

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
326-36 (COR)	James C. Moylan	AN ACT TO <i>AMEND</i> SECTION 2(f) OF PUBLIC LAW 35-136, TO <i>AMEND</i> SECTIONS 4, 5, AND 6, OF PUBLIC LAW 36-53, TO <i>AMEND</i> SECTIONS 2, 3, 4, AND 5 OF "EXHIBIT A" RULES AND REGULATIONS OF PUBLIC LAW 35-136, TO <i>AMEND</i> SECTION 8 OF "EXHIBIT A" RULES AND REGULATIONS OF PUBLIC LAW 35-53, AND TO <i>ADD</i> A NEW SECTION 9 TO "EXHIBIT A" RULES AND REGULATIONS OF PUBLIC LAW 35-136, RELATIVE TO AMENDING THE REQUIREMENTS TO APPLY OR QUALIFY FOR THE <i>RECOVERY INCOME SUPPORT AND EMPOWERMENT (RISE) ACT OF 2020</i> .	7/18/22 8:00 a.m.	7/25/22	Committee on General Government Operations, Appropriations, and Housing			Request: 7/26/22  8/3/22	



Vice Speaker

**TINA ROSE MUÑA BARNES**

**CHAIRPERSON, COMMITTEE ON RULES**

*I Mina'trentai Sais Na Liheslaturan Guåhan*

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August 3, 2022

# MEMO

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

**From:** Senator Amanda L. Shelton  
Acting Chairperson, Committee on Rules

**Re:** Fiscal Note on Bill No. 326-36 (COR)

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*Håfa adai,*

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

**Bill No. 326-36 (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. 326-36 (COR)**

AN ACT TO AMEND SECTION 2 (f) OF PUBLIC LAW 35-136, TO AMEND SECTIONS 4, 5, AND 6, OF PUBLIC LAW 36-53, TO AMEND SECTIONS 2, 3, 4, AND 5 OF "EXHIBIT A" RULES AND REGULATIONS OF PUBLIC LAW 35-136, TO AMEND SECTION 8 OF "EXHIBIT A" RULES AND REGULATIONS OF PUBLIC LAW 35-53, AND TO ADD A NEW SECTION 9 TO "EXHIBIT A" RULES AND REGULATIONS OF PUBLIC LAW 35-136, RELATIVE TO AMENDING THE REQUIREMENTS TO APPLY OR QUALIFY FOR THE RECOVERY INCOME SUPPORT AND EMPOWERMENT (RISE) ACT OF 2020.

**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
<b>Total Department/Agency Appropriation(s) to date:</b>	<b>\$14,644,446</b>

**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
<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 2022 (if applicable)	FY 2023	FY 2024	FY 2025	FY 2026
General Fund	\$0	1/	\$0	\$0	\$0	\$0
Special Fund	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$0</b>	<b>1/</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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|---|-----------|---------|
| 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?               | /X/ Yes   | / / No  |
| If no, indicate reason:   | / / Other |         |
| /X/ Requested agency comments not received by due date: DRT                 |           |         |

Analyst: <u>Raymond Rieta, BMA III</u>	Date: <u>8/3/22</u>	Director: <u>Lester L. Carlson, Jr., Director</u>	Date: <u>AUG 03 2022</u>
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Notes:  
 1/ See Additional Comments.

BUREAU OF BUDGET AND MANAGEMENT RESEARCH  
COMMENTS ON BILL NO. 326-36 (COR)

On December 17, 2020, P.L. 35-136 lapsed into law and established the Recovery Income Support and Empowerment (RISE) Act Program of 2020. P.L. 35-136 established an income threshold of \$40,000 for individual tax filers and \$80,000 for joint tax filers to be eligible for a one-time payment of \$800 and \$1,600, respectively. Exhibit A to P.L. 35-136 outlined the qualifications as well as rules and regulations for the program, in which applications and supporting documentation needed to be filed in order to be eligible for the program. P.L. 35-136 authorized the Governor of Guam to transfer up to \$30,000,000 from: 1) FY 2021 General Fund appropriations, and 2) any federal appropriations that can be used for the purposes of the RISE Act. Further, P.L. 35-136 states that “no local funds may be used for this program as long as federal funds that can be used for the purposes of this Act are available to encumber, obligate, or expend”.

On August 12, 2021, the Governor signed E.O. 2021-18 relative to establishing the ALL-RISE Program, which mirrored all the requirements of P.L. 35-136 but identified funds received from the American Rescue Plan (ARP) Act of 2021 as the source of funding for the program.

