

**I MINA'TRENTAI TRES NA LIHESLATURAN GUÅHAN**  
**2016 (SECOND) Regular Session**

Bill No. 325-33 (Corr)

Introduced By:

T.R. MUNA BARNES  
B.J.F. CRUZ  
R.J. RESPICIO

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*[Handwritten signature]*

**AN ACT TO ADD A NEW §51112 TO CHAPTER 51, TITLE 18  
GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING  
CIVIL PENALTIES FOR OWNER-PROPRIETORS LEASING  
REAL PROPERTY AS A LODGING FACILITY AND  
OPERATING WITHOUT THE PROPER LICENSES.**

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

**Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds that detrimental to a flourishing Bed and Breakfast and vacation rental industry on island are the operations of lodging facilities that do not acquire the proper licenses needed to conduct business. These bed and breakfast and vacation rental units benefit from an unfair advantage when they avoid going through the proper procedures needed to ensure a safe living environment. Furthermore, without being able to convey a safe living environment, the health, and well-being of visitors who opt to stay in unlicensed bed and breakfasts are jeopardized. This further jeopardizes the investment Guam Visitors Bureau and the government has spent on marketing strategies and branding initiatives portraying Guam as a safe and reliable place to visit.

*I Liheslaturan Guåhan* further finds Bed and Breakfasts that operate without the proper licenses do not fairly contribute to the economy of Guam when they do not collect Hotel Occupancy Tax from visitors staying on island. Hotel Occupancy Tax is an important revenue source that is invested into our community to support

1 the efforts of Guam Visitors Bureau and various organizations working to develop  
2 Guam as a high-quality destination to visit and live in.

3 The intentions of establishing a Bed and Breakfast industry on Guam was to  
4 allow visitors to take a glimpse of Guam's unique culture and family environment  
5 and to diversify our tourism industry by offering a new type of accommodation  
6 option. Through the interaction between an owner-proprietor and a visitor, bed and  
7 breakfasts will foster strong cross-cultural relationships that transcend geopolitics  
8 and national boundaries. Bed and Breakfasts will also attract a segment in the  
9 travel market who are interested in participating in an authentic experience. These  
10 visitors diversify our visitor sources enabling for a sustainable tourism industry.

11 A strong bed and breakfast industry will provide opportunities for our island  
12 community to engage in our tourism industry at an intimate level and empower  
13 residents to be on the front lines of Guam's tourism industry to guide the image  
14 and branding of our island. As more residents nurture our tourism industry, our  
15 industry will strengthen and become more sustainable.

16 Furthermore, short term vacation units are a growing segment in  
17 accommodation offerings in the travel industry. Short term vacation units allow  
18 visitors to live alongside and interact with residents within a neighborhood. Short  
19 term vacation units can affect the integrity of a community as well as the property  
20 values and rental prices. Because of the growing interest in this accommodation  
21 type, it is important that we develop the parameters for these new accommodation  
22 types to thrive on this island. The establishment of civil penalties will deter owner-  
23 proprietors and lodging facility operators from violating rental and zoning laws  
24 that can infringe on the health, safety, and welfare of residents and visitors of  
25 Guam.

26 It is, therefore, the intent of *I Liheslaturan Guahan* to establish penalties for  
27 property owners and/or Lodging Facility Operators who advertise the lease or use

1 of their property or facilities for lodging purposes to transient visitors without the  
2 proper licenses.

3 **Section 2.** Section 51112 is hereby *added* to Chapter 51, Title 18, Guam  
4 Code Annotated and read as follows:

5 “§51112. Civil Penalty.

6 (a) The Department of Revenue and Taxation shall monitor, control, and  
7 regulate the process of investigating and collecting fees from any facility  
8 verbally expressing or advertising the lease or the use of property as a  
9 lodging facility accommodating transient visitors that is being operated  
10 without the proper licenses.

11 (b) The owner(s) of a property verbally expressing or advertising the lease or  
12 the use of their property as a lodging facility and marketed or advertised  
13 for transient guests without proper licenses shall:

14 a. Be punishable, upon determination by the Director or his duly  
15 authorized designee of the Department of Revenue and Taxation,  
16 by a fine of Five Thousand Dollars (\$5,000). The owner shall be  
17 issued a notice to cease operations by the Department of Revenue  
18 and Taxation within twenty-four (24) hours of conviction. The  
19 owner may resume operations once all licenses have been acquired  
20 and can be provided upon request.

21 b. Any owner(s) of a property issued a second notice to cease  
22 operations by the Director or his duly authorized designee of the  
23 Department of Revenue of Taxation within one (1) year of the first  
24 notice shall be punishable, upon determination by the Director or  
25 his duly authorized designee of the Department of Revenue of  
26 Taxation, by a fine of ten thousand dollars (\$10,000) for every day  
27 they are found to have remain in operation. The owner(s) of the

1 property shall not be able to apply for any license to conduct  
2 business on Guam for a term of one (1) year.

3 (c) Any property being managed and used as a lodging facility, whether  
4 verbally expressed or advertised and marketed toward transient guests by  
5 a Short Term Vacation Unit Emergency Contact, On-site Manager, or  
6 similar Lodging Facility Operator(s), other than the owner of the  
7 property and operates without the proper licenses *shall*:

8 a. Be punishable, upon determination by the Director or his duly  
9 authorized designee of the Department of Revenue of Taxation, by  
10 a fine of Five Thousand Dollars (\$5,000) and be issued a notice to  
11 cease operations within twenty-four (24) hours of conviction and  
12 until all licenses have been acquired and can be provided upon  
13 request. The owner of the property shall be provided with a Notice  
14 of Illegal Operation on their property within twenty-four (24)  
15 hours of the Lodging Facility Operator(s) notice to cease  
16 operations.

17 b. After a second notice to cease operations has been given to the  
18 lodging facility operator(s) by the Director or his duly authorized  
19 designee of the Department of Revenue of Taxation within one (1)  
20 year of the first notice, the lodging facility operator(s) shall be  
21 punishable, upon determination, by a fine of ten thousand dollars  
22 (\$10,000) for every day they are found to have remain in  
23 operation. The Lodging Facility Operator(s) of the business shall  
24 not be able to apply for any license to conduct business on Guam  
25 for a term of one (1) year. The owner of the property shall be given  
26 a second notice of illegal operation on their property and *shall* be  
27 punishable, upon determination by the Director or his duly

1 authorized designee of the Department of Revenue of Taxation, by  
2 a fine of five thousand dollars (\$5,000) for every day the Lodging  
3 Facility Operator has been found to have remain in operation on  
4 the property.”

5 **Section 3. Effective Date.** The provisions contained herein shall be  
6 effective upon enactment of this Act.