

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
40-35 (COR)	Telo T. Taitague	AN ACT TO AMEND § 3229(c)(7) OF ARTICLE 2, CHAPTER 3, DIVISION 1, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE "ALCOHOLIC BEVERAGE COMPLIANCE FEES AND FINES FUND."	2/6/19 3:02 p.m.	2/13/19	Committee on General Government Operations, Appropriations, and Housing			Request 2/13/19 Fiscal Note 3/26/19	

Senator Amanda L. Shelton,
Vice Chairperson

Speaker Tina Rose 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

March 26, 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 Note

Buenas yan Håfa adai.

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

Bill No. 40-35 (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. 40-35 (COR)**

AN ACT TO AMEND § 3229(c)(7) OF ARTICLE 2, CHAPTER 3, DIVISION 1, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE "ALCOHOLIC BEVERAGE COMPLIANCE FEES AND FINES FUND."

Department/Agency Appropriation Information

Dept./Agency Affected: Department of Revenue and Taxation		Dept./Agency Head: Dafne M. Shimizu, 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		3,014,354	
Total Department/Agency Appropriation(s) to date:		11,450,233	

Fund Source Information of Proposed Appropriation

	General Fund:	Alcoholic Beverage Compliance Fees and Fines Fund	Total:
FY 2018 Unreserved Fund Balance		\$0	\$0
FY 2019 Adopted Revenues for Operations	\$0	\$0	\$0
FY 2019 Appro. (P.L. 34-116 thru)	\$0	\$0	\$0
Sub-total:	\$0	\$0	\$0
Less appropriation in Bill 1/	\$0	\$0	\$0
Total:	\$0	\$0	\$0

Estimated Fiscal Impact of Bill

Fund	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
Alcoholic Beverage Compliance Fees and Fines Fund	\$163,760	\$95,107	\$163,760	\$163,760	\$163,760	\$163,760
Total 1/	\$163,760	\$95,107	\$163,760	\$163,760	\$163,760	\$163,760

- Does the bill contain "revenue generating" provisions? /X/ Yes // No
If Yes, see attachment(s)
- 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>Tammy Amuan</u> Tammy Amuan, BMA II	Date: <u>03/06/2019</u>	Director: <u>Lester L. Carlson, Jr.</u> Lester L. Carlson, Jr., Acting Director	Date: <u>MAR 26 2019</u>
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Footnotes / Notes:

1/ See attached comments.

Bureau of Budget & Management Research
Attachment to Fiscal Note No. 40-35 (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	\$0	\$0	\$0	\$0
Alcoholic Beverage Compliance Fees and Fines Fund	\$44,248	\$88,496	\$88,496	\$88,496	\$88,496
Total	\$44,248	\$88,496	\$88,496	\$88,496	\$88,496

Comments:

In order to provide a revenue estimate of the ABCF&FF, the Bureau utilized revenue collection data provided by the Department of Revenue and Taxation (DRT) for FY2016 and FY2017 relative to fees and fines that were collected for the following revenue categories and determined to be possibly deposited into the ABCF&FF.

	<u>FY16</u>	<u>FY17</u>	<u>Average</u>
1) Wine Tasting / Sampling Event Fees	\$150.00	\$25.00	\$88.00
2) Alcoholic Beverage Control (ABC) Card: <i>(renewable every 3 years)</i>	\$115,675.00	\$61,140.00	\$88,408.00
TOTAL	\$115,825.00	\$61,165.00	\$88,496.00

COMMENTS ON BILL NO. 40-35 (COR)

Bill No. 40-35 (COR) is an act to amend § 3229(c)(7) of Article 2, Chapter 3, Division 1, Title 12, Guam Code Annotated, relative to establishing the Alcoholic Beverage Compliance Fees and Fines Fund (ABCF&FF).

Firstly, the Bureau recommends that reference to Title 12 be corrected to reflect Title 11 within Bill No. 40-35 (COR) to ensure the proper citation of the law that is being proposed for amendment.

The current law, specifically § 3229(c)(7), mandates that the fees and fines relative to alcoholic beverage compliance will be deposited to the ABCF&FF. Bill No. 40-35 (COR) seeks to include additional particulars, relative to its establishment, to reinforce that the revenues collected are, in fact, deposited into the ABCF&FF, to further ensure that the ABCF&FF is also created separate and employed from all other fund sources of the government of Guam. The fund account shall be under the Department of Revenue and Taxation (DRT) and only authorized for uses as stipulated in the proposed legislation.

Based on information provided by the DRT, the following are noted relative to the ABCF&FF account establishment and its current revenue collection:

- 1) The Alcoholic Beverage Compliance Fees and Fines special revenue account was created with a corresponding fund description numeric assignment of 667; however, the associated expenditure fund account has not been established.
- 2) Payment receipts are being manually sorted by DRT to determine which revenue collections are exclusive to fees and fines applicable for deposits into the ABCF&FF
- 3) The revenues collected are not being deposited into the ABCF&FF
- 4) The revenues collected are being deposited into another Special Revenue Fund account under the Safe Homes Safe Streets Fund

According to DRT, four (4) additional Compliance Inspector I positions are needed to effectively provide for the alcoholic beverage control enforcement requirements at an estimated annual cost of \$163,760. (Compliance Inspector I salary plus benefits = \$26,212 + \$14,728 = \$40,940 X 4 positions = \$163,760). Therefore, revenue estimates will not be sufficient to cover DRT's additional requirements to provide support to amendments outlined in Bill No. 40-35 (COR).

In line with the intent of making the ABCF&FF exclusively for DRT, the Bureau recommends language be added to proposed amendment to specify that the revenues collected and deposited into the ABCF&FF be automatically or continually appropriated from the fund to DRT for its authorized usages.