



Guam Visitors Bureau
Setbision Bisitan Guahan

WRITTEN TESTIMONY OF

PETER "SONNY" ADA,
Chairman of the Board of Directors
Guam Visitors Bureau

ON BILL NUMBERS 588 AND 589

Hafa Adai Chairman Aguon and Members of the Committee on Tourism and Transportation.

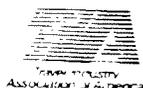
On behalf of the Guam Visitors Bureau Board of Directors, Management and Staff, thank you for the opportunity to present testimony before you today. We extend to you, Senator Aguon and Senator Bamba, *Un Dangkolo na si Yu'os Ma'áse* for the introduction of Bill Numbers 588 and 589, which are both timely and significant in light of recent events. We are appreciative as both proposals would benefit the industry as a whole.

Tourism, as we are all aware, has suffered its setbacks -- through the destruction and negative image created by Typhoon Omar, power outages, and now the "Great Quake." The Guam Visitors Bureau has worked diligently to counter this adversity and to ensure the continued promotion of Guam as a destination of choice, one that is both attractive and affordable. With a joint cooperative effort between government and private sector forces, the Bureau has proven that as a team, we on Guam can accomplish this mission.

The current hotel occupancy tax of 13% was initially authorized as a temporary measure, up from 10%, with the 3% increase to be set aside for funding beautification and tourism-related projects throughout the island. Since that time, Guam has completed many of those projects. As such, this temporary measure, approved and implemented back in 1988, deserves to be revisited with both of these bills serving as the vehicle to reduce the hotel occupancy tax.

P.O. Box 3520, Agaña, Guam 96910

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In a highly competitive industry, to simply market your product as attractive, to simply say "Enjoy our beaches, enjoy the year-long summer weather we on Guam can offer" is not enough. The tourism industry is becoming more complex and our visitors are becoming more sophisticated and price-conscious. And thus, Guam requires this added incentive - affordability - to maintain its edge over other destinations.

Based on information available to the Bureau, our closest competitors for the Japanese market -- Hawaii and our neighbors to the north, Saipan -- both enjoy a 10% hotel occupancy tax rate. This provides both destinations the leverage to market their product as affordable. We need to remain competitive.

We have indications from members of the industry that the graduated rates envisioned under Bill No. 588 would prove to be administratively complex, cumbersome and costly, particularly for those tour operators who sell packages to our island months in advance. We believe that by the time the industry finally adjusts to the change, the one-year effectiveness is close to realization.

It is for these reasons that the Guam Visitors Bureau supports the implementation of a 10% across-the-board hotel occupancy tax to be effective immediately upon enactment into law.

We firmly believe that the reduction of the hotel occupancy tax should not be intended as a temporary, quick-fix solution in order to counter the negative effects of the earthquake. Rather, it should be a long-term solution and directive in support of the tourism industry, and in furtherance of our commitment to promote Guam as an attractive and affordable destination. With this in mind, we strongly encourage this Committee to include a provision allowing for a minimum five-year implementation period to ensure that commitment, as well as continued long-term planning.

Section 3 of Bill 588, the exemption from the 8% budget reduction, is supported wholeheartedly by the Guam Visitors Bureau. As mentioned before, tourism has felt the negative impact of Typhoon Omar. Just prior to the massive earthquake on August 8, Guam's tourism industry was on the rebound to full recovery.

The ability to use funds for earthquake-specific campaigns, as is necessary, will give us, indeed, the "shot-in-the-arm" to more quickly entice our visitors back to Guam. Currently, we are awaiting more detailed information to better gauge where we are at in terms of cancellations and decreases in tourism activity. Preliminary indications show that initially we will see and feel the impact

without question. However, those same indications also prove that we will rebound with new bookings on line. We are hopeful that we will not have to resort to this type of marketing campaign; however, should the need arise, we are grateful that we will have the funds made available to us.

In summary, Mr. Chairman and Members of the Committee, the Bureau supports a comprehensive bill incorporating a 10% across-the-board hotel occupancy tax, to be effective immediately, with a minimum five-year implementation period. Additionally, we support the authorization for the Bureau to utilize funds, including those previously identified as our contribution to the 8% budget reduction, in an earthquake recovery campaign as may be required.

