



FILE COPY

I MINA'TRENTAI TRES NA LIHESLATURAN GUÅHAN
THIRTY THIRD GUAM LEGISLATURE
155 Hesler Place, Hagåtña, Guam 96910

June 20, 2016

The Honorable Edward J.B. Calvo
I Maga'låhen Guåhan
Ufisinan I Maga'låhi
Hagåtña, Guam

Dear *Maga'låhi* Calvo:

Transmitted herewith are Bill Nos. 141-33 (COR), 249-33 (COR), 282-33 (COR), 293-33 (COR), 298-33 (COR), 311-33 (COR), 313-33 (COR), 314-33 (COR), 315-33 (COR), 320-33 (COR), 321-33 (COR), and 323-33 (COR); and Substitute Bill Nos. 30-33 (COR), 291-33 (COR), 296-33 (COR), 302-33 (LS), 304-33 (LS), 305-33 (LS), 306-33 (LS), 307-33 (LS), 308-33 (LS), and 309-33 (LS), which were passed by *I Mina'Trentai Tres Na Liheslaturan Guåhan* on June 17, 2016.

Sincerely,


TINA ROSE MUÑA BARNES
Legislative Secretary

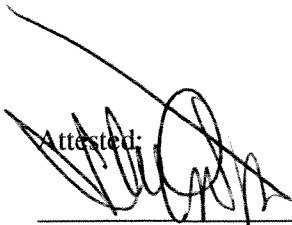
Enclosure (22)

PO² R. S. McCarroll
6/20/16
5:35 pm

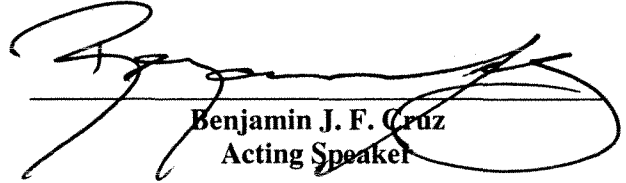
I MINA'TRENTAI TRES NA LIHESLATURAN GUÅHAN
2016 (SECOND) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LÅHEN GUÅHAN

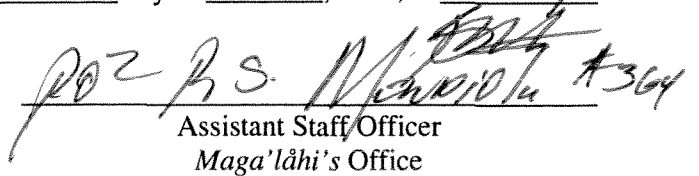
This is to certify that **Bill No. 323-33 (COR)**, "AN ACT TO AMEND SUBSECTION (A) OF § 30101, AND TO ADD NEW §§ 30109, 30110 AND 30111, ALL OF CHAPTER 30 OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO REDUCING THE HOTEL OCCUPANCY TAX RATES FOR BED AND BREAKFASTS, AND TO AUTHORIZING THE DIRECTOR OF REVENUE AND TAXATION OR HIS DESIGNEE TO ENTER INTO TAX COLLECTION AGREEMENTS WITH TRANSIENT ACCOMMODATIONS BROKERS; TO AMEND SUBSECTION (JJ) AND TO ADD A NEW SUBSECTION (KK) OF § 61103 OF ARTICLE 1, TO AMEND § 61304(B) AND § 61305(B) OF ARTICLE 3, AND TO ADD A NEW SUB-ARTICLE 1 AND A NEW SUB-ARTICLE 2 TO ARTICLE 1, ALL OF CHAPTER 61 OF TITLE 21, GUAM CODE ANNOTATED, RELATIVE TO CLARIFYING THE DEFINITION OF A BED AND BREAKFAST, TO ESTABLISHING CONDITIONAL USE OF BED AND BREAKFASTS AND SHORT-TERM VACATION RENTAL UNITS, TO AUTHORIZING SHORT-TERM VACATION RENTAL UNITS ON GUAM, AND TO PROVIDING SUCH REQUIREMENTS AS ARE NECESSARY AND PROPER FOR THE OPERATION OF BED AND BREAKFASTS AND SHORT-TERM VACATION RENTAL UNITS ON GUAM; AND TO ADD A NEW § 51112 TO CHAPTER 51 OF 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," was on the 17th day of June 2016, duly and regularly passed.

