



CARL T.C. GUTIERREZ  
GOVERNOR OF GUAM

Refer to  
Legislative Secretary

AUG 10 1998

The Honorable Antonio R. Unpingco  
Speaker  
Mina'Bente Kuåttro na Liheslaturan Guåhan  
Twenty-Fourth Guam Legislature  
Guam Legislature Temporary Building  
155 Hesler Street  
Hagåtña, Guam 96910

OFFICE OF THE LEGISLATIVE SECRETARY	
ACKNOWLEDGMENT RECEIPT	
Received By	<i>[Signature]</i>
Time	4:30pm
Date	8/10/98

Dear Speaker Unpingco:

Enclosed please find Substitute Bill No. 489 (LS), "AN ACT TO ADD §§26203(k)(31) AND (32), AND TO AMEND §26203(k)(29), BOTH TO ARTICLE 2, CHAPTER 26, DIVISION 2 OF TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO EXTENDING THE GROSS RECEIPTS TAX EXEMPTION BENEFITS OF THE DAVE SANTOS SMALL BUSINESS ACT TO SMALL BUSINESSES THAT RECEIVE TAXABLE COMMISSION INCOME AND TO LICENSED INSURANCE COMPANIES WHO RECEIVE INSURANCE PREMIUM INCOME", which was vetoed by the Governor and overridden by the Legislature. This legislation is now designated as **Public Law No. 24-226**.

Very truly yours,

*[Signature]*  
Carl T. C. Gutierrez  
I Maga'lahaen Guåhan  
Governor of Guam

00930

Attachment: copy attached for signed bill  
original attached for vetoed bill

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

Office of the Speaker  
ANTONIO R. UNPINGCO

Date: 8/10/98

Time: 2:05pm

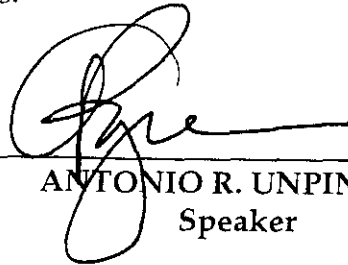
Rec'd by: *[Signature]*

Print Name: *[Signature]*

MINA'BENTE KUATTRO NA LIHESLATURAN GUAHAN  
1998 (SECOND) Regular Session

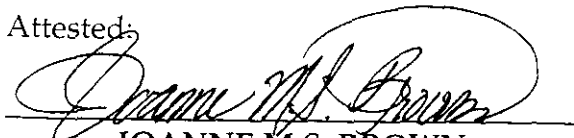
CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUAHAN

This is to certify that Substitute Bill No. 489 (LS), "AN ACT TO ADD §§26203(k)(31) AND (32), AND TO AMEND §26203(k)(29), BOTH TO ARTICLE 2, CHAPTER 26, DIVISION 2 OF TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO EXTENDING THE GROSS RECEIPTS TAX EXEMPTION BENEFITS OF THE DAVE SANTOS SMALL BUSINESS ACT TO SMALL BUSINESSES THAT RECEIVE TAXABLE COMMISSION INCOME AND TO LICENSED INSURANCE COMPANIES WHO RECEIVE INSURANCE PREMIUM INCOME," returned without approval of *I Maga'lahen Guahan*, was reconsidered by *I Liheslaturan Guahan* and after such consideration, did agree, on the 3<sup>rd</sup> day of August, 1998, to pass said bill notwithstanding the veto of *I Maga'lahen Guahan* by a vote of fourteen (14) members.



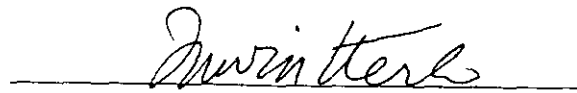
ANTONIO R. UNPINGCO  
Speaker

Attested:



JOANNE M.S. BROWN  
Senator and Legislative Secretary

This Act was received by *I Maga'lahen Guahan* this 6<sup>th</sup> day of August,  
1998, at 3:35 o'clock P.M.



Assistant Staff Officer  
*Maga'lahi's Office*

**MINA'BENTE KUATTRO NA LIHESLATURAN GUAHAN**  
**1998 (SECOND) Regular Session**

**Bill No. 489 (LS)**

As substituted by the Committee  
on Finance and Taxation and  
amended on the Floor.

Introduced by:

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

**AN ACT TO ADD §§26203(k)(31) AND (32), AND TO  
AMEND §26203(k)(29), BOTH TO ARTICLE 2,  
CHAPTER 26, DIVISION 2 OF TITLE 11 OF THE  
GUAM CODE ANNOTATED, RELATIVE TO  
EXTENDING THE GROSS RECEIPTS TAX  
EXEMPTION BENEFITS OF THE DAVE SANTOS  
SMALL BUSINESS ACT TO SMALL BUSINESSES**

THAT RECEIVE TAXABLE COMMISSION INCOME  
AND TO LICENSED INSURANCE COMPANIES  
WHO RECEIVE INSURANCE PREMIUM INCOME.

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

2           **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guahan*  
3 finds that small businesses whose revenue sources are from commissions, and  
4 small insurance companies whose revenue sources are from premiums, were  
5 not included in the list of businesses that benefit from the Gross Receipt Tax  
6 ("GRT") exemptions of the Dave Santos Small Business Act. Unlike retail and  
7 service businesses, these types of businesses have no way of setting their  
8 pricing strategies to incorporate the cost of GRTs. These business, like the  
9 other businesses covered under the Dave Santos Small Business Act, provide  
10 essential economic benefits to Guam in terms of income tax revenue,  
11 employment of our residents and products that consumers want to purchase.

12           It is the intent of *I Liheslaturan Guahan* to extend the GRT exemption  
13 benefits of the Dave Santos Small Business Act to these businesses.

