



Office of the Governor of Guam

P.O. Box 2950 Hagåtña, Guam 96932

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Felix Perez Camacho
Governor

Kaleo Scott Moylan
Lieutenant Governor

0 3 2004

The Honorable Vicente C. Pangelinan
Speaker
Mina' Bente Siete Na Liheslaturan Guåhan
155 Hessler Street
Hagåtña, Guam 96910

Office of the People's Speaker
Vicente C. Pangelinan

DEC 03 2004

TIME: 542 | 1:16 PM
RECORDED BY: [Signature]

Dear Mr. Speaker:

Transmitted herewith is Bill No. 257 (LS), "AN ACT TO ALLOW CONTRIBUTORS TO THE CONSTRUCTION, DEVELOPMENT, UPGRADING, REPAIR, AND MAINTENANCE OF ANY PUBLIC SCHOOL SPORTS FACILITIES TO BE ELIGIBLE FOR TAX CREDITS, BY ADDING A NEW ARTICLE 4 TO CHAPTER 77 OF DIVISION 2 OF TITLE 12, GUAM CODE ANNOTATED," which I signed into law on December 2, 2004 as **Public Law No. 27-114**.

Sinseru yan Magåhet,

FELIX P. CAMACHO
I Maga'låhen Guåhan
Governor of Guam

Attachment: copy attached of signed bill

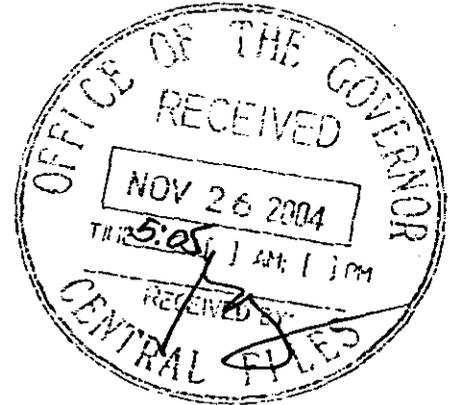
cc: The Honorable Tina Rose Muna-Barnes
Senator and Legislative Secretary



MINA' BENTE SIETE NA LIHESLATURAN GUÅHAN
TWENTY-SEVENTH GUAM LEGISLATURE
155 Hessler Place, Hagåtña, Guam 96910

November 26, 2004

The Honorable Felix P. Camacho
I Maga'lahaen Guåhan
Ufisinan I Maga'lahi
Hagåtña, Guam 96910



Dear *Maga'lahi* Camacho:

Transmitted herewith are Bill Nos. 126(COR), 251(COR), 257(LS), 259(LS), 283(COR), 293(COR), 307(COR), 335(COR), 344(LS), 345(LS), 347(LS), 351(COR), 380(COR), 385(COR) & 387(COR), and Substitute Bill Nos. 282(COR), 290(COR), 324(COR) & 353(COR) which were passed by *I Mina' Bente Siete Na Liheslaturan Guåhan* on November 24, 2004.

Sincerely,

TINA ROSE MUNA BARNES
Senator and Legislative Secretary

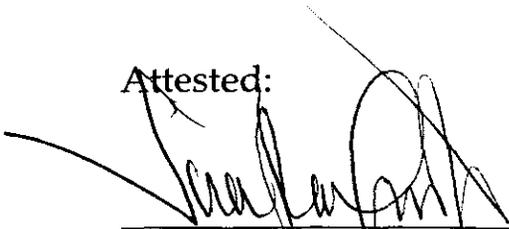
Enclosures (19)

I MINA'BENTE SIETE NA LIHESLATURAN GUÅHAN
2004 (SECOND) Regular Session

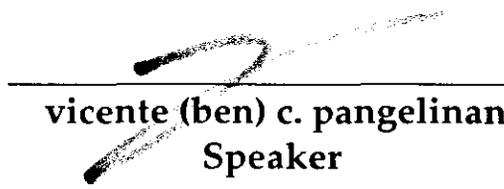
CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUÅHAN

This is to certify that Bill No. 257(LS), "AN ACT TO ALLOW CONTRIBUTORS TO THE CONSTRUCTION, DEVELOPMENT, UPGRADING, REPAIR, AND MAINTENANCE OF ANY PUBLIC SCHOOL SPORTS FACILITIES TO BE ELIGIBLE FOR TAX CREDITS, BY ADDING A NEW ARTICLE 4 TO CHAPTER 77 OF DIVISION 2 OF TITLE 12, GUAM CODE ANNOTATED," was on the 24th day of November, 2004, duly and regularly passed.

