

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
340-36 (LS)	Joe S. San Agustin Tina Rose Muña Barnes Amanda L. Shelton Clynton E. Ridgell Jose "Pedro" Terlaje	AN ACT TO AMEND SECTION 13 OF PART III OF CHAPTER II OF PUBLIC LAW 36-107, THE FISCAL YEAR 2023 BUDGET LAW, RELATIVE TO THE UNIVERSITY OF GUAM CAPITAL IMPROVEMENTS FUND.	9/27/22 3:27 p.m.	9/28/22	Committee on General Government Operations, Appropriations, and Housing			Request: 9/30/22  10/5/22	



Vice Speaker

**TINA ROSE MUÑA BARNES**

**CHAIRPERSON, COMMITTEE ON RULES**

*I Mina'trentai Sais Na Liheslaturan Guåhan*

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October 5, 2022

# 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. 340-36 (LS)

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*Håfa adai,*

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

**Bill No. 340-36 (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. 340-36 (LS)**

**AN ACT TO AMEND SECTION 13 OF PART III OF CHAPTER II OF PUBLIC LAW 36-107, THE FISCAL YEAR 2023 BUDGET LAW, RELATIVE TO THE UNIVERSITY OF GUAM CAPITAL IMPROVEMENTS FUND.**

**Department/Agency Appropriation Information**

Dept./Agency Affected: University of Guam	Dept./Agency Head: Dr. Thomas W. Krise, President
Department's General Fund (GF) appropriation(s) to date:	\$30,761,293
Department's Other Fund appropriation(s) to date: Guam Educational Facilities Fund (\$500,000) and Healthy Futures Fund (\$3,000,000)	\$3,500,000
<b>Total Department/Agency Appropriation(s) to date:</b>	<b>\$34,261,293</b>

**Fund Source Information of Proposed Appropriation**

	General Fund:	(Specify Special Fund):	Total:
FY 2022 Unreserved Fund Balance	\$0	\$0	\$0
FY 2023 Adopted Revenues	\$0	\$0	\$0
FY 2023 Appro. (P.L. 36-107 thru )	\$0	\$0	\$0
Sub-total:	\$0	\$0	\$0
Less appropriation in Bill	\$0	\$0	\$0
<b>Total:</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**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
<b>Total</b>	<b>1/</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

- |   |            |          |
|---|------------|----------|
| 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  |
| If no, what is the additional amount required?  | / X / N/A  | / / No   |
| 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  |
| 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: 	Date: <u>10/4/2022</u>	Director: 	Date: <u>OCT 05 2022</u>
Abigail Ofeciar, BMA IV		Lester L. Carlson, Jr., Director	

Notes:  
1/ See attached comments.

**BUREAU OF BUDGET AND MANAGEMENT RESEARCH**  
**COMMENTS ON BILL NO. 340-36 (LS)**

The proposed legislation intends to change the word “shall” to “may” relative to the allocation of One Million One Hundred Fifty-eight Thousand Two Hundred Eighty-three Dollars (\$1,158,283) from the University of Guam’s (UOG) General Fund appropriation for operations. Such sum is to be allocated to the UOG Capital Improvements Fund for the purpose of paying rental payments due under the lease-back agreement pursuant to P.L. 31-229:18, as repealed and reenacted by P.L. 31-277. If enacted, the proposed legislation will make it optional for UOG to allocate said \$1,158,283 to the UOG Capital Improvements Fund for its intended purpose.

The University of Guam Endowment Foundation Loan (USDA Loan 2016 - \$21,700,000), authorized by P.L. 31-229:18, as repealed and reenacted by P.L. 31-277, was intended for the construction and renovation of UOG’s Student Service Center and the construction of UOG College of Natural and Applied Sciences – Engineering Annex Facility for the School of Engineering. This 2016 loan has since been cancelled due to a 5-year drawdown restriction as UOG was unable to secure financing to supplement the construction costs shortfall. UOG has since resolved the financing issue and a new USDA Loan was approved in 2020. In August 2022, UOG held a USDA loan contract signing ceremony for the two contractors selected to complete the design build for the School of Engineering and the Student Success Center. Pursuant to the Loan Resolution Security Agreement provided by UOG, the full principal amount of the loan is \$21,700,000 with a rate not to exceed 2.375 percent per annum. The principal and interest shall be paid over a period of forty years. Per UOG, it will be charged interest on the amount drawn down during the year for the first two years, with payments estimated at \$500,000 for FY2023 and \$900,000 for FY2024. Principal payments will then be added thereafter with annual loan payments not to exceed \$1.15M.

UOG expressed its support of Bill No. 340-36(LS) stating that it will not negatively impact its FY2023 operations as it does not change the level of appropriations provided to UOG for FY2023. While the annual payments for the 2020 USDA loan is set to begin in FY2023, UOG intends to use the funds appropriated to UOG in P.L. 36-54 via the continuing appropriation authorization contained in P.L. 36-107, Chapter XII, Section 49 to pay for the loan. UOG further stated that it intends to request separate appropriations from the Guam Educational Facilities Fund for the USDA loan payments to be restored beginning in FY2024.