14           **Section 2.** Section 26203(k)(31) is hereby *added* to Article 2, Chapter 26,  
15 Division 2 of Title 11 of the Guam Code Annotated to read as follows:

16           "(31) The first Fifty Thousand Dollars (\$50,000.00) earned or  
17 received per taxable year by a person, partnership or corporation as  
18 commission income whose gross annual commission income is less than  
19 Five Hundred Thousand Dollars (\$500,000.00) during the most recent  
20 tax year. This exemption shall apply annually, commencing at the first  
21 day of the month of the new tax year, subject to the gross annual income

1 of the person during the most recent tax year, and shall end on the last  
2 day of the month of the same tax year."

3 **Section 3.** Section 26203(k)(32) is hereby *added* to Article 2, Chapter 26,  
4 Division 2 of Title 11 of the Guam Code Annotated to read as follows:

5 "(32) The first Fifty Thousand Dollars (\$50,000) earned or received  
6 per taxable year by a licensed insurance company as insurance premium  
7 income whose gross annual insurance premium income is less than Five  
8 Hundred Thousand Dollars (\$500,000.00) during the most recent tax  
9 year. This exemption shall apply annually, commencing at the first day  
10 of the month of the new tax year, subject to the gross annual income of  
11 the person during the most recent tax year, and shall end on the last day  
12 of the month of the same tax year."

13 **Section 4.** Section 26203(k)(29) of Article 2, Chapter 26, Division 2 of  
14 Title 11 of the Guam Code Annotated is hereby *amended* to read as follows:

15 "(29) The first Fifty Thousand Dollars (\$50,000) earned or received  
16 per taxable year by any person as income service, which includes, but is  
17 not limited to, legal; medical; dental; accounting; consulting and  
18 engineering fees; commissions on real estate sales or property  
19 management; fees charged by barbershops, beauty parlors, shoe shining  
20 parlors, dry cleaning and laundry establishments; and automobile,  
21 appliance, electronics and computer repair shops, whose gross annual  
22 service income is less than Five Hundred Thousand Dollars  
23 (\$500,000.00) during the most recent tax year. This exemption shall  
24 apply annually, commencing at the first day of the month of the new tax

1        year, subject to the gross annual service income of the person during the  
2        most recent tax year, and shall end on the last day of the month of the  
3        same tax year."

4        **Section 5. Effective Date.** This Act shall be effective on the first day  
5        of the month following enactment.

# I MINA' BENTE KUATTRO NA LIHESLATURAN GUAHAN

1998 (SECOND) Regular Session

Date: 05/02/98

## VOTING SHEET

*Victor*  
Bill No. 489

Resolution No. \_\_\_\_\_

Question: \_\_\_\_\_

NAME	YEAS	NAYS	NOT VOTING/ ABSTAINED	ABSENT/ OUT DURING ROLL CALL
ADA, Thomas C.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
AGUON, Frank B., Jr.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
<del>BARRETT-ANDERSON, Elizabeth</del>	<del><input checked="" type="checkbox"/></del>	<del><input checked="" type="checkbox"/></del>	<del></del>	<del></del>
BLAZ, Anthony C.	<input checked="" type="checkbox"/>			
BROWN, Joanne M. S.	<input checked="" type="checkbox"/>			
CAMACHO, Felix P.	<input checked="" type="checkbox"/>			
CAMACHO, Francisco P.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
CHARFAUROS, Mark C.	<input checked="" type="checkbox"/>			
CRUZ, Edwardo J.	<input checked="" type="checkbox"/>			
FLORES, William B.S.M.			NV <input checked="" type="checkbox"/>	
FORBES, Mark	<input checked="" type="checkbox"/>			
KASPERBAUER, Lawrence F.	<input checked="" type="checkbox"/>			
LAMORENA, Alberto C., V	<input checked="" type="checkbox"/>			
LEON GUERRERO, Carlotta A.	<input checked="" type="checkbox"/>			
LEON GUERRERO, Lou	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
PANGELINAN, Vicente C.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
SALAS, John C.	<input checked="" type="checkbox"/>			
SANTOS, Angel L.G.	<input checked="" type="checkbox"/>			
SANTOS, Francis E.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
UNPINGCO, Antonio R.	<input checked="" type="checkbox"/>			
WON PAT-BORJA, Judith	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		

TOTAL

CERTIFIED TRUE AND CORRECT

Clerk of the Legislature

*Handwritten signatures and marks:*  
 - A large "5" in a circle.  
 - A circled "T".  
 - Various scribbles and initials.

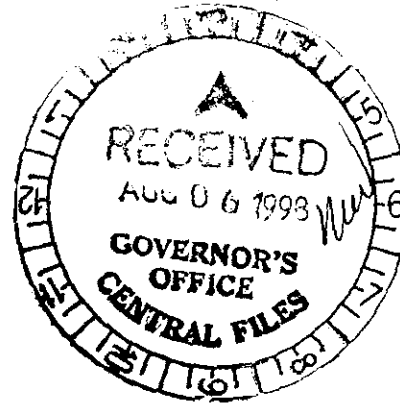


**MINA' BENTE KUATTRO NA LIHESLATURAN GUAHAN**  
TWENTY-FOURTH GUAM LEGISLATURE

155 Hesler Street, Agana, Guam 96910

August 6, 1998

Honorable Carl T.C. Gutierrez  
*I Maga'lahen Guahan*  
Office of *I Maga'lahen*  
Hagåtña, Guam 96910



Dear *I Maga'lahi* Gutierrez:

Transmitted herewith is Substitute Bill No. 489 (LS), which was overridden by *I Mina'Bente Kuattro na Liheslaturan Guahan* on August 3, 1998, notwithstanding your veto.

