

LOURDES A. LEON GUERRERO  
GOVERNOR



JOSHUA F. TENORIO  
LT. GOVERNOR

UFISINAN I MAGA'HÅGAN GUÅHAN  
OFFICE OF THE GOVERNOR OF GUAM

January 15, 2021

Doc Type: 36GL-21-0073  
OFFICE OF THE SPEAKER  
THERESE M. TERLAJE

**HONORABLE THERESE M. TERLAJE**

*Speaker*

*I Mina'trentai Sais Na Liheslaturan Guåhan*

*36<sup>th</sup> Guam Legislature*

Guam Congress Building

163 Chalan Santo Papa

Hagåtña, Guam 96910

**01-19-2021**

Time: 2:10pm

Received: [Signature]

**RE: BILL NO. 301-35 (COR) - AN ACT TO ADD A NEW ARTICLE 11 TO CHAPTER 77 OF DIVISION 2, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING CERTAIN TAX CREDITS FOR REQUIRED MEDICAL EQUIPMENT FOR THE GUAM MEMORIAL HOSPITAL**

*Buenas yan Hafa Adai Madame Speaker!*

Thankfully, our community has been supportive of Guam Memorial Hospital Authority ("GMHA"), which runs our island's only public hospital. Through the efforts of the GMHA Volunteers Association and other community and civic organizations, the hospital has regularly felt the impact of charitable giving. To encourage targeted giving in the form of necessary medical equipment, Bill No. 301-35 (COR), which I have signed into law as *Public Law No. 35-138*, will allow businesses to avail of tax credits against their business privilege taxes.

*Senseremente,*

**LOURDES A. LEON GUERRERO**

*Maga'hågan Guåhan*

Governor of Guam

Enclosure(s): Bill No. 301-35 (COR) *nka P.L. 35-138*

cc: *Honorable Joshua F. Tenorio, Sigundo Maga'låhen Guåhan*  
*Compiler of Laws*

***I MINA'TRENTAI SINGKO NA LIHESLATURAN GUÅHAN***  
**2020 (SECOND) Regular Session**

**CERTIFICATION OF PASSAGE OF AN ACT TO *I MAGA'HÅGAN GUÅHAN***


This is to certify that **Bill No. 301-35 (COR)**, “AN ACT TO *ADD A NEW ARTICLE 11 TO CHAPTER 77 OF DIVISION 2, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING CERTAIN TAX CREDITS FOR REQUIRED MEDICAL EQUIPMENT FOR THE GUAM MEMORIAL HOSPITAL AUTHORITY,*” was on the 23<sup>rd</sup> of December 2020, duly and regularly passed.

  
\_\_\_\_\_  
**Tina Rose Muña Barnes**  
**Speaker**


Attested:

  
\_\_\_\_\_  
**Amanda L. Shelton**  
**Legislative Secretary**

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This Act was received by *I Maga'hågan Guåhan* this 23<sup>rd</sup> day of Dec.,  
2020, at 2:37 o'clock P.M.

  
\_\_\_\_\_  
**Assistant Staff Officer**  
***Maga'håga's Office***

APPROVED:

  
\_\_\_\_\_  
**Lourdes A. Leon Guerrero**  
***I Maga'hågan Guåhan***

Date: 1/16/2021

Public Law No. 35-138

***I MINA'TRENTAI SINGKO NA LIHESLATURAN GUÅHAN***  
**2020 (SECOND) Regular Session**

**Bill No. 301-35 (COR)**

As amended by the Committee on Health,  
Tourism, Historic Preservation, Land and Justice.

Introduced by:

Amanda L. Shelton  
Therese M. Terlaje  
Tina Rose Muña Barnes  
Telena Cruz Nelson  
Joe S. San Agustin  
William M. Castro  
Clynton E. Ridgell  
Kelly Marsh (Taitano), PhD  
James C. Moylan  
Jose "Pedo" Terlaje  
Régine Biscoe Lee  
Louise B. Muña  
Sabina Flores Perez  
Telo T. Taitague  
Mary Camacho Torres

**AN ACT TO *ADD* A NEW ARTICLE 11 TO CHAPTER 77  
OF DIVISION 2, TITLE 12, GUAM CODE ANNOTATED,  
RELATIVE TO AUTHORIZING CERTAIN TAX  
CREDITS FOR REQUIRED MEDICAL EQUIPMENT  
FOR THE GUAM MEMORIAL HOSPITAL  
AUTHORITY.**

1 **BE IT ENACTED BY THE PEOPLE OF GUAM:**

2 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds that  
3 the Guam Memorial Hospital Authority (GMHA) is the only public hospital on Guam  
4 and remains a refuge of healthcare for the sick and injured on Guam; and, it is in dire

1 need of assistance for procuring several life-saving medical equipment. To this end, *I*  
2 *Liheslatura* finds that the establishment of a tax credit program will assist in  
3 incentivizing private sector assistance toward the contribution of medical equipment to  
4 the GMHA. The goal of the program is for GMHA to dictate the exact need and priority  
5 for medical equipment it is unable to procure on its own, while ensuring that no tax  
6 credits are authorized for equipment not prioritized by GMHA.

7 **Section 2.** A new Article 11 is hereby *added* to Chapter 77 of Division 2, Title  
8 12, Guam Code Annotated, to read:

9 **“ARTICLE 11**

10 **TAX CREDITS FOR THE GUAM MEMORIAL HOSPITAL AUTHORITY**

11 § 771101. Applicability of Article.

