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2011 APR 12
RAY TENORIO
Lieutenant Governor
31-11-407 55

EDDIE BAZA CALVO
Governor

Office of the Governor of Guam

April 8, 2011

Honorable Judith T. Won Pat, Ed.D.
Speaker
I Mina' Trentai Unu na Liheslaturan Guåhan
155 Hesler Place
Hagatna, Guam 96932

4/11/11
10:25 A.M.
JENJ

Dear Madam Speaker:

Transmitted herewith is Substitute Bill No. 36-31 (COR) "AN ACT TO ADD A NEW ARTICLE 3 TO CHAPTER 50, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE 'GOVERNMENT OF GUAM MITIGATION PROGRAM FOR BUSINESS INTERRUPTION'", which was enacted into law without my signature. The legislation is now designated as **Public Law 31-13**.

Senseramente,

EDDIE BAZA CALVO

Attachment: copy of Bill

407

FILE COPY

I MINA'TRENTAI UNU NA LIHESLATURAN GUÅHAN
2011 (FIRST) Regular Session

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

This is to certify that Substitute Bill No. 36-31 (COR), "AN ACT TO ADD A NEW ARTICLE 3 TO CHAPTER 50, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE "GOVERNMENT OF GUAM MITIGATION PROGRAM FOR BUSINESS INTERRUPTION," returned without approval of *I Maga'lahaen Guåhan*, was reconsidered by *I Liheslaturan Guåhan* and after such consideration, did agree, on the 30th day of March, 2011, to pass said bill notwithstanding the veto of *I Maga'lahaen Guåhan* by a vote of fourteen (14) Members.



Judith T. Won Pat, Ed. D.
Speaker

Attested:



Tina Rose Muña Barnes
Legislative Secretary

.....

This Act was received by *I Maga'lahaen Guåhan* this 31st day of March, 2011, at
9:40 o'clock A.M.



Juli Dela Rosa
Assistant Staff Officer
Maga'lahaen's Office

Public Law No. 31-13

I MINA'TRENTAI UNU NA LIHESLATURAN GUÅHAN
2011 (FIRST) Regular Session

Bill No. 36-31 (COR)

As substituted by the Committee on Health & Human Services, Economic Development, and Election Reform, and amended on the Floor.

Introduced by:

v. c. pangelinan
T. C. Ada
V. Anthony Ada
F. F. Blas, Jr.
B. J.F. Cruz
Chris M. Duenas
Judith P. Guthertz, DPA
Sam Mabini, Ph.D.
T. R. Muña Barnes
Adolpho B. Palacios, Sr.
Dennis G. Rodriguez, Jr.
R. J. Respicio
M. Silva Taijeron
Aline A. Yamashita, Ph.D.
Judith T. Won Pat, Ed.D.

**AN ACT TO *ADD* A NEW ARTICLE 3 TO CHAPTER 50,
TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO
ESTABLISHING THE “GOVERNMENT OF GUAM
MITIGATION PROGRAM FOR BUSINESS
INTERRUPTION.”**

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

2 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds
3 that the expansion of the United States’ military footprint will result in increased
4 construction activity, particularly in the public infrastructure sector. At present,
5 there has been an increase in road construction throughout the island of Guam,

1 both in volume and scope, to levels which are negatively impacting villages, its
2 residents, and businesses. The expansion of the United States' military footprint
3 on Guam imposes a tremendous strain on Guam's finite resources. With dozens of
4 road construction projects covering hundreds of miles being undertaken at the
5 same time, timely completion of the projects has been problematic, and
6 harmonious, orderly, and beneficial improvements that sustain the current quality
7 of life for village residents, commuters, and businesses are not achieved.

8 As such, *I Liheslaturan Guåhan* finds that appropriate mitigation programs
9 need to be in place to ensure that the negative impact of road construction on
10 residents and businesses is minimized.

11 Therefore, *I Liheslaturan Guåhan* intends to empower and authorize the
12 Guam Economic Development Authority (GEDA) to develop, implement, and
13 administer the "***Government of Guam Mitigation Program for Business***
14 ***Interruption***", known herein as "Program", with the purpose of providing financial
15 relief to businesses adversely affected by government projects, including, but *not*
16 *limited to* road construction. The following authority granted to GEDA coincides
17 with its self-proclaimed mission to develop a sound and sustainable economy
18 through innovative programs that preserve and promote local culture, economic
19 opportunities, and quality of life.

20 As the following Program seeks to expand on the capability of GEDA, the
21 funding source of the Program *shall* be derived from the resources generated by
22 GEDA. Specifically, GEDA has the ability to generate revenues from various
23 sources, such as proceeds from bond origination fees, which are sporadic but are of
24 sizable amounts. As bond proceeds do *not* represent routine revenue sources, these
25 funds will be available to fund nascent programs such as the Program. In Fiscal
26 Year 2010, GEDA collected in excess of Five Hundred Thousand Dollars
27 (\$500,000) in bond fees associated with bond sales for the Guam Power Authority,

1 the Guam Waterworks Authority, and International Bridge Corporation. Bond fees
2 earned by GEDA last fiscal year *shall* serve as the seed capital for the Program.

3 Likewise, GEDA’s function of providing loans in pursuit of the economic
4 development of Guam is *not* a new concept; rather, loans granted under the
5 Program is nothing but a logical expansion of the scope of GEDA’s role in the
6 sustainability of economic development. Rather than create new industries, the
7 Program seeks to preserve current industries and keep businesses in place.

8 The goal of the Program is to provide financial assistance through grants and
9 loans to small and mid-size businesses adversely impacted by government projects,
10 such as road construction, so as to ensure their continued existence and minimize
11 interruption to local commerce.

12 The financial assistance provided by the Program does *not* intend to stifle
13 free market competition, but rather to promote it. It seeks to promote free market
14 competition by supporting small and mid-size businesses that have been operating
15 successfully and keeping their doors open when faced with material changes in
16 their physical environment caused by circumstances beyond their control. As the
17 change in their physical environment was attributable to government projects, *I*
18 *Liheslaturan Guåhan* intends to make whole the businesses impacted by
19 supplanting their significant drop in revenues, thereby preserving the current
20 competitors in the industry.

21 **Section 2. Establishment of the Government of Guam Mitigation**
22 **Program for Business Interruption.** A new Article 3 is added to Chapter 50,
23 Title 12, Guam Code Annotated, to read:

24 **“ARTICLE 3**

25 **GUAM ROAD CONSTRUCTION MITIGATION**

26 **GRANT AND LOAN GUARANTEE PROGRAM**

27 **§50301. Establishment.**

1 **§50302. Definitions.**

2 **§50303. Administration.**

3 **§50304. Eligibility.**

4 **§50305. Applications.**

5 **§50306. Application for Program Grants.**

6 **§50307. Application for Program Loans.**

7 **§50308. Appeal.**

8 **§50309. Funding.**

9 **§50310. Fund Distribution.**

10 **§50301. Establishment.** The Guam Economic Development
11 Authority (GEDA) *shall* develop, implement, and administer the
12 Government of Guam Mitigation Program for Business Interruption to make
13 grants, loans, or a combination of both to small and mid-size businesses to
14 mitigate the impacts of government projects.

15 **§50302. Definitions.** For purposes of this Section, *except* as
16 otherwise specifically provided, the following words and phrases, together
17 with all of the common derivatives thereof (i.e. verbs, plurals, feminine,
18 gender, etc.) *shall* have the meaning ascribed to them in this Section.

19 (a) *applicant* means a small or midsize business;

20 (b) *Administrator* means the Administrator of the Guam Economic
21 Development Authority;

22 (c) *eligible government project* means a project that will affect one
23 or more small or mid-size businesses as a result of construction
24 work because the construction is anticipated to impair access
25 for a minimum period of one month;

26 (d) *project* means any improvement or alteration to real property,
27 including demolition work to clear a site;

- 1 (e) *government* means the government of Guam or its
2 instrumentality;
- 3 (f) *small business* means a business that generates gross profit less
4 than or equal to Two Hundred Thousand Dollars (\$200,000) on
5 an annual basis, and is located in an area that is adjacent to an
6 eligible government project;
- 7 (g) *mid-size business* means a business that generates gross profit
8 less than or equal to One Million Dollars (\$1,000,000) and
9 gross sales less than or equal to Two Million Dollars
10 (\$2,000,000) on an annual basis, and is located in an area that is
11 adjacent to an eligible government project; and
- 12 (h) *Program* means the Government of Guam Mitigation Program
13 for Business Interruption.

14 **§50303. Administration.** The following provisions *shall* govern
15 the administration of this entire Chapter.

16 (a) Administrator. The Administrator of the Guam
17 Economic Development Authority of the Government of Guam
18 (herein known as the Administrator) *shall* have the following duties,
19 powers, and authority:

20 (1) Establish procedures for receiving, responding to,
21 and approval of applications to the Program, which *shall* be
22 submitted to the Speaker of *I Liheslaturan Guåhan* within thirty
23 (30) days of enactment. The Administrator *shall* notify each
24 applicant, in writing, of the outcome of the application *no later*
25 *than* fifteen (15) days after a completed application package is
26 received. *If* an applicant to the Program is denied, the
27 Administrator *shall* provide *no later than* three (3) days after

1 the decision, a written explanation on the basis of the denial.
2 An applicant denied by the Administrator may appeal the
3 decision pursuant to §50308 of this Article.

4 (2) Establish procedures for the periodic assessment of
5 the Program which *shall* be transmitted to the Speaker of *I*
6 *Liheslaturan Guåhan* sixty (60) days after the close of the fiscal
7 year. The assessment, at a minimum, *shall* include the number
8 of applicants to the Program, the names of Program recipients,
9 funds distributed for the year, the current balance of the
10 Program, and Program analysis on its legislative intent.

11 (3) Publish on the Guam Economic Development
12 Authority website, sixty (60) days after the close of the fiscal
13 year, the number of applicants to the Program, the names of
14 Program recipients, the number of Program recipients, funds
15 distributed for the year, the current balance of the Program and
16 Program analysis on its legislative intent.

17 (4) Establish criteria for the review and approval of
18 Program applications consistent with this Article and its intent.

19 (5) Promote and publish on the Guam Economic
20 Development Authority website information regarding the
21 Program, its requirements, and benefits to small and mid-size
22 business owners.

23 **§50304. Eligibility.** To be eligible for Program benefits an
24 applicant must meet the eligibility criteria as stipulated below. Program
25 applicants *shall*:

26 (a) be bona fide residents of Guam and a United States
27 citizen, or a permanent resident alien;

1 (b) *not* have any outstanding taxes due to the Department of
2 Revenue and Taxation and/or any outstanding debts at the Guam
3 Memorial Hospital Authority which are *not* subject to an approved
4 and current payment plan prior to the commencement of the eligible
5 project as defined in §50302 (c);

6 (c) possess a valid business license;

7 (d) be current with all reporting of taxes to the Department
8 of Revenue and Taxation; and

9 (e) *not* be required to submit two (2) bank denials to qualify
10 for programs stipulated in §§ 50306 and 50307.

11 **§50305. Applications.** An applicant *shall* prepare and submit to
12 the Administrator a written proposal detailing strategies on how the
13 applicant will implement the funds received to ensure the viability of the
14 business. Specific requirements for §§ 50304 and 50305 are enumerated in
15 §§ 50306 and 50307 of this Article. Applicants receiving funds through §§
16 50306 and 50307 of this Article *shall* be required to seek technical
17 assistance through the University of Guam Small Business Development
18 Center (SBDC), *or* other similar organizations approved by the Guam
19 Economic Development Authority.

20 **§50306. Application for Program Grants.** Applicants who are
21 owners of small businesses *shall* be eligible for a Twelve Thousand Dollar
22 (\$12,000) grant from the Guam Economic Development Authority. The
23 grant *shall* have the following limitations:

24 (a) the grant *shall* be used to subsidize general operating expenses
25 and provide working capital to small businesses, including, but
26 *not* limited to, the payment of rent, employee salaries and
27 benefits, supplies, and utilities;

- 1 (b) the grant is non-renewable; and
- 2 (c) the grant will be distributed in three (3) equal payments on the
- 3 10th of each month over three (3) months.

4 Upon expiration of the grant, the grant recipients have the option of
5 applying for a loan pursuant to §50307. *No* additional documents need to be
6 submitted by grant recipients to receive the Program loans.

7 **§50307. Application for Program Loans.** Applicants who are owners
8 of mid-size businesses *shall* be eligible for a loan of up to One Hundred Thousand
9 Dollars (\$100,000) from the Guam Economic Development Authority. The loan
10 *shall* have the following limitations:

- 11 (a) the loan *shall* be used to subsidize general operating expenses,
12 including, but *not* limited to, the payment of rent, employee
13 salaries and benefits, supplies, utilities and other necessary
14 expenses for implementation of business recovery plan, such as
15 relocation expenses and diversification of products and
16 services;
- 17 (b) the loan *shall* be payable in a period *not to exceed* ten (10)
18 years;
- 19 (c) the interest rate on the loan *shall* be based on the U.S. Treasury
20 Index Rate plus *up to* four percent (4%);
- 21 (d) interest only payments *shall* be allowed for the duration of the
22 construction period and six (6) months after the completion of
23 the project; and
- 24 (e) the loan is non-renewable.

25 **§50308. Appeal.** An applicant may appeal a denial within thirty
26 (30) days of receipt of the written denial notice. The applicant *shall* submit
27 to the Guam Economic Development Authority Board appropriate

1 documentation disputing the basis of the denial. The Board *shall* render a
2 decision within five (5) days after receipt of an appeal. The decision of the
3 Board *shall* be final.

4 **§50309. Funding.** The funding sources of the Program *shall*
5 come from the following sources:

6 (a) The Guam Economic Development Authority may obtain
7 business interruption insurance policy coverage of up to Two Million
8 Dollars (\$2,000,000) for the purpose of distributing grant benefits
9 pursuant to §50306. Payment of the annual insurance premiums for
10 the policy coverage *shall* be taken from the bond origination fees
11 generated by GEDA;

12 (b) The Guam Economic Development Authority *shall* make
13 available from the Guam Economic Development Fund Act (GEDFA)
14 *no less than* Five Hundred Thousand Dollars (\$500,000) and *up to*
15 One Million Dollars (\$1,000,000), which *shall* provide the funding
16 source for the loans granted pursuant to §50307; and

17 (c) The sum of Four Hundred Thousand Dollars (\$400,000)
18 is appropriated from the operating fund balance of the Guam
19 Economic Development Authority for the grant program pursuant to
20 12 G.C.A. §50306.

21 (d) DPW *shall* provide as part of its planning and
22 procurement of road construction, funding for economic mitigation
23 and business interruption.

24 **§50310. Fund Distribution.** In distributing funds, the
25 Administrator *shall* consider the types of businesses affected by the eligible
26 government project and *shall* balance funding between the number of
27 eligible applicants and the funds available in this Article.

1 **§50311.** The Board *shall* have the authority to accept applications
2 and award grants and loans for businesses affected by ongoing projects prior
3 to the submission and adoption of the requirements of 12 G.C.A. §50303 (a)
4 (1) and (4).”

5 **Section 3. Severability.** *If* any provision of this Law or its application to
6 any person or circumstances is found to be invalid or contrary to law, such
7 invalidity *shall not* affect other provisions or applications of this Law which can be
8 given effect without the invalid provisions or application, and to this end the
9 provisions of this Law are severable.

Overridden

I MINA' TRENTAI UNU NA LIHESLATURAN GUAHAN

2011 (FIRST) Regular Session

Date: 3/30/11

VOTING SHEET

Vetoed
Bill No. 36-31(COR)

Resolution No. _____

Question: _____

<u>NAME</u>	<u>YEAS</u>	<u>NAYS</u>	<u>NOT VOTING/ ABSTAINED</u>	<u>OUT DURING ROLL CALL</u>	<u>ABSENT</u>
ADA, Thomas C.	✓				
ADA, V. Anthony	✓				
BLAS, Frank F., Jr.	✓				
CRUZ, Benjamin J. F.					EA
DUENAS, Christopher M.	✓				
GUTHERTZ, Judith Paulette	✓				
MABINI, Sam	✓				
MUNA-BARNES, Tina Rose	✓				
PALACIOS, Adolpho Borja, Sr.	✓				
PANGELINAN, vicente (ben) cabrera	✓				
RESPICIO, Rory J.	✓				
RODRIGUEZ, Dennis G., Jr.	✓				
SILVA TAIJERON, Mana	✓				
WON PAT, Judith T.	✓				
YAMASHITA, Aline A.	✓				

TOTAL	<u>14</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
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CERTIFIED TRUE AND CORRECT:

Patricia C. Santos
Clerk of the Legislature

* 3 Passes = No vote
EA = Excused Absence

EDDIE BAZA CALVO
Governor



RAY TENORIO
Lieutenant Governor

Office of the Governor of Guam

March 9, 2011

Honorable Judith T. Won Pat, Ed.D.
Speaker
I Mina' Trentai Unu na Liheslaturan Guåhan
155 Hesler Place
Hagatna, Guam 96932

Dear Madam Speaker,

Transmitted herewith is Substitute Bill No. 36-31 (COR), entitled: "AN ACT TO ADD A NEW ARTICLE 3 TO CHAPTER 50, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE 'GOVERNMENT OF GUAM MITIGATION PROGRAM FOR BUSINESS INTERRUPTION'", which I vetoed.

