

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
198-38 (LS)	Telo T. Taitague Frank F. Blas, Jr.	AN ACT MAKING REVISIONS TO THE GENERAL FUND, AND THE GUAM HIGHWAY FUND FOR THE OPERATIONS OF THE EXECUTIVE, LEGISLATIVE, AND JUDICIAL BRANCHES OF THE GOVERNMENT OF GUAM FOR FISCAL YEAR ENDING SEPTEMBER 30, 2026, MAKING NEW APPROPRIATIONS, AND ESTABLISHING MISCELLANEOUS AND ADMINISTRATIVE PROVISIONS.	10/2/25 3:52 p.m.	10/9/25	Committee on Finance and Government Operations.	Request:10/9/25 10/15/25			



COMMITTEE ON RULES

Vice Speaker V. Anthony Ada, Chairperson

I Mina'trentai Ocho Na Liheslaturan Guahan

38th Guam Legislature

October 15, 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. 198-38 (LS)**

Håfa Adai!

Find the attached, Fiscal Note for the following bill:

Bill No. 198-38 (LS).

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



Bureau of Budget & Management Research
Fiscal Note of Bill No. 198-38 (LS)

AN ACT MAKING REVISIONS TO THE GENERAL FUND, AND THE GUAM HIGHWAY FUND FOR THE OPERATIONS OF THE EXECUTIVE, LEGISLATIVE, AND JUDICIAL BRANCHES OF THE GOVERNMENT OF GUAM FOR FISCAL YEAR ENDING SEPTEMBER 30, 2026, MAKING NEW APPROPRIATIONS, AND ESTABLISHING MISCELLANEOUS AND ADMINISTRATIVE PROVISIONS.

Department/Agency Appropriation Information	
Dept./Agency Affected: Guam Memorial Hospital Authority	Dept./Agency Head: Dr. Joleen Aguon, Interim CEO
Department's General Fund (GF) appropriation(s) to date: (Excludes \$20M from FY26 GF Surplus and \$5.2M from FY23 GF Surplus)	\$29,786,146
Department's Other Fund appropriation(s) to date:	\$22,828,406
Total Department/Agency Appropriation(s) to date:	\$52,614,552

Dept./Agency Affected: Department of Public Works	Dept./Agency Head: Mr. Vincent P. Arriola, Director
Department's General Fund (GF) appropriation(s) to date:	\$4,114,670
Department's Other Fund appropriation(s) to date (GHF - \$10,274,822; GEFF - \$7,907,558):	\$18,182,413
Total Department/Agency Appropriation(s) to date:	\$22,297,083

Fund Source Information of Proposed Appropriation				
	General Fund:	GMHA Pharmaceuticals Fund:	Guam Highway Fund:	Total:
FY 2025 Unreserved Fund Balance	\$0	\$0	\$0	\$0
FY 2026 Adopted Revenues	\$949,391,696	\$22,828,406	\$11,085,899	\$983,306,001
FY 2026 Appropriations (P.L. 38-60)	(\$1,024,173,345)	(\$22,828,406)	(\$11,085,899)	(\$1,058,087,650)
Sub-total:	(\$74,781,649)	\$0	\$0	(\$74,781,649)
Less appropriation in Bill	\$0	(\$659,845)	(\$10,000,000)	(\$10,659,845)
Total:	(\$74,781,649)	(\$659,845)	(\$10,000,000)	(\$85,441,494)

Estimated Fiscal Impact of Bill						
	One Full Fiscal Year	For Remainder of FY 2026 (if applicable)	FY 2027	FY 2028	FY 2029	FY 2030
General Fund	1/	1/	\$0	\$0	\$0	\$0
GMHA Pharmaceuticals Fund	1/	1/	\$0	\$0	\$0	\$0
Guam Highway Fund	1/	1/	\$0	\$0	\$0	\$0
Total	1/	1/	\$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? | / / N/A | / X / Yes |
| If no, what is the additional amount required? | / X / N/A | / / No |
| 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: | / / Yes | / / No |
| / / Requested agency comments not received by due date | / / Other: | |

Analyst: <u>apaf</u>	Date: <u>10/9/2025</u>	Director: <u>Lester L. Carlson, Jr., Director</u>	Date: <u>OCT 15 2025</u>
Abigail R. Ofeciar, BMA Spvr.			

Notes:
 1/ See attached comments.

BUREAU OF BUDGET AND MANAGEMENT RESEARCH
COMMENTS ON BILL NO. 198-38 (LS)

The proposed legislation intends to amend the adopted revenue levels for the General Fund, the Guam Memorial Hospital Authority (GMHA) Pharmaceuticals Fund, and the Guam Highway Fund for Fiscal Year 2026, as contained in Public Law 38-60. It also intends to increase the appropriation from the GMHA Pharmaceuticals Fund to the GMHA as well as to increase the appropriation from the Guam Highway Fund to the Department of Public Works (DPW), specifically for the allocation to the Village Streets and Roads Resurfacing and Repairs.

