

*I Mina'Trentai Dos Na Liheslaturan Guahan*  
**Bill Log Sheet**

| BILL NO.            | SPONSOR  | TITLE   | DATE INTRODUCED       | DATE REFERRED | CMTE REFERRED  | PUBLIC HEARING DATE | DATE COMMITTEE REPORT FILED | FISCAL NOTES                        |
|---------------------|--|---|-----------------------|---------------|--|---------------------|-----------------------------|-------------------------------------|
| <b>205-32 (COR)</b> | Dennis G. Rodriguez, Jr.<br>Brant T. McCreddie<br>R. J. Respicio | AN ACT TO PROMOTE ECONOMIC DEVELOPMENT BY AUTHORIZING THE ISSUANCE OF TAX CREDITS TO ENTITIES WHO ASSIST WITH THE DEVELOPMENT OF GUAM'S AGRICULTURAL AND "GUAM PRODUCT SEAL" PRODUCTS EXPORT INITIATIVE THROUGH CONTRIBUTIONS TO OFFSET SHIPPING COSTS, BY ADDING A NEW ARTICLE 6 TO CHAPTER 77, DIVISION 2 OF TITLE 12, GUAM CODE ANNOTATED. | 10/10/13<br>3:03 p.m. | 10/10/13      | Committee on Health & Human Services, Health Insurance Reform, Economic Development, and Senior Citizens |                     |                             | <b>Fiscal Note Request 10/14/13</b> |



# COMMITTEE ON RULES

*I Mina'trentai Dos na Liheslaturan Guåhan* • The 32nd Guam Legislature  
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Senator  
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MINORITY LEADER

Senator  
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Member

October 14, 2013

VIA E-MAIL  
[john.rios@bbmr.guam.gov](mailto:john.rios@bbmr.guam.gov)

**John A. Rios**  
**Director**  
**Bureau of Budget & Management Research**  
**P.O. Box 2950**  
**Hagåtña, Guam 96910**

**RE: Request for Fiscal Notes– Bill Nos. 204-32 (COR) through 208-32 (COR)**

*Hafa Adai* Mr. Rios:

Transmitted herewith is a listing of *I Mina'trentai Dos 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,

**Senator Rory J. Respicio**  
*Chairperson, Committee on Rules*

Attachments (1)

Cc: Clerk of the Legislature

2013 OCT 14 PM 4:43

| Bill Nos.       | Sponsor   | Title   |
|-----------------|---|---|
| 204-32<br>(COR) | Michael T. Limitiaco,<br>Aline A. Yamashita,<br>Ph.D., Tommy<br>Morrison, Chris M.<br>Duenas, V. Anthony<br>Ada | AN ACT TO AMEND §§7105-7108 OF 17 GCA, RELATIVE TO THE AUTHORIZATION OF COMMERCIAL ADVERTISING LEASES; TO AUTHORIZE THE DEPARTMENT OF PUBLIC WORKS TO ESTABLISH A COMMERCIAL ADVERTISING SPACE PROGRAM ON SCHOOL BUSES; AND, TO ESTABLISH THE DPW BUS MAINTENANCE FUND.   |
| 205-32<br>(COR) | Dennis G. Rodriguez, Jr.<br>Brant T. McCreadie<br>R. J. Respicio  | AN ACT TO PROMOTE ECONOMIC DEVELOPMENT BY AUTHORIZING THE ISSUANCE OF TAX CREDITS TO ENTITIES WHO ASSIST WITH THE DEVELOPMENT OF GUAM'S AGRICULTURAL AND "GUAM PRODUCT SEAL" PRODUCTS EXPORT INITIATIVE THROUGH CONTRIBUTIONS TO OFFSET SHIPPING COSTS, BY ADDING A NEW ARTICLE 6 TO CHAPTER 77, DIVISION 2 OF TITLE 12, GUAM CODE ANNOTATED. |
| 206-32<br>(COR) | B. J.F. Cruz  | AN ACT TO AMEND SUBSECTION (C) OF §26603, OFARTICLE 6, CHAPTER 26, OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING TAX PARITY BETWEEN CIGARETTES AND CHEWING TOBACCO.  |
| 207-32<br>(COR) | T.C. Ada<br>R.J. Respicio   | AN ACT TO ADD §8241.1 OF TITLE 12 OF THE GUAM CODE ANNOTATED AND TO APPROVE THE TERMS AND CONDITIONS OF GUAM POWER AUTHORITY REVENUE BONDS TO FINANCE CAPITAL IMPROVEMENTS TO THE ISLAND-WIDE POWER SYSTEM.   |
| 208-32<br>(COR) | T. R. Muña Barnes   | AN ACT TO ADD § 51112 OF CHAPTER 51, TITLE 18 GUAM CODE ANNOTATED RELATIVE TO PROVIDING AN ADDITIONAL SOURCE OF FUNDING TO THE GUAM HOUSING CORPORATION'S HOUSING TRUST FUND BY AUTHORIZING THE TRANSFER TO THE SAME OF INTEREST ON SECURITY DEPOSITS ARISING FROM LANDLORD TENANT RENTAL AGREEMENTS.   |



