

I Mina'trentai Singko Na Liheslaturan Guåhan
BILL STATUS

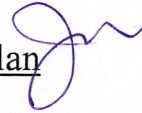
BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	FISCAL NOTES	NOTES
133-35 (COR)	James. C. Moylan	AN ACT TO AMEND § 15108 OF CHAPTER 15, TITLE 18, GUAM CODE ANNOTATED, RELATIVE TO REDUCING THE COST FOR FILING THE ARTICLES OF ORGANIZATION FOR A LIMITED LIABILITY CORPORATION (LLC).	5/9/19 11:08 a.m.						

I MINA'TRENTAI SINGKO NA LIHESLATURAN GUÅHAN
2019 (FIRST) Regular Session

Bill No. 177-35 (COR)

Introduced by:

James. C. Moylan



AN ACT TO AMEND § 15108 OF CHAPTER 15, TITLE 18, GUAM CODE ANNOTATED, RELATIVE TO REDUCING THE COST FOR FILING THE ARTICLES OF ORGANIZATION FOR A LIMITED LIABILITY CORPORATION (LLC).

2019 MAY -9 AM 11:08


BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Legislative Findings and Intent. *I Liheslaturan Guahan* finds that more entrepreneurs both locally and on a national level are seeking Limited Liability Corporations (LLC's) as the type of business structure and function they desire, due to the shareholders protection from liability beyond their contribution to the LLC's share capital. On a national level, the one-time state filing fees for a LLC range from \$40 (Kentucky) to \$500 (Massachusetts), with the average fee estimating at around \$127. On Guam, when one files their Articles of Organization for a LLC, the filing fee is \$1,000.

While the annual fee's to maintain the LLC remain consistent with the national level (\$100), the deterrence in establishing Guam as a business friendly environment with an unusual and costly filing fee for a preferred business structure, needs to be reconsidered. With recent legislation introduced (Bill 104-35) to attract US corporations with foreign subsidiaries to repatriate their overseas earnings to Guam, along with the objective of increasing Third Party Agents, the

1 desire for both island residents and off island entities to seek Guam as their
2 domicile for business activity, may increase. Also with concepts on the table to
3 attract other industries, such as process trade, distribution centers and enhancing
4 export trade, the need to have a business friendly licensing policy is also
5 paramount.

6 It is important for Guam to compete for investment dollars, thus reducing the
7 cost of the filing for a LLC to a competitive level is important. The proposed
8 amount of \$250 may still be slightly higher than many other states, but still
9 provides a reasonable balance. In terms of revenue for the Department of Revenue
10 and Taxation, while the reduced fee would lessen some of their fee earnings, it
11 would eventually create replenishment via increased filings for LLC certificates,
12 which would also resonate in new tax collections. As with any business structure,
13 it takes the spending of some money to make more money.

14 **Section 2.** § 15108 of Chapter 15, Title 18, Guam Code Annotated is hereby
15 *amended* to read as follows:

16 **§ 15108. Filing of Articles of Organization.**

17 The Articles of Organization *shall* be delivered to the Department of
18 Revenue and Taxation. If the Director of Revenue and Taxation finds that
19 the articles of organization conform to law, he shall, when a fee of Two
20 Hundred Fifty ~~One Thousand~~ Dollars (\$2501,000.00) has been paid, file the
21 articles of organization in accordance with this Chapter. The Director of
22 Revenue and Taxation *shall* then issue a Certificate of Organization.

23 **Section 3. Severability.** If any provision of this Act or its application to
24 any person or circumstance is found to be invalid or contrary to law, such
25 invalidity *shall not* affect other provisions or applications of this Act that can be
26 given effect without the invalid provision or application, and to this end the
27 provisions of this Act are severable.

1 **Section 4. Effective Date.** The Act shall become effective on October 1,
2 2019.