



CARL T.C. GUTIERREZ  
GOVERNOR OF GUAM

Refer to  
**Legislative Secretary**  
**AUG 17 1998**

OFFICE OF THE LEGISLATIVE SECRETARY	
DATE: AUG 17 1998	
Time:	8:45 am
Date:	8/18/98

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 Speaker  
ANTONIO R. UNPINGCO  
Date: 8/17/98  
Time: 11:15  
Rec'd by: Guil  
Print Name: Laurie

Dear Speaker Unpingco:

Enclosed please find Substitute Bill No. 480 (COR), "AN ACT TO AMEND §§70105, 70107, 70108 AND 70109 OF CHAPTER 70, AND §58128.4 OF CHAPTER 58, AND TO ADD §58128.6 TO SAID CHAPTER 58, ALL TO DIVISION 2 OF TITLE 12 OF THE GUAM CODE ANNOTATED, RELATIVE TO CLARIFYING THE PROVISIONS ON TAX BENEFITS FOR HOTELS, TOURIST FACILITIES AND AFFORDABLE HOUSING DEVELOPERS, AND THE PROVISIONS ON WITHHOLDING TAXES, AND TO AUTHORIZE TAX BENEFITS FOR CERTAIN GUAM TRUSTS", which I have signed into law today as **Public Law No. 24-266**.

This legislation amends current laws and adds new code sections which are designed to boost the economic goals of Vision 2001 for our island. This legislation is a three-phased approach, encouraging investments in affordable housing projects, the location of captive insurance companies on Guam, and the location of probate and inter-vivos trusts on Guam.

This legislation amends Public Law No. 23-135, which institutes a program for further investment in our island's economy by encouraging private investment in projects that further the visitor industry. The amendments also encourage private investment in local affordable housing projects, as well.

00982

Additional incentives are offered to captive insurance companies to locate on Guam and amendments are added protecting the local insurance business by requiring policies insuring Guam risks and policy holders to be issued through a licensed Guam insurance broker.

Third, this legislation encourages the formation of Guam-based trusts, encouraging the finance and investment sector of the Guam economy, and making Guam a center for financial investment.

Finally, the rules and regulations needed to implement the investment in hotels, visitor industry facilities, and now, affordable housing, are adopted.

Very truly yours,



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

00992

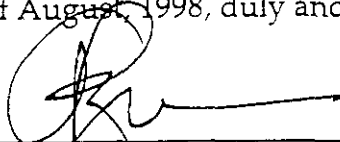
Attachment:      copy attached for signed bill  
                         original attached for vetoed bill

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

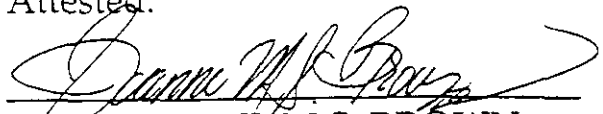
MINA'BENTE KUATTRO NA LIHESLATURAN GUAHAN  
1998 (SECOND) Regular Session

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


This is to certify that Substitute Bill No. 480 (COR), "AN ACT TO AMEND §§70105, 70107, 70108 AND 70109 OF CHAPTER 70, AND §58128.4 OF CHAPTER 58, AND TO ADD §58128.6 TO SAID CHAPTER 58, ALL TO DIVISION 2 OF TITLE 12 OF THE GUAM CODE ANNOTATED, RELATIVE TO CLARIFYING THE PROVISIONS ON TAX BENEFITS FOR HOTELS, TOURIST FACILITIES AND AFFORDABLE HOUSING DEVELOPERS, AND THE PROVISIONS ON WITHHOLDING TAXES, AND TO AUTHORIZE TAX BENEFITS FOR CERTAIN GUAM TRUSTS," was on the 3<sup>rd</sup> day of August, 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 5<sup>th</sup> day of August, 1998,  
at 3:40 o'clock P.M.

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

APPROVED:

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

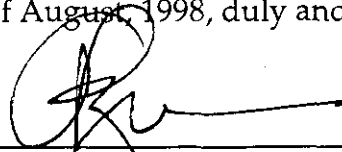
Date: 8-17-98

Public Law No. 24-266

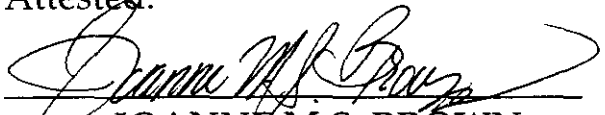
MINA'BENTE KUATTRO NA LIHESLATURAN GUAHAN  
1998 (SECOND) Regular Session

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

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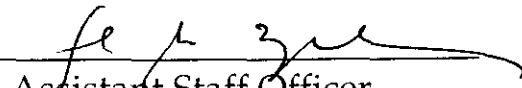
  
\_\_\_\_\_  
ANTONIO R. UNPINGCO  
Speaker

Attested:

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

.....

This Act was received by I Maga'lahaen Guahan this 5<sup>th</sup> day of August, 1998,  
at 3:40 o'clock P.M.

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

APPROVED:

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

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

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

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

**Bill No. 480 (COR)**

As substituted by the Committee  
on Tourism, Economic Development  
and Cultural Affairs and further  
substituted on the Floor by the Author  
and amended.

Introduced by:

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

**AN ACT TO AMEND §§70105, 70107, 70108 AND 70109  
OF CHAPTER 70, AND §58128.4 OF CHAPTER 58,  
AND TO ADD §58128.6 TO SAID CHAPTER 58, ALL  
TO DIVISION 2 OF TITLE 12 OF THE GUAM CODE  
ANNOTATED, RELATIVE TO CLARIFYING THE  
PROVISIONS ON TAX BENEFITS FOR HOTELS,  
TOURIST FACILITIES AND AFFORDABLE  
HOUSING DEVELOPERS, AND THE PROVISIONS**

**ON WITHHOLDING TAXES, AND TO AUTHORIZE  
TAX BENEFITS FOR CERTAIN GUAM TRUSTS.**

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

**Section 1.** Section 70105 of Chapter 70, Division 2 of Title 12 of the Guam Code Annotated is hereby *amended* to read as follows:

**“Section 70105. Business Privilege and Use Tax Exemptions.**

**(a) Business Privilege Tax.** The proceeds from any contract for building materials or supplies, or for labor or supervision used in the construction of any new hotel or tourist facility in Guam, or for the expansion of any existing hotel, or for the development of affordable housing, shall be exempt from the tax imposed under Article 2 of the Business Privilege Tax Law; *provided*, that: (a) the person providing the materials, supplies, labor or supervision has received a certificate of exemption from the Corporation; and (b) the person claims the exemption within the following period: within one (1) year of the date that such materials, supplies, labor or supervision are furnished. The Corporation shall adopt reasonable rules and regulations in accordance with the Administrative Adjudication Law for the granting of certificates of exemption in order to ensure that certificates are issued only with respect to materials, supplies, labor or supervision furnished subsequent to the effective date of this Article and for the construction or expansion of a qualifying hotel or tourist facility, or development of affordable housing as defined by the Authority. In addition, the Corporation shall require that the Beneficiary of a certificate of exemption comply with the same requirements of a Beneficiary of a Qualifying Certificate (“QC”) as set out

1 in Title 12 Guam Code Annotated §§58116 through 58119.

2 (b) **Use Tax.** The owner of a hotel or tourist facility constructed  
3 under a contract, the proceeds from which have been exempted under this  
4 Section from the tax imposed under Article 2 of the Business Privilege Tax  
5 law, shall be exempted from the Guam Use Tax Law, with respect to the  
6 property used to construct, furnish and equip the hotel or tourist facility,  
7 for a similar period.

8 (c) **Offset of Taxes if Paid.** In the event the contractor,  
9 supplier or owner, otherwise eligible for the tax exemptions authorized by  
10 this Section, has paid the taxes because the Corporation's rules and  
11 regulations had not been adopted and promulgated at the times the taxes  
12 were required to be paid, such contractor, or supplier or owner shall be  
13 entitled to an offset of such taxes against future taxes, without interest, on  
14 presentation to the Director of Revenue and Taxation of a certificate of  
15 exemption issued by the Corporation to such contractor, supplier or  
16 owner."

17 **Section 2.** Section 70107 of Chapter 70, Division 2 of Title 12 of the Guam  
18 Code Annotated is hereby *amended* to read as follows:

19 "Section 70107. (a) **Tax Rebates on Certain Rental Income.** A  
20 qualifying certificate granting a rebate of up to fifty percent (50%) of all  
21 income tax paid to the government of Guam by a Beneficiary on income  
22 derived from the lease of land, buildings, machinery or equipment to a  
23 Beneficiary of a qualifying certificate issued for affordable housing or for  
24 a hotel or tourist facility covered by the provisions of this Chapter may be  
25 issued for a period not to exceed five (5) consecutive years from the

1 effective date of a qualifying certificate therefor, and a rebate of up to  
2 twenty-five percent (25%) of such income tax for a period not to exceed the  
3 next five (5) consecutive years; *provided*, that an application for such rebate  
4 is made within the effective period(s) of this Article, as set out in §70108,  
5 *infra*."

6 (b) **Income Tax Rebate on Sales to Developers.** A rebate of up  
7 to fifty percent (50%) on all taxes paid to the government of Guam by a  
8 Beneficiary on income derived from the sale of land or other real property  
9 to a developer of a hotel, of a tourist facility, or of affordable housing  
10 covered by the provisions of this Chapter may be issued; *provided*, that an  
11 application of such rebate is made within the effective period(s) of this  
12 Chapter, as set out in §70108, *infra*."

