

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
69-35 (LS)	Sabina Flores Perez	AN ACT TO AMEND § 7102(q) OF ARTICLE 1, CHAPTER 7, TITLE 3, GUAM ADMINISTRATIVE RULES AND REGULATIONS, RELATIVE TO CORRECTING THE DEFINITION OF "GROSS RECEIPTS" AS IT APPLIES TO GAMING.	3/22/19 12:23 p.m.	4/4/19	Committee on Environment, Revenue and Taxation, and Procurement	6/5/19 9:00 a.m.	8/2/19 10:32 a.m. As amended by the Committee on Environment, Revenue and Taxation, and Procurement	Request: 4/5/19 6/4/19	



OFFICE OF SENATOR SABINA FLORES PEREZ

Chairperson

Committee on Environment, Revenue and Taxation, and Procurement
I MINA'TRENTAI SINGKO NA LIHESLATURAN GUÅHAN
35TH GUAM LEGISLATURE

July 29, 2019

The Honorable Tina Rose Muña Barnes

Speaker

I Mina'trentai Singko Na Liheslaturan Guåhan

163 Chalan Santo Papa

Hagåtña, Guam 96910

RFL

VIA: The Honorable Regine Biscoe Lee

Chairperson, Committee on Rules

RE: Committee Report on Bill No. 69-35 (LS) As Amended

Håfa adai Speaker Muña Barnes,

Transmitted herewith is the Committee Report on Bill No. 69-35 (LS), As Amended by the Committee on Environment, Revenue and Taxation, and Procurement – **“AN ACT TO AMEND § 7102(q) OF ARTICLE 1, CHAPTER 7, TITLE 3, GUAM ADMINISTRATIVE RULES AND REGULATIONS, RELATIVE TO CORRECTING THE DEFINITION OF “GROSS RECEIPTS” AS IT APPLIES TO GAMING.”**

2019 AUG -2 AM 10:32 AM

Committee votes are as follows:

- 1 TO DO PASS
- 0 TO NOT PASS
- 3 TO REPORT OUT ONLY
- 0 TO ABSTAIN
- 0 TO PLACE IN INACTIVE FILE

Si Yu'os ma'åse',

Sabina Flores Perez

Sabina Flores Perez

RECEIVED
JUL 30 2019
11:23AM.
 COMMITTEE ON RULES



OFFICE OF SENATOR SABINA FLORES PEREZ

Chairperson

Committee on Environment, Revenue and Taxation, and Procurement

I MINA'TRENTAI SINGKO NA LIHESLATURAN GUÁHAN

35TH GUAM LEGISLATURE

COMMITTEE REPORT

Bill No. 69-35 (LS)

**As Amended by the Committee on
Environment, Revenue and Taxation, and
Procurement**

Introduced by Senator Sabina Flores Perez

**“AN ACT TO *AMEND* § 7102(q) OF ARTICLE
1, CHAPTER 7, TITLE 3, GUAM
ADMINISTRATIVE RULES AND
REGULATIONS, RELATIVE TO
CORRECTING THE DEFINITION OF
“GROSS RECEIPTS” AS IT APPLIES TO
GAMING.”**



OFFICE OF SENATOR SABINA FLORES PEREZ

Chairperson

Committee on Environment, Revenue and Taxation, and Procurement

I MINA'TRENTAI SINGKO NA LIHESLATURAN GUÁHAN

35TH GUAM LEGISLATURE

July 29, 2019

MEMORANDUM

To: **All Members**
Committee on Environment, Revenue and Taxation, and Procurement

From: **Senator Sabina Flores Perez** *SFP*
Committee Chairperson

Subject: **Committee Report on Bill No. 69-35 (LS), As Amended by the Committee on Environment, Revenue and Taxation, and Procurement**

Håfa Adai,

Transmitted herewith for your consideration is the Committee Report on Amended Bill No. 69-35 (LS) – “AN ACT TO *AMEND* § 7102(q) OF ARTICLE 1, CHAPTER 7, TITLE 3, GUAM ADMINISTRATIVE RULES AND REGULATIONS, RELATIVE TO CORRECTING THE DEFINITION OF “GROSS RECEIPTS” AS IT APPLIES TO GAMING.”

This report includes the following:

- Copy of COR Referral of Bill No. 69-35 (LS)
- Notices of Public Hearing
- Copy of Public Hearing Agenda
- Public Hearing Sign-in Sheet
- Submitted Testimonies and Supporting Documents
- Committee Report Digest
- Copy of Bill No. 69-35 (LS)
- Copy of Bill No. 69-35 (LS), *As amended by the Committee on Environment, Revenue and Taxation and Procurement.*
- Amended Mark-up Version
- Copy of Fiscal Note Waiver from Bureau of Budget and Management Research
- Committee Vote Sheet

Please take the appropriate action on the attached vote sheet. Your attention to this matter is greatly appreciated. Should you have any questions or concerns, please do not hesitate to contact me.

Senator Amanda L. Shelton,
Vice Chairperson

Speaker Tina Rose Muña Barnes,
Member

Vice Speaker Telena Cruz Nelson,
Member

Senator Kelly Marsh (Taitano), Ph.D.,
Member

Senator Sabina Flores Perez
Member

Senator Clynton E. Ridgell
Member



COMMITTEE ON RULES
SENATOR RÉGINE BISCOE LEE, CHAIR
I MINA 'TRENTAI SINGKO NA LIHESLATURAN GUÅHAN
35TH GUAM LEGISLATURE

Senator Joe S. San Agustin,
Member

Senator Jose T. Tertaje,
Member

Senator Therese M. Tertaje,
Member

Senator James C. Moylan,
Member

Senator Mary Camacho Torres,
Member and
Chair, Subcommittee on Protocol

April 4, 2019

MEMO

To: **Rennae Meno**
Clerk of the Legislature
Attorney Julian Aguon
Legislative Legal Counsel

From: **Senator Régine Biscoe Lee**
Chairperson, Committee on Rules

Re: **Referral of Bill No. 69-35 (LS)**

Buenas yan Háfa adai.

As per my authority as Chairperson of the Committee on Rules and subject to §6.01(d), Rule VI of our Standing Rules, I am forwarding the referral of **Bill No. 69-35 (LS)**.

Please ensure that the subject bill is referred to the **Committee on Environment, Revenue and Taxation, and Procurement**, chaired by Senator Sabina Flores Perez.

I also request that the same be forwarded to the prime sponsor of the subject bill.

If you have any questions or concerns, please feel free to contact Mary Maravilla, Committee on Rules Director at 472-2461.

Thank you for your attention to this important matter.

Respectfully,


Senator Régine Biscoe Lee
Chairperson, Committee on Rules



1st Notice of Public Hearing: Wednesday, June 5, 2019 at 9:00 a.m.

Office of Senator Sabina Perez <office@senatorperez.org>

Wed, May 29, 2019 at 9:20 AM

To: lpalomo@guampuc.com, mel.mendiola@investguam.com, a.hernandez@investguam.com, larry.toves@investguam.com, "Dafne M. Shimizu" <Dafne.Shimizu@revtax.guam.gov>, "Michele B. Santos" <Michele.Santos@revtax.guam.gov>, frank.lujan@otech.guam.gov, bjcruz@guamopa.com, claudia.acfalle@gsa.guam.gov, Robert Kono <robert.kono@gsa.guam.gov>, Chelsa Muna-Brecht <chelsa.munabrecht@agriculture.guam.gov>, "Walter S. Leon Guerrero" <walter.leonguerrero@epa.guam.gov>, "John Thos. Brown" <jngo@ozemail.com.au>, dlmdir@land.guam.gov, joseph.borja@land.guam.gov, rstopasna@ghura.org, efnapoli@ghura.org, linda.denorcey@dphss.guam.gov, laurent.duenas@dphss.guam.gov, Sarah Thomas-Nededog <sarah.thomasnededog@westcare.com>, Samantha Eliptico <samantha.eliptico@westcare.com>, amscruz@gdoe.net, amsay@ghura.org, info@guamchamber.com.gu, law@guamag.org, Lester Carlson <lester.carlson@bbmr.guam.gov>, vince.arriola@dpw.guam.gov, edward.birn@doa.guam.gov, Tyrone Taitano <tyrone.taitano@bsp.guam.gov>, theresa.arriola@gbhwc.guam.gov, Mary Okada <mary.okada@guamcc.edu>, tkrise@triton.uog.edu, jonfernandez@gdoe.net, mdr@gdoe.net, Richard Ybanez <richard.ybanez@dpr.guam.gov>, sjbrennan@doc.guam.gov, rjrespicio@portguam.com, tom.ada@guamairport.net, Ignacio.peredo@cqa.guam.gov, director@cqa.guam.gov, gpls@gpls.guam.gov, david.dellisola@dol.guam.gov, Jayne Therese Flores <jayne.flores@guam.gov>, "Stephanie G. Flores" <stephanie.flores@guam.gov>, jack.hattig@cltc.guam.gov, melvin.borja@guam.gov, jermaine.alerta@gddc.guam.gov, fred.bordallo@gvao.guam.gov, lasia.casil@hrra.guam.gov, daniel.leonguerrero@csc.guam.gov, annmarie.arceo@dca.guam.gov, joseph.angoco@galc.guam.gov, melanie.brennan@dya.guam.gov, pmbblas@ite.net, vote@gec.guam.gov, rebecca.respicio@energy.guam.gov, daniel.stone@gfd.guam.gov, alice.taijeron@ghc.guam.gov, lillan.perez-posadas@gmha.org, stephen.ignacio@gpd.guam.gov, jbenavente@gpagwa.com, celestin.babauta@grta.guam.gov, pilar.laguana@visitguam.org, Miguel Bordallo <mcbordallo@guamwaterworks.org>, mcogadmin@teleguam.net, John Lizama <jqlizama@guamcourts.org>, Sabrina Salas Matanane <sabrina@kuam.com>, nestor@kuam.com, Chris Barnett <malafunkshun@kuam.com>, carmen@kuam.com, joan@kuam.com, news@sorensenmediagroup.com, reporters@postguam.com, news@guampdn.com, news@k57.com, phill@k57.com, rlimtiaco@guampdn.com, heugenio@guampdn.com, John O'Connor <johntaoconnor@gmail.com>, kstokish@gmail.com, editor@pacificislandtimes.com, Maureen Maratita <publisher@glimpsesofiguam.com>, businesseditor@glimpsesofiguam.com, reporter2@glimpsesofiguam.com, Joy White <reporter4@glimpsesofiguam.com>, Guam Progress <guamprogress@yahoo.com>, colinperez@gmail.com, Gabejereza@gmail.com, phnotice@guamlegislature.org

