

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
208-32 (COR)	T. R. Muña Barnes	AN ACT TO ADD § 51112 OF CHAPTER 51, TITLE 18 GUAM CODE ANNOTATED RELATIVE TO PROVIDING AN ADDITIONAL SOURCE OF FUNDING TO THE GUAM HOUSING CORPORATION'S HOUSING TRUST FUND BY AUTHORIZING THE TRANSFER TO THE SAME OF INTEREST ON SECURITY DEPOSITS ARISING FROM LANDLORD TENANT RENTAL AGREEMENTS.	10/14/13 1:22 p.m.	10/15/13	Committee on the Guam U. S. Military Relocation, Homeland Security, Veterans's Affairs, and Judiciary			Fiscal Note Request 10/14/13 Fiscla Notes Received 12/17/13



COMMITTEE ON RULES

I Mina'trentai Dos na Liheslaturan Guåhan • The 32nd Guam Legislature
155 Hesler Place, Hagåtña, Guam 96910 • www.guamlegislature.com
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Rory J. Respicio
CHAIRPERSON
MAJORITY LEADER

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Thomas C. Ada
VICE CHAIRPERSON
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MINORITY LEADER

Senator
Aline Yamashita
Member

December 17, 2013

Memorandum

To: Rennae Meno
Clerk of the Legislature

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

Subject: Fiscal Notes /Waivers

2013 DEC 17 PM 2:29

Hafa Adai!

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

FISCAL NOTES:

- Bill No. 173-32(LS)
- Bill No. 208-32(COR)
- Bill No. 213-32(COR)
- Bill No. 221-32(COR)
- Bill No. 227-32(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'åse'!

**BUREAU OF BUDGET & MANAGEMENT RESEARCH**OFFICE OF THE GOVERNOR
Post Office Box 2950, Hagåtña Guam 96932EDDIE BAZA CALVO
GOVERNORJOHN A. RIOS
DIRECTORRAY TENORIO
LIEUTENANT GOVERNOR

DEC 06 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.: 173-32(LS), 208-32(COR), 213-32(COR), 221-32(COR) and 227-32(COR).

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

A handwritten signature in black ink, appearing to read "John A. Rios".

JOHN A. RIOS
Director

Enclosures
cc: Senator Vicente (ben) Pangelinan

**Bureau of Budget & Management Research
Fiscal Note of Bill No. 208-32 (COR)**

AN ACT TO ADD §51112 OF CHAPTER 51, TITLE 18 GUAM CODE ANNOTATED RELATIVE TO PROVIDING AN ADDITIONAL SOURCE OF FUNDING TO THE GUAM HOUSING CORPORATION'S HOUSING TRUST FUND BY AUTHORIZING THE TRANSFER TO THE SAME OF INTEREST ON SECURITY DEPOSITS ARISING FROM LANDLORD TENANT RENTAL AGREEMENTS.

Department/Agency Appropriation Information	
Dept./Agency Affected: Guam Housing Corporation	Dept./Agency Head: Martin C. Benavente, President
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:	-

Fund Source Information of Proposed Appropriation			
	General Fund:	(Specify Special Fund): 1/GHC Operating Budget / Housing Trust Fund	Total:
FY 2013 Unreserved Fund Balance		\$0	\$0
FY 2014 Adopted Revenues	\$0	\$0	\$0
FY 2014 Appro. (Bill No. 1(4-5))	\$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 2014 (if applicable)	FY 2015	FY 2016	FY 2017	FY 2018
General Fund	\$0	\$0	\$0	\$0	\$0	\$0
(Specify Special Fund) 1/GHC Operating Budget / Housing Trust Fund	1/	\$0	1/	1/	1/	1/
Total	1/	\$0	1/	1/	1/	1/

- Does the bill contain "revenue generating" provisions? /X/ Yes // 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? // 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>Angela Flores, BMA IV</u>	Date: <u>11/29/13</u>	Director: <u>John A. Rios, Director</u>	Date: <u>DEC 06 2013</u>
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Footnotes: 1/
Guam Housing Corporation's Operations Fund Balance is based on Unaudited FY 2013 Financial Statements; and the the First-time Homeowners Assistance Program is based on a report as of September 30, 2013. The Bill has a potential for additional funding impact, however in its present form that impact cannot be determined at this time. See attached comments and financial reports.

