


I Mina'trentai Singko Na Liheslaturan Guåhan
BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	FISCAL NOTES	NOTES
311-35 (LS)	James C. Moylan	AN ACT TO ADD § 26202.2 AND § 26203.3 TO CHAPTER 26 OF TITLE 11, GUAM CODE ANNOTATED RELATIVE TO THE TEMPORARY REDUCTION OF THE BUSINESS PRIVILEGE TAX AND THE EXEMPTIONS PROVIDED TO SMALL BUSINESSES.	3/9/20 9:02 a.m.						

I MINA'TRENTAI SINGKO NA LIHESLATURAN GUÅHAN
2020 (SECOND) Regular Session

Bill No. 311 -35 (LS)

Introduced by:

James C. Moylan 

AN ACT TO *ADD* § 26202.2 AND § 26203.3 TO CHAPTER
26 OF TITLE 11, GUAM CODE ANNOTATED
RELATIVE TO THE TEMPORARY REDUCTION OF
THE BUSINESS PRIVILEGE TAX AND THE
EXEMPTIONS PROVIDED TO SMALL BUSINESSES.

2020 MAR -9 AM 9:02 

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

2 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guahan* finds that the
3 global pandemic of the Novel Coronavirus has created an adverse impact towards
4 the economic conditions on Guam. Tourism, which is the primary industry that
5 fuels our tax base, both directly and indirectly, continues to experience daily
6 cancelations from visitors, which also has led to lower occupancy rates in our
7 hotels and empty tables in many island eateries. There are discussions among the
8 commerce community that austerity measures have either been implemented or
9 will be announced within many businesses; hence many families may encounter
10 reduced disposable spending during this period

11 There are businesses that rely on the tourism industry to fuel their income
12 base; hence the impact on the tourism industry trickles to many other industries,
13 that unless this global pandemic ends in the near future, our island, just as many
14 other jurisdictions globally, is facing a economic calamity based on the many
15 uncertainties. Therefore it is critical that the government of Guam recognize that

1 this downturn will impact the public sector cash coffers by reductions in many
2 taxes, particularly business privilege taxes, withholding, corporate and income
3 taxes.

4 The government needs to establish a balance to provide businesses some
5 temporary relief so that they can apply these savings in maintaining the hours of
6 their employees, maintaining benefits, or allowing some investment into their
7 establishments. All of such will reciprocate back into economic activity to assist
8 the islands tax base. With the recent increase of the minimum wage, many small
9 businesses have been forced by the government to add to their operational
10 expenditures, thus providing some relief would be much welcome.

11 This Act not only reduces the Business Privilege Tax (BPT) by 1 point for a
12 six month period, it would also establish a temporary BPT Exemption plan for
13 small businesses with gross income of \$500,000 to be provided relief on BPT
14 payments on the first \$250,000 of reported income. Both savings will provide a
15 minimal relief for businesses, especially small businesses, but will be much
16 welcome during this period of economic uncertainties.

17 **Section 2.** A new § 26202.2 is hereby *added* to Chapter 26 of Title 11,
18 Guam Code Annotated to read as follows:

19 **“§ 26202.2. Temporary Reduction of the Business Privilege Tax.**

20 Notwithstanding any other provisions of the law, the rate of the Business
21 Privilege Tax (BPT) set forth in Subsections 26202(a), (c), (d), (e), (f), (g), (h), (i),
22 and (j) of this Chapter shall be temporarily reduced from five percent (5%) to four
23 percent (4%) effective April 1, 2020 and shall be sunset back to five (5%) on
24 October 1, 2020. The Guam Legislature shall review the economic conditions of
25 the island prior to the sunset date, and may extend this temporary reduction if
26 needed.”

1 **Section 3.** A new § 26203.3 is hereby *added* to Chapter 26 of Title 11,
2 Guam Code Annotated to read as follows:

3 “§ 26203.3. Temporary Limited Exemptions for Businesses.

4 Notwithstanding any other provisions of the law, the exemption benefits
5 pursuant to § 26203, § 26203.1 and § 26203.2 of this Chapter shall be frozen
6 between the dates of April 1, 2020 and September 30, 2020. There shall be a
7 temporary business privilege tax exemption authorized between April 1, 2020 and
8 September 30, 2020 to read as follows:

9 (a) Any business who is presently provided business privilege tax
10 exemptions pursuant to §§ 26203(k) (9), (28), (29), (30), (31), and (32)
11 of this Chapter, who has a gross annual income of less than five hundred
12 thousand dollars (\$500,000), shall be provided a business privilege tax
13 exemption on the first two hundred fifty thousand (\$250,000) of earned
14 income. This exemption shall only be applied for all gross income earned
15 between April 1, 2020 and September 30, 2020, and if the gross income of
16 this tax year remains under five hundred thousand dollars (\$500,000).”

17 **Section 4. Severability.** If any provision of this Act or its application to
18 any person or circumstance is found to be invalid or contrary to law, such
19 invalidity *shall not* affect other provisions or applications of this Act that can be
20 given effect without the invalid provision or application, and to this end the
21 provisions of this Act are severable.

22 **Section 5. Effective Date.** The act *shall* become effective on April 1, 2020
23 and shall sunset on September 30, 2020.