Attested: 

Tina Rose Muña Barnes
Legislative Secretary


Benjamin J. F. Cruz
Acting Speaker

This Act was received by *I Maga'låhen Guåhan* this 20th day of June, 2016, at 5:35 pm,
o'clock .M.


Assistant Staff Officer
Maga'låhi's Office

APPROVED:

EDWARD J.B. CALVO
I Maga'låhen Guåhan

Date: _____

Public Law No. _____

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

Bill No. 323-33 (COR)

As amended by the Committee on Municipal Affairs,
Tourism, Housing, and Historic Preservation;
and further amended on the Floor.

Introduced by:

T. R. Muña Barnes
B. J.F. Cruz
R. J. Respicio
Frank F. Blas, Jr.
Judith T. Won Pat, Ed.D.
J. V. Espaldon
T. C. Ada
V. Anthony Ada
FRANK B. AGUON, JR.
Brant T. McCreadie
Tommy Morrison
Dennis G. Rodriguez, Jr.
Michael F.Q. San Nicolas
Mary Camacho Torres
N. B. Underwood, Ph.D.

AN ACT TO AMEND SUBSECTION (a) OF § 30101, AND TO ADD NEW §§ 30109, 30110 AND 30111, ALL OF CHAPTER 30 OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO REDUCING THE HOTEL OCCUPANCY TAX RATES FOR BED AND BREAKFASTS, AND TO AUTHORIZING THE DIRECTOR OF REVENUE AND TAXATION OR HIS DESIGNEE TO ENTER INTO TAX COLLECTION AGREEMENTS WITH TRANSIENT ACCOMMODATIONS BROKERS; TO AMEND SUBSECTION (jj) AND TO ADD A NEW SUBSECTION (kk) OF § 61103 OF ARTICLE 1, TO AMEND § 61304(b) AND § 61305(b) OF ARTICLE 3, AND TO ADD A NEW SUB-ARTICLE 1 AND A NEW SUB-ARTICLE 2 TO ARTICLE 1, ALL OF CHAPTER 61 OF TITLE 21, GUAM CODE ANNOTATED, RELATIVE TO CLARIFYING THE DEFINITION OF A BED AND BREAKFAST, TO

ESTABLISHING CONDITIONAL USE OF BED AND BREAKFASTS AND SHORT-TERM VACATION RENTAL UNITS, TO AUTHORIZING SHORT-TERM VACATION RENTAL UNITS ON GUAM, AND TO PROVIDING SUCH REQUIREMENTS AS ARE NECESSARY AND PROPER FOR THE OPERATION OF BED AND BREAKFASTS AND SHORT-TERM VACATION RENTAL UNITS ON GUAM; AND TO ADD A NEW § 51112 TO CHAPTER 51 OF 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. Subsection (a) of § 30101 of Chapter 30, Title 11, Guam Code Annotated, is hereby *amended* to read:

“(a) An excise tax is hereby levied and imposed which *shall* be assessed and collected monthly, against transient occupants of a room or rooms in a hotel, lodging house, and bed and breakfast, or similar facility located in Guam according to the following schedule:

(1) from September 1, 1993 through March 31, 1995, the rate *shall* be ten percent (10%) of the rental price charged or paid per occupancy per day;

(2) from April 1, 1995 and thereafter the rate *shall* be eleven percent (11%) of the rental price charged or paid per occupancy per day; and

(3) the rate for a registered bed and breakfast *shall* be four percent (4%) of the rental charged or paid per occupancy per day.”

Section 2. New §§ 30109, 30110 and 30111 are hereby *added* to Chapter 30 of Title 11, Guam Code Annotated, to read:

1 **“§ 30109. Tax Collection Agreements Authorized.**

2 (a) *Transient accommodations broker* means any person or entity,
3 including, but not limited to, persons who operate online websites, online
4 travel agencies or online booking agencies, that offers, lists, advertises, or
5 accepts reservations, or collects whole or partial payment for transient
6 accommodations or resort time share vacation interests, units or plans.
7 Notwithstanding any other provision of law, rule, or regulation to the contrary,
8 the Director of the Department of Revenue and Taxation, or his designee, may
9 permit a transient accommodations broker to register as a tax collection agent
10 on behalf of all of its operators and plan managers by entering into a tax
11 collection agreement with the Director or by submitting a transient
12 accommodations broker tax collection agent registration statement to the
13 Director, in a form prescribed by the Department. The Director may deny an
14 application for registration as a transient accommodations broker tax
15 collection agent under this Section for any cause authorized by law, including,
16 but not limited to, any violation of this Chapter.

