

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
104-36 (COR)	Sabina Flores Perez Therese M. Terlaje V. Anthony Ada Joanne Brown Christopher M. Dueñas Telena Cruz Nelson Telo T. Taitague	AN ACT TO <i>AMEND</i> §§ 6703, 6802 AND 6805, ALL OF CHAPTER 6 OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO PAYMENT REQUIRMENTS FOR CIGARETTE TAX STAMPS.	4/5/21 3:06 p.m.	4/9/21	Committee on Environment, Revenue and Taxation, Labor, Procurement, and Statistics, Research, and Planning			4/13/21	



Vice Speaker

TINA ROSE MUÑA BARNES

CHAIRPERSON, COMMITTEE ON RULES

I Mina'trentai Sais Na Liheslaturan Guåhan

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April 13, 2021

MEMO

To: Rennae Meno
Clerk of the Legislature

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

Re: Fiscal Note for Bill No. 104-36(COR)

Buenas yan Håfa adai.

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

Bill No. 104-36 (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. 104-36 (COR)

AN ACT TO AMEND §§ 6703, 6802 AND 6805, ALL OF CHAPTER 6 OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO PAYMENT REQUIREMENTS FOR CIGARETTE TAX STAMPS.

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)	<u>\$2,810,632</u>
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	\$0	\$0	\$0	\$0	\$0	\$0
Healthy Futures Fund 1/	1/	1/	1/	1/	1/	1/
Total	1/	1/	1/	1/	1/	1/

- 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: <u>Raymond Reta, BMA II</u>	Date: <u>4/13/21</u>	Director: <u>Lester L. Carlson, Jr., Director</u>	Date: <u>APR 13 2021</u>
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Notes:
 1/ See attached Comments.

Bureau of Budget & Management Research
Comments on Bill No. 104-36 (COR)

Bill No. 104-36 (COR) is an act to amend §§ 6703, 6802 and 6805, all of Chapter 6, Title 11, Guam Code Annotated, relative to payment requirements for Cigarette Tax Stamps. Currently, tobacco tax collections are deposited into the Healthy Futures Fund (HFF). Based on the Special Fund Tracking Report, the HFF amounted to approximately \$39.9M in FY20, with tobacco taxes accounting for approximately \$34.4M of that amount.

The current law allows payment of cigarette taxes sold out of bonded warehouses be made no later than the twentieth (20th) day of the month following the month in which the associated cigarettes were issued and sold out of the bonded warehouse. The Cigarette Tax Stamp Law further allows for an additional delay in the payment of cigarette tax stamps to no later than the twentieth (20th) day of the month following the month in which the cigarette tax stamps were purchased. Section 2 of the Bill requires payment for the stamps to be made at the time of purchase from the Department of Revenue and Taxation (DRT).

Section 3 of the Bill amends the four tenths of one percent (0.4%) discount of the denominated value of each stamp purchases afforded to wholesalers in the Cigarette Tax Stamp Law to be applicable only for the first two (2) years.

Section 4 of the Bill imposes a new stamp fee of one percent (1%) of the denominated value of each stamp sold, of which, the fees will be deposited into the newly proposed Cigarette Stamp Tax Fund. The 1% stamp fee is to be comprised of 0.5% to the DRT to pay the cost of providing the stamps and 0.5% to the Office of the Attorney General to pay for the cost of enforcing the Cigarette Stamp Tax law. Furthermore, the section repeals the 20th day requirement for payment for the stamps for cigarettes held and sold out of a bonded warehouse and amends payments to be made at the time of purchase from DRT.

The Bureau notes that 100% of projected HFF revenues are allocated to department operations in P.L. 35-99. Based on FY20 revenues, the elimination of this 0.4% discount after the first two (2) years may result in a potential increase in future annual revenues towards the Healthy Futures Fund.

Additionally, the Bureau doesn't anticipate an increase/reduction to revenues anticipated in the form of cigarette tax stamps. However, the Bureau notes that this legislation may improve the timeliness of deposits into the HFF and the newly created Cigarette Stamp Tax Fund which may improve both fund's cash flow.