



COMMITTEE ON RULES

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

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March 26, 2013

Memorandum

To: Reanne 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.: 5-32 (LS), 11-32 (COR), 29-32 (COR), 35-32 (COR), 39-32 (COR), 47-32 (COR), 56-32 (COR), and 59-32 (COR)

WAIVERS:

Bill Nos.: 23-32 (COR), 58-32 (COR), and 67-32 (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'!

2013 MAR 26 AM 11:15
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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

MAR 25 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.: 5-32(LS), 11-32(COR), 29-32(COR), 35-32(COR), 39-32(COR), 47-32(LS), 56-32(COR), and 59-32(COR), and Fiscal Note Waiver on the following Bill Nos.: 23-32(COR), 58-32(COR) and 67-32(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. 29-32 (COR)**

AN ACT TO ADD §60114.1 AND §60114.2 TO CHAPTER 60 OF 21 GUAM CODE ANNOTATED RELATIVE TO COMPETITIVE EQUALIZATION ACT ON THE LEASING OF GOVERNMENT OF GUAM PROPERTY.

Department/Agency Appropriation Information

Dept./Agency Affected: Department of Land Management		Dept./Agency Head: Monte Mafnas, Director	
Department's General Fund (GF) appropriation(s) to date:		\$509,775	
Department's Other Fund (Land Survey Revolving Fund - \$3,227,764; Chamorro Land Trust Operations Fund - \$639,954) appropriation(s) to date:		3,867,718	
Total Department/Agency Appropriation(s) to date:		\$4,377,493	

Fund Source Information of Proposed Appropriation

	General Fund:	(Specify Special Fund):	Total:
FY 2012 Unreserved Fund Balance		\$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	FY 2014	FY 2015	FY 2016	FY 2017
General Fund	\$0	\$0	\$0	\$0	\$0	\$0
(Specify Special Fund)	1/	\$0	\$0	\$0	\$0	\$0
Total	1/	\$0	\$0	\$0	\$0	\$0

1. Does the bill contain "revenue generating" provisions? / x / Yes / / No
If Yes, see attachment. 1/
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? / / Yes / x / 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: / x / Yes / / No
/ / Requested agency comments not received by due date / / Other:

Analyst: William P. Tattinglong Date: 3/21/13 Director: John A. Rios Date: **MAR 25 2013**
 William P. Tattinglong, BMA Supvr. John A. Rios, Director

Footnotes:

1/ See attachment to fiscal note.

**Bureau of Budget & Management Research
Attachment to Fiscal Note No. 29-32 (COR)**

Projected Multi-Year Revenues					
	Year 1	Year 2	Year 3	Year 4	Year 5
General Fund	\$0	\$0	\$0	\$0	\$0
Land Bank Fund	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000
Chamorro Home Development Fund	\$24,000	\$24,000	\$24,000	\$24,000	\$24,000
Total	\$48,000	\$48,000	\$48,000	\$48,000	\$48,000

Comments:

1/ The intent of this Bill is to generate revenues derived from the leasing of lands transferred to the autonomous agencies, public corporations, and other public instrumentalities of the Government of Guam to provide necessary resources to the Guam Ancestral Lands Commission (GALC) and the Chamorro Land Trust Commission (CLTC) for the implementation of programs to benefit their respective beneficiaries.

Section 2 adds a new §60114.1 which provides that (a) Business privilege tax shall be paid on all income received as lease payments on commercial leases by such entities of the Government of Guam, (2) Real estate tax shall also be paid on all improvements constructed on lands leased in commercial leases by the aforementioned entities. A new §60114.2 is also added, and provides that all taxes identified in §60114.1 *shall* be divided equally and deposited in the GALC's "Land Bank" Fund and CLTC's "Chamorro Home Development Fund" for the development of infrastructure improvements on land trust residential and agricultural lands.

The projected amount of revenues to be derived could be considerable based on information from the Department of Land Management that there may be as much as 740 transferred properties. For example, based on testimony provided by the Guam Economic Development Authority on the proposed measure (Ref: MV Article, GEDA opposes lease tax bill; Tuesday, March 19, 2013), GEDA indicated that it receives \$1.2M to \$1.5M from the leases. As such, should the Business privilege tax of four percent (4%) is applied on the income of its leases, it is estimated that as much as \$48,000 to \$60,000 will be generated, divided equally and then deposited into the respective Funds. This estimate does not include any real estate taxes on improvements of properties being leased. Furthermore, this estimate is for GEDA alone and does not include all other autonomous agencies, public corporations, and other public instrumentalities of the government of Guam with similar income from leased properties. Other information necessary to determine the overall potential revenue impact such as the total number of properties with qualifying existing leases by applicable entities, the income generated by these leases and the real estate taxes applicable to improvements on such properties are not readily available.

Please see also the attached comments from the Department of Land Management.

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FACSIMILE INFORMATION PAGE

PLEASE DELIVER TO: Senator Rory Respicio

FACSIMILE NUMBER: 472-3547

FROM: BBMR

Total Pages including this page: 23

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as possible. Phone numbers (671) 475-9412/9450. Fax number (671) 472-2825

RE: Fiscal Note on the following Bill Nos.: 5-32(LS), 11-32(COR), 29-32(COR), 35-32(COR), 39-32(COR), 47-32(LS), 56-32(COR), and 59-32(COR), and Fiscal Note Waiver on the following Bill Nos.: 23-32(COR), 58-32(COR), and 67-32(COR).

COMMENTS: Fiscal Notes to be picked up via Central Files.

Thank You!