Sincerely,

JOANNE M.S. BROWN  
Legislative Secretary

Enclosure: (1)





CARL T.C. GUTIERREZ  
GOVERNOR OF GUAM

Office of the Speaker  
ANTONIO R. UNPINGCO

Date: 6.5.98

Time: 3:00pm

Rec'd by: [Signature]

Print Name: P. Roberto

JUN 05 1998

Refer to  
Legislative Secretary

The Honorable Antonio R. Unpingco  
Speaker  
Mina'Bente Kuåttro na Liheslaturan Guåhan  
Twenty-Fourth Guam Legislature  
Guam Legislature Temporary Building  
155 Hesler Street  
Hagåtña, Guam 96910

Dear Speaker Unpingco:

OFFICE OF THE LEGISLATIVE SECRETARY

ACKNOWLEDGMENT RECEIPT

Received By: [Signature]

Time 4:55pm

Date 6.5.98

Enclosed please find Substitute Bill No. 489 (LS), "AN ACT TO ADD §26203(k)(31) AND (32), AND TO AMEND §26203(k)(29), BOTH TO ARTICLE 2, CHAPTER 26, DIVISION 2 OF TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO EXTENDING THE GROSS RECEIPTS TAX EXEMPTION BENEFITS OF THE DAVE SANTOS SMALL BUSINESS ACT TO SMALL BUSINESSES THAT RECEIVE TAXABLE COMMISSION INCOME AND TO LICENSED INSURANCE COMPANIES WHO RECEIVE INSURANCE PREMIUM INCOME", which I have vetoed.

The Dave Santos Small Business Act, passed in Public Law No. 24-12, provided that the first \$50,000 income of persons on Guam from service, as well as for rental income, for businesses whose income is less than \$500,000, would not be subject to the imposition of the Gross Receipts Tax (GRT). The Dave Santos Small Business Act also provided for the filing of quarterly GRT returns.

The Dave Santos Small Business Act does not apply to those who make their living from commissions. Although this legislation extends the privilege of exclusion from GRT for the first \$50,000 income on businesses grossing up to \$500,000 of income from commissions, the legislation also includes a variety of other sources of income from the application of the Gross Receipts Tax. Because of the short time frame required to analyze and respond to passed bills, it is unclear just how much of an impact that


00863

this bill would have on the receipts of the government of Guam, however, it appears to be substantial.

The reason for the Dave Santos Small Business Act was to stimulate economic growth and to provide a "hand up" to small businesses. This small business hand up was not intended to do away with the Gross Receipts Tax.

One clear result of this legislation is that Substitute Bill No. 489 will substantially impact in a negative way on the expected income to the Department of Education.

Very truly yours,



Carl T. C. Gutierrez  
I Maga'lahañ Guåhan  
Governor of Guam

00863


Attachment:      copy attached for signed bill  
                         original attached for vetoed bill

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

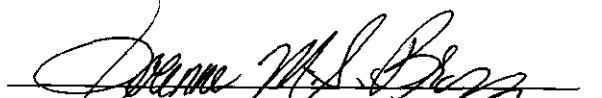
MINA'BENTE KUATTRO NA LIHESLATURAN GUAHAN  
1998 (SECOND) Regular Session

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

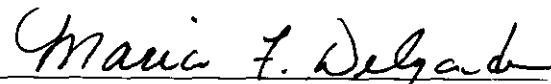
This is to certify that Substitute Bill No. 489 ( LS ), "AN ACT TO ADD §§26203(k)(31) AND (32), AND TO AMEND §26203(k)(29), BOTH TO ARTICLE 2, CHAPTER 26, DIVISION 2 OF TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO EXTENDING THE GROSS RECEIPTS TAX EXEMPTION BENEFITS OF THE DAVE SANTOS SMALL BUSINESS ACT TO SMALL BUSINESSES THAT RECEIVE TAXABLE COMMISSION INCOME AND TO LICENSED INSURANCE COMPANIES WHO RECEIVE INSURANCE PREMIUM INCOME," was on the 22<sup>nd</sup> day of May, 1998, duly and regularly passed.

  
\_\_\_\_\_  
ANTONIO R. UNPINGCO  
Speaker

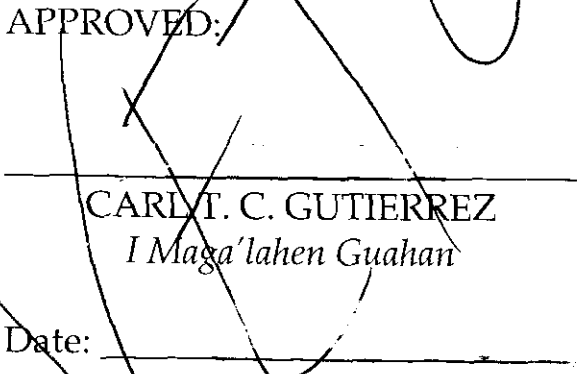
Attested:

  
\_\_\_\_\_  
JOANNE M.S. BROWN  
Senator and Legislative Secretary

-----  
This Act was received by I Maga'lahaen Guahan this 28 day of May, 1998,  
at 3:00 o'clock P.M.

  
\_\_\_\_\_  
Assistant Staff Officer  
Maga'laha's Office

APPROVED:

  
\_\_\_\_\_  
CARL T. C. GUTIERREZ  
I Maga'lahaen Guahan

Date: \_\_\_\_\_

Public Law No. \_\_\_\_\_



MINA' BENTE KUÅTRO NA LIHEC' ATURAN GUÅHAN

## Office of the Vice Speaker

ANTHONY C. BLAZ

Chairman,  
Finance & Taxation

Chairman,  
Ethics & Standards

Vice-Chairman,  
Committee on Rules

Member,  
Judiciary, Public Safety &  
Consumer Protection

Member,  
Natural Resources

Member,  
Tourism, Economic  
Development, & Cultural  
Affairs

Member,  
Transportation,  
Telecommunications &  
Micronesian Affairs

Member,  
Guam Finance  
Commission

Member,  
Commission on Self  
Determination

April 21, 1998

The Honorable Antonio R. Unpingco  
Speaker, 24<sup>th</sup> Guam Legislature  
Agana, Guam

Dear Mr. Speaker:

The Committee on Finance & Taxation, to which was referred **Bill No. 489(LS): "AN ACT TO ADD NEW ITEMS (31) AND (32) TO SUBSECTION (K) OF §26203 OF TITLE 11, GUAM CODE ANNOTATED RELATIVE TO EXTENDING THE GROSS RECEIPTS TAX EXEMPTION BENEFITS OF THE DAVE SANTOS SMALL BUSINESS ACT TO SMALL BUSINESSES THAT RECEIVE TAXABLE COMMISSION INCOME AND TO LICENSED INSURANCE COMPANIES WHO RECEIVE INSURANCE PREMIUM INCOME,"** herein reports back with the recommendation **TO DO PASS.**

