

*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 |
|--------------|---|--|------------------------|---------------|---|--------------------------------|---------------------|-----------------------------|-------|
| 223-37 (COR) | Telo T. Taitague<br>Sabina Flores Perez<br>Jesse A. Lujan | AN ACT TO AMEND § 5127 OF SUBARTICLE C, ARTICLE 2, CHAPTER 5, DIVISION 1, TITLE 5, GUAM CODE ANNOTATED, RELATIVE TO COMMERCIAL LEASING OF PUBLIC REAL PROPERTY AND RELATED FACILITIES. | 12/20/23<br>12:57 p.m. | 12/22/23      | Committee on Health, Land, Justice, and Culture | Request:12/22/23<br><br>1/2/24 |                     |                             |       |



## COMMITTEE ON RULES

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

January 2, 2024

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

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

**Subject:** **Fiscal Note for Bill No. 223-37 (COR)**

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*Håfa Adai yan Biba Guåhan!*

Find the attached, Fiscal Note for the following bill:

**Bill No. 223-37 (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. 223-37 (COR)**

**AN ACT TO AMEND §5127 OF SUBARTICLE C, ARTICLE 2, CHAPTER 5, DIVISION 1, TITLE 5, GUAM CODE ANNOTATED, RELATIVE TO COMMERCIAL LEASING OF PUBLIC REAL PROPERTY AND RELATED FACILITIES.**

**Department/Agency Appropriation Information:**

|  |  |
|--|--|
| <b>Dept./Agency Affected:</b> Government of Guam Wide                                | <b>Dept./Agency Head:</b> Lourdes A. Leon Guerrero, Governor |
| <b>Department's General Fund (GF) appropriation(s) to date:</b>                      | <b>\$812,294,755</b>   |
| <b>Department's Other Fund (Specify) appropriation(s) to date:</b> All Special Funds | <b>\$211,473,565</b>   |
| <b>Total Department/Agency Appropriation(s) to date:</b>                             | <b>\$1,023,768,320</b>                                       |

**Fund Source Information of Proposed Appropriation**

|  | General Fund: | Special Fund: | Total: |
|--|---------------|---------------|--------|
| <b>FY 2023 Unreserved Fund Balance</b> |               | \$0           | \$0    |
| <b>FY 2024 Adopted Revenues</b>        | \$0           | \$0           | \$0    |
| <b>FY 2024 Appro. (P.L. 37-42)</b>     | \$0           | \$0           | \$0    |
| <b>Sub-total:</b>                      | \$0           | \$0           | \$0    |
| <b>Less appropriation in Bill</b>      | \$0           | \$0           | \$0    |
| <b>Total:</b>                          | \$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 |
|---------------------|----------------------|--|---------|---------|---------|---------|
| <b>General Fund</b> | \$0                  | \$0                                      | \$0     | \$0     | \$0     | \$0     |
| <b>Special Fund</b> | \$0                  | \$0                                      | \$0     | \$0     | \$0     | \$0     |
| <b>Total</b>        | \$0                  | \$0                                      | \$0     | \$0     | \$0     | \$0     |

- |   |            |         |          |
|---|------------|---------|----------|
| 1. Does the bill contain "revenue generating" provisions?<br>If Yes, see attachment   |            | / / 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 | / / No   |
| 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? |            | / / Yes | / X / No |
| 4. Will the enactment of this Bill require new physical facilities?   | / / N/A    | / / Yes | / X / No |
| 5. Was Fiscal Note coordinated with the affected dept/agency? If no, indicate reason:<br>/ / Requested agency comments not received by due date                                   |            | / / Yes | / / No   |
|   | / / Other: |         |          |

|   |                              |  |                                 |
|---|------------------------------|--|---------------------------------|
| <b>Analyst:</b> <u>Jason Baza</u><br>Jason Baza, BMA Supervisor | <b>Date:</b> <u>12/28/23</u> | <b>Director:</b> <u>Lester L. Carlson, Jr.</u><br>Lester L. Carlson, Jr., Director | <b>Date:</b> <u>JAN 02 2024</u> |
|---|------------------------------|--|---------------------------------|

**Notes:**  
1/ See attached comments.

BUREAU OF BUDGET AND MANAGEMENT RESEARCH  
COMMENTS ON BILL NO. 223-37 (COR)

The proposed legislation intends to amend §5127 of Subarticle C, Article 2, Chapter 5, Division 1, Title 5 Guam Code Annotated by extending the term for commercial contracts, leases, permits, and licenses for use of public real property from the current five (5) year limit to now be ten (10) years. Although the legislation appears to be administrative in nature, there are potential residual impacts of extending such agreements for use of public real property for an additional five (5) years, particularly when it comes to revaluation of each property's appraised value.

Most commercial agreements for use of public real property are based on the appraised value of the property at the time of agreement and often include a clause for incremental increases regarding rental payments throughout the term of the agreement. By lengthening the term of the agreement to another five (5) years, the proposed legislation provides an opportunity for the Government of Guam to collect an extended incremental rental value for rental of public real property. Further, a lengthened term may increase the overall interest for investors to enter into a commercial agreement for use of public real property and compound the revenues from rental payments mentioned above.

Conversely, extending the term length means that the base appraised value of the property cannot be revaluated until the contract, lease, permit, and license has expired. Revaluation of the property would mean a potential increase to the base appraised value of the property as well as a potential increase to the rental payments associated with the agreement.

The Bureau notes that there are pros and cons to extending the term of commercial contracts, leases, permits, and licenses for use of public real property. However, the Bureau cannot determine an approximate financial impact at this time due to not having sufficient information on many variables that constitute an agreement for use of public real property, including the appraised value of each property being commercially utilized, the conditions of each agreement, and the potential increase to the property's value should a revaluation occur.