

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
175-36 (LS)	Therese M. Terlaje	AN ACT RELATIVE TO MANDATING THE SWIFT PAYMENT OF TAX REFUNDS ELIGIBLE FOR EARNED INCOME TAX CREDITS THROUGH THE AMENDMENTS TO §51102 AND §51103, BOTH OF CHAPTER 51, TITLE 11, GUAM CODE ANNOTATED.	8/9/21 8:00 a.m.	8/17/21	Committee on General Government Operations, Appropriations, and Housing			Request: 8/17/21 8/30/21	



Vice Speaker

TINA ROSE MUÑA BARNES

CHAIRPERSON, COMMITTEE ON RULES

I Mina'trentai Sais Na Liheslaturan Guåhan

GUAM CONGRESS BUILDING
163 CHALAN SANTO PAPA
HAGÅTÑA, GUAM 96910
TEL 671-472-2461
COR@GUAMLEGISLATURE.ORG

August 30, 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. 175-36 (LS)**

Håfa adai,

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

Bill No. 175-36 (LS)

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. 175-36 (LS)

AN ACT RELATIVE TO MANDATING THE SWIFT PAYMENT OF TAX REFUNDS ELIGIBLE FOR EARNED INCOME TAX CREDITS THROUGH THE AMENDMENTS TO §51102 AND §51103, BOTH OF CHAPTER 51, TITLE 11, GUAM CODE ANNOTATED.

Department/Agency Appropriation Information	
Dept./Agency Affected: Department of Administration	Dept./Agency Head: Edward Birn, Director
Department's General Fund (GF) appropriation(s) to date:	\$6,553,394
Department's Other Fund (Specify) appropriation(s) to date: Indirect Cost Fund & Limited Gaming Fund	\$899,606
Total Department/Agency Appropriation(s) to date:	\$7,453,000

Fund Source Information of Proposed Appropriation			
	General Fund:	(Specify Special Fund):	Total:
FY 2020 Unreserved Fund Balance		\$0	\$0
FY 2021 Adopted Revenues	\$0	\$0	\$0
FY 2021 Appro. (P.L. 35-99 thru)	\$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
Special Fund	\$0	\$0	\$0	\$0	\$0	\$0
Total	1/	\$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? / / N/A / / Yes / X / 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
/ / Requested agency comments not received by due date / / Other:

Analyst: <u>Jason Baza, BMA Supervisor</u>	Date: <u>8/27/21</u>	Director: <u>Lester L. Carlson, Jr., Director</u>
--	----------------------	---

Notes:

1/ The proposed legislation intends to mandate the Department of Administration (DOA) to deposit full amounts of reimbursements from the federal government for Earned Income Tax Credits (EITC) into the Income Tax Refund Efficient Payment Trust Fund ("Trust Fund") for tax years 2021 and beyond. Further, the proposed legislation states that DOA may forgo depositing full amounts of EITC reimbursements into the Trust Fund if the balance of the Trust Fund is sufficient to pay all tax refunds eligible for EITC beginning tax year 2024.

At this time, it is unclear whether EITC remittances from the federal government to the Government of Guam will be in the form of either an advance payment (as is the case with Child Tax Credits and Additional Child Tax Credits) or on a reimbursement basis (which requires the Government of Guam to pay for EITC obligations from local resources beforehand). If EITC remittances from the federal government are received as an advance payment, then all remittances will be required to be deposited into the Trust Fund and to be used specifically for tax refunds. In correspondences with the Department of Revenue & Taxation (DRT) for other proposed legislations, DRT has stated that the department has paid to taxpayers of record an average of \$53M in EITC reimbursements since 2017. The Bureau notes that Bill 55-36 (COR), as amended, sets aside \$67,974,116 from the General Fund for tax refunds in FY 2022. Should EITC remittances come in the form of reimbursements, then the EITC payments would need to first be paid from the \$67,974,116 set aside from the General Fund and/or General Fund cash that wasn't set aside for tax refunds in Bill 55-36 (COR). Further, per consultation with DOA, any reimbursements received for payments made by the General Fund should be kept within the General Fund for operations.