Votes of the committee members are as follows:

9 To Pass

       Not to Pass

       To the Inactive File

       Abstained

Sincerely,



ANTHONY C. BLAZ

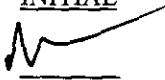
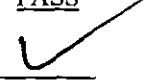



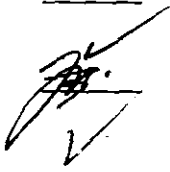

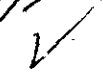
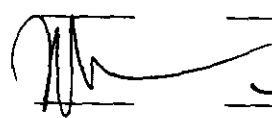

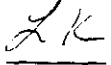


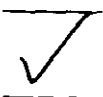

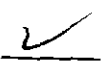


Attachments

**COMMITTEE ON FINANCE & TAXATION**  
**TWENTY-FOURTH GUAM LEGISLATURE**  
 155 Hesler Street, Agana, Guam 96910

**Chairman: Vice Speaker Anthony C. Blaz    Vice Chairman: Senator Mark Forbes**  
**Ex-Officio Member: Speaker Antonio R. Unpingco**

**VOTING SHEET ON:**

**Bill No. 489(LS): "AN ACT TO ADD NEW ITEMS (31) AND (32) TO SUBSECTION (K) OF §26203 OF TITLE 11, GUAM CODE ANNOTATED RELATIVE TO EXTENDING THE GROSS RECEIPTS TAX EXEMPTION BENEFITS OF THE DAVE SANTOS SMALL BUSINESS ACT TO SMALL BUSINESSES THAT RECEIVE TAXABLE COMMISSION INCOME AND TO LICENSED INSURANCE COMPANIES WHO RECEIVE INSURANCE PREMIUM INCOME."**

<u>COMMITTEE MEMBERS</u>	<u>INITIAL</u>	<u>TO PASS</u>	<u>NOT TO PASS</u>	<u>ABSTAIN</u>	<u>TO PLACE IN INACTIVE FILE</u>
Sen. Anthony C. Blaz <i>Chairman</i>					
Sen. Mark Forbes <i>Vice-Chairman</i>					
Spkr. Antonio R. Unpingco <i>Ex-Officio Member</i>					
Sen. Thomas C. Ada <i>Member</i>					
Sen. Joanne M.S. Brown <i>Member</i>					
Sen. Mark Charfauros <i>Member</i>					
Sen. Edwardo J. Cruz <i>Member</i>					
<del>Sen. Betty B. Gonsales</del> <i>Member</i>					
Sen. William B.S.M. Flores <i>Member</i>					
Sen. Lawrence F. Kasperbauer <i>Member</i>					
Sen. Alberto A.C. Lamorena, V <i>Member</i>					
Sen. Carlotta A. Leon Guerrero <i>Member</i>					
Sen. John C. Salas <i>Member</i>					
Sen. Francis E. Santos <i>Member</i>					



***Committee on Finance & Taxation***

*Vice Speaker Anthony C. Blaz, Chairman*

---

***Committee Report on  
Bill No. 489(LS)***

"AN ACT TO ADD NEW ITEMS (31) AND (32) TO SUBSECTION (K) OF §26203 OF TITLE 11, GUAM CODE ANNOTATED RELATIVE TO EXTENDING THE GROSS RECEIPTS TAX EXEMPTION BENEFITS OF THE DAVE SANTOS SMALL BUSINESS ACT TO SMALL BUSINESSES THAT RECEIVE TAXABLE COMMISSION INCOME AND TO LICENSED INSURANCE COMPANIES WHO RECEIVE INSURANCE PREMIUM INCOME."

**Committee on Finance and Taxation**  
**Committee Report on Bill No. 489(LS)**

**AN ACT TO ADD NEW ITEMS (31) AND (32) TO SUBSECTION (K) OF §26203 OF TITLE 11, GUAM CODE ANNOTATED RELATIVE TO EXTENDING THE GROSS RECEIPTS TAX EXEMPTION BENEFITS OF THE DAVE SANTOS SMALL BUSINESS ACT TO SMALL BUSINESSES THAT RECEIVE TAXABLE COMMISSION INCOME AND TO LICENSED INSURANCE COMPANIES WHO RECEIVE INSURANCE PREMIUM INCOME.**

**PUBLIC NOTICE:**

Pursuant to the requirements of the P.L. 24-109, notice of the public hearing on Bill No. 489(LS) was sent to all media on Monday, April 6, 1998 and a follow-up memorandum was sent on Friday April 10, 1998. In addition, a public hearing notice was published in the Pacific Daily News on Tuesday, April 7, 1998 and on Sunday, April 12, 1998.

**PUBLIC HEARING:**

The Committee on Finance and Taxation held a public hearing on Monday, April 13, 1998 in the Vice Speaker's Conference room to hear testimonies on Bill No. 489(LS).

**MEMBERS PRESENT:**

The hearing was called to order by the Chairperson of the Committee on Finance and Taxation, Vice Speaker Anthony C. Blaz. The following members were present:

Speaker Antonio Unpinco  
Senator Mark Charfauros  
Senator William B.S.M. Flores  
Senator Tom Ada  
Senator Lawrence Kasperbauer

Other Senators present were:  
Senator Frank B. Aguon, Jr.

## **SYNOPSIS OF HEARING:**

### **Support for Bill No. 489(LS):**

**Ken Kirkes, Registered Representative, Insurance Agent,** supports Bill No. 489(LS) and questioned why agents such as himself are excluded from the GRT exemption.

**Barbara L. Lujan, entrepreneur,** supports Bill No. 489(LS) and desires that it should apply to herself as a business person.

