



CARL T.C. GUTIERREZ  
GOVERNOR OF GUAM

SEP 27 2002

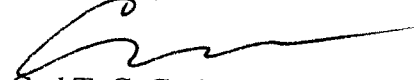
The Honorable Joanne M. S. Brown  
Legislative Secretary  
I Mina'Bente Sais na Liheslaturan Guåhan  
Twenty-Sixth Guam Legislature  
Suite 200  
130 Aspinal Street  
Hagåtña, Guam 96910

Dear Legislative Secretary Brown:

Enclosed please find Substitute Bill No. 223 (LS) "AN ACT TO REPEAL AND REENACT § 26202(e) AND TO AMEND § 26203(k)(22), ALL OF TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO TAXING CONTRACTORS," which was signed into law as **Public Law No. 26-149**.

This legislation removes the double-taxation feature of taxing both contractors on the whole price of a project and taxing the subcontractors also on the cost of the portion of a project that is subcontracted. Hopefully, this legislation will offer some improvement to our island's economy.

Very truly yours,

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

Attachments: original bill for vetoed legislation or  
copy of bill for signed or overridden legislation  
and legislation enacted without signature

cc: The Honorable Antonio R. Unpingco  
Speaker

OFFICE OF THE LEGISLATIVE SECRETARY  
ACKNOWLEDGMENT RECEIPT

Received By SC

Time 3:00 pm

Date 09/27/02

0952

Office of the Speaker  
ANTONIO R. UNPINGCO

Date: 09-27-02

Time: 1445

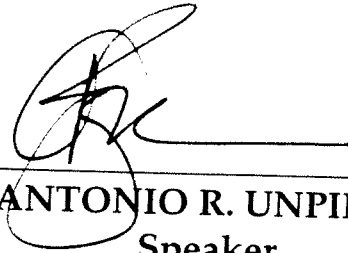
Rec'd by: [Signature]

Print Name: Antonio R. Unpingco

MINA'BENTE SAIS NA LIHESLATURAN GUÅHAN  
2002 (SECOND) Regular Session

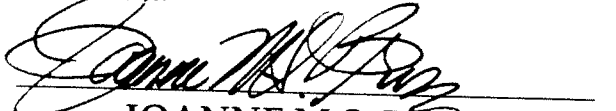
CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUÅHAN

This is to certify that Substitute Bill No. 223 (LS), "AN ACT TO REPEAL AND REENACT § 26202(e) AND TO AMEND § 26203(k)(22), ALL OF TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO TAXING CONTRACTORS," was on the 4<sup>th</sup> day of September, 2002, duly and regularly passed.



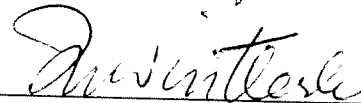
ANTONIO R. UNPINGCO  
Speaker

Attested:




JOANNE M.S. BROWN  
Senator and Legislative Secretary

This Act was received by I Maga'lahaen Guåhan this 16<sup>th</sup> day of September, 2002,  
at 3:55 o'clock P.M.



Assistant Staff Officer  
Maga'lahaen's Office

APPROVED:



CARL T. C. GUTIERREZ  
I Maga'lahaen Guåhan

Date: 9-27-02

Public Law No. 26-149

MINA'BENTE SAIS NA LIHESLATURAN GUÅHAN  
2001 (FIRST) Regular Session

**Bill No. 223 (LS)**

As substituted by the Committee  
on Ways and Means and amended.

Introduced by:

K. S. Moylan  
J. F. Ada  
T. C. Ada  
F. B. Aguon, Jr.  
J. M.S. Brown  
E. B. Calvo  
F. P. Camacho  
M. C. Charfauros  
Mark Forbes  
L. F. Kasperbauer  
L. A. Leon Guerrero  
V. C. Pangelinan  
A. L.G. Santos  
A. R. Unpingco  
J. T. Won Pat

**AN ACT TO REPEAL AND REENACT § 26202(e)  
AND TO AMEND § 26203(k)(22), ALL OF TITLE 11  
OF THE GUAM CODE ANNOTATED, RELATIVE  
TO TAXING CONTRACTORS.**

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

2 **Section 1.** Section 26202(e) of Article 2, Chapter 26, Division 2 of Title  
3 11 of the Guam Code Annotated is hereby *repealed and reenacted* to read as  
4 follows:

5 **“(e) Tax on Contractors.** There shall be levied, assessed and  
6 collected a tax rate of four percent (4%) measured against the gross

1 income of any contractor; *provided*, that there shall be deducted from the  
2 gross income of the taxpayer so much thereof as has been included in  
3 the measure of tax levied under this Subsection on another taxpayer  
4 who is a contractor, as defined in § 26101(b); *provided*, that any person  
5 claiming a deduction under this Subsection shall be required to show in  
6 the person's return the name and contractor's license number of the  
7 person paying the tax on the amount deducted by the person."

8 **Section 2.** Section 26203(k)(22) of Article 2, Chapter 26, Division 2 of  
9 Title 11 of the Guam Code Annotated is hereby *amended* to read as follows:

10 "(22) Amounts received from engaging or continuing in  
11 business as a wholesaler, *except* that if such persons are, in addition,  
12 engaging or continuing in business as a retailer, the provisions of this  
13 Subchapter and the taxes levied thereunder shall apply to that part of  
14 the businesses of such persons that involve retail.

15 (i) Amounts received from engaging or continuing in  
16 business as a wholesaler shall include the sales of tangible  
17 personal property to contractors."

