



CARL T.C. GUTIERREZ  
GOVERNOR OF GUAM

Office of the Speaker  
ANTONIO R. UNPINGCO

Date: 4-15-98

Time: 11:50

Rec'd by: [Signature]

Print Name: Charles Duenas

APR 15 1998

Refer to  
Legislative Secretary

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

OFFICE OF THE LEGISLATIVE SECRETARY  
ACKNOWLEDGMENT RECEIPT  
Received By [Signature]  
Time 4:10 pm  
Date 4.15.98

Dear Speaker Unpingco:

Enclosed please find a copy of Bill No. 183 (COR), "AN ACT TO ADD A NEW §1204(h) AND TO AMEND §1204(g) OF SUBCHAPTER A, ARTICLE 2, CHAPTER 1, DIVISION 1 OF TITLE 21 OF THE GUAM CODE ANNOTATED, RELATIVE TO PROMOTING VACATION TIMESHARES AND EXPANDING GUAM'S REVENUE BASE", which I have signed into law today as **Public Law No. 24-167**.

This legislation allows individual foreign investors to purchase a time-share interest in real estate. Currently, foreign investors, as individuals, cannot own real property on Guam. A foreign corporation, however, may own an interest in real property on Guam, and many do.

A time-share is an interest in real property, such as a condominium, which entitles the owner to occupy and use the property for a certain time period every year. For example, someone can "own" occupancy of a certain condominium for the first 2 weeks of July, every July. At other times, other individuals have the right to occupy and use the same property. Also, there can be computer trading of time shares. For example, the owner of the first 2 weeks in July in a particular building on Guam may trade this time for the same or a different 2 weeks in another location anywhere around the world.

This legislation will encourage a certain segment of vacationers, especially retired persons, to become repeat visitors to Guam. The ownership in time-

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shares, where a family or retiree may visit Guam each year during the same time frame, is complementary to the practice of other visitors who may come to Guam on a 1-time or 2-time basis, and stay in a hotel.

I would like to point out to the Legislature that time-share properties should be subject to the Hotel Occupancy Tax or another similar tax in order for hotel investors and time-share investors to equally support the public services offered by our island to business investors. This legislation does not provide for any taxing of time-shares.

Very truly yours,



Carl T. C. Gutierrez  
Governor of Guam

Attachment


9-754

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

TWENTY-FOURTH GUAM LEGISLATURE  
1998 (SECOND) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

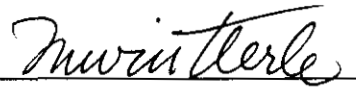
This is to certify that Bill No. 183 (COR), "AN ACT TO ADD A NEW §1204(h) AND TO AMEND §1204(g) OF SUBCHAPTER A, ARTICLE 2, CHAPTER 1, DIVISION 1 OF TITLE 21 OF THE GUAM CODE ANNOTATED, RELATIVE TO PROMOTING VACATION TIMESHARES AND EXPANDING GUAM'S REVENUE BASE," was on the 27<sup>TH</sup> day of March, 1998, duly and regularly passed.

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

Attested:

  
\_\_\_\_\_  
MARK FORBES  
Senator and Acting Legislative  
Secretary

-----  
This Act was received by the Governor this 3rd day of April, 1998, at  
10:20 o'clock 9 .M.

  
\_\_\_\_\_  
Assistant Staff Officer  
Governor's Office

APPROVED:

  
\_\_\_\_\_  
CARL T. C. GUTIERREZ  
Governor of Guam

Date: 4-15-98

Public Law No. 24-167

**TWENTY-FOURTH GUAM LEGISLATURE**  
**1997 (FIRST) Regular Session**

**Bill No. 183 (COR)**

As amended on the Floor.

Introduced by:

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

**AN ACT TO ADD A NEW §1204(h) AND TO  
AMEND §1204(g) OF SUBCHAPTER A, ARTICLE 2,  
CHAPTER 1, DIVISION 1 OF TITLE 21 OF THE  
GUAM CODE ANNOTATED, RELATIVE TO  
PROMOTING VACATION TIMESHARES AND  
EXPANDING GUAM'S REVENUE BASE.**

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

1           **Section 1. Legislative Findings.** (a) The Guam Legislature finds  
2 that timeshares, now also known as "*Vacation Ownership Intervals*" has been  
3 the fastest growing segment of the travel and vacation industry throughout  
4 the world. The industry has over Four Billion Dollars (\$4,000,000,000) annual  
5 sales worldwide. Timeshares are becoming a very real, viable force in the  
6 resort and travel field.

7           (b) Timeshares contribute significantly to the local economies  
8 wherever they developed. The average timeshare owner will visit the resort  
9 in which it purchased four and one-half (4 1/2) times in the next ten (10)  
10 years. In comparison, a non-timeshare traveler would return to the resort  
11 area only one and eight-tenths (1.8) times in the next ten (10) years. The  
12 average year-round occupancy rate in resort timeshare projects is  
13 approximately ninety percent (90%), compared to sixty to seventy percent (60  
14 - 70%) worldwide.

15           (c) Direct travel, living expenditures and money spent while at their  
16 timeshare unit, as well as indirect expenditures, total approximately Eight  
17 Billion Six Hundred Million Dollars (\$8,600,000,000) annual contribution to  
18 the United States economy. This represents an annual contribution of over  
19 One Hundred Eighty-eight Thousand Dollars (\$188,000.00) for each timeshare  
20 unit.

