

I Mina'trentai Sais 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
153-36 (COR)	Joe S. San Agustin Jose "Pedo" Terlaje Tina Rose Muña Barnes Clynton E. Ridgell James C. Moylan Frank Blas Jr. Amanda L. Shelton V. Anthony Ada Mary Camacho Torres	AN ACT TO ADD A NEW ARTICLE 7 TO CHAPTER 90, TITLE 9, GUAM CODE ANNOTATED RELATIVE TO THE FINANCE, DESIGN, CONSTRUCTION AND MAINTENANCE OF THE GOVERNMENT OF GUAM DEPARTMENT OF CORRECTIONS WHICH THE ACT <i>SHALL BE</i> CALLED THE "DEPARTMENT OF CORRECTIONS MODERNIZATION ACT OF 2021."	6/16/21 4:54 p.m.	6/18/21	Committee on General Government Operations, Appropriations, and Housing			Request: 6/21/21 7/2/21	



Vice Speaker

TINA ROSE MUÑA BARNES

CHAIRPERSON, COMMITTEE ON RULES

I Mina'trentai Sais Na Liheslaturan Guåhan

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July 2, 2021

MEMO

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

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

Re: **Fiscal Note**

Buenas yan Håfa adai.

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

Bill No. 153-36 (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. 153-36 (COR)**

AN ACT TO ADD A NEW ARTICLE 7 TO CHAPTER 90, TITLE 9, GUAM CODE ANNOTATED RELATIVE TO THE FINANCE, DESIGN, CONSTRUCTION AND MAINTENANCE OF THE GOVERNMENT OF GUAM DEPARTMENT OF CORRECTIONS WHICH THE ACT SHALL BE CALLED THE "DEPARTMENT OF CORRECTIONS MODERNIZATION ACT OF 2021".

Department/Agency Appropriation Information

Dept./Agency Affected: Department of Corrections	Dept./Agency Head: Joseph Carbullido, Director
Department's General Fund (GF) appropriation(s) to date:	\$25,980,623
Department's Other Fund (Specify) appropriation(s) to date: DOC Inmates Revolving Fund & Safe Streets Fund	\$971,341
Total Department/Agency Appropriation(s) to date:	\$26,951,964

Fund Source Information of Proposed Appropriation

	General Fund:	(Specify Special Fund):	Total:
FY 2020 Unreserved Fund Balance		\$0	\$0
FY 2021 Adopted Revenues	\$0	\$0	\$0
FY 2021 Appro. (P.L. 35-99 thru)	\$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
Special Fund	\$0	\$0	\$0	\$0	\$0	\$0
Total	1/	\$0	\$0	\$0	\$0	\$0

1. Does the bill contain "revenue generating" provisions? / / Yes / X/ No
If Yes, see attachment
2. 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
3. Does the Bill establish a new program/agency? / X/ Yes / / No
If yes, will the program duplicate existing programs/agencies? / / N/A / / Yes / X/ No
Is there a federal mandate to establish the program/agency? / / Yes / X/ No
4. Will the enactment of this Bill require new physical facilities? / / Yes / X/ No
5. 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 / / Other:

Analyst: <u>Jason Baza</u> Jason Baza, BMA Supervisor	Date: <u>7/1/21</u>	Director: <u>Lester E. Carlson, Jr.</u> Lester E. Carlson, Jr., Director	Date: <u>JUL 02 2021</u>
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Notes:
1/ See attached comments.

**BUREAU OF BUDGET AND MANAGEMENT RESEARCH
COMMENTS ON BILL NO. 153-36 (COR)**

The proposed legislation intends to do the following:

- Authorize the Government of Guam to enter into contracts for financing, design, construction, and long-term capital maintenance of a new Department of Corrections (DOC) facility with private sector contractors who can provide long-term financing.
- Authorize the Government of Guam to execute a lease agreement of existing property under its inventory for up to thirty (30) years on which the new DOC facility will be constructed.
- Designate the contractor as the lessor of Government of Guam's property, who will design and construct the new DOC facility.
- Fund the lease agreement through appropriations from annual Earned Income Tax Credit (EITC) reimbursements and General Fund revenues.
- Revert the Government of Guam property and constructed DOC facility back to the Government of Guam at the expiration of the lease-back period.
- Appropriate General Fund revenues to the Guam Economic Development Authority (GEDA) for the purpose of commissioning a detailed study comparing the feasibility of either converting DOC's existing facility or developing a new facility.

§90309 of the proposed legislation pledges no more than Five Million Dollars (\$5M) from EITC reimbursements in FY 2022, and Five Million Dollars (\$5M) from General Fund revenues in FY 2022 and prospectively to finance the lease-back agreement. Per comments from the Department of Revenue & Taxation on Bill No. 148-36 (LS), the average EITC payments to taxpayers since 2017 amounts to \$53M. The Bureau notes that there are other proposed legislations appropriating funds from FY 2022 EITC reimbursements: Bill No. 121-36 (COR) - \$35,000,000 (Guam Memorial Hospital); and Bill No. 148-36 (LS) - \$14,971,882 (University of Guam and Guam Community College). The total appropriations proposed from FY 2022 EITC reimbursements, inclusive of this proposed legislation, amounts to \$54,971,882.

Should the proposed legislation pass, direct appropriations from General Fund revenues would need to be accounted for in corresponding fiscal year budget acts as well as Executive Budget Requests. The Bureau notes that the impact of such appropriation will be dependent on the General Fund collections. Per the May 2021 Consolidated Revenue & Expenditure Report, the General Fund is tracking to collect approximately \$6.4M above the adopted level for FY 2021. Conversely, there are several Special Fund categories that are experiencing shortfalls (i.e Guam Highway Fund, Territorial Educational Facilities Fund, Customs & Quarantine Inspection Fund, etc.), in which the General Fund would be required to cover any expenditures that exceed revenues collected. The Bureau is optimistic that the gradual return of normal economic tourism activity experienced prior to the pandemic will assist in revenue collections. However, if the General Fund is required to continue covering shortfalls in funds dependent on economic tourism activity, adding an additional annual obligation of \$5M may affect the ability of the General Fund to cover other Government of Guam services.