

JUL 05 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

Dear Legislative Secretary Brown:

Enclosed please find Bill No. 455 (COR), "AN ACT TO AMEND §160103 OF DIVISION 2 OF TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO THE GUAM-BASED TRUST COMPANIES ACT". which was signed into law today as Public Law No. 25-149.

This legislation adds language into local law which will allow the trust industry to develop, as provided for in previous legislation proposed by the Administration and passed last year as Public Law No. 25-73.

The trust industry has the potential of becoming more advantageous to Guam than even the visitor industry. I am pleased to sign this legislation into law immediately.

OFFICE OF THE LEGISLATIVE SECTIONARY

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

01006

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 Bill No. 455 (COR) "AN ACT TO AMEND §160103 OF DIVISION 2 OF TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO THE GUAM-BASED TRUST COMPANIES ACT," was on the 5th day of July 2000, duly and regularly passed.

	ANTONIO R. UNPINGCO Speaker	
OANNE M.S. BROWN Senator and Legislative Secretary		
This Actiwas received by I Maga'lahen Guahan this _at o'clockM.	Assistant Staff Officer Maga'lahi's Office	2000,
APPROVED:	· ·	
CARL T. C. GUTIERREZ I Maga'lahen Guahan		
Date: 7-5-00		

Public Law No. <u>25-149</u>

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

Bill No. 455 (COR)

As amended by the Committee on Tourism, Economic Development and Parks and amended on the Floor.

Introduced by:

A. C. Lamorena, V

A. R. Unpingco

S. A. Sanchez, II

F. B. Aguon, Jr.

E. C. Bermudes

A. C. Blaz

J. M.S. Brown

E. B. Calvo

M. G. Camacho

Mark Forbes

L. F. Kasperbauer

C. A. Leon Guerrero

K. S. Moylan

V. C. Pangelinan

J. C. Salas

AN ACT TO AMEND §160103 OF DIVISION 2 OF TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO THE GUAM-BASED TRUST COMPANIES ACT.

1 BE IT ENACTED BY THE PEOPLE OF GUAM:

- 2 Section 1. Legislative Findings. H.R. 2462, known as the "Guam
- 3 Omnibus Opportunities Act", was successfully approved by the Committee on
- 4 Natural Resources of the United States House of Representatives. Section 3 of

1	H.R. 2462, titled "Guam Foreign Direct Investment Equity Act", is of special
2	significance towards the continued development of our private sector.
3	I Liheslaturan Guåhan has also successfully introduced, of which has been
4	enacted into law, several pieces of legislation that helps diversify our local
5	economy, more specifically, Public Law Number 25-73, that enacted the Guam-
6	Based Trust Companies Act. This Act creates a new financial industry on our
7	Island. Since the passage of this Act, Guam has received a significant number of
8	inquires from companies throughout the international financial services industry.
9	In order to complement H.R. 2462 and to further strengthen and protect this new
10	developing industry, I Liheslaturan Guåhan feels that it is necessary to amend
11	§160103 of the Guam-Based Trust Companies Act.
12	Section 2. Section 160103 of Division 2 of Title 11 of the Guam Code
13	Annotated, as added by Public Law Number 25-73, is hereby amended to read as
14	follows:
15	"Section 160103. Applicability of Chapter. This Chapter
16	does not apply to:
17	1. banks or banking institutions regulated under the
18	provisions of Chapter 100 of Title 11 of the Guam Code Annotated;
19	2. savings and loan institutions regulated under Chapter
20	141 of Title 11 of the Guam Code Annotated;
21	title insurers, but only respecting escrows;
22	4. nonprofit, charitable trusts or trust associations;
23	5. any person, if:
24	(a) the fiduciary relationship is not one of the person's
25	principal occupations: or