21           (d) Every other major resort area in the world has gone into  
22 timeshares. For example,

23                   (1) in the Caribbean Islands, there are over two hundred (200)  
24 vacation ownership resorts (timeshares);

1           (2) in the Pacific-South East Asia area, there are over three  
2 hundred (300), including: Japan, Philippines, Thailand, Taiwan,  
3 Singapore, Malaysia, Indonesia, Fiji, Tahiti, Bali, New Zealand and  
4 Hawaii;

5           (3) Guam has not yet entered the timeshares market.

6           (e) Timeshares can provide a viable and profitable alternative market  
7 for Guam's tourism-based economy. Guam can be at the forefront of both the  
8 mass market, bringing in volume with low to moderate spending, and the  
9 relatively up-scale, well-heeled timeshares market, which has much to offer.

10          (f) Timeshare owners spent much more money in local economies  
11 than other travelers. The average hotel bill for a family of four (4), spending a  
12 week on Guam, would be over One Thousand Dollars (\$1,000.00). The  
13 timeshare traveler not having to pay for hotel accommodations, can spend  
14 more in local travel and entertainment-related and retail businesses.

15          (g) Asian visitors to Guam are well attracted with things and settings  
16 that are tropical and reflective of Guam's Island culture, as well as the USA or  
17 Americana.

18          (h) The idea of owning a small part of Guam USA with a timeshare  
19 unit can have far reaching effects in the fastest growing timeshare market in  
20 the world.

21          (i) Advantage in geographic location at the doorstep to the Orient,  
22 South East Asia and in the Pacific hub, coupled with a proven tourism  
23 economy gives Guam an excellent potential for success in the timeshares  
24 market.

1           **Section 2.** A new §1204(h) is hereby added to Subchapter A, Article 2,  
2 Chapter 1, Division 1 of Title 21 of the Guam Code Annotated to read as  
3 follows:

4           “(h) This Section shall *not* apply to time-share estates as  
5 delineated in Chapter 47 of this Title, *Time-Share Ownership*. Aliens and  
6 foreign corporations shall be allowed to acquire title to own or lease  
7 time-share estates based on the following:

8                   (1) no time-share estate shall be limited to any specific  
9 duration or period time;

10                   (2) no alien or foreign corporation shall be limited to the  
11 number of time-share estates they acquire title to, own or lease;

12                   (3) occupancy or use of time-share estates shall not be  
13 limited to the ‘*family*,’ as defined in Subsection (a) of this Section;  
14 and

15                   (4) aliens and foreign corporations shall have all the rights  
16 and incidents of ownership, or of their particular non-ownership  
17 estate, and shall not be restricted with respect to their ability to  
18 sell, lease, sublease or otherwise dispose of their time-share  
19 estates.”

20           **Section 3.** Section 1204(g) of Subchapter A, Article 2, Chapter 1,  
21 Division 1 of Title 21 of the Guam Code Annotated is hereby amended to read  
22 as follows:

23           “(g) Subject to the provisions regarding the lease or ownership of  
24 land and buildings as set forth in Subsections (a) and (h) of this Section,

1 the lease to aliens of real property in Guam for a longer period than five  
2 (5) years is prohibited and void. The penalty for a violation of this  
3 Subsection shall be a fine of fifty percent (50%) of the value of the lease  
4 for each year over five (5) years, one-half (1/2) to be paid by the lessee  
5 and one-half (1/2) by the lessor, and an additional fine not exceeding  
6 One Hundred Dollars (\$100.00) to be paid by the lessor.”



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TWENTY-FOURTH GUAM LEGISLATURE

# Office of the Vice-Speaker

ANTHONY C. BLAZ

✓

**LEGISLATIVE  
COMMITTEE  
MEMBERSHIP**

Chairman  
Finance & Taxation

Vice-Chairman  
Rules,  
Government Reform  
& Federal Affairs

Education

Natural Resources

Health &  
Human Services

Tourism, Economic  
Development & Cultural  
Affairs

Judiciary,  
Public Safety &  
Consumer Protection

Transportation,  
Telecommunications, &  
Micronesian Affairs

**MEMBERSHIP**

Guam Finance  
Commission

Commission on Self  
Determination

August 28, 1997

The Honorable Speaker Antonio R. Unpingco  
24th Guam Legislature  
155 Hesler Street  
Agana, Guam 96910

Dear Mr. Speaker:

The Committee on Finance and Taxation now reports its findings on substitute Bill No. 183, An Act to add a new subsection (h) to 21 GCA §1204 relative to promoting vacation timesharing and expanding Guam's revenue base, to the full Legislature with the recommendation TO DO PASS.

Votes of the committee members are as follows:

To Pass	<u>10</u>
Not To Pass	_____
Inactive File	_____
Abstained	<u>2</u>
Off-Island	<u>1</u>
Not Available	_____

Copies of the Committee Report and all pertinent documents are attached for your information.

Anthony C. Blaz

Attachments

# Committee on Finance and Taxation


## Voting Sheet on

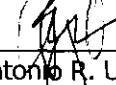
### Bill No. 183

AN ACT TO ADD A NEW SUBSECTION (h) TO 21 GCA §1204 RELATIVE TO PROMOTING  
VACATION TIMESHARING AND EXPANDING GUAM'S REVENUE BASE.