Attested:



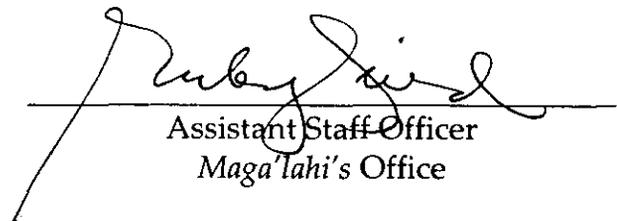
Tina Rose Muña Barnes
Senator and Legislative Secretary



vicente (ben) c. pangelinan
Speaker

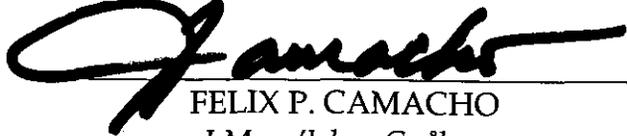
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This Act was received by *I Maga'lahen Guåhan* this 26th day of November, 2004,
at 5:05 o'clock P.M.



Assistant Staff Officer
Maga'lahi's Office

APPROVED:



FELIX P. CAMACHO
I Maga'lahen Guåhan

Date: December 2, 2004

Public Law No. 27-114

1 by the public on special events during the weekends, such as the Special
2 Olympics and Relay For Life. In order to provide incentives to those
3 willing to contribute towards the construction, development, upgrading,
4 repair or maintenance of any public school sports facilities, it is the
5 intent of *I Liheslaturan Guåhan* to authorize tax credits to any individuals
6 making contributions to public school sports facilities for the above
7 purposes.

8 **§77402. Definitions.** As used in this Article:

9 (a) *Gymnasium* shall mean a public school sports facility,
10 including, but *not* limited to, gymnasiums and baseball, soccer and
11 football fields constructed, developed, upgraded, repaired, or
12 maintained by an individual, corporation, or limited liability
13 company under the provisions of this Article.

14 **§77403. Credit Against Business Privilege Taxes.** (a)
15 Individuals, corporations, or limited liability companies making
16 contributions, as approved by the Superintendent of the Department of
17 Education (hereinafter "DOE"), towards the construction, development,
18 upgrading, repair or maintenance of any gymnasium shall be
19 authorized tax credits against Gross Receipts Taxes. The basis for
20 contribution to the project shall be the actual cost of the contribution
21 plus the cost of transportation, *if* any, from the point of origin to its
22 destination.

23 (b) Any unused credits *not* used in the current tax period may be
24 carried over into subsequent tax periods until such credits are
25 exhausted.

1 (c) The total credits allowed under this Article shall *not* exceed the
2 actual dollar amount of the expenditures on the project by the taxpayer.

3 **§77404. Cap on Gross Receipts Tax Credits for Construction,**
4 **Development, Upgrading, Repair or Maintenance of Gymnasiums.**
5 The total amount of credits against Gross Receipts Taxes for the
6 construction, development, upgrading, repair or maintenance of
7 gymnasiums as authorized herein shall *not* exceed One Million Dollars
8 (\$1,000,000.00) for all projects.

9 **§77405. Rules and Regulations.** The Guam Economic
10 Development and Commerce Authority (GEDCA) shall promulgate
11 rules and regulations necessary to implement this Section, in accordance
12 with the Administrative Adjudication Law, within sixty (60) days upon
13 the enactment of this Article.

14 **§77406. School Operations to Continue.** Pursuant to §77403(a) of
15 this Article, when approving a project, the Superintendent of the
16 Department of Education must ensure that regular school operations, to
17 the greatest extent possible, are *not* affected by the construction,
18 development, upgrading, repair or maintenance of a gymnasium.

19 **§77407. GEDCA Report.** GEDCA shall submit a report to *I*
20 *Liheslaturan Guåhan* detailing the impact of the program on the Gross
21 Receipts Taxes, its monitoring efforts, and any other information related
22 to the program. The report shall be transmitted to *I Liheslatura* on an
23 annual basis until the One Million Dollars (\$1,000,000.00) GRT cap
24 pursuant to §77407 of this Article is exhausted.”

1 **Section 2. Severability.** *If* any of the provisions of this Act or the
2 application thereof to any person or circumstance is held invalid, such
3 invalidity shall *not* affect any other provision or application of this Act which
4 can be given effect without the invalid provision or application, and to this
5 end the provisions of this Act are severable.

