*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 |
|---|---|---|---|---|---|---|---|---|---|
| **342-38 (LS)** | V. Anthony Ada | AN ACT TO *ADD* A NEW § 80126 TO CHAPTER 80, TITLE 10, GUAM CODE ANNOTATED AND A NEW § 26812 TO CHAPTER 26, TITLE 11, GUAM CODE ANNOTATED, AS ENACTED BY PUBLIC LAW 38-115, RELATIVE TO ESTABLISHING THE GMH CAPITAL PRESERVATION FUND AND DEDICATING CERTAIN REVENUES COLLECTED PURSUANT TO PUBLIC LAW 38-115 FOR PERMANENT CAPITAL INFRASTRUCTURE IMPROVEMENTS AT THE GUAM MEMORIAL HOSPITAL AUTHORITY. | 7/14/26<br>1:19 p.m.<br><br>^7/22/26<br>4:16 p.m. | 7/27/26 | Committee on Finance and Government Operations. | Request: 7/27/26<br><br>8/7/26 | | | |

# COMMITTEE ON RULES

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

August 7, 2026

**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. 342-38 (LS)**

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*Håfa Adai!*

Find the attached, Fiscal Note for the following bill:

**Bill No. 342-38 (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. 342-38 (LS)

AN ACT TO *ADD* A NEW § 80126 TO CHAPTER 80, TITLE 10, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE *GMH CAPITAL PRESERVATION FUND* AND DEDICATING CERTAIN REVENUES COLLECTED PURSUANT TO *PUBLIC LAW 38-115* FOR PERMANENT CAPITAL INFRASTRUCTURE IMPROVEMENTS AT THE GUAM MEMORIAL HOSPITAL AUTHORITY.

| Department/Agency Appropriation Information | |
|---|---|
| Dept./Agency Affected: Guam Memorial Hospital Authority (GMHA) | Dept./Agency Head: Dr. Joleen M. Aguon, Administrator |
| Department's General Fund (GF) appropriation(s) to date (inclusive of $5.2M from FY 2023 Audited Excess Revenues): | $34,986,146 |
| Department's Other Fund (GMHA Pharmaceuticals Fund) appropriation(s) to date: | $22,828,406 |
| Total Department/Agency Appropriation(s) to date: | $57,814,552 |

**Fund Source Information of Proposed Appropriation**

| | General Fund: | (Specify Special Fund): | Total: |
|---|---|---|---|
| FY 2025 Unreserved Fund Balance | | $0 | $0 |
| FY 2026 Adopted Revenues | $0 | $0 | $0 |
| FY 2026 Appro. (P.L. 38-60) | $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 2026 (if applicable) | FY 2027 | FY 2028 | FY 2029 | FY 2030 |
|---|---|---|---|---|---|---|
| General Fund 1/ | $0 | $0 | $0 | $0 | $0 | $0 |
| Special Fund 1/ | $0 | $0 | $0 | $0 | $0 | $0 |
| Total 1/ | $0 | $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 / / No
   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 /X/ No
   /X/ Requested agency comments not received by due date / / Other:

Analyst: [signature] Date: 8/7/26 Director: [signature] Date: AUG 07 2026
Joaquin A.J. Guerrero II Lester L. Carlson, Jr.

Comments:
1/ See attached comments.

Bureau of Budget and Management Research
Comments on Bill No. 342-38 (LS)

The proposed legislation intends to add a new § 80126 to Chapter 80, Title 10 of the Guam Code Annotated to establish the *GMH Capital Preservation Fund* and dedicate certain revenues collected pursuant to the Tax Amnesty Program established by Public Law 38-115, excluding delinquent income and real property taxes collected under the program, for the preservation, rehabilitation, modernization, and replacement of critical capital infrastructure and life-safety systems at the Guam Memorial Hospital Authority (GMHA).

Per comments provided by the Department of Revenue and Taxation (DRT), the proposed legislation in its current form carries significant implications for the broader government with the redirection of substantial portions of designated amnesty revenues to the proposed GMH Capital Preservation Fund indefinitely. The redirection of these revenues will represent a potential reduction in General Fund (GF) and Special Revenue Fund (SRF) revenues that can be made available to appropriate for other government operations.