12 § 771102. Credits Against Unpledged Business Privilege Tax and Exemption  
13 of Use Tax.

14 § 771103. Cap on Business Privilege Tax Credits for Required Medical  
15 Equipment at the Guam Memorial Hospital Authority.

16 § 771104. Guam Economic Development Authority Report.

17 § 771105. Rules and Regulations.

18 § 771106. Approval of Contributions.

19 § 771107. Fines and Penalties.

20 **§ 771101. Applicability of Article.**

21 The provisions of this Article are applicable to required medical equipment at the  
22 Guam Memorial Hospital Authority (GMHA) as authorized by this Article.

23 **§ 771102. Credits Against Unpledged Business Privilege Tax and**  
24 **Exemption of Use Tax.**

25 (a) A business, to the extent that such business contributes to the Guam  
26 Memorial Hospital Authority the required medical equipment needed by the GMHA,

1 as identified and approved by the Board of Trustees of the GMHA, shall be entitled to  
2 credit of business privilege taxes not already pledged for any purpose by Guam law.  
3 The basis for contribution for such required medical equipment needs shall be the actual  
4 cost of the contribution plus the cost of transportation, if any, from the point of origin  
5 to its destination. The GMHA shall coordinate the processing and receipt of the costs  
6 of the medical equipment from contributing businesses and shall certify that such costs  
7 are for the intended authorized purposes herein. Such certification of costs shall be  
8 provided to the Guam Economic Development Authority (GEDA).

9 (b) Any unused credits not used in the current tax period may be carried over  
10 into subsequent tax periods until such credits are exhausted.

11 (c) The total credits allowed under this Article shall not exceed the actual  
12 dollar amount of the expenditures for required medical equipment.

13 (d) One hundred percent (100%) of use taxes shall be exempt with respect to  
14 costs directly associated with the transportation and delivery of medical equipment for  
15 the GMHA contributed under this Article. Only such use taxes directly associated with  
16 contributing such medical equipment shall be exempted. The GMHA shall coordinate  
17 the processing and receipt of such costs directly associated with such medical  
18 equipment and shall certify that such costs are for the intended authorized purposes.  
19 Such certification shall be provided to the Guam Economic Development Authority.

20 **§ 771103. Cap on Business Privilege Tax Credits for Required Medical**  
21 **Equipment at the Guam Memorial Hospital Authority.**

22 (a) The total amount of credits against unpledged business privilege taxes for  
23 medical equipment needs of the GMHA authorized herein shall not exceed Five Million  
24 Dollars (\$5,000,000) over a five (5)-year period. No more than One Million Dollars  
25 (\$1,000,000) in tax credits shall be authorized for each year of the program.

1 (b) If, at the expiration of the five (5)-year period authorized pursuant to this  
2 Article, there are still unclaimed authorized tax credits, then *I Liheslaturan Guåhan*  
3 may, in its discretion, extend the eligible period until such time that all eligible tax  
4 credits are exhausted.

5 (c) *I Liheslaturan Guåhan* may, in its discretion, extend the term and modify  
6 any part of the program.

7 (d) Medical equipment purchases shall be competitively procured.

8 **§ 771104. Guam Economic Development Authority Report.**

9 The Guam Economic Development Authority shall submit a report to *I*  
10 *Liheslaturan Guåhan* detailing the impact of the program on the unpledged business  
11 privilege taxes and economic activities on Guam. GEDA shall also include in its report  
12 its monitoring efforts and any other information related to the program. The report shall  
13 be transmitted to *I Liheslaturan Guåhan* on an annual basis until the tax credit caps  
14 pursuant to § 771103 of this Article are exhausted.

15 **§ 771105. Rules and Regulations.**

16 GEDA shall implement and monitor the tax credit program authorized pursuant  
17 to this Article based on rules and regulations already adopted by GEDA for previous  
18 tax credit programs and any additional rules and regulations adopted specifically for  
19 this program.

20 **§ 771106. Approval of Contributions.**

21 GEDA or its designee shall be responsible for approving the contributions made  
22 towards the purchase of required medical equipment for the GMHA as identified in this  
23 Article. GEDA is authorized to collect a processing fee in order to defer the cost of  
24 administering the program. The fee shall be equal to not more than one percent (1%) of  
25 the amount of tax credits approved by GEDA on each application for certification of  
26 tax credits and may be due upon release of the certification. Such fees shall be deposited

1 in GEDA's operational account to be used exclusively for the operations of GEDA's  
2 tax credit program activities.

3 **§ 771107. Fines and Penalties.**

4 (a) To the extent that a business providing required medical equipment for the  
5 program claims more tax credits in terms of unpledged business privilege taxes than the  
6 actual value of the medical equipment contributed to the program, that business shall  
7 be required to pay all interest and penalties applicable under Guam law and the Internal  
8 Revenue Code for failure to pay taxes, in addition to payment of the actual taxes due.

9 (b) To the extent that any individual, officer, director, or other person having  
10 interest in a business providing required medical equipment for the program contained  
11 herein knowingly and willingly causes such business to claim more tax credits for  
12 business privilege taxes than the actual value of the medical equipment contributed to  
13 the program, such individual shall be guilty of a felony in the third degree punishable  
14 by a fine of not less than Five Thousand Dollars (\$5,000) or one (1) year in prison or  
15 both."

16 **Section 3. Effective Date.** This Act shall be effective on October 1, 2021.