



Office of the Governor of Guam

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Felix Perez Camacho  
Governor

Kaleo Scott Moylan  
Lieutenant Governor

26 DEC 2003

The Honorable Vicente C. Pangelinan  
Speaker  
I Mina'Bente Siete Na Liheslaturan Guahån  
Twenty-Seventh Guam Legislature  
155 Hesler Street  
Hagåtña, Guam 96910

Office of the Legislative Secretary  
26 DEC 2003

DEC 26 2003

TIME: 5:00 PM  
RECEIVED BY: [Signature]

Dear Speaker Pangelinan:

Transmitted herewith is Bill No. 63 (COR), "AN ACT TO AMEND SECTION 26201 OF ARTICLE 2 OF CHAPTER 26 OF DIVISION 2 OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO GROSS RECEIPTS TAXES," which I have signed into law on November 13, 2003, as Public Law No. 27-41.

This measure offers retailers an incentive to visibly separate the GRT from the price of the item on invoices, sales slips, and other receipts. In return, this would bring some comfort to the general consumer that retail stores are not increasing prices more than necessary because of the tax increase. This is in line with the recommendation by my Tax Conversion Commission to show consumers what the actual purchase price of goods is versus what they are paying in taxes.

This method would not require much change in the Department of Revenue and Taxation ("DRT") rules and regulations and the tax would be collected using the same forms and filing procedures. However, the change would require DRT personnel to thoroughly scrutinize these forms to ensure compliance and accuracy to minimize overpayment or underpayment of taxes. It would also require DRT to physically monitor and inspect businesses electing this method to ensure the accuracy in reporting.

Another concern is the tax impact on the exclusion of the GRT on the taxable gross receipts. For example, assuming taxable gross receipts for FY2004 is \$189 million and seventy-five percent (75%) of businesses elect the visible separation, there would be an \$8.5 million GRT revenue loss on the exclusion.

In light of these concerns, I urge *I Mina'Bente Siete Na Liheslaturan Guahån* to assist the DRT in implementing this measure by providing the necessary resources. Finally, with the potential revenue loss, I hope to work with the Legislature to address this shortfall.

Sincerely yours,

FELIX P. CAMACHO  
*I Maga'låhen Guåhan*  
Governor of Guam

Attachment: copy attached of signed bill

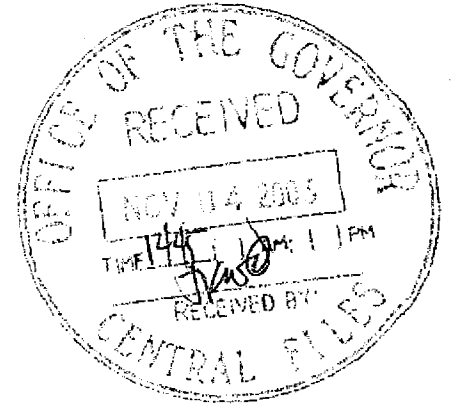
cc: The Honorable Tina Rose Muna-Barnes  
Senator and Legislative Secretary



**MINA' BENTE SIETE NA LIHESLATURAN GUÅHAN**  
TWENTY-SEVENTH GUAM LEGISLATURE  
155 Hessler Place, Hagåtña, Guam 96910

November 4, 2003

The Honorable Felix P. Camacho  
*I Maga'lahen Guåhan*  
*Ufisinan I Maga'lahi*  
*Hagåtña, Guam 96910*



Dear *Maga'lahi* Camacho:

Transmitted herewith are Bill No. 76(LS), and Substitute Bill Nos. 63(COR), 67(LS), 80(COR), 96(COR), 100(COR), 144(LS), 152(COR) and 153(COR) which were passed by *I Mina' Bente Siete Na Liheslaturan Guåhan* on October 31, 2003.

Sincerely,

A handwritten signature in cursive script that reads "Tina Rose Muna Barnes".

TINA ROSE MUNA BARNES  
Legislative Secretary

Enclosures (9)

CFI-1103-3636

I MINA'BENTE SIETE NA LIHESLATURAN GUÅHAN  
2003 (FIRST) Regular Session

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

This is to certify that Substitute Bill No. 63 (COR) "AN ACT TO AMEND SECTION 26201 OF ARTICLE 2 OF CHAPTER 26 OF DIVISION 2 OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO GROSS RECEIPTS TAXES", was on the 31<sup>st</sup> day of October, 2003, duly and regularly passed.

