



CARL T.C. GUTIERREZ
GOVERNOR OF GUAM

MAY 22 2000

The Honorable Joanne M. S. Brown
Legislative Secretary
I Mina'Bente Singko na Liheslaturan Guåhan
Twenty-Fifth Guam Legislature
Suite 200
130 Aspinal Street
Hagåtña, Guam 96910

OFFICE OF THE LEGISLATIVE SECRETARY	
ACKNOWLEDGMENT RECEIPT	
Received By	<u>[Signature]</u>
Time	<u>10:10am</u>
Date	<u>May 23, 2000</u>

Dear Legislative Secretary Brown:


Enclosed please find Substitute Bill No. 242(LS), "AN ACT TO ADD §§58147, 58147.1 AND 58147.2 TO CHAPTER 58, DIVISION 2 OF TITLE 12 OF THE GUAM CODE ANNOTATED, RELATIVE TO CLARIFYING THE PROVISIONS ON TAX BENEFITS FOR RECYCLING AND SHIPPING COMPANIES", which I have signed into law today as Public Law No. 25-127.

This legislation provides the authority for GEDA to issue qualifying certificates to businesses that engage in recycling. In order to qualify, the business must divert from the waste stream a minimum of 2,000 cubic feet or 40,000 pounds of recyclable materials per year.

The legislation provides for GEDA to promulgate rules and regulations regarding this new benefit, which includes exempting the business from GRT and Use Tax, as well as Corporate Income Tax, on that portion of a business derived from recycling or shipping recyclable materials in transshipping.

Docking and stevedoring fees are also waived for shipping companies who transship recyclable materials. The Port Authority is not required to provide free stevedoring services, but may provide for stevedoring services at the company's cost and expense.

Very truly yours,


Carl T. C. Gutierrez
I Maga'Lahen Guåhan
Governor of Guam

Attachment: copy attached for signed bill or overridden bill
original attached for vetoed bill


cc: The Honorable Antonio R. Unpingco
Speaker

00937

MINA'BENTE SINGKO NA LIHESLATURAN GUAHAN
2000 (SECOND) Regular Session


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

This is to certify that Substitute Bill No. 242 (LS) "AN ACT TO ADD §§58147, 58147.1 AND 58147.2 TO CHAPTER 58, DIVISION 2 OF TITLE 12 OF THE GUAM CODE ANNOTATED, RELATIVE TO CLARIFYING THE PROVISIONS ON TAX BENEFITS FOR RECYCLING AND SHIPPING COMPANIES," was on the 11th day of May 2000, duly and regularly passed.




ANTONIO R. UNPINGCO
Speaker

Attested:



JOANNE M.S. BROWN
Senator and Legislative Secretary

This Act was received by *I Maga'lahaen Guahan* this 16th day of May, 2000,
at 10:55 o'clock 9 .M.



Assistant Staff Officer
Maga'lahaen's Office

APPROVED:



CARL T. C. GUTIERREZ
I Maga'lahaen Guahan

Date: 5-22-00

Public Law No. 25-127

MINA'BENTE SINGKO NA LIHESLATURAN GUÅHAN
1999 (FIRST) Regular Session

Bill No. 242 (LS)

As substituted by the Author
and amended on the Floor.

Introduced by:

A.C. Lamorena, V

E. B. Calvo

J. M.S. Brown

C. A. Leon Guerrero

K. S. Moylan

Mark Forbes

F. B. Aguon, Jr.

E. C. Bermudes

A. C. Blaz

M. G. Camacho

L. F. Kasperbauer

V. C. Pangelinan

J. C. Salas

S. A. Sanchez, II

A. R. Unpingco

**AN ACT TO ADD §§58147, 58147.1 AND 58147.2 TO
CHAPTER 58, DIVISION 2 OF TITLE 12 OF THE
GUAM CODE ANNOTATED, RELATIVE TO
CLARIFYING THE PROVISIONS ON TAX BENEFITS
FOR RECYCLING AND SHIPPING COMPANIES.**

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

2 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds
3 that new incentives are necessary to boost the economic and environmental
4 mitigation goals for our Island. In doing so this legislation is designed to

1 encourage investment opportunities in recycling and transshipment activities in
2 order to help minimize the volume of Guam's waste stream entering our over-
3 burdened existing landfill. By providing alternatives to municipal solid waste
4 disposal, the promotion of recyclable activities will ultimately be beneficial to
5 Guam. By providing incentive opportunities for recycling companies and
6 organizations to expand their business, there would be a great public benefit, and
7 the life span of the landfill would be extended. *I Liheslaturan Guåhan* further finds
8 that although the government of Guam has looked into the possibility of
9 venturing into the methodology of incineration, *I Liheslaturan Guåhan* finds that
10 this alternative is *not* a viable option at this point in time. It is the intent of *I*
11 *Liheslaturan Guåhan* to develop and implement an incentive program to attract
12 shipping and recycling companies to play an active role in the recycling industry,
13 as well as encourage the practice of recycling and composting within our Island
14 community.

15 **Section 2. Definitions.** For the purposes of this Act, *except as*
16 otherwise specifically provided, the following words and phrases, together with
17 all of the common derivatives thereof, shall have the meaning ascribed to them
18 as follows:

19 (a) "GEPA" shall mean the Guam Environmental Protection
20 Agency.

21 (b) "Incineration" shall mean the act of using controlled flame
22 combustion within an enclosed device, the primary purpose of which is to
23 thermally break down solid waste.

24 (c) "QC" means the Qualifying Certificate issued by the Guam
25 Economic Development Authority ("GEDA").

1 (d) “*Recycling*” means the process by which recovered resources
2 are transformed into new products in such a manner that products lose
3 their identity, as defined in §51102.(18) of Chapter 51 of Title 10 of the
4 Guam Code Annotated.