While the Bureau has worked feverishly to thwart the adverse impact of the earthquake, we must continue to work on making the industry viable. After all, tourism does not just involve visitors to our island, or for that matter, industry members here on Guam. Tourism involves and affects **all** members of our island community -- from the benefits reaped through the collection of hotel occupancy and gross receipts taxes, to employment in a tourism-related businesses.

The Bureau continues to support legislation which serves in the best interests of our vital tourism industry, and ultimately, the people of Guam. Again, Mr. Chairman and Members of the Committee, on behalf of the Guam Visitors Bureau, I thank you for your continued support of tourism.

TESTIMONY OF**HIDEO KOBAYASHI
PRESIDENT, JGTA****on Bill Numbers 588 and 589**

Hafa Adai Chairman Aguon and members of the committee on Tourism and Transportation.

On behalf of the Japan Guam Travel Association (J.G.T.A.), thank you for the opportunity to testify at today's public hearing. We wish to applaud the efforts of yourself, Senator Aguon, and your colleagues Senators San Augustin, Gutierrez, Bamba, and Dierking on the introduction of Bill Numbers 588 and 589. We also thank you for your continued efforts and assistance to enhance Guam's Tourism Industry.

Guam's Tourism has endured catastrophic disasters since Typhoon Russ plowed into Guam on December 20, 1990. On January 15, 1991 the Gulf War began in earnest and resulted in five (5) months of consecutive decline in visitor arrivals. November 25, 1991, Super Typhoon Yuri bashed our island further dampening our spirits and reputation. Last year, August 28th, Super Typhoon Omar surprised Guam with direct eye passage and almost unprecedented damages. In quick succession Typhoon Brian, Elsie, Hunt and Super Typhoon Gay billed Guam as "Typhoon Alley". All these catastrophes plus the recession in Japan has seen an end result of ten (10) months declining visitor arrivals over the previous ten (10) month period.

Now the Great Quake of August 8th has struck and again we are faced with declining visitor arrivals. Add to this the infrastructure problems we incurred due to these calamities and it is a miracle that we are in business at all. Through all of this we have always worked in unison to counter the disasters that have befallen us and now you are offering us an opportunity to again counter adversity.

In our testimony on March 4, 1993 before Senator Guterrez's Committee on Ways and Means, regarding the proposed 10% Admissions Tax our closing statement read, *"In fact, it is our opinion that a reduction of the 13% Hotel Occupancy Tax to 10% would go a long way towards all of our goals to continually increase Guams visitors from Japan."* Our position on the matter of a reduced Occupancy Tax has never varied and in fact, in light of recent events is stronger than ever. We must always be mindful of the fact that one of the primary reasons Guam sells is because of its reputation as an inexpensive destination.

In recent years Guam has come under some criticism due to escalating cost associated with doing business on Guam. We now have an opportunity to rectify that presumption. We are united in our belief that a reduction of the Occupancy Tax will assist in recovery efforts. Additionally, we favor an **immediate** and **permanent** reduction of the tax.

Mr. Chairman and Members of the Committee, the J.G.T.A. supports a Bill that will reduce the current Hotel Occupancy Tax to 10% **immediately** and **permanently**. Additionally, we encourage any legislation that will assist the Guam Visitors Bureau to complete their Mission as mandated by law.

The J.G.T.A. will always support any legislation that will enhance Guam's image as Destination of Choice for Japans outbound travelers. Again, Mr. Chairman and Members of the Committee, on behalf of the J.G.T.A., I thank you for your continued support.



GUAM CHAMBER OF COMMERCE
PARTNERS IN PROGRESS

August 20, 1993

Vice Speaker John Perez Aguon
Chairman
Committee on Tourism and Transportation
22nd Guam Legislature
155 Hessler Street
Agana, Guam 96910

Senator Carl T.C. Gutierrez
Chairman
Committee on Ways and Means
22nd Guam Legislature
155 Hessler Street
Agana, Guam 96910

Dear Vice Speaker Aguon and Chairman Gutierrez:

Thank you for this opportunity to present the Guam Chamber of Commerce's position on the following bills relative to Guam's Hotel Occupancy Tax.

BILL NO. 588

We support the general intent of Bill No. 588 to reduce the Hotel Occupancy Tax from 13% to 10%. We believe, however, that it should be a permanent reduction and should be applied without regard to room rates.

The 10% Hotel Occupancy Tax will definitely improve our image as a more cost-competitive tourist destination, as it finally reduces our rate in line with all of our competitors.

