



CARL T.C. GUTIERREZ  
GOVERNOR OF GUAM

OCT 24 1997

Refer to  
Legislative Secretary

The Honorable Antonio R. Unpingco  
Speaker  
Twenty-Fourth Guam Legislature  
Guam Legislature Temporary Building  
155 Hesler Street  
Agana, Guam 96910


Dear Speaker Unpingco:

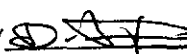
Enclosed please find a copy of Substitute Bill No. 282 (COR), "AN ACT TO AMEND §58104 AND REPEAL AND RE-ENACT §58131, BOTH OF TITLE 12 OF THE GUAM CODE ANNOTATED, RELATIVE TO ADDING LIMITED LIABILITY PARTNERSHIPS AND COMPANIES AS ELIGIBLE ENTITIES TO THE GEDA QUALIFYING CERTIFICATE PROGRAM", which I have signed into law today as **Public Law No. 24-103.**


The Governor's Council on Economic Advisors worked on developing the limited liability partnerships and limited liability companies statutory concept. This type of business entity is used widely in the United States, and is a more streamlined business structure, suitable for encouraging business development. Since the enactment into law of statutes allowing businesses to operate under this business structure, many businesses have made the decision to do so.

Currently, the Guam Economic Development Authority (GEDA) may grant economic incentives, such as Qualifying Certificates, to corporations and businesses pursuant to the requirements specified in its enabling statutes. This legislation will allow the economic incentives of GEDA to be offered to businesses operating under the limited liability partnership and limited liability company business structures. This will encourage the development of businesses on island.

Very truly yours,

  
Carl T. C. Gutierrez  
Governor of Guam

OFFICE OF THE LEGISLATIVE SECRETARY  
ACKNOWLEDGMENT RECEIPT  
Received By:   
Time: 5:28pm  
Date: 10-24-97

Office of the Speaker  
ANTONIO R. UNPINGCO  
Date: 102497  
Time: 1605  
Rec'd by:   
Print Name: Charlene Torres

Attachment

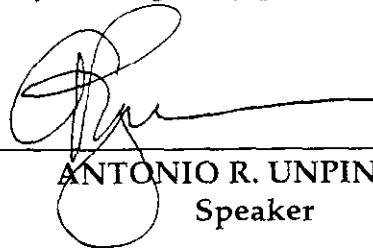
cc: The Honorable Joanne M. S. Brown  
Legislative Secretary

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TWENTY-FOURTH GUAM LEGISLATURE  
1997 (FIRST) Regular Session

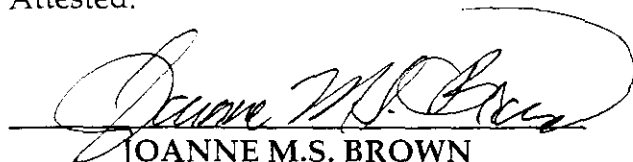
CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

This is to certify that Substitute Bill No. 282 (COR), "AN ACT TO AMEND §58104, AND REPEAL AND RE-ENACT §58131, BOTH OF TITLE 12 OF THE GUAM CODE ANNOTATED, RELATIVE TO ADDING LIMITED LIABILITY PARTNERSHIPS AND COMPANIES AS ELIGIBLE ENTITIES TO THE GEDA QUALIFYING CERTIFICATE PROGRAM," was on the 9<sup>TH</sup> day of October, 1997, duly and regularly passed.




ANTONIO R. UNPINGCO  
Speaker

Attested:



JOANNE M.S. BROWN  
Senator and Legislative Secretary

.....  
This Act was received by the Governor this 14<sup>th</sup> day of October, 1997, at  
8:15 o'clock 9 .M.



Assistant Staff Officer  
Governor's Office

APPROVED:



CARL T. C. GUTIERREZ  
Governor of Guam

Date: 10-24-97

Public Law No. 24-103

**TWENTY-FOURTH GUAM LEGISLATURE**  
**1997 (FIRST) Regular Session**

**Bill No. 282 (COR)**

As further amended and substituted  
by the Author on the Floor and as amended.