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October 10, 2013

### MEMORANDUM

**To:** **Rennae Meno**  
*Clerk of the Legislature*

**Attorney Therese M. Terlaje**  
*Legislative Legal Counsel*

**From:** **Senator Rory J. Respicio**  
*Majority Leader & Rules Chair*

**Subject:** **Referral of Bill No. 205-32(COR)**

As the Chairperson of the Committee on Rules, I am forwarding my referral of **Bill No. 205-32(COR)**.

Please ensure that the subject bill is referred, in my name, to the respective committee, as shown on the attachment. I also request that the same be forwarded to all members of *I Mina'trentai Dos na Liheslaturan Guåhan*.

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

*Si Yu'os Ma'åse!*

Attachment

*I MINA'TRENTAI DOS NA LIHESLATURAN GUÅHAN*  
2013 (FIRST) Regular Session

Bill No. 205-32 (COR)

Introduced by:

D. G. RODRIGUEZ, JR.   
B. MCCREADIE   
R. J. RESPICIO 

AN ACT TO PROMOTE ECONOMIC DEVELOPMENT BY AUTHORIZING THE ISSUANCE OF TAX CREDITS TO ENTITIES WHO ASSIST WITH THE DEVELOPMENT OF GUAM'S AGRICULTURAL AND "GUAM PRODUCT SEAL" PRODUCTS EXPORT INITIATIVE THROUGH CONTRIBUTIONS TO OFFSET SHIPPING COSTS, BY ADDING A NEW ARTICLE 6 TO CHAPTER 77, DIVISION 2 OF TITLE 12, GUAM CODE ANNOTATED.

2013 OCT 10 PM 3:03 

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

2 **Section 1.** A new Article 6 is hereby added to Chapter 77 of Division 2, Title  
3 12, Guam Code Annotated, to read:

4 **Article 6**

5 **GUAM EXPORT TAX CREDIT FOR AGRICULTURAL AND "GUAM**  
6 **PRODUCT SEAL" PRODUCTS**

- 7 §77600. Legislative Findings and Intent
- 8 §77601. Definitions
- 9 §77602. Tax Credits
- 10 §77603. Maximum Amount of Tax Credits Authorized
- 11 §77604. Calculation of Tax Credit
- 12 §77605. Approval of Contributions
- 13 §77606. Miscellaneous

1 §77607. Rules and Regulations

2           **§77600. Legislative Findings and Intent.** Guam has many  
3 impediments when it comes to international business such as customs, quarantine,  
4 immigration and shipping because of its status as an unincorporated territory of the  
5 United States and because of our remoteness. That notwithstanding, in the early  
6 1900's, Guam once had an *agricultural* industry that was developed to the extent that  
7 it supported and satisfied the requirements of Guam society with a large variety of  
8 produce. Further, production was sufficient to the extent that this local, homegrown,  
9 Guam based, industry also supported opportunities in *exporting*. With the advent of  
10 modernization, restrictions on shipping, competition with imported processed foods,  
11 and other social economic factors, these two economic activities lost momentum and  
12 over time contributed little to nothing to Guam's economy. It is the *intent* of *I*  
13 *Liheslaturan Guåhan* that significant stimulus is required, and should be dedicated,  
14 to *re-develop* Guam's agricultural export market, as well as the economic  
15 development of markets for local Guam Product Seal exports.

