

I Mina'Trentai Dos Na Liheslaturan Guahan
Bill Log Sheet

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	FISCAL NOTES
112-32 (COR)	T. C. Ada, R.J. Respicio	AN ACT TO ADD NEW §§ 12015.5 (I) AND (J) OF CHAPTER 12, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO THE CREATION OF AN AFFORDABLE HOUSING SYSTEM DEVELOPMENT CHARGE (AHSDC).	5/10/13 4:49 P.M.	5/10/13	Committee on Public Safety, Infrastructure, & Maritime Transformation			Fiscal Note Requested 5/13/13 Fiscal Note Received 05/20/13



COMMITTEE ON RULES

I Mina'trentai Dos na Liheslaturan Guahan • The 32nd Guam Legislature

155 Hesler Place, Hagåtña, Guam 96910 • www.guamlegislature.com

E-mail: roryforguam@gmail.com • Tel: (671)472-7679 • Fax: (671)472-3547

Senator
Rory J. Respicio
CHAIRPERSON
MAJORITY LEADER

May 20, 2013

Senator
Thomas C. Ada
VICE CHAIRPERSON
ASSISTANT MAJORITY LEADER

Memorandum

Senator
Vicente (Ben) C. Pangelinan
Member

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

Speaker
Judith T.P. Won Pat, Ed.D.
Member

From: **Senator Rory J. Respicio**
Majority Leader & Rules Chair

Senator
Dennis G. Rodriguez, Jr.
Member

Subject: **Fiscal Notes**

Vice-Speaker
Benjamin J.F. Cruz
Member

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.

Legislative Secretary
Tina Rose Muña Barnes
Member

FISCAL NOTES:

**Bill Nos.: 84-32(COR), 104-32(COR), 111-32(COR),
112-32(COR), 113-32(COR), 114-32(COR), 115-32(COR)**

Senator
Frank Blas Aguon, Jr.
Member

WAIVER:

Bill No. 102-32(COR)

Senator
Michael F.Q. San Nicolas
Member

Senator
V. Anthony Ada
Member
MINORITY LEADER

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

Senator
Aline Yamashita
Member

Si Yu'os ma'åse'!

2013 MAY 20 PM 3:36
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**BUREAU OF BUDGET & MANAGEMENT RESEARCH**

OFFICE OF THE GOVERNOR

Post Office Box 2950, Hagåtña Guam 96932

EDDIE BAZA CALVO
GOVERNORJOHN A. RIOS
DIRECTORRAY TENORIO
LIEUTENANT GOVERNOR

MAY 16 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.: 84-32(COR), 104-32(COR), 111-32(COR), 112-32(COR), 113-32(COR), 114-32(COR), 115-32(COR) and Fiscal Note Waiver on the following Bill Nos.: 102-32(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. 112-32 (COR)

AN ACT TO ADD NEW §§ 12015.5 (I) and (J) OF CHAPTER 12, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO THE CREATION OF AN AFFORDABLE HOUSING SYSTEM DEVELOPMENT CHARGE (AHSDC).

Department/Agency Appropriation Information

Dept./Agency Affected: Guam Waterworks Authority (GWA)	Dept./Agency Head: John Benavente, General Manager, Consolidated Utility Services
Department's General Fund (GF) appropriation(s) to date:	-
Department's Other Fund (Specify) appropriation(s) to date:	-
Total Department/Agency Appropriation(s) to date:	\$0

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	\$0	\$0	\$0	\$0	\$0
(Specify Special Fund)	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0	\$0

1. Does the bill contain "revenue generating" provisions? / / Yes /X/ No
 If Yes, see attachment
2. 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
3. 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
4. Will the enactment of this Bill require new physical facilities? / / Yes /X/ No
5. Was Fiscal Note coordinated with the affected dept/agency? If no, indicate reason: / / Yes /X/ No
 / / Requested agency comments not received as of the due date /X/ Other: Time constraints

Analyst: Arthur R. Mariano Date: 5/14/13 Director: John A. Rios Date: MAY 16 2013

Footnotes:

See attachment to fiscal note.

