

*I Mina'trentai Ocho Na Liheslaturan Guåhan*  
**BILL STATUS**

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	FISCAL NOTES	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	NOTES
<b>101-38 (COR)</b>	Jesse A. Lujan Telo T. Taitague Christopher M. Dueñas	AN ACT TO <i>ADD</i> A NEW § 26203 (f) TO ARTICLE 2, CHAPTER 26, TITLE 11 GUAM CODE ANNOTATED, RELATIVE TO EXPANDING THE BUSINESS PRIVILEGE TAX EXEMPTIONS LIST TO INCLUDE PRESCRIPTION DRUGS.	4/4/25 11:43 a.m.	4/14/25	Committee on Finance and Government Operations.	Request: 4/16/25  4/16/25			



## COMMITTEE ON RULES

Vice Speaker V. Anthony Ada, Chairperson  
*I Mina'trentai Ocho Na Liheslaturan Guåhan*  
38<sup>th</sup> Guam Legislature

April 16, 2025

**To:** **Rennae V. C. Meno**  
Clerk of the Legislature

**From:** **Vice Speaker V. Anthony Ada**   
Chairperson, Committee on Rules

**Subject:** **Fiscal Note for Bill No. 101-38 (COR)**

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*Håfa Adai!*

Find the attached, Fiscal Note for the following bill:

**Bill No. 101-38 (COR).**

I also request that the same be sent to the respective Chairperson of the Standing Committee, to which this bill has been referred. Kindly forward the same to Management Information Services (MIS) for posting on our website.



**Bureau of Budget & Management Research**  
**Fiscal Note of Bill No. 101-38 (COR)**

AN ACT TO ADD A NEW § 26203 (f) TO ARTICLE 2, CHAPTER 26, TITLE 11 GUAM CODE ANNOTATED, RELATIVE TO EXPANDING THE BUSINESS PRIVILEGE TAX EXEMPTIONS LIST TO INCLUDE PRESCRIPTION DRUGS.

**Department/Agency Appropriation Information**

<b>Dept./Agency Affected:</b> Department of Revenue and Taxation (DRT)	<b>Dept./Agency Head:</b> Lizama, Marie P., Director
<b>Department's General Fund (GF) appropriation(s) to date:</b>	\$14,837,221
	<u>\$2,898,268</u>
<b>Total Department/Agency Appropriation(s) to date:</b>	\$17,735,489

**Fund Source Information of Proposed Appropriation**

	General Fund:	Special Fund:	Total:
FY 2024 Unreserved Fund Balance	\$0	\$0	\$0
FY 2025 Adopted Revenues	\$0	\$0	\$0
FY 2025 Appro. (P.L. 37-125)	\$0	\$0	\$0
Sub-total:	\$0	\$0	\$0
Less appropriation in Bill	\$0	\$0	\$0
<b>Total:</b>	\$0	\$0	\$0

**Estimated Fiscal Impact of Bill**

	One Full Fiscal Year	For Remainder of FY 2025 (if applicable)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund	\$0	\$0	\$0	\$0	\$0	\$0
Special Fund	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	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? /X/ Yes // No  
 If no, indicate reason: \_\_\_\_\_  
 /X/ Requested agency comments not received by due date: DRT /X/ Other - Comments received from GEDA

<b>Analyst:</b> <u>Raymond Rieta, BMA IV</u>	<b>Date:</b> <u>4/15/25</u>	<b>Director:</b> <u>Lester L. Carlson, Jr., Director</u>	<b>Date:</b> <u>APR 16 2025</u>
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**Notes:**  
 1/ See Additional Comments.

**Bureau of Budget & Management Research**  
**Comments on Bill No. 101-38 (COR)**

Bill No. 101-38 is an act to expand the Business Privilege Tax (BPT) exemptions list to include prescription drugs. As per the legislation, the intent of the Bill is to magnify access to indispensable medications, improve public health, cultivate a more equitable business environment for local providers, and elevate the healthcare infrastructure of Guam.

As per the Guam Financial Management Information System (GFMIS), amounts collected for BPTs fall under several categories ranging from wholesaling, retailing, services, rental, profession, commission, insurance, contracting, insurance, etc.

The impact of exempting BPTs from the costs of prescription drugs may fall within the wholesaling and retailing categories of the BPT. However, absent comment from the Department of Revenue and Taxation (DRT) the Bureau does not have administrative or sales data to ascertain the dollar value of prescription drugs sold by local pharmacies on Guam to measure its overall fiscal impact on government tax revenues and as such is not able to accurately measure its impact should the bill become law.

Additionally, based on comments originally received from the Guam Economic Development Authority (GEDA) on March 17, 2025, and recently reaffirmed by the Authority, in reference to another proposed legislation relative to exemptions to the BPT, *the BPT Indenture was executed and the first Bonds were issued in December 2011. Under the BPT Indenture, the Government has pledged BPT Revenues to the repayment of the Bonds. BPT Revenues is defined in the BPT Indenture as “the tax revenues derived from the levy of three percentage points (3%), out of the total percentage points levied from time to time, of the BPT imposed by Section 26201 of Article 2 of Chapter 26 of Title 11 of the Guam Code Annotated, as amended, or any successor provision.”*

They further add that Section 6.09 of the BPT Indenture provides that *“[a]s long as any Bonds remain Outstanding, the Government shall not reduce the rate of levy and collection of the pledged BPT below three percent (3%), nor shall the Government reduce the services, products or activities to which the pledged BPT applies, nor shall the Government upwardly adjust any exception or exclusion to, or otherwise impair, the pledged BPT.”* *The breach of this covenant can lead to an event of default, which would have broad financial implications on the government to include, among other things, an acceleration of the bond payments to be due immediately.* As of March 17, 2025, the outstanding principal amount for BPT bonds was approximately \$625,200,000.