1	(b) that person serves as trustee for a relative by blood
2	or marriage; or
3	6. to a beneficiary of the Guam Foreign Direct Investment
4	Equity Act."
5	Section 3. Fifty Thousand Dollars to Department of Revenue and
6	Taxation. I Maga'lahen Guåhan is hereby authorized to expend up to Fifty
7	Thousand Dollars (\$50,000.00) for the operation expenses of the Department of
8	Revenue and Taxation from one (1) or more of the following sources:
9	(a) the first Fifty Thousand Dollars (\$50,000.00) deposited by any
10	trust as income tax payments made under the Special QC program;
11	(b) transfer authority; and
12	(c) Fifty Thousand Dollars (\$50,000.00) is hereby appropriated
13	from the General Fund to the Department of Revenue and Taxation for
14	Operations.
15	Notwithstanding any other provision of law or this Act, the Director of
16	Revenue and Taxation is hereby authorized to expend the Fifty Thousand Dollars
17	(\$50,000.00) appropriated herein to hire personnel on a temporary basis, whether
18	by contract or other temporary means, strictly for the purpose of processing
19	individual and corporate income tax returns. The Director shall publish weekly
20	the number of tax returns processed by the Department of Revenue and Taxation
21	during that week, the tax year for those returns and the number of Tax refund
22	checks issued and outstanding. Such expenditures shall be exempt from all
23	procurement laws of Guam.
24	Section 4. Severability. If any provision of this Law or its application
25	to any person or circumstance is found to be invalid or contrary to law, such

- 1 invalidity shall not affect other provisions or applications of this Law which can
- 2 be given effect without the invalid provisions or application, and to this end the
- 3 provisions of this Law are severable.



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 Bill No. 455 (COR) "AN ACT TO AMEND §160103 OF DIVISION 2 OF TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO THE GUAM-BASED TRUST COMPANIES ACT," was on the 5th day of July 2000, duly and regularly passed.

	ANTONIO R. UNPINGCO Speaker
Attested	· · ·
JOANNEM.S. BROWN Senator and Legislative Secretary	
This Act was received by I Maga'lahen Guahar at 4:30 o'clock f.M. APPROVED:	Assistant Staff Officer Maga'lahi's Office
CARL T. C. GUTIERREZ I Maga'lahen Guahan	
Date:	
Public Law No.	

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

Bill No. 455 (COR)

As amended by the Committee on Tourism, Economic Development and Parks and amended on the Floor.

Introduced by:

A. C. Lamorena, V

A. R. Unpingco

S. A. Sanchez, II

F. B. Aguon, Jr.

E. C. Bermudes

A. C. Blaz

J. M.S. Brown

E. B. Calvo

M. G. Camachó

Mark Forbes

L. F. Kasperbauer

C. A. Leon Guerrero

K. S. Moylan

V. C. Pangelinan

J. C. Salas

AN ACT TO AMEND §160103 OF DIVISION 2 OF TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO THE GUAM-BASED TRUST COMPANIES ACT.

1 BE IT ENACTED BY THE PEOPLE OF GUAM:

- 2 Section 1. Legislative Findings. H.R. 2462, known as the "Guam
- 3 Omnibus Opportunities Act", was successfully approved by the Committee on
- 4 Natural Resources of the United States House of Representatives. Section 3 of

1	H.R. 2462, titled "Guam Foreign Direct Investment Equity Act", is of special
2	significance towards the continued development of our private sector.
3	I Liheslaturan Guåhan has also successfully introduced, of which has been
4	enacted into law, several pieces of legislation that helps diversify our local
5	economy, more specifically, Public Law Number 25-73, that enacted the Guam-
6	Based Trust Companies Act. This Act creates a new financial industry on our
7	Island. Since the passage of this Act, Guam has received a significant number of
8	inquires from companies throughout the international financial services industry.
9	In order to complement H.R. 2462 and to further strengthen and protect this new
10	developing industry, I Liheslaturan Guåhan feels that it is necessary to amend
l1	§160103 of the Guam-Based Trust Companies Act.
12	Section 2. Section 160103 of Division 2 of Title 11 of the Guam Code
13	Annotated, as added by Public Law Number 25-73, is hereby amended to read as
14	follows:
15	"Section 160103. Applicability of Chapter. This Chapter
16	does not apply to:
1 <i>7</i>	1. banks or banking institutions regulated under the
18	provisions of Chapter 100 of Title 11 of the Guam Code Annotated;
19	2. savings and loan institutions regulated under Chapter
20	141 of Title 11 of the Guam Code Annotated;
21	 title insurers, but only respecting escrows;
22	4. nonprofit, charitable trusts or trust associations;
23	5. any person, <i>if</i> :
24	(a) the fiduciary relationship is <i>not</i> one of the person's
25	principal occupations: or

