

I Mina'trentai Siette Na Lihelaturan Guåhan
BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	FISCAL NOTES	NOTES
75-37 (LS)	Joe S. San Agustin Tina Rose Muña Barnes Amanda L. Shelton Dwayne T. D. San Nicolas Roy A. B. Quinata William A. Parkinson	AN ACT TO AMEND SECTION 2 OF CHAPTER 1, AND SECTION 2 OF PART I, CHAPTER III, AND ADD A NEW SECTION 13 TO CHAPTER XI, ALL OF PUBLIC LAW 36-107 (GENERAL APPROPRIATIONS ACT OF 2023), RELATIVE TO PROVIDING ASSISTANCE FOR PRIVATE BUSINESSES IN THEIR RECOVERY FROM THE ECONOMIC EFFECTS OF THE COVID-19 PANDEMIC THROUGH A PROGRAM ESTABLISHED BY THE GUAM ECONOMIC DEVELOPMENT AUTHORITY.	3/7/23 9:25 a.m.	3/7/23	Committee on General Government Operations and Appropriations			Request: 3/7/23 3/14/23	



COMMITTEE ON RULES

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

March 14, 2023

To: RennaeVanessa C. Meno
Clerk of the Legislature

From: Senator Chris Barnett 
Chairperson, Committee on Rules

Subject: Fiscal Note for Bill No. 75-37 (LS)

Håfa Adai yan Biba Guåhan!

Find the attached, Fiscal Note for the following bill:

Bill No. 75-37 (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. 75-37 (LS)

AN ACT TO AMEND SECTION 2 OF CHAPTER 1, AND SECTION 2 OF PART 1, CHAPTER III; AND ADD A NEW SECTION 13 TO CHAPTER XI, ALL OF PUBLIC LAW 36-107 (GENERAL APPROPRIATIONS ACT OF 2023), RELATIVE TO PROVIDING ASSISTANCE FOR PRIVATE BUSINESSES IN THEIR RECOVERY FROM THE ECONOMIC EFFECTS OF THE COVID-19 PANDEMIC THROUGH A PROGRAM ESTABLISHED BY THE GUAM ECONOMIC DEVELOPMENT AUTHORITY.

Department/Agency Appropriation Information	
Dept./Agency Affected: Department of Administration	Dept./Agency Head: Edward Birn, Director
Department's General Fund (GF) appropriation(s) to date:	\$8,196,612
Department's Other Fund (Specify) appropriation(s) to date: Indirect Cost Fund & Limited Gaming Fund	\$772,067
Total Department/Agency Appropriation(s) to date:	\$8,968,679

Department/Agency Appropriation Information	
Dept./Agency Affected: Guam Economic Development Authority	Dept./Agency Head: Melanie Mendiola, CEO/Administrator
Department's General Fund (GF) appropriation(s) to date:	\$0
Department's Other Fund (Specify) appropriation(s) to date:	\$0
Total Department/Agency Appropriation(s) to date:	\$0

Fund Source Information of Proposed Appropriation			
	General Fund:	GMHA Pharmaceuticals Fund:	Total:
FY 2022 Unreserved Fund Balance		\$0	\$0
FY 2023 Adopted Revenues	\$713,256,152	\$18,700,991	\$731,957,143
FY 2023 Appro. (P.L. 36-107)	(\$713,256,152)	(\$18,700,991)	(\$731,957,143)
Sub-total:	\$0	\$0	\$0
Less appropriation in Bill	(\$15,000,000)	(\$614,059)	(\$15,614,059)
Total:	(\$15,000,000)	(\$614,059)	(\$15,614,059)

Estimated Fiscal Impact of Bill						
	One Full Fiscal Year	For Remainder of FY 2023 (if applicable)	FY 2024	FY 2025	FY 2026	FY 2027
General Fund	1/	1/	\$0	\$0	\$0	\$0
Special Fund	\$0	\$0	\$0	\$0	\$0	\$0
Total	1/	1/	\$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? / / N/A / / Yes / X/ 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: <u>Jason Baza</u> Jason Baza, BMA Supervisor	Date: <u>3/13/23</u>	Director: <u>Lester L. Carlson, Jr.</u> Lester L. Carlson, Jr., Director	Date: <u>MAR 14 2023</u>
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Notes:
 1/ See attached comments.

