



Office of the Governor of Guam

P.O. Box 2950 Hagåtña, Guam 96932
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Senator Edward J.B. Calvo
SECRETARY OF THE LEGISLATURE
ACKNOWLEDGEMENT RECEIPT
Rcv'd by: N. Kole
Print Name & Initial
Time: 3:28 Date: 8/21/06

Felix Perez Camacho
Governor
Kaleo Scott Moylan
Lieutenant Governor

17 AUG 2006

The Honorable Mark Forbes
Speaker
I Mina' Bente Ocho Na Liheslaturan Guåhan
155 Hessler Street
Hagåtña, Guam 96910

MAR...
Date: 8/17/06
Time: 1:00 pm.
Rec'd by: [Signature]
Print Name: M.F.
28-06-1024

Dear Mr. Speaker:

Transmitted herewith is Bill No. 11 (LS), "AN ACT TO ADD A NEW PARAGRAPH (36) TO TITLE 11 G.C.A. §26203(k) AND A NEW §26215 TO TITLE 11 G.C.A. RELATIVE TO EXEMPTING THE WHOLESALE OF TELECOMMUNICATION SERVICES AND OFF-ISLAND SALES FROM GROSS RECEIPTS TAXES," which I signed into law on August 4, 2006 as Public Law No. 28-144.

I applaud Senator Kasperbauer's efforts in authoring Bill No. 11 whose intent is to prevent larger telecommunication companies from building monopolies on Guam and to allow smaller companies to compete. Bill No. 11 would provide a Gross Receipt Tax credit for services purchased from competing telecommunication companies and for exports of telecommunication services.

At the public hearing of Bill No. 11, it was proffered that the annual impact on Gross Receipt Taxes would be \$100,000.00 to \$200,000.00. It is difficult at this time to substantiate this impact since statistics on wholesale of telecommunication services are not available.

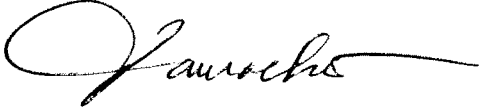
The Department of Revenue and Taxation has indicated that it will monitor the impact on receipts. If the impact far exceeds \$100,000.00, then I ask the Legislature to revisit this legislation as it was not intended to detrimentally erode General Fund revenues.

As you know, the Gross Receipts Tax and Income Tax are the largest sources of revenue to the General Fund. With the Guam Public School System receiving 83.2% of withholding taxes monthly, the balance of Income Tax revenue pays refunds and general governmental operations.

It is estimated that the government would receive approximately \$154,000,000.00 in GRTs for this fiscal year. After 5.41% of GRT is set aside for the Pharmaceutical Fund, the balance pays total appropriations which includes over \$11M in debt service plus any unanticipated revenue shortfalls from other funds like the Territorial Highway Fund, the Territorial Education Facilities Fund and the Tourist Attraction Fund that are used to pay debt service and operations.

While I support the intent of Bill No. 11, the government will vigilantly monitor its financial impact to ensure that critical government services will not be jeopardized.

Sinseru yan Magåhet,



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

cc: The Honorable Eddie Baza Calvo
Senator and Legislative Secretary

KS



FILE COPY

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

July 25, 2006



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

Dear *Maga'lahi* Camacho:

Transmitted herewith are Bill No. 207(EC) & Substitute Bill No. 11(LS) which were passed by *I Mina'Bente Ocho Na Liheslaturan Guåhan* on July 20, 2006.

Sincerely,

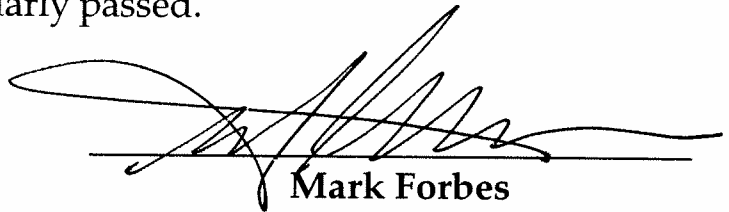
EDWARD J.B. CALVO
Senator and Secretary of the Legislature

Enclosures (2)

I MINA'BENTE OCHO NA LIHESLATURAN GUÅHAN
2006 (SECOND) Regular Session


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

This is to certify that Substitute Bill No. 11 (LS), "AN ACT TO ADD A NEW PARAGRAPH (36) TO TITLE 11 G.C.A. §26203(k) AND A NEW §26215 TO TITLE 11 G.C.A. RELATIVE TO EXEMPTING THE WHOLESALE OF TELECOMMUNICATION SERVICES AND OFF-ISLAND SALES FROM GROSS RECEIPTS TAXES," was on the 20th day of July, 2006, duly and regularly passed.



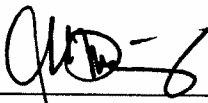
Mark Forbes
Speaker

Attested:



Edward J.B. Calvo
Senator and Secretary of the Legislature

This Act was received by *I Maga'lahaen Guåhan* this 05 day of July, 2006, at 3:40 o'clock P.M.



Assistant Staff Officer
Maga'lahaen's Office

APPROVED:

FELIX P. CAMACHO
I Maga'lahaen Guåhan

Date: 4 August 2006

Public Law No. 28-144

MINA'BENTE OCHO NA LIHESLATURAN GUÅHAN
2005 (FIRST) Regular Session

Bill No. 11 (LS)

As substituted by the Committee on
Finance, Taxation & Commerce, further
substituted by the Author and amended
on the Floor.

Introduced by:

L.F. Kasperbauer
Ray Tenorio
F. B. Aguon, Jr.
Edward J.B. Calvo
Mike Cruz
Mark Forbes
R. Klitzkie
J. A. Lujan
A. B. Palacios

**AN ACT TO ADD A NEW PARAGRAPH (36) TO TITLE 11
G.C.A. §26203(k) AND A NEW §26215 TO TITLE 11 G.C.A.
RELATIVE TO EXEMPTING THE WHOLESALE OF
TELECOMMUNICATION SERVICES AND OFF-ISLAND
SALES FROM GROSS RECEIPTS TAXES.**

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

2 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds
3 that, since Congress enacted the Telecommunications Act of 1996,
4 telecommunications companies are often required to sell certain
5 telecommunications services to competitors at wholesale prices. The intent of the
6 Telecommunications Act is to prevent larger companies from building monopolies
7 and to allow smaller companies to compete. Congress required the Federal
8 Communications Commission to promulgate rules to ensure that wholesale pricing
9 charges are low enough to ensure a level playing field for competitors and that all

1 federal and local governmental fees and excises such as Gross Receipt Taxes
2 (GRT) are accurately disclosed.