1	(b) that person serves as trustee for a relative by blood
2	or marriage; or
3	6. to a beneficiary of the Guam Foreign Direct Investment
4	Equity Act."
5	Section 3. Fifty Thousand Dollars to Deparment of Revenue and
6	Taxation. I Maga'lahen Guåhan is hereby authorized to expend up to Fifty
7	Thousand Dollars (\$50,000.00) for the operation expenses of the Department of
8	Revenue and Taxation from one (1) or more of the following sources:
9	(a) the first Fifty Thousand Dollars (\$50,000.00) deposited by any
10	trust as income tax payments made under the Special QC program;
11	(b) transfer authority; and
12	(c) Fifty Thousand Dollars (\$50,000.00) is hereby appropriated
13	from the General Fund to the Department of Revenue and Taxation for
14	Operations.
15	Notwithstanding any other provision of law or this Act, the Director of
16	Revenue and Taxation is hereby authorized to expend the Fifty Thousand Dollars
17	(\$50,000.00) appropriated herein to hire personnel on a temporary basis, whether
18	by contract or other temporary means, strictly for the purpose of processing
19	individual and corporate income tax returns. The Director shall publish weekly
20	the number of tax returns processed by the Department of Revenue and Taxation
21	during that week, the tax year for those returns and the number of Tax refund
22	checks issued and outstanding. Such expenditures shall be exempt from all
23	procurement laws of Guam.
24	Section 4. Severability. <i>If</i> any provision of this Law or its application
25	to any person or circumstance is found to be invalid or contrary to law, such

- 1 invalidity shall not affect other provisions or applications of this Law which can
- 2 be given effect without the invalid provisions or application, and to this end the
- 3 provisions of this Law are severable.

TRANSMISSION CHECKLIST TO I MAGA'LAHEN GUAHAN (Included in File w/ All Bills Transmitted) BILL NO. 455 (29)

	EXHIBITS ATTACHED THE			
U	CONFIRM NUMBER OF PAGES 4			
	CAPTION ON CERTIFICATION M.	ATCHES BILL CAPTION		
	ENGROSSED SIGN"*" REMOVED	FROM BILL		
	15 SENATORS IN SPONSORSHIP C	OR CONFIRM OTHERWISE		
	CERTIFICATION SIGNED BY SPEA	KER & LEGIS. SECRETARY		
V	EMERGENCY DECLARATION, if a	ny No		
	,			
Conf	irmed By: P/6	Dated: 1/5/2000		
FINA	L REVIEW: 19	Dated: <u>18989</u>		
	HAND CARRY BILL IN BLUEBACE	(ORIGINAL & COPY)		
	TO THE GOVERNOR. (DANNY, ROBERT OR OTHERS)			
	ACKNOWLEGED COPY W/ ORIGINAL BLUEBACK			
	PLACED ON CLERK'S DESK. (Same	e copy given to Susan)		
	FILED by: Danny, Robert or others	7 05 PM		

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 Bill No. 455 (COR) "AN ACT TO AMEND §160103 OF DIVISION 2 OF TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO THE GUAM-BASED TRUST COMPANIES ACT," was on the 5th day of July 2000, duly and regularly passed.