COMMITTEE MEMBER	TO PASS	NOT TO PASS	ABSTAIN	INACTIVE FILE
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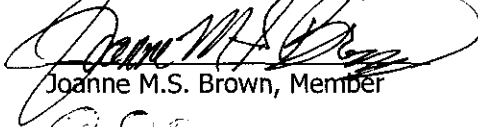
 Anthony C. Blaz, Chairperson	✓			
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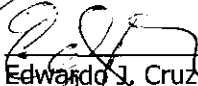
 Mark Forbes, Vice Chairperson	✓			
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 Antonio R. Unpingco, Ex-Officio	✓			
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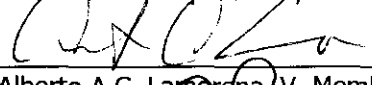
OFF-ISLAND

Elizabeth Barrett-Anderson, Member				
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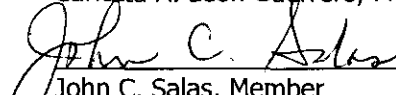
 Joanne M.S. Brown, Member	✓			
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 Edwardo J. Cruz, Member	✓			
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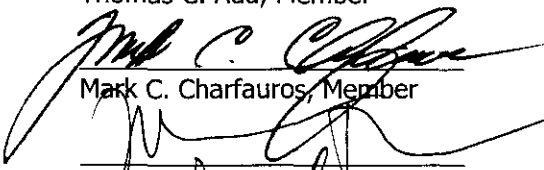
 Lawrence F. Kasperbauer, Member	x			
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 Alberto A.C. Lamorena V, Member	✓			
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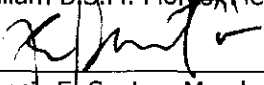
 Carlotta A. Leon Guerrero, Member				
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 John C. Salas, Member	✓			
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 Thomas C. Ada, Member			✓	
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 Mark C. Charfauros, Member	✓			
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 William B.S.M. Flores, Member			✓	
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 Francis El Santos, Member	✓			
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TWENTY-FOURTH GUAM LEGISLATURE

# Office of the Vice-Speaker

ANTHONY C. BLAZ

LEGISLATIVE  
COMMITTEE  
MEMBERSHIP

Chairman  
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Vice-Chairman  
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Education

Natural Resources

Health &  
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Tourism, Economic  
Development & Cultural  
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Judiciary,  
Public Safety &  
Consumer Protection

Transportation,  
Telecommunications, &  
Micronesian Affairs

MEMBERSHIP

Guam Finance  
Commission

Commission on Self  
Determination

August 28, 1997

To: Senator Mark Forbes, Vice Chairperson  
Speaker Antonio R. Unpingco, Ex-Officio Member  
Senator Elizabeth Barrett-Anderson, Member  
Senator Joanne M.S. Brown, Member  
Senator Edwardo J. Cruz, Member  
Senator Lawrence F. Kasperbauer, Member  
Senator Alberto A.C. Lamorena, V, Member  
Senator Carlotta A. Leon Guerrero, Member  
Senator John C. Salas, Member  
Senator Thomas C. Ada, Member  
Senator Mark C. Charfauros, Member  
Senator William B.S.M. Flores, Member  
Senator Francis E. Santos, Member

From: Vice Speaker Anthony C. Blaz, Chairperson  
Committee on Finance and Taxation

Re: Voting Sheet on Bill No. 183

Transmitted herewith are the voting sheet and Committee Report on Bill No. 183 for your review and signature.

Your attention to this matter is greatly appreciated.

Anthony C. Blaz



***Committee on Finance & Taxation***  
*Vice Speaker Anthony C. Blaz, Chairman*

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***Committee Report on  
Bill No. 183***

"AN ACT TO ADD A NEW SUBSECTION (h)  
TO 21 GCA §1204 RELATIVE TO  
PROMOTING VACATION TIMESHARING  
AND EXPANDING GUAM'S REVENUE BASE."

## **Committee on Finance and Taxation Report on Bill No. 183**

“AN ACT TO ADD A NEW SUBSECTION (h) TO 21 GCA §1204 RELATIVE TO PROMOTING VACATION TIMESHARING AND EXPANDING GUAM'S REVENUE BASE.”

### **PUBLIC NOTICE:**

Pursuant to the requirements of the Standing Rules, notice of the Public Hearing on Bill No. 183 was published in the Pacific Daily News on April 19<sup>th</sup> and 23<sup>rd</sup>.

### **PUBLIC HEARING:**

The Committee on Finance and Taxation conducted a public hearing on Wednesday, April 23, 1997 in the Legislature's Public Hearing Room to hear testimonies on Bill No. 183.

### **MEMBERS PRESENT:**

The hearing was called to order by the Chairperson of the Committee on Finance and Taxation, Vice Speaker Anthony C. Blaz. Committee members present were:

Senator Edwardo Cruz  
Senator Lawrence Kasperbauer  
Senator Tom Ada  
Senator Mark Charfauros  
Senator William B.S.M. Flores

Other Senators present were:

Senator Frank B. Aguon, Jr.  
Senator Lou Leon Guerrero  
Senator Vicente C. Pangelinan  
Senator Judith Won-Pat Borja

### **PROVIDING PUBLIC TESTIMONY ON THE BILL:**

Albert N. Cosgrove, Winward Manor Resorts Inc.  
Michael P. Flaherty  
Joe John Mantanona  
Joseph T. Duenas, Director, Department of Revenue & Taxation  
Norbert Perez

### **ATTACHMENTS TO THIS REPORT:**

- Written Testimonies: Albert N. Cosgrove; Michael P. Flaherty; Joe John Mantanona; Joseph T. Duenas, Director, Department of Revenue & Taxation.
- Introduced Bill 183
- Substitute Bill 183
- Business Week Article: "Timeshares: Their Time has Come"
- Fiscal Note
- MTNterprises: Guest Services Revenue Projections
- Public Hearing Advertisement

**BACKGROUND :**

Mr. Norbert Perez testified against the bill stating the only reason in doing so is his non support for the intent of the measure. He stated that current public law prohibits foreign aliens from owning property on Guam and stressed his a concern even though ownership of this type of property is fractional. He questioned whether these individuals might just be able to lease such property. Another concern Mr. Perez addressed was the fact that there were no limitations on the number of units that could be owned. However, he did outline several advantages on how the timeshare industry will supplement tourism on Guam and will provide incentives to the people, nonetheless, he stressed he was concerned about the ownership of property.

