

I Mina'Trentai Tres Na Liheslaturan Received
Bill Log Sheet

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	FISCAL NOTES
PUBLIC LAW 33-194 221-33 (COR)	FRANK B. AGUON, JR.	AN ACT TO AMEND SUBSECTION (e) OF §26202, CHAPTER 26, TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO THE BUSINESS PRIVILEGE TAX ON CONTRACTORS.	12/11/2015 4:30 p.m.	12/14/15	Committee on Finance and Taxation, General Government Operations and Youth Development	02/10/16 10:00 a.m.	09/19/16 3:00 p.m.	Fiscal Note Request 12/16/15 Fiscal Note 09/16/16
	DATE PASSED	TITLE	DATE AND TIME TRANSMITTED		DUE DATE	<small>DATE SIGNED BY I MAGA'LÀ HEN GUÀ HAN</small>	PUBLIC LAW NO.	NOTES
	12/02/16	AN ACT TO AMEND § 26101(b) OF ARTICLE 1 AND § 26202(e) OF ARTICLE 2; AND TO ADD A NEW § 26203(m) TO ARTICLE 2, ALL OF CHAPTER 26, TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO THE BUSINESS PRIVILEGE TAX AND DEFINITIONS OF PRIMARY CONTRACTORS AND SUBCONTRACTORS.	12/05/16	4:50 p.m.	12/16/16	12/15/16	P.L. 33-194	M&C No. 33GL-16-2265



EDDIE BAZA CALVO
Governor

RAY TENORIO
Lieutenant Governor

Office of the Governor Of Guam.

DEC 15 2016

Honorable Judith T. Won Pat, Ed.D.
Speaker
I Mina'trentai Tres Na Liheslaturan Guåhan
155 Hesler Street
Hagåtña, Guam 96910

MB-16-2265

Office of the Speaker
Judith T. Won Pat, Ed.D

Date: 12-19-16
Time: 9AM
Received By: [Signature]

Dear Madame Speaker:

Transmitted herewith is Bill No. 221-33 (COR), "AN ACT TO AMEND § 26101(b) OF ARTICLE 1 AND § 26202(e) OF ARTICLE 2; AND TO ADD A NEW §26203(m) TO ARTICLE 2, ALL OF CHAPTER 26, TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO THE BUSINESS PRIVILEGE TAX AND DEFINITIONS OF PRIMARY CONTRACTORS AND SUBCONTRACTORS," which was signed into law on December 15, 2016, as Public Law 33-194.

2016 DEC 19 AM 10:48 [Signature]

Senseramente,

EDDIE BAZA CALVO

2265

**I MINA'TRENTAI TRES NA LIHESLATURAN GUÅHAN
2016 (SECOND) Regular Session**

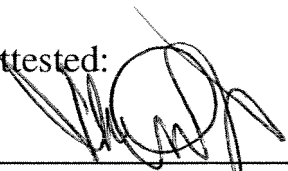
CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LÅHEN GUÅHAN

This is to certify that **Substitute Bill No. 221-33 (COR), "AN ACT TO AMEND § 26101(b) OF ARTICLE 1 AND § 26202(e) OF ARTICLE 2; AND TO ADD A NEW § 26203(m) TO ARTICLE 2, ALL OF CHAPTER 26, TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO THE BUSINESS PRIVILEGE TAX AND DEFINITIONS OF PRIMARY CONTRACTORS AND SUBCONTRACTORS,"** was on the 2nd day of December 2016, duly and regularly passed.



**Judith T. Won Pat, Ed.D.
Speaker**

Attested:



**Tina Rose Muña Barnes
Legislative Secretary**

This Act was received by *I Maga'låhen Guåhan* this 5th day of Dec,
2016, at 4:50 o'clock P.M.



**Assistant Staff Officer
Maga'låhi's Office**

APPROVED:



**EDWARD J.B. CALVO
*I Maga'låhen Guåhan***

Date:

DEC 15 2016

Public Law No.

33-194

**OFFICE OF THE GOVERNOR
CENTRAL FILES**

RECEIVED BY
TIME 4:50 PM DATE 12-8-16

I MINA'TRENTAI TRES NA LIHESLATURAN GUÅHAN
2015 (FIRST) Regular Session

Bill No. 221-33 (COR)

As substituted by the Committee on Finance and Taxation,
General Government Operations, and Youth Development.