17 (b) A registered transient accommodations broker tax collection
18 agent *shall* report, collect, and pay over the taxes due under this Chapter on
19 behalf of all of its operators and plan managers from the date of registration
20 until the registration is canceled; provided, that the registered transient
21 accommodations broker tax collection agent's obligation to report, collect, and
22 pay taxes on behalf of all of its operators and plan managers *shall* apply solely
23 to transient accommodations in the state arranged or booked directly through
24 the registered transient accommodations broker tax collection agent.

25 (c) The Director *shall* issue a certificate of registration or letter of
26 denial within thirty (30) calendar days after a transient accommodations
27 broker submits to the Director a completed and signed transient

1 accommodations broker tax collection agent registration statement, in a form
2 prescribed by the Department. If approved, the registration *shall* be valid only
3 for the transient accommodations broker tax collection agent in whose name
4 it is issued, and for the website or platform designated therein, and *shall not*
5 be transferable, except to a successor by merger or acquisition of the transient
6 accommodations broker's website or platform designated in its application or
7 tax collection agreement.

8 (d) A registered transient accommodations broker tax collection
9 agent *shall* be issued separate licenses under this Chapter with respect to taxes
10 payable on behalf of its operators and plan managers in its capacity as a
11 registered transient accommodations broker tax collection agent and, if
12 applicable, with respect to any taxes payable under this Chapter for its own
13 business activities.

14 **§ 30110. Tax Collection Agents Liable.**

15 (a) Under this Section, a registered transient accommodations
16 broker tax collection agent *shall* assume all obligations, rights and
17 responsibilities imposed by this Chapter upon its operators and plan managers
18 with respect to their business activities conducted directly through the
19 registered transient accommodations broker tax collection agent from the date
20 of registration until the registration is canceled in writing to the Director.

21 (b) A transient accommodations broker tax collection agent *shall* be
22 personally liable for the taxes imposed by this Chapter that are due and
23 collected on behalf of operators and plan managers, if taxes are collected, but
24 not reported or paid, together with penalties and interest as provided by law.

25 **§ 30111. Cancellation of Agreement.**

26 (a) A registered transient accommodations broker tax collection
27 agent may cancel its registration under this Section by delivering a written

1 notice of cancellation to the Director and each of its operators and plan
2 managers furnishing transient accommodations in the state *no later than*
3 ninety (90) days prior to the effective date of cancellation.

4 (b) The Director may cancel a transient accommodations broker tax
5 collection agent's registration under this Section for any cause authorized by
6 law, including, but not limited to, any violation of this Chapter or rules
7 adopted pursuant thereto, or for violation of any applicable tax collection
8 agreement, by delivering a written notice of cancellation to the transient
9 accommodations broker tax collection agent *no later than* ninety (90) days
10 prior to the effective date of cancellation.”

11 **Section 3.** Subsection (jj) of § 61103 of Article 1, Chapter 61 of Title 21,
12 Guam Code Annotated, is hereby *amended* to read:

13 “(jj) Bed and Breakfast. A private residence or building appurtenant
14 or accessory to a private residence containing five (5) or fewer rooms intended
15 or designed to be used, or which are used, rented, or hired out to be occupied,
16 or which are occupied for sleeping purposes; *provided*, that the owner-
17 proprietor occupies at least one (1) such room. No home may be licensed as a
18 Bed and Breakfast whose physical address is the physical address of a
19 registered sex offender.”

20 **Section 4.** A new Subsection (kk) is hereby *added* to § 61103 of Article 1,
21 Chapter 61 of Title 21, Guam Code Annotated, to read:

22 “(kk) Short-term Vacation Rental Unit. An accommodation for
23 transient guests where, in exchange for compensation, a residential dwelling
24 unit is provided for lodging for any term length not to exceed thirty (30)
25 consecutive days. Such use may or may not include an on-site manager.”