3 While fees such as Universal Service Line charges are not levied on the sale
4 of wholesale services from one competitor to another, on Guam the GRT is levied
5 by the Government of Guam. Thus, the competitor who buys services from
6 another competitor in effect pays the GRT twice: once when it buys the service
7 and again when it sells it to the end user. The competitor who creates the service
8 pays the GRT only when it sells to the end user consumer. This taxation practice
9 gives larger telecom companies a significant competitive advantage over the
10 smaller companies.

11 *I Liheslatura* intends to level the playing field among competitors in the
12 telecommunication industry by ensuring that the GRT is assessed equally to all of
13 them.

14 **Section 2.** A new §26215 is hereby *added* to Division 2, Chapter 26,
15 Article 2, of Title 11 Guam Code Annotated to read:

16 **“§26215. Gross Receipt Tax Credit for Services Purchased from**
17 **Competing Telecommunications Companies.** Any telecommunications
18 company that purchases services from a telecommunications competitor,
19 parent, subsidiary, or sister company of a telecommunications competitor
20 may claim an exemption against its gross receipt tax liability as a result of
21 the purchase of such services. The amount of the credit shall be equal to the
22 Gross Receipt taxes paid by the selling telecommunications company on the
23 purchase price of the services when the services purchased are resold or
24 used to provide other services sold to consumers.”

1 **Section 3. Exemption for Exports of Telecommunications Services.** A
2 new item (36) is hereby *added* to §26203(k) of Title 11 Guam Code Annotated to
3 read:

4 “(36) Amounts received from the sale of telecommunication services
5 including telephony, internet, data transmission line, wired/wireless/cable
6 television and satellite service, two-way radios, paging and wired and
7 wireless data communications and related services to customers outside of
8 Guam.”

I MINA' BENTE OCHO NA LIHESLATURAN GUAHAN

2006 (SECOND) Regular Session

Date: 7/27/06

VOTING SHEET

Bill No. 11(13)

Resolution No. _____

Question: _____

NAME	YEAS	NAYS	NOT VOTING/ ABSTAINED	OUT DURING ROLL CALL	ABSENT
AGUON, Frank B., Jr.	✓				
BROWN, Joanne M.S.		✓			
CALVO, Edward J.B.	✓				
CRUZ, Benjamin J.F.		✓			
CRUZ, Michael (Dr.)	✓				
FORBES, Mark	✓				
KASPERBAUER, Lawrence F.	✓				
KLITZKIE, Robert					EA
LUJAN, Jesse A.	✓				
PALACIOS, Adolpho B.	✓				
RESPICIO, Rory J.	✓	✓			
TENORIO, Ray	✓				
UNPINGCO, Antonio R.		✓			
WON PAT, Judith T.		✓			

TOTAL

84 5 0 0 1

CERTIFIED TRUE AND CORRECT:

Patricia C. Santos
Clerk of the Legislature

* 3 Passes = No vote
EA = Excused Absence

Voted
7/20/06
E
7/20/06

**MINA'BENTE OCHO NA LIHESLATURAN GUÅHAN
2005 (FIRST) Regular Session**

Bill No. 11 (EC)

As substituted by the Committee on
Finance, Taxation & Commerce and
as substituted by the Author and amended
on the Floor.

*Remove may vote
senators*

*

Introduced by:

- L.F. Kasperbauer
- Ray Tenorio
- F. B. Aguon, Jr.
- ~~J. M. S. Brown~~
- Edward J.B. Calvo
- ~~B. J. F. Cruz~~
- Mike Cruz
- Mark Forbes
- R. Klitzkie
- J. A. Lujan
- A. B. Palacios
- ~~R. J. Respicio~~
- ~~A. R. Unpingco~~
- ~~J. T. Won Pat~~

AN ACT TO ADD A NEW PARAGRAPHS (36) & (37) TO ITEM (k) OF §26203 AND §72107.1 TO TITLE 11, GUAM CODE ANNOTATED RELATIVE TO EXEMPTING THE WHOLESALE OF TELECOMMUNICATION SERVICES AND OFF-ISLAND SALES FROM GROSS RECEIPTS TAXES.

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

2 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds
3 that since Congress enacted the Telecommunications Act of 1996,
4 telecommunications companies in many cases are required to sell at wholesale
5 prices, certain telecommunications services to competitors. The intent of this Act

1 is to prevent larger companies from building monopolies and allow smaller
2 companies to compete. In doing so, Congress required the Federal
3 Communications Commission to promulgate Rules that would ensure that the
4 wholesale pricing charges to the competitor are low enough for the competitor to
5 compete on a level playing field and that all federal and local governmental fees
6 and excises such as Gross Receipt Taxes (GRT) are accurately disclosed. While
7 fees such as Universal Service Line charges are not levied on the sale wholesale
8 service from one competitor to another, on Guam the GRT is levied by the
9 Government of Guam. The results that the competitor who buys the service from
10 another competitor in effect pays the GRT twice: once when they buy the service
11 and second when they sell it to the end user. The competitor who creates the
12 service only pays the GRT once when it is sold to the end-user consumer. This
13 type of taxation practices by the Government of Guam gives larger telcom
14 companies a distinct and significant competitive advantage of the smaller
15 companies.

16 It is the intent of *I Liheslatura* to level the playing field among competitors
17 in telecommunication industry by ensuring the GRT is assessed equally to all
18 parties in the telecommunication industry.

19 **Section 2.** A new § 26215 is hereby *added* to Chapter 26, Article 2 of
20 Title 11, Guam Code Annotated to read:

21 **“§26215. Gross Receipt Tax Credit for Services Purchased from**
22 **Competing Telecommunications Companies.** Any telecommunications company
23 that purchases services from a telecommunications competitor, parent, subsidiary,
24 or sister company of a telecommunications competitor may take a credit against
25 taxes due pursuant to the provisions of this Article as a result of the purchase of
26 such services. The amount of the credit shall be equal to the Gross Receipt taxes

1 paid by the telecommunications competitor, parent, subsidiary, or sister company
2 of a competitor and passed on to the purchasing telecommunications company and
3 shall apply only to those service that are resold or used to make other services that
4 are sold to consumers.”