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

# I MINA' BENTE SAIS NA LIHESLATURAN GUAHAN

2002 (SECOND) Regular Session

Date: 9/4/02

## VOTING SHEET

Bill No. 223 (LS)

Resolution No. \_\_\_\_\_

Question: \_\_\_\_\_

NAME	YEAS	NAYS	NOT VOTING/ ABSTAINED	OUT DURING ROLL CALL	ABSENT
ADA, Joseph F.	✓				
ADA, Thomas C.	✓				
AGUON, Frank B., Jr.	✓				
BROWN, Joanne M. S.	✓				
CALVO, Eddie B.	✓				
CAMACHO, Felix P.	✓				
CHARFAUROS, Mark C.	✓				
FORBES, Mark	✓				
KASPERBAUER, Lawrence F.	✓				
LEON GUERRERO, Lourdes A.	✓				
MOYLAN, Kaleo S.	✓				
PANGELINAN, Vicente C.		✓			
SANTOS, Angel L.G.	✓				
UNPINGCO, Antonio R.	✓				
WON PAT, Judith T.	✓				

TOTAL 14 1 \_\_\_\_\_

CERTIFIED TRUE AND CORRECT:

\_\_\_\_\_  
Clerk of the Legislature

\* 3 Passes = No vote  
EA = Excused Absence

6  
9/4/02

MINA'BENTE SAIS NA LIHESLATURAN GUÅHAN  
2001 (FIRST) Regular Session

**Bill No. 223 (LS)**  
As substituted by the Committee  
on Ways and Means and amended.  
\*

Introduced by:

- K. S. Moylan
- J. F. Ada
- T. C. Ada
- F. B. Aguon, Jr.
- J. M.S. Brown
- E. B. Calvo
- F. P. Camacho
- M. C. Charfauros
- Mark Forbes
- L. F. Kasperbauer
- L. A. Leon Guerrero
- V. C. Pangelinan
- A. L.G. Santos
- A. R. Unpingco
- J. T. Won Pat

A

**AN ACT TO REPEAL AND REENACT § 26202(e)  
AND TO AMEND § 26203(k)(22), ALL OF TITLE 11  
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TO TAXING CONTRACTORS.**

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

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5 **“(e) Tax on Contractors.** There shall be levied, assessed and

6 collected a tax rate of four percent (4%) measured against the gross

1 income of any contractor; *provided*, that there shall be deducted from the  
2 gross income of the taxpayer so much thereof as has been included in  
3 the measure of tax levied under this Subsection on another taxpayer  
4 who is a contractor, as defined in § 26101(b); *provided*, that any person  
5 claiming a deduction under this Subsection shall be required to show in  
6 the person's return the name and contractor's license number of the  
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11 business as a wholesaler, *except* that if such persons are, in addition,  
12 engaging or continuing in business as a retailer, the provisions of this  
13 Subchapter and the taxes levied thereunder shall apply to that part of  
14 the businesses of such persons that involve retail.

15 (i) Amounts received from engaging or continuing in  
16 business as a wholesaler shall include the sales of tangible  
17 personal property to contractors."

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

**Senator Kaleo S. Moylan**  
**Chairperson, Committee on Ways and Means**  
***Mina'Bente Sais Na Liheslaturan Guåhan***  
**Twenty-Sixth Guam Legislature**

August 9, 2002

Honorable Antonio R. Unpingco  
Speaker  
*Mina'Bente Sais Na Liheslaturan Guåhan*  
Hagåtña, Guam 96910

VIA: Chairperson, Committee on Rules, General Government Operations, Reorganization  
and Reform and Federal, Foreign and General Affairs

Dear Mr. Speaker:

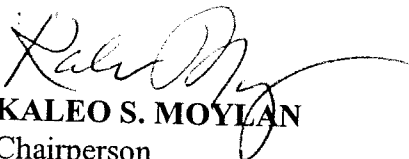
The Committee on Ways and Means, to which was referred Bill No. 223 (<sup>LS</sup>~~CSR~~), "AN ACT TO  
*REPEAL AND REENACT* SECTION 26202(e) AND TO *AMEND* SECTION 26203(k) (22) ALL OF  
ARTICLE 2, CHAPTER 26 OF TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO  
TAX ON CONTRACTORS," has had the same under consideration, and now wishes to report back  
the same with the recommendation to do pass as substituted.

The Committee votes are as follows:

<u>-7-</u>	To Do Pass
<u>-0-</u>	Not to Pass
<u>-1-</u>	To Report Out
<u>-0-</u>	Abstain
<u>-0-</u>	Inactive File

A copy of the Committee Report and other pertinent documents are attached for your  
immediate reference and information.

Thank you,

  
**KALEO S. MOYLAN**  
Chairperson

Enclosure:



8/20/07 COMM. OF THE WHOLE ON  
S. B. 223 (LS)

PANEL

NAME/TITLE

REPRESENTING

1. MARCEL CAMACHO Guam Contractors Assn.
2. John Robertson Guam Contractors Assn
3. RON GONZALES " " "
4. SIMON A. SANCHEZ II COMM TO GET GUAM WORKING
5. JAMES A. MARTINEZ Guam Contractors' Association
6. GREGORY J. PEREZ PEREZ BOOS INC

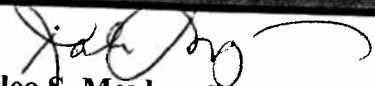

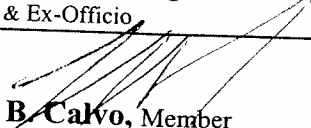
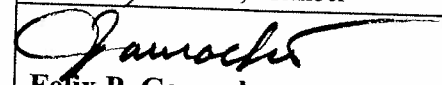
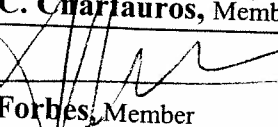
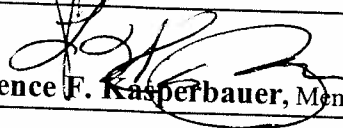

**Committee on Ways and Means**

**Vote Sheet on**

**Bill No. 223 (COR)**

*As substituted by the Committee*

**AN ACT TO REPEAL AND REENACT SECTION 26202(e) AND TO AMEND SECTION 26203(k) (22) ALL OF ARTICLE 2, CHAPTER 26 OF TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO TAX ON CONTRACTORS.**

COMMITTEE MEMBER	TO DO PASS	NOT TO PASS	REPORT OUT ONLY	ABSTAIN	INACTIVE FILE
 Kaleo S. Moylan, Chairperson	✓				
Joanne M.S. Brown, Vice Chairperson					
 Antonio R. Unpingco, Speaker & Ex-Officio	/				
 Eddie B. Calvo, Member	✓				
 Felix P. Camacho, Member	✓				
Mark C. Charfauros, Member					
 Mark Forbes, Member	/				
 Lawrence F. Kasperbauer, Member	X				
 Vicente C. Pangelinan, Member			✓		

***Committee on Ways and Means  
Report On***

Bill No. 223 (COR)