IX TRANSMISSION CHECKLIST TO I MAGA'LAHEN GUAHAN

(Included in File w/ All Bills Transmitted)

BILL NO. 254(LS)

- EXHIBITS ATTACHED *None*
- CONFIRM NUMBER OF PAGES *5*
- CAPTION ON CERTIFICATION MATCHES BILL CAPTION
- ENGROSSED SIGN""*"" REMOVED FROM BILL
- 15 SENATORS IN SPONSORSHIP OR CONFIRM OTHERWISE
- CERTIFICATION SIGNED BY SPEAKER & LEGIS. SECRETARY
- EMERGENCY DECLARATION, if any *No*

Confirmed By: *DP/S*

Dated: 11-26-04

FINAL REVIEW:

Dated: _____

HAND CARRY BILL IN BLUEBACK (ORIGINAL & COPY)
TO THE GOVERNOR. (DANNY, _____ OR OTHERS _____)

ACKNOWLEDGED COPY W/ ORIGINAL BLUEBACK
PLACED ON CLERK'S DESK. (Same copy given to _____)

FILED by: _____



Office of Senator Antoinette (Toni) Sanford Assistant Majority Leader

TWENTY-SEVENTH GUAM LEGISLATURE

Chairwoman, Committee on Economic Development, Retirement, Investments, Public Works and Regulatory Functions
Suite 15B Sinajana Mall, 777 Route 4 Sinajana, Guam 96926 / Telephone (671) 479-TONI Fax (671) 479-8667

November 17, 2004

MEMORANDUM

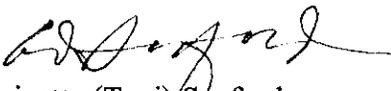
TO: Committee Members

FROM: Chairwoman

SUBJECT: Committee Report and Voting

Transmitted herewith for your information and action is the report on **BILL NO. 257: AN ACT TO CONTRIBUTORS TO THE CONSTRUCTION, DEVELOPMENT, UPGRADING, REPAIR AND MAINTENANCE OF ANY PUBLIC SCHOOL SPORTS FACILITIES TO BE ELIGIBLE FOR TAX CREDITS.**

Please review the report and take the appropriate action on the voting sheet. Your prompt attention and action on this matter is greatly appreciated. Should you have any questions regarding the report or accompanying documents, please do not hesitate to contact me.


Antoinette (Toni) Sanford

Attachment

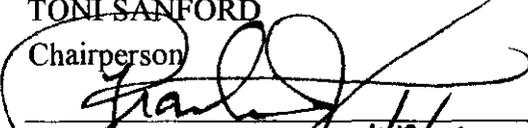
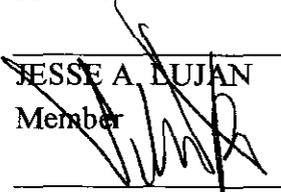
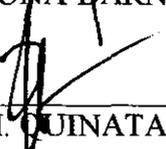


Office of Senator Antoinette (Toni) Sanford
Assistant Majority Leader

TWENTY-SEVENTH GUAM LEGISLATURE

Chairwoman, Committee on Economic Development, Retirement, Investments, Public Works and Regulatory Functions
Suite 15B, 777 Route 4, Sinajana, Guam 96926 /Telephone (671) 479-8664/6 Fax (671) 479-8667 Email: sensanford@ite.net

BILL NO. 257: AN ACT TO CONTRIBUTORS TO THE CONSTRUCTION, DEVELOPMENT, UPGRADING, REPAIR AND MAINTENANCE OF ANY PUBLIC SCHOOL SPORTS FACILITIES TO BE ELIGIBLE FOR TAX CREDITS.

	TO PASS	NOT TO PASS	TO ABSTAIN	INACTIVE FILE
 TONI SANFORD Chairperson	✓			
 FRANK B. AGUON, JR. 4/19/04 Vice-Chairperson & Acting Chairperson	✓			
 LARRY KASPERBAUER Member				
LOU LEON GUERRERO Member				
 JESSE A. LUJAN Member				
 TINA MUNA-BARNES Member				
 JOHN M. QUINATA Member				
RORY J. RESPICIO Member				
 BEN C. PANGELINAN Speaker & Ex-officio Member	✓			



Office of Senator Antoinette (Toni) Sanford Assistant Majority Leader

TWENTY-SEVENTH GUAM LEGISLATURE

Chairwoman, Committee on Economic Development, Retirement, Investments, Public Works and Regulatory Functions
Suite 15B Sinajana Mall, 777 Route 4 Sinajana, Guam 96926 / Telephone (671) 479-TONI Fax (671) 479-8667

November 17, 2004

Senator Lou Leon Guerrero
Chairperson, Committee on Rules & Health
TWENTY-SEVENTH GUAM LEGISLATURE
155 Hesler Street
Hagatna, Guam 96910

Dear Senator Leon Guerrero,

The Committee on Economic Development, Retirement, Investments, Public Works and Regulatory Functions, to which **BILL NO. 257: AN ACT TO CONTRIBUTORS TO THE CONSTRUCTION, DEVELOPMENT, UPGRADING, REPAIR AND MAINTENANCE OF ANY PUBLIC SCHOOL SPORTS FACILITIES TO BE ELIGIBLE FOR TAX CREDITS** was referred, wishes to report its findings and recommendation **TO DO PASS** as substituted by the Committee.

