

*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
288-35 (COR)	James C. Moylan	AN ACT TO ADD ARTICLE 9, TO CHAPTER 77, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO INFRASTRUCTURE REPAIRS AT THE GUAM MEMORIAL HOSPITAL AUTHORITY.	2/13/20 11:36 a.m.					3/13/20	

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*  
**35<sup>TH</sup> GUAM LEGISLATURE**

March 13, 2020

Senator Clynton E. Ridgell,  
Member

Senator Joe S. San Agustin,  
Member

Senator Jose "Pedo" 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 Note

---

*Buenas yan Håfa adai.*

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

**Bill No. 288-35 (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. 288-35 (COR)**

**AN ACT TO ADD ARTICLE 9, TO CHAPTER 77, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO INFRASTRUCTURE REPAIRS AT THE GUAM MEMORIAL HOSPITAL AUTHORITY.**

**Department/Agency Appropriation Information**

<b>Dept./Agency Affected:</b> Guam Memorial Hospital Authority	<b>Dept./Agency Head:</b> Lillian Perez-Posadas, Administrator
<b>Department's General Fund (GF) appropriation(s) to date:</b> GF Operation (\$6,803,665); GF-GMHA CIF (\$10,000,000)	<b>\$16,803,665</b>
<b>Department's Other Fund (Specify) appropriation(s) to date:</b> HFF (\$1,729,597); HFF Fund Balance (\$6,000,000); GMHA Pharm. Fund (\$19,491,692)	<b>\$21,221,289</b>
<b>Total Department/Agency Appropriation(s) to date:</b>	<b>\$38,024,954</b>

**Fund Source Information of Proposed Appropriation**

	General Fund: <sup>1</sup>	(Specify Special Fund): <sup>2</sup>	Total:
FY 2019 Unreserved Fund Balance	-		
FY 2020 Adopted Revenues	\$645,038,669	\$256,417,630	\$901,456,299
FY 2020 Appropriation (P.L. 35-36 thru P.L. 35-73) <sup>1</sup>	(\$645,338,669)	(\$256,417,630)	(\$901,756,299)
<b>Sub-total:</b>	<b>(\$300,000)</b>	<b>\$0</b>	<b>(\$300,000)</b>
Less appropriation in Bill No. 288-35 (COR)	\$0	\$0	\$0
<b>Total:</b>	<b>(\$300,000)</b>	<b>\$0</b>	<b>(\$300,000)</b>

<sup>1/</sup> Additional GF Approp. in P.L. 35-40 (\$300,000) and GMHA CIF P.L. 35-73 (\$10,000,000)

**Estimated Fiscal Impact of Bill**

	One Full Fiscal Year	For Remainder of FY 2020 (if applicable)	FY 2021	FY 2022	FY 2023	FY 2024
<b>General Fund<sup>1</sup></b>	\$0	\$0	(\$5,000,000)	(\$5,000,000)	\$0	\$0
<b>Special Fund</b>	\$0		\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$5,000,000)</b>	<b>(\$5,000,000)</b>	<b>\$0</b>	<b>\$0</b>

<sup>1/</sup> See comment sheet.

- |  |           |                |
|--|-----------|----------------|
| <b>1. Does the bill contain "revenue generating" provisions?</b>                             | / / Yes   | / x / No       |
| <b>If Yes, see attachment</b>  |           |                |
| <b>2. Is amount appropriated adequate to fund the intent of the appropriation?</b>           | / x / N/A | / / Yes / / No |
| <b>If no, what is the additional amount required? \$ _____</b>                               | / x / N/A |                |
| <b>3. Does the Bill establish a new program/agency?</b>                                      | / / Yes   | / x / No       |
| <b>If yes, will the program duplicate existing programs/agencies?</b>                        | / x / N/A | / / Yes / / No |
| <b>Is there a federal mandate to establish the program/agency?</b>                           | / / Yes   | / x / No       |
| <b>4. Will the enactment of this Bill require new physical facilities?</b>                   | / / Yes   | / x / No       |
| <b>5. Was Fiscal Note coordinated with the affected dept/agency? If no, indicate reason:</b> | / x / Yes | / / No         |
| <b>/ / Requested agency comments not received by due date</b>                                |           |                |
| <b>/ / Other: _____</b>  |           |                |

<b>Analyst:</b>  <b>John AP Pangelinan, Supervisor</b>	<b>Date:</b> _____	<b>Director:</b>  <b>Lester Carlson, Jr., Director, BBMR</b>	<b>Date:</b> <b>MAR 13 2020</b>
---	--------------------	--	---------------------------------

**Footnotes:**

<sup>1/</sup> See comment sheet.

**Legislative Comments for Bill No. 288-35 (COR):**

The intent of this proposed legislation is to provide tax credits to eligible participating contractors, which would provide resources to cover the costs of labor, materials, constructions and designs for the infrastructure repairs at the Guam Memorial Hospital Authority (GMHA). To accomplish this purpose, this Bill proposes to add, as a new Article 9, to Chapter 77, Title 12, Guam Code Annotated (GCA), relative to infrastructure repairs at GMHA. This new Article 9 requires GMHA to prioritize the capital improvement repairs at GMHA. Once identified, GMHA has the full regulatory oversight to manage and approve the infrastructure repairs at the Hospital, compensating eligible contractors with the proposed tax credits.

§ 77904 of Article 9 identifies \$10 million in tax credit to be applied against unpledged business privilege taxes for approved contractors. This tax credit is capped at \$5 million per year for a two-year period. The Guam Economic Development Authority (GEDA) is the approving authority for the issuance of the tax credit. § 77910 of this Article requires GMHA to replenish the General Fund (GF) tax credit should there be cash deposits made to the Hospital Capital Improvement Fund, pursuant to the provisions of the GMHA \$10 million appropriation authorized in Public Law (PL) 35-36.

The proposed tax credit of \$5 million per year is a direct deduction from the unpledged business privilege tax of the GF for a two-year period. Although this Act may be enacted this fiscal year, the initial direct fiscal impact would probably take place in FY 2021 due to the length of time it will take to competitively award GMHA's capital improvement projects. This proposed tax credit would contribute to the potential deficit increase of the GF in FY 2021 and FY 2022.

It is also noted that this proposed legislation would double the funding of the same CIP infrastructure projects of GMHA. Although there is a provision to replenish the GF, using the GMHA appropriation of \$10 million pursuant to PL 35-36, this appropriation would be applied against FY 2020 GF fund balance equity until at such time a de-appropriation of this same appropriation takes place. It is recommended that the established appropriation of \$10 million dollars pursuant to PL 35-36 be de-appropriated, rather than to be used as a funding source to replenish the proposed tax credit of this Act. This recommended de-appropriation would be necessary to avoid the doubling of funds to the same GMHA's capital improvement projects.