

I Mina'trentai Singko Na Liheslaturan Guåhan
BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	FISCAL NOTES	NOTES
394-35 (LS)	Clynton E. Ridgell	AN ACT TO AMEND § 12116.5(b)(1) OF CHAPTER 12, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO IMPLEMENTING AN AMORTIZED SYSTEM DEVELOPMENT CHARGE FOR AGRICULTURE AND AQUACULTURE ACTIVITIES.	9/1/20 4:40 p.m.	9/3/20	Committee on Economic Development, Agriculture, Maritime Transportation, Power and Energy Utilities, and Emergency Response			Request: 9/3/20 9/11/20	

Senator Régine Biscoe Lee,
Chair

Senator Amanda L. Shelton,
Vice Chair

Speaker Tina Rose Muña Barnes,
Member

Vice Speaker Telena Cruz Nelson,
Member

Senator Kelly Marsh (Taitano), PhD,
Member

Senator Sabina Flores Perez,
Member



COMMITTEE ON RULES
I MINA'TRENTAI SINGKO NA LIHESLATURAN GUÅHAN
35TH GUAM LEGISLATURE

September 11, 2020

Senator Clynton E. Ridgell,
Member

Senator Joe S. San Agustin,
Member

Senator Jose "Pedo" Terlaje,
Member

Senator Therese M. Terlaje,
Member

Senator James C. Moylan,
Member

Senator Mary Camacho Torres,
Member and Chair, Subcommittee on Protocol

MEMO

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

From: **Senator Régine Biscoe Lee**
Chair, Committee on Rules

Re: **Fiscal Note**

Bueñas yan Håfa Adai,

Attached, please find the fiscal note for the following bill:

Bill No. 394-35 (LS)

Please forward the same to Management Information Services (MIS) for posting on our website.

For any questions or concerns, please feel free to contact Mary Maravilla, Committee on Rules Director at 472-2461.

Thank you for your attention to this important matter.



Bureau of Budget & Management Research
Fiscal Note of Bill No. 394-35 (LS)

AN ACT TO AMEND § 12116.5(b)(1) OF CHAPTER 12, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO IMPLEMENTING AN AMORTIZED SYSTEM DEVELOPMENT CHARGE FOR AGRICULTURE AND AQUACULTURE ACTIVITIES.

Department/Agency Appropriation Information

Dept./Agency Affected: Department of Agriculture	Dept./Agency Head: Chelsa Muna-Brecht, Director
Department's General Fund (GF) appropriation(s) to date:	\$2,706,070
Department's Other Fund appropriation(s) to date: Guam Invasive Species Inspection Fee Fund (\$819,791); Guam Plant Inspection and Permit Fund (\$97,090); Rabies Prevention Fund (\$47,499); and Tourist Attraction Fund (\$405,801)	<u>\$1,370,181</u>
Total Department/Agency Appropriation(s) to date:	\$4,076,251

Fund Source Information of Proposed Appropriation

	General Fund:	Special Fund:	Total:
FY 2019 Unreserved Fund Balance	\$0	\$0	\$0
FY 2020 Adopted Revenues	\$0	0	0
FY 2020 Appro. (P.L. 35-36)	\$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 2020 (if applicable)	FY 2021	FY 2022	FY 2023	FY 2024
General Fund	\$0	\$0	\$0	\$0	\$0	\$0
Special Fund	\$0	\$0	\$0	\$0	\$0	\$0
Total	1/	\$0	\$0	\$0	\$0	\$0

1. Does the bill contain "revenue generating" provisions? / / Yes / X/ No
 If Yes, see attachment
2. 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
3. Does the Bill establish a new program/agency? / / Yes / X/ No
 If yes, will the program duplicate existing programs/agencies? /X/ N/A / / Yes
 Is there a federal mandate to establish the program/agency? / / Yes / 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: /X/ Yes / / No
 / X/ Requested agency comments not received by due date: Department of Agriculture / / Other:

Analyst: Raymond Y. Rieta Date: 9/9/2020 Director: Lester L. Carlson, Jr. Date: **SEP 11 2020**
 Raymond Y. Rieta, BMA II *LR* Lester L. Carlson, Jr., Director

Notes:
 1/: See additional Comments.

Bureau of Budget & Management Research

Comments on Bill No. 394-35 (LS)

Bill No. 394-35 amends § 12116.5(b)(1) of Chapter 12, Title 12, Guam Code Annotated, relative to implementing an Amortized System Development Charge (ASDC) for agriculture and aquaculture activities.

According to the informational handout provided to customers of the Guam Waterworks Authority (GWA), System Development Charges (SDCs) are fees that are assessed to new development and to those persons who are changing an existing building or facility where density is increased to pay a portion of the costs borne by GWA to accommodate the increased demand for water and wastewater services that arise from the new development. These fees are collected to help offset the impact the project will have on the island's infrastructure of water and sewer systems. SDCs shall be assessed on each user who is for the first time connecting property to the Guam water or wastewater system as well as an optional ASDC for residential customers who are building their own home.

The current law "authorizes" the Public Utilities Commission (PUC) to adopt and approve a charge schedule for GWA. The intent of Bill No. 394-35 makes it *mandatory* for the PUC to adopt and approve a charge schedule for GWA to include the ASDC. The Bill also adds residents intending to use their land for agriculture or aquaculture activities to be subject to the ASDC in order to promote and develop such activities.

By implementing the ASDC for agriculture or aquaculture activities, the intent is to ease the initial financial burden of the SDCs by amortizing the charges over a period not to exceed 15 years. With the SDC being amortized, residents may be more inclined to implement agriculture or aquaculture activities knowing the initial SDCs will not have to be paid up front all at once.

According to information received from GWA, the average annual impact to SDCs, based on SDCs paid for agricultural use from FY2014 through FY2019 would be approximately \$7,300 in charges that could potentially be amortized. GWA further comments that they are not opposed to ASDCs for sole proprietors or small individual farmers, but opposes ASDCs for corporations, Limited Liability Corporations (LLCs) or businesses that are undertaking agricultural activities.

The Bureau recognizes that GWA is an autonomous entity of the Government of Guam. As such, all additional costs to implement the ASDC program shall be borne by GWA but recouped in the form of fees. The Bureau does not anticipate a financial impact on any other fund of the Government of Guam.