



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

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April 19, 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.: 02-32 (LS), 28-32 (COR), 52-32 (LS), 64-32 (COR), 75-32 (LS), and 77-32 (COR)

WAIVERS:

Bill Nos.: 70-32 (COR), and 72-32 (LS)

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 APR 19 AM 10:38

**Bureau of Budget & Management Research
Fiscal Note of Bill No. 52-32 (LS)**

AN ACT TO REPEAL §22421 OF CHAPTER 22, 5 GCA, RELATIVE TO THE TRANSFER OF AUTONOMOUS AGENCY REVENUES TO THE AUTONOMOUS AGENCY COLLECTIONS FUND

Department/Agency Appropriation Information	
Dept./Agency Affected: Administration	Dept./Agency Head: Benita Manglona, Director
Department's General Fund (GF) appropriation(s) to date:	27,958,631
Department's Other Fund (Specify) appropriation(s) to date: Healthy Futures Fund & Environmental Health Fund	8,523,716
Total Department/Agency Appropriation(s) to date:	\$36,482,347

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? /x/ Yes // 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 as of the due date // Other:

Analyst: 	Date: _____	Director: 	Date: APR 17 2013
John AB Panglina, Acting Deputy Director		John A. Rios, Director	

Footnotes:
Please see attached comment sheet

Testimony on Legislative Bill No. 52-32 (LS)
Prepared by
The Bureau of Budget and Management Research

AN ACT TO REPEAL §22421 OF CHAPTER 22, 5 GCA, RELATIVE TO THE TRANSFER OF AUTONOMOUS AGENCY REVENUES TO THE AUTONOMOUS COLLECTIONS FUND

This proposed legislation is seeking to repeal §22421 of Chapter 22, 5 GCA, relative to the transfer of Autonomous Agency Collections Fund. This repeal will nullify the estimated \$12.3 Million in back billing of these agencies for the past 14 years. The basis for such repeal is to prevent rate increases among these autonomous agencies from impacting the public at large. Furthermore, the lack of an annual operating surplus from each of these autonomous agencies prevents each of them from contributing to the Autonomous Agency Collection Fund.

The initial basis to repeal §22421 is the potential increase in current rates as the result of these imposed levies mandated by §22421. However, before any fees do take place, such fee increases must be justified, based on the financial needs of each autonomous agency. The arbiters of such fee increases for the Guam Power Authority (GPA) are the Consolidated Commission on Utilities (CCU) and the Guam Public Utilities Commission (PUC). Both commissions have provided review and regulatory oversight to the GPA with respect to fee increases granted for the best interest of this island community. Such overview will continue in spite of the enforcement of §22421.

With respect to fee increases at the Guam International Airport Authority (GIAA), such increase would be limited and internal. According to the GIAA FY 2010 financial statements, GIAA's revenue base entails facilities and system usage charges, concession fees, rental income and miscellaneous fees that apply to internal customers that may be fixed over a given contractual period. Therefore such fees will take place at the end of the contractual period localized only within the airport environment. The overall island community will not be affected. Furthermore such increases would also be limited to economic and market conditions.

For Guam Port Authority, its revenue base is cargo throughput charges, equipment and space rental, wharfage charges, special service charges and other operating income. If a fee increase does take place as the result of §22421, it would apply to cargo throughput charges. However before such increase does take place, such proposed fee increase must be processed through the Administrative Adjudication Act (AAA) and should such fees exceed \$500K, an economic impact study would be required. This alone would define the impact of §22421, which would be reviewed by Legislature who would either vote for or against such measure.

The use of higher fee expectation as the basis to repeal §22421 is unwarranted given the infrastructure in place, internal localization of some of the fees applicable within these organizations and the legislative requirement for the Triple AAA process.

The second basis, for the repeal of §22421, is due to the inability of these autonomous agencies to sufficiently generate operating surplus. Based on the financial statements of each of these autonomous agencies that are currently posted at their websites, all three agencies have positive unrestricted net assets. GICC's unrestricted net asset is \$17.4 Million as of FY 2010; PAG's unrestricted net asset is \$9.0 Million as of FY 2012; and GPA's unrestricted net asset is \$59.8 Million as of FY 2012. By definition, unrestricted net assets are the organization's uncommitted surplus that could be used as directed by the organization's governing body. To repeal §22421 based on these three agencies' lack of operating surplus, is also unwarranted.

The Bureau of Budget & Management Research (BBMR) is unable to support such measure since it would deprive the Government of Guam from a legitimate funding source that would help fund the annual operating cost of the Government of Guam or would contribute to satisfying the annual income tax refund obligations.