The proposed amendment to the General Fund is through an increase of \$10,659,844 in the Business Privilege Tax (BPT) revenues. Pursuant to §26208, Chapter 26 of Title 11 Guam Code Annotated, 6.19% of all BPT shall be deposited into the GMHA Pharmaceuticals Fund. The \$10,659,844 increase in the BPT then translates to a \$659,845 increase in the GMHA Pharmaceuticals Fund. The resulting increase in Total General Fund Revenues Available for Appropriation is \$9,999,999. The proposed amendment to the Guam Highway Fund is an increase of \$10,000,000. These increases are reflected in the proposed legislation under Section 2. Section 3 of the proposed legislation amends the GMHA Pharmaceuticals Fund Appropriation in line with the proposed increase in BPT, while Section 4 of the proposed legislation amends the Guam Highway Fund Appropriation to DPW and its allocation for the Village Streets and Roads Resurfacing and Repairs.

The Bureau would like to point out that the proposed increase in the Business Privilege Tax revenues from \$368,794,933 to \$379,454,777 in FY 2026 at the beginning of the current fiscal year is unsubstantiated absent at least three months of collections, especially in light of the BPT rollback from 5% to 4.5% effective October 1, 2025, as per P.L. 38-60. Based on the Consolidated Revenue and Expenditure Report as of August 31, 2025, the BPT is tracking to collect \$405,352,364 at the BPT rate of 5%. With the effective BPT rate now at 4.5%, this amount may decrease to approximately \$364,817,128, with all else being equal.

In addition, the proposed increase in the Guam Highway Fund revenue level from \$13,465,565 to \$23,465,565 in FY 2026 requires scrutiny given that the *Gas Tax Relief Act* is still in effect. The *Gas Tax Relief Act* was first enacted in P.L. 36-105 in June 2022, and subsequently extended through the end of FY 2026 through P.L. 36-124, P.L. 37-18, P.L. 37-58, P.L. 37-125, and P.L. 38-60. Provided below is a summary of Guam Highway Fund revenue collections from FY 2021 through FY 2024.

Guam Highway Fund Revenues	FY 2021 (Audited)	FY 2022 (Audited)	FY 2023 (Audited)	FY 2024 (Unaudited)
Liquid Fuel Tax	\$ 10,100,087	\$ 9,091,050	\$ 3,118,160	\$ 2,100,728
Licenses and Permits	\$ 10,117,398	\$ 10,483,146	\$ 10,073,524	\$ 10,300,885
Others	\$ 355,844	\$ 246	\$ 212	\$ 481
TOTAL GHF	\$ 20,573,329	\$ 19,574,442	\$ 13,191,896	\$ 12,402,094

The historical collections above reflect reduced revenue collections from liquid fuel taxes following the onset of the *Gas Tax Relief Act* from a level of \$10.1M in FY 2021 to \$2.1M in FY 2024. On the other hand, revenue collections from vehicle license and registration fees continues to be in the \$10M range. From a \$20.6M Guam Highway Fund revenue in FY 2021, only \$12.4M was collected in FY 2024. Based on the Special Revenue Fund Tracking Report as of August 31, 2025, the Guam Highway Fund is

anticipated to collect approximately \$16,135,487. Although the revenue tracking for the Guam Highway Fund for FY 2025 is higher than the adopted level for FY 2026 of \$13,465,565, it does not justify increasing the revenue for FY 2026 by \$10M.

In the annual budget process, the formulation phase comprises of multiple steps taken to develop the program and financial plans for the government as presented in the annual Executive Budget Request. This phase incorporates economic data and statistics in the development of projected revenues for the upcoming fiscal year. Further, as the Legislative body moves to consider the EBR, the Special Economic Service is convened particularly to scrutinize the proposed revenue levels. Experts from select government entities to include Chairman of *I Liheslaturan Guåhan*'s Committee on Ways and Means; the Director of the Office of Finance and Budget; the Public Auditor; the Director of the Bureau of Budget and Management Research; the Director of Revenue and Taxation; the Director of Administration; the Administrator of the Guam Economic Development Authority; the Chief Economist of the Department of Labor; and the Administrator of Research and Evaluation (Research Manager) of the Guam Visitors Bureau are given the opportunity to collectively assess the state of the economy and the proposed revenues for the upcoming fiscal year. The Bureau is of the position that this same level of scrutiny must be applied to all measures proposed to have an impact on the operating revenues for the government of Guam.

In its current form, the proposed legislation is unbalanced as the additional \$9,999,999 in proposed Total General Fund Revenues Available for Appropriation is not appropriated. As it pertains to the FY 2026 Budget, the recent passage of Bill No. 144-38 (COR) also renders it unbalanced as P.L. 38-60 only authorized the amounts of \$500,000 in BPT Tax Credits and \$300,000 in Excise Tax Credits for the Guam National Youth Football Federation in FY 2026. Bill No. 144-38 (COR) proposes to increase these tax credits to up to \$1,000,000 and \$500,000 respectively, for FY 2026. However, Bill No. 144-38 (COR) does not contain any provision to adjust the revenues to support such increases in tax credits. There should have been a budget offset to allow for these tax credit increases to have accord.

The Bureau also notes that a number of technical corrections are necessary to properly reflect the intent of the proposed legislation if enacted.