

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
260-36 (LS)	Therese M. Terlaje	AN ACT TO <i>REPEAL</i> PUBLIC LAW 34-44, RELATIVE TO REDUCING LIQUID FUEL TAX RATES BY FOUR CENTS (\$0.04) PER GALLON TO RATES PRIOR TO JANUARY 1, 2018.	2/22/22 12:32 p.m.	3/2/22	Committee on General Government Operations, Appropriations, and Housing			Request: 3/2/22 3/4/22	



Vice Speaker

TINA ROSE MUÑA BARNES

CHAIRPERSON, COMMITTEE ON RULES

I Mina'trentai Sais Na Liheslaturan Guåhan

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March 4, 2022

MEMO

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

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

Re: **Fiscal Notes**

Håfa adai,

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

Bill No. 253-36 (COR)
Bill No. 257-36 (LS)
Bill No. 260-36 (LS)
Bill No. 261-36 (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. 260-36 (LS)

AN ACT TO REPEAL PUBLIC LAW 34-44, RELATIVE TO REDUCING LIQUID FUEL TAX RATES BY FOUR CENTS (\$0.04) PER GALLON TO RATES PRIOR TO JANUARY 1, 2018.

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:	\$12,065,785
Department's Other Fund appropriation(s) to date: Banking and Insurance Enforcement Fund (\$478,857); Better Public Service Fund (\$1,291,037); Tax Collection Enhancement Fund (\$808,767)	\$2,578,661
Total Department/Agency Appropriation(s) to date:	\$14,644,446

Fund Source Information of Proposed Appropriation

	General Fund:	Special Fund:	Total:
FY 2021 Unreserved Fund Balance	\$0	\$0	\$0
FY 2022 Adopted Revenues	\$0	\$0	\$0
FY 2022 Appro. (P.L. 36-54)	\$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 2022 (if applicable)	FY 2023	FY 2024	FY 2025	FY 2026
General Fund	\$0	\$0	\$0	\$0	\$0	\$0
Guam Highway Fund	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? DRT /X/ Yes / / No
If no, indicate reason: / / Other
/ / Requested agency comments not received by due date: DRT

Analyst: <u>Raymond Breta</u>	Date: <u>3/3/22</u>	Director: <u>Lester L. Carlson, Jr., Director</u>	Date: <u>MAR 03 2022</u>
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Notes:
1/ See Additional Comments.

Bureau of Budget & Management Research
Comments on Bill No. 260-36 (LS)

Bill No. 260-36 is an act to repeal P.L. 34-44, relative to reducing liquid fuel tax rates by four cents (\$0.04) per gallon and restoring the liquid fuel tax rates to the original rates prior to January 1, 2018. The current liquid fuel tax for diesel fuel (\$0.14 per gallon), all other liquid fuel (\$0.15 per gallon), and commercial aviation liquid fuel (\$0.08 per gallon) would be reduced to ten cents (\$0.10) per gallon, eleven cents (\$0.11) per gallon, and four cents (\$0.04) per gallon, respectively. To estimate the fiscal impact of Bill No. 260-36, the Bureau utilized liquid fuel tax data from FY18 through FY21 provided by the Department of Revenue and Taxation (DRT) as well as data derived from the AS400 Financial System.

Based on the information from DRT, the estimated average annual revenue loss of the proposed reductions in the liquid fuel tax is approximately **\$3.4M**, while the revenue loss is estimated at **\$3.6M** based on information from the AS400 Financial System, see attached **Exhibit A**.

The liquid fuel taxes makeup a significant portion of the Guam Highway Fund (GHF). Should the proposed legislation become law, the Bureau estimates the GHF may experience annual reductions in overall revenue. There are several Government of Guam departments / programs that receive appropriations from the GHF, which will likely be impacted by such reduction. These include the Department of Administration's (DOA) GHF Audit & Public Streetlights, the Department of Public Works' (DPW) Operations, Village Streets and Road Repairs / Resurfacing, & Contracts for Road Maintenance, the Guam Police Department's Highway Patrol Division, and Operations for the Guam Regional Transit Authority and the Mayor's Council of Guam.