Mr. Michael Flaherty testified in support of Bill 183. His written testimony he summarized the financial benefits that will result from timeshare projects. He explained that without the change in present law it would be necessary for any foreign prospective purchasers to form a corporation to buy creating unnecessary bureaucracy and expense. He explained that Guam's tourist industry is continually trying to entice visitors to return again and again to Guam and added that timeshare has been proven to be an effective way to get visitors with families to return to Guam.

Mr. Albert Cosgrove, Vice President and General Manager of Winward Manor Resorts Inc. in his written testimony he provided support for Bill 183. His testimony outlined the many advantages timeshare contributes to a local economy. He explained in his oral testimony that by opening up this industry on Guam, which primarily has been opened up in many vacation origins around the world has created a multitude of opportunities and will create a new segment of tourism to provide many economic advantages to Guam's economy.

Senator Lou Leon Guerrero questioned Mr. Cosgrove about the current limitations in the timeshare industry on Guam. Mr Cosgrove explained that presently non-citizens may own timeshare units however corporations must be formed. By amending that portion of the law, Mr. Cosgrove attested that it would allow for vast number of interested tourists to purchase these timeshare units on Guam.

Senator Ada questioned the impact this bill will have on GRT. Mr Cosgrove stated that the loss would be made up through disposable income.

Senator Charfaurous explained that the timeshare concept is kicking at an alarming rate in Japan. He explained that more and more Japanese are now looking at timesharing as a very economical way to have a vacation. He explained that many tourists view timeshare as a cheaper way to vacation and to keep their costs down. Senator Charfarous noted however that a many tourist vacations are paid for by big corporations and these companies may look at purchasing many of these units to rotate their employees in and out to cut their costs thereby creating a loss in revenue to GRT. Mr. Cosgrove, however explained that opening up this type of industry will in fact bring in a new type of tourist to Guam who will return again and again and bring with them additional people to spend money in Guam.

**BACKGROUND (cont.):**

Joseph Duenas, Director, Department of Revenue & Taxation in his written testimony outlined that the legislation will have no impact on the property tax revenue base because Chapter 47 of Title 21 delineates Time-Share Estates. He added that time share ownership would be treated similar to that of undivided interest ownership whereby one tax bill will be issued for the property even though there is more than one owner.

**FINDINGS:**

- The timeshare industry is becoming a very real and viable force in the Resort & Travel field highlighting the fact that every major resort area in the world has gone into timeshares.
- Timeshares could provide a profitable alternative market that will be an enhancement to Guam's visitor industry.
- Bill 183 is intended to increase the economic activity within the island of Guam by allowing a new use for those condominiums currently vacant or unable to be sold because of the depressed condition of the rental and real estate markets.
- Bill 183 will provide an excellent vehicle for an increase in revenue for the government of Guam through an increase of gross receipt taxes by generating more activity for the island's local businesses.
- Bill 183 will be an enhancement to Guam's visitor industry increasing the number of repeat visits to Guam.

**COMMITTEE RECOMMENDATION:**

The Committee, having conducted a sufficient hearing, does hereby recommend to the Legislature **to do pass Substitute Bill 183-** "AN ACT TO ADD A NEW SUBSECTION (h) TO 21 GCA §1204 RELATIVE TO PROMOTING VACATION TIMESHARING AND EXPANDING GUAM'S REVENUE BASE."

## **Windward Manor Resort, Inc.**

A Division of Saipan Shores, Inc.

Ste. 357, 790 N. Marine Drive

Tamuning, GU 96911

Ph: (671)649-7740, -7765; Fx: (671)649-1088

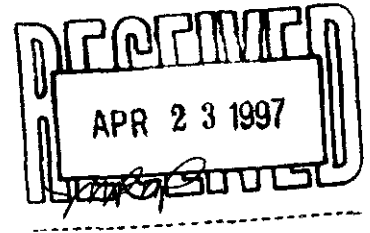
The following testimony is submitted by Albert N. Cosgrove, Vice President and General Manager, Windward Manor Resorts Inc., and is based on personal experience gained over the past 15 years in the time share industry, on the mainland and in Hawaii.

Time Share owners contribution to the local economy.

- 1/ Time share owners are more affluent than the average tourist.
- 2/ Time share owners are a totally new tourist market segment- not reached by normal tourism promotions.
- 3/ Time share owners have more vacation dollars to spend, while visiting the vacation unit that they own or have exchanged.
- 4/ Time share owners usually prefer to rent top of the line rental cars.
- 5/ They take more tours, dinner shows, and golf outings than the average tourist.
- 6/ They buy more gifts from the local stores to take home to relatives and friends.
- 7/ They are usually from the business or professional classes, with an average income of over \$60,000.
- 8/ The average time share owner travels with his wife and children, or adult friends or relatives, in a party of four or more.
- 9/ The average time share unit is filled by the owner or exchanger each year, with an average occupancy of over 95%. Projects such as ours will produce 25,000 or more, first class affluent tourists for Guam.
- 10/ Local Government is assured of the payment of all Real Estate taxes on all units sold (collected by the management company) and since their room is already paid for, more cash goes into the local economy (shops, restaurants, tours, shows and sports).
- 11/ The time share exchange companies carry out an extensive promotional and advertising campaign which will promote Guam to a market segment of many millions previously untapped - at no cost to Guam.