May 29, 2019

MEMORANDUM

To: All Senators, Stakeholders and Media

Fr: Senator Sabina Flores Perez, *Chairperson*

Subject: **1st Notice of Public Hearing: Wednesday, June 5, 2019 at 9:00 a.m.**

The Committee on Environment, Revenue and Taxation, and Procurement will be conducting a public hearing on **Wednesday, June 5, 2019 at 9:00 a.m.** This public hearing will take place in *Liheslaturan Guahan*, Public Hearing Room. The agenda is as follows:

- **9:00 a.m.**

- **Bill No. 56-35 (COR) - Telo T. Taitague / William M. Castro** -An act to add a new § 12130 to

Article 1, Chapter 12, Division 1, Title 12, Guam Code Annotated, relative to requiring the completion of an independent economic impact statement relative to fiber-optic undersea cable landing stations.

Bill No. 69-35 (LS) - Sabina Flores Perez -An act to amend §7102(q) of Chapter 7, Title 3, Guam Administrative Rules and Regulations, relative to correcting the definition of gross receipts.

Bill No. 90-35 (COR) - Sabina Flores Perez / Kelly Marsh (Taitano), PhD / Amanda L. Shelton -An act to amend §5215 of Chapter 5, Title 5, Guam Code Annotated, relative to strengthening emergency procurement provisions and transparency, and providing for emergency procurement for threats to the environment.

Bill No. 126-35 (LS) - Mary Camacho Torres -An act to add a new § 57107 to Chapter 57, Title 10 of the Guam Code Annotated, relative to requiring the department of revenue and taxation to establish an exceptions process for homeless individuals and unaccompanied homeless youth obtaining a Guam identification card; and to further citing this act as the “Homeless Youth and Families Identification Act.”

Testimony on **Bill No. 56-35 (COR), Bill No. 69-35 (LS), Bill No. 90-35 (COR) and Bill No. 126-35 (LS)** should be addressed to Senator Sabina Flores Perez, Chairperson, and will be accepted via hand delivery to our office, our mailbox at the Guam Congress Building at 163 *Chalan Santo Papa, Hagåtña*, Guam 96910, via email to office@senatorperez.org, no later than 4pm, June 10, 2019.

In compliance with the Americans with Disabilities Act, individuals requiring special accommodations or services should contact the Office of Senator Sabina Flores Perez at 989-2968.



OFFICE OF SENATOR SABINA FLORES PEREZ

Chairperson

Committee on Environment, Revenue and Taxation, and Procurement
I MINA TRENDAI SINGKO NA LIHESLATURAN GUAHAN
35TH GUAM LEGISLATURE

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2nd Notice of Public Hearing: Wednesday, June 5, 2019 at 9:00 a.m.

Office of Senator Sabina Perez <office@senatorperez.org>

Mon, Jun 3, 2019 at 8:56 AM

To: lpalomo@guampuc.com, mel.mendiola@investguam.com, a.hernandez@investguam.com, larry.toves@investguam.com, "Dafne M. Shimizu" <Dafne.Shimizu@revtax.guam.gov>, "Michele B. Santos" <Michele.Santos@revtax.guam.gov>, frank.lujan@otech.guam.gov, bjcruz@guamopa.com, claudia.acfalle@gsa.guam.gov, Robert Kono <robert.kono@gsa.guam.gov>, Chelsa Muna-Brecht <chelsa.munabrecht@agriculture.guam.gov>, "Walter S. Leon Guerrero" <walter.leonguerrero@epa.guam.gov>, "John Thos. Brown" <jngo@ozemail.com.au>, dlmdir@land.guam.gov, joseph.borja@land.guam.gov, rstopasna@ghura.org, efnapoli@ghura.org, linda.denorcey@dphss.guam.gov, laurent.duenas@dphss.guam.gov, Sarah Thomas-Nededog <sarah.thomasnededog@westcare.com>, Samantha Eliptico <samantha.eliptico@westcare.com>, Angelina Marie Cruz <amscruz@gdoe.net>, Amor Say <amsay@ghura.org>, info@guamchamber.com.gu, law@guamag.org, Lester Carlson <lester.carlson@bbmr.guam.gov>, vince.arriola@dpw.guam.gov, edward.birn@doa.guam.gov, Tyrone Taitano <tyrone.taitano@bsp.guam.gov>, theresa.arriola@gbhwc.guam.gov, Mary Okada <mary.okada@guamcc.edu>, tkrise@triton.uog.edu, jonfernandez@gdoe.net, mdr@gdoe.net, Richard Ybanez <richard.ybanez@dpr.guam.gov>, sjbrennan@doc.guam.gov, rjrespicio@portguam.com, tom.ada@guamairport.net, Ignacio.peredo@cqa.guam.gov, director@cqa.guam.gov, gpls@gpls.guam.gov, david.dellisola@dol.guam.gov, Jayne Therese Flores <jayne.flores@guam.gov>, "Stephanie G. Flores" <stephanie.flores@guam.gov>, jack.hattig@cltc.guam.gov, melvin.borja@guam.gov, jermaine.alerta@gddc.guam.gov, fred.bordallo@gvao.guam.gov, lasia.casil@hrra.guam.gov, daniel.leonguerrero@csc.guam.gov, annmarie.arceo@dca.guam.gov, joseph.angoco@galc.guam.gov, melanie.brennan@dya.guam.gov, pmbblas@ite.net, vote@gec.guam.gov, rebecca.respicio@energy.guam.gov, daniel.stone@gfd.guam.gov, alice.taijeron@ghc.guam.gov, lillian.perez-posadas@gmha.org, stephen.ignacio@gpd.guam.gov, jbenavente@gpagwa.com, celestin.babauta@grta.guam.gov, pilar.laguana@visitguam.org, Miguel Bordallo <mcbordallo@guamwaterworks.org>, mcogadmin@teleguam.net, John Lizama <jqlizama@guamcourts.org>, rcruz@guamcourts.org, Sabrina Salas Matanane <sabrina@kuam.com>, nector@kuam.com, Chris Barnett <malafunkshun@kuam.com>, carmen@kuam.com, joan@kuam.com, news@sorensenmediagroup.com, reporters@postguam.com, news@guampdn.com, news@k57.com, phill@k57.com, rlimtiaco@guampdn.com, heugenio@guampdn.com, John O'Connor <johntaoconnor@gmail.com>, kstokish@gmail.com, editor@pacificislandtimes.com, Maureen Maratita <publisher@glimpsesofguam.com>, businesseditor@glimpsesofguam.com, reporter2@glimpsesofguam.com, Joy White <reporter4@glimpsesofguam.com>, Guam Progress <guamprogress@yahoo.com>, colinperez@gmail.com, Gabejereza@gmail.com, aebenavente@gdoe.net, phnotice@guamlegislature.org

June 3, 2019

MEMORANDUM

To: All Senators, Stakeholders and Media

Fr: Senator Sabina Flores Perez, *Chairperson*

Subject: **2nd Notice of Public Hearing: Wednesday, June 5, 2019 at 9:00 a.m.**

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 **2nd Notice.pdf**
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OFFICE OF SENATOR SABINA FLORES PEREZ

Chairperson

Committee on Environment, Revenue and Taxation, and Procurement
I MINA TRENDAI SINGKO NA LIHESLATURAN GUAHAN
35TH GUAM LEGISLATURE

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GUAM DAILY POST • MONDAY, JUNE 3, 2019

Indonesia in chaos after vote

SINGAPORE (Tribune News Service) — It's been six weeks since Indonesian President Joko Widodo, better known as Jokowi, appeared to comfortably secure a second term against challenger Prabowo Subianto, a former special forces general.

