

I Mina'Trentai Kuåttro Na Liheslaturan
BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	FISCAL NOTES	NOTES
141-34 (COR) As corrected by the Prime Sponsor.	Committee on Rules By request of I Maga'låhen Guåhan, the Governor of Guam, in accordance with the Organic Act of Guam.	AN ACT TO <i>AMEND</i> §§ 1512.3(a) AND (b), AND TO <i>ADD</i> § 1512.3(j)(5), AND TO <i>REPEAL AND REENACT</i> § 1512.3(d)(2), ALL OF ARTICLE 5, CHAPTER 1, TITLE 5, GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING AN ADDITIONAL SERIES OF BUSINESS PRIVILEGE TAX BONDS TO FINANCE THE RENOVATION AND/OR NEW CONSTRUCTION OF CERTAIN GUAM MEMORIAL HOSPITAL FACILITIES, AND FOR OTHER PURPOSES.	7/10/17 10:56 a.m. AS CORRECTED 7/17/17 6:02 p.m.	7/17/17	Committee on Appropriations and Adjudication			Fiscal Note Request 7/20/18 Fiscal Note 9/21/17	Exhibits A, B and C

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LEGISLATIVE SECRETARY • 34TH GUAM LEGISLATURE

September 21, 2017

MEMO

To: Rennae Meno
Clerk of the Legislature

From: Senator Régine Biscoe Lee
Chairperson, Committee on Rules

Re: Fiscal Notes

Buenas yan Háfa adai.

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

Bill No. 141-34 (COR)

Bill No. 142-34 (COR)

Please forward the same to Management Information Services (MIS) for posting on our website.

For any questions or concerns, please feel free to contact Jean Cordero, Committee on Rules Director, at 472-2461.

Thank you for your attention to this important matter.

Respectfully,

Senator Régine Biscoe Lee
Chairperson, Committee on Rules



**Bureau of Budget & Management Research
Fiscal Note of Bill No. 141-34 (COR)**

AN ACT TO AMEND SUBSECTIONS (a) AND (j) OF §1512.3 OF ARTICLE 5, CHAPTER 1, TITLE 5, GUAM CODE ANNOTATED, RELATED TO AUTHORIZING ADDITIONAL SERIES OF BUSINESS PRIVILEGE TAX BONDS TO FINANCE THE RENOVATION AND/OR NEW CONSTRUCTION OF CERTAIN GUAM MEMORIAL HOSPITAL FACILITIES, AND RELATED MATTERS

Department/Agency Appropriation Information

Dept./Agency Affected: Guam Memorial Hospital Authority	Dept./Agency Head: Peter John Camacho, Chief Executive Officer
Department's General Fund (GF) appropriation(s) to date:	-
Department's Other Fund (Specify) appropriation(s) to date:	<u>15,291,111</u>
Total Department/Agency Appropriation(s) to date:	\$15,291,111

Fund Source Information of Proposed Appropriation

	General Fund:	(Specify Special Fund):	Total:
FY 2016 Unreserved Fund Balance		\$0	\$0
FY 2017 Adopted Revenues	\$0	\$0	\$0
FY 2017 Appro. (P.L. 33-185 thru P.L. 33-240)	\$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 2017 (if applicable)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund 1/	\$0	\$0	\$4,599,338	\$8,038,200	\$8,034,400	\$8,034,050
(Specify Special Fund)	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$4,599,338	\$8,038,200	\$8,034,400	\$8,034,050

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 / / 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: Information was already available.

Analyst: Jared L. Perez Date: 8/28/17 Director: Lester L. Carlson Jr. Date: AUG 29 2017
Jared Perez, Budget Analyst I Lester L. Carlson Jr., Acting Director

Footnotes:

1/ See attached comments on Bill No. 141-34 (COR).

Comments on Bill No. 141-34 (COR)

The intent of Bill No. 141-34 (COR) is to authorize an additional series of Business Privilege Tax (BPT) Bonds not to exceed one hundred twenty five million dollars (\$125,000,000) to finance the renovation and/or new construction of Guam Memorial Hospital (GMH) facilities as well as other capital improvement projects. The Bill also intends to apply a statutory lien on the Business Privilege Tax of three and three quarters percent (3.75%), currently at three percent (3%). The statutory lien is to ensure that funding is available for the potential debt service as a result of this new bond series. This Bill was introduced alongside Bill 142-34 (COR) which proposes a new the Business Privilege Tax rate of four and three quarters percent (4.75%), currently at four percent (4%).