As substituted by the Committee

**AN ACT TO *REPEAL AND REENACT* SECTION  
26202(e) AND TO *AMEND* SECTION 26203(k) (22)  
ALL OF ARTICLE 2, CHAPTER 26 OF TITLE 11  
OF THE GUAM CODE ANNOTATED, RELATIVE  
TO TAX ON CONTRACTORS.**

***PUBLIC HEARING:***

The Committee on Ways and Means, to which was referred Bill No. 223 (COR) "AN ACT TO *REPEAL AND REENACT* SECTION 26202(e) AND TO *AMEND* SECTION 26203(k) (22) ALL OF ARTICLE 2, CHAPTER 26 OF TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO TAX ON CONTRACTORS," conducted a public hearing on Thursday, December 6, 2001, at the Guam Legislature Public Hearing Room. Senator Kaleo S. Moylan, Chairperson of the Committee on Ways and Means, convened the hearing at 9:00 a.m. In attendance were Senators Judith T. Won Pat, Vicente C. Pangelinan, Lou A. Leon Guerrero, Frank B. Aguon, Jr. and Felix P. Camacho.

***TESTIMONY:***

Submitting testimony(s) to the Committee on Ways and Means were Mr. Charles H. Troutman, Compiler of Laws, and Mr. George V. Cruz, Acting Director, Department of Revenue and Taxation. Mr. Troutman testified that the Attorney General has no objection to Bill No. 223 (COR). Mr. Cruz, Acting Director of the Department of Revenue and Taxation testified that because of various changes in the law, the government has lost substantial tax revenues. [Attachments 1 and 2] However, during questioning he acknowledged that the pyramid tax imposed by the existing statute is in a way unfair.

There being no further discussion, the Chair adjourned the hearing on Bill No. 223 (COR).

***PROFILE, FINDINGS AND RECOMMENDATION:***

Brief Title:	"Tax Exemption for Contractors."
Date Introduced:	November 19, 2001.
Main Sponsor:	Senator K. S. Moylan.
Committee Referral:	Thursday, November 30, 2001 from the Committee on Rules, Governmental Operations, Reorganization and Reform, and

Federal, Foreign and General Affairs to the Committee on Ways and Means.

Public Hearing: Thursday, December 6, 2001, 9:00 a.m. at the Legislative Public Hearing Room.

Official Title: AN ACT TO *REPEAL AND REENACT* SECTION 26202(e) AND TO *AMEND* SECTION 26203(k) (22) ALL OF ARTICLE 2, CHAPTER 26 OF TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO TAX ON CONTRACTORS.

Fiscal Note: Pursuant to the provisions of Chapter 9, Title 2 of the Guam Code Annotated, a request for a fiscal note on Bill No. 223 (COR) was made to BBMR on November 28, 2001.

Recommendation: To do pass.

### ***A Closer Look and Section Analysis***

**Section 1.** This Section provides for the repeal and reenactment of Section 26202(e), Article 2, Chapter 26 of Title 11 of the Guam Code Annotated pertaining to Tax on Contractors. A closer look at the repeal and reenactment reveals there shall be levied, assessed and collected a tax rate 4% against the gross income of any contractor, provided, that there shall be deducted from the gross income of the taxpayer so much thereof as has been included in the measure of tax levied under this Subsection on another taxpayer who is a contractor as defined in Section 26101(b); provided that any person claiming a deduction under this Paragraph shall be required to show in the person's return the name and contractor's license number of the person paying the tax on the amount deducted by the person.

**Section 2.** This Section provides that "amounts received from engaging or continuing in business as a wholesaler, except that if such persons are, in addition, engaging or continuing in business as a retailer, the provisions of this Subchapter and the taxes levied thereunder shall apply to that part of the businesses of such persons that involve retail" be extended to contractors.

**Section 3. Severability.**

### ***RECOMMENDATION:***

The Committee on Ways and Means, to which was referred Bill No. 223 (COR), "AN ACT TO *REPEAL AND REENACT* SECTION 26202(e) AND TO *AMEND* SECTION 26203(k) (22) ALL OF ARTICLE 2, CHAPTER 26 OF TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO TAX ON CONTRACTORS," recommends that the legislation, as substituted, be passed by *I Liheslaturan Guåhan*.

*Fink (Kdy)*  
*8/20/02*

*Cow*  
*8/20/02*

**MINA'BENTE SAIS NA LIHESLATURAN GUÅHAN  
2001 (FIRST) Regular Session**

**Bill No. 223 (LS)**

As substituted by the Committee  
on Ways and Means.

Introduced by:

K. S. Moylan *KSM*

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**AN ACT TO REPEAL AND REENACT SECTION  
26202(e) AND TO AMEND SECTION 26203(k) (22)  
ALL OF ARTICLE 2, CHAPTER 26 OF TITLE 11 OF  
THE GUAM CODE ANNOTATED, RELATIVE TO  
TAX ON CONTRACTORS.**

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

**Section 1.** Section 26202(e) of Article 2, Chapter 26 of Title 11 of the Guam Code Annotated is hereby *repealed and reenacted* to read as follows:

**“(e) Tax on Contractors.** There shall be levied, assessed and collected a tax rate of four percent (4%) measured against the gross income of any contractor, provided, that there shall be deducted from the gross income of the taxpayer so much thereof as has been included in the measure of tax levied under this Subsection on another taxpayer who is a contractor as defined in Section 26101(b); provided that any person claiming a deduction under this Paragraph shall be required to show in the person’s return the name and contractor’s license number of the person paying the tax on the amount deducted by the person.”

1           **Section 2.** Section 26203(k)(22) of Article 2, Chapter 26 of Title 11 of the  
2 Guam Code Annotated is hereby *amended* to read as follows:

3           “(22)           Amounts received from engaging or continuing in business  
4 as a wholesaler, except that if such persons are, in addition, engaging or  
5 continuing in business as a retailer, the provisions of this Subchapter and the  
6 taxes levied thereunder shall apply to that part of the businesses of such  
7 persons that involve retail.

8                       (A) Amounts received from engaging or continuing in business  
9                       as a wholesaler shall include the sales of tangible personal property to  
10                      contractors.”

11           **Section 3. Severability.**       *If* any provision of this Law or its application  
12 to any person or circumstance is found to be invalid or contrary to law, such  
13 invalidity shall *not* affect other provisions or applications of this Law which can be  
14 given effect without the invalid provisions or application, and to this end the  
15 provisions of this Law are severable.