On August 31, 2021, P.L. 36-53 was passed into law via override, which made amendments to P.L. 35-136. The one-time payment was adjusted to reflect \$1,000 and \$2,000 for individual and joint tax filers, respectively. The funding authorization was amended to state “the Governor is authorized to transfer up to the amount needed to pay all qualified applicants pursuant to the requirements set forth in this Act” as opposed to the \$30,000,000 cap that was originally set in P.L. 35-136. However, the language relative to the source of funding remained the same as referenced in the preceding paragraph regarding P.L. 35-136.

The proposed legislation intends to do the following, all relative to amending the RISE Act of 2020:

- Eliminate the income limitations for eligibility to receive the RISE Act payment.
- Extend the timeframe for delivery of payment to June 30, 2023.
- Amend the funding authorization to include transfers from FY 2022 General Fund appropriations.
- Amend the reporting requirement timeframe to continue until June 30, 2023.
- Eliminate the requirements to register with the Department of Revenue & Taxation as well as filing an application with supporting documentation in order to be eligible to receive the RISE Act payment.
- Authorize any Guam resident who had previously received any other claim through other relief programs established by the Governor to be eligible for the proceeds associated with the RISE Act.

The Governor’s ALL-RISE Program, which mirrored the payment structure set forth in P.L. 35-136, expended a total of \$37,197,600. At a rate of \$800 and \$1,600 for individual and joint tax filers within the income threshold of \$40,000 to \$80,000, respectively, this represents a total of 46,497 tax filers. The Bureau notes that a separately proposed legislation, Bill 321-36 (COR), makes reference to an estimated total of tax filers on Guam, regardless of income threshold, to be approximately 80,000 tax filers.

Because Section 10 of the proposed legislation states that any Guam resident who had qualified pursuant to Sections 1 and 3 of Exhibit A to P.L. 35-136 shall be eligible for the proceeds pursuant the RISE Program, all the 46,497 tax filers who had received one-time payments via the Governor’s ALL-RISE Program will be deemed eligible for another payment, but at a rate of \$1,000 and \$2,000 for individual and joint filers, respectively. As such, at a rate of \$1,000 for those 46,497 tax filers, the Bureau estimates the amount required to cover these payments is \$46,497,000. However, because the proposed legislation eliminates the income threshold set forth in P.L. 35-136, that would mean the estimated 80,000 total tax filers on Guam would be deemed eligible for payment. As a result of the elimination of the income threshold, the Bureau estimates an additional \$33,503,000 would be required to cover these additional 33,503 tax filers, resulting in an estimated total of \$80,000,000 to fulfill the requirements as proposed in Bill 326-36 (COR).

Should Bill 326-36 (COR) be passed into law, the Bureau notes that the funding sources may be problematic as proposed. FY 2021 appropriations have been either: 1) fully expended as appropriated to departments for their operations in FY 2021; 2) transferred via Governor's Transfer Authority pursuant to Section 8, Ch. 13, Part 2 of P.L. 35-99 to cover FY 2021 department shortfalls (report transmitted to the Legislature on April 4, 2022); or 3) exempt from the Governor's transfer authority pursuant to Section 8, Ch. 13, Part 2 of P.L. 35-99 or as otherwise referenced in the FY 2021 Budget Act (i.e. Department of Public Health & Social Services appropriations for Medicaid, the Medically Indigent Program, etc.).

FY 2022 General Fund appropriations have the same restrictions as mentioned in the preceding paragraph relative to the Governor's Transfer Authority pursuant to Section 8, Ch. 13, Part 2 of P.L. 36-54 or otherwise referenced in the FY 2022 Budget Act. Such restrictions limit the amounts available to consider transferring out from department/agency General Fund appropriations in FY 2022 without negatively impacting departments and agencies' abilities to operate for the remainder of the fiscal year.

That leaves the only remaining viable source of funding to cover the estimated financial impact proposed in Bill 326-36 (COR) to be "any federal appropriations that can be used for the purposes of the RISE Act", namely the ARP Funds. However, the Final Rules for the eligible uses of ARP Funds released by the U.S. Treasury states that: "In designing a program or service that responds to a disproportionately impacted class, a recipient must first identify the impact and then identify an appropriate response. To assess disproportionate impact, recipients should rely on data or research that measures the public health or negative economic impact. An assessment of the effects of a response (e.g., survey data on levels of resident support for various potential responses) is not a substitute for an assessment of the impact experienced by a particular class. Data about the appropriateness or desirability of a response may be used to assess the reasonableness of a response, once an impact or disproportionate impact has been identified but should not be the basis for assessing impact". As such, the estimated impact resulting from the proposed legislation's intent to lift the income threshold (\$33,503,000) would have to come from a source different from the ARP Funds.