5 (e) “*Recycling company*” means any business licensed by the
6 Department of Revenue and Taxation, and has been issued a permit, as
7 required in §51104 of Chapter 51 of Title 10 of the Guam Code Annotated,
8 from the Guam Environmental Protection Agency (“GEPA”) to conduct
9 business on Guam in which eighty percent (80%) of its operations is
10 specifically committed to recycling.

11 (f) “*Recyclable materials*” means materials which still have useful
12 physical or chemical properties *after* serving a specific purpose for the same
13 or other purpose. Recyclable materials are as follows:

- 14 (1) batteries;
- 15 (2) cars and trucks;
- 16 (3) construction and demolition debris (“C&D”);
- 17 (4) enameled white goods (i.e. refrigerators, water heaters,
18 air conditioners, washers, dryers, stoves);
- 19 (5) foam padding;
- 20 (6) glass and plastic bottles;
- 21 (7) home appliances (other appliances that are *not*
22 considered enameled white goods);
- 23 (8) lead;
- 24 (9) metals (ferrous/non-ferrous);
- 25 (10) organic material (i.e. tree trimmings, palm fronds, grass,

1 food waste, soiled cardboard)

2 (11) paper products;

3 (12) tires (passenger/commercial);

4 (13) wood pallets and scrap wood; *and*

5 (14) x-ray film

6 (g) "*Transshipment*" shall mean to transfer for further
7 transportation from one (1) ship or conveyance to another.

8 **Section 3.** Section 58147 is hereby *added* to Chapter 58, Division 2 of Title
9 12 of the Guam Code Annotated to read as follows:

10 **"Section 58147. Business Privilege and Use Tax Exemptions.**

11 (a) The Guam Economic Development Authority shall adopt
12 reasonable rules and regulations in accordance with the
13 Administrative Adjudication Law for the granting of Qualifying
14 Certificates in order to ensure that Certificates are issued only with
15 respect to the revenues generated from recycling materials identified
16 by the recycling and transshipment companies, respectively.
17 Additionally, GEDA shall require that the Beneficiary of a Certificate
18 comply with the same requirements of a Beneficiary of a QC as set
19 out in §§58116 through 58119 of Title 12 of the Guam Code
20 Annotated.

21 (b) **Use Tax.** The owner of a recycling or shipping
22 business, the proceeds from which have been exempted under this
23 Section from the tax imposed under Article 2 of the Business
24 Privilege Tax Law, shall be *exempt* from the Guam Use Tax Law, with
25 respect to the revenues generated to recycle and/or transship

1 recyclable materials.”

2 **Section 4.** Section 58147.1 is hereby *added* to Chapter 58, Division 2 of Title
3 12 of the Guam Code Annotated to read as follows:

4 **“Section 58147.1. Corporate Income Tax Rebate.**

5 (a) One hundred percent (100%) Corporate Income Tax
6 rebate on the proceeds from revenues generated for recycling, or for
7 the transshipment of recycling materials off-Island to be disposed of
8 at a recycling center, shall be *exempt* from the tax imposed under
9 Article 2 of the Business Privilege Tax Law; provided that:

10 (1) the revenues generated from recycling are certified
11 by a Certified Public Accountant; *and*

12 (2) the shipping company shows proof that the
13 transshipment of recycling materials are recyclable, as defined
14 in §2(e) of this Act. Such rebate shall *not* exceed a consecutive
15 period of ten (10) years from the effective date of the QC.

16 (3) In order to qualify for the tax rebate, a person(s),
17 developer, contractor, company or corporation must divert
18 from the waste stream a minimum of two thousand (2,000)
19 cubic feet or forty thousand (40,000) pounds of recyclable
20 materials per year.

21 **(b) Interest Earned from Rebate.** All interest
22 earned from the rebated amount for recycling, or for the
23 transshipment of recyclable materials, shall be allocated to the Guam
24 Environmental Protection Agency (‘GEPA’) to assist in the
25 administrative cost for the implementation of this Act.”

1 **Section 5.** Section 58147.2 is hereby *added* to Chapter 58, Division 2 of Title
2 12 of the Guam Code Annotated to read as follows:

3 **“Section 58147.2. Waiver of Docking and Stevedoring Fees.**

4 A waiver of docking and stevedoring fees will be granted to shipping
5 companies in the transshipment of recyclable materials for a
6 consecutive period *not to exceed* ten (10) years from the effective date
7 of the QC, provided, that:

8 (a) the shipping companies engaged in the
9 transshipment of recyclable materials are the holders of a
10 permit issued by GEPA;

11 (b) a CPA certifies the characteristics of recyclable
12 materials, as listed in §2(e) of this Act, and identifies the
13 volume.

14 Notwithstanding anything herein to the contrary, the Port Authority
15 of Guam shall *not* be required to provide free stevedoring services to
16 shipping companies. Any shipping company, *however*, may provide
17 for stevedoring services at the Port Authority at its cost and
18 expense.”

19 **Section 6. Method of Incineration; Not Applicable.** For the purposes
20 of this Act, the aforementioned Sections shall *not* be applicable to the method of
21 incineration as a means of recycling.

22 **Section 7. Rules and Regulations for the Implementation of Tax Benefits**
23 **for Recycling and Shipping Companies.** *I Liheslaturan Guåhan* finds that the
24 Rules and Regulations (“Rules”) of the Guam Economic Development Authority
25 (‘GEDA’) are necessary to implement the provisions of this legislation. GEDA


1 shall establish rules and regulations for the implementation of tax benefits for
2 recycling and shipping companies. Upon the establishment of the rules, the
3 Administrator shall conduct a public hearing, pursuant to the Administrative
4 Adjudication Law, and seek approval from the Board of Directors of GEDA and
5 by *I Maga'lahen Guåhan*. Upon the completion of the review and approval process
6 as stated above, the rules are to be transmitted to *I Liheslaturan Guåhan* for final
7 review and approval.