13 **Section 3.** Section 70108 of Chapter 70, Division 2 of Title 12 of the Guam  
14 Code Annotated is hereby *amended* to read:

15 "Section 70108. 'Sunset' Provision. This Article shall take effect  
16 on its approval by *I Maga'lahaen Guahan* and shall remain in effect until  
17 January 1, 2002, at the expiration of which period this Article shall  
18 automatically be deemed repealed; *provided*, however, that the Board, at its  
19 discretion, may extend the effectiveness of this Article to January 1, 2004 by  
20 adopting a resolution to such effect prior to January 1, 2002 and *provided*,  
21 further, that any qualifying certificate issued for a period expiring after  
22 January 1, 2002, or after January 1, 2004, if the effective period has been  
23 extended, shall remain in full force and effect until its particular term  
24 expires or it is canceled on other grounds.

25 The tax rebate on sales to developers authorized by §70107 of this



1 Article is available to the Beneficiary for any tax year, any part of which  
2 falls before January 1, 2003, or before January 1, 2005, if the Article's  
3 effective period has been extended."

4 **Section 4.** Section 70109 of Chapter 70, Division 2 of Title 12 of the Guam  
5 Code Annotated is hereby *amended* to read:

6 **"Section 70109. (a) Increase in Benefits to Developers Who**  
7 **Make Funds Available for Affordable Housing.** In order to initiate the  
8 immediate construction of affordable housing on Guam, the Board is  
9 authorized to recommend to *I Maga'lahaen Guahan* and *I Maga'lahaen Guahan*  
10 is authorized to issue to each of those developers of hotels or tourist  
11 facilities which qualify a qualifying certificate with a rebate of up to one  
12 hundred percent (100%) of all income tax paid to the government of Guam  
13 by the Beneficiary on income received from the activities of the hotel or  
14 tourist facility identified in the qualifying certificate, which rebate may be  
15 authorized for a period not to exceed twenty (20) consecutive years from  
16 the effective date of the qualifying certificate.

17 **(b) Cash Loans by Applicants for Enlarged Benefits.** In order to  
18 qualify for the increased percentage of rebate of income tax as authorized  
19 by this §70109, an applicant therefor must agree to loan to the affordable  
20 housing fund ("Housing Fund") to be established by the Corporation the  
21 sum of Five Million Dollars (\$5,000,000) for a period of up to five (5) years.  
22 The applicant shall make such loan to the Housing Fund  
23 contemporaneously with the issuance of the qualifying certificate by *I*  
24 *Maga'lahaen Guahan*. Such loan shall be repaid to the applicant without  
25 interest, as provided in subparagraph (c), *infra*. Until such loan is repaid

1 to the Beneficiary, any interest accrued thereon while the loan is in the  
2 Housing Fund is the property of the Housing Fund.

3 (c) **Housing Fund.** The Corporation shall establish on its books,  
4 separate and apart from its other funds, the Housing Fund described in  
5 Subparagraph (b), *supra*. Utilizing only the interest on the loans in the  
6 Housing Fund, the Corporation, working in cooperation with the Guam  
7 Housing Corporation ('GHC'), shall design and develop the necessary  
8 supporting infrastructure for affordable housing projects, such as, but not  
9 limited to, roads, waterlines, sewer lines, power and telephone lines and  
10 other utilities. Each loan in the Housing Fund shall be repaid in full  
11 without interest to the Beneficiary no later than five (5) years from the date  
12 the loan was deposited in the Housing Fund.

13 (d) **Applicability of Other Provisions of the QC Law.** The  
14 provisions of Chapter 58 of Title 12 of the Guam Code Annotated,  
15 respecting qualifying certificates, shall apply to the qualifying certificates  
16 issued under this §70109, *except* with respect to the maximum percentage  
17 of rebate of income tax permitted. A Beneficiary may be a Subchapter "S"  
18 Corporation, a trust, partnership or limited liability company, and it must  
19 otherwise comply with the requirements of that Article with respect to the  
20 filing of applications and the publication of notice. A hotel or tourist  
21 facility developer which would qualify for assistance under the other  
22 provisions of Chapter 70 of this Title can, with respect to a rebate of its  
23 income tax, either agree to loan Five Million Dollars (\$5,000,000) and obtain  
24 a maximum of one hundred percent (100%) rebate for a maximum of  
25 twenty (20) years, or not make any such loan, and receive a maximum

1 rebate of seventy-five percent (75%) for a maximum period of twenty (20)  
2 years.

3 **(e) Affordable Housing Program.** The Corporation shall, to the  
4 extent feasible, achieve economies of scale in its development of  
5 infrastructure for affordable housing, by utilizing as few contractors,  
6 architects and engineers as possible, and by utilizing modern construction  
7 techniques so as both to speed the construction of such infrastructure and  
8 lower its cost."

9 **Section 5.** Section 58128.4 of Chapter 58, Division 2 of Title 12 of the  
10 Guam Code Annotated is hereby *amended* to read as follows:

11 **"Section 58128.4. (a) One Hundred Percent Rebate on**  
12 **Certain Insurance Income.** A rebate of one hundred percent (100%) of all  
13 income tax paid to the government of Guam by a Beneficiary on all income  
14 received from insurance underwriting either inside or outside of Guam,  
15 including all income derived from investing funds derived from operating  
16 an insurance underwriting business on Guam, may be issued for a period  
17 not to exceed twenty (20) consecutive years from the effective date of a  
18 Qualifying Certificate therefor; *provided*, that as to Guam risks and policy  
19 holders the Beneficiary does not issue a policy directly to the policy holder  
20 but only issues the same through a licensed Guam insurance broker. Such  
21 insurance Qualifying Certificates may be renewed for additional periods  
22 of twenty (20) years at the conclusion of the first or later periods so long as  
23 the Beneficiary remains in good standing under the laws of Guam and  
24 under the rules and regulations of the Authority.

25 **(b) Rebates on Dividends to Shareholders of Qualified Insurance**

1       **Underwriters.**     A rebate of one hundred percent (100%) of the income tax  
2 withheld from the shareholders of an insurance underwriting business on  
3 the dividends from such business may be issued for a period not to exceed  
4 twenty (20) consecutive years from the effective date of the Qualifying  
5 Certificate therefor; *provided*, that: (i) the insurance underwriting business  
6 paying the dividends is the Beneficiary of a Qualifying Certificate; (ii) the  
7 dividends are paid from the insurance or investment earnings of such  
8 business as identified in its Qualifying Certificate, which dividends were  
9 received, on a cash basis, during the original or an extended period of the  
10 Qualifying Certificate; and (iii) the dividends were subject to a withholding  
11 tax thereon pursuant to those provisions of the Territorial Income Tax Law  
12 requiring the withholding as income tax thereon of a fixed percentage of  
13 any dividends paid to non-residents of Guam. If the shareholder is a  
14 resident of Guam then such shareholder may be granted a Qualifying  
15 Certificate on dividends pursuant to §58130 of this Chapter. Such  
16 Qualifying Certificates for non-resident insurance shareholders may be  
17 renewed for additional periods of twenty (20) years at the conclusion of the  
18 first or later periods so long as the Beneficiary remains a shareholder of an  
19 insurance underwriting business that is the holder of its own Qualifying  
20 Certificate and is in good standing under the laws of Guam and under the  
21 rules and regulations of the Authority."

22       **Section 6.** Section 58128.6 is hereby *added* to Chapter 58, Division 2 of Title  
23 12 of the Guam Code Annotated to read as follows:

24               **"Section 58128.6.           (a)   One Hundred Percent Rebate on**  
25       **Certain Trust Income.**       A rebate of one hundred percent (100%) of all  
      .

1 income tax paid to the government of Guam by a Guam-based trust on all  
2 its earnings from either inside or outside of Guam, including all income  
3 derived from investing funds in Guam or elsewhere, may be issued for a  
4 period not to exceed twenty (20) consecutive years from the effective date  
5 of a Qualifying Certificate therefor. For purposes of this §58128.6, a '*Guam-*  
6 *based trust*' means: (i) an arrangement created by will or by an *inter vivos*  
7 declaration whereby a trustee or trustees take title to property to protect or  
8 conserve the same for a beneficiary or beneficiaries of the trust under  
9 probate and chancery court rules; (ii) Guam is the principal place of  
10 administration of the trust; and (iii) none of the beneficiaries of the trust are  
11 residents of Guam. Such Qualifying Certificates for Guam-based trusts  
12 may be renewed for additional periods of twenty (20) years at the  
13 conclusion of the first or later periods so long as the trust remains in good  
14 standing under the laws of Guam and under the rules and regulations of  
15 the Authority.

16 **(b) Rebates on Payments to Non-resident Beneficiaries of Guam-**  
17 **Based Trusts.** A rebate of one hundred percent (100%) of the income tax  
18 withheld from the non-resident beneficiaries of a Guam-based trust on the  
19 payments or distributions made to such beneficiaries from such a Guam-  
20 based trust may be issued for a period not to exceed twenty (20)  
21 consecutive years from the effective date of the Qualifying Certificate  
22 therefor; *provided*, that: (i) the Guam-based trust making the payments or  
23 distributions is the holder of a Qualifying Certificate; (ii) the payments or  
24 distributions are made from the property of such Guam-based trust, which  
25 payments or distributions were received, on a cash basis, during the

1 original or an extended period of the Qualifying Certificate; and (iii) the  
2 payments or distributions were subject to a withholding tax thereon  
3 pursuant to those provisions of the Territorial Income Tax Law requiring  
4 the withholding as income tax thereon of a fixed percentage of any fixed or  
5 determinable annual or periodical gains, profits or income received by non-  
6 residents of Guam. Such Qualifying Certificates for non-resident  
7 beneficiaries of Guam-based trusts may be renewed for additional periods  
8 of twenty (20) years at the conclusion of the first or later periods so long as  
9 the holder of the Qualifying Certificate remains a beneficiary of a Guam-  
10 based trust that is the holder of its own Qualifying Certificate and is in  
11 good standing under the laws of Guam and under the rules and regulations  
12 of the Authority."