Joe John Mantanona  
P.O. Box 4537  
Agana, Guam 96932  
(671) 632 4964



4/22/97

The Honorable Vice Speaker  
Senator Anthony C. Blaz  
24th Guam Legislature

re: Written Testimonial in support of Bill No. 183

Dear Senator Blaz;

I am writing in favor of Bill No. 183 which is the act to add a new subsection (h) to 21 GCA ss 1204 relative to promoting vacation timesharing and expanding Guam's revenue base.

I am wholeheartedly in favor of this bill for the simple reasons of:

1. New Market opportunity for local landowners, investors & servicing agents.
2. In line with Guam's mission to improve on :
  - a. The number of repeat visitors to Guam.
  - b. Increase the positive exposure of Guam.
3. Addresses Guam's target market - the Asian countries.

1. New market opportunity for local landowners, investors & servicing agents

As a local landowner of raw land here on Guam, I continually work to position these properties to be as valuable as it could possibly be. In order to be successful at this, I believe that the value of land is perceived by its' location and its' potential use.

Currently, Guam landowners are experiencing a constant devaluation of market price for their properties. This is largely due to the fact that there is an ever decreasing number of investors willing to risk their investment dollars on marginal returns. This situation can be remedied by increasing the profit potential per square meter - not the density per square meter. This financial scenario is true in the world of timeshare development. As a matter of fact, the timeshare industry was created because of almost identical economic issues in Europe over 20 years ago. At that time, a prominent developer was financially strapped; and in that time of desperation, realized that it was easier and more profitable to break the unit into smaller pieces - or "intervals of time".

Today, timeshare servicing companies have become so profitable, that they are able to self-finance the purchasing of the intervals. And the substance of the timeshare industry has transformed from not only owning your own resort for a specified time frame per year; but

being able to trade its' value for another destination almost anywhere in the world with over 60 million other owners.

A timeshare development is still operated as a hotel. It will need a management and support staff to operate it. The visitors will rent cars. They will shop. They will buy and sell their intervals and will need real estate agents to handle the transactions. All of these elements will only enhance the opportunities for the local people in these respective industries.

2. In line with Guam's mission to improve on the number of repeat visitors

A timeshare buyer makes part of his purchasing decision based on the desire to own in a place that he can repeatedly visit (for business or pleasure), enjoy the development perks (such as golf course use) and be associated with a development area that brings prestige and status. This motivation of the timeshare visitor is completely different from the typical visitor Guam receives today. The timeshare investor will generally spend more time to observe the local customs, be more conscientious of the environment and operate in a manner understanding that he will knowingly return throughout time.

3. Increase Positive Exposure of Guam

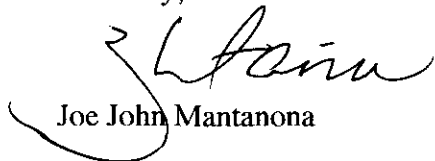
A timeshare owner will be a member of a large trading / exchange organization. This "exchange company" serves the membership by organizing the interval exchanges amongst its members. For example, a timeshare owner in Guam may want to make plans to visit Madrid, Spain. As a member, the timeshare owner can peruse through the company listing which is a catalog of the different properties owned by the membership. The properties are exposed through the internet, CD Rom, monthly newsletters, cruise liners, travel agencies and an annual catalog. The exposure of Guam through these mediums is tremendous and straight to the target market. Guam does not pay a penny for this advertisement.

4. Addressing Guam's target market: Asia

It's no secret that Guam's future in tourism is to continue to nurture the Asian visitor market. This is also Guam's timeshare market. The passage of bill 183 will more clearly define the ability of alien timeshare ownership on Guam. This is the most viable market not only in the region, but in the world. The outbound visitor growth rate of the Asian countries is unrivaled by any other region. They are spending more money per visitor capita, and are able to travel to nearby locations (such as Guam) more frequently than ever before. Also, Guam's association with the USA (coupled with its close proximity to the Asian country of origin) may position Guam to be the hotspot for Asian timeshare investment.

In closing, I applaud the efforts of you and your office in recognizing the importance of this addition to the GCA. Past legislative bodies placed a lot of time and effort on debt service and debt management. It is as equally important to work on revenue generating activities as well. I urge and ask the 24th Guam Legislature to act promptly in favor of bill 183. Thank you.

Sincerely,



Joe John Mantanona

My name is Michael P. Flaherty and I am appearing here in complete agreement in the proposed Bill to amend the law relative to TIME

SHARING. *I'm also happy to say that I was able to be of some help when the first T/S Bill was introduced*  
The comments of the Legislative findings demonstrate the financial

benefits that result from active TIMESHARE PROJECTS are well taken. My personal studies indicate that in a relatively short period of time, the results would far exceed those presented.

Perhaps it should be explained that TIMESHARING or VACATION OWNERSHIP as it is now often referred to, is the ownership of a specified period of time of a condo unit. For example the development divides the ownership into weekly units and are then sold. Therefore, each condo unit would conceivably have 51 Owners (one week is reserved for annual maintenance).

Without the change in the present law it would be necessary that any foreign prospective purchaser (A repeat visitor to Guam) must form a corporation to buy. This will result in thousands of corporate filings

which will serve no purpose whatsoever simply to allow ownership to be acquired. Adding to further bureaucratic handling and expense.

The additional time, effort and expense of forming these corporations will definitely effect sales--- Why make it more difficult to enjoy the charm of Guam.

Why should potential buyers purchase units in Guam when they can buy in Hawaii, the States or Internationally without the added hassle.

Existing law allows aliens to own in their own name, a "vacation home" on Guam. Certainly Timeshare ownership should qualify as a "vacation home".

Our tourist industry is constantly trying to entice visitors to Guam to return again and again. Timeshare ownership has proven to be an effective way to get visitors with families to return again and again.