16           It is the consensus of *I Liheslaturan Guåhan* that the issuance of tax credits  
17 to entities who assist with the development of Guam's export initiative through  
18 contributions that offset shipping costs is a vital incentive for the creation and  
19 sustainability of this new and developing economic sector. By allowing tax credits  
20 for export transshipment, Guam producers will be able to offset one of the largest  
21 costs prohibiting the pursuit of profitable exportation, expansion into new markets and  
22 the ability to provide competitive pricing. The tax credits will surely promote export  
23 activity by mitigating one of the key cost components of doing business abroad thus  
24 providing a competitive edge on product pricing regionally, as well as in the global  
25 marketplace.

26           Currently there is little to no tax revenue generated from the sale of or

1 shipping of commodities for export. The tax credits will provide the added  
2 incentive for the renaissance of Guam's Agricultural sector and Guam Product Seal  
3 products by refocusing collaborative efforts and providing new market  
4 opportunities providing a new, broader-based, economic stimulus.

5 With increased opportunities abroad, Guam exports will prove to be more  
6 attractive and lucrative which, in turn, will increase manufacturing activity, create  
7 more jobs and preserve cultural socioeconomic activities.

8 With the award and success of the State Trade and Export Promotions grant  
9 in 2011 and 2012, the Guam Economic Development Authority has conducted  
10 extensive research in the area of exporting and have set the groundwork to develop  
11 this initiative and have identified that this tax credit is crucial to the success of this  
12 new developing industry. It is the *intent* of *I Liheslaturan Guåhan* that further  
13 economic development efforts be taken to promote Guam's local businesses  
14 through the export of their Guam Product Seal and agriculture products.

15 **§77601. Definitions, as applied in this Act.**

16 (a) **Contributions** shall mean and can be made either as the sponsorship of  
17 shipping costs, applying preferred shipping rates, or the discount provided by  
18 transshipment companies solely for shipping charges related to the exportation of  
19 agricultural products and/or produce and certified Guam Product Seal products.

20 (b) **Export** shall mean, for the purposes of this Article, the business activity  
21 where an item or service produced on Guam is purchased by foreign dollars.

22 (c) **Shipping Costs**, shall mean the normal, posted and actual cost of shipping  
23 freight, as would normally occur when conducted *without* sponsorship, preferred  
24 shipping rates and/or discounts. This does not include fees and taxes that are not  
25 retained by the company or third party charges.

26 (d) **Discounted Shipping Cost**, shall mean the normal, posted and actual cost of

1 shipping freight, *minus* the sponsored, preferred shipping rate, or discounted price  
2 charged for qualified freight as provided pursuant to this Article.

3 (e) The applicable ***Tax Credit Value*** shall mean the difference between the  
4 *shipping cost* and the *discounted shipping cost* actually charged for the export of  
5 qualified products.

6 (f) ***Transshipment*** shall mean the shipment of goods to another destination via  
7 air or ocean, and shall include, when applicable, to change the means of transport  
8 during the journey (for example from road transport to air transport), known as trans-  
9 loading, and/or, to combine or consolidate small shipments into a large shipment  
10 (consolidation).

11 (g) ***Agricultural produce and/or products*** shall mean, but not be limited to,  
12 plant produce and products (packaged, canned and/or otherwise preserved as  
13 necessary), as well as live seedlings, plants and trees manufactured or grown on  
14 Guam. The meaning shall also include meat products (packaged, canned and/or  
15 otherwise preserved as necessary), as well as living livestock, and, aquaculture  
16 products (packaged, canned and/or preserved as necessary), and living aquatic species.

17 (h) ***Guam Product Seal Products*** shall mean those domestic products made on  
18 Guam, as provided pursuant to §1201 of Chapter 1, Article 2, Guam Code Annotated.

19 (i) The ***Authority*** or ***GEDA*** shall mean the Guam Economic Development  
20 Authority.

21 (j) ***Contributors*** shall mean Guam sole proprietorships, partnerships, limited  
22 liability companies, corporations licensed to do business on Guam who make  
23 qualifying contributions as set forth in §77601(a).

24 (k) ***Business Privilege Tax*** shall mean the business privilege tax imposed by  
25 Section 26201 of Article 2 of Chapter 26 of Title 11 of the Guam Code Annotated.



1           **§77602. Tax Credits.** (a) Guam sole proprietorships, partnerships, limited  
2 liability companies and corporations conducting business in the areas of air cargo,  
3 ocean shipping or transshipment, which shall be duly licensed to conduct business on  
4 Guam, shall be entitled to tax credits against a portion of the business privilege taxes  
5 levied against the contributor for those revenue portions of the business activity  
6 related solely to exporting qualified freight (§77601 (g) and (h)) from Guam. All tax  
7 credits referred to in this Article shall mean tax credits applied against business  
8 privilege tax liabilities incurred for the tax year the contribution was made, and as  
9 further provided pursuant to this Section.

