at \$2.6 million, and Fiscal Year 2022, estimated \$18 million, potential investors would be willing to commit to buying new BPT bonds 4-5 months in advance of an October closing which would allow GovGuam to lock-in savings and eliminate future interest rate risk. They stated that the primary advantage of this forward delivery refunding is that GovGuam would be able to lock-in savings ahead of the passage of the FY 2022 budget with lowered debt service. While the proposed legislation does not include revenue generating provisions, the GovGuam stands to realize savings from the proposed refunding of the 2011A Bonds, 2012B Bonds, and/or 2015D. Following the onset of the COVID-19 pandemic which depleted the island's tourism industry, per the Consolidated Revenue/Expenditure Report as of September 30, 2020, the actual year-to-date total BPT collections was \$297,815,194 which was \$17M less than the FY 2020 adopted revenues. The potential savings from the proposed refunding will assist GovGuam in meeting the required debt service coverage as well as with its recovery efforts in general heading into FY2022.