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

MINA'BENTE SINGKO NA LIHESLATURAN GUAHAN
2000 (SECOND) Regular Session

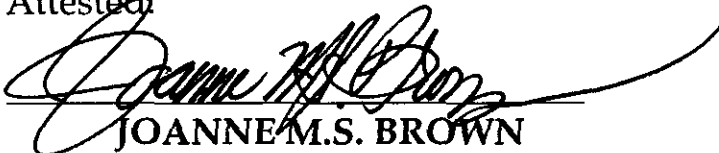
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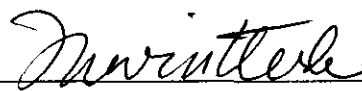
ANTONIO R. UNPINGCO
Speaker

Attested



JOANNE M.S. BROWN
Senator and Legislative Secretary

This Act was received by *I Maga'lahaen Guahan* this 16th day of May, 2000,
at 10:55 o'clock 9 .M.



Assistant Staff Officer
Maga'lahaen's Office

APPROVED:

CARL T. C. GUTIERREZ
I Maga'lahaen Guahan

Date: _____

Public Law No. _____

MINA'BENTE SINGKO NA LIHESLATURAN GUÅHAN
1999 (FIRST) Regular Session

Bill No. 242 (LS)

As substituted by the Author
and amended on the Floor.

Introduced by:

A.C. Lamorena, V

E. B. Calvo

J. M.S. Brown

C. A. Leon Guerrero

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4 disposal, the promotion of recyclable activities will ultimately be beneficial to
5 Guam. By providing incentive opportunities for recycling companies and
6 organizations to expand their business, there would be a great public benefit, and
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16 (3) In order to qualify for the tax rebate, a person(s),
17 developer, contractor, company or corporation must divert
18 from the waste stream a minimum of two thousand (2,000)
19 cubic feet or forty thousand (40,000) pounds of recyclable
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25 administrative cost for the implementation of this Act.”

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12 materials, as listed in §2(e) of this Act, and identifies the
13 volume.

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15 of Guam shall *not* be required to provide free stevedoring services to
16 shipping companies. Any shipping company, *however*, may provide
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18 expense.”

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22 **Section 7. Rules and Regulations for the Implementation of Tax Benefits**
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24 Rules and Regulations (“Rules”) of the Guam Economic Development Authority
25 (“GEDA”) are necessary to implement the provisions of this legislation. GEDA

1 shall establish rules and regulations for the implementation of tax benefits for
2 recycling and shipping companies. Upon the establishment of the rules, the
3 Administrator shall conduct a public hearing, pursuant to the Administrative
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5 by *I Maga'lahen Guåhan*. Upon the completion of the review and approval process
6 as stated above, the rules are to be transmitted to *I Liheslaturan Guåhan* for final
7 review and approval.

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

MINA'BENTE SINGKO NA LHESLATURAN GUAHAN
2000 (SECOND) Regular Session

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

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ANTONIO R. UNPINGCO
Speaker

Attested:

JOANNE M.S. BROWN
Senator and Legislative Secretary

.....
This Act was received by *I Maga'lahaen Guahan* this _____ day of _____, 2000,
at _____ o'clock _____ M.

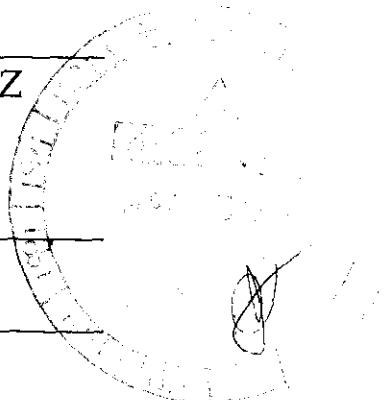
Assistant Staff Officer
Maga'lahaen's Office

APPROVED:

CARL T. C. GUTIERREZ
I Maga'lahaen Guahan

Date: _____

Public Law No. _____



Office of the Speaker
ANTONIO R. UNPINGCO

Date: 05-15-00

Time: 1110

Rec'd by: _____

Print Name: Antonio R. Unpingco

I MINA' BENTE SINGKO NA LIHESLATURAN GUAHAN

2000 (SECOND) Regular Session

Date: 5/11/00

VOTING SHEET

5 Bill No. 242(LS)

Resolution No. _____

Question: _____

NAME	YEAS	NAYS	NOT VOTING/ ABSTAINED	OUT DURING ROLL CALL	ABSENT
AGUON, Frank B., Jr.	✓				
BERMUDES, Eulogio C.	✓				
BLAZ, Anthony C.	/	✓			
BROWN, Joanne M.S.	✓				
CALVO, Eduardo B.	✓				
CAMACHO, Marcel G.	✓				
FORBES, Mark	✓				
KASPERBAUER, Lawrence F.	✓				
LAMORENA, Alberto C., V	✓				
LEON GUERRERO, Carlotta A.	✓				
MOYLAN, Kaleo Scott	✓				
PANGELINAN, Vicente C.	✓				
SALAS, John C.	✓				
SANCHEZ, Simon A., II					EA
UNPINGCO, Antonio R.	✓				

TOTAL

13 1 _____ _____ 1 EA

CERTIFIED TRUE AND CORRECT:

Clerk of the Legislature

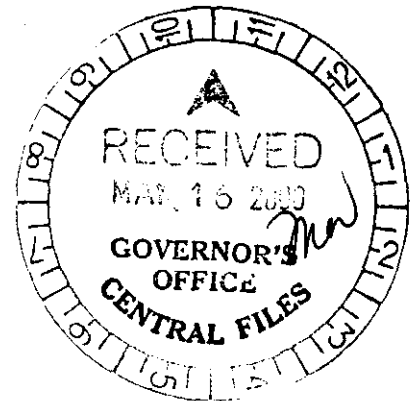
* 3 Passes = No vote
EA = Excused Absence