The retention of the 13% Hotel Occupancy Tax rate on room rates over \$90 would certainly nullify the positive impact of this effort to bolster our image as a "competitive" destination. Our customers will only remember the 13% rate they were charged.

BILL NO. 589

We submit our support for Bill No. 589 which will unconditionally reduce the Hotel Occupancy Tax from 13% to 10%. We suggest that the 10% rate take effect upon enactment of the measure.

Sincerely yours,

ANTOINETTE D. SANFORD
Chairwoman, Board of Directors



GUAM HOTEL & RESTAURANT ASSOCIATION

20 August 1993

Senator John Perez Aguon
Office of the Vice-Speaker
Twenty-Second Guam Legislature
153 Hessler Street
Agana, GU 96910
Fax: 477-8358

Dear Chairman Aguon:

Thank you for giving us the opportunity to testify in favor of bills 588 and 589. The Guam Hotel and Restaurant Association wholeheartedly endorses the proposed reduction of the occupancy tax from 13% to 10%. This measure will undoubtedly help hotels in their recovery from the devastating earthquake on 8 August 1993.

However, GHRA suggests that the reduction should be permanent to insure a favorable stance in the international marketplace. In the article "A Plague of Hotel Taxes" (Frequent Flyer, July 1993), Lynn Woods concludes that high taxes actually generate less revenue in the long run. She writes that "high taxes are alienating the nation's travel industry, polarizing revenue-hungry local legislators, and enraging business travelers" (p. 10). New York City has the highest tax levy in the nation at 19.25% plus \$2 per night (5% state hotel tax; 8.25% state and city sales tax; 1% city hotel tax plus \$2 surcharge; 5% state tax on rooms over \$100). "A recent study claims New York State lost 94.4 million due to a new hotel tax" (p. 12). Guam's current tax levy of 17% (13% occupancy tax; 4% gross receipts tax) is higher than any of the other twelve destinations listed in the article. Once the occupancy tax is reduced to 10%, Guam would be competitive at a combined rate of 14% (occupancy tax plus gross receipts tax) with Atlanta (13%), Chicago (14.9%), Cleveland (14.5%), Dallas (13%), Denver (12%), Los Angeles (12.5%), Miami (12.5%), Minneapolis (12%), Phoenix (10.25%), San Francisco (11%), St. Louis (9.475% plus \$2 per night), and Washington (11% plus \$1.50 per night).

In short, the Guam Hotel and Restaurant Association encourages the Twenty-Second Guam Legislature to take swift action and reduce the occupancy tax to its former 10% level.

Sincerely yours,

Kenneth L. Carriveau, Ph.D.
President, GHRA



JOSEPH F. ADA
Governor

FRANK F. BLAS
Lieutenant Governor

DEPARTMENT OF

REVENUE & TAXATION

GOVERNMENT OF GUAM

JOAQUIN G. BLAZ, Director • V.M. CONCEPCION, Deputy Director

AUG 20 1993

Senator John Perez Aguon
Committee on Ways and Means
Twenty-Second Guam Legislature
155 Hessler Street
Agana, Guam 96910

Dear Mr. Chairman and other Members of the Committee:

Thank you very much for this opportunity to testify on Bill 588, an act to amend 11 GCA Section 30101 as well as Bill 589, an act to repeal and reenact 11 GCA Subsection 30101(c).

Normally my testimony on any bill that sought to reduce the tax base would be completely negative as I am duty bound to protect the revenues of this territory. However, these are not normal times. Our island has been ravaged in recent months by one disaster after another leaving our single most important industry in a regrettable condition.

We have seen a decline in retail sales throughout the tourism industry in the months following the Persian Gulf War, the typhoons of 1992, and the Great Quake just a few weeks past. Government revenues have declined correspondingly. Our Guam Visitors Bureau is working feverishly to remedy the tourism slump. Their work to promote our island as a tourist mecca is laudable and must be encouraged and expanded. Their expenditures for this purpose are open to public scrutiny and comment and review.

The visitor industry should be allowed to determine its own destiny and fashion its own remedy in this time of marked decline. I am certain that this recovery process is already underway. The Government must do its part in this effort and help where it can. Our island's best face must be portrayed and promoted. New recreational concepts should be sought out and encouraged to locate here.