26 **Section 5.** A new Sub-Article 1 is *added* to Article 1, Chapter 61 of Title
27 21, Guam Code Annotated, to read:

1 modify such license, as he may deem necessary to implement this Sub-
2 Article;

3 (b) a Bed and Breakfast *shall* be permitted in *no more than*
4 one (1) single-family dwelling unit per lot;

5 (c) the owner-proprietor *shall* be a resident of Guam for at
6 least one (1) year and *shall* reside, on a full-time basis, within the
7 single-family dwelling being used as a Bed and Breakfast home;

8 (d) the Bed and Breakfast license *shall* be in the name of the
9 owner-proprietor, who *shall* be a natural person and the owner of the
10 real property where the Bed and Breakfast *shall* be licensed. No Bed
11 and Breakfast license shall be held by a corporation or managed under
12 a business structure that is guided by a board of directors or
13 shareholders. The license *shall not* be transferable. No more than one
14 (1) license shall be approved for any lot;

15 (e) the total number of guests at a Bed and Breakfast *shall* be
16 according to the following:

17 (1) one (1) person per bed - the bed *shall* have a length
18 of at most eighty (80) inches and width of at most thirty-nine (39)
19 inches with at least a thirty (30) inch clearance around at least
20 two (2) sides of the bed. There *shall* be at least a thirty (30) inch
21 clearance between each bed, and no two (2) beds *shall* lay
22 immediately adjacent to one another as this layout will constitute
23 one (1) bed. There *shall* be *no more than* four (4) beds of these
24 specifications per room, with the exception of bunkbeds; with
25 two (2) persons per set of bunkbeds, and the beds of the bunkbeds
26 *shall* have a length of at most eighty (80) inches and width of at
27 most thirty-nine (39) inches. The bunkbed *shall* have at least a

1 two (2) feet clearance from the ceiling, and there shall be *no more*
2 *than* two (2) sets of bunkbeds in a room;

3 (2) two (2) persons per bed - the bed *shall* have a length
4 of no less than seventy-five (75) inches and width of no less than
5 fifty-four (54) inches with at least a thirty (30) inch clearance
6 around at least two (2) sides of the bed. There *shall* be a thirty
7 (30) inch clearance between each bed, and no two (2) beds *shall*
8 lay immediately adjacent to one another as this layout will
9 constitute one (1) bed. There *shall* be *no more than* two (2) beds
10 of this specification per room;

11 (3) it is acceptable to have varying bed specifications in
12 one (1) room as long as there are *no more than* four (4) persons
13 per room;

14 (f) a Bed and Breakfast home *shall* make breakfast available
15 to onsite guests, but *shall not* operate as a food service establishment
16 unless a food service establishment is permitted;

17 (g) all advertising for any Bed and Breakfast home *shall*
18 include the number of the license granted to the owner-proprietor;

19 (h) the act of advertising, marketing, and listing a property as
20 a Bed and Breakfast, short-term vacation rental unit, or accommodation
21 as part of a tour package through an advertisement, marketing, or
22 booking platform or other intermediaries presumes participation in the
23 Bed and Breakfast or short-term vacation rental industry and *shall* be
24 subject to the enforcement and penalties pursuant to this Chapter;

25 (i) single-station smoke detectors *shall* be provided in all
26 guest bedrooms;

1 (j) the owner-proprietor *shall* create “house policies” and post
2 them on all booking platforms or intermediaries used to market,
3 advertise, list, find, and rent their property as a Bed and Breakfast. No
4 booking shall occur without a posted house policy and an agreement
5 between the owner-proprietor and the guest to abide by the house
6 policies. The house policies *shall* be posted within each guest room and
7 *shall* be identical to the house policies listed on the booking platform
8 or intermediary used to market, advertise, list, find, and rent a room in
9 the Bed and Breakfast. The owner-proprietor is responsible for
10 enforcing such policies. The house policies *shall* include the following
11 provisions:

12 (1) quiet hours *shall* be maintained from 9:00 p.m. to
13 5:00 a.m., during which any noise in the Bed and Breakfast home
14 *shall not* disturb anyone on neighboring properties; and

15 (2) vehicles *shall* be parked in the designated onsite
16 parking area.