But the aftermath of one of the world's largest democratic elections has been anything but stable.

Prabowo, who also lost to Jokowi in the last presidential election in 2014, has rejected the results of the April 17 contest, claiming rampant election fraud.

Blood flowed when several thousand of his supporters took to the streets of the Indonesian capital of Jakarta last week after the country's General Elections Commission officially declared Jokowi the winner with 55.5% of the 154 million ballots cast, a record turnout.

Two days of violent riots resulted in the deaths of eight demonstrators. Hundreds more were injured as police fired rubber bullets, tear gas and water cannons at protesters hurling rocks and Molotov cocktails. More than 400 people were arrested.

This week, police accused Prabowo

supporters, including a retired two-star general, of plotting to assassinate four of the president's top security officials — his chief security minister, the head of the nation's intelligence agency, the presidential intelligence adviser and a minister for maritime affairs.

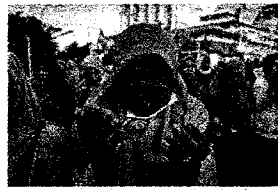
Authorities said the plot was aimed at sowing chaos to undermine Jokowi as he embarked on a second five-year term.

The president will preside over a country that's been divided over religious identity. Prabowo, who is not particularly religious himself, represents hard-line Muslim conservatives. Jokowi, the former mayor of Jakarta, champions a more inclusive and progressive Indonesia — though he selected a conservative cleric as his running mate to boost his religious credentials.

Questions abound about how quickly the Southeast Asian nation of 250 million, the world's fourth most populous, will rebound. Here are four:

Question: Why is Prabowo contesting?

Answer: Prabowo, the former son-in-law of Indonesian dictator Suharto, has accused the election commission of "fraudulent tabulations," alleging vote-rigging in favor of Jokowi. Prabowo



RALLY: A supporter of Prabowo Subianto, an Indonesian presidential candidate, cries outside the Elections Supervisory Agency after official government election results were announced on May 24 in Jakarta, Indonesia. Joko Widodo was reelected as president, beating Subianto. Ulet Ifansasti/Getty Images/Tribune News Service

filed a lawsuit with the Constitutional Court, which will decide the case in June.

Experts say Prabowo, 67, is contesting the election results largely because he can and has nothing to lose. He's also making a tradition of it. Prabowo rejected the outcome of the 2014 election when he lost to Jokowi by a slimmer official margin.

In putting up a fight, Prabowo can maintain his coalition of conservative Muslims, extract more concessions from Jokowi and maintain some semblance of face after losing an election by 17 million votes.

Q: Is there evidence of voter fraud?

A: Yes, but nothing on a scale that could explain the lopsided election outcome. Analysts say there will always

be isolated examples of vote-buying and voter roll chicanery in a developing country as large as Indonesia.

In one such case, thousands of ballot papers destined for Indonesians living in Malaysia were discovered to have already been checked in favor of Jokowi.

However, the claims by the Prabowo camp of massive irregularities that would have swayed the overall results appear to be unfounded. Indonesia's election watchdog dismissed complaints by Prabowo supporters of cheating, citing insufficient evidence.

"There was very, very little evidence in 2014 and there's very little evidence now," said Made Supriatma, a visiting fellow at the Institute of Southeast Asian Studies in Singapore. "The claims are baseless."

Q: Will Indonesia plunge further into violence?

A: The riots naturally sparked fears of a repeat of 1998 mass unrest that resulted in more than 1,000 deaths of mostly Chinese-heritage Indonesians and the toppling of President Suharto after three decades of rule.

But conditions were far different back then. Discontent in Indonesia at the time was widespread and hinged on deep-rooted economic problems. Jokowi remains a popular president stewarding an economy that's growing at a clip of 5% or more the last five years.

Analysts say the recent riots were contained to hardcore Prabowo supporters and didn't suggest a much wider popular movement against the president that could trigger further bloodshed.

**Kumision I Tano Saina'ta
Guam Ancestral Lands Commission**

The Guam Ancestral Lands Commission Board Meeting will be held on **Wednesday, June 5, 2019 at 2:00 p.m.**, Department of Land Management conference room, 3rd Floor of the ITC Building 590 S. Marine Corps Drive, Tamuning. The agenda may be viewed at the following link:

<http://dlm.guam.gov/announcements-2/>

Individuals requiring special accommodations, auxiliary aids or services, please call Liza Camacho at 649-5263 ext. 440.

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**GUAM ENVIRONMENTAL PROTECTION AGENCY
AHENSIAN PRUTEKSION LINA LA GUAHAN**

REMINDER NOTICE
ABOVEGROUND STORAGE TANK ANNUAL PERMIT

The Guam Environmental Protection Agency (Guam EPA) reminds owners of Aboveground Storage Tanks (AST) containing Regulated Substances that they are required to apply for an AST Permit with the Agency by February 10, 2019, in accordance with Guam Public Law 34-140 - the Aboveground Storage of Regulated Substances Act, and codified in Title 10 Guam Code Annotated Chapter 76A, Division 3.

Guam EPA is currently extending the permitting period to June 30, 2019 in an effort to have all owners of ASTs to come into compliance with Guam Public Law 34-140

The AST Permit Application Form and the Aboveground Storage of Regulated Substances Act are available online at www.epo.guam.gov.

FAILURE TO OBTAIN A PERMIT FOR YOUR FACILITY OR BUILDING MAY RESULT IN A FINE OF UP TO TWENTY-FIVE THOUSAND DOLLARS (\$25,000.00), OR A DAILY FINE OF ONE HUNDRED DOLLARS (\$100.00) PER 500 GALLONS OR GREATER, FOR ASTs OR CONTAINERS WITH AN AGGREGATE EQUAL TO, OR GREATER THAN 500 GALLONS CONTAINING REGULATED SUBSTANCES.

Should you have any questions or need further clarification, please contact the Hazardous Waste Management Program at (671) 300-4751/52 or by email at estpermits@epo.guam.gov.

/s/ WALTER S. LEON GUERRERO, Administrator

GUAM EPA | 3770th International Avenue, Tiyao Barrigada, Guam 96913-1031 | Tel: (671) 300-4751/52 | Fax: (671) 300-4751 | www.epo.guam.gov
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PUBLICATION NOTICE

In accordance with the provisions of Guam Code Annotated, Title XI, Chapter III, Section 3315, notice is hereby given that:

GREENPA'S CORPORATION
DBA: UNCLE PARK BISTRO

has applied for a Class: 4/ General On-Sale Alcoholic Beverage License. Said premises being marked as Lot: 5078-3-4-1 R1 NEW A-3 JDK BLDG. 1ST FLR. 1206 PALE SAN VITORES RD. TUMON, GUAM 96913.

Senator Sabina Flores Perez
Committee on Environment, Revenue and Taxation, and Procurement
Public Hearing Notice
Wednesday, June 5, 2019
I Liheslaturan Guahan, Public Hearing Room

AGENDA

9:00am
Bill No. 56-35 (COR) - Telo T. Taitague / William M. Castro - An act to add a new §12130 to Article 1, Chapter 12, Division 1, Title 12, Guam Code Annotated, relative to requiring the completion of an independent economic impact statement relative to fiber-optic undersea cable landing stations.

Bill No. 69-35 (LS) - Sabina Flores Perez - An act to amend §7102(g) of Chapter 7, Title 3, Guam Administrative Rules and Regulations, relative to correcting the definition of gross receipts.

Bill No. 90-35 (COR) - Sabina Flores Perez / Kelly Marsh (Taitano), PhD / Amanda L. Shelton - An act to amend §5215 of Chapter 5, Title 5, Guam Code Annotated, relative to strengthening emergency procurement provisions and transparency, and providing for emergency procurement for threats to the environment.

Bill No. 126-35 (LS) - Mary Camacho Torres - An act to add a new §57107 to Chapter 57, Title 10 of the Guam Code Annotated, relative to requiring the Department of Revenue and Taxation to establish an exceptions process for homeless individuals and unaccompanied homeless youth obtaining a Guam identification card; and to further citing this act as the "Homeless Youth and Families Identification Act."

Testimonies can be delivered to the Legislative Mailbox at the Guam Congress Building at 163 *Chalan Santa Paqa, Hagåtña*, Guam 96910, or via email to office@senatorperez.org, no later than 4pm June 10, 2019. Individuals requiring special accommodations should submit request to Office of Senator Sabina Flores Perez at 989-2968. Paid for by committee funds.

