



COMMITTEE ON RULES

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

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Senator
Rory J. Respicio
CHAIRPERSON
MAJORITY LEADER

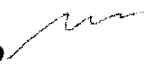
June 24, 2016

Senator
Thomas C. Ada
VICE CHAIRPERSON
ASSISTANT MAJORITY LEADER

Memorandum

Speaker
Judith T.P. Won Pat, Ed.D.
Member

To: Rennae Meno
Clerk of the Legislature

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

Vice-Speaker
Benjamin J.F. Cruz
Member

Subject: Fiscal Notes

Legislative Secretary
Tina Rose Muna Barnes
Member

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.

Senator
Dennis G. Rodriguez, Jr.
Member

FISCAL NOTES:

Bill No. 184-33(COR)

Bill No. 323-33(COR)

Bill No. 334-33(COR)

Senator
Frank Blas Aguon, Jr.
Member

Please forward the same to MIS for posting on our website. Please contact our office should you have any questions regarding this matter.

Senator
Michael F.Q. San Nicolas
Member

Senator
Nerissa Bretania Underwood
Member

Sí Yu'os ma'åse'!

V. Anthony Ada
MINORITY LEADER

Mary C. Torres
MINORITY MEMBER

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Bureau of Budget & Management Research
Fiscal Note of Bill No. 323-33 (COR)

AN ACT TO ADD A NEW § 30109, § 30110, AND § 30111 TO CHAPTER 30, TITLE 11 GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING THE DIRECTOR OF REVENUE AND TAXATION OR HIS DESIGNEE TO ENTER INTO TAX COLLECTION AGREEMENTS WITH TRANSIENT ACCOMMODATIONS BROKERS.

Department/Agency Appropriation Information	
Dept./Agency Affected: Revenue and Taxation	Dept./Agency Head: John P. Camacho, Director
Department's General Fund (GF) appropriation(s) to date:	8,889,485
Department's Other Fund (Specify) appropriation(s) to date: Better Public Service Fund (\$2,206,210); Tax Collection Enhancement Fund (\$886,091)	3,092,301
Total Department/Agency Appropriation(s) to date:	\$11,981,786

Fund Source Information of Proposed Appropriation			
	General Fund:	Special Fund (specify):	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	\$140,435	\$35,109	\$140,435	\$145,756	\$151,281	\$157,012
Special Fund (specify):	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$140,435	\$35,109	\$140,435	\$145,756	\$151,281	\$157,012

- Does the bill contain "revenue generating" provisions? /X/ 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>Angela S. Flores, BMA IV</u>	Date: <u>6/24/16</u>	Director: <u>Jose S. Calvo, Director</u>	Date: <u>6-24-16</u>
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Footnote: 1/ Enactment of the Bill adds regulations on "transient accommodations broker" for registration as a tax collection agent on behalf of all of its operators and plan managers, through a tax collection agreement or a registration statement as a transient accommodations broker tax collection agent to be filed with the Director of Department of Revenue and Taxation (DRT). Based on information from DRT, the current manpower level is insufficient to implement the intent of the Bill. Additional positions for 2 Regulatory Examiner Is and 1 Administrative Assistant are required to meet the objective of the proposed legislation at a total annual cost of \$140,435, and factoring cost for salary increment for multi-year, beginning on the 3rd year. Additional DRT information includes that the Bill does not set forth specific regulatory guidelines and responsibilities to address the following: 1) criteria for qualification; 2) examination process to obtain a license; 3) duration/period of effectivity of the license; 4) length of renewal period after issuance; 5) fees for origination and renewal; 6) requirement of continuing education to renew; 7) establishment of the Gross Receipts Tax numbers to capture the required 4% tax from such business; 8) determination on stand-alone brokers or creation of a corporate license with employment of transient accommodations brokers under them; 9) determination for primary staff without or with additional staff to do the work; and 10) determination for exemption or waiver of any sort in seeking license. (See the attached comment on revenue impact.)

Bureau of Budget & Management Research
Attachment to Fiscal Note No. 323-33 (COR)
(for revenue generating provisions)

Projected Multi-Year Revenues					
	Year 1	Year 2	Year 3	Year 4	Year 5
General Fund	\$4,603	\$4,603	\$4,603	\$4,603	\$4,603
Tourist Attraction Fund	\$0	\$0	\$0	\$0	\$0
Total	\$4,603	\$4,603	\$4,603	\$4,603	\$4,603

Comments: If enacted, it may be assumed that of the estimated 100 persons currently unlicensed, 10% or 10 of them each qualify as a transient accommodations broker (broker) to register as a tax collection agent on behalf of all of its operators and plan managers, and the remaining 90% or 90 persons (e.g. considered as operators/ plan managers) select the services provided by any of the 10 such brokers, so registered (reference PDN article 1/21/2016 - 100 unlicensed; 19 licensed). Revenues will be generated through licensing fees and gross receipts tax (GRT) of 4% on taxable income of each broker. With all being the same for multi-year, the financial information above assumes that the license fee is \$100 per year, or \$1,000 in revenue from license fees for 10 brokers per year (\$100 license fee per year x 10 brokers = \$1,000 in total fees per year). For computation of 4% GRT applied to taxable income of such brokers, the following assumes a 4% commission on annual income generated by each broker, each overseeing 9 operators/plan managers. To determine income, the transient accommodations are based on a room rate of \$139 per day, and a total of 15 days per month. This results in \$18,765 as monthly income per broker, or \$187,650 for 10 brokers (\$139 per day x 15 days per month x 9 operators/plan managers per broker x 10 brokers = \$187,650 as total monthly income for 10 brokers). The total monthly 4% commission totals \$7,506, or \$90,072 per year for 10 brokers (\$187,650 total monthly income for 10 brokers x 12 months per year x 4% commission = \$90,072). The annual 4% GRT will amount to \$3,602.88. (<https://www.airbnb.com/s/Guam>; GVB information for Fiscal Year 2015)