In conclusion, the **TIMESHARE INDUSTRY** is international - - - **WHY NOT ON GUAM ? ? ?**

# REVENUE AND TAXATION

GOVERNMENT OF GUAM

JOSEPH T. DUENAS, Director

CARL E. TORRES, Deputy Director

472 26 1997

Honorable Anthony Blaz, Chairman  
Committee on Finance and Taxation  
Twenty-Fourth Guam Legislature  
155 Hesler Street  
Agana, Guam 96932

RE: Bill No. 183(COR) - Timesharing

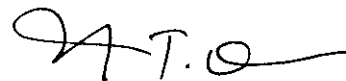
Dear Senator Blaz:

This legislation will have no impact on the property tax revenue base. The new subsection added to §1204 would still be subjected to Chapter 47 of Title 21 which delineates Time-Share Estates. The provisions of Chapter 47 "...shall supersede any contrary rule at common law."

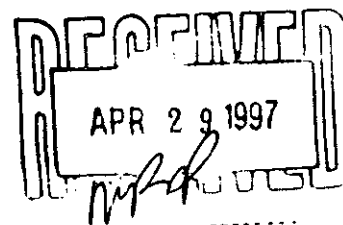
Furthermore, §47103 specifically states that "each time-share estate constitutes for purposes of title a separate estate or interest in property except for real property tax purposes."

Therefore, time-share ownership would be treated similarly to that of undivided interest ownership whereby one tax bill will be issued for the property even though there is more than one owner. The disposition of how taxes will be paid will be the responsibility of the collective owners.

Sincerely,



JOSEPH T. DUENAS  
Director



EDITED BY EDWARD C. BAIG

# TIMESHARES: THEIR TIME HAS COME

**T**alk about a loser reputation. For years, timeshares, in which people typically bought the right to stay at a ho-hum resort for the same week every year, were hustled

## REAL ESTATE TIMESHARES

by small independent developers. These outfits would often lure prospective buyers with gifts and arm-twisting sales pitches. Many customers, expecting their equity to appreciate like other real estate, got burned.

Today, thanks in part to the increasing presence of bigger players such as Walt Disney and Marriott International, the timeshare industry is shedding its unsavory image and even its name—it's now called "vacation ownership." With sale prices ranging from \$4,000 for a one-bedroom Ramada suite off season to \$60,000 for a three-bedroom villa at Disney World over the Christmas holiday, these brand-name companies are now selling real vacation packages, not just real estate.

**SOUPED-UP.** This new strategy is helping to revitalize an industry that has increased in size to 3.5 million households worldwide, up from 1.8 million in 1990, according to the American Resort Development Assn., a Washington (202 371-6700) trade group. Part of the appeal is the souped-up quality and the more desirable locations. Gone are many of the old, cramped hotel-unit conversions and onetime condominium complexes that lack pools and other resort amenities. A two-bedroom villa at Marriott's Manor Club (757 258-5500) in Williamsburg,

Va., for instance, costs \$8,500 to \$16,200 a week, depending upon the season, and sports a whirlpool tub, a fireplace, a utility room with washer and dryer, and three television sets. The residents at

Westgate Vacation Villas (800 846-4253) in Kissimmee, Fla., may use any of the facility's 10 pools, 10 whirlpools, and 10 kiddie pools.

The accommodations are intended to shed that "hotel" feel, however. Few of the places offer room service. Instead, linens and cutlery are on hand. A maid will generally clean up only at the end of your stay—in preparation for the next owner's arrival. The one hotel

mainstay may be the phone bill. In some cases, you'll have to use a calling card, or else pay jacked-up prices, especially for long-distance calls.

Timesharing used to mean taking all the spontaneity out of a vacation because you had to spend the same week at

the same resort, year after year. This is no longer the case. Using an exchange network—the two biggest are Interval International (800 622-1861) and Resort Condominiums International (800 481-5738)—you can swap your timeshare rights for someone else's unit at a different resort anywhere in the world. You'll pay an exchange fee—about \$100 for domestic trades and up to \$133 for international trades—for the privilege, on top of an annual membership fee of about \$70. But whether you can actually swap for the luxury condo in Vail, Colo., that you've been eyeing depends largely upon what other timeshare owners have put in the exchange



JAMES O'BRIEN

"bank"—and the value of your particular unit.

Some timeshares still conduct business the old-fashioned way. Vistana (407 239-3000), for example, offers a fixed week at three different resorts in Florida. But, like many other operators, it also offers the more popular "floating time" option. Under this arrangement, which is built into the purchase price, you buy a week within a three-to-four-month season. Each year, you can reserve whatever week you prefer within that period. (Reservations are granted on a first-come, first-served basis, so it's possible you won't get the exact week you would like.)

Suppose you don't feel like vacationing at a resort next year. That may not present a problem if your timeshare developer offers a vacation club or a points-based program. Instead of using your week's stay at a Hilton Hotels resort, you can convert your allotted time into points, which may be used, every other year, toward the purchase of airline tickets, a Cunard Line cruise, car rentals, even gaming chips at a Hilton casino. Disney and Marriott offer similar deals. Of course, this extra flexibility may cost you more. You must be a member of Hilton Grand Vacations Club (\$85 annually) to take advantage of the points system.

**SALES PITCH.** Whether your timeshare developer employs a points system or not, you'll still have to pay an annual maintenance fee to cover the property taxes, upkeep, and housekeeping—even when you don't show up. The average yearly payments range from \$200 to \$350, while the fees at high-end properties may reach \$900. All may rise over time.