17 **§ 61108. Reduced Tax Rates for Senior Citizens Eligibility**
18 **Retained.**

19 A senior citizen whose residential property qualifies for reduced tax
20 rates under the provisions of § 24110 of Chapter 24, Title 11, Guam Code
21 Annotated, and operates a Bed and Breakfast on this property *shall* remain
22 eligible for reduced tax rates and retain eligibility for reduced tax rates.

23 **§ 61109. Rules and Regulations.**

24 Subject to the Administrative Adjudication Act, the Department of
25 Revenue and Taxation may adopt rules and regulations for the implementation
26 of this Sub-Article.

27 **§ 61110. Imposition.**

1 An excise tax is hereby levied and imposed which *shall* be assessed and
2 collected monthly against transient occupants of a room or rooms in a Bed
3 and Breakfast pursuant to Chapter 30 of Division 2, Title 11, Guam Code
4 Annotated.

5 **§ 61111. Exemption from Hotel Sanitation Law.**

6 Bed and Breakfast owners are *not* subject to the hotel sanitation law in
7 Chapter 26 of Division 2, Title 10, Guam Code Annotated.

8 **§ 61112. Sub-Article Not Applicable.**

9 This Sub-Article *shall not* apply to homes hosting a student for a
10 student exchange program, in which the host family has received
11 compensation for housing and feeding the exchange student; *provided*, that
12 the exchange program is being hosted by a school within Guam that has been
13 accredited by a United States recognized accreditation commission, and the
14 head of household or host family agrees in writing to accept responsibility
15 for any and all harm and damages resulting from interactions between the
16 exchange student.”

17 **Section 6.** A new Sub-Article 2 is *added* to Article 1, Chapter 61 of Title
18 21, Guam Code Annotated, to read:

19 **“SUB-ARTICLE 2**

20 **SHORT-TERM VACATION RENTAL UNIT**

21 § 61113. Purpose and Intent.

22 § 61114. Definitions.

23 § 61115. Short-term Vacation Rental Unit Certificate.

24 § 61116. Application for Short-term Vacation Rental Unit
25 Certificate.

26 § 61117. Short-term Vacation Rental Unit Emergency
27 Contact.

1 § 61118. Short-term Vacation Rental Unit Regulations.

2 § 61119. Sub-Article Not Applicable.

3 § 61120. Imposition.

4 § 61121. Exemption from Hotel Sanitation Law.

5 **§ 61113. Purpose and Intent.**

6 It is the purpose of this Sub-Article to protect the public health, safety and
7 general welfare of individuals and the community at large; to monitor and
8 provide reasonable means for citizens to mitigate impacts created by the
9 occupancy of short-term vacation rental units; and to implement rationally
10 based, reasonably tailored regulations to protect the integrity of Guam's
11 neighborhoods.

12 **§ 61114. Definitions.**

13 (a) *Code compliance verification form* is a document executed by a
14 short-term vacation rental unit property owner certifying that the property is
15 in compliance with applicable zoning, building, health and life safety code
16 provisions, to include homeowners association or condominium covenants,
17 rules and regulations, or restrictions. No person shall allow occupancy or
18 possession of any short-term vacation rental unit if the premises are in
19 violation of any applicable zoning, building, health or life safety code
20 provisions.

21 (b) *Short-term vacation rental unit occupants* means guests, tourists,
22 lessees, vacationers or any other person who, in exchange for compensation,
23 occupies a dwelling unit for lodging for any term length not to exceed thirty
24 (30) consecutive days.

25 (c) *Short-term vacation rental unit* means an accommodation for
26 transient guests where, in exchange for compensation, a residential dwelling

1 unit is provided for lodging for any term length not to exceed thirty (30)
2 consecutive days. Such use may or may not include an on-site manager.

3 (d) *Short-term vacation rental unit emergency contact* means a
4 natural person designated by the owner of a short-term vacation rental unit on
5 the short-term vacation rental unit certificate application. Such person *shall*
6 be available for and responsive to contact at all times, and is someone who is
7 customarily present at a location within Guam for purposes of transacting
8 business.