# MINA ' BENTE SAIS NA LIHESLATURAN GUAHAN

Kumitchan Areklamento, Hinanao Gubetnamenton Hinirát, Rifotma yan Rinueba,  
yan Asunton Fidirát, Taotao Hiyong yan Hinirát

*Senador Mark Forbes, Gehilu  
Kabisiyon Mayorát*

30 NOV 2004

## MEMORANDUM

TO: Chairman  
Committee on Ways and Means

FROM: Chairman ~~Mark Forbes~~  
Committee on Rules, General Governmental Operations, Reorganization and  
Reform, and Federal, Foreign and General Affairs

SUBJECT: Principal Referral - Bill No. 223 (LS)

The above bill is referred to your Committee as the Principal Committee, in accordance with Section 6.04.05.01. of the Standing Rules. Your Committee is the Committee authorized to perform the public hearing on this bill and to amend or substitute the bill, as well as report the bill out to the Body. It is recommended that you schedule a public hearing at your earliest convenience.

Thank you for your attention to this matter.

**MARK FORBES**

Attachment

GUAM LEGISLATURE OFFICE OF SENATOR KALEO S. MOYLAN ACKNOWLEDGEMENT RECEIPT Date: <u>11/30/04</u> Time: <u>3:00 PM</u> Received by: <u>Juku</u>
------------------------------------------------------------------------------------------------------------------------------------------------------------

Introduced

NOV 21, 2001

MINA'BENTE SAIS NA LIHESLATURAN GUAHAN  
2001 (FIRST) Regular Session

Bill No. 223 (LS)

Introduced by:

K. S. Moylan

**AN ACT TO AMEND SECTION 206203 (k) (22) OF  
ARTICLE 2, CHAPTER 26 OF TITLE 11 OF THE  
GUAM CODE ANNOTATED, RELATIVE TO GROSS  
RECEIPTS TAXES.**

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

**Section 1.** Section 26203 (k)(22) of Article 2, Chapter 26 of Title 112 of the  
Guam Code Annotated is hereby *amended* to read as follows:

“(22) Amounts received from engaging or continuing in business as a  
wholesaler, except that if such persons are, in addition, engaging or continuing  
in business as a retailer, the provisions of this Subchapter and the taxes levied  
thereunder shall apply to that part of the businesses of such persons that  
involve retail.

(A) Amounts received from engaging or continuing in business  
as a wholesaler shall include the sales of tangible personal property to  
contractors.

(B) Amount received from engaging or continuing in tour agent,  
travel agent, or transportation company that are paid to independent  
vendors for providing services or tangible personal property to



1 consumers. A four percent (4%) tax shall be imposed on each person  
2 with respect to such person's respective portion of the proceeds, and no  
3 more.

4 (C) Amounts received from engaging or continuing in business  
5 as a wholesaler shall include that portion of gross receipts received by a  
6 subagent from an insurance broker or agent.

7 (D) Amounts received from engaging or continuing in business  
8 as a wholesaler shall include that portion of gross receipts received by a  
9 homeowner's association or commercial lessor that represent  
10 reimbursement for common area fees and other jointly assessed costs of  
11 the residents lease."



OFFICE OF THE ATTORNEY GENERAL  
TERRITORY OF GUAM

Compiler of Laws Division  
Judicial Center 2-200E  
120 W. O'Brien Drive  
Hagatna, Guam 96910-5174

CHARLES H. TROUTMAN  
COMPILER OF LAWS

PHONE: 671 475 3309  
FAX: 671 472-2493  
E-MAIL: troutman@mail.justice.gov.gu

December 6, 2001

Hon. Kaleo s. Moylan, Chairman  
Committee on Ways & Means  
26<sup>th</sup> Guam Legislature  
Hagåtña, Guam

Re: Bill No. 223

Dear Mr. Chairman,

The Attorney General has no objection to Bill No. 223. In fact, I have been discussing another subsection of this same section with several members of the business community who have been having trouble with it. It turns out that the original language in subsection (k)(15) – Amounts received from the sales of personal property to the government of Guam. – does not adequately cover the field. It was the intent that no dealings with the Government be taxed under the GRT, since the government would have to pay its equivalent in the payments only to receive it back less processing costs. That makes no sense. But, we need to cover both goods and services, which are often part of the same government contract.

Therefore, I suggest adding a section to this Bill to amend subsection (k)(15) to read:  
(15) Amounts received from the sales of ~~personal~~ all property and services  
to the government of Guam.

Thank you for your consideration.

Sincerely yours.

*Charles H. Troutman*

CHARLES H. TROUTMAN

ATTACHMENT 1



Dipattamenton Kontribusion yan Adu'ana

DEPARTMENT OF

# REVENUE AND TAXATION

GOVERNMENT OF GUAM

Gubetnamenton Guahan

CARL T.C. GUTIERREZ, Governor Maga'lahi  
MADELEINE Z. BORDALLO, Lt. Governor Tiñente Gubetnadora

GEORGE V. CRUZ, Acting Director  
Actot Direktot

December 06, 2001

Senator Kaleo S. Moylan, Chairman  
Committee on Ways and Means  
Twenty-Sixth Guam Legislature

**Re: Bill No. 223 (LS) An Act to Amend Section 206203 (k) (22) of Article 2, Chapter 26 of Title 11 of the Guam Code Annotated, Relative to Gross Receipts Taxes.**

Dear Senator Moylan:

Thank you for this opportunity to express some thoughts on Bill No. 223 (LS).

This bill is contrary to the definition of wholesale. Wholesale is defined under section 26101 (w), Article 1 of Chapter 26, Title 11 of the Guam Code Annotated as sale of tangible personal property by a person doing a regularly organized wholesale business, known to trade as such, and licensed to do business as such, to a person for the purpose of resale.

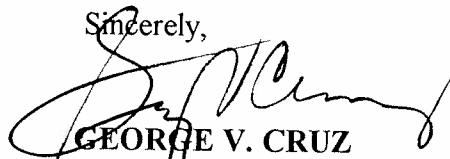
Recently, Public Law 25-117 added Subsection (j) to Section 2602, Article 2 of Chapter 26, Title 11 of the Guam Code Annotated. This law addresses the tour and travel agencies as well as transportation whereby the 4 percent (4%) is imposed on each person with respect to such person's respective portion of the proceeds, and no more. Proposed legislation under section 26203 (k) (22) (B) is very similar to section 26202 (j).