5 **Section 3. Exemption for Exports of Telecommunications Services.** A
6 new item (36) is hereby *added* to §26203(k) of Title 11, Guam Code Annotated to
7 read:

8 “(36) Revenues derived from the sale of telecommunication services
9 including telephony, internet, data transmission line, wired/wireless/cabled
10 television and satellite service, two-way radios, paging and wired and wireless
11 data communications and related services to customers outside of Guam.”

Motson
Froelicher
6/26/06

Replaced
w/ SB by Cant
on the F1001
6/29/06

**MINA'BENTE OCHO NA LIHESLATURAN GUÅHAN
2005 (FIRST) Regular Session**

Bill No. 11 (LS)

As substituted by the Committee on
Finance, Taxation & Commerce and
amended.

*

Introduced by:

- L. F. Kasperbauer
- F. B. Aguon, Jr.
- J. M.S. Brown
- Edward J.B. Calvo
- B. J.E. Cruz
- Mike Cruz
- Mark Forbes
- R. Klitzkie
- J. A. Lujan
- A. B. Palacios, Sr.
- R. J. Respicio
- Ray Tenorio
- A. R. Unpingco
- J. T. Won Pat

**AN ACT TO ADD ITEMS (36) AND (37) TO SUBSECTION
26203(k) OF TITLE 11, GUAM CODE ANNOTATED; AND TO
ADD A NEW §72107.1 TO TITLE 11, GUAM CODE
ANNOTATED RELATIVE TO EXEMPTING THE
WHOLESALE OF TELECOMMUNICATION SERVICES AND
OFF-ISLAND TELECOMMUNICATION SERVICES FROM
THE GROSS RECEIPTS TAX.**

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

2 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds that
3 the Guam Telephone Authority (GTA) is Guam's incumbent local exchange carrier
4 responsible for providing integral services to nearly all local cellular, long-distance,
5 internet and data-transmission companies. As a former government of Guam agency,

1 GTA was not required to tag Gross Receipts Tax (GRT) on top of the rates and fees
2 charged to other telecommunications companies. Since privatization, GTA is now
3 obligated to pay GRT for services that are resold by other telecommunication
4 companies. This practice is regarded as wholesaling. The compounding effect of GRT
5 that is again applied to consumers by other telecommunication companies increases the
6 overall price of services. The consumers are double-taxed and GTA service resellers,
7 who are also competitors, are at a disadvantage.

8 It is the intent of *I Liheslaturan Guåhan* to exempt the wholesale of
9 telecommunications services such as cellular, internet, long-distance, cable, data
10 transmission and other similar services that are resold through other telecommunication
11 companies and to avoid the double taxing of GRT in the pricing of end-consumer
12 products. It is not the intent of *I Liheslaturan Guåhan* to exempt any
13 telecommunications services that are *not* resold to end-consumers.

14 **Section 2.** Items (36) and (37) are hereby *added* to Subsection 26203(k) of
15 Chapter 26 of Title 11, Guam Code Annotated to read:

16 “(36) Revenues derived from the wholesale of telecommunication
17 services by persons holding a *Wholesale Telecommunication License* as
18 defined by Title 11 G.C.A. §72107.1.

19 (37) Revenues derived from the sale of telecommunication services
20 and related services to customers outside of Guam, as said services are
21 defined by Title 11 G.C.A., §72107.1.”

22 **Section 3.** A new §72107.1 is hereby *added* to Chapter 72 of Title 11, Guam
23 Code Annotated to read:

24 “**§72107.1 Wholesale Telecommunication License.** A Wholesale
25 Telecommunications License must be obtained by every person who
26 engages in the business of selling telecommunication services for the

1 purpose of (1) resale, (2) the manufacture of telecommunication services
2 for resale, and (3) consulting services pertaining to the resale of
3 telecommunications services or the manufacture of telecommunication
4 services for resale. The annual fee for a wholesale telecommunications
5 license is One Hundred Dollars (\$100.00).

6 For purposes of this Section, telecommunication services shall
7 include telephony, internet, data transmission line, wired/wireless/cabled
8 television and satellite service, two-way radios, paging and wired and
9 wireless data communications and related services and any other services
10 determined by the Director of Revenue and Taxation to be related to
11 telecommunications.”

MINA'BENTE OCHO NA LIHESLATURAN GUÅHAN
2005 (FIRST) Regular Session

Bill No. 11 (LS)

As substituted by the Committee on
Finance, Taxation & Commerce and
amended.

*

Introduced by:

L. F. Kasperbauer
F. B. Aguon, Jr.
J. M.S. Brown
Edward J.B. Calvo
B. J.F. Cruz
Mike Cruz
Mark Forbes
R. Klitzkie
J. A. Lujan
A. B. Palacios, Sr.
R. J. Respicio
Ray Tenorio
A. R. Unpingco
J. T. Won Pat

**AN ACT TO *ADD* ITEMS (36) AND (37) TO SUBSECTION
26203(k) OF TITLE 11, GUAM CODE ANNOTATED; AND TO
ADD A NEW §72107.1 TO TITLE 11, GUAM CODE
ANNOTATED RELATIVE TO EXEMPTING THE
WHOLESALE OF TELECOMMUNICATION SERVICES AND
OFF-ISLAND TELECOMMUNICATION SERVICES FROM
THE GROSS RECEIPTS TAX.**

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Section 1. Legislative Findings and Intent. *I Liheslaturan Guåhan* finds that
the Guam Telephone Authority (GTA) is Guam's incumbent local exchange carrier
responsible for providing integral services to nearly all local cellular, long-distance,
internet and data-transmission companies. As a former government of Guam agency,

1 GTA was not required to tag Gross Receipts Tax (GRT) on top of the rates and fees
2 charged to other telecommunications companies. Since privatization, GTA is now
3 obligated to pay GRT for services that are resold by other telecommunication
4 companies. This practice is regarded as wholesaling. The compounding effect of GRT
5 that is again applied to consumers by other telecommunication companies increases the
6 overall price of services. The consumers are double-taxed and GTA service resellers,
7 who are also competitors, are at a disadvantage.

8 It is the intent of *I Liheslaturan Guåhan* to exempt the wholesale of
9 telecommunications services such as cellular, internet, long-distance, cable, data
10 transmission and other similar services that are resold through other telecommunication
11 companies and to avoid the double taxing of GRT in the pricing of end-consumer
12 products. It is not the intent of *I Liheslaturan Guåhan* to exempt any
13 telecommunications services that are *not* resold to end-consumers.

