EDDIE BAZA CALVO
Governor

RAY TENORIO
Lieutenant Governor

Office of the Governor Of Guam

FEB 0 2 2017

GL#34-17-160
Speaker Benjamin J.F. Cruz

FEB 0 2 2017
Time: 4:24 [ ] AM [ ] PM File No. ____
Received By: ____

Honorable Benjamin J.F. Cruz
Speaker
I Mina'trentai Kuåtro Na Liheslaturan Guåhan
155 Hesler Street
Hagåtña, Guam 96910

Dear Mr. Speaker:

Attached unsigned is Bill No. 332-33 (COR) which was passed by the 33rd Guam Legislature and transmitted on December 30, 2016. The adjournment of the 33rd Guam Legislature prevented the return of the bill and more than thirty days have passed since its presentation. As set forth in Section 1423i of the Organic Act of Guam, the withholding of my signature has precluded the bill from becoming law.

Senseramente,

EDDIE BAZA CALVO

0160

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 **Bill No. 332-33 (COR), "AN ACT TO *ADD* A NEW § 26203.2 TO ARTICLE 2 OF CHAPTER 26, TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO RAISING THE BUSINESS PRIVILEGE TAX THRESHOLD EXEMPTION BY PRORATED AMOUNTS AT A RATE OF FIFTY THOUSAND DOLLARS ($50,000) FOR EACH ONE DOLLAR ($1.00) GROSS MINIMUM WAGE INCREASE ABOVE EIGHT DOLLARS AND TWENTY-FIVE CENTS ($8.25) PER HOUR,"** was on the 30th 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 30th day of Dec, 2016, at 8:30 o'clock P.M.

PATRICK G. CAMPOS #374
Assistant Staff Officer
Maga'låhi's Office

APPROVED:

EDWARD J.B. CALVO
I Maga'låhen Guåhan

Date:_____

Public Law No._____

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

Bill No. 332-33 (COR)

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

AN ACT TO *ADD* A NEW § 26203.2 TO ARTICLE 2 OF CHAPTER 26, TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO RAISING THE BUSINESS PRIVILEGE TAX THRESHOLD EXEMPTION BY PRORATED AMOUNTS AT A RATE OF FIFTY THOUSAND DOLLARS ($50,000) FOR EACH ONE DOLLAR ($1.00) GROSS MINIMUM WAGE INCREASE ABOVE EIGHT DOLLARS AND TWENTY-FIVE CENTS ($8.25) PER HOUR.

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Short Title. This Act *shall* be cited as the "Responsible Minimum Wage Affordability Improvement Act."

Section 2. Legislative Findings and Intent. *I Liheslaturan Guåhan* finds that the Business Privilege Tax is the largest single source of revenue to the General Fund of the government of Guam, responsible for roughly one-third (1/3) of its revenue.

I Liheslaturan Guåhan finds that increasing the minimum wage can result in higher take-home pay for low income workers.

I Liheslaturan Guåhan further finds that a minimum wage increase can impact the profitability of businesses that pay below or slightly above the proposed minimum wage.

I Liheslatura further finds that it cannot be known for certain the number of small businesses that may not open due to an increase in the minimum wage, the number of employees not hired as a result of an increase in the minimum wage, or the number of businesses that do not expand due to an increase in the minimum wage. If the minimum wage is to increase, it ought to be done in such a manner that protects some of the businesses most likely to be adversely affected.

I Liheslaturan Guåhan finds that the Business Privilege Tax has threshold exemptions for businesses with under Fifty Thousand Dollars ($50,000) in income, exempting the first Forty Thousand Dollars ($40,000) of income.

I Liheslaturan Guåhan finds that the annual direct wage cost of One Dollar ($1.00) per hour for a forty (40) hours per week employee with two (2) weeks of unpaid leave, would be Two Thousand Dollars ($2,000). If the government of Guam were to increase the Business Privilege Tax threshold exemption sufficiently to offset a minimum wage increase of One Dollar ($1.00) per hour for one (1) such employee, the threshold would be raised Fifty Thousand Dollars ($50,000).

It is, therefore, the intent of *I Liheslaturan Guåhan* to provide assistance to small businesses for any future minimum wage increase by raising the threshold exemptions of the Business Privilege Tax by prorated amounts at a rate of Fifty

Thousand Dollars ($50,000) for each One Dollar ($1.00), rounded to the nearest tenth (10th) cent, gross increase in the minimum wage, by adding a new § 26203.2 to Article 2 of Chapter 26, Title 11, Guam Code Annotated.

Section 3. Minimum Wage Affordability Improvement. A new § 26203.2 is hereby *added* to Article 2 of Chapter 26, Title 11, Guam Code Annotated, to read:

"**§ 26203.2. Minimum Wage Affordability Improvement.**

(a) Definitions. For the purpose of this Section, the following words and phrases, together with all of the common derivatives thereof, *shall* have the meaning ascribed to them in this Subsection:

(1) *exemption amounts* means the maximum of the Forty Thousand Dollars ($40,000) Business Privilege Tax exemptions provided in Items (9), (28), (29), (30), (31) and (32) of § 26203(k) of this Article, and the maximum of Fifty Thousand Dollars ($50,000) Business Privilege Tax exemption provided in § 26203.1 of this Article;

(2) *gross minimum wage increase* means the greater of either the federal minimum hourly wage under the U.S. Fair Labor Standards Act minus Eight Dollars and Twenty-Five Cents ($8.25) per hour, or the minimum hourly wage established under of 22 GCA § 3105 minus Eight Dollars and Twenty-Five Cents ($8.25) per hour;

(3) *minimum wage increase* means a change in the greater of the federal minimum hourly wage under the U.S. Fair Labor Standards Act and the minimum hourly wage established under 22 GCA § 3105 that results in a minimum hourly wage greater than Eight Dollars and Twenty-Five Cents ($8.25) per hour; and

(4) *threshold amounts* means the maximum of Fifty Thousand Dollars ($50,000) of applicable income required for a business to claim

the Business Privilege Tax exemptions provided under Items (9), (28), (29), (30), (31) and (32) of § 26203(k) of this Article.

(b) Changes to Threshold and Exemptions Amounts. Upon the effective date of any minimum wage increase following the enactment of this Section, the threshold amounts and exemption amounts *shall* each increase beyond their amounts as of the date of enactment of this Section by prorated amounts at a rate of Fifty Thousand Dollars ($50,000) for each One Dollar ($1.00), rounded to the nearest tenth (10^{th}) cent, gross minimum wage increase.

(c) Notice. In the event of any change in the threshold exemptions pursuant to this Section, the Department of Revenue and Taxation *shall* post a notice on its website and *shall* transmit a letter to each business required to file for Business Privilege Taxes with the Department, each of which *shall* provide information about the new threshold and exemption amounts."

Section 4. Severability. If any provision of this Act or its application to any person or circumstance is held invalid, the invalidity *shall not* affect other provisions or applications of this Act that can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.