In recent years, laws have been passed exempting various items from gross receipt tax as well as amendments, like this bill, to the taxability on gross receipt tax, cigar tax, and the liquid fuel tax. Other amendments to the law include reduction of cigar tax and tour and travel agency taxes on their perspective net portion rather than at gross.

Because of various changes in the law for these special interest groups, the government has lost substantial tax revenues. Bill 223 (LS) would only add to this revenue lost.

In view of declining revenues, I am not in favor of Bill No. 223 (LS).

Sincerely,

  
GEORGE V. CRUZ  
Acting Director

2  
1785-89  
7  
1785-89

# Fax



<b>To:</b> James Castro	<b>From:</b> Margie D. Perez
<b>Fax:</b> 472.3440	<b>Pages:</b> 1
<b>Phone:</b> 472.3342	<b>Date:</b> 05/09/02
<b>Re:</b> Bill 223 GRT Draft #2	<b>Tel:</b> 647.1725 or 689.6274

Urgent   
 For Review   
 Please Comment   
 Please Reply   
 Please Recycle

● Yesterday, I had a meeting with Joe Arnett, Oscar Miyashita, Simon Sanchez of the Committee to Get Guam Working, Marcel Camacho of the GCA Board, and Jere Johnson representing the Chamber. We reviewed Bill 223, draft #2, which you sent to me on May 6, 2002. The group came up with a few changes and an addition which I list below. The group would like Sen. Moylan's input as to the addition of Section 3. 26203(K)(15) which basically states that services rendered to the Government of Guam would not have to pay GRT. This has a zero effect on the governments revenue. Please let me know his thoughts. If you have any questions, please feel free to calme at 647-1725 or 689-6274.

1. Please add this new section 3:

Section 3. Amendment to Section 26203(k)(15), Article 2, Chapter 26 of Title 11 of the Guam Code Annotated, relative to Gross Receipts Tax exemptions.

Section 3. Section 26203(k)(15) of Article 2, Chapter 26, of Title 11 of the Guam Code Annotated is hereby amended to read as follows:

"(15) Amounts received from the sales of personal property or services to the government of Guam, as defined in 26202(c) and 26202(d)"

2. Please change the current "Section 3. Severability" of page 1 line 9 and page 3 line 9, to read "Section 4. Severability"
3. There are several changes in Section 2 of page 2 and 3. First, please eliminate "(B) Amount received from...", lines 20 thru 25. Item (B) is already Law 25-117, section 26202(J). Second, please change "(C)" of line 1 page 3 to read "(B)". Thirdly, please change "(D)" to "(C)".

P.O. Box F, Hagatna, Guam 96932  
e-mail [mdp@perezbros.com](mailto:mdp@perezbros.com)  
Direct Line: 647.1725  
Fax: 649.2972



## F A X T R A N S M I T T A L

TO: James Castro  
Office of Sen. Kaleo Moylan

FROM: Margie D. Perez

FAX#: 472.3440

FAX#: 649.2972

TEL#: 472.3342

TEL#: 647.1725

DATE: 1 May 2002

TOTAL PAGES: 2

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This fax is intended only for the person or office to whom it is addressed and may contain information that is privileged, personal in nature or protected by law. All others are hereby notified that the receipt of this fax does not waive any applicable privilege or disclosure and that any dissemination, distribution or copying of this communication is prohibited. If you have received this fax in error, please notify this office immediately at any of the above numbers.

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RE: Bill 223 Gross Receipt Tax

As per our conversation, I am faxing additional language to be added to Bill 223. Oscar Miyashita of both Ernst & Young and the Committee to Get Guam Working reviewed the Bill and the current Law and concluded that the original language I submitted to Sen. Moylan from Joe Arnett of Deloitte and Touche was lacking. Oscar listed the current law, 11 GCA section 26202(e), as well as the proposed amendment. Apparently, to prevent GRT pyramiding, both sections 26202(e) and 26203(k)(22) must be amended.

I apologize for any trouble this may cause your office. If you would please, email or fax a copy of the revised Bill 223 to me at [margie@perezbros.com](mailto:margie@perezbros.com) or fax 649-2972. I am also interested in when this Bill could be set for a public hearing. Please advise.

Si Yu'os Ma'ase

## Current Law

### 11 G.C.A. § 26202(e):

**Tax on Contractors.** There shall be levied, assessed and collected a tax at the rate of four percent (4%) measured against the gross income of any contractor.

## Proposed Amendment

### 11 G.C.A. § 26202(e):

**Tax on Contractors.** There shall be levied, assessed and collected a tax at the rate of four percent (4%) measured against the gross income of any contractor; provided, that there shall be deducted from the gross income of the taxpayer so much thereof as has been included in the measure of tax levied under this subsection on another taxpayer who is a contractor as defined in Section 26101(b); provided that any person claiming a deduction under this paragraph shall be required to show in the person's return the name and contractor's license number of the person paying the tax on the amount deducted by the person.

**Senator Kaleo S. Moylan**  
Chairperson, Committee on Ways and Means  
*Mina'Bente Sais Na Liheslaturan Guåhan*  
Twenty-Sixth Guam Legislature

November 27, 2001

The Honorable Carl T.C. Gutierrez  
*Maga'lahaen Guåhan*  
R. J. Bordallo Governor's Complex  
Agana, Guam 96932

Re: Committee Public Hearing: Thursday, December 6, 2001

Dear Governor Gutierrez:

This is to inform you that the Committee on Ways and Means will conduct a public hearing on Thursday, December 6, 2001 commencing at 9:00 a.m. in the Legislative Public Hearing Room.

**Executive Appointments:**

Mr. George V. Cruz, to serve Director, Department of Revenue and Taxation.

Ms. Jacqueline A.P. Duenas, to serve as a member of the Board of Equalization for a term of four (4) years to expire on September 18, 2005.

Dr. Judith P. Guthertz, to serve as a member of the Retirement Fund Board of Directors for the unexpired term of Frank J.C. Camacho to expire on May 1, 2002.

Mr. Paul D. Leon Guerrero, to serve as Director, Bureau of Budget and Management Research.