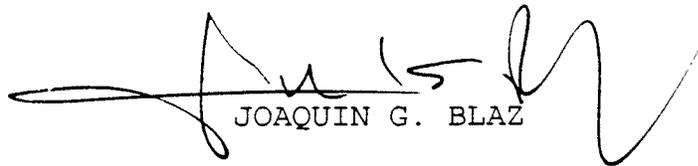
These two bills appear to be a reasonable, timely, and practical means of government assistance.

However, these two bills do not mandate that tax savings be expended toward attracting more visitors to Guam, nor will their passage serve to attract more visitors to our island. Indeed, there is no lack of ideas expressed in our local media as to methods to attract visitors. Cleaner beaches, better customer service, more optional tours, more recreational options, will do

more to attract visitors than a three percent decrease in the hotel occupancy tax ever will. Moreover, I have no doubt that the industry will be spending more in promotions in the months to come as it appears to be imperative to do so.

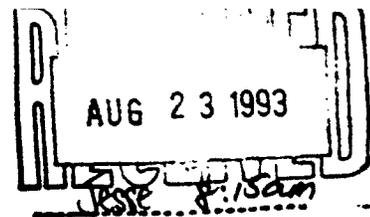
We need not alter our present tax structure to promote our island as a tourist destination. Now is neither the time to increase the tax burden nor to decrease it. It is doubtful that the industry will stand idly by and allow its huge investment to fall by the wayside. I am certain the industry will act decisively in these times of crisis.

I favor the intent of both bills but I disagree with the tax rate changes as a means with which the bills seek to implement such intent. That portion of the bill that allows the Guam Visitors Bureau to expend its remaining funds to promote Guam I wholeheartedly support. Perhaps other agencies who are charged with the beautification and maintenance of our island should also be allowed to expend unencumbered and unexpended funds for promotional purposes. I do not support the passage of either Bill 588 or Bill 589 in their present form.



JOAQUIN G. BLAZ

Palace Hotel Guam



August 18, 1993

Honorable Senator John Perez Aguon
Office of the Vice-Speaker
Twenty-Second Guam Legislature
155 Hessler St.
Agana, Guam 96910

The Honorable Senator Aguon,

Thank you for your letter dated August 16, 1993 regarding your effort on passing Bills #588 and #589.

We wish to take this opportunity to express our most sincere appreciation for your endeavor to assist the recovery of Guam's struggling visitor industry, which has been seriously damaged by last year's typhoons and the recent earthquake. We are sure that the proposed bills will certainly help in the recovery of our visitor industry and to maintain Guam's competitiveness with other destinations.

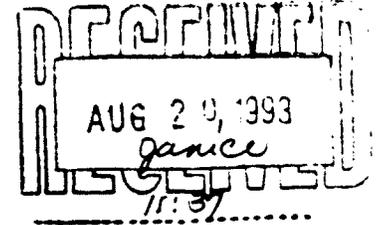
Thank you again for your efforts and look forward to your success.

Sincerely yours,



Akis Saith
President and General Manager

ONWARD Agana Beach Hotel



August 17, 1993

Senator John P. Aguon
Office of the Vice Speaker
Twenty-Second Guam Legislature
155 Hessler Street
Agana, Guam 96910

Dear Senator Aguon,

Thank you very much for your letter concerning Bill 588 and Bill 589. Lowering the room occupancy tax to 10% is a very good idea and I am very glad to hear that our Government leaders are assisting the tourism industry for this crucial period.

If there is any assistance that I can give you, please feel free to contact me.

Sincerely,



Erol Miftahittin
Executive Assistant General Manager

EM/SAH/AUG/003

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Notice of Joint Public Hearing

Friday • August 20, 1993, 10 a.m

**Public Hearing Room • 22nd Guam Legislature
Pacific Arcade Building • 155 Hessler Street • Agana**

Senator John Perez Aguon

Chairman • Committee on Tourism & Transportation

•**BILL 588:** An act to amend 11 GCA §30101 to enact a lower Hotel Occupancy Tax for 1 year to assist the recovery of the visitor industry, to implement a graduated tax thereafter and to allow the Guam Visitors Bureau to utilize unencumbered and unexpended funds, including the amount of reduction mandated by Public Law 22-08 for promotional purposes.

•**BILL 589:** An act to repeal and reenact subsection (c) of 11 Guam Code Annotated Subsection 30101.

