

I Mina'trentai Siette Na Lihelaturan Guåhan
BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	FISCAL NOTES	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	NOTES
168-37 (COR)	Dwayne T.D. San Nicolas	AN ACT TO ADD A NEW § 70117.1 TO CHAPTER 70, DIVISION 3, TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING THE GUAM DEPARTMENT OF REVENUE AND TAXATION (DRT) TO ISSUE CONDITIONAL BUSINESS LICENSES.	9/15/23 11:00 a.m.	9/18/23	Committee on Environment, Revenue and Taxation, Labor, Procurement, and Statistics, Research, and Planning	Request: 9/18/23 9/26/23			



COMMITTEE ON RULES

Senator Chris Barnett, Chairperson
I Mina'trentai Siette Na Liheslaturan Guahan
37th Guam Legislature

September 26, 2023

To: **Joaquin P. Taitague**
Substitute Clerk of the Legislature

From: **Senator Chris Barnett** 
Chairperson, Committee on Rules

Subject: **Fiscal Note for Bill No. 168-37 (COR)**

Håfa Adai yan Biba Guahan!

Find the attached, Fiscal Note for the following bill:

Bill No. 168-37 (COR).

I also request that the same be sent to the respective Chairperson of the Standing Committee, to which this bill has been referred. Kindly forward the same to Management Information Services (MIS) for posting on our website.



**Bureau of Budget & Management Research
Fiscal Note of Bill No. 168-37 (COR)**

AN ACT TO ADD A NEW § 70117.1 TO CHAPTER 70, DIVISION 3, TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING THE GUAM DEPARTMENT OF REVENUE AND TAXATION (DRT) TO ISSUE CONDITIONAL BUSINESS LICENSES.

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:	\$13,555,858
Department's Other Fund appropriation(s) to date: Banking and Insurance Enforcement Fund (\$433,783); Better Public Service Fund (\$1,251,802); Tax Collection Enhancement Fund (\$704,824)	<u>\$2,389,409</u>
Total Department/Agency Appropriation(s) to date:	\$15,945,267

Fund Source Information of Proposed Appropriation

	General Fund:	Special Fund:	Total:
FY 2022 Unreserved Fund Balance	\$0	\$0	\$0
FY 2023 Adopted Revenues	\$0	\$0	\$0
FY 2023 Appro. (P.L. 36-107)	\$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 2023 (if applicable)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund	\$0	\$0	\$0	\$0	\$0	\$0
Special Fund	\$0	\$0	\$0	\$0	\$0	\$0
Total	1/	\$0	\$0	\$0	\$0	\$0

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|---|-------------------------|----------------------------|---------------------------|
| 1. Does the bill contain "revenue generating" provisions?
If Yes, see attachment | | // Yes | /X/ No |
| 2. Is amount appropriated adequate to fund the intent of the appropriation?
If no, what is the additional amount required? \$ _____ | /X/ N/A | // Yes | // No |
| 3. Does the Bill establish a new program/agency?
If yes, will the program duplicate existing programs/agencies?
Is there a federal mandate to establish the program/agency? | /X/ N/A | // Yes
// Yes
// Yes | /X/ No
// No
/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?
/X/ Requested agency comments not received by due date: DRT | If no, indicate reason: | /X/ Yes
// Other | // No |

Analyst: <u>Raymond Rieta, BMA III</u>	Date: <u>7/25/23</u>	Director: <u>Lester L. Carlson, Jr., Director</u>	Date: <u>SEP 25 2023</u>
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Notes:
1/ See Additional Comments.

Bureau of Budget & Management Research
Comments on Bill No. 168-37 (COR)

Bill No. 168-37 proposes to authorize the Department of Revenue and Taxation (DRT) to issue conditional business licenses to qualifying businesses. The intent of this legislation is to allow for businesses to operate while taking advantage of the additional time provided by the conditional license to process all their needed permits and licenses. It is also expected that the conditional license will provide more time for other agencies processing the required permits and licenses for the business to assess and scrutinize the applicants. The legislation anticipates that allowing businesses to operate under a conditional license will create more revenue for the government and encourage the growth of businesses on Guam.

Utilizing information from DRT's most recent Citizen-Centric Reports (FY20 & FY21), the following quantitative data was obtained regarding business licenses issued by the department.

Business Licenses			
	FY 2019	FY2020	FY2021 ^{1/}
Branch Units	33,629	16,313	14,134
Revenues	\$2,013,086	\$1,905,947	\$740,075

^{1/} FY2021 reflects the waiver of business license fees pursuant to P.L. No. 36-4

The above data reflects the number of businesses licenses processed and the associated revenues generated from these licenses as reported by DRT. It should be noted that the data does not specify the number of branch units or the amount of revenue that is representative of new business licenses processed and issued. According to local media reports, DRT reported 3,489 new business licenses in FY2021 versus 2,544 licenses issued in FY2020. The same source reported 1,074 business license cancellations in 2020 versus 1,088 in 2021.

Should the issuance of conditional business licenses be authorized as stipulated in the Bill, this may potentially encourage more business license applications to be processed thus generating additional revenue for the government of Guam. However, absent specific information relative to the number of business license applications that are *not* submitted due to the current requirements, the Bureau is unable to ascertain the potential fiscal impact of the issuance of new conditional business licenses.