

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
2-38 (COR)	Joe S. San Agustin	AN ACT TO ADD A NEW §22439 OF CHAPTER 22, TITLE 5 GUAM CODE ANNOTATED, RELATIVE TO PROHIBITING THE GOVERNMENT OF GUAM FROM PASSING ON FEES CHARGED BY CREDIT CARD PROCESSORS TO COLLECT PAYMENT OF TAXES OR USE GOVERNMENT OF GUAM SERVICES.	1/13/25 8:00 a.m.	1/16/25	Committee on Finance and Government Operations.	Request: 1/16/25 1/29/25			



COMMITTEE ON RULES

Vice Speaker V. Anthony Ada, Chairperson

I Mina'trentai Ocho Na Liheslaturan Guåhan

38th Guam Legislature

January 29, 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. 2-38 (COR)**

Håfa Adai!

Find the attached, Fiscal Note for the following bill:

Bill No. 2-38 (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. 02-38 (COR)**

AN ACT TO ADD A NEW §22439 OF CHAPTER 22, TITLE 5 GUAM CODE ANNOTATED, RELATIVE TO PROHIBITING THE GOVERNMENT OF GUAM FROM PASSING ON FEES CHARGED BY CREDIT CARD PROCESSORS TO COLLECT PAYMENT OF TAXES OR USE GOVERNMENT OF GUAM SERVICES.

Department/Agency Appropriation Information	
Dept./Agency Affected: Department of Administration	Dept./Agency Head: Edward Birn, Director
Department's General Fund (GF) appropriation(s) to date:	\$10,783,269
Department's Other Fund (Specify) appropriation(s) to date: Indirect Cost Fund & Limited Gaming Fund	\$954,943
Total Department/Agency Appropriation(s) to date:	\$11,738,212

Fund Source Information of Proposed Appropriation			
	General Fund:	Special Fund:	Total:
FY 2024 Unreserved Fund Balance:		\$0	\$0
FY 2025 Adopted Revenues	\$0	\$0	\$0
FY 2025 Appropriations (P.L. 37-125)	\$0	\$0	\$0
Sub-total:	\$0	\$0	\$0
Less:	\$0	\$0	\$0
Total:	\$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	1/	1/	\$0	\$0	\$0	\$0
Special Fund	\$0	\$0	\$0	\$0	\$0	\$0
Total	1/	1/	\$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? / / N/A / / 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: / X/ Yes / / No
/ X/ Requested agency comments not received by due date / / Other:

Analyst: <u>Jason Baza</u> Date: _____	Director: <u>Lester L. Carlson, Jr.</u> Date: <u>JAN 29 2025</u>
Jason Baza, BMA Admin.	Lester L. Carlson, Jr., Director

Notes:
1/ See attached comments.

**BUREAU OF BUDGET AND MANAGEMENT RESEARCH
COMMENTS ON BILL NO. 02-38 (COR)**

The proposed legislation intends to add a new §22439 of Chapter 22, Title 5 Guam Code Annotated, relative to prohibiting the Government of Guam from passing on fees charged by credit card processors to collect payment of taxes or use Government of Guam services.

It should be noted that P.L. 37-135 appropriated \$4,710,443 from FY 2024 excess General Fund revenues to cover credit card convenience fees for individual payors in FY 2025. The proposed legislation would extend the credit card convenience fee waiver to all credit card transactions for payment of taxes or other Government of Guam services.

The Bureau notes that the Government of Guam imposed the credit card convenience fee waiver at the onset of COVID-19, and utilized a combination of the Coronavirus Aid, Relief, and Economic Security (CARES) Act and American Rescue Plan (ARP) Act funds to cover such expenses from March 2020 through September 30, 2024. The credit card convenience fee waiver during this period was for all credit card transactions for payment of taxes or other Government of Guam services.

The cumulative total of credit card convenience fees absorbed by the Government of Guam during this period amounted to \$40,020,047.34, of which \$6,824,279.14 was paid from the CARES Act, and the remaining balance of \$33,195,768.20 paid from the ARP Act funds. Below is a breakdown of expenses by fiscal year:

FY	Expenditure	Variance from Previous FY	% Increase
FY 2020^{1/}	2,591,084.96	----	
FY 2021	7,028,664.11	----	
FY 2022	8,126,318.48	1,097,654.37	15.62%
FY 2023	9,925,488.62	1,799,170.14	22.14%
FY 2024	12,348,491.17	2,423,002.55	24.41%

1/ FY 2020 captures expenditures from March 2020 through September 2020.

As such, should the proposed legislation become law, the Bureau estimates that, at a minimum, the Government of Guam would need to appropriate approximately \$12.4M to cover credit card convenience fees for all credit card transactions. However, based on the percentage growth of expenditures from FY 2021 through FY 2024 (average of 20.72%), there is the potential that the estimated cost to cover said fees could grow to approximately \$14.9M.