13 **Section 7. Approval of Rules.** *I Liheslaturan Guahan* finds that because  
14 the rules and regulations ("Rules") of the Guam Economic Development  
15 Authority ("GEDA") necessary to implement the provisions of Public Law  
16 Number 23-135 which enacted the foregoing provisions have not yet been filed  
17 with *I Liheslaturan Guahan*, and thus have not gone into effect, thereby depriving  
18 developers, owners, suppliers and contractors of the benefits of the public law,  
19 it is necessary to speed up the process to put such Rules into effect. The Rules  
20 have been the subject of a public hearing, pursuant to the Administrative  
21 Adjudication Law, and have been approved by the board of directors of GEDA  
22 and by *I Maga'lahaen Guahan*. *I Liheslaturan Guahan* has reviewed the Rules and  
23 finds them appropriate and necessary. Accordingly, the Rules, a copy of which  
24 is attached to this Act, are hereby approved and shall go into effect on the  
25 approval of this Act. **Exhibit A.**

**RULES AND REGULATIONS OF  
THE GUAM ECONOMIC DEVELOPMENT AUTHORITY  
ON THE ISSUANCE OF QUALIFYING CERTIFICATES.**

**PART 3.**

**GENERAL RULES FOR QUALIFYING CERTIFICATES  
FOR HOTELS, TOURIST FACILITIES AND AFFORDABLE HOUSING.  
(P.L. No. 23-135, as amended)**

**CHAPTER 1.**

**SPECIAL TAX REBATES, ABATEMENTS AND EXEMPTIONS FOR  
HOTELS, TOURIST FACILITIES AND AFFORDABLE HOUSING  
DEVELOPMENTS.**

**Introduction.**

§1.01. The rules and regulations ("Rules") set out in this Part describe the general procedures for obtaining a recommendation from GEDA for the issuance of a Qualifying Certificate ("QC") or a Certificate of Exemption to applicants therefor pursuant to the provisions of Chapter 70 and §§58104, 58105.4, 58143, 58127.6 and 58128.5 of Chapter 58, all of Division 2 of Title 12 of the Guam Code Annotated ("Hotel and Affordable Housing Development Law"). These Rules are adopted pursuant to the provisions of §§58108 and 58146 of Chapter 58, Division 2 of Title 12 of the Guam Code Annotated ("QC Law"), and of §70105 of the Hotel and Affordable Housing

1 Development Law and in the manner prescribed by the Administrative  
2 Adjudication Law.

3 **Purpose.**

4 §1.02. The purpose of this Part of these Rules is to provide the  
5 general procedures and forms governing the application and issuance of a QC  
6 and of a Certificate to applicants therefor, and the compliance by QC and  
7 Certificate recipients with the terms of their QCs or Certificates, respectively,  
8 pursuant to the QC Law or the Hotel and Affordable Housing Development  
9 Law, or both.

10 **Definitions.**

11 §1.03. In these Rules, the following terms shall have the following  
12 meanings:

13 (a) **Affordable Housing Unit; Affordable Housing**  
14 **Subdivision or Tract.** An "*affordable housing unit*" means a single-  
15 family residential dwelling unit built in accordance with the Uniform  
16 Building Code and in consonance with the Guam Zoning and  
17 Subdivision Laws, whose selling price to a qualified buyer, including  
18 the price of the land thereunder, is no more than three times (3x) the  
19 income limit established by the U.S. Department of Housing and Urban  
20 Development ("HUD") under its requirements for Median Family  
21 Income families of seven (7) persons in effect at the date the unit goes on  
22 sale. For example, under the limits in effect from December 27, 1996,  
23 such a median income family of seven (7) persons should not have in  
24 excess of Fifty-four Thousand Six Hundred Fifty Dollars (\$54,650.00) in  
25 annual income and therefore the maximum selling price for an



1 affordable housing unit, including the land thereunder, under such  
2 current limit is One Hundred Sixty-three Thousand Nine Hundred Fifty  
3 Dollars (\$163,950.00). An affordable housing unit includes a  
4 condominium unit in a horizontal property regime for which a Final  
5 Public Report has been issued. Affordable housing can be constructed  
6 on land held in either fee simple or in leasehold, but if leasehold, the  
7 terms of the lease must be acceptable to GEDA. "Affordable housing  
8 subdivision or tract" means a subdivision or tract so designed that: (i)  
9 when the housing units are constructed thereon at least fifty-one percent  
10 (51%) of such units are "affordable" as defined in this Rule, and (ii) it  
11 meets all statutory and regulatory subdivision requirements on zoning,  
12 yard set back requirements, infrastructure, common areas and  
13 beautification as mandated by the Guam Zoning and Subdivision Laws.  
14 To establish that an affordable housing subdivision or tract meets such  
15 requirements the applicant for a QC therefor pursuant to §§2.01 and  
16 2.04, *infra*, of these Rules shall include with the QC application a  
17 certified copy of the Notice of Action filed by the Guam Land Use  
18 Commission ("GLUC") in connection with the approval, conditional or  
19 otherwise, by GLUC of the proposed subdivision or tract, and, as well,  
20 certified copies of any conditions or limitations imposed by any other  
21 government agency on such subdivision or tract. Such affordable  
22 housing subdivision or tract must also meet all environmental  
23 protection guidelines used by the Guam or Federal Environmental  
24 Protection Agencies, or equivalent regulatory authority, for water  
25 quality, erosion control, wetlands protection, and health and sanitation.

1 If new and stricter environmental, zoning and subdivision laws,  
2 regulations or guidelines are adopted subsequent to the approval of  
3 these Rules, the QC applicant must conform its plans and specifications  
4 for an affordable housing subdivision or tract to such new laws,  
5 regulations and guidelines and submit proof of such conformity with  
6 the QC application.

7 (b) **Beneficiary.** A "*Beneficiary*" is the recipient of a QC.

8 (c) **Board.** "*Board*" means the board of directors of GEDA.

9 (d) **Certificate.** A "*Certificate*" is a certificate of exemption  
10 from the tax imposed under Article 2, formerly Subchapter B, of the  
11 Business Privilege Tax Law issued by GEDA to persons providing  
12 materials, supplies, labor or supervision used in the construction of  
13 Qualified Project, for which construction a QC is issued, pursuant to  
14 §70105 of the Hotel and Affordable Housing Development Law.

15 (e) **Contractor or Subcontractor.** A "*contractor*" or  
16 "*subcontractor*" is an entity licensed as such which contracts or  
17 subcontracts for the construction of a Qualified Project or for affordable  
18 housing.

19 (f) **Developer.** A "*developer*" means the fee simple or  
20 leasehold owner of land who intends to use the same or a portion  
21 thereof for a Qualified Project or for affordable housing; or a company  
22 or individual who provides a Qualified Project or Affordable Housing.

23 (g) **Director.** "*Director*" means the Director of Revenue and  
24 Taxation as described in §1102 of Chapter 1, Division 1 of Title 11 of the  
25 Guam Code Annotated.

1           **(h) Eligible Beneficiary; Person.**       An *"Eligible Beneficiary"*  
2 or a person eligible for a Certificate includes a Beneficiary or such  
3 person that may be a corporation, a Subchapter "S" Corporation as  
4 defined in §58131 of the QC Law, a "possessions" corporation as defined  
5 in §58106 of the QC Law, a partnership, a limited liability company as  
6 defined in the Guam Limited Liability Company Act, or a trust. An  
7 eligible Beneficiary under §§58127.6 or 58128.5 of the Hotel and  
8 Affordable Housing Development Law may be a developer, a  
9 contractor, or a subcontractor or a combination thereof. An eligible  
10 Beneficiary under §70107 of the Housing and Affordable Housing  
11 Development Law includes a lessor of lands, buildings or machinery to  
12 a Beneficiary of a QC and a seller of land or other real property to a  
13 developer of a hotel, tourist development or affordable housing.

14           **(i) GEDA.**       *"GEDA"* means the Guam Economic  
15 Development Authority, created in Division 2 of Title 12 of the Guam  
16 Code Annotated.

17           **(j) GHC.**       *"GHC"* means the Guam Housing Corporation,  
18 created in Chapter 4 of Title 12 of the Guam Code Annotated.

19           **(k) Hotel; Guest Room.**   *"Hotel"* means a building or  
20 buildings containing not less than two hundred (200) guest rooms open  
21 to the public as a place where transient persons can be accommodated  
22 for compensation. *"Guest room"* means a separate room containing at  
23 least one (1) bed to accommodate at least one (1) person within a hotel;  
24 e.g. a "twin" or "double" room with one (1) or two (2) beds within any  
25 one (1) room is one (1) guest room, while a suite with two (2) or three (3)

1 or more separate bedrooms is two (2) or three (3) or more guest rooms,  
2 as the case may be; *provided*, that the suite is at least six hundred (600)  
3 square feet in area.

4 **(l) Lease of Land, Buildings, Machinery or Equipment.**

5 The "*lease of land, buildings, machinery or equipment*," for purpose of the  
6 tax rebate authorized in §70107(a) of the Hotel and Affordable Housing  
7 Development Law means the leasing to a Beneficiary of the land,  
8 buildings or equipment needed to operate the Beneficiary's hotel or  
9 tourist facility, and only one (1) such lease shall be recognized for each  
10 hotel or tourist facility.