Bureau of Budget & Management Research
Attachment to Fiscal Note No. 208-32 (COR)
(for revenue generating provisions)

Projected Multi-Year Revenues					
	Year 1	Year 2	Year 3	Year 4	Year 5
General Fund	\$0	\$0	\$0	\$0	\$0
Other Fund: GHC Operating Budget / Housing Trust Fund	1/	1/	1/	1/	1/
Total	1/	1/	1/	1/	1/

Comments:

The intent of Bill No. 208-32 (COR) is relative to revenue generated on interest bearing accounts held on security deposits, which will be based on interests rates offered at the respective financial institution of such deposits. To begin with, based on a security deposit (not related to renewal of business license to lease real property) of \$1,200 over a 5-year period, for example, with a .15% interest rate accumulated every year, then interest generated would be estimated as follows: \$1.80 in the 1st year; \$1.803 in the 2nd year; \$1.805 in the 3rd year; \$1.808 in the 4th year; and \$1.811 in the 5th year; or an overall estimated interest of \$9.027 over a 5-year period. The interest will be paid over annually, no later than December 31st to the Housing Trust Fund (i.e. for interest on deposits of some amount of money, for any purpose, including and advance payment on rent, or such other security for the premises in connection with an agreement between lessor and lessee). Secondly, for annual renewals of business licenses in connection with lease of real property, the Bill includes language which may be construed to imply that "all funds" associated under "each account" shall be paid to the Treasurer of Guam at the time of renewal every year of a business license, and then shall be authorized for transfer and deposit to the Housing Trust Fund. However, no date is specified on such transfer to the Housing Trust Fund; and moreover, what is comprised under "all funds;" and is interest being generated and how is it being generated? Currently, taxes are assessed for such businesses, which are included as part of the Government of Guam's General Fund revenues. As such, the proposed legislation may impact on revenues to the Government of Guam.

Comments on Bill No. 208-32 (COR)

The bill is seeking to authorize the transfer of interest on security deposits arising from landlord tenant rental agreements to the Guam Housing Corporation's (GHC) Housing Trust Fund, as additional source of funding, to further effectuate GHC's mandate to create and sustain affordable housing for the people of Guam.

To begin with, security deposits for any purpose, including an advance payment on rent, or such other security for the premise, provided under an agreement between lessor and lessee, as a condition of leasing any structure intended for use or occupation, will be deposited into an interest bearing account with a bank or financial institution licensed on Guam. The interest generated will be paid over annually, no later than December 31st of every year, *to the Housing Trust Fund*.

Secondly, with regard to the condition of obtaining or renewing a business license to lease real property, a lessor is to disclose specified information on each account, to include the amount of interest generated by the account in the previous year, and demonstrate that interest money is directed in accordance per the Bill. The concern is that it states "all funds shall be paid to the Treasurer of Guam" at the time of renewal every year of a business license, afterwhich the Treasurer of Guam shall be authorized to transfer and deposit such funds in the Housing Trust Fund (i.e. what is comprised under "all funds;" and is interest being generated and how is it being generated?) Currently, taxes are assessed for such businesses, which are included as part of the Government of Guam's General Fund revenues. As such, the proposed legislation may impact on revenues to the Government of Guam.

Another concern is that the Bill states an annual deadline of December 31st, for payments to the GHC Housing Trust Fund in the first category identified above. However, in the second category for funds paid to the Treasurer of Guam, there is no specified period of when the Treasurer of Guam shall transfer and deposit such funds in the Housing Trust Fund.

Guam Housing Corporation's Operations Fund Balance is based on Unaudited FY 2013 Financial Statements; and the the First-time Homeowners Assistance Program is based on a report as of September 30, 2013 (see attachments).



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October 15, 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. 208-32(COR)**

As the Chairperson of the Committee on Rules, I am forwarding my referral of **Bill No. 208-32(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



COMMITTEE ON RULES

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Member

October 14, 2013

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

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

RE: Request for Fiscal Notes– Bill Nos. 204-32 (COR) through 208-32 (COR)

Hafa Adai Mr. Rios:

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.

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

Very Truly Yours,

Senator Rory J. Respicio
Chairperson, Committee on Rules

Attachments (1)