I Mina'trentai Singko Na Liheslaturan Guåhan

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Updated as of 5.15.19



OFFICE OF SENATOR SABINA FLORES PEREZ

Chairperson

Committee on Environment, Revenue and Taxation, and Procurement

I MINA'TRENTAI SINGKO NA LIHESLATURAN GUAHAN

35TH GUAM LEGISLATURE

AGENDA

PUBLIC HEARING

Wednesday, June 5, 2019

I Liheslaturan Guahan, Public Hearing Room

The agenda is as follows:

9:00 am

Bill No. 56-35 (COR) - Telo T. Taitague / William M. Castro - An act to add a new § 12130 to Article 1, Chapter 12, Division 1, Title 12, Guam Code Annotated, relative to requiring the completion of an independent economic impact statement relative to fiber-optic undersea cable landing stations.

Bill No. 69-35 (LS) - Sabina Flores Perez - An act to amend §7102(q) of Chapter 7, Title 3, Guam Administrative Rules and Regulations, relative to correcting the definition of gross receipts.

Bill No. 90-35 (COR) - Sabina Flores Perez / Kelly Marsh (Taitano), PhD / Amanda L. Shelton - An act to amend §5215 of Chapter 5, Title 5, Guam Code Annotated, relative to strengthening emergency procurement provisions and transparency, and providing for emergency procurement for threats to the environment.

Bill No. 126-35 (LS) - Mary Camacho Torres - An act to add a new § 57107 to Chapter 57, Title 10 of the Guam Code Annotated, relative to requiring the department of revenue and taxation to establish an exceptions process for homeless individuals and unaccompanied homeless youth obtaining a Guam identification card; and to further citing this act as the “Homeless Youth and Families Identification Act.”



OFFICE OF SENATOR SABINA FLORES PEREZ

Chairperson

Committee on Environment, Revenue and Taxation, and Procurement

I MINA'TRENTAI SINGKO NA LIHESLATURAN GUAHAN

35TH GUAM LEGISLATURE

Public Hearing

Wednesday, June 5, 2019, 9:00am

I Liheslaturan Guahan, Public Hearing Room

Bill No. 69-35 (LS) - Sabina Flores Perez - An act to amend §7102(q) of Chapter 7, Title 3, Guam Administrative Rules and Regulations, relative to correcting the definition of gross receipts.

NAME (please print)	AGENCY/ ORGANIZATION	ORAL TESTIMONY	WRITTEN TESTIMONY	IN FAVOR	NOT IN FAVOR	CONTACT INFORMATION
<i>Dafu Mansajit Shij</i>	<i>DLT</i>	✓	✓			



Dipåtamenton Kontribusion yan Adu'ána

DEPARTMENT OF

REVENUE AND TAXATION

GOVERNMENT OF GUAM

Gubetnamenton Guåhan

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JOSHUA F. TENORIO, Lt. Governor Sigundo Maga'láhi

DAFNE MANSAPIT-SHIMIZU, Director
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MICHELE B. SANTOS, Deputy Director
Sigundo Direktot

June 5, 2019

Senator Sabina Flores Perez
Chairperson, Committee on Environment, Revenue and Taxation,
and Procurement
35th Guam Legislature
163 Chalan Santo Papa
Hagåtña, Guam 96932


Testimony on Bill No. 69-35 (LS): An act relative to correcting the definition of gross receipts

Hafa Adai Senator Flores Perez, and members of the Committee on Environment, Revenue and Taxation, and Procurement.

Bill No. 69-35 proposes to change the definition of “gross receipts” as it applies to gaming activities pursuant to Title 3, Chapter 7 §7102(q) Guam Administrative Rules and Regulations. It eliminates the ability of gaming entities to deduct from total revenues payments for any winnings. In essence, gaming entities shall pay gross receipts taxes on gross receipts herein defined as total revenues with passage of this bill. Through a recent audit, the Office of Public Accountability declared there is a lost opportunity to collect on average \$813,000 of limited gaming tax revenues from \$20.3 Million in gross incomes earned by the top five Bingo non-profit organizations annually. This represents a net increase of \$655,000 in gross receipts taxes should this bill be enacted into law. We can also expect to collect additional tax revenues from other gaming organizations not covered in the audit.

The Department of Revenue of Taxation takes no position on this bill. Moreover, this correction can be put in to place rather quickly and enforced once passed. We recommend, however, that the Act be effective at the beginning of the following month upon its enactment date.

Thank you, Senator Flores Perez and members of this Committee for this opportunity to submit testimony on Bill No. 69-35 (LS). Please contact me should you need further assistance.


Dafne Mansapit-Shimizu
Director

Honorable Sabina E. Perez
Chairwoman
Committee on Environment, Revenue and Taxation, and Procurement
Guam Congress Building
163 Chalan Santo Papa
Hagatna, GU 96910

Re: Written Testimony in Opposition to Bill 69-35

Your Honor and esteemed Committee Members,

Bill 69-35 is a virtual death sentence to an open, fair, structured, and highly accountable industry that supports the livelihoods of our many employees and is an unjustifiable disruption to our lives and families. This is not merely one person or company you will harm; in fact we are dozens of law-abiding citizens, tax payers, and people who offer fair amusement to willing adults who enjoy such entertainment.

In truth, if this bill were to pass and destroy the industry, not only will the government lose significant revenue, you will very likely have created an underground gaming activity where people will not operate openly and will deny the government of Guam its fair due. This will also likely not give the players their fair due as they will have no recourse to address grievances or address simple malfunctions for refunds. This would be akin to the unregulated, illegal AirBnb that we know operates with impunity in Guam and without paying its fair share to our community. This cheats the Government of Guam with the many illegal AirBnb remaining in the shadows and out of the grasp of the Department of Revenue and Taxation, Department of Public Health, the Tourism Fund, Highway Fund and the list goes on and contributes nothing to maintain our Island nor improve our community.

Furthermore, putting us out of business hurts the many landlords to whom we pay rent, and hurt the public utilities we now pay, and others, like supplies stores, and again, the government to whom we pay very significant taxes and license fees. We employ hundreds of employees as cashiers, security guards, both internally as in-house employees or from an outside contact security company.

For many of our employees, this is a first job, an entry into the work force and provides the means to assist in paying tuition at school or help at home to support their families. They learn rudimental accounting practices, cash handling, business management responsibilities, and customer service.

For these and many other reasons, Bill 69-35 is bad for business, bad for fair and open adult amusement and bad for Guam.

Respectfully submitted,


Gerald Yingling
Remedies LLC
Managing Member

GUAM LEGISLATURE
CENTRAL FILES

KNOWLEDGEMENT RECEIPT
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Committee on Environment, Revenue and Taxation, and Procurement
Honorable Sabina E. Perez, Chairwoman
Guam Congress Building
163 Chalan Santo Papa
Hagatna, GU 96910

Re: Written Testimony in Opposition to Bill 69-35

Thank you for the opportunity to submit written testimony on Bill 69-35, which would amend administrative rules and regulations in regards to the definition of Gross Receipts.

Guam Music is a locally owned and operated company established soon after the liberation of our island. Throughout our 7 decades in business we have grown and changed along with the island. We are keenly aware of the fiscal challenges faced by the government of Guam, including the failure to capture rightfully owed tax revenues, particularly the failure to collect revenue from Bingo/Lottery enterprises operated by Non Profit Organizations (NPO's), as well as many other revenue sources such as taxes on tobacco, alcohol, property, hotel occupancy, and use taxes.

Unlike NPO's, our industry pays millions of dollars in taxes annually that are a direct subsidy to the Guam Memorial Hospital Trust Fund and to the Department of Parks and Recreation Sports Fund. Together the effective tax rate we pay is 12%, a rate only eclipsed by the level of taxes assessed on alcohol and tobacco products.

It was not always this way. This tax rate has slowly but steadily climbed through the years while at the same time restrictions have been enacted reducing the number of licensed machines in operation. If Bill 69-35 becomes law it could well be the tipping point that leads to the total loss of the important tax income we provide the government of Guam.

Also, unlike NPO operated Bingo games, we have electronic monitoring devices on our gaming machines that record every dollar collected and every dollar returned via payouts, providing maximum transparency and guaranteed revenue collection.

Unfortunately, as written, Bill 69-35 would severely penalize and possibly put out of business for-profit operators of electronic gaming machines who are already tightly regulated and monitored, highly taxed, and collectively serve as a significant generator of revenue for the government of Guam. Indeed, Bill 69-25 may ultimately cost the government more in lost tax revenue than it purports to gain.

Very truly yours,

Lauran Bromley
Owner/President
Guam Music Incorporated

Office of Senator
SABINA FLORES PEREZ



TAKEKUMA LLC

245 San Roke Drive Barrigada, Guam 96913 * Tel. 671- 653 - 9739 Fax. 671 - 653 - 9739

Honorable Sabina E. Perez, Chairwoman
Committee on Environment, Revenue and Taxation, and Procurement
194 Hernan Cortes Avenue, First Floor
Hagatna, GU 96910

Dear Chairwoman Perez,

I am writing in regard to Bill 69-35, *An Act To Amend Section 7102(q) Of Chapter 7, Title 3, Guam Administrative Rules and Regulations, Relative To Correcting The Definition Of Gross Receipts*. I write to you in my capacity as having more than 30 years experience in Guam's gaming and amusement industry including as an owner/ operator of game rooms and a former General Manager of Guam Music.