14 **Section 2.** Items (36) and (37) are hereby *added* to Subsection 26203(k) of
15 Chapter 26 of Title 11, Guam Code Annotated to read:

16 “(36) Revenues derived from the wholesale of telecommunication
17 services by persons holding a *Wholesale Telecommunication License* as
18 defined by Title 11 G.C.A. §72107.1.

19 (37) Revenues derived from the sale of telecommunication services
20 and related services to customers outside of Guam, as said services are
21 defined by Title 11 G.C.A., §72107.1.”

22 **Section 3.** A new §72107.1 is hereby *added* to Chapter 72 of Title 11, Guam
23 Code Annotated to read:

24 “**§72107.1 Wholesale Telecommunication License.** A Wholesale
25 Telecommunications License must be obtained by every person who
26 engages in the business of selling telecommunication services for the

1 purpose of (1) resale, (2) the manufacture of telecommunication services
2 for resale, and (3) consulting services pertaining to the resale of
3 telecommunications services or the manufacture of telecommunication
4 services for resale. The annual fee for a wholesale telecommunications
5 license is One Hundred Dollars (\$100.00).

6 For purposes of this Section, telecommunication services shall
7 include telephony, internet, data transmission line, wired/wireless/cabled
8 television and satellite service, two-way radios, paging and wired and
9 wireless data communications and related services and any other services
10 determined by the Director of Revenue and Taxation to be related to
11 telecommunications.”

* Excused
for next
legislative
voting day

Failed

I MINA' BENTE OCHO NA LIHESLATURAN GUAHAN 2006 (SECOND) Regular Session

Date: 7/3/06

VOTING SHEET

S Bill No. 11 (LS)

Resolution No. _____

Question: _____

NAME	YEAS	NAYS	NOT VOTING/ ABSTAINED	OUT DURING ROLL CALL	ABSENT
AGUON, Frank B., Jr.					✓
BROWN, Joanne M.S.	111	✓			
CALVO, Edward J.B.	✓	✓			
CRUZ, Benjamin J.F.	✓	✓			
CRUZ, Michael (Dr.)	✓				
FORBES, Mark	✓				
KASPERBAUER, Lawrence F.	✓				
KLITZKIE, Robert					✓
LUJAN, Jesse A.	✓				
PALACIOS, Adolpho B.	✓	✓			
RESPICIO, Rory J.	11	✓			
TENORIO, Ray	✓				
UNPINGCO, Antonio R.				GAES PS	EA ✓
WON PAT, Judith T.	11	✓			

TOTAL	<u>7</u>	<u>4</u>	<u>0</u>	<u>3</u>	<u>2</u>
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CERTIFIED TRUE AND CORRECT:

Patricia Cepancho
Clerk of the Legislature

* 3 Passes = No vote
EA = Excused Absence

2nd
6/29/06 s/B 11(FC)
dismissed - COW

do failed engrossment
7/3/06

MINA' BENTE OCHO NA LIHESLATURAN GUÅHAN
2005 (FIRST) Regular Session

2nd
5/22/06
3rd
6/17/06
2nd
6/26/06

7 pages
4 pages
Foot.
3 Absence

Bill No. 11 (EC)
As substituted by the
Committee on Finance, Taxation & Commerce
And as Substituted by the Author on the Floor

WKFAD

Introduced by:

L.F. Kasperbauer
Ray T

§26215

AN ACT TO ADD A NEW PARAGRAPHS (36) & (37) TO ITEM (k) OF §26203 AND §72107.1 TO TITLE 11, GUAM CODE ANNOTATED RELATIVE TO EXEMPTING THE WHOLESALE OF TELECOMMUNICATION SERVICES AND OFF-ISLAND SALES FROM GROSS RECEIPTS TAXES.

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

2
3 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds
4 that since Congress enacted the Telecommunications Act of 1996,
5 telecommunications companies in many cases are required to sell at wholesale
6 prices, certain telecommunications services to competitors. The intent of this Act is
7 to prevent larger companies from building monopolies and allow smaller companies
8 to compete. In doing so, Congress required the Federal Communications
9 Commission to promulgate Rules that would ensure that the wholesale pricing
10 charges to the competitor are low enough for the competitor to compete on a level
11 playing field and that all federal and local governmental fees and excises such as
12 Gross Receipt Taxes are accurately disclosed. While fees such as Universal Service
13 Line charges are not levied on the sale wholesale service from one competitor to
14 another, on Guam the GRT is levied by the Government of Guam. The results that

1 the competitor who buys the service from another competitor in effect pays the GRT
2 twice: once when they buy the service and second when they sell it to the end user.
3 The competitor who creates the service only pays the GRT once when it is sold to
4 the end-user consumer. This type of taxation practices by the Government of Guam
5 gives larger telcom companies a distinct and significant competitive advantage of
6 the smaller companies.

7 It is the intent of *I Liheslatura* ^{unbold} to level the playing field among competitors
8 in telecommunication industry by ensuring the GRT is assessed equally to all parties
9 in the telecommunication industry.

10 out
11 **Section 2.** A new Section 26215 is hereby added to Chapter 26, Article 2
12 of Title 11, Guam Code Annotated to read:

13 out
14 **§26215 Gross Receipt Tax Credit for Services Purchased From**
15 **Competing Telecommunications companies.** Any telecommunications company
16 that purchases services from a telecommunications competitor, parent, subsidiary, or
17 sister company of a telecommunications competitor may take a credit against taxes
18 due pursuant to the provisions of this Article as a result of the purchase of such
19 services. The amount of the credit shall be equal to the Gross Receipt taxes paid by
20 the telecommunications competitor, parent, subsidiary, or sister company of a
21 competitor and passed on to the purchasing telecommunications company and shall
22 apply only to those service that are resold or used to make other services that are
23 sold to consumers.”

24 out

1 *YFA* **Section 3. Exemption for exports of telecommunications services.** A
2 new item (36) is hereby added to Section 26203~~(b)~~ of Title 11, Guam Code Annotated
3 to read:

4 “(36) Revenues derived from the sale of telecommunication services
5 including telephony, internet, data transmission line, wired/wireless/cabled
6 television and satellite service, two-way radios, paging and wired and wireless data
7 communications and related services to customers outside of Guam.”