Attested:	ANTONIO R. UNPINGCO Speaker	
JOANNE M.S. BROWN Senator and Legislative Secretary		
This Act was received by I Maga'lahen Guahan thisato'clockM.	day of, 200)0,
APPROVED:	Assistant Staff Officer Maga'lahi's Office	<i>)</i>
I Maga'lahen Guahan	ffice of the Speaker NTONIO R. UNPINGCO Pate:	(F. 10)
Date:	lime:	





MINA' BENTE SINGKO NA LIHESLATURAN GUÅHAN

TWENTY-FIFTH GUAM LEGISLATURE 155 Hesler Street, Hagåtña, Guam 96910

July 5, 2000

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

Dear Maga'lahi Gutierrez:

Transmitted herewith is Bill No. 455(COR) which was passed by *I Mina'Bente Singko Na Liheslaturan Guåhan* on July 5, 2000.

Sincerely,

JOANNE M.S. BROWN Senator and Legislative Secretary

Enclosure

I MINA' BENTE SINGKO NA LIHESLATURAN GUAHAN

2000 (SECOND) Regular Session

Date:_	7/	15	10	0

VOTING SHEET

Bill No. 455 (COR)	
Resolution No.	
Question:	

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

TOTAL	12	 2
CERTIFIED TRUE AND GORRECT:		
Clerk of the Legislature		★ 3 Passes = No voteEA = Excused Absence



Ufisina Para I Minaolek Guåhan

Senator Alberto "Tony" Cristobal Lamorena V



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

July 5, 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. 455, An Act to Amend Section 160103 of Division 2 of Title 11 of the Guam Code Annotated, Relative to the Guam-Based Trust Companies Act, has had the same under consideration, and now wishes to report back the same with the recommendation To Pass, as Amended by the Committee.

The Committee votes are as follows:

To Pass	<u>b</u> _
Not To Pass	
Abstain	
Inactive File	

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

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



VOTING SHEET ON BILL NO. 455

AN ACT TO AMEND SECTION 160103 OF DIVISION 2, OF TITLE 11 GCA RELATIVE TO THE GUAM-BASED TRUST COMPANIES ACT.

RECOMMENDATION TO

Committee Members	Signature	To pass	Not to pass	Abstain	Place in Inactive File
Senator Alberto "Tony"Lamorena Chairperson	Och	7			
Senator Joanne Brown Vice Chairperson					
Speaker Antonio Unpingco	0				
Senator Anthony Blaz	May	-/			
Senator Mark Forbes					
Senator Carlotta Leon Guerrero					-
Senator Kaleo Moylan					
Senator John Salas	John C. Jelos	V			
Senator Simon Sanchez II	-SASI				
Senator Frank Aguon, Jr.	Jak Josmod	-/			
	TOTAL VOTES:				

7/5/00

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

Bill No. 455 (COR)
As amended by the Committee on
Tourism, Economic Development and
Parks, and the following

Introduced by:

1

2

3

4

5

6

7

8

9

10

11

12

A.C. Lamorena, V.

A.R. Unpingco S.A. Sanchez. II

AN ACT TO AMEND SECTION 160103 OF DIVISION 2 OF TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO THE GUAM-BASED TRUST COMPANIES ACT.

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Legislative Findings. H.R. 2462, known as the Guam Omnibus Opportunities Act was successfully approved by the Committee on Natural Resources, of the United States House of Representatives. Section 3 of H.R. 2462, titled, Guam Foreign Direct Investment Equity Act is of special significance towards the continued development of our private sector. I Liheslaturan Guahan has also successfully introduced of which has been enacted into law, several pieces of legislation that helps diversify our local economy, more specifically, Public Law 25-73 that enacted the Guam-Based Trust Companies Act. This Act creates a new financial industry on our island. Since the passage of this Act, Guam has received a significant number of inquires from companies throughout the international financial services industry. In order to complement H.R. 2462 and to further strengthen and protect this new

