



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 9, 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

Vice-Speaker
Benjamin J.F. Cruz
Member

From: **Senator Thomas C. Ada** *[Signature]*
Acting Chairperson of the Committee on Rules

Legislative Secretary
Tina Rose Muna Barnes
Member

Subject: **Fiscal Notes and Fiscal Note Waiver**

Senator
Dennis G. Rodriguez, Jr.
Member

Hafa Adai!

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

FISCAL NOTES:

Senator
Frank Blas Aguon, Jr.
Member

- Bill No. 298-33(COR)
- Bill No. 317-33(COR)
- Bill No. 322-33(COR)
- Bill No. 324-33(COR)
- Bill No. 329-33(COR)

Senator
Michael F.Q. San Nicolas
Member

FISCAL NOTE WAIVER:

- Bill No. 316-33(COR)

Senator
Nerissa Bretania Underwood
Member

V. Anthony Ada
MINORITY LEADER

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

Mary C. Torres
MINORITY MEMBER

Si Yu'os ma'åse'!

2016 JUN 10 AM 10:45

Bureau of Budget & Management Research
Fiscal Note of Bill No. 324-33 (COR)

AN ACT TO AMEND SUB-ITEM (jj) OF §61103, OF ARTICLE 1, AND §61304(B) AND §61305(B) OF ARTICLE 3 OF CHAPTER 61, TITLE 21 OF THE GUAM CODE ANNOTATED; TO ADD A NEW SUBITEM (KK) OF §61103 OF ARTICLE 1, ; TO ADD A NEW SUB-ARTICLE 1 TO ARTICLE 1, A NEW SUB-ARTICLE 2 TO ARTICLE 1 CHAPTER 61, TITLE 21 OF THE GUAM CODE ANNOTATED; RELATIVE TO CLARIFYING THE DEFINITION OF A BED AND BREAKFAST AND TO ESTABLISHING CONDITIONAL USE OF BED AND BREAKFAST AND SHORT-TERM VACATION UNITS; TO AUTHORIZING SHORT-TERM VACATION RENTALS ON GUAM, AND TO PROVIDE SUCH REQUIREMENTS AS ARE NECESSARY AND PROPER FOR THE OPERATION OF THE BED AND BREAKFAST AND SHORT-TERM VACATION UNITS ON GUAM.

Department/Agency Appropriation Information	
Dept./Agency Affected: Department of Land Management	Dept./Agency Head: Michael J. B. Borja, Director
Department's General Fund (GF) appropriation(s) to date:	413,674
Department's Other Fund (Specify) appropriation(s) to date: Land Survey Revolving Fund	3,111,311
Total Department/Agency Appropriation(s) to date:	\$3,524,985

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? / / 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
 /X/ Requested agency comments not received by due date / / Other:

Analyst: <u>Jason Baza</u> Jason Baza, BMA II	Date: <u>6/7/16</u>	Director: <u>[Signature]</u> José S. Calvo, Director	Date: <u>6/8/16</u>
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Notes:
See attached comments.

BUREAU OF BUDGET AND MANAGEMENT RESEARCH
COMMENTS ON BILL NO. 324-33 (COR)

The proposed legislation intends to further establish the definition and conditional uses of bed-and-breakfast establishments as well as short-term vacation units. Although majority of the proposed legislation is administrative in nature, there are potential revenue generating provisions included in the rules and regulations for both the bed-and-breakfast establishments and short-term vacation units.

Section 3 of the legislation creates a Sub-Article 1 to Chapter 61, Title 21, Guam Code Annotated (GCA). The sub-article stipulates the rules and regulations specifically for bed-and-breakfast establishments. §61107(a) of the new Sub-Article 1 requires the owner-proprietor of the bed-and-breakfast to have a business license to in order to conduct operations. §61109 of the new Sub-Article 1 levies an excise tax of 11% against the rental price charged per occupancy per day pursuant to Chapter 30, Title 11, GCA.

Section 4 of the legislation creates a Sub-Article 2 to Chapter 61, Title 21, GCA relative to the rules and regulations specifically for short-term vacation rentals. §61114 of the new Sub-Article 2 requires anyone wishing to rent, lease, or exchange for compensation all or any portion of a dwelling unit as short-term rental to obtain a business tax certificate from the Department of Revenue and Taxation. §61119 of the new Sub-Article 2 levies an excise tax of 11% against the rental price charged per occupancy per day pursuant to Chapter 30, Title 11, GCA.

Absent additional information from the Department of Land Management regarding the current or projected number of bed-and breakfast establishments and short-term vacation homes as well as the average cost-per-day for either business, the Bureau is unable to estimate the fiscal impact. However, the Bureau has determined that revenues in the form of business licenses, business tax certificates, and excise taxes will be received by the Department of Revenue and Taxation.