

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 |
|---------------------|-------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|----------------------|----------------------------------------------------------------------------------------------------------|----------------------------|------------------------------------|--------------------------------------------------------------------------|
| 375-33 (COR) | T. C. Ada B. J. F. Cruz Judith T. Won Pat, Ed.D R. J. Respicio | AN ACT TO AUTHORIZE A LEASE BETWEEN THE CHAMORRO LAND TRUST COMMISSION AND INADAHEN I LINA'LA' KOTTURAN CHAMORU, INC. ON LOT 5173-1-R2NEW-4, MUNICIPALITY OF TAMUNING, FOR USE AS A CULTURAL CENTER. | 09/22/16 1:50 p.m. | 09/26/16 | Committee on Transportation, Infrastructure, Lands, Border Protection, Veterans' Affairs and Procurement | | | Fiscal Note Request 09/27/16 Fiscal Note 10/19/16 |



COMMITTEE ON RULES

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

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October 19, 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. 363-33(COR)
- Bill No. 373-33(COR)
- Bill No. 374-33(COR)
- Bill No. 375-33(COR)
- Bill No. 378-33(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 OCT 19 PM 4:11

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**Bureau of Budget & Management Research
Fiscal Note of Bill No. 375-33 (COR)**

AN ACT TO AUTHORIZE A LEASE BETWEEN THE CHAMORRO LAND TRUST COMMISSION AND INADAHEN I LINA'LA' KOTTURAN CHAMORU, INC. ON LOT 5173-1-R2NEW-4, MUNICIPALITY OF TAMUNING, FOR USE AS A CULTURAL CENTER.

Department/Agency Appropriation Information

| | |
|-------------------------------------------------------------------------------------------------|--------------------------------------------------|
| Dept./Agency Affected: Chamorro Land Trust Commission | Dept./Agency Head: Michael J. B. Borja, Director |
| Department's General Fund (GF) appropriation(s) to date: | - |
| Department's Other Fund (Specify) appropriation(s) to date: Chamorro Land Trust Operations Fund | <u>1,002,694</u> |
| Total Department/Agency Appropriation(s) to date: | \$1,002,694 |

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 |
| Chamorro Land Trust Operations Fund | 1/ | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total | 1/ | \$0 | \$0 | \$0 | \$0 | \$0 |

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

| | | | |
|--------------------------------------------------|-----------------------|-----------------------------------------------------------|-------------------------------------|
| Analyst: <u>Jason Baza</u> Jason Baza, BMA II | Date: <u>10/11/16</u> | Director: <u>Jose S. Calvo</u> Jose S. Calvo, Director | OCT 14 2016 Date: <u>14 2016</u> |
|--------------------------------------------------|-----------------------|-----------------------------------------------------------|-------------------------------------|

Notes:
1/ See attached comments.

BUREAU OF BUDGET AND MANAGEMENT RESEARCH
COMMENTS ON BILL NO. 375-33 (COR)

The intent of the proposed legislation is to create and authorize a legislative lease for the cultural center at Ypao point, Sâgan Kotturan Chamoru (SKC), on Lot No. 5173-1-R2NEW-4 in the municipality of Tamuning. Currently, SKC is licensed by the Chamorro Land Trust Commission (CLTC) to the non-profit organization *Inadahen I Lina'la' Kotturan Chamoru, Inc.* on a limited, five year term basis that commenced on December 1, 2006 with the option to renew for an additional five years after the expiration of the initial term.

The current license agreement outlines the agreed compensation for use of the property as a cultural center. This section states that *Inadahen I Lina'la' Kotturan Chamoru, Inc.* shall remit five percent of each dollar collected as entrance fee(s) assessed from visitors into the Chamoru Cultural Center and/or its related facilities located within the property to the CLTC. In addition, Section 5(2)(ii) states that if *Inadahen I Lina'la' Kotturan Chamoru, Inc.* wanted to sublease a portion of their property to an entity other than themselves, they must remit 40% of any rental payments, fees, or assessments received from said sublease.

Section 3 of the proposed legislation indicates that the terms and conditions of the intended legislative lease of the subject property will remain identical to the existing license, except for a few amendments. The first amendment of note increases the property size by 0.5 acres. The second amendment of note extends the term to ninety-nine (99) years. The third amendment of note states compensation shall be one dollar (\$1.00) per year.

Per testimony from the Department of Land Management (DLM), the payment terms of the original license agreement have not been made to the CLTC to date. DLM also states that P.L. 25-179 declared the highest and best use of the subject property was for commercial development for the purpose of generating revenues for conducting infrastructure improvements on the CLTC's land inventory. Because the land was initially designated for commercial use, the DLM recommends that a compensation greater than the amount stipulated in Section 3 of the proposed legislation be identified.

The proposed legislation hinders the CLTC's ability to effectively utilize its assets. Thus, the compensation in the proposed legislation along with the inability to collect compensation from the original terms and conditions of the lease with *Inadahen I Lina'la' Kotturan Chamoru, Inc.* will ultimately result in an adverse fiscal impact on the CLTC as compared to the designated use of the subject property from P.L. 25-179.