11 **(m) Materials.** "*Materials*" for purpose of the tax exemptions  
12 authorized in §70105 of the Hotel and Affordable Housing Development  
13 Law mean things which become a physical part of the Qualified Project.

14 **(n) QC.** A "QC" is a qualifying certificate issued by the *I*  
15 *Maga'laha*n Guahan on the recommendation of GEDA which grants to the  
16 Beneficiary of such QC an abatement, or rebate, or both, or an  
17 exemption from payment, of a portion or all of certain Guam taxes for  
18 stated periods of time. A QC issued under this Part is a QC with one (1)  
19 or more of the benefits authorized by the Hotel and Affordable Housing  
20 Development Law.

21 **(o) Qualified Project.** A "*Qualified Project*" is a project by a  
22 QC Beneficiary involving the construction and operation of a new hotel  
23 or tourist facility, or the expansion of an existing hotel.

24 **(p) Supplies.** "*Supplies*" for purpose of the tax exemptions  
25 authorized in §70105 of the Hotel and Affordable Housing Development

1 Law mean things other than labor or supervision which are consumed  
2 in, but do become a physical part of the Qualified Project or Affordable  
3 Housing.

4 **(q) Tourist Facility.** A *"tourist facility"* means an  
5 improvement to land whose construction cost, *not* including the cost of  
6 the land, is not less than Five Million Dollars (\$5,000,000). Such facility  
7 must offer to the public entertainment, amusement or other activities, all  
8 of which activities the Board must find beneficial to the development of  
9 the tourist industry.

10 **(r) Architects, Engineers and Firms.** *"Architects, Engineers and*  
11 *Firms"* means a registered Architect or Engineer, or an Architectural or  
12 Engineering Firm licensed to do business on Guam, who designs single-  
13 family dwellings for a Qualified Project or Affordable Housing.

14 **Relationship Between QC and Certificate.**

15 §1.04. As provided in §2.05, *infra*, a contractor, supervisor or  
16 material supplier applies in his or its own name for a Certificate, which  
17 Certificate shall be issued an eligible applicant only when such applicant shall  
18 pass on to the QC Beneficiary the savings derived from the tax exemption  
19 authorized by the Certificate. The intent and purpose of the Hotel and  
20 Affordable Housing Development Law are, among other things, to encourage  
21 the construction and operation of more hotels and tourist facilities on Guam,  
22 and therefore GEDA deems it both important and in the spirit of the law to  
23 insist that the benefits of the Certificate be passed on to the QC Beneficiary so  
24 as to lower such Beneficiary's cost of constructing its project. Accordingly,  
25 each recipient of a Certificate shall obtain from his or its outside accountant,

1 or from an outside accountant retained for such purpose, such accountant's  
2 unqualified opinion that such tax savings as were obtained from the  
3 Certificate have been directly passed on to the QC Beneficiary without  
4 diminution, such opinion to be submitted no later than ninety (90) days after  
5 the end of the recipient's fiscal year.

## 6 **CHAPTER 2.**

### 7 **APPLICATION FOR BENEFITS UNDER THE HOTEL** 8 **AND AFFORDABLE HOUSING DEVELOPMENT LAW.**

#### 9 **Application for a QC.**

10 §2.01. To apply for a QC under the Hotel and Affordable Housing  
11 Development Law, an eligible Beneficiary shall file with GEDA the same  
12 documents and the same filing fee as in applying for a QC without the  
13 benefits of such law, as set out in the QC Law and in Part 1 of GEDA's QC  
14 rules and regulations. These include, but are not limited to, a completed and  
15 verified application on **GEDA Form QC-1**, if by any applicant except a  
16 shareholder, lessor or landowner, on **GEDA Form QC-1S** if by a shareholder,  
17 and on **GEDA Form QC-1L** is by a lessor or landowner, a completed and  
18 verified affidavit of compliance on **GEDA Form QC-2**, and an executed  
19 authorization on **GEDA Form QC-3** permitting GEDA to release to the public  
20 non-proprietary information about the application. On such QC-1 forms the  
21 applicant shall state the taxes for which rebates or abatements are sought, *i.e.*  
22 for rebate of income taxes under §§70109 or 58128.5; for abatement of gross  
23 receipt and use taxes under §70105; for rebate of income taxes on rental  
24 income under §70107(a); or for rebate of capital gain taxes under §70107(b).

#### 25 **Additional Information or Hotel or Tourist Facility Developer.**

1       §2.02.       In addition to the material required under §2.01, *supra*, an  
2 applicant for a QC for the operation of a hotel or tourist facility must advise  
3 GEDA on **GEDA Form QC-8** whether such applicant intends to loan Five  
4 Million Dollars (\$5,000,000) to GEDA's Housing Fund, pursuant to the Hotel  
5 and Affordable Housing Development Law, and if such loan is to be made,  
6 how the loan funds are to be transferred to the Housing Fund. The funds  
7 must be in U.S. currency and the loan thereof must be unrestricted and  
8 unconditional, *subject* only to the repayment within five (5) years as described  
9 in §70109 of the Hotel and Affordable Housing Development Law and in  
10 §2.06, *infra*.

11                   **Publication and Hearing of the Application for a QC**

12                   **Under the Hotel and Affordable Housing Development Law.**

13       §2.03.       Under the direction of GEDA, an applicant for a QC under  
14 the Hotel and Affordable Housing Development Law shall publish in a daily  
15 newspaper of general circulation on Guam no later than seven (7) days after  
16 filing its application, a résumé of its application on **GEDA Form QC-4**, the  
17 same form as is used on other QC applications, and following publication  
18 thereof, GEDA shall, within a reasonable period of time, conduct a public  
19 hearing on the application in the manner prescribed by the Administrative  
20 Adjudication Law. The hearing officer, *unless* the chairman of the Board  
21 directs otherwise, shall be GEDA's administrator, who shall prepare for the  
22 Board a written report of such hearing, which hearing shall be held in the  
23 hearing room of GEDA. GEDA, at the applicant's expense shall publish notice  
24 of such hearing in a daily newspaper of general circulation on Guam on  
25 **GEDA Form QC-5** at least five (5), but not more than ten (10), days before

1 such hearing. The number of days is calculated as follows: the day of the  
2 hearing is excluded and the preceding days are counted if they are complete  
3 twenty-four (24) hour days. *As an example*, if a hearing was scheduled for the  
4 tenth (10th) of the month and the notice was published on the fifth (5th), the  
5 notice was invalid as being less than five (5) full days. At the hearing, the  
6 applicant shall state whether it intends to loan Five Million Dollars  
7 (\$5,000,000) to GEDA's Housing Fund.

8 **Additional Information on an Affordable Housing Developer.**

9 §2.04. In addition to the material required under §2.01, *supra*, an  
10 applicant for a QC for the development of affordable housing must advise  
11 GEDA on **GEDA Form QC-9**, the selling price of its proposed affordable  
12 housing units; the maximum price under §1.03(a), *supra*, as authorized by  
13 HUD's current income limits as of the date of the QC application; the number  
14 of units to be constructed, which may not be less than twenty-five (25);  
15 building permit and construction drawings of the units as approved by the  
16 Department of Public Works, and if no approved drawings are available,  
17 conceptual plans setting out the subdivision or tract number, size of the units  
18 and the number of bedrooms per unit; the site(s) of the units and the legal  
19 description(s) of such site(s); if the applicant is not the contractor; the names of  
20 the contractor and subcontractors for the project; and the period of time it will  
21 take to construct the units covered by the application.

22 **Application for a Certificate.**

23 §2.05. A supplier of building materials or supplies, or a supplier  
24 for labor or supervision used in the construction of a Qualified Project may  
25 apply for a Certificate by filing a verified application on **GEDA Form QC-10**,



1 which includes a certified estimate for the materials or services to be provided  
2 under the applicant's contract for the Qualified Project. Such application may  
3 be acted on by the Board without either a public hearing or the filing of a  
4 notice of application. Because the granting of such a Certificate is dependent  
5 upon a QC being issued to the developer of a hotel or tourist facility, the  
6 Board as a general rule shall schedule a hearing on the application for a  
7 Certificate at the same time it acts upon the application for the QC for such  
8 hotel or tourist facility. The fee to file such an application for a Certificate  
9 shall be One Hundred Fifty Dollars (\$150.00).

10 **Repayment of the Beneficiary's Loan to Housing Fund.**

11 §2.06. Under the provisions of §70109 of the Hotel and Affordable  
12 Housing Development Law, GEDA shall repay to the QC Beneficiary  
13 thereunder which shall have made a Five Million Dollar (\$5,000,000) loan to  
14 GEDA's Housing Fund, the full amount of such loan *without* interest thereon,  
15 within five (5) years after such loan shall have been deposited in the Housing  
16 Fund.

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APPROVED AS TO FORM:  
Counsel for GEDA,

**STATEMENT BY AN APPLICANT FOR A QUALIFYING CERTIFICATE  
COVERING A HOTEL OR TOURIST FACILITY AS TO THE  
DEPOSIT OF FIVE MILLION DOLLARS IN THE HOUSING FUND.**

Please be advised that the undersigned applicant for a Qualifying Certificate covering a \_\_\_\_\_  
[hotel or tourist facility]  
project intends/does not intend to deposit Five Million Dollars (\$5,000,000)  
[strike out]

Currency into GEDA's Housing Fund, pursuant to §70109 of Chapter 70, Division 2, Title 12, Guam Code Annotated (the "Hotel and Housing Development Law").