I was compelled to veto this bill because it is unnecessary legislation and because this bill is fatally flawed. As to the legislation being unnecessary, the Guam Economic Development Authority (GEDA) already offers this assistance to small and mid-size businesses in the way of micro-loans to businesses who may be adversely affected by road construction. In fact, GEDA is actively operating its community outreach program to promote these micro-loans it is offering to all businesses currently affected by road construction, especially those businesses near the intersections of Routes 8, 10 and 16 (the "tri-intersection"). GEDA has scheduled the first of its community outreach seminars with the Mayor of Barrigada, to take place at the Barrigada Community Center on March 15, 2011. GEDA is also approaching businesses near the tri-intersection to disseminate letters regarding this outreach program and flyers describing GEDA's micro-loan program. Finally, GEDA has utilized the assistance of University of Guam's Small Business Development Center (SBDC) as a partner in its outreach program to provide technical assistance to those interested businesses. GEDA will continue to vigorously carry out its community outreach and micro-loan programs for any and all small and mid-size businesses who may be negatively affected by road construction projects anywhere on Guam.

Besides being unnecessary legislation, this bill is inherently flawed and incapable of reasonable execution by virtue of its several deficiencies. First, there is no requirement for eligible business applicants described in this bill that those businesses be anywhere near road construction, much less that they be adversely affected by it. This lack of important detail could undermine the intent of the program by its overbroad application. Second, the bill fails to identify realistic funding sources for its proposed programs. One of those described is simply illusory. Section 50309(a) talks about using bond origination fees to purchase business interruption insurance; however, those fees were previously programmed for GEDA operations in fiscal year 2010 and used accordingly. GEDA's financial audit released last week reveals there is a \$15,000 revenue gain from these fees, which is vastly insufficient for the purposes proposed by this bill.

31-11-106

3-9-11
2:52 PM

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Transmittal of Substitute Bill 36-31 (COR)

March 9, 2011

Page 2 of 2

Furthermore, it is a defective idea to purchase business interruption insurance when there is a nearly absolute certainty that claims will be made on the insurance policy, since inevitable road construction is bound to adversely affect some businesses in the future. Thus it would be either impossible or highly cost-prohibitive to obtain this type of insurance. Rather than insurance based on risk, GEDA would essentially be seeking a subsidy to fund an almost certainty. Finally, Section 50309(c) is ambiguous at best because the source of funding described is unclear.

Therefore, due to this legislation being unnecessary as GEDA is already effectively assisting small and mid-size businesses affected by road construction, and due to the faulty provisions within it, I have vetoed Substitute Bill 36-31(COR).

Senseramente,



EDDIE BAZA CALVO

Attachment: copy of Bill

**I MINA'TRENTAI UNU NA LIHESLATURAN GUÅHAN
2011 (FIRST) Regular Session**

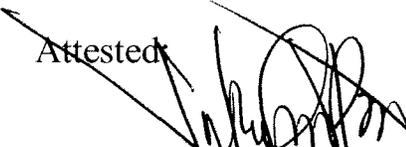
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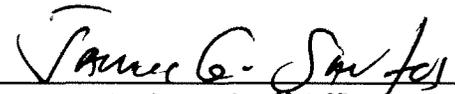


**Judith T. Won Pat, Ed.D.
Speaker**

Attested:


**Tina Rose Muña Barnes
Legislative Secretary**

This Act was received by *I Maga'lahaen Guåhan* this 25th day of Feb, 2011, at 7:14 o'clock P.M.


Assistant Staff Officer
Maga'lahaen's Office

APPROVED:


**EDWARD J.B. CALVO
*I Maga'lahaen Guåhan***

Police Sgt 1 ESS

Date: _____

Public Law No. _____

I MINA'TRENTAI UNU NA LIHESLATURAN GUÅHAN
2011 (FIRST) Regular Session

Bill No. 36-31 (COR)

As substituted by the Committee on Health & Human Services, Economic Development, and Election Reform, and amended on the Floor.

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- 7 (g) *mid-size business* means a business that generates gross profit
8 less than or equal to One Million Dollars (\$1,000,000) and
9 gross sales less than or equal to Two Million Dollars
10 (\$2,000,000) on an annual basis, and is located in an area that is
11 adjacent to an eligible government project; and
- 12 (h) *Program* means the Government of Guam Mitigation Program
13 for Business Interruption.

14 **§50303. Administration.** The following provisions *shall* govern
15 the administration of this entire Chapter.

16 (a) Administrator. The Administrator of the Guam
17 Economic Development Authority of the Government of Guam
18 (herein known as the Administrator) *shall* have the following duties,
19 powers, and authority:

20 (1) Establish procedures for receiving, responding to,
21 and approval of applications to the Program, which *shall* be
22 submitted to the Speaker of *I Liheslaturan Guåhan* within thirty
23 (30) days of enactment. The Administrator *shall* notify each
24 applicant, in writing, of the outcome of the application *no later*
25 *than* fifteen (15) days after a completed application package is
26 received. *If* an applicant to the Program is denied, the
27 Administrator *shall* provide *no later than* three (3) days after

1 the decision, a written explanation on the basis of the denial.
2 An applicant denied by the Administrator may appeal the
3 decision pursuant to §50308 of this Article.

4 (2) Establish procedures for the periodic assessment of
5 the Program which *shall* be transmitted to the Speaker of *I*
6 *Liheslaturan Guåhan* sixty (60) days after the close of the fiscal
7 year. The assessment, at a minimum, *shall* include the number
8 of applicants to the Program, the names of Program recipients,
9 funds distributed for the year, the current balance of the
10 Program, and Program analysis on its legislative intent.

11 (3) Publish on the Guam Economic Development
12 Authority website, sixty (60) days after the close of the fiscal
13 year, the number of applicants to the Program, the names of
14 Program recipients, the number of Program recipients, funds
15 distributed for the year, the current balance of the Program and
16 Program analysis on its legislative intent.

17 (4) Establish criteria for the review and approval of
18 Program applications consistent with this Article and its intent.

19 (5) Promote and publish on the Guam Economic
20 Development Authority website information regarding the
21 Program, its requirements, and benefits to small and mid-size
22 business owners.

23 **§50304. Eligibility.** To be eligible for Program benefits an
24 applicant must meet the eligibility criteria as stipulated below. Program
25 applicants *shall*:

26 (a) be bona fide residents of Guam and a United States
27 citizen, or a permanent resident alien;

1 (b) *not* have any outstanding taxes due to the Department of
2 Revenue and Taxation and/or any outstanding debts at the Guam
3 Memorial Hospital Authority which are *not* subject to an approved
4 and current payment plan prior to the commencement of the eligible
5 project as defined in §50302 (c);

6 (c) possess a valid business license;

7 (d) be current with all reporting of taxes to the Department
8 of Revenue and Taxation; and

9 (e) *not* be required to submit two (2) bank denials to qualify
10 for programs stipulated in §§ 50306 and 50307.

11 **§50305. Applications.** An applicant *shall* prepare and submit to
12 the Administrator a written proposal detailing strategies on how the
13 applicant will implement the funds received to ensure the viability of the
14 business. Specific requirements for §§ 50304 and 50305 are enumerated in
15 §§ 50306 and 50307 of this Article. Applicants receiving funds through §§
16 50306 and 50307 of this Article *shall* be required to seek technical
17 assistance through the University of Guam Small Business Development
18 Center (SBDC), *or* other similar organizations approved by the Guam
19 Economic Development Authority.

20 **§50306. Application for Program Grants.** Applicants who are
21 owners of small businesses *shall* be eligible for a Twelve Thousand Dollar
22 (\$12,000) grant from the Guam Economic Development Authority. The
23 grant *shall* have the following limitations:

24 (a) the grant *shall* be used to subsidize general operating expenses
25 and provide working capital to small businesses, including, but
26 *not* limited to, the payment of rent, employee salaries and
27 benefits, supplies, and utilities;

- 1 (b) the grant is non-renewable; and
2 (c) the grant will be distributed in three (3) equal payments on the
3 10th of each month over three (3) months.

4 Upon expiration of the grant, the grant recipients have the option of
5 applying for a loan pursuant to §50307. *No* additional documents need to be
6 submitted by grant recipients to receive the Program loans.

7 **§50307. Application for Program Loans.** Applicants who are owners
8 of mid-size businesses *shall* be eligible for a loan of up to One Hundred Thousand
9 Dollars (\$100,000) from the Guam Economic Development Authority. The loan
10 *shall* have the following limitations:

- 11 (a) the loan *shall* be used to subsidize general operating expenses,
12 including, but *not* limited to, the payment of rent, employee
13 salaries and benefits, supplies, utilities and other necessary
14 expenses for implementation of business recovery plan, such as
15 relocation expenses and diversification of products and
16 services;
17 (b) the loan *shall* be payable in a period *not to exceed* ten (10)
18 years;
19 (c) the interest rate on the loan *shall* be based on the U.S. Treasury
20 Index Rate plus *up to* four percent (4%);
21 (d) interest only payments *shall* be allowed for the duration of the
22 construction period and six (6) months after the completion of
23 the project; and
24 (e) the loan is non-renewable.

25 **§50308. Appeal.** An applicant may appeal a denial within thirty
26 (30) days of receipt of the written denial notice. The applicant *shall* submit
27 to the Guam Economic Development Authority Board appropriate

1 documentation disputing the basis of the denial. The Board *shall* render a
2 decision within five (5) days after receipt of an appeal. The decision of the
3 Board *shall* be final.

4 **§50309. Funding.** The funding sources of the Program *shall*
5 come from the following sources:

6 (a) The Guam Economic Development Authority may obtain
7 business interruption insurance policy coverage of up to Two Million
8 Dollars (\$2,000,000) for the purpose of distributing grant benefits
9 pursuant to §50306. Payment of the annual insurance premiums for
10 the policy coverage *shall* be taken from the bond origination fees
11 generated by GEDA;

12 (b) The Guam Economic Development Authority *shall* make
13 available from the Guam Economic Development Fund Act (GEDFA)
14 *no less than* Five Hundred Thousand Dollars (\$500,000) and *up to*
15 One Million Dollars (\$1,000,000), which *shall* provide the funding
16 source for the loans granted pursuant to §50307; and

17 (c) The sum of Four Hundred Thousand Dollars (\$400,000)
18 is appropriated from the operating fund balance of the Guam
19 Economic Development Authority for the grant program pursuant to
20 12 G.C.A. §50306.

21 (d) DPW *shall* provide as part of its planning and
22 procurement of road construction, funding for economic mitigation
23 and business interruption.

24 **§50310. Fund Distribution.** In distributing funds, the
25 Administrator *shall* consider the types of businesses affected by the eligible
26 government project and *shall* balance funding between the number of
27 eligible applicants and the funds available in this Article.

1 **§50311.** The Board *shall* have the authority to accept applications
2 and award grants and loans for businesses affected by ongoing projects prior
3 to the submission and adoption of the requirements of 12 G.C.A. §50303 (a)
4 (1) and (4).”

5 **Section 3. Severability.** *If* any provision of this Law or its application to
6 any person or circumstances is found to be invalid or contrary to law, such
7 invalidity *shall not* affect other provisions or applications of this Law which can be
8 given effect without the invalid provisions or application, and to this end the
9 provisions of this Law are severable.



Ufisinan Todu Guam
SENATOR DENNIS G. RODRIGUEZ, Jr.
I Mina'trentai Unu Na Liheslaturan Guahan
CHAIRMAN, COMMITTEE ON HEALTH & HUMAN SERVICES,
ECONOMIC DEVELOPMENT, SENIOR CITIZENS AND ELECTION REFORM

February 16, 2011

Honorable Judith T. Won Pat
Speaker
I Mina'Trentai Una na Liheslaturan Guahan
155 Hesler Place
Hagatña, Guam 96910

VIA: The Honorable Rory J. Respicio
Chairperson, Committee on Rules

RE: Committee Report - Bill No. 36-31 (COR), as Substituted.

2011 FEB 21 AM 9:00
DC

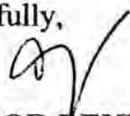
Dear Speaker Won Pat:

Transmitted herewith is the **Committee Report** on Transmitted herewith for your consideration is the Committee Report on **BILL NO. 36-31 (COR), as SUBSTITUTED – AN ACT TO ADD A NEW ARTICLE 3 TO CHAPTER 50, TITLE 12, GUAM CODE ANNOTATED, ESTABLISHING THE “GOVERNMENT OF GUAM MITIGATION PROGRAM FOR BUSINESS INTERRUPTION;** sponsored by Vicente C. Pangelinan, and referred to the Committee on Health & Human Services, Economic Development, Senior Citizens, and Election Reform. Bill No. 36-31 (COR) was publicly heard on January 28, 2011.

Committee votes are as follows:

 7 **TO PASS**
 NOT TO PASS
 ABSTAIN
 1 **TO REPORT OUT ONLY**
 TO PLACE IN INACTIVE FILE

Respectfully,


SENATOR DENNIS G. RODRIGUEZ, JR.

Attachment



Ufisinan Todu Guam

SENATOR DENNIS G. RODRIGUEZ, Jr.

I Mina'trentai Unu Na Liheslaturan Guåhan

CHAIRMAN, COMMITTEE ON HEALTH & HUMAN SERVICES,
ECONOMIC DEVELOPMENT, SENIOR CITIZENS AND ELECTION REFORM

**COMMITTEE
REPORT
ON**

BILL NO. 36-31 (COR), as Substituted

Sponsored by Vicente C. Pangelinan

**“AN ACT TO ADD A NEW ARTICLE 3 TO
CHAPTER 50, TITLE 12, GUAM CODE
ANNOTATED, ESTABLISHING THE
“GOVERNMENT OF GUAM MITIGATION
PROGRAM FOR BUSINESS INTERRUPTION”**



Ufisinan Todu Guam

SENATOR DENNIS G. RODRIGUEZ, Jr.

I Mina'trentai Unu Na Liheslaturan Guåhan

CHAIRMAN, COMMITTEE ON HEALTH & HUMAN SERVICES,

ECONOMIC DEVELOPMENT, SENIOR CITIZENS AND ELECTION REFORM

February 15, 2011

MEMORANDUM

To: ALL MEMBERS

Committee on Health & Human Services, Economic Development, Senior Citizens, and Election Reform.

From: SENATOR DENNIS G. RODRIGUEZ, JR. *DR*
Committee Chairperson

Subject: Committee Report on Bill No. 36-31 (COR), as Substituted.

Transmitted herewith for your consideration is the **Committee Report on BILL NO. 36-31 (COR) as SUBSTITUTED – AN ACT TO ADD A NEW ARTICLE 3 TO CHAPTER 50, TITLE 12, GUAM CODE ANNOTATED, ESTABLISHING THE “GOVERNMENT OF GUAM MITIGATION PROGRAM FOR BUSINESS INTERRUPTION;** Sponsored by Vicente C. Pangelinan.

This report includes the following:

- Committee Voting Sheet
- Committee Report Narrative / Digest
- Copy of Bill No. 36-31 (COR), as Substituted
- Copy of Bill No.36-31 (COR)
- Public Hearing Sign-in Sheet
- Copies of Submitted Testimony & Supporting Documents
- Copy of COR Referral of Bill No. 36-31 (COR)
- Notices of Public Hearing (1st and 2nd)
- Copy of the Public Hearing Agenda
- Related News Articles (Public hearing publication of public notice)

Please take the appropriate action on the attached voting sheet. Your attention to this matter is greatly appreciated. Should you have any questions or concerns, please do not hesitate to contact me.

Si Yu'os ma'åse'!

Attachment



Ufisinan Todu Guam

SENATOR DENNIS G. RODRIGUEZ, Jr.

I Mina'trentai Unu Na Liheslaturan Guåhan

CHAIRMAN, COMMITTEE ON HEALTH & HUMAN SERVICES,

ECONOMIC DEVELOPMENT, SENIOR CITIZENS AND ELECTION REFORM

COMMITTEE VOTING SHEET

BILL NO. 36-31 (COR), as Substituted

“AN ACT TO ADD A NEW ARTICLE 3 TO CHAPTER 50, TITLE 12, GUAM CODE ANNOTATED, ESTABLISHING THE “GOVERNMENT OF GUAM MITIGATION PROGRAM FOR BUSINESS INTERRUPTION; Sponsored by Vicente C. Pangelinan.