EXHIBIT A

TAXES AND GALLON INFORMATION RECEIVED FROM THE DEPARTMENT OF REVENUE & TAXATION

Liquid Fuel Tax	FY2021	FY2020	FY2019	FY2018	Average Annual Revenue	Bill No. 260-36 (LS) Estimated Average Annual Revenue Loss
Diesel Fuel Tax						
Revenue Collected @ \$0.14 / gallon ^{1/}	\$755,030	\$927,204	\$964,667	\$851,142	\$874,511	
Estimated Gallons Taxed (Revenue / \$0.14)	5,393,070	6,622,883	6,890,476	6,079,582		
Estimated Revenue @ \$0.10 / gallon	\$539,307	\$662,288	\$689,048	\$607,958		
Difference	-\$215,723	-\$264,916	-\$275,619	-\$243,184		-\$249,860
Gasoline Tax						
Revenue Collected @ \$0.15 / gallon ^{1/}	\$4,780,247	\$5,137,361	\$5,972,888	\$5,475,077	\$5,341,393	
Estimated Gallons Taxed (Revenue / \$0.15)	31,868,312	34,249,073	39,819,255	36,500,515		
Estimated Revenue @ \$0.11 / gallon	\$3,505,514	\$3,767,398	\$4,380,118	\$4,015,057		
Difference	-\$1,274,733	-\$1,369,963	-\$1,592,770	-\$1,460,020		-\$1,424,371
Others						
Revenue Collected @ \$0.15 / gallon ^{1/}	\$19	\$35	\$11	\$8,733	\$2,200	
Estimated Gallons Taxed (Revenue / \$0.15)	124	230	75	58,222		
Estimated Revenue @ \$0.11 / gallon	\$14	\$25	\$8	\$6,404		
Difference	-\$5	-\$10	-\$3	-\$2,329		-\$587
Commercial Aviation						
Revenue Collected @ \$0.08 / gallon ^{1/}	\$2,516,691	\$3,579,116	\$4,280,400	\$3,502,652	\$3,469,715	
Estimated Gallons Taxed (Revenue / \$0.08)	31,458,637	44,738,946	53,505,003	43,783,147		
Estimated Revenue @ \$0.04 / gallon	\$1,258,345	\$1,789,558	\$2,140,200	\$1,751,326		
Difference	-\$1,258,346	-\$1,789,558	-\$2,140,200	-\$1,751,326		-\$1,734,857
				Total:	\$9,687,818	-\$3,409,676

^{1/} Obtained from Department of Revenue and Taxation

TAXES AND GALLON INFORMATION DERIVED FROM THE AS400 FINANCIAL SYSTEM

Liquid Fuel Tax	FY2021	FY2020	FY2019	FY2018	Average Annual Revenue	Bill No. 260-36 (LS) Estimated Average Annual Revenue Loss
Diesel Fuel Tax						
Revenue Collected @ \$0.14 / gallon ^{1/}	\$1,019,541	\$1,076,910	\$1,115,231	\$978,177	\$1,047,465	
Estimated Gallons Taxed (Revenue / \$0.14)	7,282,438	7,692,213	7,965,937	6,986,977		
Estimated Revenue @ \$0.10 / gallon	\$728,244	\$769,221	\$796,594	\$698,698		
Difference	-\$291,298	-\$307,689	-\$318,637	-\$279,479		-\$299,276
Gasoline Tax						
Revenue Collected @ \$0.15 / gallon ^{1/}	\$5,149,270	\$5,762,281	\$6,928,999	\$6,347,112	\$6,046,916	
Estimated Gallons Taxed (Revenue / \$0.15)	34,328,469	38,415,205	46,193,327	42,314,081		
Estimated Revenue @ \$0.11 / gallon	\$3,776,132	\$4,225,673	\$5,081,266	\$4,654,549		
Difference	-\$1,373,139	-\$1,536,608	-\$1,847,733	-\$1,692,563		-\$1,612,511
Others						
Revenue Collected @ \$0.15 / gallon ^{1/}	\$24	\$44	\$14	\$8,737	\$2,205	
Estimated Gallons Taxed (Revenue / \$0.15)	157	291	93	58,247		
Estimated Revenue @ \$0.11 / gallon	\$17	\$32	\$10	\$6,407		
Difference	-\$6	-\$12	-\$4	-\$2,330		-\$588
Commercial Aviation						
Revenue Collected @ \$0.08 / gallon ^{1/}	\$2,599,522	\$3,601,065	\$4,280,400	\$3,502,652	\$3,495,910	
Estimated Gallons Taxed (Revenue / \$0.08)	32,494,023	45,013,312	53,505,003	43,783,147		
Estimated Revenue @ \$0.04 / gallon	\$1,299,761	\$1,800,532	\$2,140,200	\$1,751,326		
Difference	-\$1,299,761	-\$1,800,532	-\$2,140,200	-\$1,751,326		-\$1,747,955
				Total:	\$10,592,495	-\$3,660,329

^{1/} Obtained from the AS400 Financial System