

I Mina'trentai Siette Na Liheslaturan Guåhan
BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	FISCAL NOTES	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	NOTES
176-37 (COR)	Tina Rose Muña Barnes Dwayne T.D. San Nicolas Jesse A. Lujan Christopher M. Dueñas	AN ACT TO AMEND § 73151 OF ARTICLE 1, CHAPTER 73, TITLE 5, GUAM CODE ANNOTATED, AND TO ADD NEW § 73127.1, § 73104.1, § 73104.2, § 73104.3, AND § 73104.4 TO ARTICLE 1 OF CHAPTER 73, TITLE 5, GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING THE GUAM CUSTOMS AND QUARANTINE AGENCY (COA) TO ADOPT AND IMPLEMENT A CUSTOMS AUTOMATED SYSTEM AND THE HARMONIZED COMMODITY AND CODING SYSTEM (HCCS).	9/27/23 4:21 p.m.	9/29/23	Committee on Emergency Response, Military and Veteran Affairs, Border Safety and Mayors Council	Request: 9/29/23 10/11/23			



COMMITTEE ON RULES

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

October 11, 2023

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

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

Subject: **Fiscal Note for Bill No. 176-37 (COR)**

Håfa Adai yan Biba Guåhan!

Find the attached, Fiscal Note for the following bill:

Bill No. 176-37 (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. 176-37 (COR)**

AN ACT TO AMEND § 73151 OF ARTICLE 1, CHAPTER 73, TITLE 5, GUAM CODE ANNOTATED, AND TO ADD NEW § 73127.1, § 73104.1, § 73104.2, § 73104.3, AND § 73104.4 TO ARTICLE 1 OF CHAPTER 73, TITLE 5, GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING THE GUAM CUSTOMS AND QUARANTINE AGENCY (CQA) TO ADOPT AND IMPLEMENT A CUSTOMS AUTOMATED SYSTEM AND THE HARMONIZED COMMODITY AND CODING SYSTEM.

Department/Agency Appropriation Information

Dept./Agency Affected: Guam Customs and Quarantine Agency	Dept./Agency Head: Ignacio Q. Peredo, Director
Department's General Fund (GF) appropriation(s) to date:	\$14,467,206
Department's Other Fund (Specify) appropriation(s) to date: Customs, Agriculture, and Quarantine Inspection Services Fund	\$6,074,666
Total Department/Agency Appropriation(s) to date:	\$20,541,872

Fund Source Information of Proposed Appropriation

	General Fund:	(Specify Special Fund):	Total:
FY 2023 Unreserved Fund Balance		\$0	\$0
FY 2024 Adopted Revenues	\$0	\$0	\$0
FY 2024 Appro. (P.L. 37-42)	\$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 2024 (if applicable)	FY 2025	FY 2026	FY 2027	FY 2028
General Fund 1/	\$0	\$0	\$0	\$0	\$0	\$0
Special Fund 1/	\$0	\$0	\$0	\$0	\$0	\$0
Total 1/	\$0	\$0	\$0	\$0	\$0	\$0

- Does the bill contain "revenue generating" provisions? /X/ Yes / / 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
/ / Requested agency comments not received by due date / / Other:

Analyst: Joaquin A.J. Guerrero II Date: 10/6/23 Director: Lester L. Carlson, Jr. Date: OCT 11 2023

Notes:
1/ See attached comments.

Bureau of Budget and Management Research
Comments on Bill No. 176-37 (COR)

The proposed legislation intends to authorize the Guam Customs and Quarantine Agency (CQA) to develop rules and regulations in order to introduce the Customs Harmonized Commodity and Coding Classification Schedule that is aligned with the Harmonized Commodity and Coding System (HCCS) maintained by the World Customs Organization, as well as the introduction and implementation of a Customs Automated System. Additionally, the legislation proffers penalties of violation for incorrect entries of articles upon declaration to include: a penalty not to exceed \$5,000 or an amount equal to twenty-five percent (25%) of the value of the article, whichever amount is lesser for the first violation; a penalty not to exceed \$10,000 or an amount equal to or fifty percent (50%) of the value of the article, whichever amount is lesser for the second violation; and a penalty not to exceed \$30,000 or an amount equal to seventy-five percent (75%) of the value of the article, whichever amount is lesser for the third or more violations. These fines or penalties collected shall be deposited into the Customs Fines and Penalties Revolving Fund.

The implementation of the HCCS along with the Customs Automated System will be beneficial in providing efficiency in the CQA's processing and regulation of goods at our island's ports of entry, ultimately reducing expenses associated to trade and supporting in the collection and analysis of information necessary to fully collect taxes. Over the course of time, this will pose a positive fiscal impact on tax collections.

Per comments provided by the CQA, this proposed mandate is in line with the current initiative to modernize and bring the CQA into meeting U.S. and international standards for the classification of goods and implement the use of technology, which will allow for greater efficiency in data collection. This particular bill will not directly cost the government as the CQA has already been making use of funding through federal grants to develop a harmonized classification system, and has been in collaboration with the Oceania Customs Organization in building capacity for the CQA and the government to become much more efficient in classifying goods, modernizing the CQA, and eventually the collection of taxes encountered at the ports of entry. Furthermore, the procurement of technology software for system implementation as mentioned in the proposed legislation will be sought through the application of additional federal grant opportunities.

The Bureau is unable to determine an estimated cost impact for possible revenue collections at this time absent additional information from the CQA and pending their introduction of the Customs Harmonized Commodity and Coding Classification Schedule. It should be noted that media reports state that the subject legislation has the potential to raise an additional \$50M in revenue for the Government of Guam.