Introduced by:

Felix P. Camacho  
A. C. Lamorena, V  
Mark Forbes  
T. C. Ada  
F. B. Aguon, Jr.  
E. Barrett-Anderson  
A. C. Blaz  
J. M.S. Brown  
Francisco P. Camacho  
M. C. Charfauros  
E. J. Cruz  
W. B.S.M. Flores  
L. F. Kasperbauer  
C. A. Leon Guerrero  
L. Leon Guerrero  
V. C. Pangelinan  
J. C. Salas  
A. L.G. Santos  
F. E. Santos  
A. R. Unpingco  
J. Won Pat-Borja

**AN ACT TO AMEND §58104, AND REPEAL AND  
RE-ENACT §58131, BOTH OF TITLE 12 OF THE  
GUAM CODE ANNOTATED, RELATIVE TO  
ADDING LIMITED LIABILITY PARTNERSHIPS  
AND COMPANIES AS ELIGIBLE ENTITIES TO  
THE GEDA QUALIFYING CERTIFICATE  
PROGRAM.**

1           **BE IT ENACTED BY THE PEOPLE OF GUAM:**

2           **Section 1. Legislative Findings and Intent.** The Guam Legislature  
3 finds that with the creation of the Limited Liability Partnership (“LLP”) and  
4 Limited Liability Company (“LLC”) forms of business organizations in Guam  
5 pursuant to Public Law Numbers 23-65 and 23-125, these organizations  
6 should be allowed to apply for the GEDA Qualifying Certificate, expand  
7 industry, service and economic activity, and reap program benefits afforded  
8 to other existing forms of business organizations. It is the intention of this  
9 Guam Legislature to add the LLP and LLC business organizations as eligible  
10 entities.

11           **Section 2.** Section 58104 of Title 12 of the Guam Code Annotated is  
12 hereby amended to read as follows:

13                   **“Section 58104. Eligibility Defined.** A Qualifying Certificate  
14 shall only be issued to the following entities:

15                   Any trust, partnership, sole proprietorship, Limited Liability  
16 Partnership (‘LLP’), Limited Liability Company (‘LLC’), corporation  
17 formed under the laws of Guam, or *possessions* corporation as defined  
18 in §58106 of this Chapter, engaged, or about to engage in any of the  
19 following activities:

- 20                   1. agriculture;
- 21                   2. aquaculture;
- 22                   3. mariculture;
- 23                   4. manufacturing;
- 24                   5. commercial fishing;
- 25                   6. services;
- 26                   7. tourism;

- 1                   8.    improvement of real property for purposes which are
- 2                               specifically determined by the Authority to be
- 3                               beneficial, desirable, and necessary for the economic
- 4                               development of Guam;
- 5                   9.    insurance issuance, either by commercial insurers,
- 6                               reinsurers, or captive insurers which meet the
- 7                               requirements of Article 3 of Chapter 15, Division 2
- 8                               (Domestic Insurers), Title 22, Guam Code Annotated;
- 9                   10.  export trading company as defined in 11 GCA
- 10                              §26101(d), if the main office of the export trading
- 11                              company is established on Guam."

12           **Section 3.** Section 58131 of Title 12 of the Guam Code Annotated is  
13 hereby repealed and re-enacted to read as follows:

14                   **"Section 58131. Income Tax Rebates for Shareholders of a**  
15                   **'Subchapter S' Corporation and Members of a Limited Liability**  
16                   **Partnership and Limited Liability Company.** (a) A rebate of up to  
17                   seventy-five percent (75%) of all income tax paid by the shareholders of  
18                   a corporation which has elected to be taxed as a 'Subchapter S'  
19                   corporation, as defined at §1361, Title 26, United States Code, or any  
20                   successor provision, on the income of the corporation which was  
21                   received from those activities identified in the Qualifying Certificate,  
22                   may be granted for a period not to exceed twenty (20) years following  
23                   the effective date of the Qualifying Certificate therefor.

24                   **(b) Members of a Limited Liability Partnership and Limited**  
25                   **Liability Company.** A rebate of up to seventy-five percent (75%) of all  
26                   income tax paid by members of a Limited Liability Partnership or a  
27                   Limited Liability Company formed under the laws of Guam, on the

1 income of the Limited Liability Partnership or a Limited Liability  
2 Company which was received from those activities identified in the  
3 Qualifying Certificate, may be granted for a period not to exceed twenty  
4 (20) years following the effective date of the Qualifying Certificate  
5 therefor.”

24  
~~24-103~~  
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**Alberto "Tony" Cristobal Lamorena V**  
**Senator**  
**Twenty-Fourth Guam Legislature**

September 26, 1997

**Chairman  
Committee on**

The Honorable Antonio R. Unpingco  
Speaker  
Twenty-Fourth Guam Legislature  
155 Hesler St.  
Agana, Guam 96910

**Tourism**

Dear Mr. Speaker,

The Committee on Tourism, Economic Development and Cultural Affairs, to which was referred **Bill No. 282, "An Act to Amend §58104, Title 12, Guam Code Annotated, Relative to Adding Limited Liability Partnerships and Companies as Eligible Entities to the GEDA Qualifying Certificate Program"**, has had the same under consideration, and now wishes to report back the same with the recommendation **To Pass**.