I share your concern about the need to capture millions of dollars in revenue that, according to a report by the Office of Public Accountability, is not being collected from operators of non-profit Bingo games. However, based on my extensive knowledge and experience of the industry here and elsewhere, including non-profit operations, and especially the nuances of the Guam market, I believe your legislation may have unintended consequences that will hurt both the government and privately operated game rooms.

Game Rooms are already taxed at an effective monthly rate of 12% for GRT, the GMHA Trust Fund, Parks and Recreation Sports Fund; plus the business license fee paid by each location and any personal and/or corporate income taxes that the operators pay at the end of the year.

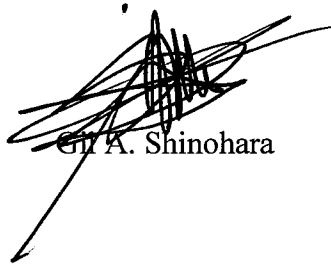
Additionally, every one of our devices is also taxed on an annual basis. For example, in addition to tax revenue collected on machine activity, each Liberty Machine is assessed a \$500 annual licensing fee and each horse racing machines is assessed a \$1,250 annual license fee with multiple seat units charged an additional \$25 per seat. These fees provide hundreds of thousands of dollars in revenue to the government of Guam in addition to the millions in revenue collected on daily machine activity.

The for-profit gaming industry is an important contributor to the government of Guam, particularly for the hospital. This is not unique. In many jurisdictions money collected through gaming activities is earmarked for special uses. However, I am not aware of any taxing authority anywhere that assesses on the gross amount that goes into machines. Already more than 90% of all money that is taken in by machines is returned to players and taxes are collected on the difference and that is our gross profit.

Has the committee taken into consideration that if taxes are assessed on that gross amount before payouts it would be tantamount to taxing dozens of small business out of existence and the hundreds of people they employ out of work? I am in agreement with the Office of Public Accountability that the government of Guam is failing to collect all that it is rightfully owed in tax revenue. It is one reason why during my leadership at Guam Music we successfully embarked on the installation of a monitoring system that records every transaction on the machines we operate.

It is my recommendation that before changing the definition of Gross Receipts as proposed in Bill 69-35 the more prudent solution would be similar tracking and transparency on all gaming activities.

Sincerely yours,

A handwritten signature in black ink, appearing to be "Gil A. Shinohara", written over a printed name. The signature is somewhat scribbled and overlaps the printed text.

Gil A. Shinohara

John C. Torres
P.O. Box 20535
Barrigada, GU 96921

Office of Senator
SABINA FLORES PEREZ

fg 6/14/19

Honorable Sabina E. Perez, Chairwoman
Committee on Environment, Revenue and Taxation, and Procurement
194 Hernan Cortes Avenue, First Floor
Hagatna, GU 96910

Dear Chairwoman Perez,

I am writing to ask you to rise in opposition to Bill 69-35. It is an act to amend the Guam Administrative Rules and Regulations relative to the definition of Gross Receipts with respect to gaming machines.

Three months ago the Office of Public Accountability issued a report that makes very clear millions of dollars in tax revenue is going uncollected from the non-profit operators of bingo and lottery games.

Bill 69-35 seeks to address this problem by changing the definition of Gross Receipts in the Guam Administrative Rules and Regulations to mean the total revenue from any gaming activity before payment of winnings.

This solution makes perfect sense for non-profit gaming centers operated on behalf of charitable organizations. There would be minimal impact on the amount of money they raise for worthy causes.

However, by also including for-profit gaming businesses in the law, as Bill 69-35 would do, an entire industry that generates millions of dollars for the government of Guam each year, creates hundreds of thousands of dollars in additional economic activity through the business they do with other companies, and employs hundreds of people who also pay taxes individually and shop and spend their paychecks here on Guam, would be forced out of existence.

I am unaware of any taxing authority in the US or elsewhere that requires gaming operators to pay taxes on the money they take in before paying out winnings. At a 90%+ winnings payout rate, any pre-tax on receipts before payouts is not an economically viable business model.

To insure the fair and just collection of taxes rightfully owed the government of Guam, the owners and operators of Liberty Machine and other games, Guam Music Inc. and their vendor partners, years ago put in place a state of the art system for tracking every dollar

in and every dollar out of each individual machine. They did this of their own initiative and at their own expense in the face of outlandish, inaccurate, and unfair allegations of cheating by people who sought to shut down a locally owned and operated company that has been doing business on Guam for 70 years and proved them wrong.

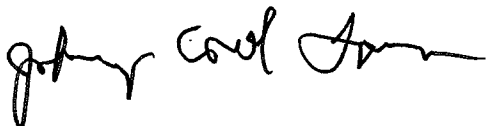
Such transparency is very commonplace elsewhere and could easily be required of non-profit bingo as well as any for-profit businesses that have yet to follow GMI's lead. This would be a huge step forward in the accurate tracking and transparent payment of taxes. It should be included in alternative legislation to Bill 69-35.

In the meantime, alternative legislation must also take into account that while their activities may be similar, the business operating models of non-profit and for-profit gaming centers are not. So, in the case of non-profit gaming operations, the definition of Gross Receipts would mean the total revenue from any gaming activities. In the case of for-profit gaming operations, the definition of Gross Receipts would mean the total revenue from any gaming activities less payments for winnings paid to generate said revenue.

The Government of Guam badly needs the millions of dollars in revenue generated each year by both for-profit and non-profit gaming operations. Likewise, hundreds of people and businesses such as wholesalers, office supply companies, and landlords depend upon on for-profit gaming centers for paychecks and as customers, and thousands of people depend upon the good works provided by charities that benefit from non-profit gaming operations. It is in the interest of all stakeholders that taxes from both forms of gaming be collected with accuracy, promptness, and fairly.

Voting no on Bill 69-35 and coming back with an alternative and viable solution is not only good public policy but also good common sense.

Thank you

A handwritten signature in black ink, appearing to read "Johnny Cool Torres". The signature is fluid and cursive, with the first name "Johnny" being the most prominent.

Johnny "Cool" Torres



OFFICE OF SENATOR SABINA FLORES PEREZ

Chairperson

Committee on Environment, Revenue and Taxation, and Procurement
I MINA 'TRENTAI SINGKO NA LIHESLATURAN GUÁHAN
35TH GUAM LEGISLATURE

COMMITTEE REPORT DIGEST

I. OVERVIEW

Bill No. 69-35 (LS) was introduced on March 22, 2019 by Sabina Flores Perez and was subsequently referred by the Committee on Rules to the Committee on Environment, Revenue and Taxation, and Procurement on April 4, 2019.

The Committee on Environment, Revenue and Taxation, and Procurement convened a public hearing on Bill No. 69-35 (LS) on Wednesday, June 5, 2019 at 9:00 AM in *I Liheslatura's* Public Hearing Room.

Public Notice Requirements

Public Hearing notices were disseminated via email to all Senators and all main media broadcasting outlets on May 29, 2019 and again on June 3, 2019. Publication was conducted in the **Guam Daily Post**, a newspaper of general circulation, fulfilling the 5-Day Notice and 48 Hour Notice of the Open Government Law requirements respectively.

Senators Present

Senator Sabina Flores Perez	<i>Committee Chairperson</i>
Vice Speaker Telen Cruz Nelson	<i>Committee Vice Chairperson</i>
Senator Telo T. Taitague	<i>Committee Member</i>
Senator Therese M. Terlaje	<i>Committee Member</i>
Senator Mary Camacho Torres	<i>Committee Member</i>
Senator William M. Castro	<i>Legislative Member</i>
Senator Amanda L. Shelton	<i>Legislative Member</i>
Senator Louise B. Muna	<i>Legislative Member</i>
Senator James C. Moylan	<i>Legislative Member</i>

II. SUMMARY OF TESTIMONY AND DISCUSSION

The public hearing was Called-to-Order at 9:00AM.

Chairperson Perez: Bill 69-35 LS is sponsored by myself Sabina Flores Perez. It's an act to amend section 7102 (q) of Chapter 7, Title 3, Guam Administrative Rules and Regulations, relative to correcting the definition of gross receipts. Bill 69-35 is an important measure for our people. It seeks to correct the discrepancy in the definition of gross receipts as defined by the Guam Administrative Rules and Regulations. The definition has resulted in the loss of revenues for the government of Guam. This loss was highlighted by a recent report from the Office of the Public Accountability, that was published in March 2019, which reported that limited gaming taxes paid by nonprofit organizations. From 2014 to 2017 the top five bingo nonprofit organizations reported roughly 81.3 million in gross income and due to the current definition in GARR these organizations were able to rely on the current definition of gross receipts and subtract their expenses from the

gross income, after paying the limited gaming tax. This has resulted in a loss due to the government of 2.6 million, during those four calendar years. OPA estimates that within the last four years the government is losing out on approximately \$655,000 annually. In the OPA report, it cites public law 32-60, which was signed in July 2013, established a Guam Memorial Hospital Health Care Trust & Development Fund, which was supposed to be funded by licensing fees, business privilege taxes, and income taxes collected from companies involved in gaming. 11 GCA, section 5204, established a Limited Gaming Fund. Also, where one third of the funds was supposed to go to improvement of village recreational facilities by the Mayor's Council. One third was supposed to go to the Department of Parks and Recreation to improve sports facilities and purchase equipment. The remaining third was to go to Guam Department of Education to improve and repair their response sports facilities. The funds received in taxes from limited gaming activity are earmarked for specific services that benefit our community. All companies have to pay Business Privilege Taxes regardless of the expenses incurred. Nonprofits engaging in bingo activities should be held to the same standard and pay their due before expenses or payouts. The intent of Bill 69 is to prevent future loss of revenues, that can go to support our healthcare of our people and by providing Guam Memorial Hospital funds and promoting the healthy lifestyles through sports in our community.