MINA' BENTE SINGKO NA LIHESLATURAN GUAHAN
TWENTY-FIFTH GUAM LEGISLATURE
155 Hesler Street, Hagåtña, Guam 96910

May 16, 2000

The Honorable Carl T.C. Gutierrez
I Maga'lahaen Guahan
Ufisinan I Maga'lahi
Hagåtña, Guam 96910



Dear *Maga'lahi* Gutierrez:

Transmitted herewith are Substitute Bill Nos. 365(COR), 242(LS), 408(COR) and 396(LS) which were passed by *I Mina'Bente Singko Na Liheslaturan Guahan* on May 11, 2000.

Sincerely,

JOANNE M.S. BROWN
Senator and Legislative Secretary

Enclosure (4)



MINA' BENTE SINGKO NA LIHESLATURAN GUÅHAN
TWENTY-FIFTH GUAM LEGISLATURE
155 Hesler Street, Hagåtña, Guam 96910

May 8, 2000

(DATE)

Memorandum

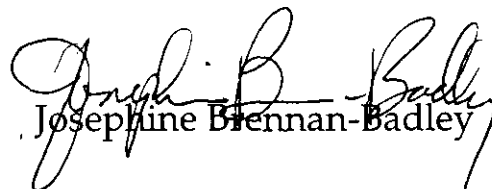
To: Senator Alberto C. Lamorena, V

From: Clerk of the Legislature

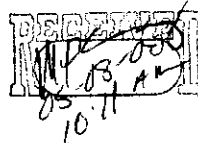
Subject: Report on Bill No. 242(LS)

Pursuant to §7.04 of Rule VII of the 25th Standing Rules, transmitted herewith is a copy of the Committee Report on Bill No. 242(LS), for which you are the prime sponsor.

Should you have any questions or need further information, please call the undersigned at 472-3464/5.


Josephine Brennan-Badley

Attachment





Ufisina Para I Minaolek Guåhan

Senator Alberto "Tony" Cristobal Lamorena V

Mina'Bente Singko Na Liheslaturan Guåhan
(Twenty-Fifth Guam Legislature)



May 1, 2000

The Honorable Antonio R. Unpingco
Speaker
I Mina Bente Singko Na Liheslaturan Guåhan
155 Hesler St.
Hagåtña, Guam 96932

Dear Mr. Speaker,

The Committee on Tourism, Economic Development and Parks, to which was referred *Bill No. 242, An Act to Add a New §58147 to Chapter 58, Division 2 of Title 12, Guam Code Annotated, Relative to Clarifying the Provisions on Tax Benefits for Recycling and Shipping Companies*, has had the same under consideration, and now wishes to report back the same with the recommendation *To Do Pass, as Substituted by the Committee on Tourism, Economic Development and Parks*.

The Committee votes are as follows:

To Pass	<u>7</u>
Not To Pass	<u>-0-</u>
Abstain	<u>-0-</u>
Inactive File	<u>-0-</u>

A copy of the Committee Report and all pertinent documents are attached for your information and file.

Sincerely,

ALBERTO C. LAMORENA, V

attachments



Senator Alberto "Tony" Cristobal Lamorena V

Chairman

**COMMITTEE ON TOURISM, ECONOMIC DEVELOPMENT
AND PARKS**

Twenty-Fifth Guam Legislature

**VOTING SHEET ON
BILL NO. 242**

**AN ACT TO ADD A NEW SECTION 58147
TO CHAPTER 58, DIVISION 2 OF TITLE 12
OF THE GUAM CODE ANNOTATED,
RELATIVE TO CLARIFYING THE
PROVISIONS ON TAX BENEFITS FOR
RECYCLING AND SHIPPING COMPANIES.**



RECOMMENDATION TO

Committee Members	Signature	To pass	Not to pass	Abstain	Place in Inactive File
Senator Alberto "Tony" Lamorena Chairperson		✓			
Senator Joanne M.S. Brown Vice-Chairperson		✓			
Speaker Antonio R. Unpingco					
Senator Anthony C. Blaz					
Senator Mark Forbes					
Senator Carlotta A. Leon Guerrero		✓			
Senator Kaleo S. Moylan		✓			
Senator John C. Salas		✓			
Senator Simon A. Sanchez, II		✓			
Senator Frank B. Aguon, Jr.		✓			
TOTAL VOTES:		7	-0-	-0-	-0-

MINA' BENTE SINGKO NA LIHESLATURAN GUÅHAN
1999 (FIRST) Regular Session

Bill No. 242 (LS)

as Substituted by the Committee on Tourism,
Economic Development and Parks.

Introduced by:

A.C. Lamorena, V

C.A. Leon Guerrero *CLG*

J.M.S. Brown *JMS*

K.S. Moylan

F.B. Aguon *FBA*

**AN ACT TO ADD A NEW §58147 TO CHAPTER 58,
DIVISION 2 OF TITLE 12, GUAM CODE
ANNOTATED, RELATIVE TO CLARIFYING THE
PROVISIONS ON TAX BENEFITS FOR
RECYCLING AND SHIPPING COMPANIES.**

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

2 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds that
3 new incentives are necessary to boost the economic and environmental mitigation goals
4 for our island. In doing so, this legislation is designed to encourage investment
5 opportunities in recycling and transshipment activities in order to help minimize the
6 volume of Guam's waste stream entering our over-burdened existing landfill. By
7 providing alternatives to municipal solid waste disposal, the promotion of recyclable
8 activities will ultimately be beneficial to Guam. By providing incentive opportunities
9 for recycling companies and organizations to expand their business, there would be a
10 great public benefit, and the life span of the landfill would be extended. It is therefore
11 the intent of *I Liheslaturan Guåhan* to develop and implement an incentive program to
12 attract shipping and recycling companies to play an active role in the recycling industry.