	SIGNATURE	TO PASS	NOT TO PASS	REPORT OUT ONLY	ABSTAIN	PLACE IN INACTIVE FILE
DENNIS G. RODRIGUEZ, JR. Chairman	2/18/11	✓				
ADOLPHO B. PALACIOS, SR. Vice Chairman	2/18/11	✓				
JUDITH T. WON PAT Speaker	2/18/11	✓				
BENJAMIN J.F. CRUZ Vice Speaker						
TINA ROSE MUÑA BARNES Legislative Secretary		✓				
THOMAS C. ADA	2/18/11	✓				
JUDITH P. GUTHERTZ		✓				
VICENTE C. PANGELINAN						
RORY J. RESPICIO						
V. ANTHONY ADA						
FRANK F. BLAS, JR.						
CHRISTOPHER M. DUENAS	2/18/11	✓				
SAM MABINI						
MANA SILVA TAJERON						
ALINE A. YAMASHITA				✓		



Ufisinan Todu Guam
SENATOR DENNIS G. RODRIGUEZ, Jr.
I Mina'trentai Unu Na Liheslaturan Guahan
CHAIRMAN, COMMITTEE ON HEALTH & HUMAN SERVICES,
ECONOMIC DEVELOPMENT, SENIOR CITIZENS AND ELECTION REFORM

COMMITTEE REPORT DIGEST

Bill No. 36-31 (COR), as Substituted

I. OVERVIEW: The Committee on Health & Human Services, Economic Development, Senior Citizens, and Election Reform conducted a public hearing on January 28, 2011. The Hearing convened at 09:00 A.M. in *I Liheslatura's* Public Hearing Room. Among the items on the agenda was the consideration of **BILL NO. 36-31 (COR) – AN ACT TO ADD A NEW ARTICLE 3 TO CHAPTER 50, TITLE 12, GUAM CODE ANNOTATED, ESTABLISHING THE “GOVERNMENT OF GUAM MITIGATION PROGRAM FOR BUSINESS INTERRUPTION;** Sponsored by Vicente C. Pangelinan.

Public Notice Requirements

Notices were disseminated via hand-delivery/fax and/or e-mail to all senators and all main media broadcasting outlets on January 20, 2011 (5-Day Notice), and again on January 25, 2011 (48-Hour Notice). Notice was published *on-line* in the Pacific Daily News on January 21, 2011.

Senators Present

Senator Dennis G. Rodriguez, Jr.	Chairperson
Senator Adolpho B. Palacios, Sr.	Vice-Chairperson
Senator Tina R. Muna-Barnes	Committee Member
Senator Rory J. Respicio	Committee Member
Senator Vicente C. Pangelinan	Committee Member
Senator Anthony Ada	Committee Member
Senator Sam Mabini	Committee Member

The public hearing on agenda item Bill No. 36-31 (COR) was Called-to-Order at 09:25 A.M.

II. SUMMARY OF TESTIMONY & DISCUSSION.

CHAIRMAN DENNIS G. RODRIGUEZ, JR., convened the Public Hearing on Bill No. 24-31 (COR). **Invited Senator Vicente C. Pangelinan, author of Bill No. 36-31 (COR), to explain the intent of the bill.**

SENATOR VICENTE C. PANGELINAN: Introduction by author Bill No. 36-31 (COR); Thank you very much, Mr. Chairman. Bill No. 36-31 is a bill that proposes to establish a program at the Guam Economic Development Authority to assist local businesses whose businesses are interrupted by the construction activity of a government project. We see what's happening today with the increase in the number of construction projects effecting specific areas in our community. We know there will only be more to come. We see the effect that these construction projects, when not appropriately planed, has on the financial condition of the businesses surrounding the projects and it really places these businesses at risk with regards to survival. So rather than putting out the appropriations that deals on a case by case basis we decided to approach it more from establishing a program that will be ongoing to be administered and developed by the GEDA.

Basically, it encompasses two criteria. One will be a grant program for small businesses whose incomes are below a certain threshold, and then, the second one will be a loan program that once again will be available for businesses below a certain threshold. These businesses will then apply to the Guam Economic Development Authority on an expedited basis, receive their grants and notifications based upon the criteria set forth by the program, and then would be funded by an appropriation, appropriating portions of the bond fees that GEDA has been paid with the recent issuance of general obligations bonds and regular obligations bonds issued by the government of Guam and its instrumentalities and that would be the seed money for it.

The grant program will also allow GEDA to purchase business interruption insurance which is commercially available so that we don't have to continually carry the burden of the entire program that we can hedge the program and the money we have by buying insurance and as the loans are repaid then we can continually go back to the business interruption insurance to insure that we have continuity and sustainability. This is the general terms and the proposals containing these things.

CHAIRMAN: Called the first panel to testify.

Mr. Casey Jeszenka, Network Director, Pacific Islands SBDC Network / Guam SBDC, University of Guam: Submitted written testimony (attached), and provided oral testimony **IN SUPPORT** of Bill No. 36-31 (COR); Thank you senators for allowing us to offer testimony for this act. I am the director of the Small Business Development Center at UOG and we are very supportive of a mitigation loan program that will help the businesses affected by businesses interruption that is really needed. There are a few things we have questions and suggestions on and I'll start with those. When looking at the size of the businesses, that you mentioned Senator Pangelinan, the definition of a small business is ten or fewer employees but in order to get the grant they have to make 200,000 or less. If the employees, 10 people making \$20,000, that's our whole total revenue. I don't know if the size is adequate to do that because cost gets a little over 50% percent or more and you got that as your overhead, so most places would probably only employ one or two or three people. So we ask you to look at that if this act is passed.

Our senior counselor, Denise Mendiola-Hertzlet has also been working with Senator Pangelinan and Senator Tom Ada, and she presented before the board of GEDA a power point that shows 9 different businesses' and testimonies of the effect by the tri-intersection, that the constructions

has had on them. GEDA has been working on a loan program, they wave the 2 declinations, they are going to look at an ease on payment terms and so there's something in the works, so if this act passed, or GEDA has something in place we're just supportive of some kind of program. The 2nd thing that the Small Business Development Center looked at about is the written proposal. We highly believe that maybe not a full business plan is needed since many of these businesses have been in operation, but a requirement and maybe and I'm sure that GEDA has this in place a cash flow projection, detailed forecast and assumptions uses of funds and a new marketing plan to look at how they're going to get new businesses in. Also the 30 day process and I was talking to Gloria from GEDA, they have to go in front of the loan committee and from the loan committee the board, but if that process could be expedited because these businesses are under stress and sometimes it takes them a while for them to get their packet together and have to wait 30 days for approval and then another whatever, week, two weeks for disbursement by then they could be behind on their gross receipts tax and not qualify and so we want you to consider expediting the approval process on these, once a complete packet is in. we also want to offer the assistance of the Small Business Development Center to assist these clients with these packets. The service is always available, we highly recommend, in programs I've worked with in the states, technical assistance was required for loans afterwards because cash flow monitoring is going to be crucial for these businesses effected by construction in over a year or two and so having technical assistance is a requirement, maybe quarterly to look at their cash flow in addition, could help them stay in business and that service is free.

We agree that all taxes and payments to the Guam Memorial Hospital should be paid, but some of these businesses at the tri-intersection currently have had that business interruption for 7-8 months going on now and so they may be behind on the gross receipts tax and so if part of the payment plans with loans could be heard on that then I think those should be considered because there are in a distressed situation and most lenders won't even look to lending to them, if you read the power point that about 59% of their revenues have been cut and so by saying that they have to be current on everything, they might not be up to date on their gross receipts tax, so that's something that we think you should consider.

We also would like to have you look to expand the uses of funds, right now it is work and capital which I totally agree with. But a lot of these businesses that our senior counselor, Denise Mendiola-Hertzlet have been working with, a lot of them are looking at possibly getting another location temporarily to sell their products or services. Some are looking at diversification of products like he is from RPM is one of them, to be able to maybe work with Guam Community College while the construction is going on so that he can keep revenue coming into his business, but he may need equipment for that so just limiting it to operating expenses may not keep them open. It's written in highly flexible payment terms, but what we suggest is that interest only for the length of the construction plus a short term afterwards to be determined by you or by GEDA, so they can make the payments, but not be overburdened with the cash flow needed. You mentioned the business interruption insurance and we are unclear on how that is going to provide grants, because typically businesses purchases that then when businesses happen to them then they are paid, but if GEDA purchases that I'm not quite sure how it works.

SENATOR PANGELINAN: Well, GEDA would buy an umbrella program and then with that umbrella program would cover the businesses in the area. And when those businesses in the area

experience a criteria that is set that qualifies them then the insurance company would pay GEDA and GEDA would then transmit that to the company.

Casey Jeszenka: Would an insurance company issue a policy knowing that all the businesses would be interrupted?

SENATOR PANGELINAN: That's something that this when we looked at did research in other communities this was one of the methodologies employed by the economy development authorities.

Casey Jeszenka: I'm just concerned that an insurance company knowing that maybe the bridges in Hagåtña are going to be under construction they are going to be charged the full amount of the policy because of the 100% liability for insurance.

SENATOR PANGELINAN: I agree with you, but when we looked at this problem and not every business would qualify depending on where there cash flow so in that respect maybe not every business would be able to participate. So that's kind of where we looked at it and we certainly need to refine that concept.

Casey Jeszenka: Yes, I just wanted to look because in my mind I was like is this really going to work to fund the grant bc it would cap that. The initial funding of \$400,000 was also a concern, when Denise Hertzlet was working with GEDA they mentioned that \$1,000,000 could go towards the fund and I'm not an expert on that.

SENATOR PANGELINAN: GEDA was saying they have \$1,000,000?

Casey Jeszenka: In another loan that they could shift when she was working with them. Well, the \$400,000 if the medium sized businesses are eligible for a \$100,000 loan and 4 businesses take it then the whole fund is gone, then no other businesses can take part, so that funds can dry up quickly especially as other construction begins to take place across the island. I would like you to look at that and see I know funding is tight in Gov Guam, but the funding here won't last long, especially with the number of businesses in effect. I think there is at least 16 or more businesses right in the tri-intersection and more coming with the new construction.

Denise Hertzlet has also met with DPW and they can build a mitigation funds when they know construction is happening. They didn't do it in this tri-intersection, but they said they would be doing it in the future so that can be built into the construction cost for mitigation paid to the businesses can be paid through the construction projects can be done and for future construction and it is done in the states, Jerry Crawford here has experience with that and that's one of the things that he mentioned to us.

It also may be beneficial to define the area of effect. Is it half mile from the construction? A quarter mile from the construction because there is nothing defined on who qualifies. If it's one foot from the construction are going to be, it's pulling, so that's our final thoughts on this and on behalf of the Small Business Development Center, we are very supportive of the loan program whether it's developed through GEDA or if this act takes place. We'll submit the rest of written testimony. Thank you so much for your time.

Vice-Mayor June U. Blas, Barrigada: Submitted written testimony (attached) on behalf of herself and **Mayor Jesse B. Palican**, and provided oral testimony **IN SUPPORT** of Bill No. 36-31 (COR). Mayor read from her written testimony. (Please see attached)

CHAIRMAN: I know that being in business how hard it is to deal with this type of interference. So I support this bill and we will do our due diligence to make sure the committee report is prepared for the first legislative session. Thank you.

Mike Anderson, General Manager, RPM: My name is Mike Anderson, I am the General Manager for RPM, one of the businesses located in the tri-intersection area. We would just like to show our support for the bill, I would like to thank Senator Pangelinan and Senator Tony Ada for coming up with these two different bills, I am not sure what the status is of Senator Ada's is. It will definitely help us to survive this. Most of our business is in survival mode, it's a different type of business than your everyday business is run. So we are in favor and we just hope that we will be able to obtain the funds to make the necessary improvements and adjustments within our community and companies because we still have, I believe 9 months of construction.

SENATOR ADOLPHO B. PALACIOS, Sr.: Thank you, Mr. Chairman. Perhaps the author can answer this, but I would like to ask anyone here in front of us. This is a good bill, but I would think that the amount requested in the grant, I think should be relative to the duration of the interruption. Now I understand of course that the tri-intersection of course would qualify with this, but with the limited funds as you pointed out, sir that what if its just for the three months, and here is an individual applying up to \$100,000, at what point really would then the amount, is the disbursement, it says if the approved grant is way in excess of the duration of the interruption, if the interruption terminates in 6 months, then you have a grant that would not just mitigate the sufferings during the time of the 6 months and maybe 1 month after the completion of the project, but maybe there would be no interruption of that point, after at least one month after the program, then I think the loan, rather the grant should be relative to the duration.

Casey Jeszenka: Yes, it should be at a scale. Let's say if three months it would be \$8,000 and up to a year be because they're going to be using equipment.

SENATOR PALACIOS: Yes because one time grant alone in a six month interruption, then that's already more than a grant, that's a loan already at that point.

Casey Jeszenka: They can take a loan out, if they have their package submitted, but the loan for the Small Business Development Center.

SENATOR PALACIOS: I'm just saying that this is a good program, and it may be subject to abuse, see? So the limited funds, I think should be applied appropriately to those deserving businesses, just like before us now.

Casey Jesaenk: There should be qualifications.

SENATOR PALACIOS: Yes and definitely.

Mike Anderson: What I can consider senator, this construction has been going on since March and there has been this interruption, and a length of time of disruption.

SENATOR PALACIOS: I understand that, sir. But this bill does not define any project, it just says government project. So we're talking into the future, not just the tri-intersection. Three years from now, there is a minor diverse turn here for 6 months, like the Ilek Bridge for example, but of course because there is not business there. But, I am saying the point is there needs to be some kind of defined approximate duration of the interruption.

Mayor June U. Blas: I agree with you, Senator Palacios, however, with these businesses that have been effected this last year. They're still trying to get their sales back up, and there is a tremendous drop. So, maybe from considering that it started back in July.

SENATOR PALACIOS: Madame Mayor, there is no problem with the tri-intersection, there, they qualify up to the max, up to the \$100,000. I'm thinking if we pass this they'll qualify for this right away, of course, but once this becomes law. I'm looking into the future, future projects and interruptions with duration of six months, would the businesses effected then there qualify for \$100,000? That's what I'm saying, but definitely you guys, I know you qualify. You have to apply because you have to recover the sufferings you have for 12 months already.

Casey Jeszenka: This is the funds and the cash flow can kind of show what kind of operating is happening, it would be used during tough times to survive.

SENATOR PALACIOS: That's the kind, because actually the grant is just to get you back to normal as if there is no interruption. That is the kind of safe guard that maybe can make this a very good program.

SENATOR PANGELINAN: Yes and I think that GEDA would have to work and establish those guidelines and you know we can do that in a statute. We chose not to do that, we let some of the financial experts come together with GEDA to develop those. The legislature, we could pretty easily, but we wanted to have GEDA have the benefit of the doubt at looking at the financials and cash flows and make a decision based on their needs.

Jerry Crawford: My name is Jerry Crawford and I have been a contract consultant to the Small Business Development Center at the University of Washington and in support of the questions and the comments about the amount of payment and preventing the abuse of the system because it's not just for the suffering that that are going on, but for projects that are going to come up, having done a lot of development work and having to be the person who actually paid some of the money to the businesses as a shopping center developer, sub division developer we are often tasked with contributing money to the people who are going to be impacted as a result of the development work that we do and so typically there will be a map drawn during when the engineers are laying out a construction plan, there's an economic impact map that is done and so for example for the tri-intersection where the people are most impacted it would be kind of like a red zone where the greatest impact and then as you work your way further away it becomes orange then it becomes yellow and it kind of just indicates the percentage of impact. And so if the contribution that GEDA, the government or the private developer was making might be \$100

per front foot at the red, it might be \$60 at the orange and it might be \$30 at the yellow. So it is kind of a sliding scale that is done with the construction drawing so there is no biases or prejudices or it becomes his burden to come and approve how much damage, it's going to be evaluated ahead of time. Consequently, with the bridge development, as Casey Jeszenka was pointing out that not everyone will be impacted there might be a single person that might be impacted because of what goes on there, so having an economic map that goes along with the construction map, makes it more predictable and equitable if GEDA is going to be involved with the funding, taking away the biases and the time it might take to evaluate what is going on. And as you pointed out the grant dollars and loan dollars it is much easier to evaluate that because in say the red zone you have the maximum opportunity, in the other zone maybe they have 60% of the maximum loan opportunity, in the other zone they might have 30% of the loan opportunity. For you to evaluate ahead of time and make it more predictable for the budget. For the agencies, when they see the projects proposed they can start to see what the economic needs of business community would be which will help everyone in the budget process and planning.