We have Director Dafne Shimizu from Department of Revenue and Taxation. Thank you for being here. I appreciate if you can provide testimony.

Dafne Shimizu, *Director, Department of Revenue and Taxation: Hafa Adai* and good morning. For the record, my name is Dafne Shimizu. I'm the Director of the Department of Revenue and Taxation. *Hafa Adai* Senator Perez and members of the Committee on Environment Revenue and Taxation and Procurement. Bill number 69-35 proposes to change the definition of gross receipts as it applies to gaming activities pursuant to Title 3, Chapter 7, Section 7102 (q), Guam Administrative Rules and Regs. It eliminates the ability of gaming entities to deduct from total revenues payments for any winnings. In essence, gaming entities shall pay gross receipts taxes on gross receipts herein defined as total revenues with passage of this bill. Through a recent audit, the Office of Public Accountability declared there was a lost opportunity to collect on average \$813,000 of limited gaming tax revenues from \$20.3 Million in gross incomes earned by the top five bingo nonprofit organizations annually. This represents a net increase of \$655,000 in gross receipts taxes should this bill be enacted into law. We can also expect to collect additional tax revenues from other gaming organization not covered in the Public Auditors' audit. The Department of Revenue and Taxation takes no position on this bill. Moreover, this correction can be put into place rather quickly and enforce once passed. We do make a recommendation, however, that if this bill is to become law, that it be effective at the beginning of the following month, upon its enactment. Thank you, Senator Perez and members of the committee, for this opportunity to submit testimony on Bill 69-35.

Senator Therese Terlaje: Thank you Dafne for your testimony. I just wanted to clarify it. So, in the audit they also recommended that this type of businesses file online and that would help you to track it. You accepted that recommendation and said that you would be working with the Office of Technology regarding making this form available online, but what about requiring it? Do you think that's going to help? To require that they file it online or are they already doing that?

Director Shimizu: With regards to online filing, that's something that we wish to do. One of the findings in the audit was that we are quite backlogged in terms of getting these particular forms processed. They're process along with all of the other GRT forms, with our business privilege tax section. When the Office of Public Accountability came in to perform the audit it showed we are about a year or so behind in terms of processing. The recommendation to have them file online because any of those returns that are filed.

Senator Therese Terlaje: It sounded like the Public Auditor wanted you to be able to better regulate these businesses, this industry by online filing. I'm asking you is that available now and have you been able to require it of these particular businesses?

Director Shimizu: The form 3260 is not being filed online right now. I would have to get back to you. I don't believe that we're filing online for 3260.

Senator Therese Terlaje: Your response to the audit was that you accept that recommendation and you wouldn't be working to make that online filing available of that particular form? I'm asking if you can just get these companies to voluntarily do it online? I'm asking you does the legislature need to mandate that this particular business file online, so that it's easier for you to monitor.

Director Shimizu: Even with regards to any other tax forms that are filed online, because there is a convenience fee. There's a bit of a disincentive with regards to filing online, because if there's payments, then there's a convenience fee that also gets charged. It doesn't motivate people to file online. That's something that within our organization we've discussed. The convenience fee was actually something that was discussed. Currently there is still the convenience. Because there's an additional fee that's required, I guess it makes it difficult to motivate people to file online.

Senator Therese Terlaje: All right, I guess if you could just let us know whether it's available or not online, what's the status with OTech, why it's not available online, and how many of these businesses that were that in this this type of business, are actually filing online?

Director Shimizu: It's not available online. I'm sorry our team is already just getting back to me.

Senator Therese Terlaje: Alright, if you could follow up on that. Is there a plan or will it be status quo on that fee?

Director Shimizu: Those are fees that are negotiated. I believe by the Department of Administration. That's not something that falls under our purview, but we have discussed the impact of that on online filing. all right thank you

Vice Chair Nelson: Miss Shimizu, in the OPA conclusion and recommendations, it states that NPO is limited gaming gross receipts will continue to require aggressive enforcement, since this is primarily a cash business. Bingo gross receipts may continue to go underreported, but the manual filing an inputting of the game taxes, DRTs backlog will continue to increase without the additional staff needed, to properly input review and monitor tax information. Should we consider at the Legislature an appropriation in order for this transition to take place in order to produce the online

filing of 3260, updating the form 3260 and dedicating staff resources, to ensure that the enforcement happens?

Director Shimizu: Definitely, any additional funding that we can get.

Vice Chair Nelson: That's not the question. The question is should we should you also looking at the Legislature to give you additional appropriation to ensure that enforcement and compliance is done? If that's the case, how much do we need to appropriate, or do we need to really examine, to ensure that this enforcement is being done?

Director Shimizu: We are going to be having our budget hearing within the next couple weeks. As I understand it you know when we were talking about the headcount that we need in order to do proper enforcement, we're significantly understaffed in all of our areas, not just BPT, but in other areas. We're working on trying to make sure that we're processing income tax returns timely. We're pulling people from different areas also to assist. It's become difficult and challenging for us. We're trying to stay on top of everything and it is challenging. Additional appropriations for these items would be helpful. We're submitting our budget and because we know we have very limited resources, we were trying to make sure that of those things most urgent, we get included into the budget. In this particular area, they may not have been additional items requested for BPT.

Vice Chair Nelson: May I request that when we do address DRTs budget, that you look at these areas before coming to the table? This is so that we can identify that we need to focus on enforcement. DRT has long been neglected, especially in the enforcement and compliance office. If there's anything that we need to do, to look at these areas, and see what additional appropriation we can get. Perhaps you can do a relation, saying if you hire these many people for enforcement and compliance, these are the things that will be done. This is the cost savings that will happen. This is what we will realize within the government, because we don't really have a clear picture of the needs of DRT. Specifically, in those areas. Even with the officers that go out and look at compliance for massage parlors last year. They didn't even go annually to check that they were meeting the requirements to run that business. Not one massage parlor was there to do a check. To see that these businesses were legitimate, and they were operating properly. Perhaps, you could evaluate these things. I know there's a new sheriff in town and we have a new administration. I understand that this is part of the change that we are looking to see. If there's any way that we can help you and give you more appropriation. I'm seeing a lot of appropriation bills being passed. I'm thinking that there's some money there that we can appropriate to DRT to assist in these areas. Otherwise, if we do this bill and we don't have the appropriation for the measure, then what's the point right. I'd like to see if we can have something come to fruition with the bills that we put forward. To help the agencies produce something effective and tangible.

Director Shimizu: Thank you Senator I appreciate that. I appreciate your support as well.

Senator Moylan: Thank you Madam Chair. Dafne, on your letter. You mentioned from other gaming organizations for example, what would that be?

Director Shimizu: That's for any gaming organization that would fall under 3 GARR. 3 GARR is the Rules and Regs for gaming. It would be any organization that falls under 3 GARR.

Senator Moylan: Have you heard anything on the latest of the court case regarding the gaming on Guam? Where we are at on that? Any decision coming down? Any hint of any closure on that?

Director Shimizu: As far as I know, there has been no decision yet made by the Courts. That's what I understand.

Chairperson Perez: You bring up a good point, that the AG's Office did ask for a declaratory ruling in regards to that. We're waiting on that. So, this bill may not be in effect if it is ruled that it is illegal. It's pending on that.

Senator Muna: I just have a quick question. I'm not sure if you can answer. Do we know how other gaming industries outside of Guam are taxed? Are they taxed less payouts or are we familiar with how other areas?

Director Shimizu: No, I'm not familiar with that and no I'm not familiar with how their taxed. With regards to this particular bill, I believe that it was a direct result of the Public Auditors' performance audit. The recommendation to work to make the language consistent with regards to gross receipts tax. I'm not familiar with how other jurisdictions may be taxing this particular type of activity.

Senator Muna: So, basically changing the language will just kind of make it compliant across the board, rather than specific industry?

Director Shimizu: So, correct. So, what would happen if the language was changed to make it consistent with all other gross receipts. The way the gross receipts is defined for other activities then it would make it consistent across the board. Where it's going to be based on actually on a gross basis.

Senator Muna: I was just curious about how other jurisdictions that apply their gaming tax, whether it's before or after payouts. I was just curious. Thank you.