1	developing industry	, I Liheslaturan Guahan feels that it is necessary to amend Section
2	160103 of the Guar	n-Based Trust Companies Act.
3	Section 2.	Section 160103 of Division 2 of Title 11 of the Guam Code
4	Annotated is amend	led to read as follows:
5	"Section	on 160103. Applicability of Chapter. This Chapter does not apply
6	to:	
7		1. banks or banking institutions regulated under the provisions
8	of Cha	apter 100 of Title 11 of the Guam Code Annotated;
9		2. savings and loan institutions regulated under Chapter 141 of
10	Title 1	1 of the Guam Code Annotated;
11		3. title insurers, but only respecting escrows;
12		4. nonprofit, charitable trusts or trust associations; or
13		5. any person, if:
14		(a) the fiduciary relationship is not one of the person's
15		principal occupations; or
16		(b) that person serves as trustee for a relative by blood or
17		marriage; or
18		6. to a beneficiary of the Guam Foreign Direct Investment
19		Equity Act."
20	Section 3. S	everability. If any provision of this Law or its application to any
21	person or circumsta	nce is found to be invalid or contrary to law, such invalidity shall
22	not affect other pro	ovisions or applications of this Law which can be given effect
23	without the invalid p	provisions or application, and to this end the provisions of this Law
24	are severable.	

Passed FA No				
Date:	Time:	_		

Amendment Failed:

Amendment Withdrawn: ____

I MINA'BENTE SINGKO NA LIHESLATURAN GUÅHAN

FLOOR AMENDMENTS/CHANGES Bill No. 453

Senator Proposing Amendment: v.c. pangelinan

(Below for Senator to complete) Please describe proposed amendment, including where change to occur: Add a new section to the bill to read as follows: "Section ____. Fifty Thousand Dollars (\$50,000) to Department of Revenue and I Maga'lahen Guåhan is hereby authorized to expend up to Fifty Thousand Taxation. Dollars (\$50,000) for the operation expenses of the Department of Revenue and taxation from one or more of the following sources: The first Fifty Thousand Dollars (\$50,000) deposited by any trust as income tax payments made under the Special QC program; Transfer authority; and Fifty Thousand Dollars (\$50,000) is hereby appropriated from the General Fundjo the Det & Rever al Truck the operations. Notwithstanding any other provision of law or this Act, the Director of Revenue and Taxation is hereby authorized to expend the Fifty Thousand Dollars (\$50,000.00) appropriated herein to hire personnel on a temporary basis, whether by contract or other temporary means, strictly for the purpose of processing individual and corporate income tax returns. The Director shall publish weekly the number of tax returns processed by the Department of Revenue and Taxation during that week, the tax year for those returns and the number of tax refund checks issued and outstanding. Such expenditures shall be exempt from all procurement laws of Guam." (Below only for Clerk of Legislature's use and processing)) Date <u>July 5</u>, 2000 Floor Amendment No. _____ of a total of _____ changes on above Bill. Votes For Amendment: ______ Votes Against Amendment: _____ AMENDMENT PASSED: _____

APPROVED AS TO FORM PASSED

ps -

COMMITTEE ON TOURISM, ECONOMIC DEVELOPMENT AND PARKS

I Mina Bente Singko Na Liheslaturan Guåhan 155 Hesler Street Hagåtña, Guam 96932

COMMITTEE REPORT ON BILL NO. 455

An Act to Amend Section 160103 of Division 2 of Title 11 of the Guam Code Annotated, Relative to the Guam-Based Trust Companies Act

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. 455

An Act to Amend Section 160103 of Division 2 of Title 11 of the Guam Code Annotated, Relative to the Guam-Based Trust Companies Act

INTRODUCTION

The Committee on Tourism, Economic Development and Parks conducted a Public Hearing 8:03 a.m. Wednesday, July 5, 2000 in the Committee Conference Room, located on the 3rd Floor of the Union Bank Bldg. in Hagåtña.