SENATOR PANGELINAN: Jerry, you mentioned as a shopping center developer you were saying that in your experience the private sector developer also may be tasked with certain fee for this.

Jerry Crawford: That is correct. It is called mitigation fees and so as a subdivision developer, if I'm putting a community in that is going to have 100 homes in it a half a mile down the road that may cause traffic at that intersection that is going to require a traffic signal. My hundred homes at that time may not be enough, but may be counted toward the ultimate traffic count. If another developer came down the road and he put in 100 houses, now there's 200 families all living in that area who are all trying to get out through a single stop sign, so they know that there is going to be a need for the traffic signal in the near future. So rather than wait until no body can get through the intersection and the money can't be found for the traffic signal, the mitigation fees are collected from the developer first ahead of time and held in a trust account. For example, in my subdivision my mitigation fee might have been \$25,000 per lot, which was an amount of money that I could afford as a developer and if you think about it it's being paid by the family that builds their house there. It would be the user of the intersection. So it is a very realistic, user fee to help make the subdivision work. When you're talking about your federal highway work, you don't have private highway developer person involved, but mitigation fees for private developers are very normal. In some cases where we would be in communities where the schools were kind of maxed out the area knew that one day they were going to have to build new schools, so there may have been a \$500 per lot school mitigation fee for the future so that the money was there for the school district to buy the land to build the school in the future. The mitigation fees, privately that are affordable and known ahead of time, so I can look at your development manual and see that if I am buying this particularly residential zone property, not only will I have my infrastructure cost, but I will also have certain mitigation fees, then I can make it economic decision as to whether or not I want to go ahead with it or not.

SENATOR PANGELINAN: It's kind of a system developed for the utilities fees.

Jerry Crawford: It is very similar to that. The little experience I have had with that one is that it stops you from doing anything, so I'm not really sure if that was the right one, the idea is similar.

SENATOR PANGELINAN: And then of course there is the mitigation fee because the program here is for business interruption do to government construction projects. So you're saying it is not unusual to set aside a few hundred grand for business interruption.

Jerry Crawford: That is correct. I believe in the federal highway bill there is actually money available to be allocated for, I don't know if that is necessarily called, business interruption insurance. It's a mitigation fee. Because if I have a piece of commercial property and as a result of the widening of the highway I'm going to lose land I am compensated for that and there is a formula for that ready on the books for that. Also, if I lose access to my property because I no longer have the same ingress and egress which made my business much more accessible but now I have a limited access, I get compensated for the devaluation of my property also.

SENATOR PANGELINAN: Yes and I think that some of those are outlined in the guidelines that were purposed and I see where you're coming from and I will look that up. Thank you. I am in v of the bill, but however I think that the money coming through GEDA or wherever is going to help and needs to be there. It wasn't yet placed in the process and I think that you're going back and trying to fix it and I think that's good.

Denise Mendiola-Hertzlet: My name is Denise Mendiola-Hertzlet and I am the senior counselor at the Guam Small Business Development Center and just for the record we are in support of the bill and I am assuming that my direct did talk a little bit about the concerns of the implementation of how the process is going to work.

SENATOR PANGELINAN: I want to thank the Small Business Development Center for being proactive with this. We're all late on this; we just didn't anticipate that DPW was going to construct this, with so many good suggestions given to them in the beginning by the mayor of Barrigada and the business community. We thought that they were listening; still they just kept going with how they wanted to go and even when we came around and informed them that "You're killing us! You're killing us!" they said "Don't work about it." I think we are passed that point now when we're trying to lend our efforts to try to assist our business community that is the life blood of this economy we hope to do something very shortly on this. Thank you for your input and support.

CHAIRMAN: Yes the committee will make every effort to complete its committee report and to have it ready for the first session of this legislature. I would like to add though did receive written testimony from GEDA by Karl Pangelinan the acting administrator. This will be entered into the record; basically it is a summary that gives suggestions on how we should find another source of revenue. This will be entered into the record and be put as part of the committee report.

There being no other testimony, or comments by Senators, Chairman Rodriguez declared the bill as having been duly heard, and concluded the public hearing on Bill No. 24-31 (COR).

Written Testimony Received:

1. **Mr. Karl A. Pangelinan, Acting Administrator, Guam Economic Development Authority:** submitted written testimony (attached) **commending the intent** of the author of Bill No. 36-31 (COR), provided, however, the funding source cited in the bill no longer exists, and he recommends the Legislature find another source of funding for the Bill.
2. **Mayor Jesse B. Palican, and Vice-Mayor June U. Blas, Municipality of Barrigada:** submitted written testimony (attached) **IN SUPPORT** of Bill No. 36-31 (COR).
3. **Mr. Casey Jeszenka, Network Director, Pacific Islands SBDC / Small Business Development Center, University of Guam:** submitted written testimony (attached) **IN SUPPORT** of Bill No. 36-31 (COR).
4. **Mr. Jerry Crawford, Consultant, Small Business Development Center, University of Washington:** submitted written testimony (attached) **IN SUPPORT** of Bill No. 36-31 (COR).

Fiscal Note: Requested February 10, 2011 (attached), and has not been received as of the date of this Committee Report.

III. FINDINGS & RECOMMENDATIONS

The Committee finds that as a result of government of Guam highway construction projects, numerous small and medium sized businesses are suffering severe losses due to disruptions in access for customers. Some form of financial relief must be provided so as to help insure the impacted business can survive the duration of the construction projects.

Based upon information obtained, as well as recommendations received during the public hearing, Bill No. 36-31 (COR) has been amended by the Committee.

The Committee on, Health & Human Services, Economic Development, Senior Citizens, and Election Reform, hereby **reports out Bill No. 36-31 (COR), as Substituted**, with the recommendation to TO REPORT OUT ONLY

**I MINA'TRENTAI UNU NA LIHESLATURAN GUÅHAN
2011 (FIRST) REGULAR SESSION**

**Bill No. 36-31 (COR), as Substituted
by the Committee on Health & Human
Services, Economic Development, and
Election Reform**

Introduced by:

v.c. pangelinan

**AN ACT TO ADD A NEW ARTICLE 3 TO CHAPTER
50, TITLE 12, GUAM CODE ANNOTATED,
ESTABLISHING THE “GOVERNMENT OF GUAM
MITIGATION PROGRAM FOR BUSINESS
INTERRUPTION.”**

BE IT ENACTED BY THE PEOPLE OF GUAM:

1 **Section 1. Legislative Statement and Intent.** *I Liheslaturan*
2 *Guåhan* finds that the expansion of the United States’ military footprint
3 will result in increased construction activity, particularly in the public
4 infrastructure sector. At present, there has been an increase in road
5 construction throughout the island of Guam, both in volume and scope to
6 levels, which are negatively impacting villages, its residents, and
7 businesses. The expansion of the United States’ military footprint on
8 Guam imposes a tremendous strain on Guam’s finite resources. With
9 dozens of road construction projects covering hundreds of miles being
10 undertaken at the same time, timely completion of the projects have been
11 problematic. Thus harmonious, orderly, and beneficial improvements that

1 sustain the current quality of life for village residents, commuters, and
2 businesses are not achieved.

3 As such, *I Liheslaturan Guåhan* finds that appropriate mitigation
4 programs need to be in place to ensure that the negative impact of road
5 construction on residents and businesses is minimized.

6 Therefore, *I Liheslaturan Guåhan* intends to empower and
7 authorize the Guam Economic Development Authority (GEDA) to
8 develop, implement, and administer the “***Government of Guam***
9 ***Mitigation Program for Business Interruption***” known herein as
10 “Project” with the purpose of providing financial relief to businesses
11 adversely affected by government projects including but not limited to
12 road construction. The following authority granted to GEDA coincides
13 with its self-proclaimed mission to develop a sound and sustainable
14 economy through innovative programs that preserve and promote local
15 culture, economic opportunities, and quality of life.

16 As the following Program seeks to expand on the capability of
17 GEDA, the funding source of the Program shall be derived from the
18 resources generated by GEDA. Specifically, GEDA has the ability to
19 generate revenues from various sources such as proceeds from bond
20 origination fees, which are sporadic but are of sizable amounts. As bond
21 proceeds do not represent routine revenue sources, these funds will be
22 available to fund nascent programs such as the Program. In fiscal year
23 2010, GEDA collected in excess of Five Hundred Thousand Dollars
24 (\$500,000) in bond fees associated with bond sales for the Guam Power
25 Authority, the Guam Waterworks Authority, and International Bridge
26 Corporation. Bond fees earned by GEDA last fiscal year shall serve as
27 the seed capital for the Program.

1 **§50302. Definitions.**

2 **§50303. Administration.**

3 **§50304. Eligibility.**

4 **§50305. Applications.**

5 **§50306. Effectivity**

6 **§50307. Funding**

7 **§50308. Fund Distribution.**

8 **§50309. Severability**

9 **§50301. Establishment.** The Guam Economic Development
10 Authority (GEDA) shall develop, implement, and administer the
11 Government of Guam Mitigation Program for Business Interruption to
12 make grants, loans, or a combination of both to small and mid-size
13 businesses to mitigate the impacts of government projects.

14 **§50302. Definitions.** For purposes of this section, except as
15 otherwise specifically provided, the following words and phrases,
16 together with all of the common derivatives thereof (i.e. verbs, plurals,
17 feminine, gender, etc.) shall have the meaning ascribed to them in this
18 Section.

19 (a) "applicant" means a small or midsize business;

20 (b) "Administrator" means the Administrator of the Guam Economic
21 Development Authority;

22 (c) "eligible government project" means a project that will affect one
23 or more small or mid-size businesses as a result of construction
24 work because the construction is anticipated to impair access for a
25 minimum period of one month;

26 (d) "project" means any improvement or alteration to real property,
27 including demolition work to clear a site;

1 (e) “government” means the Government of Guam or its
2 instrumentality;

3 (f) "small business" means a business that ~~employs ten or fewer full-~~
4 ~~time equivalent employees~~ generates gross profit less than or equal
5 to Two Hundred Thousand Dollars (\$200,000) on an annual basis
6 and is located in an area that is adjacent to an eligible government
7 project;

8 (g) “mid-size business” means a business that ~~employs twenty or~~
9 ~~fewer full-time equivalent employees~~ generates gross profit less
10 than or equal to One Million Dollars (\$1,000,000) and gross sales
11 less than or equal to Two Million Dollars (\$2,000,000) on an
12 annual basis and is located in an area that is adjacent to an eligible
13 government project; and

14 (h) “Program” means the Government of Guam Mitigation Program
15 for Business Interruption.

16 **§50303. Administration.** The following provisions shall
17 govern the administration of this entire Chapter.

18 (a) Administrator. The Administrator of the Guam Economic
19 Development Authority of the Government of Guam (herein
20 known as the Administrator) shall have the following duties,
21 powers, and authority:

22 (1) Establish procedures for receiving, responding to, and
23 approval of applications to the Program, which shall be
24 submitted to the Speaker of I Liheslaturan Guåhan
25 within thirty (30) days of enactment. The Administrator
26 shall notify each applicant, in writing, of the outcome of
27 the application no later than ~~thirty (30)~~ fifteen (15) days

1 after a completed application package is received. If an
2 applicant to the Program is denied, the Administrator
3 shall provide no later than ~~five (5)~~ three (3) days after the
4 decision, a written explanation on the basis of the denial.
5 An applicant denied by the Administrator may appeal the
6 decision pursuant to §50308 of this Act.

7 (2) Establish procedures for the periodic assessment of the
8 Program which shall be transmitted to the Speaker of *I*
9 *Liheslaturan Guåhan* sixty (60) days after the close of
10 the fiscal year. The assessment, at a minimum, shall
11 include the number of applicants to the Program, the
12 names of Program recipients, funds distributed for the
13 year, the current balance of the Program, and Program
14 analysis on its legislative intent.

15 (3) Publish on the Guam Economic Development Authority
16 website sixty (60) days after the close of the fiscal year
17 the number of applicants to the Program, the names of
18 Program recipients, the number of Program recipients,
19 funds distributed for the year, the current balance of the
20 Program and Program analysis on its legislative intent.

21 (4) Establish criteria for the review and approval of Program
22 applications consistent with this Act and its intent.

23 (5) Promote and publish on the Guam Economic
24 Development Authority website information regarding
25 the Program, its requirements, and benefits to small and
26 mid-size business owners.

1 **§50304. Eligibility.** To be eligible for Program benefits an
2 applicant must meet the eligibility criteria as stipulated below. Program
3 applicants shall:

4 (a) Be bona fide residents of Guam and a United States citizen, or a
5 permanent resident alien;

6 (b) Not have any outstanding taxes due to the Department of Revenue
7 and Taxation and/or any outstanding debts at the Guam Memorial
8 Hospital Authority which are not subject to an approved and
9 current payment plan prior to the commencement of the eligible
10 project as defined in §50302 (c);

11 (c) Possess a valid business license; and

12 (d) Be current with all reporting of taxes to the Department of
13 Revenue and Taxation.

14 (e) Not be required to submit two bank denials to qualify for programs
15 stipulated in §50306 and §50307.

16 **§50305. Applications.** An applicant shall prepare and submit to
17 the Administrator a written proposal detailing strategies on how the
18 applicant will implement the funds received to ensure the viability of the
19 business. Specific requirements for §50304 and §50305 are enumerated
20 in §50306 and §50307 of this Act. Applicants receiving funds through
21 §50306 and §50307 of this Act shall be required to seek technical
22 assistance through the University of Guam Small Business Development
23 Center (SBDC) or other similar organizations approved by Guam
24 Economic Development Authority.

25 **§50306. Application for Program Grants.** Applicants who are
26 owners of small businesses ~~with annual revenues less than Two Hundred~~
27 ~~Thousand Dollars (\$200,000)~~ shall be eligible for a Twelve Thousand

1 Dollar (\$12,000) grant from the Guam Economic Development
2 Authority. The grant shall have the following limitations:

3 (a) The grant shall be used to subsidize general operating expenses
4 and provide working capital to small businesses, including but
5 not limited to the payment of rent, employee salaries and
6 benefits, supplies, and utilities;

7 (b) The grant is non-renewable; and

8 (c) The grant will be distributed in three equal ~~monthly~~ payments
9 on the 10th of each month over three months.

10 Upon expiration of the grant, the grant recipients have the option of
11 applying for a loan pursuant to §50305. No additional documents need to
12 be submitted by grant recipients to receive the Program loans.

13 **§50307. Application for Program Loans.** Applicants who are
14 owners of mid-size businesses ~~with annual revenues less than One~~
15 ~~Million Dollars (\$1,000,000)~~ shall be eligible for a loan of up to One
16 Hundred Thousand Dollars (\$100,000) from the Guam Economic
17 Development Authority. The loan shall have the following limitations:

18 (a) The loan shall be used to subsidize general operating expenses
19 ~~and provide working capital to mid-size business~~, including but
20 not limited to the payment of rent, employee salaries and
21 benefits, supplies, ~~and~~ utilities and other necessary expenses
22 for implementation of business recovery plan such as
23 relocation expenses and diversification of products and
24 services ;

25 (b) The loan shall be payable in a period not to exceed ten (10)
26 years;

1 (c) The interest rate on the loan shall be based on the U.S.
2 Treasury Index Rate plus up to four percent (4%);

3 ~~(d) The loan shall allow for flexible payment terms in the event~~
4 ~~the applicant falls on economic hardship~~ Interest only payments
5 shall be allowed for the duration of the construction period and 6
6 months after the completion of the project; and

7 (e) The loan is non-renewable.

8 **§50308. Appeal.** An applicant may appeal a denial within thirty
9 (30) days of receipt of the written denial notice. The applicant shall
10 submit to the Guam Economic Development Authority Board appropriate
11 documentation disputing the basis of the denial. The Board shall render a
12 decision within ~~fifteen (15)~~ five (5) days after receipt of an appeal. The
13 decision of the Board shall be final.

14 **§50309. Funding.** The funding sources of the Program shall come
15 from the following sources:

16 (a) The Guam Economic Development Authority ~~shall~~ may obtain
17 business interruption insurance policy coverage of up to Two
18 Million Dollars (\$2,000,000) for the purpose of distributing
19 grant benefits pursuant to §50306. Payment of the annual
20 insurance premiums for the policy coverage shall be taken from
21 the bond origination fees generated by GEDA and

22 (b) The Guam Economic Development Authority shall make
23 available from the Guam Economic Development Fund Act
24 (GEDFA) no less than Five Hundred Thousand Dollars
25 (\$500,000) and up to One Million Dollars (\$1,000,000), which
26 shall provide the funding source for the loans granted pursuant
27 to §50307.