Chairperson Perez: I just want to point out that under public law 32-68, the Limited Gaming Tax, exempts senior citizen operations. According to the OPA report, this loss in revenue is minimal compared to revenues coming from the top five grossing nonprofit organizations. So, if there are no further questions, I'd like to just close. This bill is an important measure because it seeks to level the playing field, and help gain revenues for the government coffers, to support and services for our community that include, the Guam Memorial Hospital, as well as sports facilities, and activities for our community and youth. Whether it's GDOE or the Mayor's Offices and Department of Parks and Rec.

Chairperson Perez adjourned the public hearing for Bill No. 69-35 (LS).

Written Testimonies:

- Gerald Yingling, *Managing Member, Remedies LLC.*

- Dafne Shimizu, *Director, Department of Revenue and Taxation*
- Lauran Bromley, *Owner/President, Guam Music Incorporated*
- Gil A. Shinohara, *Takekuma LLC.*
- John C. Torres

III. FINDINGS AND RECOMMENDATION

The Committee on Environment, Revenue and Taxation, and Procurement finds the following amendments/recommendations for Bill No. 69-35 (LS), based on the testimony submitted at the public hearing:

- The Department of Revenue and Taxation takes no position on this bill. DRT recommends that if the Bill 69-35 (LS) becomes law, that it be effective at the beginning of the following month, upon its enactment.
- Remedies LLC. is not in support of the bill. Remedies LLC. notes the bill would destroy the industry and the Government would lose tax revenue by driving legitimate gaming activity underground. Secondly, it would hurt the Government by losing taxation from rental space currently occupied by the industry when the increase taxation is in place. Thirdly, the industry currently provides many jobs which would be lost.
- Guam Music Incorporated is not in support of the bill. Guam Music finds that the change in the definition of Gross receipts definition would be the breaking point to lose the legal gaming industry.
- Takekuma LLC indicates that the change in the gross receipts definition would put the highly regulated legal gaming industry out of business and jeopardize funding to Guam Memorial Hospital Trust Fund, Parks and Recreation Sports Fund and general taxation the industry currently pays.
- John C. Torres indicates that Bill 69-35 (LS) does recoup taxes from non-profit gaming operators but will negatively impact legal for-profit gaming operators.

The Committee on Environment, Revenue and Taxation, and Procurement hereby reports out Bill No. 69-35 (LS), *As Amended by the Committee*, “AN ACT TO AMEND § 7102(q) OF ARTICLE 1, CHAPTER 7, TITLE 3, GUAM ADMINISTRATIVE RULES AND REGULATIONS, RELATIVE TO CORRECTING THE DEFINITION OF “GROSS RECEIPTS” AS IT APPLIES TO GAMING.” with the recommendation TO REPORT OUT ONLY.

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


Bill No. 69-35(LS)

Introduced by:

Sabina Flores Perez SFP

**AN ACT TO AMEND §7102(q) OF CHAPTER 7, TITLE 3,
GUAM ADMINISTRATIVE RULES AND
REGULATIONS, RELATIVE TO CORRECTING THE
DEFINITION OF GROSS RECEIPTS.**

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BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Legislative Findings and Intent. *I Liheslaturan Guåhan* has been made aware through the findings of an audit from the Office of Public Accountancy that a definition in Guam Administrative Rules and Regulations has resulted in loss of revenues for the Government of Guam. *I Liheslaturan Guåhan* seeks to correct this discrepancy and prevent the loss of future revenues for the Government of Guam by correcting the definition of “gross receipts” as currently defined in the Guam Administrative Rules and Regulations.

Section 2. §7102(q) of Chapter 7, Title 3, Guam Administrative Rules and Regulations is *amended* to read:

“(q) “Gross receipts” means the total revenue from any gaming activities ~~less payments for any winnings paid to generate said revenue.~~”

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

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

Bill No. 69-35 (LS)

As amended by the Committee on Environment,
Revenue and Taxation, and Procurement.

Introduced by:

Sabina Flores Perez

**AN ACT TO *AMEND* § 7102(q) OF ARTICLE 1, CHAPTER
7, TITLE 3, GUAM ADMINISTRATIVE RULES AND
REGULATIONS, RELATIVE TO CORRECTING THE
DEFINITION OF “GROSS RECEIPTS” AS IT APPLIES
TO GAMING.**

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Section 3. Effective Date. This Act *shall* become effective at the beginning of the following month, upon enactment.

Section 4. Severability. If any provision of this Act or its application to any

1 person or circumstance is found to be invalid or contrary to law, such invalidity *shall*
2 *not* affect other provisions or applications of this Act that can be given effect without
3 the invalid provision or application, and to this end the provisions of this Act are
4 severable.

COMMITTEE MARKUP

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

Bill No. 69-35 (LS)

As amended by the Committee on Environment,
Revenue and Taxation, and Procurement.

Introduced by: Sabina Flores Perez

**AN ACT TO AMEND § 7102(q) OF ARTICLE 1, CHAPTER
7, TITLE 3, GUAM ADMINISTRATIVE RULES AND
REGULATIONS, RELATIVE TO CORRECTING THE
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TO GAMING.**

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6 *Guåhan* seeks to correct this discrepancy and prevent the loss of future revenues for
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COMMITTEE MARKUP

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3 the invalid provision or application, and to this end the provisions of this Act are
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Senator Amanda L. Shelton,
Vice Chairperson

Speaker Tina Rose Muña Barnes,
Member

Vice Speaker Telena Cruz Nelson,
Member

Senator Kelly Marsh (Taitano), Ph.D.,
Member

Senator Sabina Flores Perez
Member

Senator Clynton E. Ridgell
Member



COMMITTEE ON RULES
SENATOR RÉGINE BISCOE LEE, CHAIR
I MINA 'TRENTAI SINGKO NA LIHESLATURAN GUÅHAN
35TH GUAM LEGISLATURE

June 4, 2019

Senator Joe S. San Agustin,
Member

Senator Jose "Pedo" Terlaje,
Member

Senator Therese M. Terlaje,
Member

Senator James C. Moylan,
Member

Senator Mary Camacho Torres,
Member and
Chair, Subcommittee on Protocol

MEMO

To: **Rennae Meno**
Clerk of the Legislature

From: **Senator Régine Biscoe Lee**
Chairperson, Committee on Rules

Re: **Fiscal Notes**

Buenas yan Håfa adai.

Attached, please find the fiscal notes for the following bills:

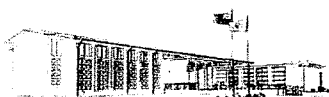
Bill No. 69-35 (LS)

Bill No. 145-35 (COR)

Please forward the same to Management Information Services (MIS) for posting on our website.

For any questions or concerns, please feel free to contact Mary Maravilla, Committee on Rules Director at 472-2461.

Thank you for your attention to this important matter.



**Bureau of Budget & Management Research
Fiscal Note of Bill No. 69-35 (LS)**

AN ACT TO AMEND § 7102(q) OF CHAPTER 7, TITLE 3, GUAM ADMINISTRATIVE RULES AND REGULATIONS, RELATIVE TO CORRECTING THE DEFINITION OF GROSS RECEIPTS.

Department/Agency Appropriation Information	
Dept./Agency Affected: Department of Revenue and Taxation	Dept./Agency Head: Dafne M. Shimizu, Director
Department's General Fund (GF) appropriation(s) to date:	\$8,435,879
Department's Other Fund appropriation(s) to date: Banking and Insurance Enforcement Fund, Better Public Service Fund, and Tax Collection Enhancement Fund	<u>3,014,354</u>
Total Department/Agency Appropriation(s) to date:	\$11,450,233

Fund Source Information of Proposed Appropriation			
	General Fund:	(Specify Special Fund)	Total:
FY 2018 Unreserved Fund Balance		\$0	\$0
FY 2019 Adopted Revenues	\$0	\$0	\$0
FY 2019 Appro. (P.L. 34-116 thru)	\$0	\$0	\$0
Sub-total:	\$0	\$0	\$0
Less appropriation in Bill	\$0	\$0	\$0
Total:	\$0	\$0	\$0

Estimated Fiscal Impact of Bill						
Fund	One Full Fiscal Year	For Remainder of FY 2019 (if applicable)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund	\$0	\$0	\$0	\$0	\$0	\$0
Limited Gaming Fund (LGF) 1/	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0	\$0

1. Does the bill contain "revenue generating" provisions?
If Yes, see attachment /X/ Yes // No
2. Is amount appropriated adequate to fund the intent of the appropriation?
If no, what is the additional amount required? \$ /X/ N/A // Yes // No
3. Does the Bill establish a new program/agency?
If yes, will the program duplicate existing programs/agencies?
Is there a federal mandate to establish the program/agency? // Yes /X/ No
// Yes // No
// Yes /X/ No
4. Will the enactment of this Bill require new physical facilities? // Yes /X/ No
5. Was Fiscal Note coordinated with the affected dept/agency? If no, indicate reason:
// Requested agency comments not received by due date // Other /X/ Yes // No

Analyst: <u>Tammy Amuan</u> Tammy Amuan, BMA II	Date: <u>06/03/2019</u>	Director: <u>Lester L. Carlsen, Jr.</u> Lester L. Carlsen, Jr., Director	Date: <u>JUN 04 2019</u>
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Footnotes / Notes:
1/ See attached comments.

