

I Mina'trentai Singko 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
129-35 (COR)	William M. Castro	THE HAFOT REPATRIATION ACT OF 2019, AN ACT TO ADD A NEW ARTICLE 9 TO CHAPTER 77, TITLE 12, GUAM CODE ANNOTATED RELATIVE TO THE ELIGIBILITY FOR THE TAX CREDIT PROGRAM TO BUSINESSES OR INDIVIDUALS AND TO ADD A NEW § 28106(i) TO ARTICLE 1, CHAPTER 28, TITLE 11, GUAM CODE ANNOTATED; USE TAX LAW, RELATIVE TO EXEMPTING PRODUCTS AND SERVICES RELATED TO THE SUPPORT OF FAMILIES WHOSE LOVED ONES PASS AWAY OFF-ISLAND AND WHO REQUIRE ASSISTANCE TO REPATRIATE THE DECEASED BACK TO GUAM FOR BURIAL.	5/3/19 2:43 p.m.	5/30/19	Committee on Environment, Revenue and Taxation, and Procurement			6/24/19 Request: 5/30/19	

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I MINA'TRENTAI SINGKO NA LIHESLATURAN GUÁHAN
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June 24, 2019

MEMO

To: Rennae Meno
Clerk of the Legislature

From: Senator Régine Biscoe Lee
Chairperson, Committee on Rules

Re: Fiscal Notes

Buenas yan Håfa adai.

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

Bill No. 129-35 (COR)

Bill No. 140-35 (COR)

Bill No. 161-35 (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 Mary Maravilla, Committee on Rules Director at 472-2461.

Thank you for your attention to this matter.



Bureau of Budget & Management Research
Fiscal Note of Bill No. 129-35 (COR)

THE HAFOT REPATRIATION ACT OF 2019, AN ACT TO ADD A NEW ARTICLE 9 TO CHAPTER 77, TITLE 12, GUAM CODE ANNOTATED RELATIVE TO THE ELIGIBILITY FOR THE TAX CREDIT PROGRAM TO BUSINESSES OR INDIVIDUALS AND TO ADD A NEW § 28106(i) TO ARTICLE 1, CHAPTER 28, TITLE 11, GUAM CODE ANNOTATED; USE TAX LAW, RELATIVE TO EXEMPTING PRODUCTS AND SERVICES RELATED TO THE SUPPORT OF FAMILIES WHOSE LOVED ONES PASS AWAY OFF-ISLAND AND WHO REQUIRE ASSISTANCE TO REPATRIATE THE DECEASED BACK TO GUAM FOR BURIAL.

Department/Agency Appropriation Information	
Dept./Agency Affected: Guam Economic Development Authority	Dept./Agency Head: Melanie Mendiola, CEO/Administrator
Department's General Fund (GF) appropriation(s) to date:	\$0
Department's Other Fund (Specify) appropriation(s) to date:	\$0
Total Department/Agency Appropriation(s) to date:	\$0

Fund Source Information of Proposed Appropriation			
	General Fund:	(Specify Special Fund):	Total:
FY 2018 Unreserved Fund Balance		\$0	\$0
FY 2019 Adopted Revenues	\$0	\$0	\$0
FY 2019 Appro. (P.L. 34-116 thru _____)	\$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 2019 (if applicable)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund	\$0	(\$300,000)	(\$300,000)	(\$300,000)	(\$300,000)	(\$300,000)
Special Fund	\$0	\$0	\$0	\$0	\$0	\$0
Total 1/	\$0	(\$300,000)	(\$300,000)	(\$300,000)	(\$300,000)	(\$300,000)

- 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? / X / Yes / / No
 If yes, will the program duplicate existing programs/agencies? / / N/A / / Yes / X / 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: <u>Jose S. Cruz, Jr., BMA I</u>	Date: <u>12 June 19</u>	Director: <u>Lester L. Carlson, Jr., Director</u>	Date: <u>JUN 24 2019</u>
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Notes:
 1/ See attached for comments

Comments on Bill No. 129-35 (COR)

The proposed legislation, if passed, would add a new Article 9 entitled “Tax Credits for the Repatriation of Chamorro Remains” and would include §77901 through §77907. The Article would authorize a business or individual up to \$300,000 in tax credits per year not to exceed \$1.5M within a five-year period. It would also add a new §28106(i) to Article 1, Chapter 28, Title 11, Guam Code Annotated, which would give exemptions for products and services to businesses who assist with the repatriation of the deceased back to Guam for burial.

The Bureau requested comments/testimony from the Guam Economic Development Authority (GEDA). GEDA responded by stating that it supports the intent of the legislation, however, will be seeking clarification in the following areas:

GEDA stated the following:

- Section 2 (b): The relationship of the Petitioner for the return of the remains of a family member should be limited to the deceased only and not to a caretaker, friend or responsible party;
- Section 3, Item 2: It would create confusion if there were two approving authorities. We would request that applications come through the Governor’s Office through the Community Outreach Program Office or the Designee as “recommended of approval”;
- Section 4, §77901: This section states that applicability is for the Repatriation of Chamoru remains. This section could create a conflict with the initial qualification of being a “Resident of Guam” as stated in Section 2 (a) of the bill;
- Section 4, §77907: This section states the GEDA shall implement and monitor the tax credit program based on rules and regulations already adopted for previous tax credit programs. GEDA will request that this be changed to allow for the use of Standard Operating Procedures instead.;
- Section 5, §77901: This section allows for a general exemption of Use Tax. We recommend that this section clearly be restated that the exemption is limited to the Hafot Repatriation Act of 2019 other business will be able to claim the exemption.

The Bureau notes that the tax credits may result in a decrease to the projected Business Privilege Tax revenues contained in the Governor’s FY 2020 Executive Budget Request. This may have a direct affect in the additional availability of General Fund revenues to be used towards various departmental appropriations. Also, the current BPT bond indentures prohibit, among other things, the expansion of current exemptions such as tax credits. Therefore, this proposed tax credit would violate the bond covenants.