1 If the undersigned makes such deposit it shall do by

2 \_\_\_\_\_, 19\_\_\_\_ by means of \_\_\_\_\_.  
3 [date of deposit] [method of transfer of funds]

4 The undersigned understands that such deposit must be unrestricted and  
5 unconditional, *subject* to the refund described in the Hotel and Housing Development  
6 Law.

7  
8 Dated this \_\_\_\_\_ day of \_\_\_\_\_, 199\_\_.

9  
10 \_\_\_\_\_,  
11 Applicant,  
12

13  
14 by \_\_\_\_\_,  
15 \_\_\_\_\_, president.  
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22 TO: Board of Directors,  
23 Guam Economic Development Authority ("GEDA"),  
24 GITC Building, Tamuning, Guam.  
25

26 FROM: \_\_\_\_\_, QC applicant.  
27 [name of Applicant]

**1 INFORMATION ON AFFORDABLE HOUSING UNITS.**

Pursuant to §2.04 of Chapter 2 of Part 3 of GEDA's rules ("Rules") for issuing qualifying certificates ("QCs") under Public Law Number 23-135, the undersigned applicant for a QC for the development of affordable housing hereby advises GEDA with respect to its housing units the follows:

6        §1.    **Price(s).**    Selling price(s) of its units,  
7                    *including* the price of the land  
8                    thereunder:

9 \$\_\_\_\_\_ (Plan A)  
0 \$\_\_\_\_\_ (Plan B),  
1 \$\_\_\_\_\_ (Plan C), etc.

2        §2.    **Maximum price.** Maximum price  
3        under §1.03(a) of the Rules:        \$\_\_\_\_\_.

§3. **Numbers.** Numbers of units: \_\_\_\_\_ (Plan A),  
 \_\_\_\_\_ (Plan B),  
 \_\_\_\_\_ (Plan C), etc.,  
 \_\_\_\_\_ Total.  
 (Must be not less than 25)

9        §4.    **Drawings.**        If construction drawings for the units have been  
0 approved by the Guam Department of Public Works, a copy of the same are  
1 submitted with this form. Otherwise, be advised as follows,

2      **Unit size:** \_\_\_\_\_ square feet, Plan A,  
3                                \_\_\_\_\_ square feet, Plan B,  
4                                \_\_\_\_\_ square feet, Plan C, etc.,  
5      **Lot size:** \_\_\_\_\_ square feet, Plan A,

1 \_\_\_\_\_ square feet, Plan B,  
2 \_\_\_\_\_ square feet, Plan C, etc.,  
3 **Bedrooms per unit:** \_\_\_\_\_ Plan A  
4 \_\_\_\_\_ Plan B  
5 \_\_\_\_\_ Plan C, etc.

6 §5. Applicant certifies that the following is an accurate estimate of the  
7 cost of the unit(s):

8 Overhead ..... \$ \_\_\_\_\_ (Plan A)

9 Profit ..... \$ \_\_\_\_\_ (Plan A)

10  
11 Amount of estimated Tax Savings ... \$ \_\_\_\_\_ (Plan A)

12 §6. **Location.** The units are located on Lot(s) No(s)  
13 \_\_\_\_\_, municipality of \_\_\_\_\_, Guam,  
14 containing an aggregate area of \_\_\_\_\_ square meters.

15 §7. **Contractor, etc.** If Applicant is not the contractor for the Project:

16 **Name(s) of contractors and subcontractors:** \_\_\_\_\_

17 \_\_\_\_\_  
18 §8. **Compliance of Construction.** The first increment of the  
19 Project, consisting of \_\_\_\_\_ units, will be completed on or  
20 before \_\_\_\_\_, 199\_\_.

21 *Dated* this \_\_\_\_ day of \_\_\_\_\_, 199\_\_.

22  
23  
24 \_\_\_\_\_,  
25 Applicant,

1

2

3 by \_\_\_\_\_,  
4 \_\_\_\_\_, president.

1 **BEFORE THE**  
2 **GUAM ECONOMIC DEVELOPMENT AUTHORITY ("GEDA")**

3 -----  
4 In the Matter of the Application )  
5 for a Certificate of Exemption )

Case No. \_\_\_\_\_

6 )  
7 by )  
8 )  
9 )  
10 doing business as )  
11 )  
12 )  
13 Applicant. )

**APPLICATION FOR A  
CERTIFICATE OF EXEMPTION**

[§70105 *et seq.*, Chapter 70, Division  
2, Title 12, Guam Code Annotated]

14 -----  
15 GUAM, U.S.A. )  
16 ( ss.:  
17 City of Hagatña. )

18 In accordance with §70105, Chapter 70, Division 2, Title 12, Guam Code  
19 Annotated, and Part 3 of the Rules and Regulations of the Guam Economic  
20 Development Authority on the Issuance of Qualifying Certificates ("Rules"),  
21 \_\_\_\_\_, ("Applicant"), requests the  
22 issuance of a Certificate thereunder, and swears to the following:

23 **ARTICLE 1.**

24 **APPLICANT.**

25 §1.01. Name of Applicant: " \_\_\_\_\_ " (It will  
26 conduct its business under the fictitious name of  
27 " \_\_\_\_\_ ".)





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**ARTICLE 3.**  
**ESTIMATED MATERIALS OR SERVICES TO BE  
PROVIDED FOR THE PROJECT.**

§3.01.     **Certified Estimate.**     Applicant     **CERTIFIES**     that     the  
following is an accurate estimate of the cost of the services or materials to be  
furnished by Applicant to the Project:

Material costs . . . . .	\$_____
Equipment rental, if any . . . . .	\$_____
Labor costs . . . . .	\$_____
Supervision costs. . . . .	\$_____
Other costs:	
Overhead . . . . .	\$_____
Profit . . . . .	\$_____
<i>Total estimated costs: . . . . .</i>	<i>\$_____.</i>

§3.02.     **Tax Savings.**

Amount of gross receipts	
tax on foregoing estimate. . . .	\$_____
Supply contract amount <i>without</i>	
Certificate . . . . .	\$_____
Supply contract with	
Certificate . . . . .	\$_____



**Execution.**

EXECUTED this \_\_\_\_\_ day of \_\_\_\_\_, 199\_\_\_\_.

\_\_\_\_\_  
Applicant,

by \_\_\_\_\_,  
\_\_\_\_\_, duly  
authorized representative.

SUBSCRIBED and SWORN to before me this \_\_\_\_\_ day of  
\_\_\_\_\_, 199\_\_\_\_.

)SEAL( \_\_\_\_\_

# I MINA' BENTE KUATTRO NA LIHESLATURAN GUAHAN

1998 (SECOND) Regular Session

Date: 8/3/98

## VOTING SHEET

Bill No. 480

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

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

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

TOTAL

17 2 1     

CERTIFIED TRUE AND CORRECT:

\_\_\_\_\_  
Clerk of the Legislature



Oficina para i  
Minaolek Guahan

Chairman  
Committee on

Tourism

Economic  
Development

and

Cultural  
Affairs

Vice-Chairman  
Committee on

Natural  
Resources



✓

# Alberto "Tony" Cristobal Lamorena V

Senator  
Twenty-Fourth Guam Legislature

May 19, 1998

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

Dear Mr. Speaker,

The Committee on Tourism, Economic Development and Cultural Affairs, to which was referred **Bill No. 480, An Act to amend §§70105, 70107, 70108 and 70109, Chapter 70, Title 12, Guam Code Annotated, to clarify the Chapter's provisions on Tax Benefits for Hotel, Tourist Facility and Affordable Housing Developers**, has had the same under consideration, and now wishes to report back the same with the recommendation **To Pass**, as substituted.

The Committee votes are as follows:

To Pass	<u>6</u>
Not To Pass	<u>0</u>
Abstain	<u>0</u>
Inactive File	<u>0</u>

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

Sincerely,

ALBERTO C. LAMORENA, V

attachments



**Senator Alberto "Tony" Cristobal Lamorena V**

Chairman

**COMMITTEE ON TOURISM, ECONOMIC DEVELOPMENT  
AND CULTURAL AFFAIRS**

Twenty-Fourth Guam Legislature

VOTING SHEET ON

**BILL NO. 480**

AN ACT TO AMEND 70105, 70107, 70108 AND  
70109, CHAPTER 70, TITLE 12, GUAM CODE  
ANNOTATED, TO CLARIFY THE CHAPTER'S  
PROVISIONS ON TAX BENEFITS FOR HOTEL,  
TOURIST FACILITY AND AFFORDABLE HOUSING  
DEVELOPERS.



**RECOMMENDATION TO**

Committee Members	Signature	To pass	Not to pass	Abstain	Place in Inactive File
Senator Alberto "Tony" Lamorena Chairperson		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Joanne Brown Vice-Chairperson		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Speaker Antonio Unpingco		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Vice-Speaker Anthony Blaz		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Mark Forbes		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Carlotta Leon Guerrero		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Felix Camacho		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Edwardo Cruz, M.D.		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator William Flores		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Senator Mark Charfauros		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>TOTAL VOTES:</b>		6	0	0	0

STATEMENT BY AN APPLICANT FOR A QUALIFYING CERTIFICATE  
COVERING A HOTEL OR TOURIST FACILITY AS TO THE  
DEPOSIT OF FIVE MILLION DOLLARS IN THE HOUSING FUND

Board of Directors,  
Guam Economic Development Authority ("GEDA"),  
GITC Building, Tamuning, Guam.

