



COMMITTEE ON RULES

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

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April 18, 2016

Memorandum

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

From: **Senator Rory J. Respicio** 
Chairperson of the Committee on Rules

Subject: **Fiscal Note**

Hafa Adai!

Attached please find the fiscal note for the bill number listed below. Please note that the fiscal note is issued on the bill as introduced.

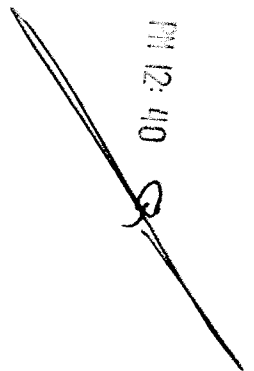
FISCAL NOTE:

Bill No. 290-33(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 18 PM 12:40



Bureau of Budget & Management Research
Fiscal Note of Bill Nos. 290-33 (COR)

AN ACT TO PLACE TRACT 3620 (FORMERLY LOT 381-2, MUNICIPALITY OF INARAJAN) UNDER THE ADMINISTRATIVE JURISDICTION OF THE OFFICE OF THE MAYOR OF INARAJAN AND THE INARAJAN MUNICIPAL PLANNING COUNCIL.

Department/Agency Appropriation Information	
Dept./Agency Affected: Chamorro Land Trust Commission	Dept./Agency Head: Michael J. B. Borja, Director
Department's General Fund (GF) appropriation(s) to date:	-
Department's Other Fund (Specify) appropriation(s) to date: Chamorro Land Trust Operating Fund	1,424,311
Total Department/Agency Appropriation(s) to date:	\$1,424,311

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 _____)	\$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	\$0	\$0	\$0	\$0	\$0
Special Fund	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$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? / X / Yes / / 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>Jason Baza</u> Jason Baza, BMA II	Date: <u>4/12/16</u>	Director: <u>Jose S. Calvo</u> Jose S. Calvo, Director	Date: APR 18 2016
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Notes:
See attached comments.

BUREAU OF BUDGET AND MANAGEMENT RESEARCH
COMMENTS ON BILL NO. 290-33 (COR)

The proposed legislation intends to transfer a portion of Tract 3620 in the municipality of Inarajan to the administrative jurisdiction of the Inarajan Mayor's Office (IMO) and the Inarajan Municipal Planning Council (IMPC) for the purpose of constructing a multi-purpose sports facility.

It should be noted that there have been similar versions of the subject legislation proposed during FY 2016. Bill No. 227-33 (COR) transferred unspecified portions of the subject property to only the IMO for the purpose of constructing the multi-purpose sports facility. Subsequently, Bill Nos. 254-33 (LS) ~ 262-33 (LS) transferred specific portions of Tract 3620 (Lot Nos. 9 thru 17 with an aggregate area of 8,391.2± square meters) to the IMO for the same purpose of constructing a multi-purpose sports facility.

The subject proposed legislation has the same intent to transfer portions of Tract 3620 for the construction of the sports facility, but now to include the IMPC as receiving administrative jurisdiction of the property. In addition, the proposed legislation adds the responsibility of re-surveying Tract 3620 to the Department of Land Management (DLM) to designate which portions of Tract 3620 shall be transferred to the administrative jurisdiction of the IMO and IMPC. Because the added responsibility of re-surveying Tract 3620 imposes an unfunded mandate on DLM, the DLM recommends that the responsibility of covering the cost of the re-survey should be held by the IMPC funded by the Host Community Fund or by the contractor selected to construct the multi-purpose sports facility.

Transferring the subject property to the administrative jurisdiction of the IMO and the IMPC will have several fiscal impacts involving multiple parties. By transferring the subject property to the IMO and the IMPC, the CLTC will not be able to collect lease payments resulting in a loss of revenue. However, by enabling the construction project to commence, revenues in the form of building permits for the sports facility can be anticipated to be received by the Department of Public Works (DPW). Subsequently, when the sports facility is operational, the IMO and IMPC can assess fees for use of the facility (i.e. basketball leagues, team practices, etc.).

Due to lack of sufficient information regarding the current lease agreement of the subject property and the specifics on the design of the new sports facility, the Bureau is unable to determine an approximate dollar amount of potential revenues lost for the CLTC in lease payments and gained by the DPW through the issuance of building permits.

In addition, the construction of the sports facility would increase the total aggregate assessed value of real property on Guam. Per the Certified 2013 Real Property Tax Assessment roll mandated by §24518, Chapter 24, Title 11 GCA, the total land and building aggregate assessed values are \$5.959 Billion and \$5.629 Billion, respectively. The combination of both the land and building assessed values creates the base for the Government of Guam's debt service ceiling, which is ten percent (10%) of the total assessed value. The construction of new facilities on the cited lot will increase the total building assessed value, thus increasing the base for the Government of Guam's debt service ceiling.

It should be noted that the proposed legislation includes a reversionary clause upon inaction of portions of the property. If any portion of Tract 3620 should no longer be needed for construction of the sports facility, that/those portion(s) of Tract 3620 will be reverted back to the Chamorro Land Trust land inventory.