

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

Bill No. 218 -35 (COR)

As substituted on the Floor.

Introduced by:

James C. Moylan

**AN ACT TO AMEND § 58104(f) OF ARTICLE 1, OF
CHAPTER 58, TITLE 12, GUAM CODE ANNOTATED,
RELATIVE TO CREATING A QUALIFYING
CERTIFICATE FOR THE ENTICEMENT AND
POTENTIAL ESTABLISHMENT OF A PROCESSING
TRADE AND DISTRIBUTION, TRANSFORMATION, OR
FULFILLMENT CENTER INDUSTRY ON GUAM.**

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Legislative Findings and Intent. *I Liheslaturan Guåhan* finds that with Guam's proximity to Asia, we become an ideal destination for industries such as a processing trade, and a distribution, transformation or fulfillment center. Not only would enticing such entities to consider investing on Guam be beneficial in terms of stimulating our economy, but there would be a great opportunity of job creation.

However, the costs of labor or logistics may be a concern for potential investors; thus, the need to create viable incentives to attract such industries to offset such distresses is paramount. The Qualifying Certificate offered by the Guam Economic Development Authority (GEDA) is an ideal tool and can be catered towards the needs or benefits of an entity, while assuring that job creation and other community contributions are prioritized.

1 This legislation does not dictate the benefits to be offered to investors (as that
2 is a function of GEDA), rather it includes new industries into the matrix of qualified
3 trades for available incentives that can help establish additional economic activity
4 on the island. Processing Trade Companies would essentially import materials with
5 the intent of assembling or transforming them locally, and then export them to buyers
6 off- island; and, the attraction of labeling the goods as “Made in Guam, USA” may
7 be an enticing factor. As for distribution, transformation, or fulfillment centers,
8 Guam’s proximity to the Asia region benefits potential tariffs and timelines, thus
9 allowing the goods to be imported, stored, processed, and shipped from Guam.
10 These types of industries would essentially create many jobs for island residents.

11 Further, by allowing such industries to apply for incentives may allow local
12 companies to either invest in such ventures or seek out outside entities to do the
13 same. The greatest marketing tool to help manifest new industries on Guam would
14 be the commerce community on Guam.

15 **Section 2.** § 58104(f) of Article 1, Chapter 58, Title 12, Guam Code
16 Annotated, is hereby *amended* to read as follows:

17 “(f) manufacturing, or a processing trade company, or a distribution,
18 transformation, or fulfillment center.

19 For the purposes of this Chapter

20 (1) processing trade company means a company that imports
21 all or part of the raw and auxiliary materials, parts, and components,
22 accessories, and packaging materials from abroad, and exports the
23 finished product(s) after processing, transforming, or assembling such
24 product(s) on Guam. At least fifty percent (50%) of the finished product
25 shall be assembled on Guam to qualify for the incentives of this
26 Chapter; and

1 (2) distribution, transformation or fulfillment center means a
2 warehouse or specialized building stocked with products to be
3 redistributed to consumer's off-island and processed to order
4 completion. The distribution, transformation, or fulfillment center *may*
5 provide other services, such as product mixing, cross docking, and
6 packaging;”

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

12 **Section 5. Effective Date.** The Act *shall* be effective upon enactment.