

I Mina'trentai Sietta 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
265-37 (COR)	Therese M. Terlaje	AN ACT TO PROVIDE TAX RELIEF TO PROPERTY OWNERS OF R1 AND A ZONES BY DEFERRING INCREASES IN PROPERTY TAX ASSESSMENT RESULTING FROM THE 2024-2025 ISLAND-WIDE PROPERTY REVALUATION.	4/8/24 10:27 a.m.	4/11/24	Committee on Environment, Revenue and Taxation, Labor, Procurement, and Statistics, Research, and Planning	Request: 4/11/24 4/19/24			



COMMITTEE ON RULES

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

April 19, 2024

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

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

Subject: **Fiscal Note for Bill No. 265-37 (COR)**

Håfa Adai yan Biba Guåhan!

Find the attached, Fiscal Note for the following bill:

Bill No. 265-37 (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. 265-37 (COR)

AN ACT TO PROVIDE TAX RELIEF TO PROPERTY OWNERS OF RI AND A ZONES BY DEFERRING INCREASES IN PROPERTY TAX ASSESSMENT RESULTING FROM THE 2024-2025 ISLAND-WIDE PROPERTY REVALUATION.

Department/Agency Appropriation Information

Dept./Agency Affected: Department of Revenue and Taxation (DRT)	Dept./Agency Head: Lizama, Marie P, Acting 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
Total Department/Agency Appropriation(s) to date:	\$17,289,478

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
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	\$0	\$0	\$0	\$0	\$0	\$0
Special Fund	\$0	\$0	\$0	\$0	\$0	\$0
Total	1/	\$0	\$0	\$0	\$0	\$0

- Does the bill contain "revenue generating" provisions? // Yes /X/ 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? /X/ Yes // No
If no, indicate reason: /X/ Yes // Other
/X/ Requested agency comments not received by due date: DRT

Analyst: <u>Raymond Rieta, BMA IV</u>	Date: <u>4/18/24</u>	Director: <u>Lester L. Carlson, Jr., Director</u>	Date: <u>APR 19 2024</u>
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Notes:
 1/ See Additional Comments.

Bureau of Budget & Management Research
Comments on Bill No. 265-37 (COR)

Bill No. 265-37 (COR) is an act to provide tax relief to property owners of R1 and A zones by deferring increases in property tax assessments resulting from the 2024-2025 island-wide property revaluation. The intent of the Bill is to protect single family homeowners on R1 properties, bona fide farmers on A zoned properties, and owners of undeveloped R-1 or A zoned properties from a substantial increase in real property taxes following the revaluation, provided that the property is not transferred after the effective date of this law.

Current law mandates that all real property taxes collected are deposited into the Territorial Educational Facilities Fund (TEFF) which was intended to build educational facilities on Guam. Based on overall collections from the last four fiscal years, the TEFF averages an estimated \$35.2M in revenues.

Territorial Educational Facilities Fund (TEFF)	
Fiscal Years	Revenues
FY2020	\$34,307,979
FY2021	\$35,418,566
FY2022	\$35,794,520
FY2023	\$35,647,219

Should Bill No. 265-37 become law, any deference of increased property taxes after the 2024-2025 revaluation will affect the overall revenues generated for the TEFF. However, absent information from the Department of Revenue and Taxation (DRT) relative to: 1) an estimated potential impact of the property revaluation; and 2) the proportion of real property taxes collected specifically from property owners of R1 and A zones, the Bureau is unable to provide an estimated fiscal impact at this time.