Despite the industry's improved reputation, you still might have to sit through a heavy-duty sales pitch. If the meeting is off-site, be sure to check out the resort in person. Some developers offer "mini-vacs," promotions that

let you stay at the resort (if there's room) or a nearby accommodation for a cut-rate price in return for attending their 90-minute sales presentation. Should you succumb to the pressure, you'll generally have 10 days to change your mind.

Most developers offer financing. Generally, the buyer will be expected to put 10% of the price down and to pay off the loan in seven years at an interest rate of some 12% to 16%, says Frank Mahan, assistant vice-president at Litchfield Financial, a Stamford (Vt.) lender, most of whose clients are timeshare

owners are generally not allowed to hold deeded ownership. In Aruba, for instance, Marriott timeshare owners have 60 years in which to "use" their purchased vacation before the agreement expires. Similarly, Disney gives all timeshare buyers a deeded real estate interest that expires in 2042.

If you've outgrown the timeshare, your only recourse may be to sell. Unfortunately, as much as timeshares have changed, the resale market has not matured yet, says Mario Collura, president of TRI West, a Los Angeles real estate brokerage specializing

of-state property, so it's not as simple as planting a For Sale sign on the front lawn and waiting for buyers to knock on the door. Licensed brokers do handle resales, but some of them charge an up-front fee of \$300 or more just to list your property. You might be better off working with commission-only brokers—even though they may charge a hefty 30%. Presumably, such brokers will work harder to sell your timeshare because they won't get paid otherwise.

**OVER THE INTERNET.** Collura's firm runs an annual auction that accepts bids by phone or mail. These are usually distress sales, in which properties go for 75% off the original price. That's a bargain, but don't expect to make a killing on a future sale. You might get back what you paid.

One of the best places to sell or shop for a used timeshare may be over the Internet. Timeshare Users Group ([www.timeshare-users-group.com](http://www.timeshare-users-group.com)) offers resort reviews and classified ads to its members for \$15 per year. *TimeSharing Today*, a bimonthly newsletter (\$18 for a two-year subscription; 800 342-7311), provides tips on buying and selling, industry news, and resort report cards. Its classified ads are also posted free on a Web site ([www.timesharing-today.com](http://www.timesharing-today.com)).

Keep in mind that a timeshare vacation will cost a bit more than appears on paper: For one thing, you have to fork over the airfare every year to reach your destination. This could be a smart purchase, however, if you plan on using the timeshare—or some aspect of the points/exchange system—every year, and don't plan on selling it off for at least a decade. The advantage is that you're locking in your vacations 10 years hence at today's prices. That may not be a bad deal once you realize that even rest and relaxation have their price. *Barbara Hetzer*

## NOW LOOK WHO'S OFFERING TIMESHARES

**Disney** An annual allotment of points lets you break a week's vacation into shorter getaways in Hilton Head, S.C., or Florida. Rights expire in 2042. Cost: \$9,413 (one week in a one-bedroom suite, low-season) to \$60,000 (Christmas week in a three-bedroom "grand villa").

**Marriott** Has 30 properties in 15 locations. Every other year, you can trade in your annual rights for points toward airline tickets or rental cars. Cost: \$8,500 (two-bedroom in Williamsburg, Va., low season) to \$29,900 (two-bedroom in Utah during Christmas week).

**Hyatt** Operates Sunset Harbor, a 40-unit resort in Key West, Fla. Plans to add further resorts in Colorado, Florida, Nevada, and Puerto Rico. Cost: \$12,000 to \$25,000 (for a two-bedroom/two-bath unit depending upon the season).

**Hilton** Runs 17 resorts in Florida, plus the flagship Flamingo Hilton in Las Vegas. Members can borrow up to one future year's allocation of points. Cost: \$10,000 (for a one-bedroom unit in low season) to \$25,000 (two-bedroom/two-bath during Christmas week).

developers. Depending on the purchase price, you may want to finance it yourself with a home-equity loan.

Before you sign, make sure that you know what you're buying. Most domestic timeshares nowadays give you a deed to the property. That means you own it and can bequeath it to your heirs. But anywhere outside the U.S., you may simply get a right-to-use certificate, because for-

in timeshare resales. Generally, you can expect to get about half of your purchase price, he says. More upscale properties, however, may garner more.

Many developers won't get involved in the resale aspect until they have first sold all of their units, which may mean that you'll have to try to dump the place yourself. That can be difficult because you're usually selling an out-

November 7, 1995

### Windward Manor Hotel Guest Services Revenue Projections

All calculations for revenue projections, prices and usage are based upon figures generated from operators and proprietors of Guam businesses and tour operators.

**Food and Beverage:** (Alcohol sales not included)

Breakfast: \$5.00 per person  
Lunch \$7.00 per person  
Dinner \$15.00 per person  
**Daily Average \$27.00 per person**

41 duplex units @ Average of 8 persons per duplex unit = 328 persons per day

60% daily guest usage = 197 persons/day

197 persons/day @ \$27 per person/day = \$5319 in daily food revenue.

\$5319/day @ 358 days = \$1,904,202. annual food revenue. **Food** **\$1,904,202**

**Golf**

41 units @ 2 golfers per unit per day = 82 golfers

82 golfers @ 5 playing days per week = 410 golf games per week

410 games per week @ \$60.00 per game = \$49,200/ week

\$49,200/week @ 51 weeks = \$2,509,200. annual golf revenue. **Golf** **\$2,509,200**

**Optional Tours**

41 duplex units @ Average of 8 persons per duplex unit = 328 persons per day

60% daily guest usage = 197 persons/day

197 persons/day @ \$40 per person/day = \$7880 in daily tour revenue.