Bureau of Budget & Management Research
Attachment to Fiscal Note No. 69-35 (LS)
(for revenue generating provisions)

Projected Multi-Year Revenues					
	Year 1 (FY2019)	Year 2 (FY2020)	Year 3 (FY2021)	Year 4 (FY2022)	Year 5 (FY2023)
General Fund	\$0	\$0	\$0	\$0	\$0
Limited Gaming Fund (LGF)	\$812,584	\$270,860	\$812,584	\$812,584	\$812,584
Total	\$812,584	\$270,860	\$812,584	\$812,584	\$812,584

Comments:

Using data obtained directly from the Office of Public Accountability's (OPA) online Audit Report No. 19-03, March 2019, the Department of Revenue and Taxation (DRT) projects that tax revenues are expected to increase should Bill No. 69-35 (LS) become enacted into law.

Based on OPA findings cited as referenced within OPA Audit Report No. 19-03:

The top five (5) Bingo Non-Profit Organizations reported for tax years 2014 - 2017

Average annual gross incomes reported \$20,314,593

Upon enactment of Bill No. 69-35 (LS), potential Limited Gaming Fund taxes will be:

- | | | |
|----|------------------------------------|-----------|
| a. | Average annual tax revenues at 4% | \$812,584 |
| b. | Average monthly tax revenues at 4% | \$67,715 |

The potential increase in LGF revenues may be higher as the aforementioned OPA Audit reflects only the top five (5) Bingo Non-Profit Organizations.



OFFICE OF SENATOR SABINA FLORES PEREZ

Chairperson

Committee on Environment, Revenue and Taxation, and Procurement

I MINA'TRENTAI SINGKO NA LIHESLATURAN GUÅHAN

35TH GUAM LEGISLATURE

COMMITTEE VOTE SHEET

Bill No. 69-35 (LS), As Amended by the Committee on Environment, Revenue and Taxation, and Procurement – “AN ACT TO *AMEND* § 7102(q) OF ARTICLE 1, CHAPTER 7, TITLE 3, GUAM ADMINISTRATIVE RULES AND REGULATIONS, RELATIVE TO CORRECTING THE DEFINITION OF “GROSS RECEIPTS” AS IT APPLIES TO GAMING.”

COMMITTEE MEMBERS	SIGNATURE AND DATE	TO DO PASS	TO NOT PASS	TO REPORT OUT ONLY	TO ABSTAIN	TO PLACE IN INACTIVE FILE
SENATOR SABINA FLORES PEREZ Chairperson	<i>Sabina Flores Perez</i> 7/29/2019	✓				
VICE SPEAKER TELENA CRUZ NELSON Vice Chairperson						
SENATOR THERESE M. TERLAJE Member						
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Loss of GovGuam revenues from gaming discussed

By **Gerry Partido** June 5, 2019



Sen. Sabina Perez has introduced Bill 174-35 to regulate per- and polyfluoroalkyl substances (PFAS) in drinking water. (PNC photo)

Guam – While opting not to take a position on Bill 69-35, the Department of Revenue and Taxation agrees that the bill would increase the revenues of the government of Guam from gaming taxes.

Bill 69, which had a public hearing Wednesday morning, seeks to correct the current definition of gross receipts for gaming activities.

Senator Sabina Flores Perez said her bill now makes gross receipts cover the total revenue from any gaming activity and no longer subtracts any payments for any winnings made.

DRT Director Daphne Shimizu, testifying on Bill 69, agreed that the government is losing money because of the current language of the rule on gross receipts for gaming.

She referred to a report conducted by the Office of Public Accountability which stated that:

1. GovGuam lost the opportunity to collect an additional \$2.6 million in limited gaming tax based on financial statements from non-profit organizations from calendar year 2014 through 2017; and
2. These losses occurred because of the inconsistent definition of "gross receipts" in the Guam Code and Guam Administrative Rules and Regulations.

The OPA report also stated that Form 3260s, a monthly reporting form used for gaming gross receipts, were not timely processed.

In her testimony, Shimizu assured that DRT is already working to facilitate the filing of Form

3260s online.

She also pointed out that the change in the definition of gross receipts can be done quickly.

Shimizu added that changing the gross receipts language in gaming would make the gaming industry more consistent with the taxation of other industries on the island.

For her part, Perez said she hopes her colleagues will support Bill 69, as this will correct an important discrepancy and stem the revenue loss for GovGuam.

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Senators may plug gambling revenue leaks

Haidee V Eugenio, Pacific Daily News Published 2:44 p.m. ChT June 14, 2019



In this Feb. 1 file photo, on Cortez prepares to call the next number as patrons play during an early-bird mini bingo game at Plumeria Bingo in Tamuning. (Photo: Rick Cruz/PDN)

Plugging some \$655,000 in annual revenue leaks from five bingo operators and other limited gambling could be up for a vote when senators hold their next session.

Senators took the cue from a public auditor's audit report showing the government lost out on some \$2.6 million in limited gaming taxes from 2014 to 2017 because of an inconsistent definition of gross receipts in the regulations.

To help stop the revenue leaks, Sen. Sabina Perez introduced a bill that would correct the definition of gross receipts in the Guam Administrative Rules and Regulations for nonprofit bingo operations and other limited gaming activities, and make it consistent with the definition in the Guam Code.

More: [\\$140M in unpaid taxes, outdated technology, citations issued \(/story/news/2019/06/12/140-m-unpaid-taxes-citations-issued-bed-breakfasts/1428595001/\)](#)

More: [AG Camacho: Courts to decide if gambling machines are legal \(/story/news/local/2019/02/04/ag-camacho-courts-decide-if-gambling-machines-legal/2764531002/\)](#)

Because of the incorrect definition in the rules, bingo and other limited gambling are taxed based on the net payout and not on the gross revenue. The GovGuam tax form also doesn't require groups to report gross gambling revenue, but the net, which is the gross revenue minus the amount paid out.



Sabina Perez (Photo: Frank San Nicolas/PDN)

Lost funding

"This has resulted in a loss due to the government of \$2.6 million during those four calendar years," Sen. Sabina Perez said during a public hearing on her Bill 69.

Portions of limited gaming taxes that the government is unable to collect every year are supposed to fund public health care, education, sports and youth-related programs.

"The funds received in taxes from limited gaming activity are earmarked for specific services that benefit our community. All companies have to pay business privilege taxes regardless of the expenses incurred. Nonprofits engaging in bingo activities should be held to the same standard and pay their due before expenses or payouts," Perez said.



Dafne Shimizu (Photo: Courtesy of Office of Governor and Lt. Governor-Elect)

Department of Revenue and Taxation Director Dafne Shimizu, at the public hearing, said there's a lost opportunity to collect an average \$813,000 of limited gaming tax revenues, based on \$20.3 million in gross incomes earned by the top five bingo nonprofits every year.

"This represents a net increase of \$655,000 in gross receipts taxes should this bill be enacted into law," Shimizu told senators.

More: [Audit: Issues found with Guam Housing Urban and Renewal Authority documentation \(/story/news/2019/06/12/audit-issues-found-ghura-documentation-guam-housing-urban-renewal-authority/1439345001/\)](#)

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While Rev and Tax didn't take a position on Perez's Bill 69, Shimizu recommended making the correction on the definition of gross receipts "be effective at the beginning of the following month upon its enactment."

Filing system

Sen. Therese Terlaje also sought updates on Rev and Tax's online filing system for limited gaming activities to better track the revenues.

Shimizu said Rev and Tax currently is unable to accept online tax filing for these specific activities, partly because of the convenience fee that's charged to everyone making payments to Rev and Tax using credit cards. The convenience fee is under the purview of the Department of Administration, Shimizu said.

Nelson asked Shimizu to specify the number of additional personnel it needs to fully enforce laws and regulations, including those on limited gaming.

Gaming machines

Senators also inquired whether there is already a court decision about the attorney general's question from years back on the legality of gaming machines on Guam. Shimizu said there is no court decision at this time.

Gaming machines are illegal under Guam law and shouldn't be licensed by the government, according to Attorney General Leevin Camacho, who said his office will continue to pursue the issue in court.

The attorney general's position is that under Guam law, the symbolic machines are illegal gambling devices, because machines that pay "winnings, payouts, malfunction refunds to the player, or give the player anything of value under any guise or form based partially or completely upon chance, are illegal."

Guam has hundreds of symbolic-style machines, licensed years ago by Rev and Tax, with the Calvo administration's support.

Reporter Haidee Eugenio Gilbert covers Guam's Catholic church issues, government, business and more. Follow her on Twitter [@haidee_eugenio](https://twitter.com/haidee_eugenio) (https://twitter.com/haidee_eugenio). Follow Pacific Daily News on Facebook/GuamPDN (<http://www.facebook.com/guampdn/>) and Instagram [@guampdn](http://instagram.com/GuamPDN) (<http://instagram.com/GuamPDN>).

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