**Economic  
Development**

The Committee votes are as follows:

**and**

<b>To Pass</b>	<u>  -7-</u>
<b>Not To Pass</b>	<u>  -0-</u>
<b>Abstain</b>	<u>  -0-</u>
<b>Inactive File</b>	<u>  -0-</u>

**Cultural  
Affairs**

A copy of the Committee Report and all pertinent documents are attached for your information and file.

Sincerely,

ALBERTO C. LAMORENA, V

**Vice-Chairman  
Committee on**

attachments

**Natural  
Resources**





VOTING SHEET ON  
BILL NO. 282

**Senator Alberto "Tony" Cristobal Lamorena V**  
Chairman  
**COMMITTEE ON TOURISM, ECONOMIC DEVELOPMENT  
AND CULTURAL AFFAIRS**  
Twenty-Fourth Guam Legislature

**AN ACT TO AMEND SECTION 58104, TITLE  
12, GUAM CODE ANNOTATED, RELATIVE  
TO ADDING LIMITED LIABILITY  
PARTNERSHIPS AND COMPANIES AS  
ELIGIBLE ENTITIES TO THE GEDA  
QUALIFYING CERTIFICATE PROGRAM**



**RECOMMENDATION TO**

Committee Members	Signature	To pass	Not to pass	Abstain	Place in Inactive File
Senator Alberto "Tony" Lamorena Chairperson					
Senator Joanne Brown Vice-Chairperson					
Speaker Antonio Unpingco		✓			
Vice-Speaker Anthony Blaz		✓			
Senator Mark Forbes		✓			
Senator Carlotta Leon Guerrero		✓			
Senator Felix Camacho		✓			
Senator Eduardo Cruz, M.D.					
Senator William Flores					
Senator Mark Charfauros		✓			
<b>TOTAL VOTES:</b>					



24th Guam Legislature  
Committee on Rules, Government  
Reform and Federal Affairs  
*Senator Mark Forbes, Chairman*

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Received  
6-17-97/MI

JUN 16 1997

MEMORANDUM

TO: Chairman  
Committee on Tourism, Economic Development and Cultural Affairs

FROM: Chairman  
Committee on Rules, Government Reform and Federal Affairs

SUBJECT: Referral - Bill No. 282

The above Bill is referred to your Committee as the principal committee. It is recommended you schedule a public hearing at your earliest convenience.

Thank you for your attention to this matter.

MARK FORBES

Attachment

**COMMITTEE ON TOURISM, ECONOMIC DEVELOPMENT  
AND CULTURAL AFFAIRS**  
Twenty-Fourth Guam Legislature  
155 Hesler Street Agana, Guam 96910

**COMMITTEE REPORT**

**ON**  
**Bill No. 282**

**“An Act to Amend §58104, Title 12, Guam Code Annotated, Relative to Adding Limited Liability Partnerships and Companies as Eligible Entities to the GEDA Qualifying Certificate Program”**

**COMMITTEE MEMBERS**

**Chairman:** Senator Alberto C. Lamorena, V

**Vice Chairperson:** Senator Joanne M.S. Brown

Senator Anthony C. Blaz

Senator Edward J. Cruz, MD

Senator Felix P. Camacho

Senator William B.S.M. Flores

Senator Mark C. Charfauros

Senator Mark Forbes

Senator Carlotta A. Leon Guerrero

## **COMMITTEE REPORT**

### **Bill No. 282**

#### **“An Act to Amend §58104, Title 12, Guam Code Annotated, Relative to Adding Limited Liability Partnerships and Companies as Eligible Entities to the GEDA Qualifying Certificate Program”**

### **INTRODUCTION**

The Committee on Tourism, Economic Development and Cultural Affairs conducted a Public Hearing 9:12 a.m. Wednesday, June 25, 1997 in the Public Hearing Room of the Guam Legislature Temporary Bldg. in Agana.