9 **§ 61115. Short-term Vacation Rental Unit Certificate.**

10 No person shall rent, lease or otherwise exchange for compensation all
11 or any portion of a dwelling unit as a short-term vacation rental unit, as
12 defined in § 61113, without first obtaining a business tax certificate from the
13 Department of Revenue and Taxation, and complying with the regulations
14 contained in this Sub-Article. No certificate issued under this Sub-Article may
15 be transferred or assigned or used by any person other than the one to whom
16 it is issued, or at any location other than the one for which it is issued.

17 **§ 61116. Application for Short-term Vacation Rental Unit**
18 **Certificate.**

19 (a) Applicants for a short-term vacation rental unit certificate *shall*
20 submit, on an annual basis, an application for a short-term vacation rental unit
21 certificate to the Director of the Department of Revenue and Taxation. The
22 application *shall* be furnished under oath on a form specified by Director,
23 accompanied by a non-refundable application fee. Such application *shall*
24 include:

25 (1) the name, address, telephone number and email address of
26 the owner(s) of record of the dwelling unit for which a certificate is
27 sought. If such owner is not a natural person, the application *shall*

1 identify all partners, officers and/or directors of any such entity,
2 including personal contact information;

3 (2) the address of the unit to be used as a short-term vacation
4 rental unit;

5 (3) the name, address, telephone number and email address of
6 the short-term vacation rental unit emergency contact, which *shall*
7 constitute his or her twenty-four (24) hour contact information;

8 (4) the owner's sworn acknowledgement that he or she has
9 received a copy of this Sub-Article, has reviewed it and understands its
10 requirements;

11 (5) the number and location of parking spaces allotted to the
12 premises;

13 (6) the owner's agreement to use his or her best efforts to
14 assure that use of the premises by short-term vacation rental unit
15 occupants will not disrupt the neighborhood, and will not interfere with
16 the rights of neighboring property owners to the quiet enjoyment of
17 their properties; and

18 (7) any other information that this Sub-Article requires the
19 owner to provide to the Department as part of an application for a short-
20 term vacation rental unit certificate. The Director or his or her designee
21 *shall* have the authority to obtain additional information from the
22 applicant as necessary to achieve the objectives of this Sub-Article.

23 (b) Attached to and concurrent with submission of the application
24 described in this Section, the owner *shall* provide:

25 (1) the owner's sworn code compliance verification form;

1 (2) a written exemplar agreement, which *shall* consist of the
2 form of document to be executed between the owner and occupant(s),
3 and which *shall* contain the following provisions:

4 (A) the occupant(s)' agreement to abide by all of the
5 requirements of this Sub-Article, state and federal law, and
6 acknowledgement that his or her rights under the agreement may
7 *not* be transferred or assigned to anyone else;

8 (B) the occupant(s)' acknowledgement that the total
9 number of occupants *shall* be limited to up to two (2) adult guests
10 and up to two (2) minor guests per bedroom;

11 (C) the occupant(s)' acknowledgement that it *shall* be
12 unlawful to allow or make any noise which a reasonable person
13 may deem excessive between the hours of 9:00 p.m. and 5:00
14 a.m.; and

15 (D) the occupant(s)' acknowledgement and agreement
16 that violation of the agreement or this Sub-Article may result in
17 immediate termination of the agreement and eviction from the
18 short-term vacation rental unit by the owner or emergency
19 contact, as well as the potential liability for the payment of fines
20 levied by the Department;

21 (3) proof of the owner's current ownership of the short-term
22 vacation rental unit or similar documentation showing possession or
23 responsibility of property;

24 (4) proof of property owner's insurance of property, to include
25 any policies for Bed and Breakfasts, short-term rental units, or similar
26 activities;

1 (5) a written certification from the short-term vacation rental
2 unit emergency contact that he or she agrees to perform the duties
3 specified in § 61117; and

4 (6) the certificate holder *shall* publish the short-term vacation
5 rental unit certificate number in every print, digital and/or internet
6 advertisement, and in any property listing in which the short-term
7 vacation rental unit is advertised.