**Legislative Measures:**

**Bill No. 163 (COR)** AN ACT PROHIBITING USING SOCIAL SECURITY NUMBERS ON DRIVER'S LICENSES.

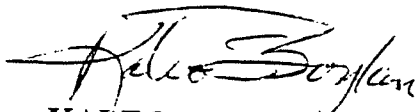
**Bill No. 207 (COR)** AN ACT TO REPEAL AND REENACT SECTION 8138 OF CHAPTER 8 OF TITLE 4, GUAM CODE ANNOTATED, RELATIVE TO INCREASING THE MEMBERSHIP IN THE COMPOSITION OF THE BOARD OF TRUSTEES OF THE GOVERNMENT OF GUAM RETIREMENT FUND AND DEFINING THE METHOD OF THEIR APPOINTMENT AND QUALIFICATIONS.

**Bill No. 222 (LS)** AN ACT TO REPEAL AND REENACT CHAPTER 33 OF TITLE 7 OF THE GUAM CODE ANNOTATED AND TO AMEND §§29148 AND 29188 OF CHAPTER 29 OF TITLE 21 OF THE GUAM CODE ANNOTATED RELATIVE TO ESTABLISHING NEW MECHANIC LIENS.

**Bill No. 223 (LS)** AN ACT TO AMEND SECTION 206203 (k) (22) OF ARTICLE 2, CHAPTER 26 OF TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO GROSS RECEIPTS TAXES.

As these measures directly affect the government of Guam, the Committee encourages your participation and input at this hearing. The Committee would appreciate receiving fifteen (15) copies of your Administration's position statement and or documents relating to the subject matter prior to the start of the hearing. A copy of the hearing Agenda is enclosed for your reference and information.

Sincerely,



**KALEO S. MOYLAN**

Enclosures:



**Senator Kaleo S. Moylan**  
**Chairperson, Committee on Housing,**  
**General Government Services and Foreign Affairs**  
*Mina'Bente Sais Na Liheslaturan Guåhan*  
**Twenty-Sixth Guam Legislature**

November 28, 2001

Mr. Paul D. Leon Guerrero  
Acting Director  
Bureau of Budget and Management Research  
R. J. Bordallo Governor's Complex  
Hagåtña, Guam 96932

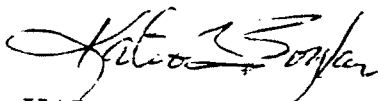
Re: Request for Fiscal Notes

Dear Mr. Leon Guerrero:

Please find attached copies of Bill Nos. 163 and 207 (COR) and Bill Nos. 222 and 223 (LS) scheduled for public hearing on Thursday, December 6, 2001. Pursuant to the provisions of Chapter 9, of Title 2 of the Guam Code Annotated, fiscal note(s) are requested.

As these measure affects the government of Guam, the Committee encourages your participation and input at this hearing. The Committee would appreciate receiving fifteen (15) copies of BBMR's position statement and or documents relating to the subject matter prior to the start of the hearing. A copy of the hearing Agenda is enclosed for your reference and information.

Sincerely,



**KALEO S. MOYLAN**

Attachments:

**Senator Kaleo S. Moylan**  
**Chairperson, Committee on Ways and Means**  
*Mina'Bente Sais Na Liheslaturan Guåhan*  
**Twenty-Sixth Guam Legislature**

November 28, 2001

Mr. Robert Kono, Esq.  
Acting Attorney General  
Department of Law  
Hagåtña, Guam 96910

Re: Committee Public Hearing: Thursday, December 6, 2001

Dear Mr. Kono:

This is to inform you that the Committee on Ways and Means will conduct a public hearing on Thursday, December 6, 2001 commencing at 9:00 a.m. in the Legislative Public Hearing Room.

**Bill No. 163 (COR)** AN ACT PROHIBITING USING SOCIAL SECURITY NUMBERS ON DRIVER'S LICENSES.

**Bill No. 207 (COR)** AN ACT TO REPEAL AND REENACT SECTION 8138 OF CHAPTER 8 OF TITLE 4, GUAM CODE ANNOTATED, RELATIVE TO INCREASING THE MEMBERSHIP IN THE COMPOSITION OF THE BOARD OF TRUSTEES OF THE GOVERNMENT OF GUAM RETIREMENT FUND AND DEFINING THE METHOD OF THEIR APPOINTMENT AND QUALIFICATIONS.

**Bill No. 222 (LS)** AN ACT TO REPEAL AND REENACT CHAPTER 33 OF TITLE 7 OF THE GUAM CODE ANNOTATED AND TO AMEND §§29148 AND 29188 OF CHAPTER 29 OF TITLE 21 OF THE GUAM CODE ANNOTATED RELATIVE TO ESTABLISHING NEW MECHANIC LIENS.

**Bill No. 223 (LS)** AN ACT TO AMEND SECTION 206203 (k) (22) OF ARTICLE 2, CHAPTER 26 OF TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO GROSS RECEIPTS TAXES.

As these measures affect the government of Guam, the Committee encourages your participation and input at this hearing. The Committee would appreciate receiving fifteen (15) copies of your Department's position statement and or documents relating to the subject matter prior to the start of the hearing. A copy of the hearing Agenda is enclosed for your reference and information.

Thank you,



**KALEO S. MOYLAN**

Enclosures:

**Senator Kaleo S. Moylan**  
Chairperson, Committee on Ways and Means  
*Mina'Bente Sais Na Liheslaturan Guåhan*  
Twenty-Sixth Guam Legislature

November 28, 2001

Mr. Clifford Guzman  
Director  
Department of Administration  
Hagåtña, Guam 96910

Re: Committee Public Hearing: Thursday, December 6, 2001

Dear Mr. Guzman:

This is to inform you that the Committee on Ways and Means will conduct a public hearing on Thursday, December 6, 2001 commencing at 9:00 a.m. in the Legislative Public Hearing Room.

**Bill No. 163 (COR)** AN ACT PROHIBITING USING SOCIAL SECURITY NUMBERS ON DRIVER'S LICENSES.

**Bill No. 207 (COR)** AN ACT TO REPEAL AND REENACT SECTION 8138 OF CHAPTER 8 OF TITLE 4, GUAM CODE ANNOTATED, RELATIVE TO INCREASING THE MEMBERSHIP IN THE COMPOSITION OF THE BOARD OF TRUSTEES OF THE GOVERNMENT OF GUAM RETIREMENT FUND AND DEFINING THE METHOD OF THEIR APPOINTMENT AND QUALIFICATIONS.