Cc: Clerk of the Legislature

2013 OCT 14 PM 4:15

Bill Nos.	Sponsor	Title
204-32 (COR)	Michael T. Limitiaco, Aline A. Yamashita, Ph.D., Tommy Morrison, Chris M. Duenas, V. Anthony Ada	AN ACT TO AMEND §§7105-7108 OF 17 GCA, RELATIVE TO THE AUTHORIZATION OF COMMERCIAL ADVERTISING LEASES; TO AUTHORIZE THE DEPARTMENT OF PUBLIC WORKS TO ESTABLISH A COMMERCIAL ADVERTISING SPACE PROGRAM ON SCHOOL BUSES; AND, TO ESTABLISH THE DPW BUS MAINTENANCE FUND.
205-32 (COR)	Dennis G. Rodríguez, Jr. Brant T. McCreadie R. J. Respicio	AN ACT TO PROMOTE ECONOMIC DEVELOPMENT BY AUTHORIZING THE ISSUANCE OF TAX CREDITS TO ENTITIES WHO ASSIST WITH THE DEVELOPMENT OF GUAM'S AGRICULTURAL AND "GUAM PRODUCT SEAL" PRODUCTS EXPORT INITIATIVE THROUGH CONTRIBUTIONS TO OFFSET SHIPPING COSTS, BY ADDING A NEW ARTICLE 6 TO CHAPTER 77, DIVISION 2 OF TITLE 12, GUAM CODE ANNOTATED.
206-32 (COR)	B. J.F. Cruz	AN ACT TO AMEND SUBSECTION (C) OF §26603, OF ARTICLE 6, CHAPTER 26, OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING TAX PARITY BETWEEN CIGARETTES AND CHEWING TOBACCO.
207-32 (COR)	T.C. Ada R.J. Respicio	AN ACT TO ADD §8241.1 OF TITLE 12 OF THE GUAM CODE ANNOTATED AND TO APPROVE THE TERMS AND CONDITIONS OF GUAM POWER AUTHORITY REVENUE BONDS TO FINANCE CAPITAL IMPROVEMENTS TO THE ISLAND-WIDE POWER SYSTEM.
208-32 (COR)	T. R. Muña Barnes	AN ACT TO ADD § 51112 OF CHAPTER 51, TITLE 18 GUAM CODE ANNOTATED RELATIVE TO PROVIDING AN ADDITIONAL SOURCE OF FUNDING TO THE GUAM HOUSING CORPORATION'S HOUSING TRUST FUND BY AUTHORIZING THE TRANSFER TO THE SAME OF INTEREST ON SECURITY DEPOSITS ARISING FROM LANDLORD TENANT RENTAL AGREEMENTS.

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

Bill No. 208-92 (COR)

Introduced by:

T.R. Muña Barnes

AN ACT TO ADD § 51112 OF CHAPTER 51, TITLE 18 GUAM
CODE ANNOTATED RELATIVE TO PROVIDING AN
ADDITIONAL SOURCE OF FUNDING TO THE GUAM
HOUSING CORPORATION'S HOUSING TRUST FUND BY
AUTHORIZING THE TRANSFER TO THE SAME OF
INTEREST ON SECURITY DEPOSITS ARISING FROM
LANDLORD TENANT RENTAL AGREEMENTS.

2013 OCT 11 PM 1:22
[Signature]

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Legislative Findings and Intent. *I Liheslaturan Guåhan* finds

that some 600 Housing Trust Fund Programs throughout the United States have successfully implemented various statutorily prescribed funding sources to further the purpose and objective of creating and sustaining affordable housing in their respective jurisdictions. One such revenue-creating mechanism is the authorization of the transfer of monies collected from interest on security deposits arising from duly executed landlord-tenant rental agreements. It is the intent of *Liheslaturan Guåhan* that funds collected from this newly prescribed funding source be deposited into the Guam Housing Corporation's Housing Trust Fund program, as established in Article 10 of Chapter 4, Title 12, Guam Code

1 Annotated, in order to be used by the Guam Housing Corporation as lending
2 capital or to otherwise further effectuate its mandate to create and sustain
3 affordable housing for the people of Guam.

4 **Section 2.** Section 51112 of Chapter 51, 18 Guam Code Annotated is hereby
5 added to read as follows:

6 **“§51112. Funds Generated on Interest Bearing Accounts Held on**
7 **Security Deposits.** Whenever a lessor, as a condition of leasing any structure
8 intended for use or occupation as provided under an agreement between lessor and
9 lessee, requires a deposit of some amount of money, for any purpose, including an
10 advance payment on rent, or such other security for the premises, and that such
11 amount of money is placed or deposited into an interest bearing account with a
12 bank or financial institution licensed on Guam, any interest generated on the
13 monies deposited shall be paid over annually, no later than 31st day of December of
14 every year, to the Housing Trust Fund, as established in Article 10 of Chapter 4,
15 Title 12, Guam Code Annotated. As a condition of obtaining or renewing a
16 business license to lease the real property, a lessor must disclose the existence of
17 each account, the place of each account, deposits made into the account, the
18 amount of interest generated, by the account in the previous year, and demonstrate
19 the disposition of that interest money in accordance with this section. All funds
20 shall be paid to the Treasurer of Guam at the time of renewal every year of a

1 business license. The Treasurer of Guam shall be authorized to transfer and
2 deposit such funds in the Housing Trust Fund, as established in Article 10 of
3 Chapter 4, Title 12, Guam Code Annotated. These funds shall be used in
4 accordance with the administrative rules and regulations of the Housing Trust Fund
5 program.”

6 **Section 3. Severability.** The provisions outlined in this Act are declared to
7 be separate and severable. The invalidity of any clause, sentence, paragraph,
8 subdivision, section or portion of this statute, or the invalidity of the application
9 thereof to any person or circumstance shall not affect the validity of the remainder
10 of this statute or the validity of its application to other persons or circumstances.

11