

I Mina'trentai Sais 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
231-36 (LS)	James C. Moylan Tina Rose Muña Barnes Joe S. San Agustin Christopher M. Dueñas V. Anthony Ada	AN ACT TO AMEND § 58202 AND § 58203 OF ARTICLE 2, CHAPTER 58, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO AMENDING THE SPECIAL QUALIFYING CERTIFICATE FOR HOTEL ROOM DEVELOPMENT TO INCLUDE RENOVATIONS.	12/10/21 9:31 a.m.	12/15/21	Committee on Economic Development, Agriculture, Power and Energy Utilities, and the Arts			Request: 12/16/21  12/23/21	



Vice Speaker

**TINA ROSE MUÑA BARNES**

**CHAIRPERSON, COMMITTEE ON RULES**

*I Mina'trentai Sais Na Liheslaturan Guåhan*

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December 23, 2021

# MEMO

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

**From:** **Senator Amanda L. Shelton**  
Acting Chairperson, Committee on Rules

**Re:** **Fiscal Notes on Bill Nos. 231-36 (LS) and 232-36 (LS)**

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*Håfa adai,*

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

**Bill No. 231-36 (LS)**

**Bill No. 232-36 (LS)**

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

If you have 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. 231-36 (LS)**

**AN ACT TO *AMEND* § 58202 AND § 58203 OF ARTICLE 2, CHAPTER 58, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO AMENDING THE SPECIAL QUALIFYING CERTIFICATE FOR HOTEL ROOM DEVELOPMENT TO INCLUDE RENOVATIONS.**

**Department/Agency Appropriation Information**

Dept./Agency Affected: Guam Economic Development Authority	Dept./Agency Head: Melanie Mendiola, CEO/Administrator
Department's anticipated revenues to date:	\$2,957,299
Department's appropriation(s) to date:	\$0
Total Department/Agency revenues to date:	\$2,957,299

**Fund Source Information of Proposed Appropriation**

	General Fund:	(Specify Special Fund):	Total:
FY 2021 Unreserved Fund Balance		\$0	\$0
FY 2022 Adopted Revenues	\$0	\$0	\$0
FY 2022 Appro. (P.L. 36-54)	\$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 2022 (if applicable)	FY 2023	FY 2024	FY 2025	FY 2026
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? /X/ Yes / / No
5. Was Fiscal Note coordinated with the affected dept./agency? If no, indicate reason: /X/ Yes / / No  
 / / Requested agency comments not received by due date / / Other:

Analyst: Joaquín A.J. Guerrero II Date: 12/22/21 Director: Lester L. Carlson, Jr. Date: DEC 23 2021

Notes:  
 1/ See attached comments.

Bureau of Budget and Management Research  
Comments on Bill No. 231-36 (LS)

The proposed legislation intends to amend §§ 58202 and 58203 of Article 2, Chapter 58, Title 12 of the Guam Code Annotated, to include renovations within the special qualifying certificate for hotel room development. The provisions of the Bill under the Special Hotel Qualifying Certificate Program, in addition to the current terms for new hotel construction, will include a hotel renovation and expansion tax rebate and abatement. The developer shall be allowed a tax rebate, exemption, or abatement in an amount equal to twenty percent (20%) of their total construction cost, which can be applied at their discretion to the following taxes: (1) fifty percent (50%) Business Privilege Tax for twenty (20) years as long as the tax credits are available at the point they are taken, but shall not apply to three percent (3%) out of the total percentage points levied from time to time; (2) seventy-five percent (75%) Income Tax Rebate for twenty (20) years; (3) one hundred percent (100%) Real Property Tax Abatement for ten (10) years; and (4) one hundred percent (100%) of Use Tax Exemption with respect to the property used to construct, furnish, and equip the expanded and/or renovated building.

Per comments provided by the Guam Economic Development Authority, the proposed revisions to the Special Hotel Qualifying Certificate Program are based on input provided to the Authority from various stakeholders to yield a more attractive tax incentive program for the renovation and/or expansion of existing hotel properties to encourage investment to existing rooms and facilities. The goal is to modernize and improve the island's local hotel inventory, which is a key factor in retooling Guam's visitor industry to attract higher spending visitors. The Special Hotel Qualifying Certificate Program is structured to ensure that the initial investment made by the beneficiary always exceeds the total amount of tax benefits received. In this way, the government of Guam and the island in general receives more in investment dollars as compared to the tax benefits authorized. Further, this does not take into account any other expenses or costs a beneficiary will incur with regards to employee wages and taxes as well as expenses for products and services from local vendors. Lastly, existing hotel operators that make substantial improvements to their properties will be able to charge a premium for the improved product, which would benefit different sectors of Guam's economy.