\$7880/day @ 358 days = \$2,821,040.00 annual tour revenue. **Tours** **\$2,821,040**

**Car Rentals**

41 duplex units (82 units total) @ 50% usage = 41 car rentals per day

41 car rentals per day @ \$30 per day = \$1230 per day

\$1230/day @ 358 days = \$440,340 annual rental revenue. **Car Rental** **\$440,340**

**Retail Shop Revenue.** Food, Sundry, Souvenirs, Clothes and Accessories.

41 suites @ \$800 per week = \$32,800 per week.

32,800/week.@ 51 weeks = \$1,672,800 annual shop revenue. **Retail Shops** **\$1,672,800**

**Total Gross Annual Revenue** **\$9,347,582**



**FISCAL NOTE**  
**BUREAU OF BUDGET AND MANAGEMENT RESEARCH**

**BBMR-F7**

Bill Number: 183  
 Amendatory Bill: No

Date Received: April 22, 1997  
 Date Reviewed: April 24, 1997

Department/Agency Affected: Department of Revenue & Taxation  
 Department/Agency Head: Joseph Duenas, Director  
 Total FY Appropriation to Date: \$10,530,201

Bill Title (preamble): AN ACT TO ADD A NEW SUBSECTION (h) TO 21 GCA §1204 RELATIVE TO PROMOTING VACATION TIMESHARING AND EXPANDING GUAM'S REVENUE BASE.

Change in Law: N/A

Bill's Impact on Present Program Funding:  
 Increase \_\_\_\_\_ Decrease \_\_\_\_\_ Reallocation \_\_\_\_\_ No Change XXX

Bill is for:  
 Operations \_\_\_\_\_ Capital Improvement \_\_\_\_\_ Other XXX

**FINANCIAL/PROGRAM IMPACT**

ESTIMATED SINGLE-YEAR FUND REQUIREMENTS (Per Bill)			
PROGRAM CATEGORY	GENERAL FUND	OTHER	TOTAL
Economics & Finance	<u>1/</u>		

ESTIMATED MULTI-YEAR FUND REQUIREMENTS (Per Bill)						
FUND	1st	2nd	3rd	4th	5th	TOTAL
GENERAL	<u>1/</u>					
OTHER						
TOTAL						

FUNDS ADEQUATE TO COVER INTENT OF THE BILL? Yes -- IF NO, ADD'L AMOUNT REQUIRED \$ \_\_\_\_\_  
 AGENCY/PERSON/DATE CONTACTED: \_\_\_\_\_

ESTIMATED POTENTIAL MULTI-YEAR REVENUES						
FUND	1st	2nd	3rd	4th	5th	TOTAL
GENERAL FUND	<u>1/</u>					
OTHER						
TOTAL						

ANALYST M. Dixon DATE 4/24/97 DIRECTOR Francis J. Baliga, Acting DATE APR 25 1997  
*Joseph E. Rivera, Acting*

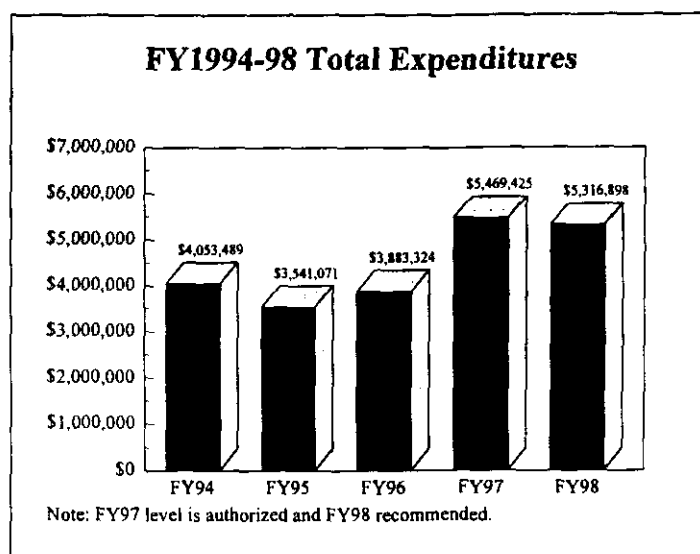
**FOOTNOTES:** 1/ Bill 183 proposes to promote vacation timeshares in order to expand Guam's revenue base. This will have a fiscal effect on the government's General and Tourist Attraction Fund. However because no economic study on the promotion of real property as vacation timeshares has been conducted, the extent of the impact is unknown.

## DEPARTMENT OF AGRICULTURE

The Department of Agriculture was created to ensure the development, conservation, and productivity of the island's agricultural sector, including the livestock, forestry, and commercial fisheries industries.

It engages in various types of activities that include, assisting farmers and others engaged in agriculture, mariculture, and aquaculture. Other functions involve the provision of equipment subsidies, spraying services and technical assistance. The Department promotes forestry, soil, and water resource conservation practices, provides protection and quarantine activities to control and eradicate pests and diseases in Guam, provides seedlings and fruit trees under its plant nursery program and enforces conservation laws against illegal hunting or fishing to protect the island's natural resources.

Statutory Basis: Sections 12000 through 12403 Government Code of Guam; Public Laws 17-51 and 20-176



Fund Source(s)	FY 1996 Expenditures+ Encumbrances	FY 1997 Authorized (P.L. 23-128)	FY 1998 Governor's Request
General Fund	\$3,732,803	\$3,353,457	\$3,200,000
Federal Match	85,514	387,896	387,898
Special Fund	65,008 <sup>1</sup>	1,728,072 <sup>1</sup>	1,729,000 <sup>1</sup>
<b>Total</b>	<b>\$3,883,325</b>	<b>\$5,469,425</b>	<b>\$5,316,898</b>

<sup>1</sup>Customs, Agricultural & Quarantine Inspection Services Fund