Please be advised that the undersigned applicant for a Qualifying Certificate covering a \_\_\_\_\_ project intends/does not intend to  
[*hotel or tourist facility*] [strike one]  
deposit Five Million Dollars (\$5,000,000) in U.S. Currency into GEDA's Housing Fund, pursuant to §70109 of Chapter 70, Division 2, Title 12, Guam Code Annotated (the "Hotel and Housing Development Law").

If the undersigned makes such deposit it shall do by \_\_\_\_\_, 19\_\_\_\_  
[*date of deposit*]  
by means of \_\_\_\_\_. The undersigned understands that  
[*method of transfer of funds*]  
such deposit must be unrestricted and unconditional, *subject* to the refund described in the Hotel and Housing Development Law.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 199\_\_.

\_\_\_\_\_,  
Applicant,

by \_\_\_\_\_,  
\_\_\_\_\_, president.

TO: Board of Directors,  
Guam Economic Development Authority ("GEDA"),  
GITC Building, Tamuning, Guam.

FROM: \_\_\_\_\_, QC applicant.  
[name of Applicant]

## INFORMATION ON AFFORDABLE HOUSING UNITS

Pursuant to §2.04 of Chapter 2 of Part 3 of GEDA's rules (the "Rules") for issuing qualifying certificates ("QCs") under Public Law No. 23-135, the undersigned applicant for a QC for the development of affordable housing hereby advises GEDA with respect to its housing units the follows:

§1. **Price(s).** Selling price(s) of its units,

*including* the price of the land

thereunder:

\$\_\_\_\_\_ (Plan A)

\$\_\_\_\_\_ (Plan B),

\$\_\_\_\_\_ (Plan C), etc.

§2. *Maximum price.* Maximum price

under §1.03(a) of the Rules:                 \$

§3. **Numbers.** Numbers of units: \_\_\_\_\_ (Plan A),  
 \_\_\_\_\_ (Plan B),  
 \_\_\_\_\_ (Plan C), etc.,



\_\_\_\_\_ Total.

(Must be not less than 25)

§4. *Drawings.* If construction drawings for the units have been approved by the Guam Department of Public Works, a copy of the same are submitted with this form. Otherwise, be advised as follows,

*Unit size:* \_\_\_\_\_ square feet, Plan A,  
\_\_\_\_\_ square feet, Plan B,  
\_\_\_\_\_ square feet, Plan C, etc.,

*Lot size:* \_\_\_\_\_ square feet, Plan A,  
\_\_\_\_\_ square feet, Plan B,  
\_\_\_\_\_ square feet, Plan C, etc.,

*Bedrooms per unit:* \_\_\_\_\_ Plan A  
\_\_\_\_\_ Plan B  
\_\_\_\_\_ Plan C, etc.

§5. *Location.* The units are located on Lot(s) No(s) \_\_\_\_\_, municipality of \_\_\_\_\_, Guam, containing an aggregate area of \_\_\_\_\_ square meters.

§6. *Contractor, etc.* If Applicant is not the contractor for the Project:

*Name(s) of contractors and subcontractors:* \_\_\_\_\_  
\_\_\_\_\_

§7. *Compliance of construction.* The first increment of the Project, consisting of

\_\_\_\_\_ units, will be completed on or before \_\_\_\_\_, 199\_\_.

*Dated* this \_\_\_\_ day of \_\_\_\_\_, 199\_\_.

\_\_\_\_\_,  
Applicant,

by \_\_\_\_\_,  
\_\_\_\_\_, president.

BEFORE  
THE  
GUAM ECONOMIC DEVELOPMENT AUTHORITY ("GEDA")

In the Matter of the Application  
for a Certificate of Exemption

by

\_\_\_\_\_

a supplier, doing business as

\_\_\_\_\_

Applicant.

Case No. \_\_\_\_\_

**APPLICATION FOR A  
CERTIFICATE OF EXEMPTION  
BY A CONTRACTOR,**

[§70105 *et seq.*, Chapter 70, Division  
2, Title 12, Guam Code Annotated]

TERRITORY OF GUAM,) )

( ss.: )

City of Agaña. )

I n accordance with §70105, Chapter 70, Division 2, Title 12, GuamCode  
Annotated, and Part 3 of the Rules and Regulations of the Guam Economic Development  
Authority on the Issuance of Qualifying Certificates (the "Rules"),  
\_\_\_\_\_, a Guam contractor or supplier  
("Applicant"), requests the issuance of a Certificate thereunder, and swears to the  
following:

ARTICLE 1

APPLICANT

§1.01. *Name of Applicant.* " \_\_\_\_\_ " (It  
will conduct its business under the fictitious name of " \_\_\_\_\_ ".)

§1.02. Address and telephone number of principal Guam office:

\_\_\_\_\_, municipality of \_\_\_\_\_, Guam 969 \_\_\_\_;  
telephone #: (671) \_\_\_\_ - \_\_\_\_; fax #: (671) \_\_\_\_ - \_\_\_\_; e-  
mail address: \_\_\_\_\_.

§1.03. *Location of proposed hotel or tourist facility:* Lot(s) No(s)  
\_\_\_\_\_ and \_\_\_\_\_ (adjacent to \_\_\_\_\_), municipality  
of \_\_\_\_\_, Guam (the "Project").

§1.04. *Name, address and telephone number of Applicant's  
attorney or other representative, if any:* \_\_\_\_-, \_\_\_\_\_, municipality of  
\_\_\_\_\_, Guam 969 \_\_\_\_; telephone #: (671) \_\_\_\_ - \_\_\_\_; fax #:  
(671) \_\_\_\_ - \_\_\_\_.

## ARTICLE 2

### TYPE OF BUSINESS AND OWNERSHIP

§2.01. *Tax structure:* Indicate whether Applicant is a corporation, a  
"Subchapter S" corporation, a partnership, a sole proprietorship, a limited liability  
company, or a trust.

§2.02. *Project for which QC is sought:* (Description of hotel or tourist  
facility eligible under §70105.)

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§2.03. *Work to be performed for Project:* Indicate whether Applicant

is to be a building material supplier, or a supplier of labor or supervisor for construction of the Project.

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### ARTICLE 3

#### ESTIMATED MATERIALS OR SERVICES TO BE PROVIDED FOR THE PROJECT

§3.01. *Certified estimate.* Applicant CERTIFIES that the following is an accurate estimate of the cost of the services or materials to be furnished by Applicant to the Project:

Material costs . . . . .	\$ _____,
Equipment rental, if any. . . . .	\$ _____,
Labor costs . . . . .	\$ _____,
Supervision costs. . . . .	\$ _____,
Other costs:	
Overhead . . . . .	\$ _____,
Profit . . . . .	\$ _____,
<i>Total estimated costs:</i> . . . . .	\$ _____.

§3.02. *Tax savings.*

Amount of gross receipts

tax on foregoing estimate. . . . \$ \_\_\_\_\_

Supply contract amount *without*

Certificate . . . . . \$ \_\_\_\_\_

Supply contract with

Certificate . . . . . \$ \_\_\_\_\_

#### ARTICLE 4

##### ADDITIONAL INFORMATION

§4.01. **QC information.** Name of QC holder or Applicant for QC Project \_\_\_\_\_, QC number if issued: No. \_\_\_\_\_; if not issued, GEDA Case No. \_\_\_\_\_.

§4.02. **License.** A copy of Applicant's articles of incorporation, articles of partnerships, trust indenture, or limited liability company agreement, as the case may be, attached as an exhibit.

#### ARTICLE 5

##### CONCLUSION

§5.01. **Entitlement:** [Brief summary of why Applicant's work on the Project qualifies for a Certificate].

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§5.02. **Request for Certificate:** On the basis of the information

presented in this application, Applicant requests the issuance of a Certificate by GEDA, exempting the proceeds derived by Applicant from its contract for the Project from the tax imposed by Article 2 of the Business Privilege Tax Law.

***Execution***

EXECUTED this \_\_\_\_\_ day of \_\_\_\_\_, 199\_\_\_\_\_.

\_\_\_\_\_,  
Applicant,

by \_\_\_\_\_,  
\_\_\_\_\_, duly  
authorized representative.

SUBSCRIBED and SWORN to before me this \_\_\_\_\_ day of  
\_\_\_\_\_, 199\_\_\_\_\_.

)SEAL(  
\_\_\_\_\_.

**COMMITTEE ON TOURISM, ECONOMIC DEVELOPMENT  
AND CULTURAL AFFAIRS**

Twenty-Fourth Guam Legislature  
155 Hesler Street Agana, Guam 96910

**COMMITTEE REPORT**

**ON**

**Bill No. 480**

**An Act to amend §§70105, 70107, 70108 and 70109, Chapter 70, Title 12, Guam Code Annotated, to clarify the Chapter's provisions on Tax Benefits for Hotel, Tourist Facility and Affordable Housing Developers.**

**COMMITTEE MEMBERS**

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

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

Senator Anthony C. Blaz

Senator Edward J. Cruz, MD

Senator Felix P. Camacho

Senator William B.S.M. Flores

Senator Mark C. Charfauros

Senator Mark Forbes

Senator Carlotta A. Leon Guerrero



## **COMMITTEE REPORT**

### **Bill No. 480**

**An Act to amend §§70105, 70107, 70108 and 70109, Chapter 70, Title 12, Guam Code Annotated, to clarify the Chapter's provisions on Tax Benefits for Hotel, Tourist Facility and Affordable Housing Developers.**

### **INTRODUCTION**

The Committee on Tourism, Economic Development and Cultural Affairs conducted a Public Hearing 2:03 p.m. Tuesday, February 24, 1998 in the Public Hearing Room of the Guam Legislature Temporary Bldg. in Agana.