**Carl Peterson, Confidential Financial Planner,** supports Bill No. 489(LS).

**Evelyn T. Pereda, Insurance Agent,** supports Bill No. 489(LS).

**Linda Jones, REALTOR,** supports Bill No. 489(LS).

**Evelyn A. Blas,** supports Bill No. 489(LS).

**Christopher Felix CPM, CIPS, CCIM,** supports Bill No. 489(LS).

**Ralph G. Taitano,** supports Bill No. 489(LS).

**Alan Lee,** supports Bill No. 489(LS).

**Virginia Cantrell,** supports Bill No. 489(LS).



## **FINDINGS:**

The Committee finds that:

The intent of Bill No. 489(LS) proposes to extend the Gross Receipts Tax exemption benefits of the Dave Santos Small Business Act to small businesses whose revenue sources are from commissions and small insurance companies whose revenue sources are from premiums.

## **COMMITTEE RECOMMENDATIONS:**

The Committee, having conducted a sufficient public hearing, does hereby recommend to the Legislature to do pass Bill No. 489(LS):

**AN ACT TO ADD NEW ITEMS (31) AND (32) TO SUBSECTION (K) OF §26203 OF TITLE 11, GUAM CODE ANNOTATED RELATIVE TO EXTENDING THE GROSS RECEIPTS TAX EXEMPTION BENEFITS OF THE DAVE SANTOS SMALL BUSINESS ACT TO SMALL BUSINESSES THAT RECEIVE TAXABLE COMMISSION INCOME AND TO LICENSED INSURANCE COMPANIES WHO RECEIVE INSURANCE PREMIUM INCOME.**

**Evelyn A. Blas**

---

48 E. Aunao Lane  
Mimitz Estates, Guam 96925  
Home Phone (671) 477-1551  
Work Phone (671) 477-9808  
Fax (671) 477-4141

April 22, 1998

The Honorable Anthony C. Blaz  
Vice Speaker  
24th Guam Legislature  
155 Hessler Street  
Agana, Guam 96910

Sent Via Facsimile: 472-3562

Re: Support of Proposed Legislation Bill 489

Dear Vice Speaker Blaz:


Please accept this communication in support of Bill 489 sponsored by Senator Larry Kasperbauer to add Sections (31) and (32) to Subsection (k) of Section 26203 of Title II, Guam Code Annotated, commonly referred to as the "Dave Santos Small Business Act", to include insurance agents, realtors and others whose source of income is from commissions. I do believe the spirit and intent of the Dave Santos Small Business Act was to include individuals deriving their income from commissions where it stipulates in Section 8 (29) that "The first Fifty Thousand Dollars (\$50,000) earned or received per taxable year *by any person as income from service* (my own emphasis added) whose gross annual service income is less than Five Hundred Thousand Dollars (\$500,000) during the most recent tax year".

I am in support of this legislation as agents, realtors and others whose source of income is generated solely from commissions, are not a statutory employee, are engaged in a business providing a service (i.e., promise to pay benefits if a peril occurs) must file a Schedule C Profit or Loss from Business of Profession and further must file and pay self-employment taxes like those engaged in retail and other service businesses that do not derive their income from commissions but are able to pass the costs of taxes, etc. onto their customers. In the case of businesses that are able to set their prices to recoup the taxes, they are being treated in a more favorable light than those that derive their income from commissions. I feel that this disparate treatment of individuals deriving their income from commissions must be corrected as it may infringe on the constitutional right of equal access and protection under the law. I am not sure why the powers that be have decided that those earning commissions are not included in the current version of the law, but if you examine Section 101 of the internal revenue code, it states that earnings from business or profession can include all of the categories enumerated on the attached Page 2 of a Schedule C

without distinction to whether the income is from direct cash receipts or commissions. All of the various types of business are included together.

Therefore, Mr. Vice Speaker, as one of your constituents, I solicit your wholehearted support of this Legislation to correct an apparent disparity. Thank you and dankalu na si yu'us maase for your support on this important issue.

Sincerely,



EVELYN A. BLAS,

Attachment

*Barbara L. Lujan*  
*P.O. Box 6096*  
*Merizo, Guam 96916*  
*671-646-0000*

April 23, 1998

The Honorable Anthony C. Blaz  
Senator  
24<sup>th</sup> Guam Legislature  
155 Hessler Street  
Agana, Guam 96910

Fax: 472-3562

Dear Senator Blaz:

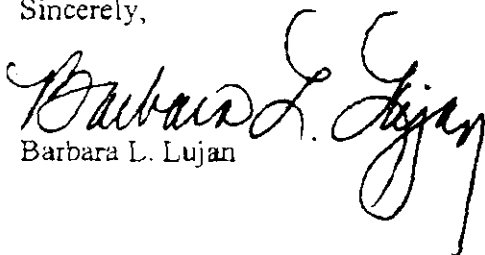
I am writing to you on behalf of all the local people who are either in business for themselves as some type of insurance agents, are real estate agents, all others who received commissions, or those who aspire to be in those industries.

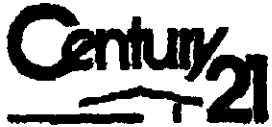
If we are going to exempt from gross receipts the first \$50,000 of income under the Dave Santos Small Business Act for any person as income from service, it would seem it should apply to everyone including those who are in business for themselves earning a commission of some sort. To exclude them means we are imposing barriers to entry on those who wish to make a career in those fields.

Therefore, I strongly support Bill 489 in order to encourage more people to become entrepreneurs.

Thank you for allowing this written testimony.

Sincerely,

  
Barbara L. Lujan

**Realty Management Company**

Orlean Pacific Plaza, P.O. Box 7988

Tamuning, Guam 96931

Fax (671) 646-6604

Business (671) 647-5003

April 23, 1998

The Honorable Anthony C. Blaz  
Vice Speaker  
24th Guam Legislature  
155 Heeler Street  
Agana, Guam 96910  
Phone: 472-3557/8 Fax: 472-3562

Dear Senator Blaz:

I am writing to you to express my support for Bill 489, sponsored by Senator Kasperbauer to add new items to the Dave Santos Small Business Act that will include insurance agents, realtors, and others whose source of business income is from commissions.