**Bureau of Budget & Management Research
Attachment to Fiscal Note No. 112-32 (COR)**

Comments:

Sec. 2 of Bill 112-32 (COR) amends §12015.5 of Chapter 12 of Title 12 GCA by adding §§ (I) and (J) to create a new "Affordable Housing System Development Charge" (AHSDC) and to allow for such charges to be paid prior to occupancy as opposed to prior to permitting. Based on provisions contained therein, qualified persons building primary residences or constructing affordable homes valued at \$180,000 or less would be charged 3% of the value of the home and land *or* the sale price of the home versus a flat rate of \$5,600 per the current System Development Charge Schedule. For illustrative purposes, using 2,000 homes as a basis (1,000 valued at \$150K and 1,000 valued at \$180K), the net impact would be a \$1.3M reduction in SDC collections (\$9.9M versus \$11.2M). This, along with proposed plans to defer payment of charges to prior to occupancy effectively reduces the availability of funds to GWA and may impact planned expansion of the island's water and wastewater systems. However, the reduction in SDC fees would be offset by the addition of new rate payers and revenue for the GWA.



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Senator
Rory J. Respicio
CHAIRPERSON
MAJORITY LEADER

May 13, 2013

Senator
Thomas C. Ada
VICE CHAIRPERSON
ASSISTANT MAJORITY LEADER

VIA E-MAIL
john.rios@bbmr.guam.gov

Senator
Vicente (Ben) C. Pangelinan
Member

John A. Rios
Director
Bureau of Budget & Management Research
P.O. Box 2950
Hagåtña, Guam 96910

Speaker
Judith T.P. Won Pat, Ed.D.
Member

RE: Request for Fiscal Note-- Bill Nos. 111- 116-32 (COR)

Senator
Dennis G. Rodriguez, Jr.
Member

Hafa Adai Mr. Rios:

Vice-Speaker
Benjamin J.F. Cruz
Member

Transmitted herewith is a listing of *I Mina'trentai Dos na Liheslaturan Guåhan's* most recently introduced bills. Pursuant to 2 GCA §9103, I respectfully request the preparation of fiscal notes for the referenced bills.

Legislative Secretary
Tina Rose Muña Barnes
Member

Si Yu'os ma'åse' for your attention to this matter.

Senator
Frank Blas Aguon, Jr.
Member

Very Truly Yours,

Senator
Michael F.Q. San Nicolas
Member

Senator Rory J. Respicio
Chairperson, Committee on Rules

Senator
V. Anthony Ada
Member
MINORITY LEADER

Attachments (1)

Senator
Aline Yamashita
Member

Cc: Clerk of the Legislature

2013 MAY 14 PM 12: 06

Bill Nos.	Sponsor	Title
111-32 (COR)	D.G. Rodriguez, Jr., Michael T. Lintiaco	AN ACT TO AUTHORIZE GOVERNMENT EMPLOYEES TO UTILIZE ANNUAL LEAVE TO PAY DEBTS TO GUAM MEMORIAL HOSPITAL AUTHORITY, BY ADDING A NEW §4109.6 TO CHAPTER 4, TITLE 4, GUAM CODE ANNOTATED.
112-32 (COR)	T. C. Ada, R.J. Respicio	AN ACT TO ADD NEW §§ 12015.5 (I) AND (J) OF CHAPTER 12, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO THE CREATION OF AN AFFORDABLE HOUSING SYSTEM DEVELOPMENT CHARGE (AHSDC).
113-32 (COR)	T.R. Muña Barnes, F.B. Aguon, Jr., B.J.F. Cruz, J.T. Won Pat, Ed.D., R.J. Respicio	AN ACT TO ADD A NEW SECTION 16 TO CHAPTER X OF PUBLIC LAW 31-233 (GENERAL APPROPRIATIONS ACT OF 2013) MAKING AN APPROPRIATION FROM THE TOURIST ATTRACTION FUND (TAF) TO DUK DUK GOOSE, INC. TO COVER PRODUCTION COSTS FOR A CULTURAL CHILDREN'S TELEVISION PROGRAM.
114-32 (COR)	T.R. Muña Barnes, B.J.F. Cruz, J.T. Won Pat, Ed.D., F.B. Aguon, Jr., R.J. Respicio	AN ACT TO ADD A NEW SECTION 16 TO CHAPTER X OF PUBLIC LAW 31-233 (GENERAL APPROPRIATIONS ACT OF 2013) MAKING AN APPROPRIATION FROM THE TOURIST ATTRACTION FUND (TAF) TO HURAO ACADEMY, INC. TO CONTINUE THEIR MISSION IN PROMOTING AND PERPETUATING THE CHAMORU LANGUAGE AND CULTURE.
115-32 (COR)	T.R. Muña Barnes, B.J.F. Cruz, J.T. Won Pat, Ed.D., F.B. Aguon, Jr., R.J. Respicio	AN ACT TO ADD A NEW SECTION 16 TO CHAPTER X OF PUBLIC LAW 31-233 (GENERAL APPROPRIATIONS ACT OF 2013) MAKING AN APPROPRIATION FROM THE TOURIST ATTRACTION FUND (TAF) TO INETNON GEFPÁ'GO CULTURAL ARTS PROGRAM, INC. FOR THE PURPOSES OF DEVELOPING A SOUTHERN VISITOR ATTRACTION VENUE AT THE INARAJAN GARDENHOUSE (IGH).
116-32 (COR)	Michael F.Q. San Nicolas	AN ACT TO AMEND §§ 65102 AND 65103 OF CHAPTER 65, TITLE 10, GUAM CODE ANNOTATED AND TO ADD A NEW § 65103.1 TO THE SAME CHAPTER; RELATIVE TO THE ESTABLISHMENT OF OPERATIONAL CONTINUITY PLANS FOR EACH AGENCY OF THE GOVERNMENT OF GUAM.