C.O.W. on SB 11(EE)

- 1) Mark Chamberlin, President Guamoell Community
- 2) John Camacho, Deputy Dir, Lev + Tax
- 3) Art Allagan, Director, Lev + Tax
- 4) Carlos Bordallo, Director, B&MR
- 5) Ed Lee, LFK staff

I MINA'BENTE OCHO NA LIHESLATURAN GUÅHAN

FLOOR AMENDMENTS/CHANGES

Bill No. 11

LGL

Senator Proposing Amendment

(Below for Senator to complete)

Please describe proposed amendment, including where change to occur:

① Page 3 Line 2. add: "(K)" after 26203

② Co-Sponsor add: R. Tenorio

(Below only for Clerk of Legislature's use and processing)

Date 6/29, 2006

Floor Amendment No. 1 & 1a of a total of _____ changes on above Bill.

Votes For Amendment: _____ Votes Against Amendment: _____

AMENDMENT PASSED:

Amendment Failed: _____

Amendment Withdrawn: _____

APPROVED AS TO FORM PASSED

LJK

AUTHOR OF AMENDMENT

Concur *(initial)*

[Signature]
Clerk of Legislature

Speaker

Ass't. Amend. Clerk
Engrossment Staff



MINA BENTE OCHO NA LIHESLATURAN GUÅHAN
TWENTY-EIGHTH GUAM LEGISLATURE

Senator Edward J.B. Calvo
SECRETARY OF THE LEGISLATURE

Chairman
COMMITTEE ON FINANCE, TAXATION, AND COMMERCE

OFFICE OF FINANCE AND BUDGET

E-Mail address: sencalvo@hotmail.com
155 Hesler Street Hagåtña, Guam 96910

Telephone: (671) 475-8801
Facsimile: (671) 475-8805

April 20, 2006

The Honorable Mark Forbes
Speaker
Mina Bente Ocho na Liheslaturan Guåhan
155 Hesler Place
Hagåtña, Guam 96910

Håfa adai, Mr. Speaker:

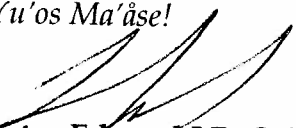
The Committee on Finance, Taxation, and Commerce, to which **Bill No. 11 (LS), An Act To Add A New Item (28) & (29) To Item (K) Of §26203 Of Title 11, Guam Code Annotated Relative To Exempting The Wholesale Of Telecommunication Services And Off-Island Sales From Gross Receipts Taxes**, was referred, wishes to report its findings and recommendations TO PASS Bill No. 11 (LS), as substituted by the Committee.

The voting record for Bill No. 11 (LS) is as follows:

TO PASS	<u>6</u>
NOT TO PASS	<u>Ø</u>
TO REPORT OUT	<u>2</u>
ABSTAIN	<u>Ø</u>
TO PLACE IN INACTIVE FILE	<u>Ø</u>

Copies of the Committee Report and other pertinent documents are attached. Thank you for your attention in this matter.

Si Yu'os Ma'åse!



Senator Edward J.B. Calvo



MINA'BI TE OCHO NA LIHESLATURAN GUÅHAN
TWENTY-EIGHTH GUAM LEGISLATURE

Senator Edward J.B. Calvo
SECRETARY OF THE LEGISLATURE

Chairman
COMMITTEE ON FINANCE, TAXATION, AND COMMERCE

OFFICE OF FINANCE AND BUDGET

E-Mail address: sencalvo@hotmail.com
155 Hesler Street Hagåtña, Guam 96910

Telephone: (671) 475-8801
Facsimile: (671) 475-8805

April 20, 2006

MEMORANDUM

To: Committee Directors

From: Chairman, Committee on Finance, Taxation, and Commerce

Subject: Committee report on Bill 11 (LS) *as substituted by the Committee on Finance, Taxation, and Commerce*

This memorandum is accompanied by the following:

1. Committee voting sheet
2. Public Hearing sign-in sheet
3. Notice of Public Hearing
4. Testimonies submitted

Please take the appropriate action on the attached voting sheet. Your attention and cooperation in this matter is greatly appreciated. Should there be any questions regarding this matter, please feel free to contact my office at 475-8801.


Si Yu'os Ma'åse!

Senator Edward J.B. Calvo

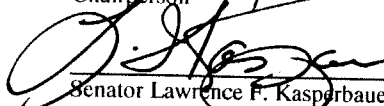
Committee Voting Sheet
Committee on Finance, Taxation, and Commerce
Office of Finance and Budget
Sinadot Edward J.B. Calvo, Ge'Hilo'

Bill No. 11 (LS): "An Act To Add A New Item (28) & (29) To Item (K) Of §26203 Of Title 11, Guam Code Annotated Relative To Exempting The Wholesale Of Telecommunication Services And Off-Island Sales From Gross Receipts Taxes", as substituted by the Committee.

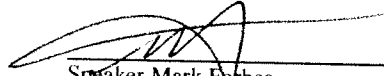
Committee Members	To Pass	Not to Pass	Report Out	Abstain	Inactive File
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 Senator Edward J.B. Calvo
 Chairperson

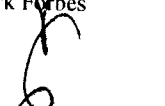
✓


 Senator Lawrence F. Kasperbauer
 Vice Chairperson

X


 Speaker Mark Forbes
 Member


✓


 Senator Antonio R. Unpingco
 Member

✓


 Senator Ray Tenorio
 Member

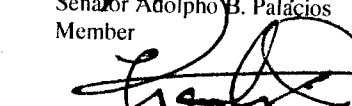
✓


 Senator Jesse A. Lujan
 Member

4/27/06


 Senator Adolpho B. Palacios
 Member

4/27


 Senator Frank B. Aguon, Jr.
 Member

✓

Bureau of Budget & Management Rese.
Fiscal Note of Bill No. 11(LS)

Bill Title (Preamble): An act to add a new item (28) and (29) to item (k) of Section 26203 of Title 11, GGA relative to exempting the wholesale of telecommunication services and off-island sales from gross receipt taxes.

