



COMMITTEE ON RULES

I Mina'trentai Unu na Liheslaturan Guåhan • The 31st Guam Legislature
155 Hesler Place, Hagåtña, Guam 96910 • www.guamlegislature.com
E-mail: roryforguam@gmail.com • Tel: (671)472-7679 • Fax: (671)472-3547

2012 JAN 17 AM 9:07
[Handwritten signature]

Senator
Rory J. Respicio
CHAIRPERSON
MAJORITY LEADER

January 17, 2012

Memorandum

Senator
Judith P. Guthertz
VICE CHAIRPERSON
ASST. MAJORITY LEADER

To: Pat C. Santos
Clerk of the Legislature

MAJORITY MEMBERS:

From: Senator Rory J. Respicio

Speaker
Judith T. Won Pat

Subject: Fiscal Notes

Vice Speaker
Benjamin J. F. Cruz

Hafa Adai!

Senator
Tina Rose Muña Barnes
LEGISLATIVE SECRETARY
MAJORITY WHIP

Attached please find the fiscal notes for the bill numbers listed below. Please note that the fiscal notes, or waivers, are issued on the bills as introduced.

Senator
Dennis G. Rodriguez, Jr.
ASST. MAJORITY WHIP

Bill No.: 397-31 (COR)
398-31 (LS)
406-31 (COR)

Senator
Thomas C. Ada

Senator
Adolpho B. Palacios, Sr.

Please forward the same to MIS for posting on our website. Please contact our office should you have any questions regarding this matter.

Senator
vicente c. pangelinan

MINORITY MEMBERS:

Si Yu'os ma'åse'!

Senator
Aline A. Yamashita
ASST. MINORITY LEADER

Senator
Christopher M. Duenas

**BUREAU OF BUDGET & MANAGEMENT RESEARCH**OFFICE OF THE GOVERNOR
Post Office Box 2950, Hagåtña Guam 96932EDDIE BAZA CALVO
GOVERNORRAY TENORIO
LIEUTENANT GOVERNORJOHN A. RIOS
DIRECTORSTEPHEN J. GUERRERO
DEPUTY DIRECTOR

JAN 13 2012

Senator Rory J. Respicio
Chairperson, Committee on Rules
I Mina'trentai Unu na Liheslaturan Guåhan
The 31st Guam Legislature
155 Hesler Place
Hagåtña, Guam 96932

Hafa Adai Senator Respicio:

Transmitted herewith is the Fiscal Note on the following Bill Nos.: 406-31(COR).

If you have any question(s), please do not hesitate to call the office at 475-9412/9106.


JOHN A. RIOS
Director

Enclosures

cc: Senator Vicente (ben) Pangelinan

**Bureau of Budget & Management Research
Fiscal Note of Bill No. 406-31 (COR)**

AN ACT TO REPEAL AND REENACT SECTION 21 OF CHAPTER XII, OF PUBLIC LAW 31-77 RELATIVE TO PROVIDING FOR ASSIGNABILITY OF OFFSETS AGAINST BUSINESS PRIVILEGE TAXES FOR THE OUTSTANDING DEBT BALANCE OWED FOR THE COMPLETION OF THE GUAM PUBLIC MARKET REDEVELOPMENT PROJECT, PHASE II-DEPARTMENT OF COMMERCE PROJECT NO. 320-5-1008-L-AGN, INCLUDING CHANGE ORDER NO. 1 AND CHANGE ORDER NO. 2.

Department/Agency Appropriation Information	
Dept./Agency Affected: Public Works	Dept./Agency Head: Joanne M.S. Brown
Department's General Fund (GF) appropriation(s) to date:	9,022,816
Department's Other Fund (Specify) appropriation(s) to date: Base Operations - DPW Building & Design Fund (DPWBDF) \$497,806, Guam Highway Fund (GHF) \$8,484,373, Solid Waste Operations Fund (SWOF) \$6,246,626; Health Cost Account - GHF \$205,611, DPWBDF \$6,906; Utilities Cost Account - GHF \$1,306,215, SWOF \$200,000 (not including public streetlights appropriations - Street Light Fund \$3,473,531, Tourist Attraction Fund \$212,482, GHF \$2,323,190)	16,947,537
Total Department/Agency Appropriation(s) to date:	\$25,970,353

Fund Source Information of Proposed Appropriation			
	General Fund:	(Specify Special Fund):	Total:
FY 2011 Unreserved Fund Balance ¹		\$0	\$0
FY 2012 Adopted Revenues	\$0	\$0	\$0
FY 2012 Appr. (P.L. 31-75 & 31-77)	\$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 2012 (if applicable)	FY 2013	FY 2014	FY 2015	FY 2016
General Fund	\$0	\$380,615.33	1/	1/	1/	1/
Other Fund	\$0	\$0	\$0	\$0	\$0	\$0
Total	1/	\$380,615.33	1/	1/	1/	1/

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

Analyst: Angela Flores Date: 1/11/12 Director: John A. Rios Date: 1/12/12

Footnotes:
1/ In connection with the completion of the Guam Public Market Redevelopment Project, Phase II-Department of Commerce Project No. 320-5-1008-L-AGN, Subsection (b) of the bill entails a negative impact on the business privilege tax revenue of the government, as it entitles the contractor to offset its payables to the government against the Business Privilege Taxes it owes for any given month, in an amount equal to the value of unpaid billing for the service provided and associated interest. Such tax offset will weaken the government's financial position and may violate certain existing bond covenants. Under Subsection (a) and subject to funds availability, the government's prior year obligation to the contractor of \$136,054.38, and interest owed on the outstanding debt balance reflected at \$244,560.95, may be addressed by current year appropriations by the Department of Public Works. Subsection (c) provides for government issuance of Promissory Note; Issuance to Creditor to address such obligation. The intent of the bill is for the benefit of a single contractor and establishes a costly precedent for all vendors who conduct business with the government of Guam; and unfair to other vendors seeking restitution through the Government Claims procedures. The bill repeals and reenacts Section 21, Chapter XII of P.L. 31-77 which authorizes the Department of Public Works to pay the \$136,054.38 to satisfy the debt, without reference to the interest amount of \$244,560.95. The basis of such interest calculation based on current law and its application under the bill provisions require legal determination.