1 **Section 2. Definitions.** For the purposes of this Act, except as otherwise
2 specifically provided, the following words and phrases, together with all of the common
3 derivatives thereof, shall have the meaning ascribed to them as follows:

4 (a) **GEPA** shall mean the Guam Environmental Protection Agency.

5 (b) **QC** means the Qualifying Certificate issued by the Guam Economic
6 Development Authority.

7 (c) **Recycling** means the process by which recovered resources are
8 transformed into new products in such a manner that products lose their identity.
9 *(As defined in §51102.(18), Chapter 51, of Title 10 Guam Code Annotated)*

10 (d) **Recycling Company** means any business licensed by the
11 Department of Revenue and Taxation, and has been issued a permit *(as required*
12 *in §51104. Of Chapter 51, Title 10 of the Guam Code Annotated)* from the
13 Guam Environmental Protection Agency *(GEPA)* to conduct business on Guam,
14 in which eighty percent (80%) of its operations is specifically committed to
15 recycling.

16 (e) **Recyclable Materials** means materials which still have useful
17 physical or chemical properties after serving a specific purpose for the same or
18 other purpose. Recyclable materials are as follows:

19 (1) Metals *(ferrous/non-ferrous)*;

20 (2) Tires *(passenger/commercial)*;

21 (3) Enameled White Goods *(refrigerators, water heaters, air*
22 *conditioners, washers, dryers, stoves, etc.)*;

23 (4) Cars and Trucks;

24 (5) Batteries;

25 (6) Wood Pallets;

- 1 (7) Paper Products;
- 2 (8) Glass and Plastic Bottles;
- 3 (9) Lead;
- 4 (10) Foam Padding; *and*
- 5 (11) X-Ray Film

6 **Section 3. A New §58147. is hereby added to Chapter 58, Division 2 of**
7 **Title 12, Guam Code Annotated to read:**

8 **“§58147. Business Privilege and Use Tax Exemptions.**

9 (a) The Corporation shall adopt reasonable rules and regulations
10 in accordance with the Administrative Adjudication Law for the granting
11 of Qualifying Certificates in order to ensure that Certificates are issued
12 only with respect to the revenues generated from recycling materials
13 identified by the recycling and transshipment companies respectively.
14 Additionally, the Corporation shall require that the Beneficiary of a
15 Certificate comply with the same requirements of a Beneficiary of a
16 Qualifying Certificate (*‘QC’*) as set out in §§58116 through 58119 of Title
17 12 Guam Code Annotated.

18 (b) Use Tax. The owner of a recycling or shipping business, the
19 proceeds from which have been exempted under this Section from the tax
20 imposed under Article 2 of the Business Privilege Tax Law, shall be
21 exempt from the Guam Use Tax Law, with respect to the revenues
22 generated to recycle and/or transship recyclable materials.”

23 **Section 4. A New §58147.1. is hereby added to Chapter 58, Division 2 of**
24 **Title 12, Guam Code Annotated to read:**

25 **“§58147.1. Corporate Income Tax Rebate. (a) One hundred percent**

1 (100%) Corporate Income Tax rebate on the proceeds from revenues generated
2 for recycling, or for the transshipment of recycling materials off-island to be
3 disposed of at a recycling center, shall be exempt from the tax imposed under
4 Article 2 of the Business Privilege Tax Law; *provided* that:

5 (1) the revenues generated from recycling are certified by a
6 Certified Public Accountant; *and*

7 (2) the shipping company shows proof that the transshipment of
8 recycling materials are recyclable, as defined in Section 2(e) of this Act.
9 Such rebate shall not exceed a consecutive period of ten (10) years from
10 the effective date of the QC.

11 (b) Interest Earned from Rebate. All interest earned from the rebated
12 amount for recycling, or for the transshipment of recyclable materials, shall be
13 allocated to the Guam Environmental Protection Agency (*GEPA*) to assist in the
14 administrative cost for the implementation of this Act.”

15 **Section 5. A New §58147.2. is hereby added to Chapter 58, Division 2 of**
16 **Title 12, Guam Code Annotated to read:**

17 **“§58147.2. Tax Rebates on Certain Rental Income.**

18 (a) A qualifying certificate granting a rebate of up to one
19 hundred percent (100%) of all income tax paid to the government of
20 Guam by a Beneficiary on income derived from the lease of land,
21 buildings, machinery or equipment to a Beneficiary of a qualifying
22 certificate issued for companies engaged in recycling, and shipping
23 companies covered by the provisions of this Chapter, may be issued for
24 a period not to exceed five (5) consecutive years from the effective date
25 of a qualifying certificate therefor, and a rebate of up to twenty-five

1 percent (25%) of such income tax for a period not to exceed the next five
2 (5) consecutive years.

3 (b) Income tax Rebate on Sales to Developers. A rebate of up
4 to fifty percent (50%) on all taxes paid to the government of Guam by a
5 Beneficiary on income derived from the sale of land or other real property
6 to a company engaged in recycling; *provided* that an application of such
7 rebate is made within the effective period of this Chapter.”

8 **Section 6. A New §58147.3. is hereby added to Chapter 58, Division 2 of**
9 **Title 12, Guam Code Annotated to read:**

10 “§58147.3. **Waiver of Docking and Stevedoring Fees.** A waiver of
11 docking and stevedoring fees will be granted to shipping companies engaged in
12 the transshipment of recycling materials for a consecutive period not to exceed
13 ten (10) years from the effective date of the QC, *provided*, that:

14 (a) the shipping companies engaged in the transshipment of
15 recyclable materials are the holders of a permit issued by GEPA.

