



COMMITTEE ON RULES

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

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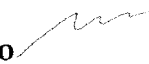
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June 30, 2016

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. 293-33(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 JUN 30 PM 12:26

**Bureau of Budget & Management Research
Fiscal Note of Bill No. 293-33 (COR)**

AN ACT TO AMEND §106119(K) OF PART A OF ARTICLE 1, CHAPTER 106 OF TITLE 11, GUAM CODE ANNOTATED; RELATIVE TO DEPOSITING ESCHEATED FUNDS INTO HOUSING TRUST FUNDS FOR THE FIRST-TIME HOMEOWNER'S ASSISTANCE PROGRAM ACT.

Department/Agency Appropriation Information

Dept./Agency Affected: Guam Housing Corporation	Dept./Agency Head: Martin C. Benavente, President
Department's General Fund (GF) appropriation(s) to date:	-
Department's Other Fund (Specify) appropriation(s) to date:	-
Total Department/Agency Appropriation(s) to date:	\$0

Fund Source Information of Proposed Appropriation

	General Fund:	GHC Housing Trust 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. 33-150)	\$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
GHC Housing Trust Fund	\$500,000	\$0	\$321,999	\$207,366	\$133,543	\$86,002
Total	\$500,000	\$0	\$321,999	\$207,366	\$133,543	\$86,002

- Does the bill contain "revenue generating" provisions? /X/ Yes // No
If Yes, see attachment 1/
- Is amount appropriated adequate to fund the intent of the appropriation? /X/ N/A // Yes // No
If no, what is the additional amount required? \$ _____ // 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>Angela S. Flores, BMA IV</u>	Date: <u>4/27/16</u>	Director: <u>Jose S. Calvo, Director</u>	Date: JUN 28 2016
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Footnotes:

1/ See attachments for comments and revenue impact.

Bureau of Budget & Management Research Comments to Fiscal Note No. 293-33 (COR)

Enactment of the proposed legislation amends §106119(k) of Part A of Article 1, Chapter 106 of Title 11, Guam Code Annotated. The statute reads:

“(k) All funds transferred to the Treasurer of Guam pursuant to the provisions of this Section shall escheat to the Territory of Guam one (1) year subsequent to the date such transfers occurred.”

The amendment adds the following:

“...The Treasurer of Guam shall deposit such funds into the Housing Trust Funds as established in Article 10 of Chapter 4, Title 12, Guam Code Annotated. Such Funds shall be used in accordance with the provisions of the First-Time Homeowner’s Assistance Program Act.”

Based on Section 3 of Public Law 32-036, the Guam Housing Corporation (GHC) received from the Department of Administration funds escheated of \$1,228,771.42 for FY13 and \$900,000 for FY14.

Other fund sources for the First-time Homeowner Assistance Program include GHC’s annual operating and/or non-operating revenues and/or income to the Housing Trust Fund. And prior to P.L. 32-036, the enactment of P.L. 31-166 required that GHC fund the first \$500,000, and additionally that GHC set aside \$500,000 per year, thereafter for the program. P.L. 33-030 amended the annual appropriation amount from \$500,000 to \$250,000. GHC appropriated \$500,000 during the first year of the program, and since then has *not* provided additional appropriations for the program.

GHC information indicates that altogether, 487 families received grants under the First-time Homeowner Assistance Program. And currently, 24 additional families (and growing) are on a waiting list for such grants. The average grant amount is \$7,500 (up to a maximum of \$10,000).

Since the proposed amendment may be construed to include FY15 escheated funds estimated at \$500,000, it is recommended that language be included to prohibit any retroactivity, but only prospective escheatment of funds (i.e. upon enactment of law). The concern is that FY15 has closed, and as such, funds under FY15 are considered encumbered in the overall financial condition of the government. Any proposed earmarking of escheated funds is based on its availability at the end of each fiscal year. As such, the fiscal impact for multi-year is assumed to be decreased based on the average percentage reduction of 35.5% based on escheated funds for FY13 through FY15 (FY13 of \$1,228,771.42 and FY14 of \$900,000 is a reduction of 27%; and FY14 of \$900,000 and FY15 of \$500,000 is a reduction of 44%; the combined reduction 27% and 44% is an average of 35.5%).

Bureau of Budget & Management Research
Attachment to Fiscal Note No. 293-33 (COR)
(for revenue generating provisions)

Projected Multi-Year Revenues					
	Year 1	Year 2	Year 3	Year 4	Year 5
General Fund	(\$500,000)	(\$321,999)	(\$207,366)	(\$133,543)	(\$86,002)
GHC Housing Trust Fund	\$500,000	\$321,999	\$207,366	\$133,543	\$86,002
Total	\$0	\$0	\$0	\$0	\$0

Comments: The proposed legislation entails that escheated funds, which normally are transferred to the Treasurer of Guam and subsequently escheated to the Territory of Guam, will now require that the Treasurer of Guam deposit such funds into the Guam Housing Trust Funds. It is noted that the proposed amendment may be construed to include FY15 escheated funds estimated at \$500,000 (1st Year). It is recommended that language be included to prohibit any retroactivity, but only prospective escheatment of funds, upon enactment of law (DOA/ AS400). The concern is that FY15 has closed, and as such, funds under FY15 are considered encumbered in the overall financial condition of the government.

Any proposed earmarking of escheated funds is based on its availability at the end of each fiscal year, and is dependent on what the banks remit to the government. As such, the revenue impact for multi-year is assumed to be decreased based on the average percentage reduction of 35.5% based on escheated funds for FY13 through FY15 (FY13 of \$1,228,771.42 and FY14 of \$900,000 is a reduction of 27%; and FY14 of \$900,000 and FY15 of \$500,000 is a reduction of 44%; the combined reduction 27% and 44% is an average of 35.5%).