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MINORITY LEADER

Senator
Aline Yamashita
Member

May 13, 2013

MEMORANDUM

To: Rennae Meno
Clerk of the Legislature

Attorney Therese M. Terlaje
Legislative Legal Counsel

From: Senator Rory J. Respicio
Majority Leader & Rules Chair

Subject: Referral of Bill No. 112-32(COR)

As the Chairperson of the Committee on Rules, I am forwarding my referral of **Bill No. 112-32(COR)**.

Please ensure that the subject bill is referred, in my name, to the respective committee, as shown on the attachment. I also request that the same be forwarded to all members of *I Mina'trentai Dos na Liheslaturan Guåhan*.

Should you have any questions, please feel free to contact our office at 472-7679.

Si Yu'os Ma'åse!

Attachment

I MINA'TRENTAI DOS NA LIHESLATURAN GUÅHAN
2013 (First) Regular Session

Bill No. 112-32(CORP)

Introduced by:

T.C. Ada
R.J. Respicio

2013 MAY 13 PM 4:49

**AN ACT TO ADD NEW §§ 12015.5 (I) AND (J) OF CHAPTER 12,
TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO THE
CREATION OF AN AFFORDABLE HOUSING SYSTEM
DEVELOPMENT CHARGE (AHSDC).**

1 BE IT ENACTED BY THE PEOPLE OF GUAM:

2 Section 1. Legislative Findings and Intent. *I Liheslaturan Guåhan* finds that
3 two public laws, P.L. 19-47 and P.L. 26-164, established the public policy for
4 implementing a System Development Charge (SDC) “by which new customers would be
5 responsible for the incremental costs associated with the construction of new water and
6 wastewater facilities to support those customers rather than requiring such costs to be
7 borne generally by the taxpayers of Guam or existing customers.”

8 The SDC is a common tool used by modern water utilities globally to balance the
9 interests of existing ratepayers who have paid for the existing system while allowing new
10 customers to join the system by making a contribution to expand the system to meet their
11 new demand. Since 2010, when the SDC was first implemented by the Guam
12 Waterworks Authority (“GWA”) with the approval of SDC charges by the Public
13 Utilities Commission (“PUC”), over 1,100 customers have paid the applicable SDC,
14 contributing \$3 million for system expansion to serve the increased demand on the
15 system their new structures create without burdening existing customers who are not
16 causing this growth.

17 *I Liheslaturan Guåhan* further finds that affordable housing is needed for Guam
18 and its people. In order to assist future homeowners and developers of affordable
19 housing, *I Liheslaturan Guåhan* has determined that reducing, but not completely
20 eliminating, the cost of system development charges required for moderate to low cost
21 affordable housing will assist Guam residents build new affordable homes without

1 creating an unfair burden on existing ratepayers or reducing the level of service for
2 existing and new customers.

3 It is for the purpose of balancing the interests of the community to sustain a
4 growing demand for water and wastewater services while making it easier for low and
5 moderate cost housing to be built that a graduated SDC be implemented.

