



# COMMITTEE ON RULES

*I Mina'trentai Tres na Liheslaturan Guåhan* • The 33rd Guam Legislature  
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April 16, 2015

## Memorandum

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

**From:** **Senator Rory J. Respicio**  
*Majority Leader & Rules Chair*

**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. 56-33(COR)
- Bill No. 66-33(COR)
- Bill No. 70-33(COR)
- Bill No. 74-33(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'!*

2015 APR 16 AM 11:04  
*[Signature]*

**Bureau of Budget & Management Research  
Fiscal Note of Bill No. 66-33 (COR)**

AN ACT TO AMEND SECTION 2(II)(AF) OF CHAPTER I AND SECTION 1 OF PART I, CHAPTER II OF PUBLIC LAW 32-181; TO ADD A NEW SECTION 17 TO PART I, CHAPTER II OF PUBLIC LAW 32-181; AND TO AMEND SECTION 22425(q) OF CHAPTER 22, TITLE 5 OF THE GUAM CODE ANNOTATED; RELATIVE TO APPROPRIATING START-UP FUNDS FROM THE TERRITORIAL EDUCATIONAL FACILITIES FUND FOR THE GUAM DEPARTMENT OF EDUCATION (GDOE) EARLY CHILDHOOD EDUCATION PROGRAM/PRE-KINDERGARTEN PROGRAM AND TO PROVIDE ADDITIONAL FUNDS TO THE GDOE FOR ITS OPERATIONS AS A RESULT OF THE ENACTMENT OF PUBLIC LAW 32-219.

Department/Agency Appropriation Information	
Dept./Agency Affected: Guam Department of Education	Dept./Agency Head: Jon J.P. Fernandez, Superintendent
Department's General Fund (GF) appropriation(s) to date: FY15 Revenues (\$200,025,253); FY16 Advanced (\$1,500,000)	201,525,253
Department's Other Fund (Specify) appropriation(s) to date: Territorial Educational Facilities Fund (\$17,967,302); Public Library Resources Fund (\$839,429); Healthy Futures Fund (\$891,754); School Lunch/Child Nutritional Meal Reimbursement Fund (\$11,164,309)	30,862,794
<b>Total Department/Agency Appropriation(s) to date:</b>	<b>\$232,388,047</b>

Fund Source Information of Proposed Appropriation			
	General Fund:	Territorial Educational Facilities Fund	Total:
FY 2014 Unreserved Fund Balance		\$34,140	\$34,140
FY 2015 Adopted Revenues	\$0	\$28,568,285	\$28,568,285
FY 2015 Appro. (P.L. 32-181 thru 32-233)	\$0	(\$28,568,285)	(\$28,568,285)
Sub-total:	\$0	\$34,140	\$34,140
Less appropriation in Bill	\$0	(\$2,695,486)	(\$2,695,486)
<b>Total:</b>	<b>\$0</b>	<b>(\$2,661,346)</b>	<b>(\$2,661,346)</b>

Estimated Fiscal Impact of Bill						
	One Full Fiscal Year	For Remainder of FY 2015 (if applicable)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund	\$0	\$0	\$0	\$0	\$0	\$0
Territorial Educational Facilities Fund	\$0	\$2,695,486	1/	1/	1/	1/
<b>Total</b>	<b>\$0</b>	<b>\$2,695,486</b>	<b>1/</b>	<b>1/</b>	<b>1/</b>	<b>1/</b>

- 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? / / N/A /X / Yes / / No  
If no, what is the additional amount required? \$ \_\_\_\_\_ / / N/A
- Does the Bill establish a new program/agency? /X / Yes / / No  
If yes, will the program duplicate existing programs/agencies? / / 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: / / Yes /X / No  
/ / Requested agency comments not received by due date /X / Other: Time constraints

Analyst: <u>William P. Talingpong</u> Date: <u>4/10/15</u> Director: <u>Jose S. Calvo</u> Date: <u>4-15-15</u>
William P. Talingpong, BMA Supvr. <span style="margin-left: 150px;">Jose S. Calvo, Acting Director</span>

Footnotes:  
1/ See attached comments.

**COMMENTS ON BILL NO. 66-33 (COR)**

The Section 1 of the proposed bill is seeking to amend Section 2(II)(AF) of the Chapter I of Public Law 32-181, the General Appropriations Act of 2015, to increase the Total Estimated Special Fund Revenues of the Territorial Educational Facilities Fund (TEFF) from the current TEFF revenue level of \$28,568,285 to a revised TEFF revenue level of \$31,200,000 for Fiscal Year 2015. This is a 9.2% increase or \$2,631,715 over the current estimated/adopted TEFF revenue level for Fiscal Year 2015.

Due to the proposed increase in the TEFF revenues of \$2,631,715 for Fiscal Year 2015, Section 2 of the proposed bill intends to also amend the appropriation to the Guam Department of Education (GDOE) for Fiscal Year 2015 under Section 1 of Part I, Chapter II of Public Law 32-181.

It should be noted that Section 1 of the proposed bill provides for an increase of the TEFF revenue level for FY2015 by \$2,631,715, however, Section 2 provides for additional appropriation from the TEFF of \$2,695,486. As such, Section 2 will cause an over-appropriation of \$63,771 above the appropriation level as proposed for amendment.

The proposed increase of \$2,631,715 of additional revenues from the TEFF may be unattainable for Fiscal Year 2015. The current Government of Guam FY2015 Special Revenue Fund Tracking Report for the month ending February 28, 2015 does reflect a positive tracking for the TEFF, however, the total projection is estimated at \$88,698 over the adopted revenue level of \$28,568,285 for the TEFF for Fiscal Year 2015.

Section 3 of the proposed bill will add a new Section 17 to Part I, Chapter II of Public Law 32-181 making an appropriation of \$2,085,099 from the TEFF to GDOE of which \$1,100,000 is to fund an Early Childhood Education Program and the development and implementation of the Pre-Kindergarten Program in four (4) public schools identified by GDOE to pilot such a program, and \$985,099 is to provide additional funding for its operations as a result of the enactment of Public Law 32-219.

Section 5 of the proposed bill amends §22425(q) of Chapter 22 of Title 5 of the Guam Code Annotated to change the language for the purpose of the continuing appropriations from the TEFF are identified such that any amounts above the baseline plus the full continuing appropriation amount of \$8,500,000 can be reasonably calculated each fiscal year. The amendment provides that “any additional real property tax revenues received” is no longer “as a result of the most recent valuation of real property due to commence during the calendar years

2013 and 2014” but instead to read “above the average amount of the actual collections of real property taxes between fiscal years 2012 and 2014 which shall be \$20,755,710”, is hereby continuously appropriated annually, not to exceed \$8,500,000, from the TEFF in the amount and for purposes set forth in this Subsection. The intent of this section is unclear as to which amount is appropriated, as the language provides “...which shall be \$20,755,710”, is hereby continuously appropriated annually, not to exceed \$8,500,000...”.

The proposed Bill 66-33(COR) poses a few concerns as the intent is to increase the estimated TEFF revenue level for Fiscal Year 2015 by \$2,631,715, however, the Bureau is unable to reasonably estimate the amount of additional revenues as there is no revenue collection experience as a result of the new real property revaluations. Also, the proposed appropriation from the TEFF to GDOE of \$2,695,486 will cause an over-appropriation of \$63,771 above the proposed increase (\$2,631,715) of the TEFF revenue level for Fiscal Year 2015.