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I Mina'trentai Dos na Liheslaturan Guahan • The 32nd Guam Legislature
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April 2, 2013

Memorandum

To: **Rennae Meno**
Clerk of the Legislature

From: **Senator Rory J. Respicio** 
Chairperson, Committee on Rules

Subject: **Fiscal Notes**

Hafa Adai!

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.

FISCAL NOTES:

Bill Nos.: 1-32 (LS) and 74-32 (COR)

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

Si Yu'os ma'ãse'!

2013 APR -2 AM 11:04


**BUREAU OF BUDGET & MANAGEMENT RESEARCH**

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APR 01 2013

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 Fiscal Note on the following Bill Nos.: **01-32(LS), and 74-32(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. 1-32 (LS)**

AN ACT RELATIVE TO AUTHORIZING THE GUAM ECONOMIC DEVELOPMENT AUTHORITY TO PROCURE THE INSTALLATION AND MAINTENANCE OF ELECTRONIC SECURITY SYSTEMS THROUGHOUT GUAM PUBLIC SCHOOLS ALSO KNOWN AS THE SECURE OUR SCHOOLS ACT OF 2013, AND FOR OTHER PURPOSES

Department/Agency Appropriation Information

Dept./Agency Affected: Guam Department of Education		Dept./Agency Head: Jon Fernandez, Superintendent	
Department's General Fund (GF) appropriation(s) to date:		184,627,406	
Department's Other Fund (Specify) appropriation(s) to date: Healthy Futures Fund & Territorial Education Facilities Fund		31,535,708	
Total Department/Agency Appropriation(s) to date:		\$216,163,114	

Fund Source Information of Proposed Appropriation

	General Fund:	(Specify Special Fund):	Total:
FY 2012 Unreserved Fund Balance ¹		\$0	\$0
FY 2013 Adopted Revenues	\$0	\$0	\$0
FY 2013 Appro. (P.L. 31-233)	\$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 2013 (if applicable)	FY 2014	FY 2015	FY 2016	FY 2017
General Fund	\$0	\$1,281,818	\$1,281,818	\$1,281,818	\$1,281,818	\$1,281,818
(Specify Special Fund)	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$1,281,818	\$1,281,818	\$1,281,818	\$1,281,818	\$1,281,818

- 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? /X/ N/A // Yes // 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 as of the due date // Other:

Analyst: Arthur R. Mariano Date: 3/25/13 Director: John A. Rios, Director Date: MAR 25 2013

Footnote:
See attachment to fiscal note.

Comments on Bill No. 1-32

The proposed legislation is seeking to have the Guam Economic Development Authority (GEDA) procure, install and maintain electronic security systems for Guam's public school system. This proposed bill is to be known as The Secure Our Schools Act. This bill has identified Section 30 Funding as the pledge or reserve funding for this proposal of \$1,281,818 for up to 7 years or for a total of \$8,972,726. As a pledge or reserve (set aside) of Section 30 funding, this proposal would exceed the Government of Guam's debt ceiling of \$1,025,518,367. The Government of Guam debt obligation is \$1,024,844,235. The difference between the debt ceiling and obligation is \$674,132. Applying this available amount to the annual set aside computes to \$607,686 beyond the debt ceiling level. Should GEDA be able to arrange lease back terms for this project and the same pledge amount becomes an appropriation, then such arrangement would not impact the Government of Guam's debt ceiling.

However, whether or not, the pledge of Section 30 takes place or becomes an appropriation, the fiscal impact in FY 2013 will be pronounced, given the level of revenues projected and tracking of these revenues should this proposal be passed in this current fiscal year. The lapsed revenues that have been experienced in FY 2012 will not be repeated in FY 2013 based on the initial de-appropriation of General Fund revenues at the beginning of this fiscal year. Therefore any anticipated FY 2013 lapsed funding that would have contributed to covering the cost of this proposed requirement will not be available.

Additionally, based on February 2013's comparative GF revenue between adopted cumulative revenues for 5 months and actual revenues received for the same period, a deficit of \$1,132,423 is reflected; however, when the overall tracking up to September 30, 2013 is considered, the GF revenue tracking reflects a surplus of \$1,215,342, or .18% over the FY 2013 adopted GF revenues. This projected surplus is still insufficient to cover the proposed pledge.

Lastly, the proposed pledge of \$1,281,818 is the same amount as the debt service amount that was paid in FY 2012 for the 2002 Short Term Financing, using Section 30 Funds per P.L. 26-84 and amended by P.L. 26-122. The final payment of \$1,717,449 for this debt service had been made in October 2012. This proposed legislation is seeking to re-appropriated funding that became available upon the completion of the final payment. Such saving derived from the completion of this debt service should be directed to paying existing long-term debt and/or applied to current short term obligation such as vendor payments and income tax refunds.