

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
344-36 (COR)	Clynton E. Ridgell	AN ACT TO ADD A NEW ITEM (d) TO § 70126 OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO EXEMPTIONS FOR BUSINESS LICENSES; AND, TO ADD A NEW SUBSECTION (40) TO § 26203 OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO THE PAYMENT OF BUSINESS PRIVILEGE TAXES.	10/10/22 2:32 p.m.	10/13/22	Committee on General Government Operations, Appropriations, and Housing			Request: 10/17/22 10/21/22	



Vice Speaker

TINA ROSE MUÑA BARNES

CHAIRPERSON, COMMITTEE ON RULES

I Mina'trentai Sais Na Liheslaturan Guåhan

GUAM CONGRESS BUILDING
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October 21, 2022

MEMO

To: **Rennae Meno**
Clerk of the Legislature

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

Re: **Fiscal Notes on Bill Nos. 343-36 (COR) and 344-36 (COR)**

Håfa adai,

Attached, please find the fiscal notes for the following bills:

Bill No. 343-36 (COR)

Bill No. 344-36 (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. 344-36 (COR)

BILL NO. 344-36 (COR) IS "AN ACT TO ADD NEW ITEM (d) TO § 70126 OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO EXEMPTIONS FOR BUSINESS LICENSES; AND, TO ADD A NEW SUBSECTION (40) TO § 26203 OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO THE PAYMENT OF BUSINESS PRIVILEGE TAXES."

Department/Agency Appropriation Information

Dept./Agency Affected: Guam Council on the Arts and Humanities Agency	Dept./Agency Head: Sandra Flores, Director
Department's General Fund (GF) appropriation(s) to date: operations (\$541,154); Guam Territorial Band (\$45,000)	\$586,154
Department's Other Fund appropriation(s) to date:	\$0
Total Department/Agency Appropriation(s) to date:	\$586,154

Fund Source Information of Proposed Appropriation

	General Fund:	(Specify Special Fund):	Total:
FY 2022 Unreserved Fund Balance		\$0	\$0
FY 2023 Adopted Revenues	\$0	\$0	\$0
FY 2023 Appr. (P.L. 36-107)	\$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 2023 (if applicable)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund	1/	\$0	\$0	\$0	\$0	\$0
Special Fund	1/	\$0	\$0	\$0	\$0	\$0
Total	1/	\$0	\$0	\$0	\$0	\$0

1. Does the bill contain "revenue generating" provisions? / / Yes / X/ No
If Yes, see attachment
2. Is amount appropriated adequate to fund the intent of the appropriation? / X/ N/A / / Yes / X/ No
If no, what is the additional amount required? \$ / X/ N/A
3. 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
4. Will the enactment of this Bill require new physical facilities? / / Yes / X/ No
5. 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: Katherine Parkinson-Borja Date: 10/24/22 Director: Lester E. Carlson, Jr. Date: OCT 21 2022
Katherine Parkinson-Borja, BMA I Lester E. Carlson, Jr., Director

Notes:

1/ See attached comments.

BUREAU OF BUDGET MANAGEMENT AND RESEARCH

COMMENTS ON BILL NO. 344-36 (COR)

Although the intent of Bill No. 344-36 (COR) would be beneficial to local artists on Guam, passage of the proposed bill could negatively affect Guam's Business Privilege Tax (BPT) bond covenant, and thus, negatively impact the Government of Guam's finances. The Guam Economic Development Authority (GEDA) notes that the proposed bill would violate the BPT bond indenture, which states:

"as long as any bonds remain outstanding, the government shall not reduce the rate of levy and collection of the pledged BPT below three percent (3%), nor shall the government reduce the services, products or activities to which the pledged BPT applies, nor shall the Government upwardly adjust any exception or exclusion, or otherwise impair, the pledged business privilege tax. (Emphasis added)"

According to GEDA, the breach of the BPT covenant can lead to an "event default", which has the potential to accelerate bond payments to be due immediately. As of October 18, 2022, the outstanding principal balance of BPT bonds is \$652,205,000.

The Department of Revenue and Taxation (DRT) has commented that there is an insufficient amount of information to count the number of Guam Council on the Arts and Humanities Agency (CAHA) that may avail themselves to the proposed exemptions set forth in the proposed legislation to measure the impact on fees and taxes. However, additional costs would be incurred at the DRT to administer the new provisions should the bill be enacted into law.

Lastly, CAHA states that the benefit to members would have to apply to all disciplines and not just visual arts as stated in the proposed bill because current directory lists artists by discipline (folk, traditional arts, visual/media arts, performing arts, literature/humanities and masters (artist who have received masters award), as well as art related organizations. Further, the process for certifying artists, procedures, and a more robust database for the Artist Directory would have to be created. CAHA would need an estimated ninety (90) days to prepare to administer the proposed bill should it be enacted into law. Although additional workload would be imposed upon current staff members, the initial cost of upgrading CAHA's database capacity is unknown at this time.