The application of the statutory lien on the BPT will result in the following difference in funding to be set aside:

Bill 22-34 BPT revenue (4%)	254,800,702
Current lien (3%)	191,100,526
Proposed lien amount (3.75%)	238,875,658
Difference in lien amounts	47,775,132

The statutory lien in this Bill is fully offset by the new proposed BPT rate of Bill 142-34 (COR). See calculation below:

Bill 22-34 BPT revenue (4%)	254,800,702
Percentage change	18.75%
Estimated new revenue	47,775,132

The estimated potential debt service should this Bill pass for the next five (5) fiscal years is seen below:

2018	2019	2020	2021	2022
4,599,338	8,038,200	8,034,400	8,034,050	8,034,875

These values were projected by Barclays and were presented via the Guam Economic Development Authority on June 29, 2017 and estimates payment over thirty (30) years.

At the current BPT rate, the impact of Bill 141-34 (COR) will be the potential debt service. However, taking into account both Bill 141-34 (COR) and Bill 142-34 (COR) we can see that the proposed debt service and new statutory lien are completely offset and covered by the proposed rate for BPT. This means that both Bills will keep the General Fund revenue and thus have no negative impact to government operations should they pass.

The Guam Economic Development Authority states that in addition to providing ongoing funding for GMH for capital improvements, the additional funding as a result of Bill 141-34 (COR) and 142-34 (COR) "will reduce GMH's reliance on GovGuam's General Fund, creating additional annual resources in the General Fund."

Bureau of Budget & Management Research
Fiscal Note of Bill No. 142-34 (COR)

AN ACT TO AMEND § 26202 OF CHAPTER 26, DIVISION 2, TITLE 11, GUAM CODE ANNOTATED, AND RELATED MATTERS.

Department/Agency Appropriation Information

Dept./Agency Affected: Department of Revenue and Taxation	Dept./Agency Head: John Comacho, Director
Department's General Fund (GF) appropriation(s) to date:	8,865,558
Department's Other Fund (Specify) appropriation(s) to date: Better Public Service Fund and Tax Collection Enhancement Fund	3,122,958
Total Department/Agency Appropriation(s) to date:	\$11,988,516

Fund Source Information of Proposed Appropriation

	General Fund:	(Specify Special Fund):	Total:
FY 2016 Unreserved Fund Balance		\$0	\$0
FY 2017 Adopted Revenues	\$0	\$0	\$0
FY 2017 Appro. (P.L. 33-185 thru P.L. 33-240)	\$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 2017 (if applicable)	FY 2018	FY 2019	FY 2020	FY 2021
General Fund	1/	\$0	\$0	\$0	\$0	\$0
(Specify Other Fund)	\$0	\$0	\$0	\$0	\$0	\$0
Total	1/	\$0	\$0	\$0	\$0	\$0

- Does the bill contain "revenue generating" provisions? /X/ Yes // No
 If Yes, see attachment 1/
- 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? If no, indicate reason: /X/ Yes // No
 // Requested agency comments not received by due date // Other:

Analyst: Jared NC-73 Date: 8/11/17 Director: [Signature] Date: AUG 14 2017
 Jared Perez, Budget Analyst I Lester L. Carlson Jr., Acting Director

Footnotes:

1/ See attachment for comments on revenue impact.

Bureau of Budget & Management Research
Attachment to Fiscal Note No. 142-34 (COR)
(for revenue generating provisions)

Projected Multi-Year Revenues					
	Year 1	Year 2	Year 3	Year 4	Year 5
General Fund	\$45,340,661	\$47,607,694	\$49,988,078	\$52,487,482	\$55,111,856
Other Fund:	\$0	\$0	\$0	\$0	\$0
Total	\$45,340,661	\$47,607,694	\$49,988,078	\$52,487,482	\$55,111,856

Comments:

1/ The projected multi-year Revenues are based on data extracted from the BBMR 5 year Revenue and Expenditure report.

The Department of Revenue and Taxation also provided an estimated projection of \$43,125,000 in additional revenue when using the average revenue collected over the past 6 years.

It should be noted that all revenue as a result of this increase shall be utilized to pay debt service for a potential debt service legislation to support capital investment, operational requirements, or reserves by the Guam Memorial Hospital.

1/

	Fiscal Year 2018 Executive Request	Fiscal Year 2019 Projected	Fiscal Year 2020 Projected	Fiscal Year 2021 Projected	Fiscal Year 2022 Projected
Revenue	241,816,857	253,907,700	266,603,085	279,933,239	293,929,901
Percentage Change	18.75%	18.75%	18.75%	18.75%	18.75%
Estimated New Revenue	45,340,661	47,607,694	49,988,078	52,487,482	55,111,856