Committee Members Present: Senator A

Senator A.C. Lamorena, V., Chairman

Senator S.A. Sanchez, III

Witnesses:

Governor Carl T.C. Gutierrez Ed Untalan, Administrator

Guam Economic Development Authority

SUMMARY OF TESTIMONY

Governor Carl T.C. Gutierrez, provided the committee with written testimony in support of the bill. Governor Gutierrez testified that the Guam-Based Trust Companies Act will encourage economic development and financial investment in Guam. The Governor continued that it is important that the international financial community, as well as the U.S. federal regulatory agencies know that we, too, are careful that our tax incentive programs support the viability and ethics of federal and international tax law. In closing, the Governor stated that this proposed amendment to the Guam-Based Trust Companies Act will ensure that an investor may take advantage of either a Guam Foreign Direct Investment Equity or the Guam-Based Trust Companies Act, but may not take advantage of both. The Governor thanked the committee for giving him the opportunity to testify in support of the bill.

Ed Untalan, Administrator for the Guam Economic Development Authority, provided the committee with written testimony in support of the bill. In his testimony, Mr. Untalan stated that, The Foreign Direct Investment Equity Act, introduced by Congressman Underwood has received a great deal of support from his colleagues. However, there has been some concern raised about creating Guam as a *Tax Haven* should an entity receive the benefits from both programs. Mr. Untalan continued that it is important to note that any progress through both programs would not create a *tax haven* where people can hide their money, and that domicile's that do so do not have any link to the federal government like we do. Mr. Untalan thanked the committee for the opportunity and asked that the committee report out the bill favorably.

There being no other witnesses appearing on the bill, the Chairman declared Bill No. 455 duly publicly heard.

COMMITTEE RECOMMENDATIONS

The Committee on Tourism, Economic Development and Parks hereby reports out *Bill No. 455* to *I Mina' Bente Singko Na Liheslaturan Guåhan* with the recommendation *To Pass, as Amended by the Committee*.



Statement of Governor Carl T.C. Gutierrez Bill 455 Committee on Economic Development 25th Guam Legislature

July 5, 2000

Mr. Chairman and Members of the Committee.

I am submitting written testimony in favor of Bill 455 which will add language to P.L. No. 25-73 (Chapter 160 Division 2 of Title 11 of the Guam Code Annotated) to separate beneficiaries of P.L. No. 25-73 from beneficiaries of a potential Guam Foreign Direct Investment Equity Act (H.R. 2462, Sec.3.)

The language which I support adding to Chapter 160 Division 2 of Title 11 of the Guam Annotated Code is:

The provisions of this chapter shall not apply to a beneficiary of the Guam Foreign Direct Investment Equity Act (Sec.3, H.R. 2462 pending in Congress July 5, 2000).

P.L.No. 25-73, The Guam-Based Trust Companies Act, as we all know, will encourage economic development and financial investment in Guam. It is unlike any tax deferral or rebate program that any other U.S. state or territory Governor can implement. Because of this, it is not readily understood and sometimes misunderstood, both by potential private investors as well as federal regulatory bodies. The entire international governmental and financial community is concerned about "tax havens". (See the *Washington Post*, June 16, 2000 and Editorial, July 2, 2000.) It is important that the international financial community as well as U.S. federal regulatory agencies know that we, too, are careful that our tax incentive programs support the viability and ethics of federal and international tax law. The language you are adding today to the Guam-Based Trust Companies Act will insure that an investor may take advantage of either a Guam Foreign Direct Investment Equity Act or the Guam-Based Trust Companies Act, but may not take advantage of both. These words will provide confidence for potential investors as well as for federal regulatory bodies. This is healthy approach for the U.S. economy as well as for our own Guam economy.

Thank you for your action on this important tool for the economic development and financial health of Guam.

