

I Mina'Trentai Tres Na Liheslaturan Received
Bill Log Sheet

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	FISCAL NOTES
346-33 (COR)	R. J. Respicio	AN ACT TO AMEND § 26203(K)(9); TO AMEND § 26203(K)(28) TO (32); AND TO ADD § 26203.1 TO ARTICLE 2, CHAPTER 26, ALL OF TITLE 11 OF THE GUAM CODE ANNOTATED RELATIVE TO INCREASING THE BUSINESS PRIVILEGE TAX EXEMPTION FOR SMALL BUSINESSES TO ONE HUNDRED FORTY THOUSAND (\$140,000) AND INCREASE TO ONE HUNDRED FIFTY THOUSAND (\$150,000) THE INCOME THRESHOLD TO QUALIFY FOR THE EXEMPTION.	06/30/16 6:08 p.m.	07/01/16	Committee on Finance and Taxation, General Government Operations and Youth Development			Fiscal Note Request 07/01/16 Fiscal Note 09/07/16



COMMITTEE ON RULES

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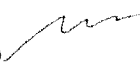
V. Anthony Ada
MINORITY LEADER

Mary C. Torres
MINORITY MEMBER

September 7, 2016

Memorandum

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

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

Subject: **Fiscal Notes**

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.

FISCAL NOTES:

- Bill No. 346-33(COR)
- Bill No. 354-33(COR)
- Bill No. 366-33(COR)
- Bill No. 368-33(LS)

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 SEP -7 PM 3:58

**Bureau of Budget & Management Research
Fiscal Note of Bill No. 346-33 (COR)**

AN ACT TO AMEND § 26203(K)(9); TO AMEND § 26203(K)(28) TO (32); AND TO ADD § 26203.1 TO ARTICLE 2, CHAPTER 26, ALL OF TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO INCREASING THE BUSINESS PRIVILEGE TAX EXEMPTION FOR SMALL BUSINESSES TO ONE HUNDRED FORTY THOUSAND (\$140,000) AND INCREASE TO ONE HUNDRED FIFTY THOUSAND (\$150,000) THE INCOME THRESHOLD TO QUALIFY FOR THE EXEMPTION.

Department/Agency Appropriation Information

Dept./Agency Affected: Department of Revenue and Taxation		Dept./Agency Head: John P. Camacho	
Department's General Fund (GF) appropriation(s) to date:		8,839,485	
Department's Other Fund (Specify) appropriation(s) to date:		3,092,301	
Total Department/Agency Appropriation(s) to date:		\$11,931,786	

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 P.L. 33-182)	\$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	(\$3,351,600)	(\$3,351,600)	(\$3,351,600)	(\$3,351,600)
Special Fund	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	(\$3,351,600)	(\$3,351,600)	(\$3,351,600)	(\$3,351,600)

- | | | | |
|---|---------|-------------------------------|----------------------------|
| 1. Does the bill contain "revenue generating" provisions?
If Yes, see attachment | | / / Yes | /X/ No |
| 2. Is amount appropriated adequate to fund the intent of the appropriation?
If no, what is the additional amount required? | /X/ N/A | / / Yes | /X/ No |
| 3. Does the Bill establish a new program/agency?
If yes, will the program duplicate existing programs/agencies?
Is there a federal mandate to establish the program/agency? | /X/ N/A | / / Yes
/ / Yes
/ / Yes | /X/ No
/ / No
/X/ No |
| 4. Will the enactment of this Bill require new physical facilities? | | / / Yes | /X/ No |
| 5. Was Fiscal Note coordinated with the affected dept/agency? If no, indicate reason:
/ / Requested agency comments not received by due date | | /X/ Yes | / / No |
| | | / / Other: | |

Analyst: Michael M. Aflague, B&MA IV Date: 8/26/16 Director: Jose S. Calvo, Director Date: AUG 26 2016

Footnotes: 1/ According to feedback from the Department of Revenue and Taxation (DRT), approximately 931 taxpayers would be affected. Based on a median of \$90,000 per taxpayer at the current gross receipt tax (GRT) of 4%, a projected decrease of \$3,351,600 in Business Privilege Taxes (BPT) are anticipated annually assuming all factors held constant. The Bureau anticipates change in BPT revenue streams for subsequent fiscal years should there be any change to the number of taxpayers and/or adjustment to the GRT rate of 4%. Although the anticipated reduction is unlikely to affect payments for the Business Privilege Tax Bonds Series 2011A, 2012B, and 2013C, the reduction in BPT would likely impact other areas of government operations subsidized by the General Fund. Lastly, the Bureau notes that the anticipated decrease in GRT would result in an annual loss of \$207K to the Guam Memorial Hospital Authority Pharmaceuticals Fund (reference attachment).

**Bureau of Budget & Management Research
Attachment to Fiscal Note No. 346-33 (COR)**

FY 2015 Gross Receipt Tax (GRT) Data*

- > 931 taxpayers
- > \$40,000 - \$140,000 = \$90,000 median tax exemption

\$90,000 x 4% GRT = \$3,600
 \$3,600 x 931 taxpayers = **\$3,351,600**

** Source: Department of Revenue and Taxation*

P.L. 33-66 (Fiscal Year 2016 General Appropriations Act)

Business Privilege Tax (Net of Tiyan Collateral Equipment Tax Credit):	\$247,707,347
Business Privilege Tax (GMHA Pharmaceutical Fund):	(15,333,085)
Other Taxes:	<u>2,140,436</u>
Business Privilege Taxes (BPT)	<u>\$234,514,698</u>
Business Privilege Tax Bonds, Series 2011A	(\$11,948,013)
Business Privilege Tax Bonds, Series 2012B	<u>(5,246,047)</u>
Gen Obligation Bond Business Privilege Tax 2013 Series C	<u>(2,781,654)</u>
Bond Payments from BPT	<u>(\$19,975,714)</u>
BPT available for operations	\$214,538,984
Bill 346-33 (COR)	<u>(3,351,600)</u>
Adjusted BPT for operations	<u>\$211,187,384</u>

Guam Memorial Hospital Authority (GMHA) Pharmaceuticals Fund

Annual Loss in BPT (projected)	(\$3,351,600)
GMHA Pharmaceutical Fund (annual loss)	<u>(\$207,464)</u>
(6.19% of BPT pursuant to § 26208 of Ch. 26, 11 GCA as amended by P.L. 33-66, Ch. XII, Sec. 30)	