To be jointly heard by the Committee on Tourism & Transportation and the Committee on Ways & Means

The Public is Invited to Express their Views



OFFICE OF THE VICE-SPEAKER
Twenty-Second Guam Legislature
Senator John Perez Aguon

Chairman, Committee on Tourism & Transportation

155 Hessler St., Agana, Guam USA 96910 • (671)472-3435 • 472-3497 • 472-3570/1/2 • Facsimile: (671)477-8358

August 17, 1993

HONORABLE JOSEPH F. ADA

Governor

Territory of Guam

P.O. Box 2950

Agana, Guam 96910

Dear Governor Ada

Hafa Adai! Please be advised that a joint public hearing by the Committee on Tourism & Transportation and the Committee on Ways & Means has been scheduled for **Friday, August 20, 1993, 10:00 a.m.**, in the Public Hearing Room of the Guam Legislature, Pacific Arcade Building on the following bills:

• **BILL 588:** An act to amend 11 GCA §30101 to enact a lower Hotel Occupancy Tax for one year to assist the recovery of the visitor industry, to implement a graduated tax thereafter and to allow the Guam Visitors Bureau (GVB) to utilize unencumbered and unexpended funds, including the amount of reduction mandated by Public Law 22-08 for promotional purposes.

• **BILL 589:** An act to repeal and reenact subsection (c) of 11 Guam Code Annotated Subsection 30101.

A copy of the bills are enclosed for your convenience and I welcome your testimony.

Please bring copies of any written testimony you might have to the hearing.

Sincerely,

JOHN PEREZ AGUON

Enclosures

13

name,business,street,address,fullname

"Mr. Kenneth L. Carriveau, President",Guam Hotel & Restaurant Association,P.O. Box 8565,"Tamuning, Guam 96911",Mr. Carriveau
"Mr. Yukisato Yamamoto, President",Alupang Beach Tower,"999 S. Marine Dr., Ste. 211","Tamuning, Guam 96911",Yamamoto San
"Mr. Masanori Kobayashi, Vice President",Fujita Guam Tumon Beach Hotel,153 Fujita Road,"San Vitores-Tumon, Guam 96911",Kobayashi San
"Mrs. Sei Mei Chen, General Manager",Grand Hotel,1024 Pale San Vitores Rd.,"Tumon, Guam 96911",Mrs. Chen
"Mr. Yoji Saito, General Manager",Guam Dai-Ichi Hotel,801 Pale San Vitores Rd.,"Tumon, Guam 96911",Saito San
"Mr. Manfred Pieper, General Manager",Guam Hilton,P.O. Box 11199,"Tamuning, Guam 96911",Mr. Pieper
"Mr. Yasushi Takahashi, General Manager",Guam Hotel Okura,185 Gun Beach Rd.,"Tumon, Guam 96911",Takahashi San
"Mr. Richard Yang, Administration Manager",Guam Plaza Hotel,P.O. Box 7755,"Tamuning, Guam 96911",Mr. Yang
"Mr. Kyoji Isokawa, General Manager",Guam Reef Hotel,1317 Pale San Vitores Rd.,"Tumon, Guam 96911",Isokawa San
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"Mr. Erol Miftahittin, General Manager", Onward Agana Beach Hotel, 445 Gov. Carlos Camacho Rd., Tamuning, Guam 96911, Mr. Miftahittin

"Mr. Ralph Harrison, General Manager", Pacific Islands Club, P.O. Box 9370, Tamuning, Guam 96911, Mr. Harrison

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"Mr. Lito Bautista, General Manager", Regency Hotel, 1475 Pale San Vitores Rd., Tamuning, Guam 96911, Mr. Bautista

"Mr. Tadahide Tsue, General Manager", Royal Palm Resort, 120 Tun Unpingoco St., Tumon, Guam 96911, Mr. Tsue

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"Mr. Peter P. Ada, Board Chairman", Guam Visitors Bureau, P.O. Box 3520, Agana, Guam 96910, Mr. Ada

"Mr. Joey B. Cepeda, General Manager", Guam Visitors Bureau, P.O. Box 3520, Agana, Guam 96910, Mr. Cepeda

"Ms. Eloise Baza, President", Guam Chamber of Commerce, P.O. Box 283, Agana, Guam 96910, Ms. Baza

"Mr. Hideo Kobayashi, President", Nippon Express Hawaii Inc., Tumon Bus. Center Ste. 104, San Vitores Tumon, Guam 96911, Kobayashi San