6

7 **Section 2.** Section §12015.5 of Chapter 12, Title 12, Guam Code Annotated, is
8 hereby *amended* by *adding* new subsections (i) and (j) to create a new “Affordable
9 Housing System Development Charge” and allow for all system development charges for
10 single-family dwellings to be paid prior to occupancy as opposed to prior to permitting:

11 **“(i) Affordable Housing System Development Surcharge (AHSDC).**

12 **(1) AHSDC For Persons Who Construct Their Own Primary**
13 **Residences.** Any person who constructs, or causes to construct, a home where
14 said structure will be the primary residence for themselves or an immediate family
15 member as defined by 4 G.C.A. §4108(2) shall be charged 1.2% for water
16 connections and 1.8% for sewer connections of the actual cost to construct the
17 home and purchase the land in the event the actual total cost is One Hundred
18 Eighty Thousand Dollars (\$180,000) or less. GWA shall require reasonable proof
19 to be provided showing that the home will in fact be a primary residence. The
20 actual cost of a home includes the purchase price for the land, if any, and all
21 materials, labor and other amounts necessary for the single-family dwelling that is
22 constructed to fully comply with the Guam Building Code. The AHSDC shall not
23 apply to those persons who construct, or cause to construct, homes that do not
24 meet the requirements of the Guam Building Code, nor shall the charge apply to
25 persons renovating existing structures. GWA shall not provide water services to
26 any structure that does not fully comply with the Guam Building Code.

27 **(2) AHSDC For Persons Who Construct Affordable Homes With**
28 **Intent To Sell.** Any person who constructs a home which is to be sold, or is in
29 fact sold, prior to initial occupancy where the home costs One Hundred Eighty
30 Thousand Dollars (\$180,000) or less, shall be charged 1.2% for water connections
31 and 1.8% for sewer connection of the value of the sale price of the home. The

1 valuation shall include the purchase price for the entire lot where the home is
2 located. The valuation shall also include the actual cost of a home, inclusive of
3 all the materials, labor and other amounts necessary for a building to fully comply
4 with the Guam Building Code. The AHSDC is not applicable to those persons
5 who construct, or cause to construct, homes that do not meet the requirements of
6 the Guam Building Code or for developers who build homes where the final cost
7 of the home and lot exceed \$180,000.

8 (3) **Proof of Cost/Valuation.** In order to determine the correct value of a
9 home, the Guam Waterworks Authority shall have the authority to require
10 reasonable proof of such value of the home, which includes, but is not limited to:
11 (1) a schedule of costs signed by an engineer, contractor or architect licensed on
12 Guam, (2) purchase price of the land; (3) a complete breakdown of all costs
13 involved in the construction of the home to support the valuation claimed, or
14 proof of the purchase price of the home if purchased. An appraisal of the land is
15 not required in the event the land was not purchased. GWA may reject any claim
16 not reasonably founded or proven or for failure to provide any document
17 requested by GWA in support of such claim of valuation.

18 (4) Notwithstanding any other provision of law, persons who qualify for
19 the Amortized System Development Charge in subsection (b) above, and who are
20 constructing affordable homes for their own primary residence or the primary
21 residence of a family member as defined by 4 G.C.A. § 4108(2) (i) shall only be
22 required to pay 20% of the applicable SDC initially with the remainder capable of
23 being amortized over 15 years subject to the conditions specified in Sections (b)
24 of this subsection.

25 (j) **Timing of Payments Regarding System Development Charges for Single**
26 **Family Dwellings.**

27 (1) Notwithstanding any other requirement of law, the system development
28 charge for all single family dwellings may be paid at any time prior to initial
29 occupancy.

30 (2) Developers of property who sell single family dwellings are required to notify
31 subsequent purchasers of the need to pay system development charges prior to

1 occupying the home in the event an occupancy permit has not issued or been
2 applied for.

3 (3) GWA shall withhold water and sewer services until payment of any system
4 development charge is paid in full is made aside from those persons who
5 qualify for the Amortized System Development Charge as described in
6 subsection (b) above.”

7

8 **Section 3. Severability.** *If* any of the provisions of this law or its application to
9 any person or circumstance is found to be invalid or contrary to law, such invalidity shall
10 *not* affect other provisions or applications of this law which can be given effect without
11 the invalid provisions or application, and to this end the provisions of this law are
12 severable.

13

14 **Section 4. Effective Date.** This Act shall become effective six (6) months from
15 the date of enactment.