The redirection of designated GF and SRF amnesty revenues may deprive the government of Guam from additional financial resources critical for addressing public service deficits or bond indentures (i.e. mandatory GRT 3% security). In tandem with SRF tracking, DRT and the Government of Guam must do its part to protect pledged portions of BPT revenues in meeting its contractual terms of its bond indenture covenant(s). Although not a direct or immediate concern in terms of its tax administration obligations, DRT is nevertheless accountable to these services and protections over Government of Guam coffers and in managing the related mandates, thresholds, and limitations when reliance is on tax revenue components including its role in meeting the court ordered Tax Refund Injunction. At this juncture, it becomes a critical reminder of the inevitable adverse impact of this bill on existing SRFs. The intent of this bill risks reduction or elimination of all funding to other existing special revenue funds.

Founded on the DRT's expertise and authority, proposed legislation must be prefaced with comprehensive evaluations and consultations with the applicable agencies as standard best practice. This will ensure fiscal policies remain fair, parties are accountable, and transparent. This is critical especially in consideration of the agency obligated to fulfill the mandates.

Based upon internal performance data of tax payments obtained from the 2018 Tax Amnesty Program and referencing specific language within § 26811 of P.L. 38-115, the DRT would be eligible for a 10% allocation of $3,025,254.20 for the administration of the Tax Amnesty Program. In accordance with provisions outlined within the proposed legislation (§ 80126(b), Chapter 80, Title 10 GCA), the GMH Capital Preservation Fund would have been eligible to receive $8,626,828.11, ultimately contradicting and removing the DRT's 10% codified allocation.

**2018 Tax Amnesty Statistics Summary**

| Tax Type | Tax Amnesty Payments Received | |
|---|---|---|
| Income Tax | $ | 20,284,563.17 |
| Business Privilege Tax | | 8,626,828.11 |
| SubTotal Tax | $ | 28,911,391.28 |
| Real Property Tax | | 1,341,150.75 |
| **TOTAL PAYMENTS** | **$** | **30,252,542.03** |

***SOURCE:*** *DRT Tracking - 2018 Tax Amnesty*

As Guam's primary tax authority, DRT recommends the following structural adjustments to mitigate adverse fiscal impact to the General Fund while still providing critical support to GMHA:

- "Watershed" Cap Model: Amend the bill to cap total deposits into the GMH Capital Preservation Fund. All collections exceeding this cap would revert to the General Fund.
- Balanced Split (%): Apply a split allocation such as 50% to the GMH Capital Preservation Fund ($4,313,414.05) and 50% to the GF ($4,313,414.05) from the sample Business Privilege Tax figure illustrated in the 2018 Tax Amnesty Statistics Summary.
- Time-Bound Sunset Clause: Limit the automatic redirection to a set timeframe or transition the funding mechanism to an annual legislative appropriation.
- Capital Integration Review: Refine statutory language to clearly indicate if funding supports near-term repairs or long-term construction. Align the proposed bill's intent with the expected completion of the new hospital (approved May 2026; estimated mid-2030s completion) thereby eliminating duplicate capital commitments. Without statutory boundaries, taxpayer dollars may be bound to fund major capital upgrades to the existing hospital which may be deemed derelict and demolished or decommissioned before the estimated construction of the new hospital is complete. This ties up funding that could be used to fund other worthwhile capital improvement or critical infrastructure projects on the island. Additionally, an inadvertent overlap is created duplicating funding mechanisms already set aside for the new hospital.

Tax amnesty programs are and remain a risk with outcomes that are difficult to quantify. The DRT maintains the position that before such an endeavor is pursued, at minimum, a cost-benefit analysis should be developed as pre-enactment criteria that estimates best possible outcomes so the government of Guam is not sacrificing long-term tax revenues, interest, penalties, and compliance integrity than is recovered through a temporary, short-term cash infusion. Until sound fiscal metrics prove otherwise, public policy should prioritize continuous, equal enforcement over tax amnesty programs.

It should be noted that the Bureau had requested comments from the GMHA but has not received a response as of the preparation of this fiscal note.