"Honorable Joseph F. Ada", Governor, Territory of Guam, Agana, Guam 96910

"Mr. Joaquin Blaz, Director", Department of Revenue & Taxation, P.O. Box 2950, Agana, Guam 96910, Mr. Blaz

"Mr. Peter Barcinas, Director", Department of Commerce, 590 S. Marine Drive-ITC Bldg., Tamuning, Guam 96911, Mr. Barcinas

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Kazuaki Tsutsumi,General Manager,Nippon Travel Agency Pacific
Inc.,Tumon Bay Bldg. Suite 201,"Tumon, Guam 96911",Tsutsumi San
Tamura San,General Manager,Ocean Express Micronesia Inc.,c/o Tumon
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Mikio Maruyama,Asst. to Exec. V.P.,Pacific Micronesian Tours Inc.,590 S.
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Toshiyuki Kobayashi,General Manager,Pan Micronesia Enterprise Corp.,825
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Lam Wing Cheong, General Manager, Regent Tours Express, P.O. Box 35172, "Agana, Guam 96910", Mr. Cheong

Fumio Sawada, President & Gen. Mgr., RIC Tours USA Inc., San Vitores Rd. Suite 103 (Tumon Business Center), "Tumon, Guam 96911", Sawada San

Kazuyuki Koyama, General Manager, Yama's Company Inc., P.O. Box 3229, "Agana, Guam 96910", Koyama San

Goichiro Tsuchihashi, V.P. & Gen. Mgr., Yusen Air & Service (Guam) Inc., 153 Fujita Rd., "Tumon, Guam 96911", Tsuchihashi San



Twenty-Second Guam Legislature

155 Hesler Street
Agaña, Guam USA 96910

Tel: (671) 472-3461

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August 17, 1993

MEMORANDUM

TO: Members, Committee on Tourism & Transportation
Members, Committee on Ways & Means

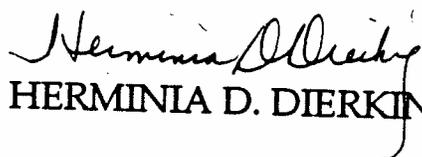
FROM: Chairman, Committee on Tourism & Transportation
Acting Chairperson, Committee on Ways & Means

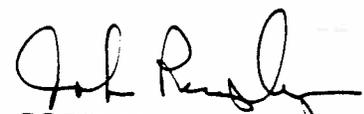
SUBJECT: Notice of Joint Public Hearing

Please be advised that a joint public hearing has been scheduled by the Committee on Tourism & Transportation and the Committee on Ways & Means for Friday, August 20, 1993, 10:00 a.m., in the Public Hearing Room of the Guam Legislature on the following bills:

• **BILL 588:** An act to amend 11 GCA §30101 to enact a lower Hotel Occupancy Tax for one year to assist the recovery of the visitor industry, to implement a graduated tax thereafter and to allow the Guam Visitors Bureau (GVB) to utilize unencumbered and unexpended funds, including the amount of reduction mandated by Public Law 22-08 for promotional purposes.

• **BILL 589:** An act to repeal and reenact subsection (c) of 11 Guam Code Annotated Subsection 30101.


HERMINIA D. DIERKING


JOHN PEREZ AGUON

C: All Senators
All Media

16



August 16, 1993

Committees:

CHAIRPERSON:

Rules

MEMORANDUM

VICE CHAIRPERSON:

TO: Chairperson, Committee on Ways and Means
Committee on Tourism & Transportation

Ways & Means

FROM: Chairperson, Committee on Rules

MEMBER:

SUBJ: Referral-Bill No. 588

**Economic-Agricultural
Development,
and Insurance**

The above Bill is being referred to your Committee. Please note that the referral is subject to ratification by the Committee on Rules at its next meeting. It is recommended you schedule a public hearing at your earliest convenience.