Department/Agency Appropriation Information	
Dept./Agency Affected: Department of Revenue and Taxation	Dept./Agency Head: Art Ilagan
Department's General Fund (GF) appropriation(s) to date:	
Department's Other Fund (specify): _____ appropriation(s) to date:	\$8,207,561
Total Department/Agency Appropriation(s) to date:	\$42,000
	\$8,249,561

Fund Source Information of Proposed Appropriation			
	General Fund:	Other (specify):	Total:
FY 2005 Adopted Revenues	\$447,441,000	\$100,502,170	\$547,943,170
FY Appro. to P.L. _____	(\$447,821,707)	(\$100,702,530)	(\$548,524,237)
Sub-total:	(\$380,707)	(\$200,360)	(\$581,067)
Less appropriation in Bill	\$0	\$0	\$0
Total:	(\$380,707)	(\$200,360)	(\$581,067)

Estimated Fiscal Impact of Bill						
	One Full Fiscal Year	For Remainder of Current FY (if applicable)	Second Year	Third Year	Fourth Year	Fifth Year
General Fund	\$0	\$0	\$0	\$0	\$0	\$0
Other Fund:	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0	\$0

- Does the bill contain "revenue generating" provisions?
 If Yes, see attachment / / Yes /X/ No
- Is amount appropriated adequate to fund the intent of the appropriation?
 If no, what is the additional amount required? \$ _____ /X/ N/A / / Yes / / No
- 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? /X/ N/A / / Yes /X/ No
/ / Yes / / No
- Will the enactment of this Bill require new physical facilities? / / Yes /X/ No
- Was Fiscal Note coordinated with the affected dept/agency? If no, indicate reason:
 / / Requested agency comments not received by due date /X/ Yes / / No
 / / Other: _____

Analyst: M. Quinata Date: _____ Director: Carlos P. Bordallo, Acting Date: MAR 13 2000

Footnotes:
 The Department of Revenue and taxation expressed in its comments that Section 26203(d)(22) exempts wholesale businesses from the GRT with the understanding of the rule of thumb that the exemption applied to the sale of tangible goods.
 The Bill is to apply the exemption to the wholesale of telecommunication services and off-island sales. The Department of Revenue and Taxation prepared an anlysis utilizing FY2002 and 2003 tax records for the telecommunication industry in Guam. The tax records did not separate telecommunication tangible goods and services but shows that the current wholesale exemption and the proposed exemption would show a total loss of GRT of approximately \$5.25 million dollars. Also, with the sale of the GTA, additional GRT revenues will be lost due to the proposed bill. Per the FY2003 GovGuam audited financial statements, GTA received \$42,855,794 in revenues, GRT for this revenue is approximately \$1.7 million dollars. With the passage of this bill, the Government of Guam will continue to see a decline in its tax base.
 The Bureau of Budget and Management Research and the Department of Revenue and Taxation understand the intent of the bill; however, considering the current financial position of our Government, the Bureau recommend the postponement and reconsideration be made until such time the Government's financial condition improves.

Bureau of Budget & Management Research
Fiscal Note of Bill No. 11 (LS)

Bill Title (Preamble): AN ACT TO ADD A NEW ITEM (28) & (29) TO ITEM (k) OF §26203 OF TITLE 11, GUAM CODE ANNOTATED RELATIVE TO EXEMPTING THE WHOLESALE OF TELECOMMUNICATION SERVICES AND OFF-ISLAND SALES FROM GROSS RECEIPTS TAXES.

Department/Agency Appropriation Information

Dept./Agency Affected: Dept. Rev & Tax /Guam Board of Accountancy		Dept./Agency Head: Art Ilagan, Director/ Board of Directors	
Department's General Fund (GF) appropriation(s) to date:			
Department's Other Fund (specify): <u>Safe Street, TAF for DRT (\$81,500)/Guam Bd of Acctcy Fund (\$455,224)</u>		\$8,780,112	
Total Department/Agency Appropriation(s) to date:		\$536,724	
		\$9,316,836	

Fund Source Information of Proposed Appropriation

	General Fund:	Other (specify):	Total:
FY 2006 Adopted Revenues			
FY Appro. to P.L. 28-68	\$435,092,898	\$0	\$435,092,898
Sub-total:	(\$435,092,898)	\$0	(\$435,092,898)
Less appropriation in Bill	\$0	\$0	\$0
Total:	\$0	\$0	\$0
	\$0	\$0	\$0

Estimated Fiscal Impact of Bill

	One Full Fiscal Year	For Remainder of Current FY (if applicable)	Second Year	Third Year	Fourth Year	Fifth Year
General Fund	\$0	\$0	\$0	\$0	\$0	\$0
Other Fund:	\$0	\$0	\$0	\$0	\$0	\$0
Total	1	\$0	\$0	\$0	\$0	\$0

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

Analyst: M. Quinata Date: 3/16 Director: Carlos P. Bordallo Date: MAR 17 2006

Footnotes:
1/ Please see attached comments.

Senator Edward J.B. Calvo
ACKNOWLEDGEMENT RECEIPT
 Rcv'd by: Bernice Comales
 Print Name & Initial

RECEIVED
 MAR 20 2006
 1:30P

Time: 2:00 PM
 Date: 3/22/06

COMMENTS TO BILL 11 (LS)

Bill 11 (LS) is an exemption of Gross Receipt Taxes on the wholesale of telecommunication services. The Department of Revenue and Taxation (DRT) provided revised comments based on a round table meeting on this bill regarding the potential revenue losses for the Government.

DRT has not segregated the wholesale portion of the total \$3,000,000 in GRT collected in FY2003 in the telecommunication industry. However, it noted that Guam Telephone Authority (GTA) representatives noted the GRT exemption would be approximately \$100,000 to \$200,000 per year.

With the proposed exemptions of GRT per the Bill, funding for the Pharmaceutical Fund may be adversely affected. The Pharmaceutical Fund is allocated a total of 5.46% of GRT. This could potentially mean \$10,920 ($\$200K * 5.46\%$) less to the fund, which is a direct subsidy to the Guam Memorial Hospital Authority.

Furthermore, it is very difficult to substantiate GTA's figures given the fact there are no statistics on wholesale of telecommunication services currently.