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**Bill No. 223 (LS)** AN ACT TO AMEND SECTION 206203 (k) (22) OF ARTICLE 2, CHAPTER 26 OF TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO GROSS RECEIPTS TAXES.

As these measures affect the government of Guam, the Committee encourages your participation and input at this hearing. The Committee would appreciate receiving fifteen (15) copies of your position statement and or documents relating to the subject matter prior to the start of the hearing. A copy of the hearing Agenda is enclosed for your reference and information.

Thank you,



**KALEO S. MOYLAN**

Enclosures:

**Senator Kaleo S. Moylan**  
Chairperson, Committee on Ways and Means  
*Mina'Bente Sais Na Liheslaturan Guåhan*  
Twenty-Sixth Guam Legislature

November 28, 2001

Mr. George V. Cruz  
Acting Director  
Department of Revenue and Taxation  
Tiyán, Guam 96910

Re: Committee Public Hearing: Thursday, December 6, 2001

Dear Mr. Cruz:

This is to inform you that the Committee on Ways and Means to which was referred your appointment to serve as the Director of the Department of Revenue and Taxation, will conduct a public hearing on Thursday, December 6, 2001 commencing at 9:00 a.m. in the Legislative Public Hearing Room. Also, the Committee has scheduled a hearing on the following legislative measures:

**Bill No. 163 (COR)** AN ACT PROHIBITING USING SOCIAL SECURITY NUMBERS ON DRIVER'S LICENSES.

**Bill No. 222 (LS)** AN ACT TO *REPEAL AND REENACT* CHAPTER 33 OF TITLE 7 OF THE GUAM CODE ANNOTATED AND TO *AMEND* §§29148 AND 29188 OF CHAPTER 29 OF TITLE 21 OF THE GUAM CODE ANNOTATED RELATIVE TO ESTABLISHING NEW MECHANIC LIENS.

**Bill No. 223 (LS)** AN ACT TO *AMEND* SECTION 206203 (k) (22) OF ARTICLE 2, CHAPTER 26 OF TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO GROSS RECEIPTS TAXES.

As your appointment and the legislative measures directly affects the operation of the Department of Revenue and Taxation and the government of Guam, the Committee encourages your participation and input at this hearing. The Committee would appreciate receiving fifteen (15) copies of your Department's position statement and or documents relating to the subject matter prior to the start of the hearing. A copy of the hearing Agenda is enclosed for your reference and information.

Thank you,



**KALEO S. MOYLAN**

Enclosure:

**Senator Kaleo S. Moylan**  
Chairperson, Committee on Ways and Means  
*Mina'Bente Sais Na Liheslaturan Guåhan*  
Twenty-Sixth Guam Legislature

December 4, 2001

MEMORANDUM

To: All Members, Committee on Ways and Means  
From: The Chairperson,  
Subject: Reminder Notice, Committee Public Hearing

This is to remind you that the Committee Ways and Means has scheduled a public hearing for **Thursday, December 6, 2001 at 9:00 a.m.**, in the Legislative Public Hearing Room. Please note the revised Agenda. As the Committee receives testimonies copies will be forwarded to you upon receipt. **Please bring your copies of the legislative measures to the hearing as additional copies will not be available.**

Thank you,



**KALEO S. MOYLAN**

Attachment:

cc: All Senators  
Clerk of Legislature  
Protocol  
All Media

**Senator Kaleo S. Moylan**  
Chairperson, Committee on Ways and Means  
*Mina' Bente Sais Na Liheslaturan Guåhan*  
Twenty-Sixth Guam Legislature

November 27, 2001


MEMORANDUM

To: All Members, Committee on Ways and Means  
From: The Chairperson,  
Subject: Committee Public Hearing

This is to inform you that the Committee Ways and Means will be conducting a public hearing on Thursday, December 6, 2001, at 9:00 a.m., in the Legislative Public Hearing Room.

A copy of the legislation and hearing Agenda is attached for your review.

Thank you,



**KALEO S. MOYLAN**

Attachment:

cc: All Senators  
Clerk of Legislature  
Protocol  
Media

***MINA'BENTE SAIS NA LIHESLATURAN GUÅHAN***  
**Senator Kaleo S. Moylan, Chairman**  
***Committee on Ways and Means***

**Public Hearing**  
**9:00 a.m., Thursday, December 6, 2001**

**A G E N D A**

**I. Call to Order:**

**II. Announcement & Introduction of Members:**

**III. Executive Appointments:**

Mr. George V. Cruz, to serve Director, Department of Revenue and Taxation.

Ms. Jacqueline A.P. Duenas, to serve as a member of the Board of Equalization for a term of four (4) years to expire on September 18, 2005.

Dr. Judith P. Gutherz, to serve as a member of the Retirement Fund Board of Directors for the unexpired term of Frank J.C. Camacho to expire on May 1, 2002.

**IV. Legislative Measures:**

**Bill No. 207 (COR)** AN ACT TO REPEAL AND REENACT SECTION 8138 OF CHAPTER 8 OF TITLE 4, GUAM CODE ANNOTATED, RELATIVE TO INCREASING THE MEMBERSHIP IN THE COMPOSITION OF THE BOARD OF TRUSTEES OF THE GOVERNMENT OF GUAM RETIREMENT FUND AND DEFINING THE METHOD OF THEIR APPOINTMENT AND QUALIFICATIONS.

**Bill No. 222 (LS)** AN ACT TO *REPEAL AND REENACT* CHAPTER 33 OF TITLE 7 OF THE GUAM CODE ANNOTATED AND TO *AMEND* §§29148 AND 29188 OF CHAPTER 29 OF TITLE 21 OF THE GUAM CODE ANNOTATED RELATIVE TO ESTABLISHING NEW MECHANIC LIENS.

**Bill No. 223 (LS)** AN ACT TO *AMEND* SECTION 206203 (k) (22) OF ARTICLE 2, CHAPTER 26 OF TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO GROSS RECEIPTS TAXES.