Education

**Electrical
Power and
Consumer
Protection**

**Federal and
Foreign Affairs**

Herminia D. Dierking
HERMINIA D. DIERKING

Attachment

**General
Governmental
Operations and
Micronesia Affairs**

**Health,
Ecology and
Welfare**

**Judiciary
and
Criminal Justice**

**Tourism and
Transportation**

**Youth, Senior
Citizens and
Cultural Affairs**

000958

19

TWENTY-SECOND GUAM LEGISLATURE
1993 (FIRST) Regular Session

Bill No. 588

Introduced by:

J. P. AGUON
J. T. SAN AGUSTIN
C. T. C. GUTIERREZ

AN ACT TO AMEND 11 GCA §30101 TO ENACT A LOWER HOTEL OCCUPANCY TAX FOR ONE YEAR TO ASSIST THE RECOVERY OF THE VISITOR INDUSTRY, TO IMPLEMENT A GRADUATED TAX THEREAFTER AND TO ALLOW THE GUAM VISITORS BUREAU (GVB) TO UTILIZE UNENCUMBERED AND UNEXPENDED FUNDS, INCLUDING THE AMOUNT OF REDUCTION MANDATED BY PUBLIC LAW 22-08, FOR PROMOTIONAL PURPOSES.

1 BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF
2 GUAM:

3 Section 1. LEGISLATIVE FINDINGS AND INTENT. The
4 Legislature finds that the massive earthquake of August 8, 1993, has
5 created problems within Guam's critically important visitor industry,
6 reducing the number of visitors choosing to come to Guam and also
7 reducing the ability of industry businesses to survive. The Legislature
8 further finds that Guam has been competing with numerous other
9 destinations for visitors who have become very price conscious. Guam's
10 Hotel Occupancy Tax rate, combined with the high average cost of
11 Guam's hotel rooms, may be having a negative effect on the overall pricing
12 of Guam as a destination, the higher rates making Guam less competitive
13 and therefore attracting fewer visitors.

14 It is therefore the intent of the Legislature to assist the recovery of
15 Guam's struggling visitor industry through a reduction of the Hotel

1 Occupancy Tax for a period of one year to make rooms more affordable,
2 to help encourage visitors to visit Guam and to enable the industry to get
3 back on its feet. It is additionally the intent of the Legislature to implement
4 a graduated Hotel Occupancy Tax thereafter.

5 Section 2. 11 GCA §30101 is amended to read:

6 **"§30101. Imposition.**

7 An excise tax is hereby levied and imposed which shall be
8 assessed and collected monthly, against transient occupants of a
9 room or rooms in a hotel, lodging house, or similar facility located in
10 Guam according to the following schedule:

11 ~~[(a) from October 1, 1987 through March 31, 1988 at the rate~~
12 ~~of ten percent (10%) of the rental price charged or paid for such~~
13 ~~accommodations;~~

14 ~~(b) from April 1, 1988 through March 31, 1989 the greater of~~
15 ~~ten percent (10%) of the rental price charged or paid or nine dollars~~
16 ~~(\$9.00) per occupancy per day, such that if the room or rooms are~~
17 ~~rented more than once within a twenty-four (24) hour period, each~~
18 ~~time of occupancy shall be subject to the tax for such~~
19 ~~accommodation; and]~~

20 (a) From August 1, 1993 to July 31, 1994, the rate shall be ten
21 percent (10%) of the rental price charged or paid per occupancy per
22 day;

23 (b) From August 1, 1994, and thereafter the rate shall be ten
24 percent (10%) of the rental price charged or paid per occupancy per
25 day on rooms rented at a rate of Ninety Dollars (\$90) per day or
26 less, and thirteen percent (13%) of the rental price charged or paid
27 per occupancy per day on rooms rented at a rate of greater than

1 Ninety Dollars (\$90) per day.

2 ~~(c) from April 1, 1989, and thereafter the rate of thirteen~~
3 ~~percent (13%) of the rental price charged or paid per occupancy per~~
4 ~~day, such that] For subsections (a) and (b), if the room or rooms are~~
5 rented more than once within a twenty-four (24) hour period, each
6 time of occupancy shall be subject to the tax for such
7 accommodations.

8 This tax applies and is collectible when the sale is made,
9 regardless of the time when the price is paid or delivered. It shall be
10 paid by the consumer to the operator or owner of the hotel or
11 rooming house facility."

12 Section 3. Notwithstanding any other provision of law, the
13 Board of Directors of the Guam Visitors Bureau may utilize as they deem
14 necessary such unencumbered and unexpended funds from their Fiscal
15 Year 1993 Budget Appropriation, including the sum reduced through the
16 provisions of Section 1 (b) of Public Law 22-08, to inform potential visitors
17 that Guam has recovered from the effects of the earthquake of August 8,
18 1993.

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C. T. C. GUTIERREZ

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