Written Testimony in Favor of Bill 455 Committee on Tourism, Economic Development and Parks Submitted by: Ed Untalan, GEDA Administrator

Mr. Chairman and Members of the Committee:

I am submitting written testimony in favor of Bill 455, which amends the language to PL No. 25-73 by separating beneficiaries of Guam Based Trusts and the potential beneficiaries of a potential Guam Foreign Direct Investment Equity Act (GFDIEA) (HR 2462, Sec. 3). As you have been intimately involved with the development of our financial services industry, you are aware of the benefits both would have for our Island. The former bringing in greatly needed capital while creating employment in a new industry that has less of an impact on our infrastructure. While the latter would create an incentive for new businesses off-island to establish operations in industries already existing on Guam and are not eligible under GEDA's Qualifying Certificate Program.

The Foreign Direct Investment Equity Act is a bill introduced by Congressman Underwood and has already received a great deal of support. However, there has been some concern raised about creating Guam as a "tax haven" should an entity receive the benefits from both programs. Although qualified applicants of the Guam Based Trust Act receive a "tax deferred" benefit, the passage of Bill 455 would not create a disincentive to the program. Additionally, by incorporating this language into our local law would assist our Congressman in getting his bill passed both through the Congress and the Senate. It should be noted that the Congressman's bill has additional benefits aside from the GFDIEA, such as granting our people the right of first refusal on property excessed by the military. Thus, it is important that the Island provide support by showing our good faith effort in addressing the concerns raised to Congressman Underwood.

It is also important to note at this time that any progress through both programs would not create a "tax haven" where people can hide their money. Domicile's that do so do not have any link to the federal government like we do. Our financial services system, in particular our banks, are regulated by both federal and local law, where transactions of a certain dollar amount are reported accordingly. Additionally, all entities doing business in Guam would have to file tax returns where in other domiciles labeled as tax havens, they do not.

In closing, we have an opportunity to create new industries for our Island. We have seen the increase in the demand for "Guam's Product" at a level never achieved before. Thus, we must do everything to encourage, support, and protect it. The passage of Bill 455 will help accomplish that.

Thank you for your time.



Senator Alberto "Tony" Cristobal Lamorena V

Chairman

COMMITTEE ON TOURISM, ECONOMIC DEVELOPMENT AND PARKS

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

PUBLIC HEARING

8:03 A.M., Wednesday, July 5, 2000 Committee Conference Room, 3rd Flr. Union Bank Bldg. Hagåtña, Guam 96910



Bill No. 455

WITNESS SIGN-IN SHEET					
NAME (please print)	REPRESENTING SELF, DEPT., OR AGENCY	TELEPHONE NUMBER	MAILING ADDRESS	TESTIMONY FOR AGAINST	
En I Cument	GESA			101	AGAINST
Locy Capeday Gor! Car T.C. Grievicz	1/				
Gov. Carl T.C. G. Lievrez	Office of Governor		,		
1					
	,				
}					

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

Bill No. 455 (COR)

As amended by the Committee on Tourism, Economic Development and Parks and amended on the Floor.

Introduced by:

1

A. C. Lamorena, W

A. R. Unpingco

S. A. Sanchez, II

F. B. Aguon, Jr.

E. C. Bermudes

A. C. Blaz

J. M.S. Brown

E. B. Calvo

M. G. Camacho

Mark Forbes

L. F. Kasperbauer

C. A. Leon Guerrero

K. S. Moylan

V. C. Pangelinan

J. C. Salas

AN ACT TO AMEND §160103 OF DIVISION 2 OF TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO THE GUAM-BASED TRUST COMPANIES ACT.

BE IT ENACTED BY THE PEOPLE OF GUAM:

- 2 Section 1. Legislative Findings. H.R. 2462, known as the Guam Omnibus
- Opportunities Act, was successfully approved by the Committee on Natural
- 4 Resources of the United States House of Representatives. Section 3 of H.R. 2462,