

MINA' TRENTA NA LIHESLATURAN GUAHAN
THIRTIETH GUAM LEGISLATURE
2010 (SECOND) Regular

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Bill No. 476-30 (cov)

Introduced by:

FRANK B. AGUON, JR. 

AN ACT TO PROMOTE EARLY CHILDHOOD LEARNING AND DEVELOPMENT OPPORTUNITIES THROUGH THE PROMOTION OF MODERN CHILD CARE FACILITIES, BY PROVIDING A BUSINESS PRIVILEGE TAX EXEMPTION FOR CHILD CARE CENTERS AND GROUP CHILD CARE HOMES, BY ADDING A NEW PART (37) TO SUBSECTION (k) OF §26203, CHAPTER 26, TITLE 11, GUAM CODE ANNOTATED.

1 BE IT ENACTED BY THE PEOPLE OF GUAM:

2 Section 1. Legislative Findings and Intent: *I Liheslaturan Guahan*
3 finds that the standards and objectives of child care facilities have
4 progressed nationwide to that of being early educational facilities, as
5 opposed to just providing babysitting services. It has clearly been
6 determined that such an environment is beneficial in the early
7 development of children exposed to genuine learning experiences within a
8 more formal setting appropriately adapted to their preschool age.

1 During recent public hearings on Bill No. 455-30 (COR), an Act
2 relative to updating and establishing modern rules and regulations for
3 Child Care Centers and Group Child Care Homes, many operators of child
4 care facilities acknowledged the need for such rules, however, they
5 considered the objective unattainable due to perceived increases in costs of
6 operations due to the anticipated costs of meeting the higher standards.

7 Statistical information provided by the Department of Public Health
8 & Social Services, relative to the 47 licensed Child Care Centers and Group
9 Child Care Homes, shows there are approximately 2,350 children enrolled.
10 The range of costs for enrolment on a full-time basis ranges from an
11 average low of \$410 dollars to an average high of \$500 dollars. Taking an
12 average of \$455 dollars, the monthly gross revenue is approximately
13 \$1,069,250 dollars (\$12,831,000 annually). At .04% percent, this
14 approximate figure equates to an annual gross receipts tax revenue to the
15 government of \$513,240 dollars. Or, approximately \$10,920 dollars from
16 each child care business, when divided equally – which is not the case, but
17 is of value when considering the amount of funds potentially available to
18 the center’s if said funds were to instead be utilized for needed
19 improvements to achieve compliance with more stringent but
20 appropriately modern rules and regulations.

21 It is the intent of *I Liheslaturan Guahan* to facilitate the implementation
22 of rules and regulations necessary for the safe and educationally beneficial

1 operation of Child Care Facilities by providing a Business Privilege Tax
2 exemption in an effort to provide financial relief as centers come into
3 appropriate compliance.

4 It is, further, the intent of *I Liheslaturan Guahan* that the tax relief
5 provided herein will sufficiently offset the costs of meeting the standards
6 set forth in the rules and regulation promulgated pursuant to Article 4 –
7 Child Welfare Services Act, of Chapter 4, Title 10, Guam Code Annotated,
8 and thereby alleviate the need for day care centers and group homes to
9 increase fees which could negatively impact their clients. To insure this
10 objective is accomplished, *I Liheslaturan Guahan* finds it appropriate to
11 provide for an optional alternative to day care centers to claim the tax relief
12 provided herein, but with the restriction that their fees shall not be
13 increased by more than five percent (.05%) within a given year.

14 **Section 2.** A new Part (37) is added to Subsection (k) of §26203,
15 Chapter 26, Title 11, Guam Code Annotated, to read:

16 “(37) All the gross proceeds received by Child Care Center’s and
17 Group Child Care Home’s which are duly licensed pursuant to
18 Article 4 – Child Welfare Services Act, of Chapter 4, Title 10, Guam
19 Code Annotated, for a period of five (5) years commencing on the
20 date that any business privilege tax would otherwise be required to
21 be paid to the government of Guam.”

1 **Section 3. Enrollment fee increase restrictions applicable to child**
2 **care facilities claiming the Business Privilege Tax exemption.** Child Care
3 Centers and Group Child Care Homes claiming the Business Privilege Tax
4 exemption provided pursuant to Section 2 of the Act, *shall* be prohibited
5 from raising their enrollment fee by more than five percent (.05%) within a
6 given year.

7 The Child Care Centers and Group Child Care Homes *shall* have the
8 **option** to claim the exemption and comply with the annual five percent
9 (.05%) enrollment fee increase limit, **or**, they may choose **not** to claim the
10 exemption, in which case no restrictions are applicable to any fee schedule
11 they deem appropriate and in the best interests of their business.

12 **Section 4. Effective Date.** This Act shall be effective on January 01,
13 2011.