



COMMITTEE ON RULES

I Mina'trentai Tres na Liheslaturan Guåhan • The 33rd 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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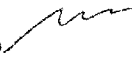
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MINORITY MEMBER

April 15, 2016

Memorandum

To: **Rennae Meno**
Clerk of the Legislature

From: **Senator Rory J. Respicio** 
Chairperson of the 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 are issued on the bills as introduced.

FISCAL NOTES:

Bill No. 285-33(COR)

Bill No. 287-33(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'!

2016 APR 15 PM 3:56


**Bureau of Budget & Management Research
Fiscal Note of Bill No. 285-33 (COR)**

AN ACT TO ADD A NEW ARTICLE 7 TO CHAPTER 77, DIVISION 2, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO TAX CREDITS FOR THE REHABILITATION AND IMPROVEMENT OF THE HARMON INDUSTRIAL PARK ROADWAY.

Department/Agency Appropriation Information	
Dept./Agency Affected: Guam Economic Development Authority	Dept./Agency Head: Jay J. Rojas, Administrator
Department's General Fund (GF) appropriation(s) to date:	-
Department's Other Fund (Specify) appropriation(s) to date: Indirect Cost Fund	-
Total Department/Agency Appropriation(s) to date:	\$0

Fund Source Information of Proposed Appropriation			
	General Fund:	(Specify Special Fund):	Total:
FY 2015 Unreserved Fund Balance		\$0	\$0
FY 2016 Adopted Revenues	\$0	\$0	\$0
FY 2016 Appro. (P.L. 33-66 thru P.L. 33-106)	\$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 2016 (if applicable)	FY 2017	FY 2018	FY 2019	FY 2020
General Fund	\$0	1/	\$0	\$0	\$0	\$0
Special Fund	\$0	1/	\$0	\$0	\$0	\$0
Total	\$0	1/	\$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? // Yes /X/ No
If yes, will the program duplicate existing programs/agencies? // N/A // Yes /X/ 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: <u>William P. Patinglong</u> Date: <u>4/13/16</u>	Director: <u>Jose S. Calvo</u> Date: <u>APR 13 2016</u>
William P. Patinglong, B&MA Supervisor	Jose S. Calvo, Director

Footnotes: 1/
The intent of Bill 285-33 is to authorize Business Privilege Tax Credits to any business that contributes to the cost of design, labor and materials for the rehabilitation and improvement of the Harmon Industrial Park Roadway. It is noted that the objective of the Harmon Industrial Park Association (HIPA), which consists of 36 business entities, is to work with the government of Guam to permanently repair and expand the primary roadway of the Harmon Industrial Park, along with certain improvements along the secondary roads in the district. It is also noted that the estimated costs to rehabilitate and improve the Roadway is \$4M for the first phase. The Bill will extend the financing of this project over a 4 year period, not to exceed \$1M of credits against unpledged business taxes with a limitation of \$250,000 in tax credits issued per year. Based on GEDA's testimony on the proposed measure, GEDA is concerned that the use of tax credits will impact the government's ability to manage the finances of the government of Guam as it will reduce the expected revenues due to the government. The filing of tax credits by the taxpayer will take priority over appropriations made in the annual budget process, severely impacting critical programs. This impacts the Administration's efforts to enhance Guam's credit rating and to abide by existing bond covenants, therefore GEDA cautions the further use of tax credits.