Introduced by:

FRANK B. AGUON, JR.
T. C. Ada
V. Anthony Ada
Frank F. Blas, Jr.
B. J.F. Cruz
James V. Espaldon
Brant T. McCreadie
Tommy Morrison
T. R. Muña Barnes
R. J. Respicio
Dennis G. Rodriguez, Jr.
Michael F.Q. San Nicolas
Mary Camacho Torres
N. B. Underwood, Ph.D.
Judith T. Won Pat, Ed.D.

AN ACT TO AMEND § 26101(b) OF ARTICLE 1 AND § 26202(e) OF ARTICLE 2; AND TO ADD A NEW § 26203(m) TO ARTICLE 2, ALL OF CHAPTER 26, TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO THE BUSINESS PRIVILEGE TAX AND DEFINITIONS OF PRIMARY CONTRACTORS AND SUBCONTRACTORS.

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

2 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds
3 that the Business Privilege Tax (BPT), under Title 11 GCA, Chapter 26, Articles 1

1 and 2, is responsible for approximately one-third (1/3) of the tax revenue to the
2 General Fund.

3 *I Liheslatura* also finds that the late Senator Vicente “Ben” C. Pangelinan
4 introduced Public Law 30-230, which changed the structure of the BPT for prime
5 contractors and subcontractors, from levying the BPT on subcontractors and
6 allowing prime contractors to deduct payments to said subcontractors from the
7 prime contractors’ gross incomes for their own BPT obligations to levying the BPT
8 on prime contractors and allowing subcontractors to deduct payments from said
9 prime contractors from the subcontractors’ gross incomes for their own BPT
10 obligations, thereby simplifying tax enforcement.

11 *I Liheslatura* further finds that the requirement of the contractor’s license
12 number or the registration number for a professional engineer, architect or land
13 surveyor or the Certificate of Authorization (COA) number for a business
14 authorized to provide engineering, architecture or land surveying services by the
15 Guam Board of Registration for Professional Engineers, Architects, and Land
16 Surveyors of the person paying the tax on the amount deducted by the person is
17 problematic because some prime contractors may only need a business license for
18 the purpose of its business on Guam, thereby creating a class of double taxation not
19 intended by Public Law 30-230.

20 It is, therefore, the intent of *I Liheslaturan Guåhan* to provide that such
21 contractors may include the Guam business license number on their BPT return
22 and avert unintended double taxation, by amending §§ 26101(b) and 26202(e), and
23 adding a new § 26203(m), all of Chapter 26, Title 11, Guam Code Annotated.

24 **Section 2.** § 26101(b) of Article 1, Chapter 26, Title 11, Guam Code
25 Annotated, is hereby *amended*, to read:

26 “(b) Primary Contractor shall include every person engaging in the
27 business of contracting to erect, construct, repair or improve any installation

1 of any kind or description, or to provide under contract any service or
2 material for the erection, construction, repair or improvement of any
3 installation, or to provide under contract, labor to another for any purpose or
4 use whatsoever, including any other services or products that the project
5 may require.

6 (1) Subcontractor shall include every person engaging in the
7 business of providing labor, products, or services to a Primary
8 Contractor for a specific project.”

9 **Section 3.** § 26202(e) of Article 2, Chapter 26, Title 11, Guam Code
10 Annotated, is hereby *amended*, to read:

11 “(e) Tax on Contractors. There shall be levied, assessed and
12 collected a tax rate of four percent (4%) measured against the gross income
13 of any contractor; provided, that there shall be deducted from the gross
14 income of the taxpayer so much thereof as has been included in the gross
15 income earned from another taxpayer who is a contractor as defined in §
16 26101(b) and who has already paid the tax levied under this Subsection for
17 goods and services that include the deductible gross income of the taxpayer
18 who is a contractor; provided, that any person claiming a deduction under
19 this Subsection *shall* be required to show in the person’s return either the
20 name and the contractor’s license number issued by the Guam Contractors
21 License Board, or the Guam business license number, or the registration
22 number for a professional engineer, architect or land surveyor, or the
23 Certificate of Authorization (COA) number for a business authorized to
24 provide engineering, architecture or land surveying services by the Guam
25 Board of Registration for Professional Engineers, Architects, and Land
26 Surveyors of the person paying the tax on the amount deducted by the
27 person.”

1 **Section 4.** A new § 26203(m) is hereby *added* to Article 2 of Chapter 26,
2 Title 11, Guam Code Annotated, to read:

3 “(m) A Subcontractor as defined pursuant to § 26101(b)(1).”