



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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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. 59-32**

AN ACT TO ADD CHAPTER 162 TO TITLE II OF THE GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE COLLECTIVE INVESTMENT FUNDS ACT, AND TO REPEAL SECTION 106155 OF CHAPTER 106, TITLE II, GUAM CODE ANNOTATED

Department/Agency Appropriation Information	
Dept./Agency Affected:	Dept./Agency Head:
Department's General Fund (GF) appropriation(s) to date:	-
Department's Other Fund (Specify) appropriation(s) to date: Healthy Futures Fund & Environmental Health Fund	-
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

- Does the bill contain "revenue generating" provisions? / / Yes / X / 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? / 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
- 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: / / Yes / X / No
/ / Requested agency comments not received as of the due date / / Other:

Analyst: 	Date: <u>3/20/13</u>	Director: 	Date: <u>MAR 25</u>
John AB Pangelinan, Acting Deputy Dir		John A. Klos, Director	

Footnotes:
Please see attached comment sheet.

Comments to Legislative Bill No. 59-32

Legislative Bill No. 59-32 is proposing to repeal Section 106155, Common Trust Fund, of Chapter 106, Title II of the Guam Code Annotated (GCA). This section authorizes a bank or trust company to create one or more common trust funds in which individuals may elect to participate and invest. The proposed legislation is attempting to replace this section with a New Chapter 162 of the same Title II, GCA which involves the establishment of a Collection Investment Fund within financial institutions on Guam. By definition Collective Investment Funds are funds composed of a group of assets that are managed by a bank or trust company. This group of assets may be retirement plans, pension plans, and/or reinvestments of profit sharing plan trusts for specific purpose. Such gathering of assets is a strategic process to create investment portfolio that are highly diversified so that such investments will perform well in a wide range of economic situations.

In this proposed bill, the Collection Investment Fund that is to be established is based only on its assets being exempt from federal and local tax requirements. It does not consider other assets being invested for profit for which such profits are federally and locally taxed. The outcome of such exclusion limits participating financial institutions from participation in investment groups seeking returns in their investments. This limitation indirectly prevents the local government from receiving that one additional tax dollar generated from the profitability of taxed investment returns held in trust.

There is no immediate fiscal impact should this proposed legislation is passed; however, the Government does incur the opportunity cost of not being able to realize any gain in tax revenues from such investments as the result of the tax exemption afforded such collection investment funds.

Testimony on Legislative Bill No. 59-32
Prepared by
The Bureau of Budget and Management Research

AN ACT TO ADD CHAPTER 162 OF TITLE II OF THE GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE COLLECTIVE INVESTMENT FUND ACT, AND TO REPEAL SECTION 106155 OF CHAPTER 106, TITLE II, GUAM CODE ANNOTATED

My name is John A. Rios, Director of the Bureau of Budget and Management Research (BBMR) and I thank Senator Michael San Nicolas and Committee Members for allowing me to testify on Bill No. 59-32.

Legislative Bill No. 59-32 is proposing to repeal Section 106155, Common Trust Fund, of Chapter 106, Title II of the Guam Code Annotated (GCA). This section authorizes a bank or trust company to create one or more common trust funds in which individuals may elect to participate and invest. The proposed legislation is attempting to replace this section with a New Chapter 162 of the same Title II, GCA which involves the establishment of a Collection Investment Fund within financial institutions on Guam. By definition Collective Investment Funds are funds composed of a group of assets that are managed by a bank or trust company. This group of assets may be retirement plans, pension plans, and/or reinvestments of profit sharing plan trusts for specific purpose. Such gathering of assets is a strategic process to create investment portfolio that are highly diversified so that such investments will perform well in a wide range of economic situations.

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JOHN A. RIOS
DIRECTOR

RAY TENORIO
LIEUTENANT GOVERNOR

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!