



Vice Speaker

TINA ROSE MUÑA BARNES

CHAIRPERSON, COMMITTEE ON RULES

I Mina'trentai Sais Na Liheslaturan Guåhan

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March 19, 2021

MEMO

To: **Rennae Meno**
Clerk of the Legislature

From: **Vice Speaker Tina Rose Muña Barnes**
Chairperson, Committee on Rules

Re: **Fiscal Notes**

Buenas yan Håfa adai.

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

Bill No. 70-36 (COR)

Bill No. 72-36 (COR)

Bill No. 74-36 (COR)

Bill No. 75-36 (COR)

Please forward the same to Management Information Services (MIS) for posting on our website.

If you have 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. 72-36 (COR)

AN ACT TO AMEND § 26203.3 OF CHAPTER 26, TITLE 11, GUAM CODE ANNOTATED, AND SECTION 3 OF PUBLIC LAW 35-90, RELATIVE TO REMOVING THE SUNSET PROVISION OF THE LIMITED EXEMPTIONS OF BUSINESS PRIVILEGE TAXES FOR CERTAIN SMALL BUSINESSES.

Department/Agency Appropriation Information	
Dept./Agency Affected: Department of Revenue and Taxation (DRT)	Dept./Agency Head: Dafne Mansapit-Shimizu, Director
Department's General Fund (GF) appropriation(s) to date:	\$8,945,336
Department's Other Fund appropriation(s) to date: Banking and Insurance Enforcement Fund (\$479,765); Better Public Service Fund (\$1,410,919); Tax Collection Enhancement Fund (\$919,948)	\$2,810,632
Total Department/Agency Appropriation(s) to date:	\$11,755,968

Fund Source Information of Proposed Appropriation			
	General Fund:	Special Fund:	Total:
FY 2020 Unreserved Fund Balance	\$0	\$0	\$0
FY 2021 Adopted Revenues	\$0	0	0
FY 2021 Appro. (P.L. 35-99)	\$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 2021 (if applicable)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund 1/	\$0	\$0	\$0	\$0	\$0	\$0
Special Fund	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$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
/X/ Requested agency comments not received by due date: DRT / / Other:

Analyst: <u>Raymond Rieta</u> Raymond Rieta, BMA II	Date: <u>3/18/2021</u>	Director: <u>Lester L. Carlson, Jr.</u> Lester L. Carlson, Jr., Director	Date: <u>MAR 19 2021</u>
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Notes:
1/ See attached Comments.

Bureau of Budget & Management Research
Comments on Bill No. 72-36 (COR)

The proposed legislation seeks to increase the gross threshold for “Temporary” Limited Exemptions for Certain Small Businesses on Business Privilege Tax (BPT) remittances above 3% of the business’s gross proceeds from \$250K to \$500K. It further proposes to amend § 26203.3 of Chapter 26, Title 11, Guam Code Annotated and Section 3 of Public Law 35-90 to remove the sunset provision of the temporary limited exemption. It should be noted that this action is in contrast to §26203.2 which currently establishes the Limited Exemption for Certain Small Businesses.

Per the January 2021 Consolidated Revenue and Expenditure Report, BPT collections have experienced an approximate \$19.3M collection shortfall below adopted levels per P.L. 35-99. Absent information from the Department of Revenue and Taxation regarding businesses that collect \$500K in gross income, the Bureau is unable to determine an approximate financial impact at this time. However, the Bureau notes that additional “continuous” exemptions from BPT remittances will exacerbate the shortfall noted above for FY21 and prospectively.