1 **§50310. Fund Distribution.** In distributing funds, the
2 Administrator shall consider the types of businesses affected by the
3 eligible government project and shall balance funding between the
4 number of eligible applicants and the funds available in this Act.”

5 **Section 3. Appropriation.** The sum of Four Hundred Thousand
6 Dollars (\$400,000) is appropriated from the fund balance of the Guam
7 Economic Development Authority as seed capital for the Program.

8 **Section 4. Effective Date.** This Act shall become effective upon
9 enactment.

10 **Section 5. Interim Authority.** The Board shall have the authority
11 to accept applications and award grants and loans for businesses affected
12 by ongoing projects prior to the submission and adoption of the
13 requirements of §50303 9 (a) (1) and (4).

14 **Section 6. Severability.** If any provision of this Law or its
15 application to any person or circumstances is found to be invalid or
16 contrary to law, such invalidity shall not affect other provisions or
17 applications of this Law which can be given effect without the invalid
18 provisions or application, and to this end the provisions of this Law are
19 severable.

20

I MINA'TRENTAI UNU NA LIHESLATURAN GUÅHAN
2011 (FIRST) REGULAR SESSION

Bill No. 36-31 (COR)
Introduced by:

v.c. pangelinan

2011 JAN 19 AM 11:01
[Signature]

AN ACT TO ADD A NEW ARTICLE 3 TO CHAPTER 50, TITLE 12, GUAM CODE ANNOTATED, ESTABLISHING THE "GOVERNMENT OF GUAM MITIGATION PROGRAM FOR BUSINESS INTERRUPTION."

BE IT ENACTED BY THE PEOPLE OF GUAM:

1 **Section 1. Legislative Statement and Intent.** *I Liheslaturan Guåhan* finds
2 that the expansion of the United States' military footprint will result in increased
3 construction activity, particularly in the public infrastructure sector. At present, there has
4 been an increase in road construction throughout the island of Guam, both in volume and
5 scope, to levels which are negatively impacting villages, its residents, and businesses.
6 The expansion of the United States' military footprint on Guam imposes a tremendous
7 strain on Guam's finite resources. With dozens of road construction projects covering
8 hundreds of miles being undertaken at the same time, timely completion of the projects
9 have been problematic. Thus harmonious, orderly, and beneficial improvements that
10 sustain the current quality of life for village residents, commuters, and businesses are not
11 achieved.

12 As such, *I Liheslaturan Guåhan* finds that appropriate mitigation programs need
13 to be in place to ensure that the negative impact of road construction on residents and
14 businesses is minimized.

15 Therefore, *I Liheslaturan Guåhan* intends to empower and authorize the Guam
16 Economic Development Authority (GEDA) to develop, implement, and administer the
17 "**Government of Guam Mitigation Program for Business Interruption**" known herein
18 as "Project" with the purpose of providing financial relief to businesses adversely
19 affected by government projects including but not limited to road construction. The

1 following authority granted to GEDA coincides with its self-proclaimed mission to
2 develop a sound and sustainable economy through innovative programs that preserve and
3 promote local culture, economic opportunities, and quality of life.

4 As the following Program seeks to expand on the capability of GEDA, the
5 funding source of the Program shall be derived from the resources generated by GEDA.
6 Specifically, GEDA has the ability to generate revenues from various sources such as
7 proceeds from bond origination fees, which are sporadic but are of sizable amounts. As
8 bond proceeds do not represent routine revenue sources, these funds will be available to
9 fund nascent programs such as the Program. In fiscal year 2010, GEDA collected in
10 excess of Five Hundred Thousand Dollars (\$500,000) in bond fees associated with bond
11 sales for the Guam Power Authority, the Guam Waterworks Authority, and International
12 Bridge Corporation. Bond fees earned by GEDA last fiscal year shall serve as the seed
13 capital for the Program.

14 Likewise, GEDA's function of providing loans in pursuit of the economic
15 development of Guam is not a new concept; rather, loans granted under the Program is
16 nothing but a logical expansion of the scope of GEDA's role in the sustainability of
17 economic development. Rather than create new industries, the Program seeks to preserve
18 current industries and keep businesses in place.

19 The goal of the Program is to provide financial assistance through grants and
20 loans to small and mid-size businesses adversely impacted by government projects such
21 as road construction so as to ensure their continued existence and minimize interruption
22 to local commerce.

23 The financial assistance provided by the Program does not intend to stifle free
24 market competition but rather to promote it. It seeks to promote free market competition
25 by supporting small and mid-size businesses that have been operating successfully and
26 keeping their doors open when faced with material changes in their physical environment
27 caused by circumstances beyond their control. As the change in their physical
28 environment was attributable to government projects, *I Liheslaturan Guåhan* intends to
29 make whole the businesses impacted by supplanting their significant drop in revenues
30 thereby preserving the current competitors in the industry.

- 1 (e) "government" means the Government of Guam or its instrumentality;
- 2 (f) "small business" means a business that employs ten or fewer full-time equivalent
3 employees and is located in an area that is adjacent to an eligible government
4 project;
- 5 (g) "mid-size business" means a business that employs twenty or fewer full-time
6 equivalent employees and is located in an area that is adjacent to an eligible
7 government project; and
- 8 (h) "Program" means the Government of Guam Mitigation Program for Business
9 Interruption.

10 **§50303. Administration.** The following provisions shall govern the administration of
11 this entire Chapter.

12 (a) Administrator. The Administrator of the Guam Economic Development Authority
13 of the Government of Guam (herein known as the Administrator) shall have the
14 following duties, powers, and authority:

15 (1) Establish procedures for receiving, responding, and approval of
16 applications to the Program. The Administrator shall notify each
17 applicant, in writing, of the outcome of the application no later than
18 thirty (30) days after a completed application package is received. If an
19 applicant to the Program is denied, the Administrator shall provide no
20 later than five (5) days after the decision, a written explanation on the
21 basis of the denial. An applicant denied by the Administrator may
22 appeal the decision pursuant to §50308 of this Act.

23 (2) Establish procedures for the periodic assessment of the Program which
24 shall be transmitted to the Speaker of *I Liheslaturan Guåhan* sixty (60)
25 days after the close of the fiscal year. The assessment, at a minimum,
26 shall include the number of applicants to the Program, the names of
27 Program recipients, funds distributed for the year, the current balance
28 of the Program, and Program analysis on its legislative intent.

29 (3) Publish on the Guam Economic Development Authority website sixty
30 (60) days after the close of the fiscal year the number of applicants to
31 the Program; the names of Program recipients, the number of Program

1 recipients, funds distributed for the year, the current balance of the
2 Program and Program analysis on its legislative intent.

3 (4) Establish criteria for the review and approval of Program applications
4 consistent with this Act and its intent.

5 (5) Promote and publish on the Guam Economic Development Authority
6 website information regarding the Program, its requirements, and
7 benefits to small and mid-size business owners.

8 **§50304. Eligibility.** To be eligible for Program benefits an applicant must meet the
9 eligibility criteria as stipulated below. Program applicants shall:

10 (a) Be bona fide residents of Guam and a United States citizen, or a permanent
11 resident alien;

12 (b) Not have any outstanding taxes due to the Department of Revenue and
13 Taxation and/or any outstanding debts at the Guam Memorial Hospital
14 Authority which are not subject to an approved and current payment plan;

15 (c) Possess a valid business license; and

16 (d) Be current with all reporting of taxes to the Department of Revenue and
17 Taxation.

18 **§50305. Applications.** An applicant shall prepare and submit to the Administrator a
19 written proposal detailing strategies on how the applicant will implement the funds
20 received to ensure the viability of the business. Specific requirements for §50304 and
21 §50305 are enumerated in §50306 and §50307 of this Act.

22 **§50306. Application for Program Grants.** Applicants who are owners of small
23 businesses with annual revenues less than Two Hundred Thousand Dollars (\$200,000)
24 shall be eligible for a Twelve Thousand Dollar (\$12,000) grant from the Guam Economic
25 Development Authority. The grant shall have the following limitations:

26 (a) The grant shall be used to subsidize general operating expenses and provide
27 working capital to small businesses, including but not limited to the payment
28 of rent, employee salaries and benefits, supplies, and utilities;

29 (b) The grant is non-renewable; and

30 (c) The grant will be distributed in three equal monthly payments.

1 Upon expiration of the grant, the grant recipients have the option of applying for a loan
2 pursuant to §50305. No additional documents need to be submitted by grant recipients to
3 receive the Program loans.

4 **§50307. Application for Program Loans.** Applicants who are owners of mid-size
5 businesses with annual revenues less than One Million Dollars (\$1,000,000) shall be
6 eligible for a loan of up to One Hundred Thousand Dollars (\$100,000) from the Guam
7 Economic Development Authority. The loan shall have the following limitations:

8 (a) The loan shall be used to subsidize general operating expenses and provide
9 working capital to mid-size business, including but not limited to the
10 payment of rent, employee salaries and benefits, supplies, and utilities;

11 (b) The loan shall be payable in a period not to exceed ten (10) years;

12 (c) The interest rate on the loan shall be based on the U.S. Treasury Index Rate
13 plus up to four percent (4%);

14 (d) The loan shall allow for flexible payment terms in the event the applicant
15 falls on economic hardship; and

16 (e) The loan is non-renewable.

17 **§50308. Appeal.** An applicant may appeal a denial within thirty (30) days of receipt of
18 the written denial notice. The applicant shall submit to the Guam Economic Development
19 Authority Board appropriate documentation disputing the basis of the denial. The Board
20 shall render a decision within fifteen (15) days after receipt of an appeal. The decision of
21 the Board shall be final.

22 **§50309. Funding.** The funding sources of the Program shall come from the following
23 sources:

24 (a) The Guam Economic Development Authority shall obtain business
25 interruption insurance policy coverage of up to Two Million Dollars
26 (\$2,000,000) for the purpose of distributing grant benefits pursuant to §50306.
27 Payment of the annual insurance premiums for the policy coverage shall be
28 taken from the bond origination fees generated by GEDA and

29 (b) The Guam Economic Development Fund Act (GEDFA) shall provide the
30 funding source for the loans granted pursuant to §50307.

1 **§50310. Fund Distribution.** In distributing funds, the Administrator shall consider the
2 types of businesses affected by the eligible government project and shall balance funding
3 between the number of eligible applicants and the funds available in this Act.”

4 **Section 3. Appropriation.** The sum of Four Hundred Thousand Dollars
5 (\$400,000) is appropriated from the fund balance of the Guam Economic Development
6 Authority as seed capital for the Program.

7 **Section 4. Effective Date.** This Act shall become effective upon enactment

8 **Section 5. Severability.** If any provision of this Law or its application to any
9 person or circumstances is found to be invalid or contrary to law, such invalidity shall not
10 affect other provisions or applications of this Law which can be given effect without the
11 invalid provisions or application, and to this end the provisions of this Law are severable.



SENATOR DENNIS G. RODRIGUEZ, Jr., Chairman
 COMMITTEE ON HEALTH & HUMAN SERVICES, ECONOMIC DEVELOPMENT,
 SENIOR CITIZENS AND ELECTION REFORM
Mina Trentai Unu Na Liheslaturan Guahan • 31st Guam Legislature

PUBLIC HEARING DATE / TIME: Friday, January 28, 2011 9:00am

AGENDA ITEM: Bill No. 36-31 (COR)- vc pangelinan
 An act to add a new Article 3 to Chapter 50, Title 12, Guam Code Annotated, establishing the "Government of Guam Mitigation Program for Business Interruption."

PRINT NAME	SIGNATURE	AGENCY OR ORGANIZATION	ORAL TESTIMONY	WRITTEN TESTIMONY	IN FAVOR	OPPOSE	CONTACT NUMBER
Jerry Cruz Scott	<i>[Signature]</i>	SBDC	X		X		777-7786
Dwight Hutzler	<i>[Signature]</i>	Guam SBDC	X		X		735-2594



EDDIE BAZA CALVO
GOVERNOR OF GUAM
I MAGA' LAHEN GUAHAN
RAY TENORIO
LT. GOVERNOR OF GUAM
I SEGUNDO NA MAGA' LAHEN GUAHAN
KARL PANGELINAN
ADMINISTRATOR
ADMINISTRADOT

Public Hearing Testimony of Mr. Karl A. Pangelinan, Acting Administrator
Guam Economic Development Authority (GEDA)
January 28, 2011

Bill No. 36-31

"AN ACT TO ADD A NEW ARTICLE 3 TO CHAPTER 50, TITLE 12, GUAM CODE ANNOTATED, ESTABLISHING THE "GOVERNMENT OF GUAM MITIGATION PROGRAM FOR BUSINESS INTERRUPTION."

Good Morning Senator Rodriguez and members of the Committee on Health & Human Services, Economic Development, Senior Citizens and Election Reform. My name is Karl A. Pangelinan, Acting Administrator of the Guam Economic Development Authority. Thank you for the opportunity to provide testimony on Bill No. 36.

Bill 36 authorizes GEDA to "develop, implement, and administer the "Government of Guam Mitigation Program for Business Interruption" with the purpose of providing financial relief to businesses adversely affected by government projects including, but not limited to, road construction. This legislation seeks to provide financial assistance through grants and loans to small and mid-size businesses so as to ensure their continued existence and minimize interruption to local commerce.

On behalf of GEDA, I commend the author and his efforts to assist these businesses and the confidence in the ability of GEDA to administer this laudable endeavor. However, the funding source for this program as stated in Bill 31-36 is, "Bond fees earned by GEDA last fiscal year shall serve as the seed capital for the Program," and these fees do not exist.

In 2008, GEDA lost an annual revenue source from properties previously owned by GEDA which were transferred to the Port Authority of Guam. With the loss of this revenue source of approximately \$500,000, GEDA forecast bond revenues in its 2010 Revenue Projections along with Rental Income, QC Application and Surveillance Fees and Property Management Fees in order to meet its operational requirements for FY 2010. GEDA ended FY 2010 with a modest \$31,810 operating gain (these figures are as yet unaudited) and therefore the funding source contemplated in Bill 36 simply does not exist.

It is my sincere hope that the legislature will find another source of revenue to fund this much needed program. GEDA stands ready to provide the other elements of the Program in order to meet another goal of your measure which states, "The financial assistance provided by the Program does not intend to stifle free market competition but rather to promote it.....by supporting small and mid-size businesses that have been operating successfully and keeping their doors open when faced with material changes in their physical environment caused by circumstances beyond their control," which GEDA wholeheartedly supports.

In closing, I again thank you and the members of your Committee for this opportunity to provide testimony today.

Si Yu'os Ma'ase!

Karl A. Pangelinan



JESSIE B. PALICAN
MAYOR

MUNICIPALITY OF BARRIGADA

OFFICE OF THE MAYOR & VICE MAYOR
124 LUAYAO LANE, BARRIGADA, GUAM 96913



JUNE U. BLAS
VICE MAYOR

January 26, 2011

Page 1 of 2

Honorable Dennis Rodriquez
Chairman, Committee on Health and Human Services,
Senior Citizens, Economic Development, and Election Reform
31st Guam Legislature

Regarding: Bill 36-31 (COR)

Dear Mr. Chairman and Members of the committee:

Buenas and Hafa Adai, for the record, my name is Mayor Jessie B. Palican and with me is Vice Mayor June U. Blas. We are pleased with, and support the intention and implementation of Bill 36-31(COR).

Many of the businesses have been for decades, the milestone in the development of the community in Barrigada and the economy as a whole, and since the Tri-Intersection construction commenced in July 2010, these businesses have been affected, and share the same sentiments and the impact from the construction as indicated:

- Significant drop in sales revenue
- Reduction in work hours and downsizing
- Closures(Mt. Lamlam effective 11/2010) and possible closures
- Traffic hazard entering and exiting business establishments
- Increased traffic behind business to shortcut into route 10 (Crown Bakery building)
- Relocation of business

Our office has been advised the completion of the construction has been moved from April 2011 to August 2011, in which we anticipate increased frustration with the businesses affected by this Tri-Intersection project.

With the intent of Bill 36-31 (COR), providing financial relief to the business will only validate the importance and moreover their continued support for the community and the economy for our island.

Thank you for allowing us to express our support of Bill 36-31 (COR) during this public hearing.

Page 2 of 2

Should you require additional information or have any questions, please do not hesitate to contact our office at 734-3859.