The voting record is as follows:

TO PASS	<u>6</u>
NOT TO PASS	<u>0</u>
ABSTAIN	<u>0</u>
TO PLACE IN INACTIVE FILE	<u>0</u>

Copies of the Committee report and other pertinent documents are attached.

Antoinette (Toni) Sanford
Chair

Attachment

**COMMITTEE ON ECONOMIC DEVELOPMENT, RETIREMENT,
INVESTMENTS, PUBLIC WORKS, AND REGULATORY
FUNCTIONS**

Twenty-Seventh Guam Legislature
155 Hesler Street, Hagatna Guam 96910



**COMMITTEE REPORT
ON**

Bill 257: “An act to allow contributors to the construction, development, upgrading, repair and maintenance of any public school sports facilities to be eligible for tax credits.”

COMMITTEE MEMBERS

Chairperson Senator Toni Sanford
Vice-Chairperson Senator Frank B. Aguon, Jr.

Majority Members

Senator Lou Leon Guerrero
Senator Tina Muna Barnes
Senator John M. Quinata
Senator Rory Respicio
Speaker ben c. pangelinan (ex-officio)

Minority Members

Senator Jesse A. Lujan
Senator Larry Kasperbauer

A. Purpose and Essential Elements

The purpose of Bill 257 “An act to allow contributors to the construction, development, upgrading, repair and maintenance of any public school sports facilities to be eligible for tax credits,” is to authorize tax credits as an incentive for individuals who make contributions to public school sports facilities for construction, development, upgrading, repair or maintenance purposes.

B. Public Hearing Conducted

The Committee on Economic Development, Retirement, Investments, Public Works and Regulatory Functions conducted a public hearing on Tuesday, August 24, 2004 in the Legislative Public Hearing Room, I Liheslaturan Guahan, in Hagatna. Public notice was provided on August 17 and August 20, 2004.

Committee Chairwoman Toni Sanford called the public hearing to order at 9:15 a.m. in the Legislative Public Hearing Room. Committee members present were: Senators Lou Leon Guerrero, Tina Muna-Barnes and J. Q. Quinata. Non-committee members present included: Senators Robert Klitzkie and Mark Forbes.

There were no individuals who appeared before the Committee to provide testimony at the public hearing; however, there was one written submission on August 27, 2004 from Art Ilagan, Director of the Department of Revenue & Taxation, which comments on the negative impact of this legislation to the much needed tax revenues, especially with Business Privilege Taxes, because it will allow contributors to take credits against gross receipts taxes, which will lessen amounts they would normally pay monthly, resulting in less tax revenues.

II. SUMMARY OF TESTIMONY

Chairwoman Sanford explained that there were no oral testimonies and that there are ten days given for any submissions of written testimonies.

Chairman Sanford concluded by thanking those in attendance and adjourned the meeting.

III. COMMITTEE RECOMMENDATIONS

The Committee on Economic Development, Retirement, Investments, Public Works, and Regulatory Functions recommends that Bill 257 “An act to allow contributors to the construction, development, upgrading, repair and maintenance of any public school sports facilities to be eligible for tax credits” be hereby reported out with the recommendation “TO DO PASS”.

MINA'BENTE SIETE NA LIHESLATURAN GUAHAN
2004 (SECOND) Regular Session

Bill No. 257 (LS)

Introduced by:

v.c. pangelinan
C. Fernandez
Toni Sanford

AN ACT TO ALLOW CONTRIBUTORS TO THE CONSTRUCTION, DEVELOPMENT, UPGRADING, REPAIR AND MAINTENANCE OF ANY PUBLIC SCHOOL SPORTS FACILITIES TO BE ELIGIBLE FOR TAX CREDITS.

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Legislative Findings and Intent. *I Liheslaturan Guahan* finds that several sports facilities within the Department of Education have fallen into disrepair. Whether the facilities are damaged by natural disaster, old age, or simply due to the lack of maintenance, it is of importance that these facilities are restored to a usable and safe condition in order to ensure that students are provided with a venue to hold their physical education classes, athletic competitions among public and private students, science fairs, school plays, and dances, among other extracurricular activities.