16 (b) a CPA certifies the characteristics of recyclable materials as
17 listed in Section 2(e) of this Act, and identifies the volume.”

18 **Section 7. A New §58147.4. is hereby added to Chapter 58, Division 2 of**
19 **Title 12, Guam Code Annotated to read:**

20 “§58147.4. **Tax Rebate to Commercial Lending Institutions.** One
21 hundred percent (100%) tax rebate on interest income on loans made by
22 commercial lending institutions who provide loans to companies in Guam,
23 engaged in the business of recycling recyclable materials, *provided*, the interest
24 rates are no more than two points above the U.S. Treasury Rate. Such rebate
25 shall not exceed the term of the loan, or the term of the QC, of which ever

1 expires first.”

2 **Section 8. Rules and Regulations for the Implementation of Tax Benefits**
3 **for Recycling and Shipping Companies.** *I Liheslaturan Guåhan* finds that the Rules
4 and Regulations (‘Rules’) of the Guam Economic Development Authority (‘GEDA’)
5 are necessary to implement the provisions of this legislation. GEDA shall establish
6 rules and regulations for the implementation of tax benefits for Recycling and Shipping
7 Companies. Upon the establishment of the rules, the Administrator shall conduct a
8 public hearing, pursuant to the Administrative Adjudication Law, and seek approval
9 from the Board of Directors of GEDA and by *I Maga’låhen Guåhan*. Upon the
10 completion of the review and approval process as stated above, the rules are to be
11 transmitted to *I Liheslaturan Guåhan* for final review and approval.

12 **Section 10. Severability.** *If* any provision of this Law or its application to any
13 person or circumstance is found to be invalid or contrary to law, such invalidity shall
14 *not* affect other provisions or applications of this Law which can be given effect
15 without the invalid provisions or applications and to this end the provisions of this Law
16 are severable.

**COMMITTEE ON TOURISM,
ECONOMIC DEVELOPMENT AND PARKS**
Mina Bente Singko Na Liheslaturan Guåhan
155 Hesler Street Hagåtña, Guam 96932

COMMITTEE REPORT

ON

BILL NO. 242

**AN ACT TO ADD A NEW §58147 TO CHAPTER 58, DIVISION
2 OF TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO
CLARIFYING THE PROVISIONS ON TAX BENEFITS FOR
RECYCLING AND SHIPPING COMPANIES.**

COMMITTEE MEMBERS

Chairman: Senator Alberto C. Lamorena, V

Vice Chairperson: Senator Joanne M.S. Brown

Senator Anthony C. Blaz

Senator Kaleo S. Moylan

Senator Mark Forbes

Senator Simon A. Sanchez, II

Senator Carlotta A. Leon Guerrero

Senator John C. Salas

Senator Frank B. Aguon, Jr.

**COMMITTEE REPORT
ON
BILL NO. 242**

**An Act to Add a New §58147 to Chapter 58, Division 2 of Title 12,
Guam Code Annotated, Relative to Clarifying The Provisions on Tax
Benefits For Recycling And Shipping Companies**

INTRODUCTION

The Committee on Tourism, Economic Development and Parks conducted a Public Hearing 9:39 a.m. Monday, July 26, 1999 in the Public Hearing Room of the Guam Legislature Temporary Bldg. in Hagåtña.

Committee Members Present: Senator Alberto C. Lamorena, V., Chairman
Senator Carlotta Leon Guerrero

Other Senators Present: Senator Marcel G. Camacho
Senator Eddie B. Calvo

Testimony Received From: Ed Untalan, Administrator
Guam Economic Development Authority
Eloise Baza, President
Guam Chamber of Commerce

SUMMARY OF TESTIMONY

As a result of Bill No. 242 and Bill No. 236 having somewhat a similar legislative intent, the Chairman decided to hear both bills at the same time.

Ed Untalan, Administrator for the Guam Economic Development Authority, presented oral testimony in support of the intent of the bill. During his oral testimony, Mr. Untalan stated that there are a number of ways to discuss this issue, we can either look at the financial or operational aspects of this industry. Mr. Untalan continued that the Guam EPA be made a part of this discussion, and at a Round Table discussion, develop a plan to address the recycling and shipping of metallic waste and other

recyclable materials. With respect to this legislation, Mr. Untalan suggested that the committee consider merging Bill Nos. 242 and 236 together. In conclusion, Mr. Untalan stated that his only concern is that if a Qualifying Certificate is to be given, it should only be for a company or companies who set up their business specifically for this purpose, and not allow waste haulers to take advantage of certain tax breaks.

Eloise Baza, President of the Guam Chamber of Commerce, provided the committee with written testimony in support of the bill. In her testimony, Ms. Baza stated that the Chamber agrees that the formation of recycling enterprises on Guam will assist our community attain recycling targets crucial to the resolution to Guam's solid waste problems. The Chamber further concurs that incentives to reduce the cost of shipping of our recyclable materials will make recycling a more attractive venture to pursue. Ms. Baza continued that Bill No. 242 provides the framework for recycling activities workable for consumers, economically feasible and contributes towards the reduction of waste disposed at our landfill.

The Chamber recommended certain amendments to assist in the implementation process of the bill. These amendments are to include language stating all Port Authority of Guam charges for the processing and shipments of recyclable commodities to markets, such as Port Wharfage Fees and others; provide a definition for U.S. Treasury Rate; *and* amend §58147.4 to read:

“§58147.4. Tax Rebate to Commercial Lending Institutions. One hundred percent (100%) tax rebate on interest income on loans made by commercial lending institutions who provide loans to companies in Guam, engaged in the business of recycling recyclable materials, *provided*, the interest rates are no more than two points above the U.S. Treasury Rate. Such rebate shall not exceed the term of the loan, or the term of the QC, of which ever expires first.”