10           (b) Effective date and applicability of tax credits: Provisions of this Act shall  
11 take effect on the first day of the succeeding month after enactment into law. Offsets  
12 on taxable amounts shall be effective beginning in Tax Year 2013, and annually  
13 thereafter.

14           (c) Qualifying exports: The issuance of tax credits for contributions made  
15 pursuant to this Article shall only be applicable to the categories of products defined  
16 pursuant to §77601(g) and (h).

17           **§77603. Maximum Tax Credits Authorized for Utilization for Tax-Offset**  
18 **per Tax Year.** The maximum amount of tax credits authorized for utilization for tax-  
19 offsets for each contributor shall not exceed Two Hundred Fifty Thousand Dollars  
20 (\$250,000) per tax year. As an added incentive to promote participation at the onset,  
21 an additional amount of One Hundred Thousand Dollars (\$100,000) *shall* be added to  
22 the *tax credit value cap per tax year* to expire December 31, 2015, which *shall* then be  
23 the amount of the tax credit to be issued and will revert back to Two Hundred Fifty  
24 Thousand Dollars (\$250,000) per tax year thereafter.

25

1           **§77604. Calculation of Tax Credit and Participatory Incentive.** The *tax*  
2 *credit value* (§77601(e)) shall be the basis from which the tax credit to be issued is  
3 calculated for a qualified contribution. The applied credit amount will be a dollar for  
4 dollar match of the contribution to the corresponding tax credit.

5           (1) The Authority, in conjunction with the Department of Revenue &  
6 Taxation, shall annually determine the maximum amount of BPT tax credits  
7 which may be authorized for utilization for tax liability offsets, as provided  
8 pursuant to this Article.

9           (A) The Authority *shall* submit, annually, to *I Maga'lahaen Guåhan*, and  
10 to the Speaker, *I Liheslaturan Guåhan*, the determination by the  
11 Authority and the Department as to the aggregate sum of available  
12 Business Privilege Tax credits determined to be available as BPT offsets  
13 for *contributions*.

14           **§77605. Approval of Contributions and Tax Credits.** The GEDA Business  
15 Development Division, or its designee, shall be responsible for providing to The  
16 Department of Revenue and Taxation an approved list of agricultural producers and  
17 eligible Guam Product Seals holders. The Department of Revenue and Taxation shall  
18 review requested tax credits and, shall subsequently authorize the tax credits for  
19 requests found to be compliant with this Article.

20           **§77606. Miscellaneous.** (a) The tax credits authorized by this Article shall  
21 be subject to the following conditions:

22           (1) Approved tax credits can be applied in amounts, which shall not exceed  
23 Two Hundred Fifty Thousand Dollars (\$250,000) in a single tax year except  
24 during the initial incentivized period up to December 31, 2015.

25           (2) To be eligible for the tax credits authorized by this Article, contributors  
26 must be licensed to do business on Guam.

1 (3) Agricultural producers and Guam Product Seal holders must register at the  
2 Guam Economic Development Authority and must be in full compliance  
3 with the programs.

4 (4) Any credit against the Business Privilege Tax, as authorized herein, shall  
5 only apply to the unpledged portion of the Business Privilege Tax (currently  
6 one percentage point of the current four percent Business Privilege Tax  
7 rate). The credit shall not apply to the first three percentage points of the  
8 Business Privilege Tax, so as not to violate the government's covenants to  
9 bondholders of the Government of Guam Business Privilege Tax Bonds,  
10 Series 2011A, Series 2012B and Series 2013C authorized through P.L. 31-  
11 76, P.L. 31-196 and P.L. 31-276.

12 **§77607. Term and Effective Date.**

13 **Section 1. Sunset Provision:** This Act shall remain in effect for a term of ten  
14 (10) years, at the expiration of which period, this Act shall automatically be deemed  
15 repealed.

16 **Section 3. Severability.** If any provision of this act or its application to any  
17 person or circumstances is found to be invalid contrary to law, such invalidity shall  
18 not affect other provisions or applications of this act which can be given effect without  
19 the invalid provisions or applications, and to this end the provisions of this act are  
20 severable.

21 **Section 4. Effective Date.** This Act shall become immediately effective upon  
22 enactment.