

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
142-35 (COR)	William M. Castro	AN ACT TO IMPLEMENT A RESPONSIBLE, MODERATE, INCREMENTAL RAISING OF THE MINIMUM WAGE AND TO ROLLBACK THE BUSINESS PRIVILEGE TAX FROM FIVE PERCENT (5%) TO FOUR PERCENT (4%), BY REPEALING SECTION 2 OF PUBLIC LAW 34-116 AND AMEND § 26202, (a), (c), (d), (e), (f), (g), (h), (i), (j), (j) (1), AND (j) (2), ARTICLE 2, CHAPTER 26, TITLE 11 OF THE GUAM CODE ANNOTATED RELATIVE TO ROLLING BACK THE BUSINESS PRIVILEGE TAX FROM FIVE PERCENT (5%) TO FOUR PERCENT (4%) AND TO AMEND § 3105 OF ARTICLE 1, CHAPTER 3, TITLE 22 OF THE GUAM CODE ANNOTATED, RELATIVE TO A RESPONSIBLE, MODERATE, INCREMENTAL RAISING OF THE MINIMUM WAGE.	5/24/19 10:06 a.m.						

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

Bill No. 142 - 35 (cor)

Introduced by:

William M. Castro



AN ACT TO IMPLEMENT A RESPONSIBLE, MODERATE, INCREMENTAL RAISING OF THE MINIMUM WAGE AND TO ROLLBACK THE BUSINESS PRIVILEGE TAX FROM FIVE PERCENT (5%) TO FOUR PERCENT (4%), BY REPEALING SECTION 2 OF PUBLIC LAW 34-116 AND AMEND § 26202, (a), (c), (d), (e), (f), (g), (h), (i), (j), (j) (1), AND (j) (2), ARTICLE 2, CHAPTER 26, TITLE 11 OF THE GUAM CODE ANNOTATED RELATIVE TO ROLLING BACK THE BUSINESS PRIVILEGE TAX FROM FIVE PERCENT (5%) TO FOUR PERCENT (4%) AND TO AMEND § 3105 OF ARTICLE 1, CHAPTER 3, TITLE 22 OF THE GUAM CODE ANNOTATED, RELATIVE TO A RESPONSIBLE, MODERATE, INCREMENTAL RAISING OF THE MINIMUM WAGE.

2019 MAY 24 AM 10:06



1 **BE IN ENACTED BY THE PEOPLE OF GUAM**

2 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds
3 that the section of Public Law 34-116 increased the Business Privilege Tax (BPT)
4 by 1 percent from four percent (4%) to five percent (5%) which thereafter adversely
5 affected the cost of goods and services for consumers.

6 *I Liheslaturan Guåhan* further finds that a government imposed increase in BPT,
7 and real property improvement tax coupled with another government mandated
8 increase in wages without the government itself demonstrating cost cutting
9 measures, increasing collections, and having yet realized enhanced revenues from
10 new and growing industries is bad faith on the part of government.

11 **Section 2. Business Privilege Tax of Public Law 34-116** is hereby
12 amended to read as follows:

1 **Section 2. ~~Business Privilege Tax Increase.~~** Notwithstanding any other
2 provision of law, rule, or regulation, beginning on October 1, 2018, the business
3 ~~privilege tax rate shall be five percent (5%).~~

4 **Section 3.** § 26202 (a), (c) (d), (e), (f), (g), (h), (i), (j) (1), and (j) (2) of
5 Article 2, Chapter 26, Title 11, Guam Code Annotated are hereby amended to read
6 as follows:

7 **§ 26202. Rates.**

8 “The following rates *shall* apply in computing, assessing, and collecting the
9 BPT”.

10 (a) Tax on the Business of Selling Tangible Personal Property.

11 Upon every person engaging or continuing within Guam in the business of
12 selling any tangible property whatsoever (not including bonds, or other
13 evidence of indebtedness or stocks), there *shall* be a tax equivalent to four
14 percent (4%) ~~five percent (5%)~~ of gross proceeds of sales; ~~except that on the~~
15 ~~gross proceeds of the operation of poker machines, there shall be a tax~~
16 ~~equivalent to eight percent (8%) on the gross proceeds of each machine, as~~
17 ~~determined by subtracting the winnings, pay outs and malfunction refunds~~
18 ~~from total receipts of each machine.~~

19 (c) Tax on service business. Upon every person engaging in or
20 continuing within Guam, in any service business or calling not otherwise
21 specifically taxed under this section, [there *shall* be] a tax equivalent to four
22 percent (4%) ~~five percent (5%)~~ of the gross income of such business.

