I MINA'BENTE NUEBI NA LIHESLATURAN GUÅHAN
2008 (SECOND) Regular Session

FILE COPY

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

This is to certify that **Bill No. 367 (LS), "AN ACT TO *AMEND* §58104 OF CHAPTER 58 OF TITLE 12, GUAM CODE ANNOTATED, AND ITEMS (3) AND (4) OF §26401(a) OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO CREATING TAX INCENTIVES IN THE QUALIFYING CERTIFICATE PROGRAM FOR THE MANUFACTURE, DISTRIBUTION AND SALE OF ALTERNATIVE FUELS AND EXEMPTING SUCH FUELS FROM THE LIQUID FUEL TAX,"** was on the 23rd day of December, 2008, duly and regularly passed.

Judith T. Won Pat, Ed. D.
Speaker

Attested:

Tina Rose Muña Barnes
Senator and Secretary of the Legislature

This Act was received by *I Maga'lahen Guåhan* this 31 day of Dec, 2008, at 3:10 o'clock P.M.

Assistant Staff Officer
Maga'lahi's Office

APPROVED:

FELIX P. CAMACHO
I Maga'lahen Guåhan

Date: _____

Public Law No. _____

I MINA'BENTE NUEBI NA LIHESLATURAN GUÅHAN
2008 (SECOND) Regular Session

Bill No. 367 (LS)
As amended.

Introduced by: Ray Tenorio
Frank F. Blas, Jr.
Edward J.B. Calvo
B. J.F. Cruz
James V. Espaldon
Mark Forbes
Judith P. Guthertz, DPA
Frank T. Ishizaki
J. A. Lujan
Tina Rose Muña Barnes
A. B. Palacios, Sr.
v. c. pangelinan
R. J. Respicio
Dr. David L.G. Shimizu
Judith T. Won Pat, Ed.D.

AN ACT TO *AMEND* §58104 OF CHAPTER 58 OF TITLE 12, GUAM CODE ANNOTATED, AND ITEMS (3) AND (4) OF §26401(a) OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO CREATING TAX INCENTIVES IN THE QUALIFYING CERTIFICATE PROGRAM FOR THE MANUFACTURE, DISTRIBUTION AND SALE OF ALTERNATIVE FUELS AND EXEMPTING SUCH FUELS FROM THE LIQUID FUEL TAX.

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Legislative Intent. *I Liheslaturan Guåhan* finds that Guam's year-round tropical climate makes conditions suitable for growing agricultural products that can be used in the production of bio-fuels. Recent research and advancements in bio-fuel production have shown that bio-fuels can be extracted from vegetable

sources other than corn kernels *or* soy beans. Such research includes chemical extraction from vegetative waste and microbes known as microalgae.

I Liheslatura further finds that research into the cultivation of micro-algae as energy crops shows promise for places such as Guam. Microalgae are photosynthetic and heterotrophic, meaning that it requires sunlight and a carbon-based food supply to grow. Guam has both in great abundance. Microalgae can also be grown at a much faster rate than traditional energy crops and require much less land. Studies have also shown that certain microalgae are effective in the production of hydrogen and oxygen through the process of biophotolysis.

It is the intent of *I Liheslatura* to encourage the creation of a new bio-fuels industry by providing incentives through the Qualifying Certificate Program and through an exemption from the Liquid Fuel Tax for bio-fuels manufactured on Guam.

Section 2. §58104 of Title 12, Guam Code Annotated, is hereby *amended* to read:

"**§58104. Eligibility Defined.** A Qualifying Certificate *shall* only be issued to the following entities:

Any trust, partnership, *sole* proprietorship, Limited Liability Partnership (LLP), Limited Liability Company (LLC), corporation formed under the laws of Guam, *or* possessions corporation as defined in §58106 of this Chapter, engaged, *or* about to engage in any of the following activities:

(1) agriculture;

(2) aquaculture;

(3) mariculture;

(4) manufacturing;

(5) commercial fishing;

(6) services;

(7) tourism;

(8) improvement of real property for purposes which are specifically determined by the Authority to be beneficial, desirable, and necessary for the economic development of Guam;

(9) insurance issuance, either by commercial insurers, reinsurers, *or* captive insurers which meet the requirements of Title 22, GCA, Chapter 15, Article 3;

(10) export trading company, as defined in Title 11, GCA, §26101(d), *if* the main office of the export trading company is established on Guam;

(11) producing water *or* disposing of wastewater, *or* both, jointly with the Guam Waterworks Authority;

(12) operating on a military base on Guam a Base Operating Service Contract;

(13) a small business entity operating on a military base on Guam, a Base Operating Service contract, *or* as a subcontractor to a BOS Contractor; and

(14) a global internet infrastructure services company(ies) providing Internet connectivity and co-location facilities and its/their tenant-sellers in the sales of goods, services and information over the Internet; provided that:

(i) the seller is legally established in and operates from Guam;

(ii) the sale does *not* include the local sale of goods, services and information;

(iii) the sale is conducted exclusively through the Internet; and

(iv) the seller does *not* sell *or* distribute in any fashion material that is harmful to minors as that term is defined in the Internet Tax Freedom Act, a part of the Omnibus Appropriations Act of 1998, Public Law Number 105-277. For purposes of this Paragraph, a "minor" is a person under the age of eighteen (18).

(15) The manufacture, distribution and sale of non-petroleum based fuels that include, but are *not* limited to biofuels such biodiesel and ethanol and hydrogen fuels."

Section 3. Item (3) of §26401(a) of Title 11, Guam Code Annotated is hereby *amended* to read:

"(3) *Liquid fuel* or *fuel shall* mean and include all liquids ordinarily, practically and commercially usable in internal combustion, turbo-jet and jet engines for the generation of power and *shall* include all distillates of, and condensates from petroleum, natural gas, coal, coal tar and vegetable ferments, such distillates and condensates being ordinarily designated as gasoline, butane, naphtha, benzol, benzine, kerosene and alcohol so usable, but *not* restricted to such designation. However, kerosene purchased for actual use other than internal combustion, turbo-jet, *or* jet engines and crude oil are specifically excluded from the meaning of liquid fuel under this Article. *Bio-fuels* such as bio-diesel, ethanol, and vegetable/microbe ferments; and *non-*

petroleum-based fuels, including hydrogen fuels, are specifically excluded from the meaning of liquid fuel under this Article if manufactured on Guam."

Section 4. Item (4) of §26401(a) of Title 11, Guam Code Annotated, is hereby *amended* to read:

"(4) *Diesel fuel shall* mean and include all petroleum-based liquids ordinarily, practically and commercially usable in those ignition-compression engines commonly known as diesel engines."