

I MINA' BENTE NUEBI NA LIHESLATURAN GUÅHAN
2008 (SECOND) Regular Session

Bill No. 367 (LG)

Introduced by:

Ray Tenorio



AN ACT TO AMEND §58104 OF CHAPTER 58 OF 12GCA AND
ITEMS (3) AND (4) OF §26401(a) OF 11GCA RELATIVE TO
CREATING TAX INCENTIVES IN THE QUALIFYING
CERTIFICATE PROGRAM FOR THE MANUFACTURE,
DISTRIBUTION AND SALE OF ALTERNATIVE FUELS AND
EXEMPTING SUCH FUELS FROM THE LIQUID FUEL TAX.

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1 BE IT ENACTED BY THE PEOPLE OF GUAM:

2
3 Section 1. Legislative Intent. *I Liheslaturan Guåhan* finds that Guam's year-
4 round tropical climate makes conditions suitable for growing agricultural products that
5 can be used in the production of bio-fuels. Recent research and advancements in bio-
6 fuel production have shown that bio-fuels can be extracted from vegetable sources
7 other than corn kernels or soy beans. Such research includes chemical extraction from
8 vegetative waste and microbes known as microalgae.

9 *I Liheslatura* further finds that research into the cultivation of micro-algae as
10 energy crops shows promise for places such as Guam. Microalgae are photosynthetic
11 and heterotrophic meaning that it requires sunlight and a carbon-based food supply to
12 grow. Guam has both in great abundance. Microalgae can also be grown at a much
13 faster rate than traditional energy crops and require much less land. Studies have also
14 shown that certain microalgae are effective in the production of hydrogen and oxygen
15 through the process of biophotolysis.

1 It is the intent of *I Liheslatura* to encourage the creation of a new bio-fuels
2 industry by providing incentives through the Qualifying Certificate Program and
3 through an exemption from the Liquid Fuel Tax for bio-fuels manufactured on Guam.
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5 **Section 2.** Section 58104 of 12GCA is hereby *amended* to read:

6 **§ 58104. Eligibility Defined.**

7 A Qualifying Certificate shall only be issued to the following
8 entities:

9 Any trust, partnership, sole proprietorship, Limited Liability
10 Partnership ('LLP'), Limited Liability Company ('LLC'), corporation formed
11 under the laws of Guam, or possessions corporation as defined in § 58106 of this
12 Chapter, engaged, or about to engage in any of the following activities:

- 13 1. agriculture;
- 14 2. aquaculture;
- 15 3. mariculture;
- 16 4. manufacturing;
- 17 5. commercial fishing;
- 18 6. services;
- 19 7. tourism;
- 20 8. improvement of real property for purposes which are specifically
21 determined by the Authority to be beneficial, desirable, and necessary for the
22 economic development of Guam;
- 23 9. insurance issuance, either by commercial insurers, reinsurers, or
24 captive insurers which meet the requirements of 22 GCA Chapter 15, Article 3;
- 25 10. export trading company, as defined in 11 GCA § 26101(d), if the
26 main office of the export trading company is established on Guam;

1 11. producing water or disposing of wastewater, or both, jointly with
2 the Guam Waterworks Authority;

3 12. operating on a military base on Guam a Base Operating Service
4 Contract;

5 13. a small business entity operating on a military base on Guam, a
6 Base Operating Service contract, or as a subcontractor to a BOS Contractor; and

7 14. a global internet infrastructure services company(ies) providing
8 Internet connectivity and co-location facilities and its/their tenant-sellers in the
9 sales of goods, services and information over the Internet; provided that:

10 (i) the seller is legally established in and operates from Guam;

11 (ii) the sale does not include the local sale of goods, services and
12 information;

13 (iii) the sale is conducted exclusively through the Internet; and

14 (iv) the seller does not sell or distribute in any fashion material that
15 is harmful to minors as that term is defined in the Internet Tax Freedom Act, a
16 part of the Omnibus Appropriations Act of 1998, Public Law Number 105-277.
17 For purposes of this Paragraph, a "minor" is a person under the age of eighteen
18 (18).

19 15. The manufacture, distribution and sale of non-petroleum based fuels
20 that include but are not limited to biofuels such biodiesel and ethanol and
21 hydrogen fuels.

22
23 **Section 3.** Item (3) of §26401(a) of 11GCA is hereby *amended* to read:

24 (3) *Liquid fuel* or *fuel* shall mean and include all liquids ordinarily, practically and
25 commercially usable in internal combustion, turbo-jet and jet engines for the generation
26 of power and shall include all distillates of, and condensates from petroleum, natural
27 gas, coal, coal tar and vegetable ferments, such distillates and condensates being

1 ordinarily designated as gasoline, butane, naphtha, benzol, benzine, kerosene and
2 alcohol so usable, but not restricted to such designation. However, kerosene purchased
3 for actual use other than internal combustion, turbo-jet, or jet engines and crude oil are
4 specifically excluded from the meaning of liquid fuel under this Article. Bio-fuels such
5 as bio-diesel, ethanol and vegetable/microbe ferments and non-petroleum-based fuels
6 including hydrogen fuels manufactured on Guam from are specifically excluded from
7 the meaning of liquid fuel under this Article.

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9 **Section 4.** Item (4) of §26401(a) of 11GCA is hereby *amended* to read:

10 (4) *Diesel fuel* shall mean and include all petroleum-based liquids ordinarily, practically
11 and commercially usable in those ignition-compression engines commonly known as
12 diesel engines.