

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
219-35 (COR)	Joe S. San Agustin Tina Rose Muña Barnes William M. Castro Clynton E. Ridgell	AN ACT TO AMEND § 7120 OF CHAPTER 7 OF DIVISION 2, TITLE 17, GUAM CODE ANNOTATED; TO AMEND § 8502 OF ARTICLE 5, CHAPTER 8 OF TITLE 12, GUAM CODE ANNOTATED; AND TO AMEND § 5008.2 OF PART A, ARTICLE 1, CHAPTER 5 OF TITLE 5, GUAM CODE ANNOTATED, RELATIVE TO STRENGTHENING THE PURCHASE OR LEASE-BACK OF RENEWABLE ENERGY PURCHASE OF SERVICE FOR THE DEPARTMENT OF EDUCATION, GUAM ACADEMY CHARTER SCHOOLS, THE GUAM COMMUNITY COLLEGE AND THE UNIVERSITY OF GUAM.	10/15/19 3:46 p.m.	1/24/20	Committee on General Government Operations, Appropriations, and Housing			Request: 1/24/20 2/13/20	

Senator Régine Biscoe Lee,
Chair

Senator Amanda L. Shelton,
Vice Chair

Speaker Tina Rose Muña Barnes,
Member

Vice Speaker Telen Cruz Nelson,
Member

Senator Kelly Marsh (Taitano), PhD,
Member

Senator Sabina Flores Perez,
Member



COMMITTEE ON RULES
I MINA'TRENTAI SINGKO NA LIHESLATURAN GUÅHAN
35TH GUAM LEGISLATURE

February 13, 2020

Senator Clynton E. Ridgell,
Member

Senator Joe S. San Agustin,
Member

Senator Jose "Pedro" 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
Chair, Committee on Rules

Re: Fiscal Notes

Buenas yan Håfa adai.

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

Bill No. 219-35 (COR)

Bill No. 273-35 (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. 219-35 (COR)

AN ACT TO AMEND § 7120 OF CHAPTER 7, DIVISION 2, TITLE 17 OF THE GUAM CODE ANNOTATED (GCA); TO AMEND § 8502 OF ARTICLE 5, CHAPTER 8, TITLE 12 GCA; AND TO AMEND § 5008.2 OF PART A, ARTICLE 1, CHAPTER 5, TITLE 5 GCA, RELATIVE TO STRENGTHENING THE PURCHASE OR LEASE-BACK OF RENEWABLE ENERGY PURCHASE OF SERVICE FOR THE GUAM DEPARTMENT OF EDUCATION, GUAM ACADEMY CHARTER SCHOOLS, THE GUAM COMMUNITY COLLEGE, AND THE UNIVERSITY OF GUAM.

Department/Agency Appropriation Information		
Dept./Agency Affected: Guam Department of Education	Dept./Agency Head: Jon Fernandez, Superintendent	
Department's General Fund (GF) appropriation(s) to date:		\$190,233,113
Department's Other Fund appropriation(s) to date: Healthy Futures Fund, Limited Gaming Fund, Public School Library Resources Fund, School Lunch/Child Nutritional Meals Reimbursement Fund, and Territorial Educational Facilities Fund		\$29,621,124
Total Department/Agency Appropriation(s) to date:		\$219,854,237
Dept./Agency Affected: University of Guam	Dept./Agency Head: Thomas W. Krise, President	
Department's General Fund (GF) appropriation(s) to date:		\$31,656,845
Department's Other Fund appropriation(s) to date: Tourist Attraction Fund, Territorial Educational Facilities Fund, and Healthy Futures Fund		\$2,074,056
Total Department/Agency Appropriation(s) to date:		\$33,730,901
Dept./Agency Affected: Guam Community College	Dept./Agency Head: Mary A. Okada, President	
Department's General Fund (GF) appropriation(s) to date:		\$18,096,099
Department's Other Fund appropriation(s) to date: Manpower Development Fund and Territorial Educational Facilities Fund		\$1,525,500
Total Department/Agency Appropriation(s) to date:		\$19,621,599

Fund Source Information of Proposed Appropriation			
	General Fund:	(Specify Special Fund):	Total:
FY 2019 Unreserved Fund Balance	\$0	\$0	\$0
FY 2020 Adopted Revenues	\$0	\$0	\$0
FY 2020 Appro. (P.L. 35-36)	\$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 2020 (if applicable)	FY 2021	FY 2022	FY 2023	FY 2024
General Fund	1/	\$0	\$0	\$0	\$0	\$0
Special Fund	1/	\$0	\$0	\$0	\$0	\$0
Total	1/	\$0	\$0	\$0	\$0	\$0

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

Analyst: <u>Joaquin Guerrero, BMA III</u>	Date: <u>2/11/20</u>	Director: <u>Lester L. Carlson, Jr., Director</u>	Date: <u>FEB 13 2020</u>
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Notes:
 1/ See attached comments.

Bureau of Budget and Management Research
Comments on Bill No. 219-35 (COR)

The proposed legislation seeks to strengthen the purchase or lease-back of renewable energy purchase of service for the Guam Department of Education (GDOE), Guam Academy Charter Schools, the Guam Community College (GCC), and the University of Guam (UOG).

It should be noted that a request for comments and/or testimony was made to the GDOE, though no response was provided to date. However, per local media sources, the GDOE estimates it can save \$4 million to \$5 million per year in utility costs by using solar energy in schools, as current power utility costs range around \$12 million per year.

In comments provided by the GCC, it is noted that since the escalation rates for years 2 through 25 would be determined and set in advance, there is a possibility that the contractual agreement will present higher energy rates over time, or when the conventional energy rates go down. Qualified Power Purchase Agreement (PPA) and Sale Lease-back providers will be the sole beneficiary of all tax incentives, rebates, and other renewable energy incentives. These incentives can be incorporated into the pricing that is provided for the leasing agreement. The GCC has incorporated LEED into many of the renovation/new construction projects for the campus. Should the GCC only lease photovoltaic systems, the LEED points associated with the integration of renewable energy systems may affect the LEED certification points in this area. Though it is unknown at this time how it will be affected. The initial cost of investment through a lease-back of renewable energy partnerships allows for opportunities to expand to other facilities on campus, resulting in potential energy savings.

The UOG states that an actual cost savings will depend on the details within the contractual agreement. The University supports the overall effort to increase Guam's use of renewable energy and to reduce our island's dependence on fossil fuels, as solar energy is a truly renewable energy source and one that our island has in abundance. In terms of financial impacts from the Bill, the UOG anticipates a moderate savings over time. The savings will depend on how the contract agreement is affected. The University will need to weigh the cost benefit of pursuing a PPA or Sale Lease-back Agreement versus purchasing the system direct over time per facility or groups of facilities. This will include an assessment for new construction or major renovations to facilities which may most likely be incorporated into the request for proposal as the UOG intends on pursuing LEED certification facilities in accordance with its physical master plan.

It should be noted that the aforementioned entities did not provide an estimated cost of investment to fully outfit their facilities with renewable energy equipment. As such, the Bureau is unable to determine whether the Government of Guam will realize any immediate cost savings through reduced power consumption coupled with the sale lease-back payment to utilize such renewable energy equipment. Furthermore, an estimated time frame cannot be determined as to when the Government of Guam will be able to realize its return on investment.