**Committee Members Present:** Senator Alberto C. Lamorena, V., Chairman  
Senator Carlotta Leon Guerrero  
Senator Anthony C. Blaz

**Other Senators Present:** Senator Frank B. Aguon, Jr.

**Government Officials:** Mr. David Sasai  
Guam Economic Development Authority

### **SUMMARY OF TESTIMONY**

**Mr. David Sasai**, appeared on behalf of Mr. Ed Untalan, Administrator for the Guam Economic Development Authority. Mr. Sasai provided the committee with Mr. Untalan's written testimony in Bill No. 282. In his testimony, Mr. Untalan stated that the Authority supports passage of the bill. According to Mr. Untalan, GEDA encourages these types of entities to apply for the Qualifying Certificate. However, potential applicants will still have to comply with all application procedures and criteria as well as pay for the appropriate filing fees. Additionally, Mr. Untalan recommended that the Legislature consider amending §58104, Title 12 of the Guam Code Annotated, to incorporate the language of “all insurance related activities” under heading number “9. Captive Insurance business as permitted by Chapter VII, , Title XXXIX, of the Government Code.

### **COMMITTEE FINDINGS**

The committee finds that the intent of Bill No. 282, if passed into law, will enhance the economic activity, particularly those related to the limited liability partnerships and limited liability companies. The Committee recommends that Bill No. 282 be favorably considered by the Legislature.

## **COMMITTEE RECOMMENDATIONS**

The Committee on Tourism, Economic Development and Cultural Affairs hereby reports out Bill No. 282 to the Twenty-Fourth Guam Legislature with the recommendation **To Pass**.

**FISCAL NOTE  
BUREAU OF BUDGET AND MANAGEMENT RESEARCH**

**BBMR-F7**

Bill Number: 282 Date Received: June 17, 1997  
 Amendatory Bill: Yes Date Reviewed: July 01, 1997

Department/Agency Affected: Guam Economic Development Authority  
 Department/Agency Head: Ed Untalan, Director  
 Total FY Appropriation to Date: Autonomous

Bill Title (preamble): AN ACT TO AMEND §58104, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO ADDING LIMITED LIABILITY PARTNERSHIPS AND COMPANIES AS ELIGIBLE ENTITIES TO THE GEDA QUALIFYING CERTIFICATE PROGRAM.

Change in Law: §58104, Title 12, GCA

Bill's Impact on Present Program Funding:  
 Increase \_\_\_\_\_ Decrease \_\_\_\_\_ Reallocation \_\_\_\_\_ No Change X

Bill is for:  
 Operations \_\_\_\_\_ Capital Improvement \_\_\_\_\_ Other X

**FINANCIAL/PROGRAM IMPACT**

ESTIMATED SINGLE-YEAR FUND REQUIREMENTS (Per Bill)			
PROGRAM CATEGORY	GENERAL FUND	OTHER	TOTAL
<i>Autonomous</i>	<i>1/</i>		

ESTIMATED MULTI-YEAR FUND REQUIREMENTS (Per Bill)						
FUND	1st	2nd	3rd	4th	5th	TOTAL
GENERAL	<i>1/</i>					
OTHER						
TOTAL						

FUNDS ADEQUATE TO COVER INTENT OF THE BILL? Yes -- IF NO, ADD'L AMOUNT REQUIRED \$ \_\_\_\_\_  
 AGENCY/PERSON/DATE CONTACTED: \_\_\_\_\_

ESTIMATED POTENTIAL MULTI-YEAR REVENUES						
FUND	1st	2nd	3rd	4th	5th	TOTAL
GENERAL FUND	<i>1/</i>					
OTHER						
TOTAL						

ANALYST md DATE 7/1/97 DIRECTOR Joseph E. Rivera, Acting DATE JUL 08 1997  
 M. Dizon

FOOTNOTES: *See attached*

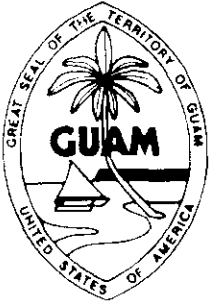
		<b>General</b>	<b>Special</b>	<b>Federal</b>	<b>runo</b>
		<b>Fund</b>	<b>Fund</b>	<b>Match</b>	<b>Total</b>
1	Telephone	-0-	-0-	-0-	-0-
2	Capital Outlay	-0-	-0-	-0-	-0-
3	<b>Total</b>	<b>2,327,863</b>	<b>-0-</b>	<b>-0-</b>	<b>2,327,863</b>
4					
5	<b>5) FORENSIC</b>				
6	Personnel Services	333,947	-0-	-0-	333,947
7	(11 FTE)				
8	Operating	96,500	-0-	-0-	96,500
9	Office Space Rental	-0-	-0-	-0-	-0-
10	Miscellaneous	-0-	-0-	-0-	-0-
11	Utilities	-0-	-0-	-0-	-0-
12	Power	-0-	-0-	-0-	-0-
13	Water / Sewer	-0-	-0-	-0-	-0-
14	Telephone	-0-	-0-	-0-	-0-
15	Capital Outlay	-0-	-0-	-0-	-0-
16	<b>Total</b>	<b>430,447</b>	<b>-0-</b>	<b>-0-</b>	<b>430,447</b>
17					
18	<b>6) CASEWORK &amp; COUNSELING SERVICES</b>				
19	Personnel Services	541,566	-0-	-0-	541,566
20	(14 FTE)				
21	Operating	7,705	-0-	-0-	7,705
22	Office Space Rental	-0-	-0-	-0-	-0-
23	Miscellaneous	-0-	-0-	-0-	-0-
24	Utilities	-0-	-0-	-0-	-0-
25	Power	-0-	-0-	-0-	-0-
26	Water / Sewer	-0-	-0-	-0-	-0-