Sincerely,


JESSIE B. PALICAN, MAYOR


JUNE U. BLAS, VICE MAYOR

JBP/JUB/mtb

Cc: Honorable Vicente Pangelinan



January 28, 2011

Honorable Senator Dennis G. Rodriguez, Jr.
176 Serenu Avenue, Suite 107
Tamuning, Guam 96913

Dear Senator Rodriguez,

On behalf of the staff of the University of Guam Small Business Development Center (SBDC) we are providing written testimonial on Bill # 36-31 to establish a Government of Guam Mitigation Program for Business Interruption. The SBDC is strongly in favor of a mitigation loan program to support the business currently and in the future impacted by projects that cause business interruption either established through the Guam Economic Development Authority or through this Bill. The small businesses are the backbone of our economy and these manmade disasters that cause the business interruption can be devastating to them to the point of closure.

It is urgent that the loan mitigation program be implemented as soon as possible and we are submitting the following recommendations to Bill #36-31 that we feel are needed.

- **Adjusting the requirements for Small Business grant and loan program.** Under the definition for small business it defines them as a business that employs ten or fewer full-time equivalent employees. Under section 50306, though, it says that eligible applicants of small businesses must make annual revenues less than \$200,000 to qualify for the small business grant and loan. We feel that the annual revenues need to be raised since any business employing up to ten full-time equivalent employees needs to have revenues much higher to meet their payroll costs, cost of goods sold and overhead thus eliminating many businesses that desperately may need the mitigation assistance.
- **The area of businesses that qualifies should be defined and the amount they are eligible to apply for.** When DPW is surveying the construction area they can assign a Red, Orange & Yellow Zone code to the businesses within the construction area and for a defined area after. Businesses within the Red Zone would be eligible to apply for 100% of the loan and/or grant, the Orange Zone maybe eligible for 50% -60% and the Yellow Zone qualifying for 30% of the loan and/or grant funding as an example.
- **A detailed business plan may not be needed for the businesses that have been in existence for some time but we do recommend that GEDA require cash flow projections, detailed forecasting assumptions, uses of funds and a marketing plan/strategy for during and after the construction.** The UOG SBDC and Veteran's Business Outreach Center (VBOC) both are here to assist the loan

applicants with what is needed in the loan package application and we highly recommend that technical assistance be required quarterly during the construction period to monitor cash flow and their marketing strategy in the loan requirements.

- Due to many of these businesses being in distress or in distress soon we would like to see the review process shortened from the thirty days before notification once submitted. This may require giving the GEDA Director loan approval authority so it will not need to go through the loan committee and then board for approval as required now. Disbursement of the loans should also be done as soon as possible once approved.
- We agree and understand why it is in the Act that businesses should be current on their taxes and liabilities to GMH, but with many of the business being distressed they may be behind on their current GRT taxes once they are able to apply and get the funding. If part of the loan funds were used to get current on these we would like to have you consider allowing this in the Act and not denying the business owner the chance to get the funding.
- Since many businesses may need to diversify their product/service or establish and offsite location during the construction we would like you to consider expanding the Uses of Funds from just working capital to allow for the relocation and or equipment to implement their plan.
- The flexible payments terms should include interest only payments during the construction period and for months after to allow the business to recover without hurting their cash flow.
- The initial funding of \$400,000 for this program is too low with the construction projects currently happening and coming up. Four mid size businesses could possibly use up the entire initial funding so we recommend GEDA use loan funds from other programs to provide additional funding to this needed mitigation loan fund.
- Finally, we ask you to look at legislation that may already exist or needs to be created that requires all future construction projects to fund the mitigation needed to assist the businesses. This applies to both government road construction projects and large commercial projects that cause business interruption.

We thank you for allowing the staff of the UOG SBDC to provide this written testimonial. Please feel free to call me at 735-2593 or e-mail me at casey@pacificsbdc.com if you have any questions or need additional information.

Sincerely,



Casey Jeszenka
Network Director
Pacific Islands SBDC Network / Guam SBDC
P.O. Box 5014
Mangilao, Guam 96923
Tel: (671) 735-2593
Fax: (671) 734-2002
E-mail: casey@pacificsbdc.com
Website: <http://www.pacificsbdc.com>

cc: Honorable Senator Vicente B. Pangelinan Honorable

Wed, February 2, 2011 8:59:04 PM

Fw: Bill # 36-31 to establish a Government of Guam Mitigation Program for Business Interruption

From: "Senator Dennis G. Rodriguez, Jr." <senatordrodriguez@gmail.com> .
View Contact

To: Ron Teehan <rteehan@yahoo.com>; Jeff Manibusan <jmanibusan.senatordrodriguez@gmail.com>
SBDC Bill # 36-31 Mitigation Program Testimonial.pdf (1039KB)

Pls include in report.

Thank you

Dennis G. Rodriguez, Jr.

From: "Casey Jeszenka" <casey@pacificsbdc.com>

Date: Thu, 3 Feb 2011 15:00:10 +1000

To: <senatordrodriguez@gmail.com>

ReplyTo: <casey@pacificsbdc.com>

Cc: <senbenp@guam.net>

Subject: RE: Bill # 36-31 to establish a Government of Guam Mitigation Program for Business Interruption

Dear Honorable Senator Dennis G. Rodriguez, Jr.,

On behalf of the staff of the University of Guam Small Business Development Center (SBDC) we are providing the attached written testimonial on Bill # 36-31 to establish a Government of Guam Mitigation Program for Business Interruption. The SBDC is strongly in favor of a mitigation loan program to support the businesses currently and in the future impacted by projects that cause business interruption either established through the Guam Economic Development Authority or through this Bill. Please feel free to contact me if you have any questions or need additional information.

Sincerely,

Casey Jeszenka

Casey Jeszenka
Network Director
Pacific Islands SBDC Network
P.O. Box 5014
Mangilao, Guam 96923
Tel: (671) 735-2593
Fax: (671) 734-2002
E-mail: casey@pacificsbdc.com
Website: <http://www.pacificsbdc.com>

cc: Honorable Senator Vicente B. Pangelinan Honorable

The Pacific Islands Small Business Development Center Network (PISBDCN) at the University of Guam – School of Business & Public Administration is partially funded by a cooperative agreement with the U.S. Small Business Administration (SBA). SBA's funding is not an endorsement of any products, opinions or services. All SBA funded programs are extended to the public on a nondiscriminatory basis.

CONFIDENTIALITY STATEMENT: This message is from the PISBDCN and contains information which is privileged and confidential and is solely for the use of the intended recipient. If you are not the intended recipient, any review, disclosure, copying, distribution, or use of the contents of this message is strictly prohibited and the e-mail should be destroyed immediately

Jerry Crawford



**S.O.S. for
"The Tragic Tri-Intersection"
(Routes 8, 10, 16)**



2010 Guam SBDC 1

Problem Statement

The road construction at the intersection of Routes 8, 10, and 16 in Barrigada, a.k.a. the "Tri-Intersection", is causing small businesses in the area to lose customers and revenue.

Consequently, business owners are behind in paying for operational expenses and other debt, they have cut employee hours and/or released employees, and they may be forced to close their businesses.

2010 Guam SBDC 2

A Man-made Disaster



- Businesses in the area were not given enough notice about the construction that would directly affect them
- They were not kept in the loop of the construction project, its scope of work, estimated duration and completion date
- They were not given an opportunity to voice their opinions, concerns, or provided options at the beginning of the project
- The estimated completion date has been extended to September, 2011

2010 Guam SBDC 3

Effects of business closure:

- **Loss of employment:** Business owners and employees will have to seek other employment or borrow money from family and friends
- **Increase in TAFs:** They may have to seek public subsidy programs such as food stamps, welfare, etc.
- **Trickle-down effect:** The landlord will lose a tenant; suppliers will lose their customer
- **Create a void:** Customers will have to look for services/products farther away
- **Loss of a good neighbor:** The neighborhood will lose long-standing businesses that have developed long-term relationships w/ the community
- **We all lose out:** The government will lose tax dollars that are needed to pay for schools, hospital, police dept., etc.

2010 Guam SBDC 4

This is a snapshot of a small business owner's nightmare...

2010 Guam SBDC 5



RPM "Road Professional Maintenance"
Auto Repair Service
Owner: Michael Anderson

- Revenue decreased by 65% since construction began
- Vehicles can only enter thru SPPC Rte. 16, frequently blocked
- Partnered w/ other businesses to create "Survival Guide"
- Needs funds to purchase new equipment to create "skills training program" in partnership with GCA Trades Academy

2010 Guam SBDC 6



Crown Bakery
 Food Wholesale/Retail
 Co-Owner: Kathy Robinson
 734-9826
 crownbkr@a.net

- Revenue decreased by over 50% since construction began
- Partnered w/ other businesses to create "Survival Guide"
- Needs funds to pay operational expenses
- Needs tax credits

2010 Guam SBDC 7



AM FOIL EXPRESS
 Awards & Recognition Retail
 Co-Owner: Tony Ada
 734-3615
 amfoilexpress@gmail.com

- Has witnessed 3 accidents since construction began
- Walk-up/Foot traffic is non-existent
- Vehicles drive over the median and block the parking stalls
- Needs funds to pay operational expenses
- "Place is a Mess!"

2010 Guam SBDC 8



Rainbows End
 Retail of Children's Educational Toys and School Supplies
 Co-Owners: Bernie Martinez and Ralph Villaverde
 734-3858
 rainbowsend@guam.net

- 26 years in business-Barrigada intersection
- Over 50% decrease in sales since construction began
- This year's "back to school" and "Christmas season" WORST EVER!
- Can't understand why the project is taking so long and why they are not being kept updated on the progress
- Wants to know what assistance is available for them

2010 Guam SBDC 9



Portraits
 Photography studio services
 Owner: Grant Paul
 734-2566/487-0777
 grantpaul@portraitsguam.com

- 25 years in business
- 90% decrease in walk-in traffic since construction began
- 98% decrease in passport photo services (referrals by Rev n Tax)
- Traffic is too dangerous for people to cross over or turn in to business
- Needs funds for operational expenses

2010 Guam SBDC 10



Marianas Vetcare
 Veterinary clinic & pet hospital
 Owner: Dr. Ebdlund

- Traffic is too dangerous for people to cross over or turn in to business
- Difficult to help in animal emergency care
- Not aware of extension of projection completion

2010 Guam SBDC 11



Golden Sea Restaurant
 Full service restaurant
 Owner: Xiao Chan Feng
 487-1390
 ncb25ard@hotmail.com

- 14 years in business-Barrigada location
- Over 50% decrease in sales since construction began
- Cut employee hours
- Vehicles driving thru parking lot and blocking parking stalls
- Needs funds for operational expenses

2010 Guam SBDC 12



Video Dimensions
 DVD & Video Rentals
 Owner: Jon & Falan Malais Sr.
 734-8818
 videodimensions@guam.net

- 2 years in business-Barrigada location
- Over 80% decrease in sales since construction began
- Released employees, including relatives
- May have to sell this business if no recourse
- Owners currently looking for other employment
- Needs funds for operational expenses

2010 Guam SBDC 32

Closed...more to come...

- construction company
- ice cream shop
- mom & pop convenience store
- animal feed store




2010 Guam SBDC 34

Together, We can Help:

- ▶ Assess the Situation
- ▶ Create a Plan of Action
- ▶ Seek other resources for assistance
- ▶ Collaborate with other organizations/businesses
- ▶ Excute Plan
- ▶ Measure Progress

2010 Guam SBDC 19

Our Proposed Solution:

- ▶ Create a "man-made disaster" loan program
- ▶ Waive 2-bank declination requirement
- ▶ Increase funding cap to \$50k
- ▶ Interest-only loan for 24 months; P&I beginning 25th month, w/ flexible loan terms
- ▶ Funds to be used for working capital
- ▶ Create conditions of loan to include:
 - * Technical assistance by Guam SBDC
 - * Regular monitoring of business recordkeeping/financials

2010 Guam SBDC 18

Our Proposed Plan of Action:

- ▶ GEDA
 - * Emergency Man-made Disaster Loan Program
- ▶ Guam SBDC
 - * Assist with Business Plan and financial projections
 - * Assist with loan application package
 - * Advocate for small businesses
- ▶ Guam Dept. of Labor
- ▶ DPW
- ▶ Guam Legislature

2010 Guam SBDC 17

Our Proposed Plan of Action:

- ▶ Guam Dept. of Labor
 - * Temporary funding assistance/OJT for employees
- ▶ DPW
 - * Pursue Federal Highway Compensation Funds
- ▶ Guam Legislature
 - * Temporary Tax Credits for Businesses affected by man-made disasters
- ▶ Small Business

2010 Guam SBDC 18

Our Proposed Plan of Action:

- ▶ **Small Business Owner**
 - **Create Strategic Business Plan:**
 - ▶ Marketing plan
 - ▶ Financial projections for 3 years
 - ▶ Management Plan
 - Provide last 2 years tax returns
 - Proof of business ownership
 - Updated financial statements

2010

Guam SBDC

19

Guam SBDC Partners

- US Small Business Administration (SBA)
 - Kenneth Lujan, Guam Branch Manager, Ph: 671-472-7419;
 - Email: kenneth.lujan@sba.gov; Internet: www.sba.gov
- UOG Pacific Center for Economic Initiatives (PCEI)
 - Anita Borja Enriquez, D.B.A., Dean (UOG SBPA), Ph: (671) 735-2520 / 2553;
 - Email: abo@guam.uog.edu; Internet: www.uogonline.com/pcei/

2010

20

Guam SBDC Partners

- ▶ UOG-Guam Procurement Technical Assistance Center (PTAC)
 - Vera Topasna, Program Manager, Ph: 671-733-2552
 - Email: vtopasna@ptac.guam.gov; Internet: www.guamptac.com
- ▶ Guam Economic Development Authority (GEDA)
 - Greg Sablan, Industry Development Specialist, Ph: 671-647-4332 ext. 112
 - Email: gsablan@med@guam.com; Internet: www.med@guam.com
- ▶ Guam Veterans Business Outreach Center (VBOC)
 - Frank Otsudomo-Kaillug, Director, Ph: 671-475-4900
 - Email: frank@guamvbo.com; Internet: www.guamvbo.com

2010

21

In summary

- Time is of the essence
- GEDA is the last life line for most of these man-made disaster victims
- If we don't help, who will?



2010

Guam SBDC

22

Si Yu'os Ma'ase!



2010

Guam SBDC

23



COMMITTEE ON RULES

I Mina'trentai Unu na Liheslaturan Guåhan • The 31st Guam Legislature
155 Hesler Place, Hagåtña, Guam 96910 • www.guamlegislature.com
E-mail: roryforguam@gmail.com • Tel: (671)472-7679 • Fax: (671)472-3547

Senator
Rory J. Respicio
CHAIRPERSON
MAJORITY LEADER

Senator
Judith P. Guthertz
VICE CHAIRPERSON
ASST. MAJORITY LEADER

MAJORITY MEMBERS:

Speaker
Judith T. Won Pat

Vice Speaker
Benjamin J. F. Cruz

Senator
Tina Rose Muña Barnes
LEGISLATIVE SECRETARY
MAJORITY WHIP

Senator
Dennis G. Rodriguez, Jr.
ASST. MAJORITY WHIP

Senator
Thomas C. Ada

Senator
Adolpho B. Palacios, Sr.

Senator
vicente c. pangelinan

MINORITY MEMBERS:

Senator
Aline A. Yamashita
ASST. MINORITY LEADER

Senator
Christopher M. Duenas

February 9, 2011

VIA FACSIMILE
(671) 472-2825

Ms. Benita Manglona
Acting Director
Bureau of Budget & management Research
P.O. Box 2950
Hagåtña, Guam 96910

RE: Request for Fiscal Note -
Bill Nos. 27-31(COR) through 28-31(COR) and 30-31(COR) through 53-31(COR)

Hafa Adai Ms. Manglona:

Transmitted herewith is a listing of *I Mina'trentai Unu na Liheslaturan Guåhan's* most recently introduced bills. Pursuant to 2 GCA §9103, I respectfully request the preparation of fiscal notes for the referenced bills.

Si Yu'os ma'åse' for your attention to this matter.

Very Truly Yours,

Rory J. Respicio

Attachments

Cc: Clerk of the Legislature

2011 FEB 10 AM 10:14

Rec'd: Jackie
2/10/11 8:57am

I Mina'trentai Unu Na Liheslaturan Gu ãhan

Bill Log Sheet

Page 1 of 1

Bill No.	Sponsor(s)	Title	Date Introduced	Date Referred	120 Day Deadline	Committee/Office Referred
36-31 (COR)	v.c. pangelinan	An Act to add a new Article 3 to Chapter 50, Title 12, Guam Code Annotated, Establishing the "Government of Guam Mitigation Program for Business Interruption."	1/19/11 11:01 a.m.	1/19/2011		Committee on Health & Human Services, Senior Citizens, Economic Development and Election Reform



COMMITTEE ON RULES

I Mina'trentai Unu na Liheslaturan Guåhan • The 31st Guam Legislature
155 Hesler Place, Hagåtña, Guam 96910 • www.guamlegislature.com
E-mail: roryforguam@gmail.com • Tel: (671)472-7679 • Fax: (671)472-3547

Senator
Rory J. Respicio
CHAIRPERSON
MAJORITY LEADER

Senator
Judith P. Guthertz
VICE CHAIRPERSON
ASST. MAJORITY LEADER

MAJORITY MEMBERS:

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Senator
Tina Rose Muña Barnes
LEGISLATIVE SECRETARY
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Senator
Dennis G. Rodriguez, Jr.
ASST. MAJORITY WHIP

Senator
Thomas C. Ada

Senator
Adolpho B. Palacios, Sr.

