COMMITTEE ON RULES



I Mina'trentai Dos na Liheslaturan Guåhan • 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 | | | 2013 MAR 26 | | |
|--|--|---|---------------------------|--|--|
| Senator Thomas C. Ada | March 26, 20 | 013 | | | |
| VICE CHAIRPERSON Assistant Majority Leader | Memorandu | <u>1</u> m | ů. V | | |
| Senator Vicente (Ben) C. Pangelinan Member | То: | Reanne Meno Clerk of the Legislature | | | |
| Speaker Judith T.P. Won Pat, Ed.D. Member | From: | Senator Rory J. Respicio <i>Chairperson, Committee on Rules</i> | N | | |
| Senator Dennis G. Rodriguez, Jr. Member | Subject: | Fiscal Notes | | | |
| Vice-Speaker | Hafa Adai! | | | | |
| Benjamin J.F. Cruz Member Legislative Secretary | 1 | ease find the fiscal notes for the that the fiscal notes, or waivers, | | | |
| Tina Rose Muña Barnes Member | | LNOTE | | | |
| Senator | | <u>L NOTES:</u> os.: 5-32 (LS), 11-32 (COR), 29-32 | (COP) 25.32 (COP) 39.32 | | |
| Frank Blas Aguon, Jr. Member | | , 47-32 (COR), 56-32 (COR), and 59 | | | |
| Senator | WAIV | ERS: | | | |
| Michael F.Q. San Nicolas Member | Bill Nos.: 23-32 (COR), 58-32 (COR), and 67-32 (COR) | | | | |
| Senator V. Anthony Ada Member M INORITY 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'd | åse′! | | | |
| | | | | | |



BUREAU OF BUDGET & MANAGEMENT RESEARCH

OFFICE OF THE GOVERNOR Post Office Box 2950, Hagåtña Guam 96932

EDDIE BAZA CALVO GOVERNOR JOHN A. RIOS DIRECTOR

RAY 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 Hagåtna, Guam 96932

Hafa Adai Senator Respicio:

Transmitted herewith is Fiscal Note on the following Bill Nos.: <u>5-32(LS), 11-32(COR),</u> <u>29-32(COR), 35-32(COR), 39-32(COR), 47-32(LS), 56-32(COR), and 59-32(COR),</u> and Fiscal Note Waiver on the following Bill Nos.: <u>23-32(COR), 58-32(COR) and</u> <u>67-32(COR).</u>

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. 47-32 (LS)

AN ACT TO ADD A NEW SECTION 8103.1 TO ARTICLE 1, CHAPTER 8, TITLE 4 OF THE GUAM CODE ANNOTATED, TO COMPLY WITH INTERNAL REVENUE CODE REQUIREMENTS APPLICABLE TO THE GOVERNMENT OF GUAM RETIREMENT FUND.

| Department/Agency Appropriation Information | | | | | |
|---|---------------------------------|--------------|--|--|--|
| Dept/Agency Affected: Government of Guam Retirement Fund | Dept/Agency Head: Paula M. Blas | | | | |
| Department's General Fund (GF) appropriation(s) to date: | | 18,672,633 | | | |
| Department's Other Fund (Specify) appropriation(s) to date: 2718 Fu | nd+A27 | 7,500,000 | | | |
| Total Department/Agency Appropriation(s) to date: | | \$26,172,633 | | | |

Fund Source Information of Proposed Appropriation

| | General Fund: | (Specify Special Fund): | Total: | |
|--|---|----------------------------|--------|--|
| FY 2012 Unreserved Fund Balance ¹ | ಲ್ಲಿ ಭಟ್ಟಲ್ ನಾಡಿ ನಡೆ ತಿರಿಗಳು ಕ್ಷಾಪ್ತಿದ್ದ ಲ್ಲೇಕ್ ಕೆ ನಡೆ ಕೆಲೆಗಳು ಕ್ಷಾಪ್ತದಲ್ಲಿ ಲ್ಲೇಕ್ ಕೆ ನಡೆ ಕೆಲೆಗಳು | \$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 | |

| 医骨筋炎 化合加压合 机效量 电水 | One Full Fiscal Year | Esti For Remainder of FY 2013 (if applicable) | mated Fiscal Impact FY 2014 | о б ВШ FY 2015 | FY 2016 | FY 2017 |
|---------------------------|-------------------------|--|--------------------------------|--------------------------|------------|---------|
| General Fund | \$0 | \$0 | \$0 | \$0 | \$0 | \$4 |
| (Specify Special Fund) | \$0 | \$0 | \$0 | \$0 | \$0 | \$4 |
| Total | <u>\$0</u> | \$0 | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | \$ |

| 1. Does the bill contain "revenue generating" provisions? | | | 11 | Yes | /x/ No |
|---|-----|----------|------|-----|--------|
| If Yes, see attachment | | | | | |
| 2. Is amount appropriated adequate to fund the intent of the appropriation? | /x/ | N/A | 11 | Yes | / / No |
| If no, what is the additional amount required? \$ | /x/ | N/A | | | |
| 3. Does the Bill establish a new program/agency? | | | /x / | Yes | // No |
| If yes, will the program duplicate existing programs/agencies? | /x/ | N/A | 11 | Yes | / / No |
| Is there a federal mandate to establish the program/agency? | | | /x / | Yes | / / No |
| 4. Will the enactment of this Bill require new physical facilities? | | | 11 | 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 as of the due date | / | / Other: | | | |

Analyst: 3 Director; - Date: Date: **UT**3 John AB Pangelinan, Deputy Directo Loin A. Rios, Director

Footnotes:

Please see attached comment sheet

Comments on Bill No. 47-32

The intent of the proposed legislation is to have the Government of Guam Retirement Fund (GGRF) meet the requirements of a tax-qualified government pension plan under Section 401(a) of the United States Internal Revenue Code of 1986.

A review of this bill appears to be all administrative provisions with no specific fiscal impact other than the cost of administering the new program. This cost would be minimal given the infrastructure all ready in place at GGRF. The administering of such a program will lie with GGRF, given the requirement noted in Section 401(a) of the U.S. Internal Revenue Code of 1986.

With respect to the unfunded liability and the amortization schedule now in place and the possible need of extending such schedule in the future, under this proposed addition, Section 8103.1(b) (7) incorporates Section 401(a) (25) of the U.S. Code, which requires that a member's benefit payable by the GGRF is to be determined on the basis of actuarial assumptions and such assumptions must be included in any discussion dealing with membership benefits. Based on this requirement, GGRF, not the Legislature, will have the complete control of the policies affecting the distribution of retirees' benefit payout.

There is no immediate fiscal impact at the onset of the passage this bill. However, there is the opportunity cost of not being able to achieve lower government contribution share cost in the future as the result of complying with requirements of Section 401(a) of the United States Internal Revenue Code of 1986. In spite of this, there is still a need to meet the federal compliance required for a tax-qualified pension plan.



BUREAU OF BUDGET & MANAGEMENT RESEARCH

OFFICE OF THE GOVERNOR Post Office Box 2950, Hagåtña Guam 96932

EDDIE BAZA CALVO GOVERNOR

RAY TENORIO LIEUTENANT GOVERNOR JOHN A. RIOS DIRECTOR

FACSIMILE INFORMATION PAGE

PLEASE DELIVER TO: Senator Rory Respicio

FACSIMILE NUMBER: 472-3547

FROM: **BBMR**

Total Pages including this page: 23

If you do not receive legible copies of all the pages, please call back as soon

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

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

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

Thank You!