8 **§ 61117. Short-term Vacation Rental Unit Emergency Contact.**

9 The owner of a short-term vacation rental unit *shall* designate a short-
10 term vacation rental unit emergency contact on its application for a short-term
11 vacation rental unit certificate. A property owner may serve as the short-term
12 vacation rental unit emergency contact; *provided*, that such owner is able to
13 comply with the requirements of this Section. The duties of the short-term
14 vacation rental unit emergency contact are to:

15 (a) be reasonably available to handle any problems arising
16 from the short-term vacation rental unit or its occupants;

17 (b) appear on the premises of any short-term vacation rental
18 unit within two (2) hours following notification from the Director,
19 village Mayor, or emergency personnel of issues related to the use or
20 occupancy of the premises. This includes, but is *not* limited to,
21 notification that occupants of the short-term vacation rental unit have
22 created unreasonable noise or disturbances, engaged in disorderly
23 conduct or committed violations of the applicable law pertaining to
24 noise, disorderly conduct, overcrowding, and consumption of alcohol
25 or use of illegal drugs. Failure of the agent to timely appear to two (2)
26 or more complaints regarding violations may be grounds for penalties
27 as set forth in this Chapter. This is *not* intended to impose a duty to act

1 as a peace officer or otherwise require the emergency contact to place
2 himself or herself in a perilous situation;

3 (c) receive and accept service of any notice of violation
4 related to the use or occupancy of the premises; and

5 (d) monitor the short-term vacation rental unit for compliance
6 with this Chapter.

7 (e) An owner may change his or her designation of a short-
8 term vacation rental unit emergency contact temporarily or
9 permanently; however, there *shall only* be one (1) such emergency
10 contact for a property at any given time. To change the designated
11 emergency contact, the owner *shall* notify the Director in writing of the
12 new emergency contact's identity, together with all information
13 regarding such person as required by the applicable provisions of §
14 61116. Review of an application *shall* be conducted in accordance with
15 due process principles and *shall* be granted unless the applicant fails to
16 meet the conditions and requirements of this Chapter, or otherwise fails
17 to demonstrate the ability to comply with the laws of Guam or the
18 United States. Any false statements or information provided in the
19 application are grounds for revocation, suspension and/or imposition of
20 penalties, including denial of future applications.

21 **§ 61118. Short-term Vacation Rental Unit Regulations.**

22 The Department of Revenue and Taxation, subject to the
23 Administrative Adjudication Act, *shall* adopt such rules and regulations as are
24 necessary and proper to implement the provisions of this Sub-Article.

25 **§ 61119. Sub-Article Not Applicable.**

26 This Sub-Article *shall not* apply to homes hosting a student for a
27 student exchange program, in which the host family has received

1 compensation for housing and feeding the exchange student; *provided*, that
2 the exchange program is being hosted by a school within Guam that has been
3 accredited by a United States recognized accreditation commission, and the
4 head of household or host family agrees in writing to accept responsibility for
5 any and all harm and damages resulting from interactions between the
6 exchange student.

7 **§ 61120. Imposition.**

8 An excise tax is hereby levied and imposed which *shall* be assessed and
9 collected monthly against transient occupants of a room or rooms in a short-
10 term vacation rental unit pursuant to Chapter 30 of Division 2, Title 11, Guam
11 Code Annotated.

12 **§ 61121. Exemption from Hotel Sanitation Law.**

13 Short-term vacation rental unit owners are *not* subject to the hotel
14 sanitation law in Chapter 26 of Division 2, Title 10, Guam Code Annotated.”

15 **Section 7.** § 61304(b) of Article 3, Chapter 61 of Title 21, Guam Code
16 Annotated, is hereby *amended* to read:

17 “(b) Conditional Uses:

- 18 (1) Parks, playgrounds and community centers.
- 19 (2) Biological gardens.
- 20 (3) Schools and churches.
- 21 (4) Hospitals, sanitariums, and institutional uses.
- 22 (5) Cemeteries.
- 23 (6) Recreational use, including golf courses, marinas,
24 beaches, swimming pools and accessory residential and
25 commercial use.
- 26 (7) Extractive industry.
- 27 (8) Utilities and public facilities.