Senator
vicente c. pangelinan

MINORITY MEMBERS:

Senator
Aline A. Yamashita
ASST. MINORITY LEADER

Senator
Christopher M. Duenas

January 19, 2011

MEMORANDUM

To: Pat Santos
Clerk of the Legislature

Attorney Therese M. Terlaje
Legislative Legal Counsel

From: Senator Rory J. Respicio
Chairperson, Committee on Rules

Subject: Referral of Bill No. 36-31 (COR)

As Chairperson of the Committee on Rules, I am forwarding my referral of Bill No. 36-31 (COR).

Please ensure that the subject bills are referred, in my name, to the respective committees, as shown on the attachment. I also request that the same be forwarded to all Senators of *I Mina'trentai Unu Na Liheslaturan Guåhan*.

Should you have any questions, please feel free to contact our office at 472-7679.

Si Yu'os ma'åse!

(B) Attachments

2011 JAN 19 PM 2:49
EPM

I Mina'trentai Unu Na Liheslaturan Guåhan

Bill Log Sheet

Page 1 of 1

Bill No.	Sponsor(s)	Title	Date Introduced	Date Referred	120 Day Deadline	Committee/Office Referred
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Ufisinan Todu Guam

SENATOR DENNIS G. RODRIGUEZ, Jr.

I Mina'trentai Unu Na Liheslaturan Guahan

CHAIRMAN, COMMITTEE ON HEALTH & HUMAN SERVICES,
ECONOMIC DEVELOPMENT, SENIOR CITIZENS AND ELECTION REFORM

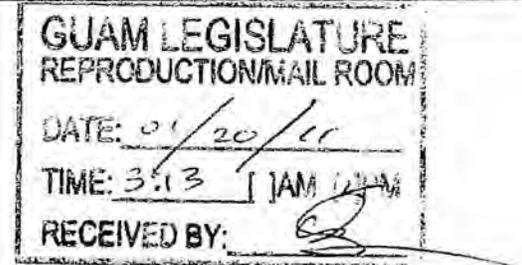
January 20, 2011

MEMORANDUM

TO: ALL SENATORS

FROM: Senator Dennis G. Rodriguez, Jr. *DR*

SUBJECT: First Notice of Public Hearing scheduled for Friday, January 28, 2011.



The Committee on Health & Human Services, Economic Development, Senior Citizens and Election Reform has scheduled a public hearing starting at 9am, Friday, January 28, 2011, at *I Liheslaturan Guahan's* Public Hearing Room in Hagåtña, on the following:

- Bill No. 24-31 (COR)- AN ACT TO AMEND §50103 (p) (4) OF ARTICLE 1, CHAPTER 50 OF TITLE 12, GUAM CODE ANNOTATED, (AS AMENDED BY PUBLIC LAW 30-77) RELATIVE TO GUAM ECONOMIC DEVELOPMENT AUTHORITY LOANS AND LENDING PRACTICES. -by Senator Tina Rose Mufia Barnes
- Bill No. 27-31 (COR)- AN ACT TO REPEAL AND REENACT TITLE 3, GUAM CODE ANNOTATED CHAPTER 19§19117 RELATIVE TO CAMPAIGN ADVERTISING, AND TO PROVIDE PENALTIES FOR THOSE IN VIOLATION OF THE CHAPTER.-by Senator R.J. Respicio
- Bill No. 31-31 (COR)- AN ACT TO ADD A NEW § 6115 TO CHAPTER 6 OF TITLE 3; RELATIVE TO REQUIRING TAX CLEARANCES FOR ALL CANDIDATES FOR PUBLIC OFFICE.-by Senator B. J. F. Cruz
- Bill No. 36-31 (COR)- AN ACT TO ADD A NEW ARTICLE 3 TO CHAPTER 50, TITLE 12, GUAM CODE ANNOTATED, ESTABLISHING THE "GOVERNMENT OF GUAM MITIGATION PROGRAM FOR BUSINESS INTERRUPTION. -by Senator vc Pangelinan
- Resolution No. 8-31 (COR)- RELATIVE TO EXPRESSING THE OBJECTION OF *I MINA'TRENTAI UNU NA LIHESLATURAN GUAHAN* TO THE 112TH UNITED STATES CONGRESS FOR RESTRICTING THE VOTING RIGHTS OF TERRITORIAL AND DISTRICT CONGRESSIONAL DELEGATES.-by Senator Dennis G. Rodriguez, Jr., senator vc Pangelinan, Senator R.J. Respicio

The Committee requests that, if written testimonies are to be presented at the hearing, copies be submitted one day prior to the public hearing date, to the Office of Senator Dennis G. Rodriguez, Jr. at 176 Serenu Avenue Suite 107, Tamuning, Guam, at our mailbox in the Legislature Building at 155 Hesler Place, Hagåtña, Guam or via email to senatordrodriguez@gmail.com. Copies of the aforementioned Resolution and/or Bills may be obtained at *I Liheslaturan Guahan's* website at www.guamlegislature.org. Individuals requiring special accommodations or services, please contact Clifton Herbert or Joe Mesngon at 649-8638. We look forward to your presence and participation.

cc: Clerk of the Legislature
Executive Director
Fiscal Office
Legislative Legal Counsel
MIS
Sergeant-At-Arms/Protocol



Ufisinan Todu Guam
SENATOR DENNIS G. RODRIGUEZ, Jr.

I Mina'trentai Unu Na Liheslaturan Guåhan
CHAIRMAN, COMMITTEE ON HEALTH & HUMAN SERVICES,
ECONOMIC DEVELOPMENT, SENIOR CITIZENS AND ELECTION REFORM

PRESS RELEASE

FIRST NOTICE OF PUBLIC HEARING

Friday, January 28, 2011 9:00am – 12:00pm

(January 20, 2011 - FOR IMMEDIATE RELEASE)

Please be advised that the Committee on Health and Human Services, Economic Development, Senior Citizens and Election Reform will be conducting a Public Hearing on Friday, January 28, 2011 at 9:00 AM in the Legislatures Public Hearing Room. This hearing is scheduled to receive public testimony on the following items:

- **BILL 24-31** (An act to amend 50103 (p) (4) of article I, chapter 50 of title 12, Guam Code Annotated, (as Amended by Public Law 30-77) relative to Guam Economic Development Authority Loans, and Lending Practices. *(Introduced by T.R. Muña Barnes)*
- **BILL 27-31** (An act to repeal and reenact Title 3, Guam Code Annotated Chapter 19 §19117 relative to campaign advertising, and to provide penalties for those in violation of the Chapter.) *(Introduced by R.J. Respecio)*
- **BILL 31-31** (An act to add a new § 6115 to chapter 6 of title 3 relative to requiring tax clearances for all candidates for public office.) *(Introduced by B.J.F. Cruz)*
- **BILL 36-31** (An act to add a new Article 3 to Chapter 50, Title 12 Guam Code Annotated, establishing the Government of Guam Mitigation Program for Business Interruption. *(Introduced by v.c. pangelinan)*
- **RESOLUTION No.008-31 (COR)** Relative to expressing the objection of I Mina'trentai Unu Na Liheslaturan Guåhan to the 112th United States Congress for restricting the voting rights of Territorial and District Congressional Delegates. *(Introduced by D.G Rodriguez, Jr., v.c pangelinan, R.J. Respecio)*

Testimony should be addressed to Senator Dennis Rodriguez, Jr., Chairman, and may be submitted via hand-delivery to our office at 176 Serenu Avenue Suite 107 Tamuning, Guam 96931 or our mailbox at the Main Legislature Building at 155 Hester Place, Hagåtña, Guam 96910, or via email to senatordrodriguez@gmail.com. In Accordance with Title II of the Americans with Disabilities Act (ADA) should you require assistance or accommodations please contact Clifton Herbert or Joe Mesngon at 649-8638. We look forward to your attendance and participation.

For further information, please contact the Office of Senator Dennis Rodriguez, Jr. at 649-8638.

Un Dangkolo Na Si Yuos Ma'åse!
Senseramente,

Dennis G. Rodriguez, Jr.
Senator, *I Mina'trentai Una Na Liheslaturan Guåhan*

1st NOTICE

jeff manibusan <jmanibusan.senatorrodriguez@gmail.com>

Fwd: Public Hearing Notice for January 28th

1 message

Clifton Herbert <cherbert.senatorrodriguez@gmail.com>

Fri, Jan 21, 2011 at 9:37 AM

To: Jeffrey Manibusan <jmanibusan.senatorrodriguez@gmail.com>

from Clifton Herbert <cherbert.senatorrodriguez@gmail.com>

to

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SENATOR DENNIS G. RODRIGUEZ, Jr.
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CHAIRMAN, COMMITTEE ON HEALTH & HUMAN SERVICES,
ECONOMIC DEVELOPMENT, SENIOR CITIZENS AND ELECTION REFORM

Clifton Herbert

176 Serenu Avenue Suite 107 Tamuning, Guam 96931

Telephone: 671.649.8638

Email: Cherbert.senatorrodriguez@gmail.com

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Public Hearing Fri. Jan. 28 Inbox X

Clifton Herbert <cliftonherbertsenarorodriguez@gmail.com>

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Clifton Herbert

176 Serenu Avenue Suite 107 Tamuning, Guam 96931

Telephone:

Email: clifton@serenu.com

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Ufisinan Todu Guam
SENATOR DENNIS G. RODRIGUEZ, Jr.
I Mina'trentai Unu Na Liheslaturan Guåhan
CHAIRMAN, COMMITTEE ON HEALTH & HUMAN SERVICES,
ECONOMIC DEVELOPMENT, SENIOR CITIZENS AND ELECTION REFORM

January 25, 2011

MEMORANDUM

TO: ALL SENATORS

FROM: Senator Dennis G. Rodriguez, Jr.

SUBJECT: SECOND NOTICE of Public Hearing scheduled for Friday, January 28, 2011, 9am to 12 noon.

The Committee on Health & Human Services, Economic Development, Senior Citizens and Election Reform has scheduled a public hearing starting at 9am, Friday, January 28, 2011, at *I Liheslaturan Guåhan's* Public Hearing Room in Hagåtña, on the following:

- Bill No. 24-31 (COR)- AN ACT TO AMEND §50103 (p) (4) OF ARTICLE 1, CHAPTER 50 OF TITLE 12, GUAM CODE ANNOTATED, (AS AMENDED BY PUBLIC LAW 30-77) RELATIVE TO GUAM ECONOMIC DEVELOPMENT AUTHORITY LOANS AND LENDING PRACTICES. -by Senator Tina Rose Muña Barnes
- Bill No. 27-31 (COR)- AN ACT TO REPEAL AND REENACT TITLE 3, GUAM CODE ANNOTATED CHAPTER 19§19117 RELATIVE TO CAMPAIGN ADVERTISING, AND TO PROVIDE PENALTIES FOR THOSE IN VIOLATION OF THE CHAPTER. -by Senator R.J. Respicio
- Bill No. 31-31 (COR)- AN ACT TO ADD A NEW § 6115 TO CHAPTER 6 OF TITLE 3; RELATIVE TO REQUIRING TAX CLEARANCES FOR ALL CANDIDATES FOR PUBLIC OFFICE. -by Senator B. J. F. Cruz
- Bill No. 36-31 (COR)- AN ACT TO ADD A NEW ARTICLE 3 TO CHAPTER 50, TITLE 12, GUAM CODE ANNOTATED, ESTABLISHING THE "GOVERNMENT OF GUAM MITIGATION PROGRAM FOR BUSINESS INTERRUPTION. -by Senator vc Pangelinan
- Resolution No. 8-31 (COR)- RELATIVE TO EXPRESSING THE OBJECTION OF *I MINA 'TRENTAI UNU NA LIHESLATURAN GUÅHAN* TO THE 112TH UNITED STATES CONGRESS FOR RESTRICTING THE VOTING RIGHTS OF TERRITORIAL AND DISTRICT CONGRESSIONAL DELEGATES. -by Senator Dennis G. Rodriguez, Jr., senator vc Pangelinan, Senator R.J. Respicio

The Committee requests that, if written testimonies are to be presented at the hearing, copies be submitted one day prior to the public hearing date, to the Office of Senator Dennis G. Rodriguez, Jr. at 176 Serenu Avenue Suite 107, Tamuning, Guam, at our mailbox in the Legislature Building at 155 Hesler Place, Hagåtña, Guam or via email to senatordrodriguez@gmail.com. Copies of the aforementioned Resolution and/or Bills may be obtained at *I Liheslaturan Guåhan's* website at www.guamlegislature.org. Individuals requiring special accommodations or services, please contact Clifton Herbert or Joe Mesngon at 649-8638. We look forward to your presence and participation.

cc: Clerk of the Legislature
Executive Director
Fiscal Office
Legislative Legal Counsel
MIS
Sergeant-At-Arms/Protocol



Dennis Rodriguez, Jr. <senatordrodriguez@gmail.com>

SECOND NOTICE of PUBLIC HEARING

Dennis Rodriguez, Jr. <senatordrodriguez@gmail.com>

Tue, Jan 25, 2011 at 9:35 AM

To: "Adolpho B. Palacios, Sr." <senabpalacios@gmail.com>, ben c pangelinan <senbenp@guam.net>, "Benjamin J. Cruz" <senadotbjcruz@aol.com>, "Christopher M. Duenas" <duenasenator@gmail.com>, "Frank Blas, Jr." <frank.blasjr@gmail.com>, Judith P Guthertz <judiguthertz@gmail.com>, Judith T Won Pat <speaker@judiwonpat.com>, Mana Silva Taijeron <senatormana@gmail.com>, Rory J Respicio <roryforguam@gmail.com>, Sam Mabini <drsamabini@gmail.com>, "Thomas C. Ada" <office@senatorada.org>, Tina Rose Muna Barnes <tinamunabarnes@gmail.com>, Senator Tom Ada <tom@senatorada.org>, V Anthony Ada <senatortonyada@guamlegislature.org>, Pat Santos <psantos@guamlegislature.org>, tterlaje@guam.net, yong@guamlegislature.org, tunsiog@guamlegislature.org, vparriola@teleguam.net

Hafa Adai!

Attached is the SECOND NOTICE for Public Hearing on Friday, January 28, 2011 at 9am to 12pm.

Si Yu'os Ma'ase!

Senator Dennis G. Rodriguez, Jr.

I Mina'trentai Unu Na Libeslaturan Guahan

31st Guam Legislature

176 Serenu Avenue Suite 107

Tamuning, Guam 96913

671.649.8638

 **Public Hearing #1 Jan 28, 2011.docx**

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"Dennis Rodriguez Jr."
<senatordrodriguez@gmail.com>,
Joseph Mesngon
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I Mina'trentai Unu Na Liheslaturan Guåhan
CHAIRMAN, COMMITTEE ON HEALTH & HUMAN SERVICES,
ECONOMIC DEVELOPMENT, SENIOR CITIZENS AND ELECTION REFORM

For Immediate

January 25, 2011

- SECOND NOTICE

In accordance with the Open Government Law, Law 24-109, relative to notice for meetings, let this serve as 72 hours notice for a by the Committee on Health & Human Services, Economic Development, Senior Citizens and Election Reform is scheduled for

Date: Friday, January 28, 2011

Time: 9:00 AM-12:00 AM

Place: Guam Legislature's

Room

Attached is the agenda for Friday's . Please note that the for the 28th will begin at 9:00 am and will be held in the Guam Legislature's Room.

Testimony should be addressed to Senator Dennis Rodriguez, Jr., Chairperson, and may be submitted via hand-delivery to our office at 176 Serenu Avenue Suite 107 Tamuning, Guam 96931 or our mailbox at the Main Legislature Building at 155 Hesler Place, Hagåtña, Guam 96910, or via email to senatordrodriguez@gmail.com

. In Accordance with Title II of the Americans with Disabilities Act (ADA) should you require assistance or accommodations please contact Clifton Herbert at 649-8638. We look forward to your attendance and participation.

