



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

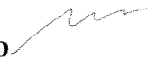
July 5, 2016

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 Note

Legislative Secretary
Tina Rose Muna Barnes
Member

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.

Senator
Dennis G. Rodriguez, Jr.
Member

FISCAL NOTE:
Bill No. 325-33(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

Si Yu'os ma'åse'!

Senator
Nerissa Bretania Underwood
Member

V. Anthony Ada
MINORITY LEADER

Mary C. Torres
MINORITY MEMBER

2016 JUL -5 AM 10:30

Bureau of Budget & Management Research
Fiscal Note of Bill No. 325-33 (COR)

AN ACT TO ADD A NEW §51112 TO CHAPTER 51, TITLE 18 GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING CIVIL PENALTIES FOR OWNER-PROPRIETORS LEASING REAL PROPERTY AS A LODGING FACILITY AND OPERATING WITHOUT THE PROPER LICENSES.

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:	Tourist Attraction 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	\$280,497	\$70,124	\$280,497	\$280,497	\$280,497	\$280,497
Tourist Attraction Fund	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$280,497	\$70,124	\$280,497	\$280,497	\$280,497	\$280,497

- 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: AS Flores Date: 4/21/16 Director: [Signature] Date: 6-21-16
 Angela S. Flores, BMA IV Jose S. Calvo, Director

Footnote: 1/ The intent of the Bill is to deter violations of rental and zoning laws that can jeopardize the health, safety, and welfare of residents and visitors of Guam. Compliance in obtaining the proper licenses supports positive economic development and setting parameters for such new accommodation types in the travel industry. Based on information from the Department of Revenue and Taxation (DRT), the current manpower level is insufficient to implement the intent of the Bill. Additional positions for 4 Compliance Inspector Is and 4 License Officer Is are required to meet the objective of the proposed legislation at a total annual cost of \$280,497. If the proposed fee is effective toward bringing regulatory compliance, then additional positive fiscal impact is anticipated in tax payments by property owners/managers of such lodging accommodations, and reduced cost associated in meeting health and safety standards. (See the attached comment on revenue impact.)

Bureau of Budget & Management Research
Attachment to Fiscal Note No. 325-33 (COR)
(for revenue generating provisions)

Projected Multi-Year Revenues					
	Year 1	Year 2	Year 3	Year 4	Year 5
General Fund (fines/penalties)	\$500,000	\$0	\$0	\$0	\$0
Tourist Attraction Fund	\$275,220	\$275,220	\$275,220	\$275,220	\$275,220
Total	\$775,220	\$275,220	\$275,220	\$275,220	\$275,220

Comments: If enacted, and upon determination by the Department of Revenue and Taxation (DRT), the proposed fine of \$5,000 assessed to those without appropriate licenses, estimated at 100 businesses will entail a total assessment of \$500,000 (reference PDN article 1/21/2016 - 100 unlicensed; 19 licensed). The chart above assumes that the assessment fee would be a deterrent, and property owners/managers will be brought to compliance after the first year. Relative to the Tourist Attraction Fund, based on Fiscal Year 2015 information from the Guam Visitors Bureau, the average length of stay is 6 days. Additionally, based on information on room rates (<https://www.airbnb.com/s/Guam>), a standard rate of \$139 per day may be used for computation purposes. The information above reflects the estimated fiscal impact over a five year period, all remaining the same, and assuming 100 property owners/managers, brought to compliance, each providing such lodging at \$139 per day for 15 days per month (\$139 per day x 15 days per month x 12 months per year x 100 unlicensed businesses). The total annual income from the room rental will be \$2,502,000 which would entail an 11% Hotel Occupancy Tax of \$275,220 (Tourist Attraction Fund).