



COMMITTEE ON RULES

I Mina'trentai Tres na Liheslaturan Guåhan • The 33rd Guam Legislature

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September 23, 2015

Memorandum

To: Rennae Meno
Clerk of the Legislature

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

Subject: Fiscal Notes

Hafa Adai!

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

FISCAL NOTES:

Bill No. 162-33(COR)

Bill No. 163-33(LS)

Bill No. 164-33(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'!

2015 SEP 23 AM 11:54

X

Bureau of Budget & Management Research
Fiscal Note of Bill No. 163-33 (LS)

AN ACT TO AMEND §§ 75108 (b) AND (g) BOTH OF CHAPTER 75, TITLE 21 OF THE GUAM CODE ANNOTATED, RELATIVE TO THE ESTABLISHMENT OF A TIME FRAME FOR PAYMENT OF THE CHAMORRO LAND TRUST COMMISSION LEASE TERMS AND THE PERMANENT WAIVING OF PROPERTY TAX EXEMPTIONS FOR SURVEYED LAND TRACTS FOR APPLICANTS.

Department/Agency Appropriation Information

| | |
|---|--|
| Dept./Agency Affected: Chamorro Land Trust Commission | Dept./Agency Head: Michael Borja, Director |
| Department's General Fund (GF) appropriation(s) to date: | - |
| Department's Other Fund (Specify) appropriation(s) to date: Chamorro Land Trust Operations Fund | 1,006,799 |
| Total Department/Agency Appropriation(s) to date: | \$1,006,799 |

Fund Source Information of Proposed Appropriation

| | General Fund: | (Specify Special Fund): | Total: |
|--|---------------|-------------------------|------------|
| FY 2014 Unreserved Fund Balance | | \$0 | \$0 |
| FY 2015 Adopted Revenues | \$0 | \$0 | \$0 |
| FY 2015 Appr. (P.L. 32-181 thru 33-07) | \$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 2015 (if applicable) | FY 2016 | FY 2017 | FY 2018 | FY 2019 |
|------------------------------------|----------------------|--|------------|------------|------------|------------|
| General Fund | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Chamorro Land Trust Operating Fund | \$594,000 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total | \$594,000 | \$0 | \$0 | \$0 | \$0 | \$0 |

- 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: Jason Baza Date: 9/2/15 Director: [Signature] Date: SEP 18 2015
 Jason Baza, BMA Jose S. Calvo, Director

Notes:
 See attached comments.

Bureau of Budget & Management Research
Attachment to Fiscal Note No. 163-33 (LS)
(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 |
| Chamorro Land Trust Operating Fund | <u>\$594,000</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Total | \$594,000 | \$0 | \$0 | \$0 | \$0 |

Comments:

The first amendment listed in the proposed legislation to §75108(b), Chapter 75, 21 GCA would change the time frame of lessee lease payments. Currently, the lessee pays a rental expense of \$1.00 a year for a term of ninety-nine (99) years. The amendment would require such lease payments to be paid in full, or \$99.00, within one year of the effective date of the lease. Per the proposed legislation, there are more than 8,000 applicants awaiting leases, in which approximately 4,000 of these applicants having applied since December 1995. If the CLTC processes 75% of the total applicant listing (assuming that 25% are not processed due to ineligibility issues or other extenuating circumstances), the Bureau estimates that the CLTC can expect to receive \$594,000 within one year of issuing out the leases.

The second amendment listed in the proposed legislation to §75108(g), Chapter 75, 21 GCA disqualifies any lessee from tax exemption if the survey of the property was conducted at the expense of the CLTC. Currently, §75108(g) stipulates that the original lessee shall be exempt from all taxes for the first seven years from the effective date of the lease. Waiving that exemption is a measure to offset the cost of land surveys that are needed as part of processing the lease. The cost of a land survey and the taxes imposed on a property are directly correlated to the size of the property and its location. The Bureau cannot estimate the approximate financial impact because it does not have the property size and location information for the above stated 8,000 applicants to conduct such analysis. However, the Bureau has determined that if the CLTC conducts such land surveys on the properties subject for lease, the Government of Guam can expect to receive seven years' worth of additional tax payments from each of the lease applicants that required the CLTC's land survey services.