It is unfortunate that this is necessary when the intent of the law is stipulated in the Dave Santos Small Business Act under Section 8 (29) that "The first Fifty-Thousand Dollars(\$50,000) earned or received per taxable year by any person as income from service, whose gross annual service income is less than Five Hundred Thousand dollars (\$500,000.) during the most recent tax year"

It is apparent that the omission of persons receiving commission income was not intentional and the law should apply equitably.

The accountant, the attorney, the physician and such who receive their income from fees they charge the consumer simply add the Gross Receipts Tax and in doing so, they become collectors of the tax and not payers. On the other hand, commission based businesses such as insurance agents, cannot increase the premiums on policies sold to include the Gross Receipts Tax because the life insurance companies set the premiums and it is sufficient to include the cost of the Gross Receipts Tax. However, agents must pay the Gross Receipts Tax from their income. They cannot increase the commission that the company pays them to include the Gross Receipts Tax and therefore, the Gross Receipts Tax, when paid by agents becomes income tax.

Sincerely

A handwritten signature in cursive script that reads "Linda Jones".

Linda Jones  
Corporate Vice-President  
REALTOR

# Money Resources Inc.

4/23/98

The Honorable Anthony C. Blaz  
Vice Speaker  
24th Guam Legislature  
155 Hessler Street  
Agana, Guam 96910

Dear Senator Blaz:

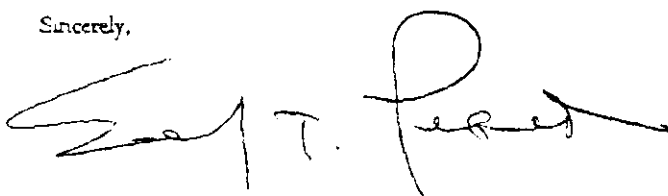
I'm writing to you on behalf of all the local people who are either in business for themselves as some type of insurance agenets, are real estate agents, all others who receive commissions, or those who aspire to be in those industries.

If we are going to exempt from gross receipts the first \$50,000 of income under the Dave Santos Small Business Act for any person as income from service, it would seem it should apply to everyone including those who are in business for themselves earning a commission of some sort. To exclude them means we are imposing barriers to entry on those who wish to make a career in those fields.

Therefore, I strongly support Bill 489 in order to encourage more people to become entrepreneurs.

Thank you for allowing this written testimony.

Sincerely,

A handwritten signature in black ink, appearing to read "Evelyn T. Pereda". The signature is fluid and cursive, with a large initial "E" and a long, sweeping underline.

Evelyn T. Pereda  
Insurance Agent

Ken Kirkes  
P.O. Box 7387  
Agat, Guam 96910

April 23, 1989

The Honorable Anthony C. Blaz  
Vice Speaker  
24<sup>th</sup> Guam Legislature  
155 Hessler Street  
Agana, Guam, 96910

Dear Senator Blaz:

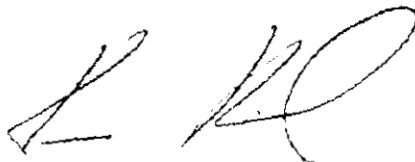
I would like to take a few minutes of your time to discuss a bill on your agenda.

I understand that the Dave Santos Small Business Act exempts individuals from the first \$50,000 of income from gross receipts tax. However, I do not understand why it excludes insurance agents such as myself since I am required to have my own business license, pass numerous exams, a background check, maintain Errors and Omissions insurance, as well as pay for all of my own continuing education.

Therefore, I am in strong support of bill 489. Presently the exclusion doesn't only hurt me, but it also hurts all those wishing to be a professional in this business.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to be 'K Kirkes', written over a horizontal line.

Ken Kirkes  
Registered Representative

The Honorable Anthony C. Blaz  
Vice Speaker  
Twenty-Fourth Guam Legislature  
155 Hesler Street  
Agana, Guam 96910

Dear Senator Blaz:


I am writing to you to express my support for Bill 489, sponsored by Senator Kaaperbauer to add new items to the Dave Santos Small Business Act to include insurance agents like myself whose income derives from commission paid on insurance premiums.

It is unfortunate that this is necessary when the intent of the law is stipulated in the Dave Santos Small Business Act under Section 8 (29) that "The first Fifty Thousand Dollars (\$50,000) earned or received per taxable year by any person as income from service, whose gross annual service income is less than Five Hundred Thousand Dollars (\$500,000) during the most recent tax year".

It is apparent that the omission of persons receiving commission income was not intentional and the law should apply equitably.

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Sincerely,



Signature

Ralph G Taitano

Print Name

P.O. Box N

Agana, Gu 96932

Address

cc:File



The Honorable Anthony C. Blaz  
Vice Speaker  
Twenty-Fourth Guam Legislature  
155 Besler Street  
Agana, Guam 96910

Dear Senator Blaz:

I am writing to you to express my support for Bill 489, sponsored by Senator Kasperbauer to add new items to the Dave Santos Small Business Act to include insurance agents like myself whose income derives from commission paid on insurance premiums.

It is unfortunate that this is necessary when the intent of the law is stipulated in the Dave Santos Small Business Act under Section 8 (29) that "The first Fifty Thousand Dollars (\$50,000) earned or received per taxable year by any person as income from service, whose gross annual service income is less than Five Hundred Thousand Dollars (\$500,000) during the most recent tax year".

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Sincerely,

  
Signature

ALAN LEE  
Print Name

P.O. BOX 22171  
G.M.F. GUAM 96921  
Address

cc:File

The Honorable Anthony C. Blaz  
Vice Speaker  
Twenty-Fourth Guam Legislature  
155 Hesler Street  
Agana, Guam 96910

Dear Senator Blaz:

I am writing to you to express my support for Bill 489, sponsored by Senator Kasperbauer to add new items to the Dave Santos Small Business Act to include insurance agents like myself whose income derives from commission paid on insurance premiums.

