

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
16-35 (COR)	James C. Moylan	AN ACT TO ADD §50212 OF ARTICLE 2, CHAPTER 50 OF TITLE 12 GUAM CODE ANNOTATED RELATIVE TO THE GUAM PRODUCT SEAL TAX EXEMPTION PROGRAM.	1/10/19 2:50 p.m.	1/18/19	Committee on General Government Operations, Appropriations, and Housing			Request: 1/22/19 Fiscal Note: 1/28/19	

Senator Amanda L. Shelton,
Vice Chairperson

Speaker Tina Muña Barnes,
Member

Vice Speaker Telen Cruz Nelson,
Member

Senator Kelly Marsh (Taitano), Ph.D.,
Member

Senator Sabina Flores Perez
Member

Senator Clynton E. Ridgell
Member



COMMITTEE ON RULES
SENATOR RÉGINE BISCOE LEE, CHAIR
I MINA 'TRENTAI SINGKO NA LIHESLATURAN GUÅHAN
35TH GUAM LEGISLATURE

January 28, 2019

Senator Joe S. San Agustin,
Member

Senator Jose T. Terlaje,
Member

Senator Therese M. Terlaje,
Member

Senator James C. Moylan,
Member

Senator Mary Camacho Torres,
Member and
Chair, Subcommittee on Protocol

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. 1-35 (LS)
Bill No. 4-35 (LS)
Bill No. 9-35 (LS)
Bill No. 10-35 (LS)
Bill No. 11-35 (LS)
Bill No. 16-35 (COR)
Bill No. 17-35 (COR)
Bill No. 18-35 (COR)
Bill No. 19-35 (COR)
Bill No. 20-35 (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 important matter.



Bureau of Budget & Management Research
Fiscal Note of Bill No. 16-35 (COR)

AN ACT TO ADD §50212 OF ARTICLE 2, CHAPTER 50 OF TITLE 12 GUAM CODE ANNOTATED RELATIVE TO THE GUAM PRODUCT SEAL TAX EXEMPTION PROGRAM.

Department/Agency Appropriation Information	
Dept./Agency Affected: Department of Revenue and Taxation	Dept./Agency Head: Dafne Shimizu, Acting Director
Department's General Fund (GF) appropriation(s) to date:	8,435,879
Department's Other Fund appropriation(s) to date: Banking and Insurance Enforcement Fund, Better Public Service Fund, and Tax Collection Enhancement Fund	<u>3,014,354</u>
Total Department/Agency Appropriation(s) to date:	\$11,450,233

Fund Source Information of Proposed Appropriation			
	General Fund:	Special Fund (specify)	Total:
FY 2018 Unreserved Fund Balance		\$0	\$0
FY 2019 Adopted Revenues	\$0	\$0	\$0
FY 2019 Appr. (P.L. 34-116)	\$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	\$0	\$0	\$0	\$0	\$0
Guam Product Seal Fund I/	\$0	\$0	\$420	\$420	\$420	\$420
Total	\$0	\$0	\$420	\$420	\$420	\$420

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

Analyst: <u>Jared Perez</u> Date: <u>1/15/19</u> Director: <u>Lester L. Carlsoy, Jr.</u> Date: <u>JAN 25 2019</u>
Jared Perez, Budget and Management Analyst I Lester L. Carlsoy, Jr., Acting Director

Footnotes:
 1/ The fiscal impact above accounts for the provision of the Bill that appropriates at least 20% of the Guam Product Seal Fund towards the promotion of the Guam Product Seal Tax Exemption Program. Per the Guam Economic Development's FY 2018 budget, the estimated revenue was \$2,100. That estimation is then assumed for the subsequent years.

See attached comments for potential revenue impact.

**Bureau of Budget & Management Research
Attachment to Fiscal Note No. 16-35 (COR)
(for revenue generating provisions)**

Projected Multi-Year Revenues					
	Year 1 (FY2019)	Year 2 (FY2020)	Year 3 (FY2021)	Year 4 (FY2022)	Year 5 (FY2023)
General Fund	\$0	(\$79,000)	(\$79,000)	(\$79,000)	(\$79,000)
Special Fund	\$0	\$0	\$0	\$0	\$0
Total	\$0	(\$79,000)	(\$79,000)	(\$79,000)	(\$79,000)

Comments:

The Guam Economic Development Authority's 2017 Citizen Centric Report states that 79 Guam Product Seal permits were issued in 2017. If each of these recipients are allotted a \$1,000 tax exemption from the Business Privilege Tax it would result in a loss of \$79,000 in General Fund Revenues.

It should be noted that the current BPT bond indentures prohibit, among other things, the expansion of current exemptions. While this Guam Product Seal Program is a new exemption, this may still violate the bond covenants as it expands beyond existing exemptions.