1/

*Bill 282 proposes to include limited liability partnerships and companies as eligible entities to GEDA's qualifying certificate program. The fiscal impact of such a measure will allow the loss of potential General Fund revenues. Given the financial condition of the government of Guam's General Fund any potential revenue loss should be minimized.*

		General	Special	Federal	Fund
		Fund	Fund	Match	Total
1	Telephone	-0	-0	-0	-0
2	Capital Outlay	6,375	-0	-0	6,375
3	<b>Total</b>	<b>555,646</b>	<b>-0</b>	<b>-0</b>	<b>555,646</b>
4					
5	<b>7) OFF-ISLAND</b>				
6	Personnel Services	-0	-0	-0	-0
7	(0 FTE )				
8	Operating	1,399,775	-0	-0	1,399,775
9	Office Space Rental	-0	-0	-0	-0
10	Miscellaneous	-0	-0	-0	-0
11	Utilities	-0	-0	-0	-0
12	Power	-0	-0	-0	-0
13	Water / Sewer	-0	-0	-0	-0
14	Telephone	-0	-0	-0	-0
15	Capital Outlay	-0	-0	-0	-0
16	<b>Total</b>	<b>1,399,775</b>	<b>-0</b>	<b>-0</b>	<b>1,399,775</b>
17					
18	<b>8) TERRITORIAL PAROLE BOARD</b>				
19	Personnel Services	-0	-0	-0	-0
20	(0 FTE)				
21	Operating	-0	-0	-0	-0
22	Office Space Rental	-0	-0	-0	-0
23	Miscellaneous	6,000	-0	-0	6,000
24	Utilities	-0	-0	-0	-0
25	Power	-0	-0	-0	-0
26	Water / Sewer	-0	-0	-0	-0





# GUAM

ECONOMIC DEVELOPMENT AUTHORITY

*An Autonomous Agency of the Government of Guam, USA*



June 25, 1997

Senator Alberto C. Lamorena V  
Chairman, Committee on Tourism,  
Economic Development and Cultural Affairs  
Suite 314, Union Bank Building  
194 Hernan Cortez Ave.  
Agana, Guam 96910

**Subject: Testimony on Bills 269 and 282**

Dear Senator Lamorena:

On behalf of the GEDA Board of Directors and management, thank you for allowing me the opportunity to provide testimony on Bills 269 and 282. I would like to provide the Authority's thoughts on the two bills separately.

## **Bill 269**

The Authority supports the passage of this bill. It is quite unfortunate that this facility has not been properly utilized and functioning for such a long period of time. The Authority welcomes the opportunity to solicit interested businesses or individuals for the lease of the Long Term Health Care Facility on behalf of the Guam Memorial Hospital.

The Authority concurs with the findings and intent of the bill. There are only two issues that GEDA would like the Legislature to consider as possible amendments to this bill. The first one regards fees or reimbursement for the Authority to solicit and negotiate with those entities interested in the property. The Authority seeks to recover any costs associated with the solicitation, negotiation and finalization of the agreement.

Lastly, the Authority would like to be given the flexibility to negotiate any other financing arrangement with the interested party which would be cost effective for GMH. The Authority would insure that the Legislature is kept abreast of any other type of structure being negotiated.

*Destination Guam, USA  
Tropical Paradise & Island of Opportunities*

**Bill 282**

The Authority supports the passage of this bill. GEDA encourages these types of entities to apply for the Qualifying Certificate (QC). The potential applicant will still need to comply with all application procedures and criteria as well as pay for the appropriate filing fee.

On a separate issue, GEDA would like to have the Legislature consider amending §58104, Title 12, GCA to incorporate the language of "all insurance related activities" under heading number "9. Captive insurance business as permitted by Chapter VII, Title XXXIX, Government Code;".

Put Respetu,

*David H. Susan*

 ED UNTALAN  
Administrator