It is unfortunate that this is necessary when the intent of the law is stipulated in the Dave Santos Small Business Act under Section 8 (29) that "The first Fifty Thousand Dollars (\$50,000) earned or received per taxable year by any person as income from service, whose gross annual service income is less than Five Hundred Thousand Dollars (\$500,000) during the most recent tax year".

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Sincerely,

Virginia Cantrell  
Signature

VIRGINIA CANTRELL  
Print Name

D.D. Box 8285  
Tamuning, Guam 96931  
Address

cc:File

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

Bill No. 489(LS) Date Received 2/26/98  
 Amendatory Bill YES X NO      Date Reviewed 3/11/98

Department/Agency Affected: Revenue and Taxation  
 Department/Agency Head: Joseph T. Duenas  
 Total FY appropriation to Date: \$10,400,000

Bill Title (Preamble): AN ACT TO ADD NEW ITEMS (31) AND (32) TO SUBSECTION (k) OF §26203 OF TITLE 11, GUAM CODE ANNOTATED RELATIVE TO EXTENDING THE GROSS RECEIPT TAX EXEMPTION OF THE DAVE SANTOS SMALL BUSINESS ACT TO SMALL BUSINESSES THAT RECEIVE TAXABLE COMMISSION INCOME AND TO LICENSE INSURANCE COMPANIES WHO RECEIVE INSURANCE PREMIUM INCOME.

Change in Law: Add new items (31) and (32) to subsection (k) of §26203 of title 11, GCA.

Bill's Impact on Present Program Funding:

     Increase      Decrease      Reallocation      X No Change  
 Bill is for: X Operations      Capital Improvement      Other

## **FINANCIAL/PROGRAM IMPACT**

### **ESTIMATED SINGLE-YEAR FUND REQUIREMENTS (Per Bill)**

PROGRAM CATEGORY	GENERAL FUND	OTHER	TOTAL
<u>Economic &amp; Finance</u>	<u>1/</u>		

### **ESTIMATED MULTI-YEAR FUND REQUIREMENTS (Per Bill)**

FUND	1st	2nd	3rd	4th	5th	TOTAL
GENERAL FUND						
OTHER						
TOTAL						

FUNDS ADEQUATE TO COVER INTENT OF THE BILL? YES/NO - IF NO, ADD'L AMOUNT REQUIRED. NO  
 AGENCY/PERSON/DATE CONTACTED: Revenue and Taxation / Josephine Mendiola / 3/12/98

### **ESTIMATED POTENTIAL MULTI-YEAR REVENUES**

FUND	1st	2nd	3rd	4th	5th	TOTAL
GENERAL FUND	<u>1/</u>					
OTHER						
TOTAL						

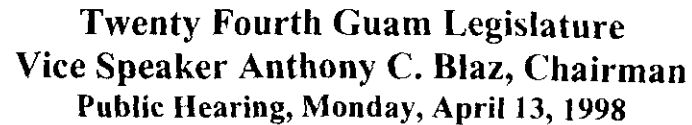
ANALYST Stephen Guerrero DATE 3/12/98 DIRECTOR JOSEPH E. RIVERA DATE MAR 17 1998  
 Acting Director

Footnotes: See attached comments.

Comments on Bill No. 489(LS)

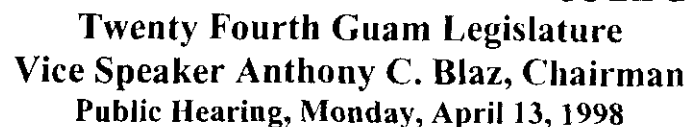
Bill No. 489(LS) which proposes to add new items (31) and (32) to subsection (k) of §26203 of Title 11, Guam Code Annotated relative to extending gross receipt tax exemption benefits of the Dave Santos Small Business Act to small business and licensed insurance companies.

The bill does have a fiscal impact as it will affect annual gross receipts tax (GRT) collections. Based on the provisions of the bill, total gross receipts collections per annum would decrease as a result of small business and licensed insurance companies who qualify, would be paying less in GRT. However, information needed to determine the fiscal impact is not available at this time.



**AN ACT TO ADD NEW ITEMS (31) AND (32) TO SUBSECTION (k) OF §26203 OF TITLE 11, GUAM CODE ANNOTATED RELATIVE TO EXTENDING THE GROSS RECEIPTS TAX EXEMPTION BENEFITS OF THE DAVE SANTOS SMALL BUSINESS ACT TO SMALL BUSINESSES THAT RECEIVE TAXABLE COMMISSION INCOME AND TO LICENSED INSURANCE COMPANIES WHO RECEIVE INSURANCE PREMIUM INCOME.**

[illegible]



**AN ACT TO ADD NEW ITEMS (31) AND (32) TO SUBSECTION (k) OF §26203 OF TITLE 11, GUAM CODE ANNOTATED RELATIVE TO EXTENDING THE GROSS RECEIPTS TAX EXEMPTION BENEFITS OF THE DAVE SANTOS SMALL BUSINESS ACT TO SMALL BUSINESSES THAT RECEIVE TAXABLE COMMISSION INCOME AND TO LICENSED INSURANCE COMPANIES WHO RECEIVE INSURANCE PREMIUM INCOME.**

[illegible]

Pacific Basin News, Tuesday, April 7, 1998



## NOTICE OF PUBLIC HEARING

MONDAY APRIL 13, 1998 10:00 AM

Vice Speaker Anthony C. Blaz, Conference Room,  
Guam Legislature, 155 Hester St. Agaña Guam

BILL 102 (F.B. AGUIRRE) AN ACT RELATIVE TO THE PROMOTION AND ADVANCEMENT OF GUAM'S COMMUNITY FISHING ACTIVITY THROUGH THE DESIGN AND CONSTRUCTION OF A BOAT LAUNCHING-DOCKING RAMP FOR THE ISLAND'S RECREATIONAL AND SMALL SCALE COMMERCIAL FISHERMEN AT THE SITE OF YUGA YONA BRIDGE.

