
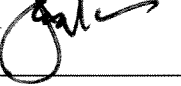


I MINA'TRENTAI TRES NA LIHESLATURAN GUÅHAN
2016 (SECOND) Regular Session

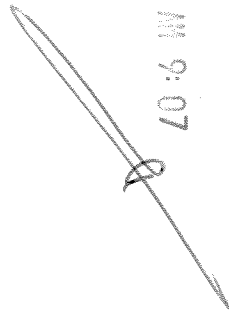
Bill No. 332-33 (COR)

Introduced by:

Michael F.Q. San Nicolas 
James V. Espaldon 

AN ACT TO ADD A NEW §26203.2 TO ARTICLE 2, CHAPTER 26, TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO RAISING THE BUSINESS PRIVILEGE TAX THRESHOLD EXEMPTION BY PRORATED AMOUNTS AT A RATE OF FIFTY THOUSAND DOLLARS (\$50,000) FOR EACH DOLLAR (\$1.00) GROSS MINIMUM WAGE INCREASE ABOVE EIGHT DOLLARS AND TWENTY-FIVE CENTS (\$8.25) PER HOUR.

2016 JUN -8 AM 9:07



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

2 **Section 1. Short Title.** This Act *shall* be cited as the “Responsible
3 Minimum Wage Affordability Improvement Act.”

4 **Section 2. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds
5 that the Business Privilege Tax is the largest single source of revenue to the
6 General Fund of the Government of Guam, responsible for roughly one-third (1/3)
7 of its revenue.

8 *I Liheslaturan Guåhan* finds that increasing the minimum wage can result in
9 higher take-home pay for low income workers.

10 *I Liheslaturan Guåhan* further finds that a minimum wage increase can
11 impact the profitability of businesses which pay below or slightly above the
12 proposed minimum wage.

13 *I Liheslatura* further finds that it cannot be known for certain the number of
14 small businesses which may not open due to an increase in the minimum wage, the

1 number of employees not hired as a result of an increase in the minimum wage, or
2 the number of businesses which do not expand due to an increase in the minimum
3 wage. If the minimum wage is to increase, it ought to be done in such a manner
4 that protects some of businesses most likely to be adversely affected.

5 *I Liheslaturan Guåhan* finds that the Business Privilege Tax has threshold
6 exemptions for businesses with under fifty thousand dollars (\$50,000) in income,
7 exempting the first forty thousand dollars (\$40,000) of income.

8 *I Liheslaturan Guåhan* finds that the annual direct wage cost of one dollar
9 (\$1.00) per hour for a forty hours per week employee with two weeks of unpaid
10 leave, would be two thousand dollars (\$2,000). If the Government of Guam were
11 to increase the Business Privilege Tax threshold exemption sufficiently to offset a
12 minimum wage increase of one dollar (\$1.00) per hour for one such employee, the
13 threshold would be raised fifty thousand dollars (\$50,000).

14 It is therefore the intent of *I Liheslaturan Guåhan* to provide assistance to
15 small businesses for any future minimum wage increase by raising the threshold
16 exemptions of the Business Privilege Tax by prorated amounts at a rate of fifty
17 thousand dollars (\$50,000) for each dollar (\$1.00), rounded to the nearest tenth
18 cent, gross increase in the minimum wage, by adding a new §26203.2 to Article 2
19 of Chapter 26, Title 11, Guam Code Annotated.

20 **Section 3. Minimum Wage Affordability Improvement.** A *new* §26203.2
21 is hereby *added* to Article 2 of Chapter 26, Title 11, Guam Code Annotated, to
22 read:

23 **“§26203.2. Minimum Wage Affordability Improvement.**

24 (a) Definitions. For the purpose of this section, the following words
25 and phrases, together with all of the common derivatives thereof shall have
26 the meaning ascribed to them in this subsection:

1 (1) ‘exemption amounts’ mean the maximums of the forty
2 thousand dollars (\$40,000) Business Privilege Tax exemptions
3 provided in items (9), (28), (29), and (30), (31), and (32) of
4 §26203(k), Article 2, Chapter 26, Title 11 of the Guam Code
5 Annotated and the maximum of fifty thousand dollars (\$50,000)
6 Business Privilege Tax exemption provided in §26203.1 of Article 2,
7 Chapter 26, Title 11 of the Guam Code Annotated.

8 (2) ‘gross minimum wage increase’ means the greater of either
9 the federal minimum hourly wage under the U.S. Fair Labor
10 Standards Act minus eight dollars and twenty-five cents (\$8.25) per
11 hour or the minimum hourly wage established under §3105 of 22
12 GCA minus eight dollars and twenty-five cents (\$8.25) per hour.

13 (3) ‘minimum wage increase’ means a change in the greater of
14 the federal minimum hourly wage under the U.S. Fair Labor
15 Standards Act and the minimum hourly wage established under §3105
16 of 22 GCA which results in a minimum hourly wage greater than
17 eight dollars and twenty-five cents (\$8.25) per hour.

18 (4) ‘threshold amounts’ mean the maximums of fifty-thousand
19 dollars (\$50,000) of applicable income required for a business to
20 claim the Business Privilege Tax exemptions provided under items
21 (9), (28), (29), (30), (31), and (32) of §26203(k), Article 2, Chapter
22 26, Title 11.

23 (b) Changes to Threshold and Exemptions Amounts. Upon the
24 effective date of any minimum wage increase following the enactment of
25 this section, the threshold amounts and exemption amounts shall each
26 increase beyond their amounts as of the date of enactment of this section by

1 prorated amounts at a rate of fifty thousand dollars (\$50,000) for each dollar
2 (\$1.00), rounded to the nearest tenth cent, gross minimum wage increase.

3 (c) Notice. In the event of any change in the threshold exemptions
4 pursuant to this section, the Department of Revenue and Taxation shall post
5 notice on its website and shall transmit a letter to each business required to
6 file for Business Privilege Tax with the Department, each of which shall
7 provide information about the new threshold and exemption amounts.”

8 **Section 4. Severability.** If a provision of this act or its application to any
9 person or circumstance is held invalid, the invalidity does not affect other
10 provisions or applications of the act that can be given effect without the invalid
11 provision or application, and to this end the provisions of this act are severable.