BUREAU OF BUDGET AND MANAGEMENT RESEARCH
COMMENTS ON BILL NO. 75-37 (LS)

The proposed legislation intends to: 1) amend Section 2 of Chapter 1, 2) amend Section 2 of Part 1, Chapter 3, and 3) add Section 13 to Chapter 11, all of P.L. 36-107 (FY 2023 Budget Act), relative to providing assistance for private businesses in their recovery from the economic effects of the Covid-19 pandemic through a program established by the Guam Economic Development Authority (i.e. the Local Employers' Assistance Program [LEAP]).

The proposed amendments to Section 2 of Chapter 1, P.L. 36-107 includes increasing the FY 2023 adopted levels for Withholding Taxes by \$6,000,000 and Business Privilege Taxes by \$9,920,181, resulting in a total increase of \$15,920,181 in gross adopted General Fund revenues. The increase of \$15,920,181 will be allocated as follows: \$15,000,000 appropriation for the extension of the LEAP program, \$614,059 supplemental appropriation to the Guam Memorial Hospital Authority Pharmaceuticals Fund (pursuant to §26208, Ch. 26, Title 11 Guam Code Annotated relative to depositing 6.19% of Business Privilege Tax collections), and \$306,122 to the 2% General Fund Reserve/Rainy Day Fund (pursuant to §22436(a) of Ch. 22, Title 5 Guam Code Annotated).

Additionally, Section 1 of the proposed legislation states that a commitment from the Governor of Guam to utilize \$5,000,000 from the American Rescue Plan in support of the extension of LEAP.

The Bureau notes that the LEAP program has received two sources of funds to date: 1) a \$25M appropriation from the General Fund via P.L. 36-65, and 2) a \$37.56M allocation from the American Rescue Plan approved by the Governor, of which approximately \$36.39M has been paid out by DOA. As such, the combined total amount of benefits paid to date for the LEAP program amounts to approximately \$61.39M.

Per comments received from the Guam Economic Development Authority (GEDA), past assistance programs for small businesses and other data received by GEDA are currently being evaluated to determine the ideal parameters for a new round of small business assistance, in particular, relative to eligibility requirements and award maximums for eligible small businesses. The fiscal impact will be equal to the amount appropriated for the extension of LEAP benefits. Additionally per GEDA, the language contained in the proposed legislation provides the flexibility to work with stakeholders and the administration to implement a program that most effectively uses the financial resources to be allocated.

Per comments received from DOA, the necessity of a further extension of the LEAP program is not understood, as DOA is not aware of any intrinsic evidence of the need for further support by Government. Further, the FY 2023 surplus/(deficit) is a moving number based on current financials. DOA does state, however, that the appropriation process set forth in the proposed legislation is preferred. Additionally, DOA notes that federal rules, such as valid UEI numbers, will be enforced due to usage of the American Rescue Plan funds as noted above.

Per the January 2023 CRER, the General Fund has collected approximately \$43.45M above adopted levels through January of FY 2023. However, the \$43.45M balance noted does not account for any Special Revenue Funds that may need transfers from the General Fund by the end of FY 2023. Also per the January 2023 CRER, the Withholding Tax and Business Privilege Tax revenue categories have collected \$14.9M and \$22.3M, respectively, above the FY 2023 adopted levels contained in P.L. 36-107.

The Bureau notes that there are several proposed legislative measures seeking to tap into the FY 2023 revenues collected in excess of adopted levels, namely: Bill No. 24-37 (\$16M), Bill No. 32-37 (\$30M), and Bill Nos. 59-37 / 61-37 / 75-37 (\$15.92M maximum between the three measures). The total amount of the competing measures combined is approximately \$61.92M, or \$18.45M more than the cited General Fund revenue collected in excess of adopted levels in FY 2023.