BILL 442 (F.X.P. CAMACHO) AN ACT TO AMEND (A) (1) (A) AND (B) (1) (A) TO ADD A NEW (A) (1) (A) AND TO REPEAL AND REENACT (A) (2) (A) ALL TO ARTICLE 3, CHAPTER 4 OF TITLE 4 OF THE GUAM CODE ANNOTATED, RELATIVE TO REFORMING THE GROUP INSURANCE PROCUREMENT PRACTICES WITHIN THE GOVERNMENT OF GUAM.

BILL 452 (E.J. CRUZ) AN ACT TO ADD NEW ITEMS (A) (1) (A) TO (A) (2) (A) OF ARTICLE 3, CHAPTER 4 OF TITLE 4 OF THE GUAM CODE ANNOTATED, RELATIVE TO PROMOTING FOR A TRANSITION PERIOD FOR GOVERNMENT OF GUAM EMPLOYEES AND RETIREES ENROLLED IN A TERMINATED HEALTH INSURANCE PROVIDER.

BILL 453 (M.C. CHARFAUROS) AN ACT TO REPEAL SECTION 1 OF PUBLIC LAW NO. 21-138 AND P.L. NO. 22-121 RELATIVE TO EXAMINATIONS FOR DRIVERS LICENSES BE GIVEN IN LANGUAGES OTHER THAN ENGLISH.

BILL 485 (J.F. KASPERBAUER) AN ACT TO ADD NEW ITEMS (1) AND (2) TO SUBSECTION (B) OF (A) (2) (A) OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO EXTENDING THE GROSS RECEIPTS TAX EXEMPTION BENEFITS OF THE DAVID SANTOS SMALL BUSINESS ACT TO SMALL BUSINESSES THAT RECEIVE TAXABLE COMMISSION INCOME AND TO LICENSED INSURANCE COMPANIES WHO RECEIVE INSURANCE PREMIUM INCOME.

BILL 510 (F.X.P. CAMACHO) AN ACT TO AMEND SUBSECTION (B) (1) (A) OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO TAX OF GROSS INCOME RECEIVED AS PREMIUM FOR THE WRITING OF INSURANCE.

BILL 541 (L.C. ADA) AN ACT TO ADD SECTIONS (1) AND (2) TO (A) (2) (A), CHAPTER 4, GUAM CODE ANNOTATED, RELATIVE TO COVERAGE FOR CHRONIC ORTHOPEDIC DEFORMITIES AND BLOOD AND BLOOD DERIVATIVES.

BILL 573 (A.C. BLAZ) AN ACT TO APPROPRIATE THE SUM OF THIRTY-FIVE THOUSAND DOLLARS (\$35,000.00) TO THE DEPARTMENT OF PARKS AND RECREATION TO FUND OFF-ISLAND TRAVEL FOR THE GUAM NATIONAL 16 AND UNDER SOCCER TEAM.

BILL 574 (A.C. BLAZ) AN ACT TO APPROPRIATE ONE HUNDRED SEVENTY-NINE THOUSAND DOLLARS (\$179,000.00) TO THE SCHOOL OF NURSING, UNIVERSITY OF GUAM TO ASSIST AND UPGRADE THE NURSING PROGRAM TO PRODUCE MORE NURSES FOR OUR COMMUNITY.

BILL 591 (A.C. BLAZ) AN ACT TO APPROPRIATE ONE HUNDRED SEVENTY THOUSAND SIX HUNDRED DOLLARS (\$167,000.00) TO THE GUAM FIRE DEPARTMENT.

BILL 593 (A.C. BLAZ) AN ACT TO APPROPRIATE SEVENTY-FIVE THOUSAND DOLLARS (\$75,000.00) TO THE GUAM LEGAL SERVICES CORPORATION.

BILL 598 (A.C. BLAZ) AN ACT TO AMEND CHAPTER 19 OF TITLE 16, GUAM CODE ANNOTATED (GCCA) RELATIVE TO MANDATORY AUTOMOBILE LIABILITY INSURANCE.

BILL 597 (A.C. BLAZ) TO APPROPRIATE THIRTY-FIVE THOUSAND DOLLARS (\$35,000.00) FROM THE GENERAL FUND TO THE GUAM MASTERS BASKETBALL ASSOCIATION (GMBAA).

BILL 599 (A.C. BLAZ) TO APPROPRIATE FIFTEEN THOUSAND DOLLARS (\$15,000.00) TO THE DEPARTMENT OF PARKS AND RECREATION OFF-ISLAND SPORTS TRAVEL FUND.

BILL 591 (A.J. LIMPINGCOO) AN ACT TO APPROPRIATE THE SUM OF ONE MILLION DOLLARS (\$1,000,000.00) TO THE DEPARTMENT OF PUBLIC WORKS FOR THE DESIGN, CONSTRUCTION, AND OUTFITTING OF A GYMNASIUM IN THE VILLAGE OF SANTA RITA.

BILL 409 (F.B. AGUIRRE) AN ACT RELATIVE TO REQUIRING THE DEPARTMENT OF PUBLIC WORKS TO IMMEDIATELY COMMENCE WORK ON THE REPAIR OF THE ROUTE 4 HIGHWAY FROM YONA TO PANA, TALOFORO THROUGH THE USE OF FEDERAL HIGHWAY ADMINISTRATION FUNDS IN AN EFFORT TO ADDRESS THE DILAPIDATED CONDITION OF THE ROADWAY AND TO MINIMIZE THE NUMBER OF ACCIDENTS WHICH OCCUR REGULARLY ON THIS STRETCH OF HIGHWAY.

TUESDAY APRIL 14, 1998 9:00 AM

Vice Speaker Anthony C. Blaz, Conference Room,  
Guam Legislature, 155 Hester St. Agaña Guam

OVERSIGHT HEARING: DEPARTMENT OF PUBLIC WORKS - P.L. 24-139 COMPLIANCE AND HIGHWAY IMPROVEMENT PROJECTS INCLUDING ACCESS ROADWAYS.

The Public is invited to attend and present written matter and testimony. Contact the Office of Vice-Speaker Anthony C. Blaz at 473-3557/5840.