Zuel
5/22/06

3rd
6/1/06

Zuel - Motion
6/26/06

**MINA' BENTE OCHO NA LIHESLATURAN GUÅHAN
2005 (FIRST) Regular Session**

Bill No. 11 (EC)

As Substituted by the Committee on
Finance, Taxation & Commerce

Introduced by:

L.F. Kasperbauer

**AN ACT TO ADD ITEMS (36) AND (37) TO SUBSECTION
§26203(K) OF TITLE 11, GUAM CODE ANNOTATED; AND,
TO ADD A NEW §72107.1 TO TITLE 11, GUAM CODE
ANNOTATED RELATIVE TO EXEMPTING THE
WHOLESALE OF TELECOMMUNICATION SERVICES
AND OFF-ISLAND TELECOMMUNICATION SERVICES
FROM THE GROSS RECEIPTS TAX.**

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

2 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds
3 that the Guam Telephone Authority (GTA) is Guam's incumbent local exchange
4 carrier responsible for providing integral services to nearly all local cellular,
5 long-distance, internet and data-transmission companies. As a former
6 government of Guam agency, GTA was not required to tag Gross Receipts Tax
7 (GRT) on top of the rates and fees charged to other telecommunications
8 companies. Since privatization, GTA is now obligated to pay GRT for services
9 that are resold by other telecommunication companies. This practice is
10 regarded as wholesaling. The compounding effect of GRT that is again applied
11 to consumers by other telecommunication companies increases the overall price

1 of services. The consumers are double-taxed and GTA service resellers, who are
2 also competitors, are at a disadvantage.

3 It is the intent of *I Liheslaturan Guåhan* to exempt the wholesale of
4 telecommunications services such as cellular, internet, long-distance, cable, data
5 transmission and other similar services that are resold through other
6 telecommunication companies and to avoid the double taxing of GRT in the
7 pricing of end-consumer products. It is not the intent of *I Liheslaturan Guåhan* to
8 exempt any telecommunications services that are *not* resold to end-consumers.

9 **Section 2.** Items (36) and (37) are hereby added to Subsection 26203(k) of
10 Chapter 26 of Title 11, Guam Code Annotated to read:

11 “(36) Revenues derived from the wholesale of
12 telecommunication services by those holding a *Wholesale*
13 *Telecommunication License* as defined within 11 G.C.A. §72107.1.

14 (37) Revenues derived from the sale of telecommunication
15 services including telephony, internet, data transmission line,
16 wired/wireless/cabled television and satellite service, two-way
17 radios, paging and wired and wireless data communications and
18 related services to customers outside of Guam.”

19 **Section 3.** A new Section §72107.1 hereby added to Chapter 72 of Title 11,
20 Guam Code Annotated to read:

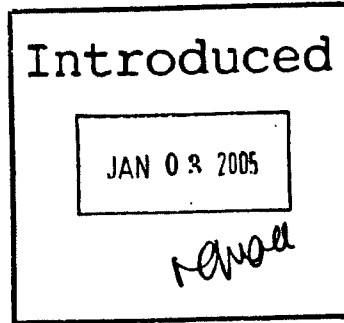
21 “§72107.1 **Wholesale Telecommunication License.** A
22 Wholesale Telecommunications License must be obtained by every
23 person who engages in the business of selling telecommunication

1 services for the purpose of (1) resale, (2) the manufacture of
2 telecommunication services for resale, and for consulting services
3 pertaining to the use of such telecommunications services for resale
4 or the manufacture of telecommunication services for resale. The
5 annual fee for a wholesale telecommunication license is \$100.00.

6 For purposes of this Section, telecommunication services shall
7 include telephony, internet, data transmission line,
8 wired/wireless/cabled television and satellite service, two-way
9 radios, paging and wired and wireless data communications and
10 related services and any other services as determined by the Director
11 of Revenue and Taxation that are related to the
12 telecommunications.”

MINA' BENTE OCHO NA LIHESLATURAN GUÅHAN
2005 (FIRST) Regular Session

Bill No. 1164



Introduced by:

L.F. Kasperbauer *L.F.K.*

AN ACT TO ADD A NEW ITEM (28) & (29) TO ITEM (k) OF
§26203 OF TITLE 11, GUAM CODE ANNOTATED RELATIVE
TO EXEMPTING THE WHOLESALE OF
TELECOMMUNICATION SERVICES AND OFF-ISLAND
SALES FROM GROSS RECEIPTS TAXES.

1 BE IT ENACTED BY THE PEOPLE OF GUAM:

2

3 Section 1. Sections 26203(k)(28) and (29) are hereby added to Title 11,
4 Guam Code Annotated to read:

5 “(28) Revenues derived from the wholesale of telecommunication services,
6 including but not limited to telephony, internet, data transmission line,
7 wired/cabled television and satellite service; to other telecommunication
8 companies and resellers licensed to do business on Guam.”

9 “(29) Revenues derived from the sale of telecommunication services
10 including but not limited to telephony, internet, data transmission line,
11 wired/cabled television and satellite service; to customers outside of Guam.”



MINA' BENTE OCHO NA LIHESLATURAN GUAHAN
TWENTY-EIGHTH GUAM LEGISLATURE

Senator Edward J.B. Calvo
SECRETARY OF THE LEGISLATURE

Chairman
COMMITTEE ON FINANCE, TAXATION, AND COMMERCE

OFFICE OF FINANCE AND BUDGET

E-Mail address: sencalvo@hotmail.com
155 Hesler Street Hagåtña, Guam 96910

Telephone: (671) 475-8801
Facsimile: (671) 475-8805

Committee Report on

Bill No. 11 (LS): "An Act To Add A New Item (28) & (29) To Item (K) Of §26203 Of Title 11, Guam Code Annotated Relative To Exempting The Wholesale Of Telecommunication Services And Off-Island Sales From Gross Receipts Taxes", *as substituted by the Committee on Finance, Taxation, and Commerce.*

Mina' Bente Ocho Na Liheslaturan Guåhan
Committee on Finance, Taxation, and Commerce
Sinadot Edward J.B. Calvo, Ge' hilo

I. OVERVIEW

The Committee on Finance, Taxation, and Commerce held a Public Hearing on Tuesday, January 25, 2005, 9:30 a.m. at *I Liheslaturan Guahan's* Public Hearing Room on Bill No. 11 (LS), "*An Act To Add A New Item (28) & (29) To Item (K) Of §26203 Of Title 11, Guam Code Annotated Relative To Exempting The Wholesale Of Telecommunication Services And Off-Island Sales From Gross Receipts Taxes*". Notices of this public hearing were disseminated throughout all local media via facsimile and are attached herein.

a. Senators present:

Senator Edward J.B. Calvo – Chairman
Senator Lawrence F. Kasperbauer, Vice-Chairman
Speaker Mark Forbes
Vice-Speaker Joanne M.S. Brown
Senator Antonio R. Unpingco, Member
Senator Jesse Lujan, Member
Senator Adolpho B. Palacios, Member
Senator Robert Klitzkie
Senator Lou Leon Guerrero
Senator Judith Won Pat

b. Appearing before the Committee:

Mr. Bob Taylor, President and Chief Executive Officer, *Teleguam*
(GTA)

Mr. Paul Pablo, Tax Enforcement Division Administrator, Department of
Revenue and Taxation (*on behalf of Mr. Artemio Illagan,*
Director, Department of Revenue and Taxation)

Mr. Timothy McDowell, Private Citizen and economist providing
consulting services to different public and private

c. Written testimony provided:

Mr. Artemio Illagan, Director, Department of Revenue and Taxation

Mr. Charles Troutman, Deputy Attorney General-Consumer Counsel,
Office of the Attorney General of Guam

II. SUMMARY OF VERBAL TESTIMONIES:

Chairman Edward J.B. Calvo called the Committee on Finance, Taxation, and Commerce to order and introduced panel members present for the hearing. Senator Lawrence Kasperbauer, author of Bill No. 11 (LS), followed with introductory comments relative to the intent of the proposed legislation. Senator Kasperbauer acknowledged the written testimony submitted by Mr. Artemio Illagan, Director of the Department of Revenue and Taxation, which stated the agency's recommendation for the Legislature to postpone and consider this proposal when the government of Guam's financial situation improves. Although he understands the testimony offered by the Department of Revenue and Taxation, Senator Kasperbauer suggested that the current Gross Receipts Tax (GRT) Structure may remove potential competitors from the long distance and internet industries and the opportunity for the local government to generate more revenues.

Mr. Bob Taylor, President and Chief Executive Office of Teleguam (*formerly Guam Telephone Authority*), provided testimony in support of Bill No. 11 (LS). Mr. Taylor recognized the ever-changing and progressive telecommunications industry where products and services are sold and resold. Mr. Taylor encouraged the Legislature to approve the proposed bill, which will provide for competition in the industry translating into more attractive and affordable prices for products and services for end users.

Mr. Paul Pablo, Tax Enforcement Administrator at the Department of Revenue and Taxation, was present on behalf of the agency's director, Mr. Artemio Illagan. Mr. Pablo read the written testimony offered by Mr. Illagan and offered to respond to concerns and inquiries presented by Committee members. According to Mr. Illagan's written testimony, while the Department of Revenue and Taxation recognizes that the proposed exemptions outlined in Bill No. 11 (LS) may stimulate growth in the telecommunications industry, the agency recommends the postponement of said measure until such time the government's financial condition improves, a recommendation briefly noted by Senator Kasperbauer in his introductory statements.

Mr. Timothy McDowell, an economist providing consultation services to various organizations in the public and private sectors, offered brief comments reminding the Committee that issues surrounding the implementation of Gross Receipts Taxes (GRT) are before the Superior Court of Guam. Mr. McDowell recommended for senators to postpone action on Bill No. 11 (LS) until such time a decision is issued, or consider introducing legislation that will revisit and update the existing GRT Law(s).

Senator Antonio Unpingco asked Mr. Taylor if the four percent (4%) GRT charge that is listed on the billing statements of Teleguam (GTA) customers was an additional charge to the price of goods and services provided by said company.

Mr. Taylor informed the Committee that as a private company, Teleguam (GTA) is responsible for paying the GRT and is required to outline or print such state tax on billing statements issued to its customers.

Speaker Mark Forbes briefly commented on the possibility where more expansion and growth in the telecommunications industry can be realized through the implementation of Bill No. 11 (LS) with respect to the removal of possible "double or even triple taxation" of GRT throughout the movement of goods and services from the wholesaler to the end user.

Mr. Taylor informed the Committee that Teleguam (GTA), as an example, is interested in expanding its line of products and improve the services it provides to the people of Guam with reduced costs resulting from such exemption(s). Mr. Taylor acknowledged Teleguam's (GTA) intent to seek third party technicians to help expand its DSL-Internet services to local and military subscribers. The procurement of third party assistance, according to Mr. Taylor, is just one example of how Bill No. 11 (LS) will help provide new employment opportunities for island residents while generating related business fees and revenues for use by the local government for public services.

Following comments made by Mr. Taylor, Chairman Calvo informed and encouraged members of the public that his Committee will continue to accept written testimonies at his office within ten (10) working days following this date and subsequently adjourned said hearing.

III. COMMITTEE FINDINGS AND RECOMMENDATIONS

The Committee on Finance, Taxation, and Commerce finds that the application of the Gross Receipt Tax to wholesale telecommunications services did not become an issue until January 2005 when the former Guam Telephone Authority became a private company. As Guam's only Incumbent Local Exchange Carrier, GTA accounts for over 95% of wholesale telecommunication business on Guam. Such services that are wholesaled include, but are not limited to DSL lines, long distance access, and T-1 lines to link used to link cellular.

Prior to January 2005, the government of Guam did not tax GTA on its wholesale transactions nor was GTA allowed to compete with private telecommunication companies. The result of the local government's imposition of the GRT on wholesale telecommunications means that every competitor that buys a service from GTA that is directly resold or used as an integral part of a service that is resold is taxed twice by the government of Guam; once on the sale of GTA to the competitor, and second, when the competitor sells the service to the end

I Liheslaturan Guåhan finds that the Guam Telephone Authority (GTA) is Guam's incumbent local exchange carrier responsible for providing integral services to nearly all local cellular, long-distance, internet and data-transmission companies. As a former government of Guam agency, GTA was not required to tag Gross Receipts Tax (GRT) on top of the rates and fees charged to other telecommunications companies. Since privatization, GTA is now obligated to pay GRT for services that are resold by other telecommunication companies. This practice is regarded as wholesaling. The compounding effect of GRT that is again applied to consumers by other telecommunication companies increases the overall price of services. The consumers are double-taxed and GTA service resellers, who are also competitors, are at a disadvantage.

It is the intent of *I Liheslaturan Guåhan* to exempt the wholesale of telecommunications services such as cellular, internet, long-distance, cable, data transmission and other similar services that are resold through other telecommunication companies and to avoid the double taxing of GRT in the pricing of end-consumer products. It is not the intent of *I Liheslaturan Guåhan* to exempt any telecommunications services that are *not* resold to end-consumers.

The Committee on Finance, Taxation, and Commerce, to which Bill No. 11 (LS) "*An Act To Add A New Item (28) & (29) To Item (K) Of §26203 Of Title 11, Guam Code Annotated Relative To Exempting The Wholesale Of Telecommunication Services And Off-Island Sales From Gross Receipts Taxes*", was referred, does hereby submit its