Ms. Baza concluded that Bill No. 242 will contribute towards the reduction of our waste stream and extend the life of our landfill, and the Chamber urges passage of the bill.

There being no other witnesses, the Chairman announced that the Public Hearing on Bill No. 242 has been duly publicly heard.

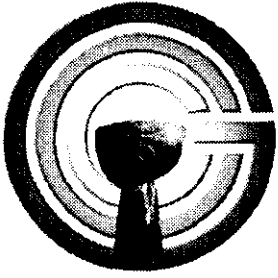
COMMITTEE FINDINGS

The Committee conducted a Committee Round Table Discussion on Bill No. 242 on November 12, 1999. The Chairman invited GEDA, Guam EPA, the Port Authority of Guam, Representatives from HMS Recycling, Representatives from the Shipping and Waste Hauling Companies. Discussion from the Round Table meeting generated an interesting and very informative dialogue with the members and officials present. The Chairman received input from all parties either already involved or interested in pursuing this industry. Recommended changes to the bill were considered by the committee, and were incorporated.

The committee finds that new incentives are necessary to boost the economic and environmental mitigation goals for our island. By providing alternatives to municipal solid waste disposal, the promotion of recyclable activities will ultimately be beneficial to Guam. Furthermore, the committee finds that by providing incentive opportunities for recycling companies and organizations to expand their business, there would be a great public benefit, and the life span of the landfill would be extended. It is therefore the intent of the committee to favorably report out Bill No. 242 to *I Liheslaturan Guåhan* to initiate the passage of this legislation to develop and implement an incentive program to attract shipping and recycling companies to play an active role in the recycling industry.

COMMITTEE RECOMMENDATIONS

The Committee on Tourism, Economic Development and Parks hereby reports out Bill No. 242 to *I Mina' Bente Singko Na Liheslaturan Guåhan*, with the recommendation ***To Do Pass, as Substituted by the Committee on Tourism, Economic Development and Parks.***



GUAM CHAMBER OF COMMERCE
PARTNERS IN PROGRESS

RECEIVED
7/26/99

1 9 2 4 - 1 9 9 9

July 26, 1999

Senator Alberto Cristobal Lamorena
Chairman
Committee on Tourism, Economic Development
and Parks
I Mina'Bente Singko Na Liheslaturan Guåhan
155 Hesler Street
Hagåtña, Guam 96910

RE: Bill No. 242- Tax Benefits for Recycling and Shipping Companies

Dear Mr. Chairman and Members of the Committee:

On behalf of the Guam Chamber of Commerce, we would like to state our support of the tax incentives for recycling activities proposed in Bill No. 242.

We agree with the sponsors of the bill that the formation of recycling enterprises on Guam will assist our community attain recycling targets crucial to the resolution of Guam's solid waste problems. We further concur that incentives to reduce the cost of shipping of our recyclable materials will make recycling a more attractive venture to pursue.

The Chamber is pleased to see legislation proposing recycling incentives such as those in Bill No. 242, a welcome departure from previous legislation proposing deposit fees and taxes the Chamber continues to strongly oppose. Bill No. 242 provides the framework for recycling activities workable for consumers, economically feasible and contribute towards the reduction of waste disposed at our landfill.

There are two specific recommendations we would like to make which we believe will be helpful to the implementation process for Bill 242. First, we suggest that Section 5, Subsection 58147.3 include language stating all Port Authority of Guam charges for the processing and shipments of recyclable commodities to markets, such as port wharfage fees and others. Second, we suggest the insertion of language in Section 6, Subsection 58147.4 that provides a definition for U.S. Treasury Rate as we understand it varies by type of financial instrument. We further propose that Subsection 58147.4 (page 4, lines 14-15 of Bill 242) be revised to state, "....., **provided**, the interest rates are no more than two points above....."

We seek your favorable consideration of our recommended revisions and urge passage of Bill 242 because it will contribute towards a reduction of our waste stream and extend the life of our landfill. Since the bill seeks to encourage the establishment of recycling businesses, the tax incentives proposed in Bill 242 will apply to business income not currently generated on Guam.

Thank you for the opportunity to put forth our points of view and recommendations on Bill 242.

Sincerely yours,

ELOISE R. BAZA
President



Senator Alberto "Tony" Cristobal Lamorena V

Chairman

COMMITTEE ON TOURISM, ECONOMIC
DEVELOPMENT AND PARKS

Mina'Bente Singko Na Liheslaturan Guahan
(Twenty-Fifth Guam Legislature)

ROUNDTABLE MEETING

10:00 A.M., Friday, November 12, 1999
Committee Conference Room, Union Bank Bldg.
194 Hernan Cortez Ave., Hagåtña, Guam 96910



Bill No. 242

An act to add a new Section 58147 to Chapter 58, Division 2 of Title 12, Guam Code Annotated, relative to clarifying the provisions on tax benefits for recycling and shipping companies.

WITNESS SIGN-IN SHEET





NAME (please print)	REPRESENTING SELF, DEPT., OR AGENCY	TELEPHONE NUMBER	MAILING ADDRESS
CATHERINE CASTRO	CHAMBER of COMMERCE	472-6311	
JONDAK KAYE	Co EPA	475-1646	
Zoe Belle	HMS Refugio -	688-5913	
Dave Bush	Guahan Waste Control	649-2783	

JUN 17 1999

MINA' BENTE SINGKO NA LIHESLATURAN GUÅH
1999 (FIRST) Regular Session

Bill No. 242 (LS)

Introduced by:

A.C. Lamorena, V 
Carlotta A. Leon Guerrero 
Joanne M.S. Brown 
Kaleo S. Moylan 

AN ACT TO ADD A NEW §58147 TO CHAPTER 58, DIVISION 2 OF
TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO
CLARIFYING THE PROVISIONS ON TAX BENEFITS FOR
RECYCLING AND SHIPPING COMPANIES.