**Committee Members Present:** Senator Alberto C. Lamorena, V., Chairman  
Senator Joanne M.S. Brown, Vice Chairperson  
Senator Anthony C. Blaz

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

**Government Officials:** Ed Untalan, Administrator  
Guam Economic Development Authority

**Others:** Dave Tydingco, President  
Guam Hotel and Restaurant Association  
Al Pickens, Managing Partner  
Deloitte & Touche LLP

### **SUMMARY OF TESTIMONY**

**Mr. Ed Untalan**, Administrator for the Guam Economic Development Authority, provided the committee with written testimony in support of the bill. In his testimony, Mr. Untalan stated that the Authority is in support of the bill. Mr. Untalan

further stated that the proposed legislation will make certain amendments to P.L. 23-135 and establish Rules and Regulations that will govern the issuance of tax exemptions and rebates as authorized under GEDA's Qualifying Certificate Program relative to the industries affected by P.L. 23-135. Furthermore, the amendment proposed under Bill No. 480 would establish a new sunset clause of four years and the authorizes GEDA Board to extend the time period two years if deemed necessary. The second amendment will grant certain benefits to landowners that sell to affordable housing projects, which is currently afforded to landowners selling their properties for hotels and tourist facility developments. A third amendment will provide a more palatable alternative to hotel developers if they provide an up-front contribution to an affordable housing fund. The original statute awarded an additional 25% rebate of the corporate income taxes to the developer if they make a \$5,000,000 loan for affordable housing. In conclusion, Mr. Untalan stated that the primary objective of the GEDA QC Program, as envisioned by the late Frank Perez, was the stimulation of economic activity and the creation of employment.

**Mr. Dave Tydingco**, President for the Guam Hotel and Restaurant Association, provided the committee with written testimony in support of the bill. In his testimony, Mr. Tydingco stated that, the Guam Hotel and Restaurant Association support the passage of Bill No. 480. The GHRA agree that by extending the time frame for developers to take advantage of tax incentives offered by Guam will benefit the island. Mr. Tydingco continued that in this time off economic uncertainty in Asia, Guam must be prepared and armed to compete with other destinations, not only for tourists, but for investment capital as well to improve our product.

**Mr. Al Pickens**, Managing Partner for Deloitte & Touche LLP in Guam, provided the committee with written testimony in support of the bill. In his testimony, Mr. Pickens stated that, the original legislation provided exemption from Gross Receipt and Use Tax on the construction of needed hotel facilities to minimize cost. This bill relates to GEDA programs intended to expand economic activity within the Guam. According to Mr. Picken's testimony, Guam does not produce adequate capital to build the infrastructure required to facilitate a world-class destination resort. Guam is in an ideal position to compete with other locales as a situs for international trust services. Many, if not the bulk of international trusts, have been established in the Channel Islands. In closing, Mr. Pickens urged the committee to consider these opportunities.

## **COMMITTEE FINDINGS**

As a result of several concerns being raised by the committee members, it is at the recommendation of the Chairman that another hearing be conducted to clarify those concerns of the committee.

## **COMMITTEE RECOMMENDATIONS**

It is the recommendation of the committee is that another hearing be conducted, and that until such time that a second hearing is completed, the committee will refrain from taking a position on the bill at this time.

As a result of the decision by the committee to conduct a second hearing on Bill No. 480, the Committee on Tourism, Economic Development and Cultural Affairs conducted a Public Hearing 1:40 p.m. Friday, May 8, 1998 in the Public Hearing Room of the Guam Legislature Temporary Bldg. in Agana.

**Committee Members Present:** Senator Alberto C. Lamorena, V, Chairman  
Senator Mark Charfauros

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

**Witnesses:** Mr. Ed Untalan, Administrator  
Guam Economic Development Authority  
Mr. Andy Gayle, Legal Council  
Guam Economic Development Authority  
Mr. Al Pickins, Managing Partner  
Deloitte & Touche

### **SUMMARY OF TESTIMONY**

**Mr. Ed Untalan**, Administrator for the Guam Economic Development Authority, provided the committee with oral testimony in support of the bill. In his testimony, Mr. Untalan stated that, the authority maintains the position as in the previous hearing, and that if there were any questions from the committee he would be more than happy to respond.

**Mr. Andy Gayle**, Legal Council for GEDA, stated that proposed changes as recommended by GEDA have been provided for the committees review. Furthermore, in response to Senator Brown's concern, the concern has been provided through the recommended amendments submitted by GEDA.

### **COMMITTEE RECOMMENDATIONS**

The Committee on Tourism, Economic Development and Cultural Affairs hereby reports out Bill No. 480 to the Twenty-Fourth Guam Legislature with the recommendation **To Pass, as substituted.**



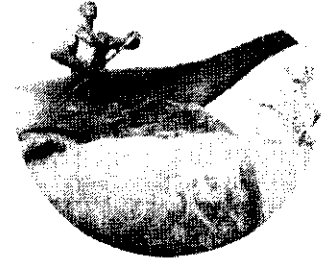
Carl T.C. Gutierrez  
Governor

# GUAM

ECONOMIC DEVELOPMENT AUTHORITY

**ATURIDAD INADILANTON IKUNUMIHAN GUAHAN**

*An Autonomous Agency of the Government of Guam, U.S.A.*



Madeleine Z. Bordallo  
Lieutenant Governor

## TESTIMONY ON:

**Bill No. 480 - An Act to amend §§70105, 70107, 70108, and 70109, Chapter 70, Title 12, GCA, to clarify the Chapter's provisions on Tax Benefits for Hotel, Tourist Facility and Affordable Housing Developers.**

Submitted by:

Ed Untalan

Administrator

Guam Economic Development Authority

February 24, 1997

Good afternoon Chairman Lamorena, esteemed members of the Committee on Tourism, Economic Development and Cultural Affairs, ladies and gentlemen:

My name is Ed Untalan, and I am the Administrator for the Guam Economic Development Authority (GEDA). I am here on behalf of the Authority to provide testimony in support of Bill No. 480. The proposed legislation will make certain amendments to Public Law 23-135 and establish rules and regulations that will govern the issuance of tax exemptions and rebates as authorized under GEDA's Qualifying Certificate (QC) Program relative to the industries affected by PL 23-135.

PL 23-135 became effective January 1, 1997. The law provides additional benefits to developers of hotels, tourist facilities, and new benefits for affordable housing. It was designed to reduce the

**GUAM, USA  
THE ULTIMATE DESTINATION**

cost of construction by providing certain abatements and rebates of gross receipt and use taxes and corporate income taxes, respectively. Additionally, the law provides benefits to individual land owners who are interested in selling or leasing their land to a hotel or tourist facility developer. Since the law was structured to address the projected growth in our visitor industry, as well as the need for affordable housing, a sunset provision of one year was stipulated, which expired on December 31, 1997.

As we anticipated, this sunset provision did not provide adequate time to establish and implement the necessary rules, regulations and marketing plan. The most time consuming effort was placed in the development of the rules and regulations, which took approximately five months to analyze, draft, and process. Our greatest concern, as was the author of the original law, former Senator John Aguon, was to ensure that the savings provided to contractors, subcontractors, and landowners were ultimately passed on to the consumer - the developer or a homeowner. We believe the rules and regulations before you achieves that objective.

Be that as it may, the sunset provision has expired. However, the amendment proposed under Bill 480 would establish a new sunset clause of four years and authorizes the GEDA Board to extend the time period two years, if deemed necessary.

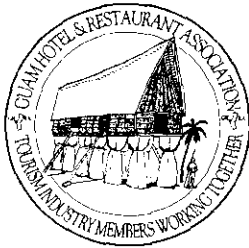
The second amendment will grant certain benefits to landowners that sell to affordable housing projects, which is currently afforded to landowners selling their properties for hotels and tourist facility developments. As GEDA provides interested investors with a database of current land available for development, because the capital gains tax rebate is available for those landowners who sell or lease to developers of hotel/tourist facility development, these landowners are only interested in selling or leasing their land for hotel development. Thus, the amendment proposed will provide the landowner the same benefits if they sold their land for affordable housing, thus providing them with more opportunities.

A third amendment will provide a more palatable alternative to hotel developers if they provide an up-front contribution to an "affordable housing fund." The original statute awarded an additional 25% rebate of the corporate income taxes to the developer if they make a \$5,000,000

“loan” for affordable housing. The funds were to be used to construct affordable housing, upon which the developer would be repaid its principal once the home was sold.

However, the primary concern raised by the developers was the time it would take to accomplish this task and receive its funds back. Thus, discussions with several developers led to the current amendment wherein the funds would be invested and the interest income earned on those investments would be used for the infrastructure development for government-sponsored affordable housing projects. This alternative would guaranty the developer the return of its investment by the agreed upon time.

In closing, I should note that the primary objective of the GEDA QC program, as envisioned by the late Frank Perez, was the stimulation of economic activity and the creation of employment. The success of the program is evidenced by the 4,100 jobs created as of CY 1997. And with the hotel industry alone, the beneficiaries provide approximately \$68,000,000 in wages and salaries, \$13,800,000 in occupancy taxes, and \$9,500,000 in gross receipts taxes. Considering the current Asian economic crisis that has had a negative effect on our Island, it is only appropriate that we take this proactive stance in providing more competitive incentives.



