

I MINA'TRENTA NA LIHESLATURAN GUÅHAN
2010 (SECOND) REGULAR SESSION

Bill No. 470-30(COR)
Introduced by:

Judith P. Guthertz, DPA 

AN ACT TO ADD A NEW SUB ITEM (M) TO SUB SECTION
26203 OF ARTICLE 2, CHAPTER 26, TITLE 11, GUAM CODE
ANNOTATED TO ESTABLISH AN ANNUAL EDUCATION
GROSS RECEIPTS TAX HOLIDAY IN GUAM.

2010 OCT - 6 AM 11: 23
-De

1 BE IT ENACTED BY THE PEOPLE OF GUAM:

2 Section 1. Legislative Findings and Intent. *I Liheslatura Guahan* finds that
3 prior to the start of each new academic year, and during successive semesters for
4 institutions of higher learning, hard working families who live, work and call Guam
5 home endure the additional financial burden of purchasing clothing, school uniforms,
6 classroom and learning supplies, required course textbooks, computers and computer
7 software, instruction aids and other education related material.

8 Since 1997, fourteen (14) States have instituted a 'Sales Tax Holiday,' most,
9 scheduled within days or within a couple of weeks prior to the start of each new school
10 year. Studies reflect that the annual 'tax holiday' also serves as an economic stimulus of
11 sorts as the purchasing power of working families increases as cost savings resulting
12 from the annual tax holiday on back-to-school purchases stream towards other goods
13 and consumables.

14 To help families celebrate education in Guam, provide them with more
15 purchasing power during the back-to-school season and to express appreciation to our
16 educators, it is the intent of *I Liheslaturan Guahan* to institute an annual 'Education Gross

1 Receipts Tax (GRT) Holiday’ to commence with the start of each new academic year.
2 The annual ‘GRT holiday’ shall apply to clothing and school uniforms, classroom and
3 learning supplies, required course textbooks, computer and computer software and
4 instruction aid and other education related material and shall commence twenty-one
5 (21) days prior to the start of the first (1st) academic day of the Guam Department of
6 Education (DOE) school system.

7 **Section 2. Annual Education Gross Receipts Tax (GRT) Holiday.** Sub Item
8 (m) is hereby added to Sub Section 26203 of Article 2, Chapter 26 of Title 11, Guam
9 Code Annotated to Read:

10 **“(m) Annual Education Gross Receipts Tax (GRT) Holiday.** The Tax
11 Commissioner of the Department of Revenue and Taxation (DRT) is hereby authorized
12 and directed to designate annually, by the 15th day of June of each calendar year, a
13 twenty-one (21) day term prior to the start of the first (1st) academic day of the Guam
14 Department of Education (DOE) school system, during which no Gross Receipts Tax
15 (GRT) shall be imposed upon retail purchases related to back-to-school supplies, to
16 include clothing and school uniforms, classroom and learning supplies, required course
17 textbooks, computer and computer software, instruction aids and other education
18 related material as listed by the Tax Commissioner, within the territorial limits of
19 Guam. This Act shall not apply to the sale of telecommunications related expenses, gas,
20 electricity, motorized vehicles, scooters, motorcycles, boats, rent, mortgage, non-related
21 back-to-school supplies and any single item whose price is in excess of \$2,500, subject to
22 the GRT.

23 This period of exemption of approved clothing and school uniforms, classroom
24 and learning supplies, required course textbooks, computers and computer software
25 and instruction aids and other education related material, for our island’s
26 schoolchildren and students in institutions of higher learning, from the GRT shall be

1 known annually as the 'Education Gross Receipts Tax (GRT) Holiday' or simply the
2 annual 'Education Tax Holiday.'

3 This Act shall apply to all parents and guardians of students attending DOE
4 schools, private schools and to students of the Guam Community College, the
5 University of Guam, the Guam Contactors Association Trades Academy, and other
6 officially recognized institutions of learning under Guam law that operate in Guam; and
7 to all teachers, faculty, staff and support personnel of educational institutions operating
8 in Guam.

9 **Section 3. Implementation.** Within 90 days of the passage of this Act, the Tax
10 Commissioner shall hold a Public Hearing in accordance with the Open Government
11 Law, with a general invitation to island retailers, other business license holders in
12 Guam, the Guam Chamber of Commerce, educational institutions, Parent-Teacher-
13 Organizations, and the general public; this will provide input and suggestions for items
14 that may be included as exempt from the GRT during the annual period of the
15 'Education GRT Holiday.' Further, the Tax Commissioner shall determine the best
16 methodology for retailers to illustrate to consumers the items that are exempt from the
17 GRT in places of business and at the register.

18 Within 120-days of the passage of this Act, the Tax Commissioner shall submit a
19 list of items, as suggested during the public hearing, and as referenced in this Act, that
20 may be included as exempt from the GRT during the annual 'Education Tax Holiday' to
21 *I Maga'Lahen Guahan* for consideration; and to *I Liheslaturan Guahan* for final approval.

22 **Section 4. General Provisions.** Upon approval by *I Liheslaturan Guahan*, the
23 Tax Commissioner shall issue instructions or forms, and promulgate rules or
24 regulations, necessary for the implementation of this Act to include exemption
25 reporting requirements from participating businesses.

26 a) on an annual basis, twenty-one (21) days prior to the annual 'education tax
27 holiday', the Tax Commissioner shall publish, in print , electronically and via

1 broadcast, general notice memo in any (one), or several publications or
2 mediums of general circulation and make available a listing of items exempt
3 from the GRT during the annual 'GRT Holiday';

4 b) in consideration of the 2011-2012 Academic Year, a general exception shall be
5 made of the required June 15th notice, during the inaugural Guam 'Tax
6 Holiday,' via an Executive Order by *I Maga'Lahen Guahan* to be effective
7 twenty-one (21) calendar days prior to the start of the first (1st) academic day
8 of the Guam Department of Education (DOE) school system;

9 c) the Tax Commissioner of the DRT shall not require any vendor to collect and
10 pay GRT upon sales at retail of purchases related to back-to-school supplies,
11 as listed by the tax commissioner on said designated days;

12 d) during the days designated by the Tax Commissioner pursuant to the
13 provisions of this section (b), a business entity in possession of a Business
14 License within the territorial limits of Guam shall deduct from the sales price
15 or shall not collect from any non-business purchaser a GRT upon sales at
16 retail of items related to back-to-school, as defined and promulgated in this
17 Act. Items that shall not be included in the exemption consist of
18 telecommunications related expenses, gas, electricity, motor vehicles,
19 motorized vehicles, scooters, motorcycles, boats, rent, mortgage, non-related
20 back-to-school supplies and any single item whose price is in excess of \$2,500;

21 e) any GRT erroneously or improperly collected from consumers by the
22 Department of Revenue and Taxation during the designated twenty-one (21)
23 days of the Education GRT Holiday shall be remitted to the Department of
24 Revenue and Taxation and shall be remitted to the Government of Guam
25 Department of Education to support technology initiatives;

26 f) reporting requirements imposed upon business license holders participating
27 in the sale of items as listed by the Tax Commissioner, by law or by

1 regulation, including, but not limited to, the requirements for filing GRT
2 forms required by the Guam Department of Revenue and Taxation, shall
3 remain in effect for sales for the days designated by the Tax Commissioner;
4 and
5 g) the Tax Commissioner shall by the end of the first quarter of each subsequent
6 calendar year, certify and report to the Guam Legislature the amount of
7 sales tax forgone, as well as new revenue raised from personal and corporate
8 income taxes and other sources, due to this Act.

9 **Section 4.** Effective Date. This Act shall take effect upon enactment into law."