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Legislative Findings and Intent. *I Liheslaturan Guåhan* finds that
new incentives are necessary to boost the economic and environmental mitigation goals
for our island. In doing so, this legislation is designed to encourage investment
opportunities in recycling and transshipment activities in order to help minimize the
volume of Guam's waste stream entering our over-burdened existing landfill. By
providing alternatives to municipal solid waste disposal, the promotion of recyclable
activities will ultimately be beneficial to Guam. By providing incentive opportunities
for recycling companies and organizations to expand their business, there would be a
great public benefit, and the life span of the landfill would be extended. It is therefore
the intent of I Liheslaturan Guåhan to develop and implement an incentive program to
attract shipping companies to play an active role in the recycling industry.

1 **Section 2. A New §58147 is hereby added to Chapter 58, Division 2 of**
2 **Title 12, Guam Code Annotated to read:**

3 **“§58147. Business Privilege and Use Tax Exemptions.**

4 (a) The Corporation shall adopt reasonable rules and regulations
5 in accordance with the Administrative Adjudication Law for the granting
6 of Qualifying Certificates in order to ensure that Certificates are issued
7 only with respect to the revenues generated from recycling materials
8 identified by the recycling and transshipment companies respectively.
9 Additionally, the Corporation shall require that the Beneficiary of a
10 Certificate comply with the same requirements of a Beneficiary of a
11 Qualifying Certificate (“QC”) as set out in §§58116 through 58119 Title
12 Guam Code Annotated.

13 (b) Use Tax. The owner of a recycling or shipping business, the
14 proceeds from which have been exempted under this Section from the tax
15 imposed under Article 2 of the Business Privilege Tax Law, shall be
16 exempt from the Guam Use Tax Law, with respect to the revenues
17 generated to recycle and/or transship recyclable materials.

18 **Section 3. A New §58147.1 is hereby added to Chapter 58, Division 2 of**
19 **Title 12, Guam Code Annotated to read:**

20 **“§58147.1. Corporate Income Tax Rebate.** One hundred percent
21 (100%) Corporate Income Tax rebate on the proceeds from revenues generated
22 for recycling, or for the transshipment of recycling materials off-island to be
23 disposed of at a recycling center, shall be exempt from the tax imposed under
24 Article 2 of the Business Privilege Tax Law; *provided* that:

25 (a) the revenues generated from recycling are certified by a

1 Certified Public Accountant; and

2 (b) the shipping company shows proof that the transshipment of
3 recycling materials will be disposed of at a recycling center. Such rebate
4 shall not exceed a consecutive period of ten (10) years from the effective
5 date of the QC.”

6 **Section 4. A New §58147.2 is hereby added to Chapter 58, Division 2 of**
7 **Title 12, Guam Code Annotated to read:**

8 **“§58147.2. Tax Rebates on Certain Rental Income.**

9 (a) A qualifying certificate granting a rebate of up to one
10 hundred percent (100%) of all income tax paid to the government of
11 Guam by a Beneficiary on income derived from the lease of land,
12 buildings, machinery or equipment to a Beneficiary of a qualifying
13 certificate issued for companies engaged in recycling, and shipping
14 companies covered by the provisions of this Chapter, may be issued for
15 a period not to exceed five (5) consecutive years from the effective date
16 of a qualifying certificate therefor, and a rebate of up to twenty-five
17 percent (25%) of such income tax for a period not to exceed the next five
18 (5) consecutive years.

19 (b) Income tax Rebate on Sales to Developers. A rebate of up
20 to fifty percent (50%) on all taxes paid to the government of Guam by a
21 Beneficiary on income derived from the sale of land or other real property
22 to a company engaged in recycling; *provided* that an application of such
23 rebate is made within the effective period of this Chapter.”

24 **Section 5. A New §58147.3 is hereby added to Chapter 58, Division 2 of**
25 **Title 12, Guam Code Annotated to read:**

1 “**§58147.3. Waiver of Docking Fees.** A waiver of docking fees will be
2 granted to shipping companies engaged in the transshipment of recycling
3 materials for a consecutive period not to exceed ten (10) years from the effective
4 date of the QC, *provided*, that:

5 (a) a CPA certifies the characteristic of recyclable materials, and
6 identifies the volume; and

7 (b) the CPA certifies the locations of the off-island recycling
8 centers who will receive the materials transshipped from Guam.”

9 **Section 6. A New §58147.4 is hereby added to Chapter 58, Division 2 of**
10 **Title 12, Guam Code Annotated to read:**

11 “**§58147.4. Tax Rebate to Commercial Lending Institutions.** One
12 hundred percent (100%) tax rebate on interest income on loans made by
13 commercial lending institutions who provide loans to companies engaged in
14 recycling and transshipment of recyclable materials, *provided*, the interest rates
15 are two points above the U.S. Treasury Rate. Such rebate shall not exceed the
16 term of the loan, or the term of the QC; of which ever expires first.”

17 **Sections 7. Rules and Regulations for the Implementation of Tax Benefits**
18 **for Recycling and Shipping Companies.** *I Liheslaturan Guåhan* finds that the Rules
19 and Regulations (‘Rules’) of the Guam Economic Development Authority (‘GEDA’)
20 are necessary to implement the provisions of this legislation. GEDA shall establish
21 rules and regulations for the implementation of tax benefits for Recycling and Shipping
22 Companies. Upon the establishment of the rules, the Administrator shall conduct a
23 public hearing, pursuant to the Administrative Adjudication Law, and seek approval
24 from the board of directors of GEDA and by *I Maga’lahen Guåhan*. Upon the
25 completion of the review and approval process as stated above, the rules are to be