- 1 (9) Wholesale and retail stores, shops and businesses.
- 2 (10) Automobile service stations, including service shops.
- 3 (11) Bed and breakfasts and short-term vacation rental units.
- 4 (12) Accessory uses and structures for the above.”

5 **Section 8.** § 61305(b) of Article 3, Chapter 61 of Title 21, Guam Code
6 Annotated, is hereby *amended* to read:

7 “(b) Conditional Uses.

- 8 (1) Duplexes.
- 9 (2) Schools and churches.
- 10 (3) Parks, playgrounds and community centers.
- 11 (4) Health service office, outpatient with laboratory.
- 12 (5) Utilities and public facilities.
- 13 (6) Short-term vacation rental units.”

14 **Section 9.** (a) **Legislative Findings and Intent.** *I Liheslaturan Guåhan*
15 finds that the operations of lodging facilities that do not acquire the proper licenses
16 needed to conduct business is detrimental to a flourishing Bed and Breakfast and
17 vacation rental industry on the island. These Bed and Breakfast and vacation rental
18 units benefit from an unfair advantage when they avoid going through the proper
19 procedures needed to ensure a safe living environment. Furthermore, without being
20 able to convey a safe living environment, the health and well-being of visitors who
21 opt to stay in unlicensed Bed and Breakfasts are jeopardized. This further
22 jeopardizes the investment that the Guam Visitors Bureau and the government of
23 Guam has spent on marketing strategies and branding initiatives portraying Guam
24 as a safe and reliable place to visit.

25 *I Liheslaturan Guåhan* further finds that Bed and Breakfasts that operate
26 without the proper licenses do not fairly contribute to the economy of Guam when
27 they do not collect the hotel occupancy tax from visitors staying on the island. The

1 hotel occupancy tax is an important revenue source that is invested into our
2 community to support the efforts of the Guam Visitors Bureau and various
3 organizations working to develop Guam as a high-quality destination to visit and
4 live in.

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

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

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

1 It is, therefore, the intent of *I Liheslaturan Guåhan* to establish penalties for
2 property owners and/or lodging facility operators who advertise the lease or use of
3 their property or facilities for lodging purposes to transient visitors without the
4 proper licenses.

5 (b) A new § 51112 is hereby *added* to Chapter 51 of Title 18, Guam
6 Code Annotated, to read as follows:

7 “§ 51112. **Civil Penalty.**

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

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

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

23 (2) any owner(s) of a property issued a second (2nd) notice to
24 cease operations by the Director or his duly authorized designee of the
25 Department of Revenue and Taxation within one (1) year of the first
26 (1st) notice *shall* be punishable, upon determination by the Director or
27 his duly authorized designee of the Department of Revenue and

1 Taxation, by a fine of Ten Thousand Dollars (\$10,000) for every day
2 they are found to have remained in operation. The owner(s) of the
3 property *shall not* be able to apply for any license to conduct business
4 on Guam for a term of one (1) year.

5 (c) Any property being managed and used as a lodging facility,
6 whether verbally expressed or advertised and marketed toward transient
7 guests by a short term vacation unit emergency contact, on-site manager, or
8 similar lodging facility operator(s), other than the owner(s) of the property,
9 and operates without the proper licenses *shall*:

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

18 (2) after a second (2nd) notice to cease operations has been
19 given to the lodging facility operator(s) by the Director or his duly
20 authorized designee of the Department of Revenue and Taxation within
21 one (1) year of the first (1st) notice, the lodging facility operator(s) *shall*
22 be punishable, upon determination by the Director or his duly
23 authorized designee of the Department of Revenue and Taxation, by a
24 fine of Ten Thousand Dollars (\$10,000) for every day they are found to
25 have remained in operation. The lodging facility operator(s) of the
26 business *shall not* be able to apply for any license to conduct business
27 on Guam for a term of one (1) year. The owner(s) of the property *shall*

1 be given a second (2nd) notice of illegal operation on their property and
2 *shall* be punishable, upon determination by the Director or his duly
3 authorized designee of the Department of Revenue and Taxation, by a
4 fine of Five Thousand Dollars (\$5,000) for every day the lodging
5 facility operator(s) has been found to have remained in operation on the
6 property.”

7 **Section 10. Effective Date.** The provisions contained herein *shall* be
8 effective upon enactment of this Act.