23 (d) Professionals. Upon every person engaging in or continuing
24 within Guam, in any service business or calling not otherwise specifically
25 taxed under this section, [there *shall* be] a tax equivalent to four percent
26 (4%) ~~five percent (5%)~~ of the gross income of such business.

1 (e) Tax Contractors. There *shall* be levied, assessed, and collected
2 at a tax rate of four percent (4%), ~~five percent (5%)~~ measured against the
3 gross income of any contractor; provided, that there *shall* be deducted from
4 the gross income of the taxpayer so much thereof as has been included in the
5 gross income earned from another taxpayer who is a contractor as defined in
6 § 26101 (b) and who has already paid the tax levied under this subsection for
7 goods and services that include the deductible gross income of the taxpayer
8 who is a contractor; provided, that any person claiming a deduction under
9 this subsection *shall* be required to show in the person's return either the
10 name and the contractor's license number issued by the Guam Contractors
11 Licensing Board (GCLB), or the Guam business license number, or the
12 registration number for a professional engineer, architect, or land surveyor,
13 or the Certificate of Authorization (COA) number for a business authorized
14 to provide engineering, architecture, or land surveying services by the Guam
15 Board of Registration for Professional Engineers, Architects, and Land
16 Surveyors (PEALS) of the person paying the tax on the amount deducted by
17 the person.

18 (f) Tax on banks, banking institutions, small lenders, and building
19 and loan associations. Upon every person engaging or continuing within
20 Guam in the business of operating any bank, banking institutions, building
21 and loan association, small lending business, or lending institutions, there
22 *shall* be a tax equivalent to four percent (4%) ~~five percent (5%)~~ of the net
23 income received from the business.

24 (g) Dealing in Foreign Currency. Upon every person engaging or
25 continuing within Guam in the business of purchasing and selling foreign
26 money, there *shall* be a tax equivalent to four percent (4%) ~~five percent (5%)~~
27 of the gross profit of such business represented by the difference between

1 the cost and selling price of the foreign currency measured in United States
2 dollars.

3 (h) Tax on other Business. Upon every person engaging or
4 continuing within Guam in any business, trade, activity, occupation, or
5 calling not specifically included in any other provision of this Article, there
6 *shall* likewise be a tax equivalent to four percent (4%) ~~five percent (5%)~~ of
7 the gross income of such business. This Section shall apply to the gross
8 income of persons taxable under other provisions of this Chapter, but which
9 gross income is not derived from the exercise or privilege taxable there
10 under.

11 (i) Insurers. Upon every person engaging or continuing within
12 Guam in any business of an insurer, there *shall* be a tax at the rate of four
13 percent (4%) ~~five percent (5%)~~ of gross income received as a premiums for
14 the writing of insurance, less returned premiums and less commissions
15 attributable to the sale and purchase of an insurance policy or policies of the
16 insurer paid by said insurer to agents of the same, and four percent (4%) ~~five~~
17 ~~percent (5%)~~ of any other gross income earned or derived from Guam.

18 (j) Tour Agencies.

19 (1) Upon every person engaging or continuing within Guam
20 in the business of a tour agency or travel agency, where tourism-
21 related services are furnished to consumers by independent vendors
22 through arrangements made by a travel agency, or tour packager, and
23 the gross income is divided between the provider for the services on
24 the other hand, a tax equivalent to four percent (4%) ~~five percent~~
25 ~~(5%)~~ *shall* be imposed on each person's respective portion of the
26 proceeds, and no more.

1 (2) Where transient accommodations are furnished through
2 arrangements made by a travel agent or tour packager, the gross
3 income is divided between the provider of the transient
4 accommodations on the one hand and travel agent or tour packager on
5 the other hand, a tax equivalent to four percent (4%) ~~five percent (5%)~~
6 shall be imposed on each person's respective portion of the proceeds,
7 and no more.

8 **Section 4. Minimum Wage** amended to read as follows:

9 **§ 3105. Minimum Wages.**

10 “Every employer *shall* pay each person employed by them at a rate of not
11 Less than Eight Dollars and Seventy-Five Cents (\$8.75) per hour effective July 1,
12 2020; and *not less than* Nine Dollars and Twenty-Five Cents (\$9.25) per hour,
13 effective July 1, 2021”

14 **Section 5. Severability.**

15 If any provision of this Law or its application to any person or circumstance
16 is found to be invalid or contrary to law, such invalidity *shall* not affect other
17 provisions or applications, and to this end the provisions of the law are severable.

18 **Section 6. Effective Date.**

19 This act *shall* be effective October 1, 2019 date of enactment.