**V. Remarks:**

**VI. Adjournment:**

**The Hearing will take place at the Guam Legislature's Public Hearing Room.  
Individuals requiring special accommodations, auxiliary aids or services are asked to contact the  
Office of Senator Kaleo S. Moylan at 472-3342.**

***MINA'BENTE SAIS NA LIHESLATURAN GUÅHAN***  
**Senator Kaleo S. Moylan, Chairman**  
***Committee on Ways and Means***

**Public Hearing**  
**9:00 a.m., Thursday, December 6, 2001**

**A G E N D A**

**I. Call to Order:**

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Mr. Paul D. Leon Guerrero, to serve as Director, Bureau of Budget and Management Research.

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**Bill No. 222 (LS)** AN ACT TO REPEAL AND REENACT CHAPTER 3 OF TITLE 7 OF THE GUAM CODE ANNOTATED AND AMEND SECTION 29188 OF CHAPTER 9 OF TITLE 8 OF THE GUAM CODE ANNOTATED RELATIVE TO ESTABLISHING NEW MECHANIC LIENS.

**Bill No. 223 (LS)** AN ACT TO AMEND SECTION 206203 (k) (22) OF ARTICLE 2, CHAPTER 26 OF TITLE 11 OF THE GUAM CODE ANNOTATED, RELATIVE TO GROSS RECEIPTS TAXES.

**V. Remarks:**

**VI. Adjournment:**

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Individuals requiring special accommodations, auxiliary aids or services are asked to contact the  
Office of Senator Kaleo S. Moylan at 472-3342.





Burch stated he was appalled at payments."

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**MINA'BENTE SAIS NA LIHESLATURAN GUÅHAN**

Senator Kaleo S. Moylan, Chairman  
Committee on Ways and Means



Public Hearing  
9:00 a.m., Thursday, December 6, 2001

**AGENDA**

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**Bill No. 163 (COR) AN ACT PROHIBITING USING SOCIAL SECURITY NUMBERS ON DRIVER'S LICENSES.**

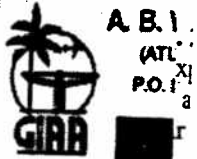
**Bill No. 207 (COR) AN ACT TO REPEAL AND REENACT SECTION 8138 OF CHAPTER 8 OF TITLE 4, GUAM CODE ANNOTATED, RELATIVE TO INCREASING THE MEMBERSHIP IN THE COMPOSITION OF THE BOARD OF TRUSTEES OF THE GOVERNMENT OF GUAM RETIREMENT FUND AND DEFINING THE METHOD OF THEIR APPOINTMENT AND QUALIFICATIONS.**

**Bill No. 222 (LS) AN ACT TO REPEAL AND REENACT CHAPTER 33 OF TITLE 7 OF THE GUAM CODE ANNOTATED, SECTIONS 148 AND 29188 OF CHAPTER 33 OF THE GUAM CODE ANNOTATED RELATIVE TO ESTABLISHING NEW MECHANIC LIENS.**

**Bill No. 223 (LS) AN ACT TO AMEND SECTION 206203 (K) (22) OF ARTICLE 2, CHAPTER 26 OF TITLE II OF THE GUAM CODE ANNOTATED, RELATIVE TO GROSS RECEIPTS TAXES.**

The Hearing will take place at the Guam Legislature Public Hearing Room located at Hagåtña. Individuals requiring special accommodations, auxiliary aids or services are asked to contact the office of Senator Kaleo S. Moylan at 472-3342.

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Gerard P. Executive

of the Army-Navy contest in doubt. The city hopes a new football stadium, set to open in 2003, will keep the long tradition alive.

## port improvements

the airport for at least 20 years in order to obtain federal grants for runway and service road improvements.

However, Riordan and his airport commissioners decided in 1993 not to accept any more federal grants, on the theory that the city would be free to transfer money from the airport.

"The decision to forgo grants was sensible at the time in light of what we knew about the legal and practical obstacles to revenue sharing," said Michael Keeley, a deputy mayor during Riordan's first term.

The plan was ultimately blocked by the airline industry and the government.

Federal Aviation Administration records reviewed by the Times show that, by 1999, the city had passed up \$73.4 million in airport grants.

to speed along the income tax table," Reid said.

### **MINA'BENTE SAIS NA LIHESLATURAN GUÅHAN**

Senator Kaleo S. Moylan, Chairman  
Committee on Ways and Means



#### **Public Hearing**

9:00 a.m., Thursday, December 6, 2001

## **AGENDA**

Mr. George V. Cruz, to serve Director, Department of Revenue and Taxation.

Ms. Jacqueline A.P. Duenas, to serve as a member of the Board of Equalization for a term of four (4) years to expire on September 18, 2005.

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The Hearing will take place at the Guam Legislature Public Hearing Room located at Hagåtña. Individuals requiring special accommodations, auxiliary aids or services are asked to contact the office of Senator Kaleo S. Moylan at 472-3342.

MINA'BENTE SAIS NA LIHESLATURAN GUÅHAN  
2001 (FIRST) Regular Session

Bill No. 223 (LS)

Introduced by:

K. S. Moylan

---

**AN ACT TO AMEND SECTION 206203 (k) (22) OF  
ARTICLE 2, CHAPTER 26 OF TITLE 11 OF THE  
GUAM CODE ANNOTATED, RELATIVE TO GROSS  
RECEIPTS TAXES.**

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

**Section 1.** Section 26203 (k)(22) of Article 2, Chapter 26 of Title 112 of the  
Guam Code Annotated is hereby *amended* to read as follows:

“(22) Amounts received from engaging or continuing in business as a  
wholesaler, except that if such persons are, in addition, engaging or continuing  
in business as a retailer, the provisions of this Subchapter and the taxes levied  
thereunder shall apply to that part of the businesses of such persons that  
involve retail.

(A) Amounts received from engaging or continuing in business  
as a wholesaler shall include the sales of tangible personal property to  
contractors.

(B) Amount received from engaging or continuing in tour agent,  
travel agent, or transportation company that are paid to independent  
vendors for providing services or tangible personal property to

1 consumers. A four percent (4%) tax shall be imposed on each person  
2 with respect to such person's respective portion of the proceeds, and no  
3 more.

4 (C) Amounts received from engaging or continuing in business  
5 as a wholesaler shall include that portion of gross receipts received by a  
6 subagent from an insurance broker or agent.

7 (D) Amounts received from engaging or continuing in business  
8 as a wholesaler shall include that portion of gross receipts received by a  
9 homeowner's association or commercial lessor that represent  
10 reimbursement for common area fees and other jointly assessed costs of  
11 the residents lease."