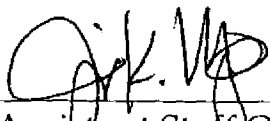
Attested:




Tina Rose Muña Barnes  
Senator and Legislative Secretary

\_\_\_\_\_  
vicente (ben) c. pangelinan  
Speaker

This Act was received by *I Maga'lahaen Guåhan* this 4<sup>th</sup> day of November, 2003, at 8:30  
o'clock P.M.

  
\_\_\_\_\_  
Assistant Staff Officer  
*Maga'lahi's Office*

APPROVED:

  
\_\_\_\_\_  
FELIX P. CAMACHO  
*I Maga'lahaen Guåhan*

Date: 11/13/03

Public Law No. 27-41

I MINA'BENTE SIETE NA LIHESLATURAN GUÅHAN  
2003 (FIRST) Regular Session

**Bill No. 63 (COR)**

As substituted and  
amended on the Floor.

Introduced by:

v. c. pangelinan  
Toni Sanford  
C. Fernandez  
F. B. Aguon, Jr.  
J. M.S. Brown  
F. R. Cunliffe  
Mark Forbes  
L. F. Kasperbauer  
R. Klitzkie  
L. A. Leon Guerrero  
J. A. Lujan  
T. R. Muña Barnes  
J. M. Quinata  
R. J. Respicio  
Ray Tenorio

**AN ACT TO AMEND SECTION 26201 OF ARTICLE 2  
OF CHAPTER 26 OF DIVISION 2 OF TITLE 11, GUAM  
CODE ANNOTATED, RELATIVE TO GROSS  
RECEIPTS TAXES.**

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

2 **Section 1. Legislative Findings and Intent.** *I Liheslaturan*  
3 *Guåhan* finds that Public Law 27-05 increased the rate of the Guam Gross  
4 Receipts Tax (GRT) from four percent (4%) to six percent (6%). Where  
5 businesses do not absorb the GRT, the price increase will typically be

1 two (2) cents for every dollar paid, which constitutes a small portion of  
2 the total price of the goods sold or services rendered.

3 *I Liheslaturan Guåhan* further finds that fears among local  
4 consumers of a sharp price increase due to the increase in GRT can be  
5 allayed through the visible separation of the tax from the price of the  
6 item on invoices, sales slips, and other receipts.

7 It is therefore, the intent of *I Liheslaturan Guåhan* to give retailers  
8 an incentive to choose to make the GRT visible to its consumers.

9 **Section 2.** §26201 of Article 2 of Chapter 26 of Division 2 of Title  
10 11, Guam Code Annotated is hereby *amended* to read as follows:

11 “§26201. Levy. (a) There is hereby levied and shall be  
12 assessed and collected monthly privilege taxes against the persons  
13 on account of their businesses and other activities in Guam  
14 measured by the application of rates against values, gross  
15 proceeds of sales or gross income, as the case may be.

16 (b) A person engaging in, transacting, conducting,  
17 continuing, doing, or carrying on a business in Guam, who is  
18 required to pay taxes levied in this Chapter and opts to show to  
19 each customer the amount that will be transmitted to the  
20 government of Guam as a result of the customer’s transaction,  
21 may exclude GRT reimbursement collected from the measure of  
22 taxable gross receipts.

23 (c) A person engaging in, transacting, conducting,  
24 continuing, doing, or carrying on a business in Guam shall

1 annually notify the Department of Revenue and Taxation of its  
2 election pursuant to Subsection (b) of this Section.

3 (d) Notwithstanding the Administrative Adjudication  
4 Law, the Director of the Department of Revenue and Taxation  
5 shall promulgate the necessary rules to effectively implement 11  
6 GCA §26201(b) and (c), *no later than* December 05, 2003. The rules  
7 shall become effective upon submission to *I Liheslaturan Guåhan*.  
8 Subsequent changes to such rules shall be pursuant to the  
9 Administrative Adjudication Law or by statute.”

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