GUAM HOTEL & RESTAURANT ASSOCIATION

SUITE 106 HENGI PLAZA • P. O. BOX 8565 • TAMUNING, GUAM 96931 • TEL: 671 649 1447 • FAX: 671 649 8565

February 24, 1998

Honorable Alberto Lamorena V  
Chairman  
Committee on Tourism, Economic Development & Cultural Affairs  
24th Guam Legislature  
155 Hesler Street  
Agana, Guam 96910

Re: Bill No. 480, An Act to Clarify Provisions on Tax Benefits for Hotels, Tourist Facility and Affordable Housing Developers

Hafa Adai Mr. Chairman, Members of the Committee:

Thank you for giving the Guam Hotel & Restaurant Association the opportunity to provide testimony on Bill No. 480.

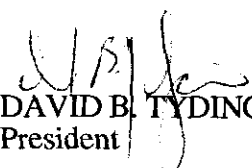
The Guam Hotel & Restaurant Association supports the passage of Bill No. 480. In discussions with the Guam Economic Development Authority, it was clear that the initial time frame to develop rules and regulations for its implementation were insufficient and the program therefore could not be effectively marketed. Therefore, we agree that extending the time frame for developers to take advantage of tax incentives offered by Guam will, without a doubt, benefit our island.

In this time of economic uncertainty in Asia, Guam must be prepared and armed to compete with other destinations, not only for tourists, but for investment capital as well to improve our product. Bill No. 480 provides the additional incentives needed to keep our economy moving forward.

Therefore, we support the passage of Bill 480.

Thank you for the opportunity given to us to provide testimony on this bill.

Si Yu'os Ma'ase,

  
DAVID B. TYDINGCO  
President

cc: Board of Directors



**TESTIMONY BEFORE THE 24TH GUAM LEGISLATURE RELATIVE TO  
BILL #~~450~~400  
FEBRUARY 24, 1998**

My name is Allen A. Pickens. I am the Managing Partner of Deloitte & Touche LLP in Guam. I am here today in support of Bill #490 and to suggest additions to the Bill to address opportunities for further expansion of the Guam economy.

The original legislation provided exemption from Gross Receipts and Use Tax on the construction of needed hotel facilities to minimize the costs thereof. Subsequent to passage of the initial legislation difficulties were encountered in drafting and implementing rules and regulations. The rules and regulations had to be put in place prior to GEDA's issuance of exemption certificates to qualified contractors. For various economic reasons, otherwise qualified developers and contractors wishing to avail themselves of the benefits extended have found it necessary to begin actual construction while awaiting the implementation of rules and regulations. The Bill being discussed today will grant relief from any Gross Receipts and/or Use Tax paid prior to the issuance of the actual exemption certificates to the qualified contractors.

This Bill relates to GEDA programs intended to expand economic activity within the Territory. It is clear that the economic turmoil in Asia is negatively impacting the Guam economy. We can accept this as our fate or we might respond in a more positive way through pursuit of additional opportunities.

Guam does not produce adequate capital to build the infrastructure required to facilitate a world-class destination resort. We have been fortunate in the past to have attracted significant investment, primarily from Japan, to build the hotels, golf courses, etc. which, in turn, have provided the people of Guam a standard of living far above any and all Pacific Island communities. However, the very significant problems within the banking and corporate communities of Guam and Korea indicate that investment capital will be much harder to attract in the future.

Through the help of this and the prior Legislature, we have undertaken to grow an insurance industry on Guam. I am pleased to report that there have been successes to date and there is ever-increasing interest in what this Island can offer the global insurance underwriters. Our neighbor-island communities are giving thought to copying our efforts as they are beginning to see the possibilities. However, just as this Bill is intended to address an issue not contemplated when the original implementing legislation passed, we have found the need to tweak our earlier insurance legislation.

The foreign investors in both our tourism and insurance industries are faced with a very heavy artificial barrier to entry into this market; i.e., the 30% withholding tax on passive income (dividends, interest, etc.) imposed by Section 881 of the Internal Revenue Code. As the Territory is not covered by Tax Treaties, we have the highest withholding tax rate of all U.S. jurisdictions. A tourism industry investor from Japan or an insurance underwriter from Australia (several have expressed interest) is faced with nominal withholding rates in other U.S. jurisdictions (due to the Treaties) and no withholding tax in Bermuda, Cayman Islands or Channel Islands.

Guam is in an ideal position to compete with other locales as a situs for international trust services. Many, if not the bulk of international trusts, have been established in the Channel Islands. Guernsey alone has 76 international banks providing such services. Those banks are not there to service the approximately 32,000 residents of Guernsey. Guam, an American flag Territory, a U.S. dollar economy, and stable government with easy access to U.S. and Asia money and stock markets, could be an attractive venue for those trustors seeking a safe haven for their funds. The GEDA enabling legislation provides the basic structure necessary to pursue this opportunity.

In each of the examples provided herein, tax-free remissions of profits to off-island investors is the key to obtaining massive infusions of funds into our economy. In these times of economic hardship we must

think outside the box and pursue that which is available rather than weep over that with which we are otherwise confronted. We must develop a tailored Qualifying Certificate to allow the rebate of the 30% withholding tax for all foreign investors. In the instance of the prospective trust industry, the QC must also cover the income taxes imposed on such trusts.

Benefits which accrue to us from the tourism industry are well documented. Further, we have discussed at length the prospective benefits to accrue from the fledgeling insurance industry. The trust industry will provide similar benefits in the form of upscale white collar jobs to Guam taxpayers. The banks and other money managers will be fully-taxed corporate citizens of Guam. Taxes withheld or paid to the Government will be available for investment during a 180 period prior to rebatement if the earlier example utilized with insurance underwriters is the accepted model. Assets within our banking system will expand dramatically, generating significant retained surplus to allow expansion of the local loan base.

To reap the aforescribed benefits we give up little or nothing. The 30% tax currently brings in very little tax revenue to the Government of Guam. There are virtually no international trusts yet established within the Territory. The global insurance underwriters are not yet here; thus, are not paying such taxes at this point.

I urge this Body to consider these opportunities.

COMMITTEE ON TOURISM, ECONOMIC DEVELOPMENT  
& CULTURAL AFFAIRS

Public Hearing

1:40 p.m. Friday, May 8, 1998

**AGENDA**

**I. Confirmation Hearing on:**

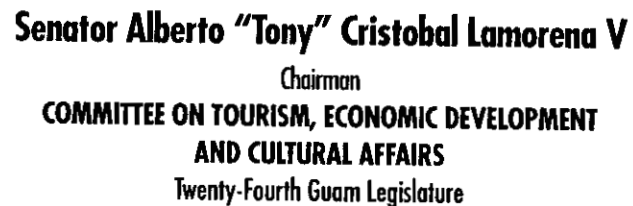
The appointment of **Ms. Marie C. Barretto** to serve as an Acting Member of the Guam Council on the Arts and Humanities.

The appointment of **Mr. Eddie L.G. Benavente** to serve as an Acting Member of the Chamorro Language Commission.

**II. Bill No. 531:** An Act to Add a New Chapter 77 to Title 12, Guam Code Annotated, to Establish Economic Incentives to Enhance and Improve Guam's Local Commuter Air Service.

**III. Bill No. 480:** An Act to Amend §§70105, 70107, 70108 and 70109, Chapter 70, Title 12, Guam Code Annotated, to Clarify the Chapter's Provisions on Tax Benefits for Hotel, Tourist Facility and Affordable Housing Developers.

[illegible]



Public Hearing Room, Guam Legislature Temporary Bldg.  
155 Hesler St., Agaña, Guam 96910



# BILL NO. 480

[illegible]

## MANAGER

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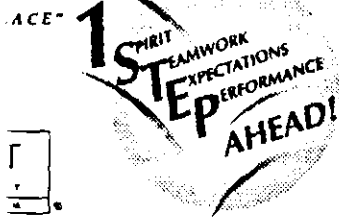
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ITY EMPLOYER

TUNING, GUAM 96911

PDN Article

Monday, May 4, 1998

All proposals must be submitted to the GPA Procurement Office, Attn: Ricardo S. Unpingco, General Manager, IT&E Harmon Plaza Complex, Wing A, Harmon, Guam 96911, by 4:00 P.M., May 19, 1998.

Carl T.C. Gutierrez  
Governor of Guam

Madeleine Z. Bordallo  
Lt. Governor of Guam

Ricardo S. Unpingco  
General Manager

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## PUBLIC NOTICE

TWENTY-FOURTH



GUAM LEGISLATURE

Senator Alberto C. Lamorena, V, Chairman of the Committee on Tourism, Economic Development and Cultural Affairs will be conducting a Public Hearing on Friday, May 8, 1998, starting at 1:40 p.m. in the Guam Legislature Public Hearing Room, to receive testimony on the following:

### Confirmation Hearings on:

The Appointment of Ms. Marie C. Barretto, to serve as an Acting Member of the Guam Council on the Arts and Humanities; and  
The Appointment of Mr. Eddie L.G. Benavente, to serve as a Member of the Chamorro Language Commission.

Bill No. 531: An Act to add a New Chapter 77 to Title 12, Guam Code Annotated, to establish economic incentives to enhance and improve Guam's local commuter air service.

Bill No. 480: An Act to amend 70105, 70107, 70108, and 70109, Chapter 70, Title 12, GCA, to clarify the Chapter's provisions on tax benefits for hotel, tourist facility and affordable housing developers.

Members of the Public are welcome to attend. For additional information, please call the Office of Senator Lamorena at 472-3594. You may fax your testimony to 472-3588 or send you testimony to our E-Mail: [tonyv@kuentos.guam.net](mailto:tonyv@kuentos.guam.net)

Individuals requiring special accomodations, auxiliary aids or services are asked to contact the Office of Senator Lamorena.