

*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
197-37 (LS)	Committee on Maritime Transportation, Air Transportation, Parks, Tourism, Higher Education and the Advancement of Women, <u>Youth, and Senior Citizens</u> by request of I Kongressun Manhoben Guåhan, the Guam Youth Congress, in accordance with 2 GCA §7102.	AN ACT TO ADD A NEW CHAPTER 10 TO TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING A VAPING PRODUCT TAX AND LICENSING OF THE RETAIL AND WHOLESALE DISTRIBUTION OF VAPING PRODUCTS, WHICH SHALL BE CITED AS THE "STOP ADDICTION THROUGH VAPING EXCISE (S.A.V.E.) ACT OF 2023."	10/31/23 11:34 a.m.	11/3/23	Committee on Environment, Revenue and Taxation, Labor, Procurement, and Statistics, Research, and Planning	Request: 11/3/23  11/9/23			



## COMMITTEE ON RULES

Senator Chris Barnett, Chairperson  
*I Mina'trentai Siette Na Liheslaturan Guåhan*  
37<sup>th</sup> Guam Legislature

November 9, 2023

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

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

**Subject:** **Fiscal Note for Bill No. 197-37 (LS)**

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*Håfa Adai yan Biba Guåhan!*

Find the attached, Fiscal Note for the following bill:

**Bill No. 197-37 (LS).**

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. 197-37 (LS)**

AN ACT TO ADD A NEW CHAPTER 10 TO TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING A VAPING PRODUCT TAX AND LICENSING OF THE RETAIL AND WHOLESALE DISTRIBUTION OF VAPING PRODUCTS, WHICH SHALL BE CITED AS THE "STOP ADDICTION THROUGH VAPING EXCISE (S.A.V.E.) ACT OF 2023."

**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:	\$14,532,027
Department's Other Fund appropriation(s) to date: Banking and Insurance Enforcement Fund (\$395,271); Better Public Service Fund (\$1,315,540); Tax Collection Enhancement Fund (\$1,046,640)	\$2,757,451
<b>Total Department/Agency Appropriation(s) to date:</b>	<b>\$17,289,478</b>

**Fund Source Information of Proposed Appropriation**

	General Fund:	Special Fund:	Total:
FY 2023 Unreserved Fund Balance	\$0	\$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
<b>Total:</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**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	\$0	\$0	\$0	\$0	\$0	\$0
Special Fund	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>1/</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

- |                                                                                                                                                                                   |  |         |          |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|---------|----------|
| 1. Does the bill contain "revenue generating" provisions?<br>If Yes, see attachment                                                                                               |  | /X/ Yes | // No    |
| 2. Is amount appropriated adequate to fund the intent of the appropriation?<br>If no, what is the additional amount required? \$ _____                                            |  | /X/ N/A | // Yes   |
| 3. Does the Bill establish a new program/agency?<br>If yes, will the program duplicate existing programs/agencies?<br>Is there a federal mandate to establish the program/agency? |  | /X/ N/A | // Yes   |
| 4. Will the enactment of this Bill require new physical facilities?                                                                                                               |  |         | // Yes   |
| 5. Was Fiscal Note coordinated with the affected dept/agency?<br>/X/ Requested agency comments not received by due date: DRT                                                      |  | /X/ Yes | // No    |
|                                                                                                                                                                                   |  |         | // Other |

Analyst: <u>Raymond Rieta, BMA III</u>	Date: <u>11/6/23</u>	Director: <u>Lester L. Carlson, Jr., Director</u>	Date: <u>NOV 08 2023</u>
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Notes:  
1/ See Additional Comments.

## **Bureau of Budget & Management Research** **Comments on Bill No. 197-37 (LS)**

Bill No. 197-37 adds a new chapter 10 to Title 11 of the Guam Code Annotated (GCA) relative to establishing a vaping product tax and licensing of the retail and wholesale distribution of vaping products, which shall be cited as the “Stop Addiction through Vaping Excise (S.A.V.E.) Act of 2023.”

The intent of the legislation is to deter the usage of vaping by levying the tax on all vaping products in Guam, similar to the Tobacco Control Act of 2006, and to deter the sale of vaping products by raising the price to consumers through this tax. The Bill establishes the S.A.V.E. Act outlining the General Provisions (Definitions), Licenses (Classes & Fees), Issuance of Licenses (Restrictions and Penalties), Enforcement (Use of Collected Fees and Penalties for Youth Programs), the Vaping Product Excise Tax Law (Disbursement of Tax proceeds), and the Stamping of Vaping Products (Guidelines).

Under the Enforcement section of the S.A.V.E. Act, all *finer and fees* assessed and collected under Chapter 10 shall be distributed and deposited in the following manner: 50% to the Youth Tobacco Education and Prevention Fund (YTEPF); 30% to the Health and Human Services Fund; and 20% to the Department of Revenue and Taxation (DRT) for administration of the chapter. Under the Vaping Product Excise Tax Law, all monies collected from the *taxes* levied in Chapter 10 shall be disbursed to the following Special Revenue Funds: 25% into the Territorial Education Facilities Fund; 35% into the Healthy Futures Fund (HFF); 15% into the Police Services Fund; 15% into the Guam Behavioral Health and Wellness Center; and 10% into the DRT.

Currently, taxes collected for cigarettes, cigars, and other tobacco related products generate revenue which is then deposited into the HFF. Based on the revenue categories in the AS400 financial system, it is unclear whether flavored tobacco products (i.e., e-cigarettes, and vaping) are taxed in the same manner as cigarettes, cigars, and other tobacco related products. Utilizing information from prior fiscal years to obtain data from overall revenues generated for the HFF for the past four fiscal years, the Bureau notes that the average collections from FY19 through FY22 is estimated at \$38.6M. However, absent information from the Department of Revenue and Taxation (DRT) relative to tax collections specifically from e-cigarettes and vaping related products, the Bureau is unable to ascertain the fiscal impact of this proposed legislation.