###

Clifton Herbert

176 Serenu Avenue Suite 107 Tamuning, Guam 96931

Telephone:

Email: Cherbertsenatardmdríguez@gmail.com

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Ufisinan Todu Guam
SENATOR DENNIS G. RODRIGUEZ, Jr.
I Mina'trentai Unu Na Liheslaturan Guåhan
CHAIRMAN, COMMITTEE ON HEALTH & HUMAN SERVICES,
ECONOMIC DEVELOPMENT, SENIOR CITIZENS AND ELECTION REFORM

January 20, 2011

Karl Pangelinan,
Administrator,
Guam Economic Development Authority
590 S. Marine Corps. Dr. Suite 511 GITC Building
Tamuning, Guam 96913

Dear Mr. Pangelinan:

Buenas yan Hafa Adai!

The Committee on Health and Human Services, Economic Development, Senior Citizens and Election Reform will be conducting a public hearing on Friday, January 28, 2011 at 9:00am in the Guam Legislature Public Hearing Room. Items for discussion are as follows:

- **BILL NO. 24-31(COR)**- AN ACT TO AMEND §50103 (p) (4) OF ARTICLE I, CHAPTER 50 OF TITLE 12, GUAM CODE ANNOTATED, (AS AMENDED BY PUBLIC LAW 30-77) RELATIVE TO GUAM ECONOMIC DEVELOPMENT AUTHORITY LOANS AND LENDING PRACTICES.
- **BILL NO. 36-31 (COR)**- AN ACT TO ADD A NEW ARTICLE 3 TO CHAPTER 50, TITLE 12, GUAM CODE ANNOTATED, ESTABLISHING THE "GOVERNMENT OF GUAM MITIGATION PROGRAM FOR BUSINESS INTERRUPTION.

I would also like to invite you and your staff to participate at the public hearings and to also provide testimony. Written testimony may be emailed to senatorrodriguez@gmail.com, or hand-delivered to my office no later than 12pm on Thursday, January 27, 2011.

Should you have any questions, please do not hesitate to contact my staff at 649-8638. *Un dangkulo' na Si Yu'os Ma'åse!*

Senseramente,

Dennis G. Rodriguez, Jr.
Senator
I Mina'trentai Unu Na Liheslaturan Guåhan

CC: Board of Directors, GEDA



Ufisinan Todu Guam

SENATOR DENNIS G. RODRIGUEZ, Jr.

I Mina'trentai Unu Na Liheslaturan Guåhan

CHAIRMAN, COMMITTEE ON HEALTH & HUMAN SERVICES,
ECONOMIC DEVELOPMENT, SENIOR CITIZENS AND ELECTION REFORM

PUBLIC HEARING

Friday, January 28, 2011

9am to 12 noon at *I Liheslaturan Guåhan's* Public Hearing Room, Hagåtña, Guam

A G E N D A

- I. Call to Order
- II. Announcements
- III. Items for Public Consideration

9:00am

- Resolution No. 8-31 (COR)- RELATIVE TO EXPRESSING THE OBJECTION OF *I MINA'TRENTAI UNU NA LIHESLATURAN GUÅHAN* TO THE 112TH UNITED STATES CONGRESS FOR RESTRICTING THE VOTING RIGHTS OF TERRITORIAL AND DISTRICT CONGRESSIONAL DELEGATES. -by Senator Dennis G. Rodriguez, Jr., senator vc Pangelinan, Senator R.J. Respicio
- Bill No. 24-31 (COR)- AN ACT TO AMEND §50103 (p) (4) OF ARTICLE 1, CHAPTER 50 OF TITLE 12, GUAM CODE ANNOTATED, (AS AMENDED BY PUBLIC LAW 30-77) RELATIVE TO GUAM ECONOMIC DEVELOPMENT AUTHORITY LOANS AND LENDING PRACTICES. -by Senator Tina Rose Muña Barnes
- Bill No. 27-31 (COR)- AN ACT TO REPEAL AND REENACT TITLE 3, GUAM CODE ANNOTATED CHAPTER 19§19117 RELATIVE TO CAMPAIGN ADVERTISING, AND TO PROVIDE PENALTIES FOR THOSE IN VIOLATION OF THE CHAPTER. -by Senator R.J. Respicio
- Bill No. 31-31 (COR)- AN ACT TO ADD A NEW § 6115 TO CHAPTER 6 OF TITLE 3; RELATIVE TO REQUIRING TAX CLEARANCES FOR ALL CANDIDATES FOR PUBLIC OFFICE. -by Senator B. J. F. Cruz
- Bill No. 36-31 (COR)- AN ACT TO ADD A NEW ARTICLE 3 TO CHAPTER 50, TITLE 12, GUAM CODE ANNOTATED, ESTABLISHING THE "GOVERNMENT OF GUAM MITIGATION PROGRAM FOR BUSINESS INTERRUPTION. -by Senator vc Pangelinan

- IV. Remarks
- V. Adjournment

The Committee requests that, if written testimonies are to be presented at the hearing, copies be submitted one day prior to the public hearing date, to the Office of Senator Dennis G. Rodriguez, Jr. at 176 Serenu Avenue Suite 107, Tamuning, Guam, at our mailbox in the Legislature Building at 155 Hesler Place, Hagåtña, Guam or via email to senatordrodriguez@gmail.com. Copies of the aforementioned Resolution and/or Bills may be obtained at *I Liheslaturan Guåhan's* website at www.guamlegislature.org. Individuals requiring special accommodations or services, please contact Clifton Herbert or Joe Mesngon at 649-8638. We look forward to your presence and participation.



NEWS UPDATE: Legislature's health committee to hold public hearing next week

For further information, contact the Office of Sen. Dennis Rodriguez, Jr. at 649-8638.

Pacific Daily News • January 20, 2011

The Committee on Health and Human Services, Economic Development, Senior Citizens and Election Reform will be conducting a public hearing on Friday, Jan. 28.

The hearing will take place at 9 a.m. in the Legislature public hearing room.

The public will be able to submit testimony on the following bills:

Bill 24-31 which would change the guidelines by which the Guam Economic Development Authority makes loans. (Introduced by T.R. Muña Barnes).

Bill 27-31 would require the disclosure of the names of candidates or groups paying for political advertisements. (Introduced by R.J. Respicio).

Bill 31-31 would require that at the time of filing for candidacy with the Guam Election Commission, a candidate shall submit a clearance from the Department of Revenue and Taxation's collections branch, on a form provided by the commission, showing there is no past-due tax obligation owed by the candidate to the government of Guam. (Introduced by B.J.F. Cruz).

Bill 36-31 would establish a Government of Guam Mitigation Program for Business Interruption. (Introduced by Sen. Ben Pangelinan).

Resolution No.008-31 would express the objection of the Legislature to the 112th United States Congress for restricting the voting rights of Territorial and District Congressional Delegates. (Introduced by Sens. Rodriguez, Pangelinan and Respicio.)

Testimony should be addressed to Sen. Dennis Rodriguez, Jr., chairman, and may be submitted via hand-delivery to his office at 176 Serenu Avenue Suite 107 Tamuning, Guam 96931 or via mail at the Main Legislature Building at 155 Hesler Place, Hagåtña, Guam, 96910, or via email to senatordrodriguez@gmail.com.

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I MINA'TRENTAI UNU NA LIHESLATURAN GUÅHAN
2011 (FIRST) REGULAR SESSION

Bill No. 36-31 (COR)
Introduced by:

v.c. pangelinan

2011 JAN 19 AM 11:01

AN ACT TO ADD A NEW ARTICLE 3 TO CHAPTER 50, TITLE 12, GUAM CODE ANNOTATED, ESTABLISHING THE "GOVERNMENT OF GUAM MITIGATION PROGRAM FOR BUSINESS INTERRUPTION."

BE IT ENACTED BY THE PEOPLE OF GUAM:

1 **Section 1. Legislative Statement and Intent.** *I Liheslaturan Guåhan* finds
2 that the expansion of the United States' military footprint will result in increased
3 construction activity, particularly in the public infrastructure sector. At present, there has
4 been an increase in road construction throughout the island of Guam, both in volume and
5 scope, to levels which are negatively impacting villages, its residents, and businesses.
6 The expansion of the United States' military footprint on Guam imposes a tremendous
7 strain on Guam's finite resources. With dozens of road construction projects covering
8 hundreds of miles being undertaken at the same time, timely completion of the projects
9 have been problematic. Thus harmonious, orderly, and beneficial improvements that
10 sustain the current quality of life for village residents, commuters, and businesses are not
11 achieved.

12 As such, *I Liheslaturan Guåhan* finds that appropriate mitigation programs need
13 to be in place to ensure that the negative impact of road construction on residents and
14 businesses is minimized.

15 Therefore, *I Liheslaturan Guåhan* intends to empower and authorize the Guam
16 Economic Development Authority (GEDA) to develop, implement, and administer the
17 "***Government of Guam Mitigation Program for Business Interruption***" known herein
18 as "Project" with the purpose of providing financial relief to businesses adversely
19 affected by government projects including but not limited to road construction. The

1 following authority granted to GEDA coincides with its self-proclaimed mission to
2 develop a sound and sustainable economy through innovative programs that preserve and
3 promote local culture, economic opportunities, and quality of life.

4 As the following Program seeks to expand on the capability of GEDA, the
5 funding source of the Program shall be derived from the resources generated by GEDA.
6 Specifically, GEDA has the ability to generate revenues from various sources such as
7 proceeds from bond origination fees, which are sporadic but are of sizable amounts. As
8 bond proceeds do not represent routine revenue sources, these funds will be available to
9 fund nascent programs such as the Program. In fiscal year 2010, GEDA collected in
10 excess of Five Hundred Thousand Dollars (\$500,000) in bond fees associated with bond
11 sales for the Guam Power Authority, the Guam Waterworks Authority, and International
12 Bridge Corporation. Bond fees earned by GEDA last fiscal year shall serve as the seed
13 capital for the Program.

14 Likewise, GEDA's function of providing loans in pursuit of the economic
15 development of Guam is not a new concept; rather, loans granted under the Program is
16 nothing but a logical expansion of the scope of GEDA's role in the sustainability of
17 economic development. Rather than create new industries, the Program seeks to preserve
18 current industries and keep businesses in place.

19 The goal of the Program is to provide financial assistance through grants and
20 loans to small and mid-size businesses adversely impacted by government projects such
21 as road construction so as to ensure their continued existence and minimize interruption
22 to local commerce.

23 The financial assistance provided by the Program does not intend to stifle free
24 market competition but rather to promote it. It seeks to promote free market competition
25 by supporting small and mid-size businesses that have been operating successfully and
26 keeping their doors open when faced with material changes in their physical environment
27 caused by circumstances beyond their control. As the change in their physical
28 environment was attributable to government projects, *I Liheslaturan Guåhan* intends to
29 make whole the businesses impacted by supplanting their significant drop in revenues
30 thereby preserving the current competitors in the industry.

- 1 (e) "government" means the Government of Guam or its instrumentality;
- 2 (f) "small business" means a business that employs ten or fewer full-time equivalent
3 employees and is located in an area that is adjacent to an eligible government
4 project;
- 5 (g) "mid-size business" means a business that employs twenty or fewer full-time
6 equivalent employees and is located in an area that is adjacent to an eligible
7 government project; and
- 8 (h) "Program" means the Government of Guam Mitigation Program for Business
9 Interruption.

10 **§50303. Administration.** The following provisions shall govern the administration of
11 this entire Chapter.

12 (a) Administrator. The Administrator of the Guam Economic Development Authority
13 of the Government of Guam (herein known as the Administrator) shall have the
14 following duties, powers, and authority:

15 (1) Establish procedures for receiving, responding, and approval of
16 applications to the Program. The Administrator shall notify each
17 applicant, in writing, of the outcome of the application no later than
18 thirty (30) days after a completed application package is received. If an
19 applicant to the Program is denied, the Administrator shall provide no
20 later than five (5) days after the decision, a written explanation on the
21 basis of the denial. An applicant denied by the Administrator may
22 appeal the decision pursuant to §50308 of this Act.

23 (2) Establish procedures for the periodic assessment of the Program which
24 shall be transmitted to the Speaker of *I Liheslaturan Guåhan* sixty (60)
25 days after the close of the fiscal year. The assessment, at a minimum,
26 shall include the number of applicants to the Program, the names of
27 Program recipients, funds distributed for the year, the current balance
28 of the Program, and Program analysis on its legislative intent.

29 (3) Publish on the Guam Economic Development Authority website sixty
30 (60) days after the close of the fiscal year the number of applicants to
31 the Program, the names of Program recipients, the number of Program

1 recipients, funds distributed for the year, the current balance of the
2 Program and Program analysis on its legislative intent.

3 (4) Establish criteria for the review and approval of Program applications
4 consistent with this Act and its intent.

5 (5) Promote and publish on the Guam Economic Development Authority
6 website information regarding the Program, its requirements, and
7 benefits to small and mid-size business owners.

8 **§50304. Eligibility.** To be eligible for Program benefits an applicant must meet the
9 eligibility criteria as stipulated below. Program applicants shall:

10 (a) Be bona fide residents of Guam and a United States citizen, or a permanent
11 resident alien;

12 (b) Not have any outstanding taxes due to the Department of Revenue and
13 Taxation and/or any outstanding debts at the Guam Memorial Hospital
14 Authority which are not subject to an approved and current payment plan;

15 (c) Possess a valid business license; and

16 (d) Be current with all reporting of taxes to the Department of Revenue and
17 Taxation.

18 **§50305. Applications.** An applicant shall prepare and submit to the Administrator a
19 written proposal detailing strategies on how the applicant will implement the funds
20 received to ensure the viability of the business. Specific requirements for §50304 and
21 §50305 are enumerated in §50306 and §50307 of this Act.

22 **§50306. Application for Program Grants.** Applicants who are owners of small
23 businesses with annual revenues less than Two Hundred Thousand Dollars (\$200,000)
24 shall be eligible for a Twelve Thousand Dollar (\$12,000) grant from the Guam Economic
25 Development Authority. The grant shall have the following limitations:

26 (a) The grant shall be used to subsidize general operating expenses and provide
27 working capital to small businesses, including but not limited to the payment
28 of rent, employee salaries and benefits, supplies, and utilities;

29 (b) The grant is non-renewable; and

30 (c) The grant will be distributed in three equal monthly payments.

1 Upon expiration of the grant, the grant recipients have the option of applying for a loan
2 pursuant to §50305. No additional documents need to be submitted by grant recipients to
3 receive the Program loans.

4 **§50307. Application for Program Loans.** Applicants who are owners of mid-size
5 businesses with annual revenues less than One Million Dollars (\$1,000,000) shall be
6 eligible for a loan of up to One Hundred Thousand Dollars (\$100,000) from the Guam
7 Economic Development Authority. The loan shall have the following limitations:

- 8 (a) The loan shall be used to subsidize general operating expenses and provide
9 working capital to mid-size business, including but not limited to the
10 payment of rent, employee salaries and benefits, supplies, and utilities;
- 11 (b) The loan shall be payable in a period not to exceed ten (10) years;
- 12 (c) The interest rate on the loan shall be based on the U.S. Treasury Index Rate
13 plus up to four percent (4%);
- 14 (d) The loan shall allow for flexible payment terms in the event the applicant
15 falls on economic hardship; and
- 16 (e) The loan is non-renewable.

17 **§50308. Appeal.** An applicant may appeal a denial within thirty (30) days of receipt of
18 the written denial notice. The applicant shall submit to the Guam Economic Development
19 Authority Board appropriate documentation disputing the basis of the denial. The Board
20 shall render a decision within fifteen (15) days after receipt of an appeal. The decision of
21 the Board shall be final.

22 **§50309. Funding.** The funding sources of the Program shall come from the following
23 sources:

- 24 (a) The Guam Economic Development Authority shall obtain business
25 interruption insurance policy coverage of up to Two Million Dollars
26 (\$2,000,000) for the purpose of distributing grant benefits pursuant to §50306.
27 Payment of the annual insurance premiums for the policy coverage shall be
28 taken from the bond origination fees generated by GEDA and
- 29 (b) The Guam Economic Development Fund Act (GEDFA) shall provide the
30 funding source for the loans granted pursuant to §50307.

1 **§50310. Fund Distribution.** In distributing funds, the Administrator shall consider the
2 types of businesses affected by the eligible government project and shall balance funding
3 between the number of eligible applicants and the funds available in this Act.”

4 **Section 3. Appropriation.** The sum of Four Hundred Thousand Dollars
5 (\$400,000) is appropriated from the fund balance of the Guam Economic Development
6 Authority as seed capital for the Program.

7 **Section 4. Effective Date.** This Act shall become effective upon enactment

8 **Section 5. Severability.** If any provision of this Law or its application to any
9 person or circumstances is found to be invalid or contrary to law, such invalidity shall not
10 affect other provisions or applications of this Law which can be given effect without the
11 invalid provisions or application, and to this end the provisions of this Law are severable.