However, *I Liheslaturan Guahan* also finds that the government of Guam is financially strapped and therefore cannot afford to allocate additional funding for major works that public school sports facilities require.

Consequently, *I Liheslaturan Guahan* calls for community involvement in guaranteeing that our students continue to have functional gymnasiums and other sports fields, which can also be used by the public on special events during the weekends, such as the Special Olympics and Relay For Life. In order to provide incentives to those willing to contribute towards the construction, development, upgrading, repair or maintenance of any public school sports facilities, it is the intent of *I Liheslaturan Guahan* to authorize tax credits to any individuals making contributions to public school sports facilities for the above purposes.

Section 2. Definition. As used in this Act.

- (a) Gymnasium: shall mean a public school sports facility, including but not limited to gymnasium; and baseball, soccer and football fields, constructed, developed, upgraded, repaired or maintained by an individual, corporation, or limited liability company under the provision of this Act.

Section 3. Credit Against Business Privilege Taxes. (a) Individuals, corporations, or limited liability companies making contributions, as approved by the Superintendent of the Department of Education (herein after "DOE"), towards the construction, development, upgrading, repair or maintenance of any gymnasiums shall be authorized tax credits against Gross Receipts Taxes. The basis for contribution to the project shall be the actual cost of the contribution plus the cost of transportation if any from the point of origin to its destination.

(b) Any unused credits not used in the current tax period may be carried over into subsequent tax periods until such credits are exhausted.

(c) The total credits allowed under this Act shall not exceed the actual dollar amount of the expenditures on the project by the taxpayer.

Section 4. Cap on GRT Credits for Construction, Development, Upgrading, Repair or Maintenance of Gymnasiums. The total amount of credits against Gross Receipt Taxes for the construction, development, upgrading, repair or maintenance of gymnasiums as authorized herein shall not exceed One Million Dollars (\$1,000,000.00) for all projects.

Section 5. The Guam Economic Development and Commerce Authority shall promulgate rules and regulations necessary to implement this Section, in accordance with the Administrative Adjudication Law, within sixty (60) days upon the enactment of this Act.

Section 6. Pursuant to Section 3(a) of this Act, when approving a project, the Superintendent of the Department of Education must ensure that regular school operations, to the greatest extent possible, are not affected by the construction, development, upgrading, repair or maintenance of a gymnasium.

Section 7. GEDCA Report. GEDCA shall submit a report to *I Liheslaturan Guahan* detailing the impact of the program on the Gross Receipts Taxes, its monitoring efforts, and any other information related to the program. The report shall be transmitted to the Legislature on an annual basis until the One Million Dollars (\$1,000,000) GRT cap pursuant to Section 4 of this Act is exhausted.

Section 8. Severability. If any of the provisions of this Act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect any other provision or application of this Act which can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.



Dipårtamenton Kontribusion yan Adu'ána

DEPARTMEN OF

REVENUE AND TAXATION

GOVERNMENT OF GUAM

Gubetnamenton Guåhan

FELIX P. CAMACHO, Governor Maga'ia
KALEO S. MOYLAN, Lt. Governor Tiñente Gubetnad

ARTEMIO B. ILAGAN, Direct
Direkt
JOHN P. CAMACHO, Deputy Direct
Segundo Direkt

Senator Antoinette (Toni) Sanford
Committee Chair
Committee on Economic Development, Retirement, Investment,
Public Works & Regulatory Functions
777 Rt. 4, Suite 15B
Sinajana, GU 96929

26 AUG 2004

OFFICE OF SENATOR
ANTOINETTE (TONI) SANFORD
5258
AUG 27 2004

In re: Bill No. 257(LS)

TIME: _____ AM () PM ()

Buenas Yan Saluda:

REC'D BY: _____

Submitted herewith is the Department of Revenue & Taxation's (DRT) comments regarding Bill No. 257(LS) to allow contributors to the construction, development, upgrading, repair and maintenance of any public school sports facilities to be eligible for tax credits.

Although DRT recognizes the need for sport complexes in the public school system, this legislation contributes to the erosion of our much-needed tax revenues to the Government of Guam, specifically Business Privilege Taxes. The construction industry on Guam has always been a major contributor to our tax revenues through the payment of gross receipts, income and other related taxes. This legislation enables contributors to take credits against gross receipts taxes that would lessen amounts they would normally pay monthly, resulting in less tax revenues.

DRT recommends that the "Cap" on the credits be reconsidered or reduced with a reasonable time period specified to exhaust the credits since this bill may afford contributors a double tax benefit if eligible for contribution deductions on their income tax returns.

Senseramente,


Artemio B. Ilagan
Director

