

*I Mina'trentai Siette Na Liheslaturan Guåhan*  
**BILL STATUS**

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	FISCAL NOTES	NOTES
70-37 (COR)	Tina Rose Muña Barnes Joe S. San Agustin Jesse A. Lujan Roy A. B. Quinata William A. Parkinson Dwayne T. D. San Nicolas Therese M. Terlaje Thomas J. Fisher Chris Barnett	AN ACT TO ADD A NEW § 26202.2 TO ARTICLE 2 OF CHAPTER 26 OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO REDUCING THE BUSINESS PRIVILEGE TAX FROM FIVE PERCENT (5%) TO FOUR PERCENT (4%) FOR THOSE ELIGIBLE BUSINESSES WHO PROVIDE HEALTH INSURANCE COVERAGE FOR THEIR EMPLOYEES.	3/1/23 4:44 p.m.	3/2/23	Committee on General Government Operations and Appropriations			Request: 3/2/23  3/13/23	



## COMMITTEE ON RULES

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

March 13, 2023

**To:** RennaeVanessa C. Meno  
Clerk of the Legislature

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

**Subject:** Fiscal Note for Bill No. 70-37 (COR)

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*Håfa Adai yan Biba Guåhan!*

Find the attached, Fiscal Note for the following bill:

**Bill No. 70-37 (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. 70-37 (COR)**

**AN ACT TO ADD A NEW § 26202.2 TO ARTICLE 2 OF CHAPTER 26 OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO REDUCING THE BUSINESS PRIVILEGE TAX FROM FIVE PERCENT (5%) TO FOUR PERCENT (4%) FOR THOSE ELIGIBLE BUSINESSES WHO PROVIDE HEALTH INSURANCE COVERAGE FOR THEIR EMPLOYEES.**

**Department/Agency Appropriation Information**

<b>Dept./Agency Affected:</b> Department of Revenue and Taxation (DRT)	<b>Dept./Agency Head:</b> Dafne Mansapit-Shimizu, Director
<b>Department's General Fund (GF) appropriation(s) to date:</b>	<b>\$13,555,858</b>
<b>Department's Other Fund appropriation(s) to date:</b> Banking and Insurance Enforcement Fund (\$433,783); Better Public Service Fund (\$1,251,802); Tax Collection Enhancement Fund (\$704,824)	<b>\$2,389,409</b>
<b>Total Department/Agency Appropriation(s) to date:</b>	<b>\$15,945,267</b>


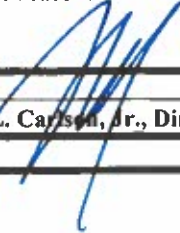
**Fund Source Information of Proposed Appropriation**

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

- |   |                         |                            |                           |
|---|-------------------------|----------------------------|---------------------------|
| 1. Does the bill contain "revenue generating" provisions?<br>If Yes, see attachment   |                         | // Yes                     | /X/ 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? | /X/ N/A                 | // Yes<br>// Yes<br>// Yes | /X/ No<br>// No<br>/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?<br>/X/ Requested agency comments not received by due date: DRT  | If no, indicate reason: | /X/ Yes<br>// Other        | // No                     |

<b>Analyst:</b>  Raymond Rieta, BMA III	<b>Date:</b> 3/10/23	<b>Director:</b>  Lester L. Carlson, Jr., Director	<b>Date:</b> MAR 13 2023
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**Notes:**  
1/ See Additional Comments.

**Bureau of Budget & Management Research**  
**Comments on Bill No. 70-37 (COR)**

The proposed legislation intends to reduce the Business Privilege Tax (BPT) from five percent (5%) to four percent (4%) for eligible businesses who provide health insurance coverage for their employees.

The legislation is to be effective sixty (60) days after enactment. Per the latest Consolidated Revenue & Expenditure Report (CRER) (January 2022), BPT is tracking to collection \$324.5M at the current tax levy of 5%, or \$22.3M above the adopted level of \$302.1M. Per the same CRER, actual BPT collections amount to \$118.8M from October 2022 to January 2023. This means the remaining BPT to be collected from February 2023 through September 2023 is estimated to be approximately \$205.7M at the current tax levy of 5%. Should the tax levy be reduced to 4% for the remainder of FY 2023, the estimated reduction in BPT is approximately \$41.1M as result of the proposed legislation during FY 2023. However, absent information from the Department of Revenue and Taxation (DRT), the Bureau's estimation is unable to differentiate between those eligible businesses who provide health insurance coverage for their employees, those of which are included in this Bill, and all other taxpayers.

The Bureau further notes any estimated loss of revenue will likely impact the Government of Guam's ability to cover current and future obligations. For example, debt service obligations are scheduled to increase by \$22.5M in FY24 (not inclusive of the upcoming Simon Sanchez construction's projected debt service). The second year contract expense for the Government of Guam's financial management information system is \$10.9M. Absent any revenue replacement, financial resources would likely come at the expense of departmental operating budgets to cover these fixed costs.