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GUAM ECONOMIC DEVELOPMENT AUTHORITY
America in Asia
Aturidåd Inadilånton Ikunumihan Guahan

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Deputy Administrator
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November 19, 2019

35GL-19-1230
Speaker Tina Rose Muña Barnes
NOV 19 2019
Time 9:12 (X)AM ( )PM
Received By:

Honorable Tina Muña Barnes
Speaker
I Mina'Trentai Singko na Liheslaturan Guåhan
Guam Congress Building
163 Chalan Santo Papa
Hagatna, Guam 96910

Dear Speaker Muña Barnes:

Håfa Adai! The Guam Economic Development Authority (GEDA) has managed the Special Hotel Qualifying Certificate (QC) program for almost five years, since the enactment of Public Law 32-233 on December 31, 2014. The Special Hotel QC is geared towards providing targeted and measured tax incentives to developers that construct new hotels, add new hotel rooms to existing properties, or substantially renovate existing hotel rooms. The application period for the Special Hotel QC program is scheduled to sunset on December 31, 2019, five years after its enactment.

Pursuant to PL 32-233, the GEDA Board of Directors may extend the application period for the Special Hotel QC program for two (2) years through the adoption of a resolution prior to the sunset date. To that end, GEDA has begun to take the necessary steps to officially extend the Special Hotel QC for the two-year period authorized pursuant to the law.

GEDA, pursuant to the law, is working to obtain the input of the Guam Legislature, the Administration, the visitor industry and the public at large prior to the approval of any extension. As such, this letter serves as our official request for input from *I Mina'Trentai Singko na Liheslaturan Guåhan,* and hopefully its support as we move forward with extending the application period for this worthwhile incentive program.

The Special Hotel QC directly supports the Guam Visitors Bureau's (GVB) "Tourism 2020" plan with the goal of constructing one thousand six hundred (1,600) new hotel rooms. Achieving this room target goal will allow Guam to accommodate approximately two million visitors a year. Since the program's establishment, three hundred forty (340) rooms have begun construction, with an additional five hundred (500) more rooms that may begin construction in 2020.

There has been and still remains significant interest in not only the Special Hotel QC, but also the potential to further develop the hotel and tourism industry in Guam. Unfortunately, that interest has been dampened by the temporary construction labor shortage and visa approval

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issues in Guam that occurred over the last few years. GEDA is hopeful that recent efforts by the government to resolve these temporary labor issues will be successful, and we continue to offer our steadfast support to these efforts.

The Board and management of GEDA maintain that the responsible development of new hotels and the revitalization of existing hotels is a crucial component of growing and strengthening our tourism industry and economy as a whole, and we continue to encourage these types of projects. The Special Hotel QC is a crucial component of the government of Guam's efforts to encourage hotel development in Guam.

We respectfully seek the Legislature's input and support for GEDA's plans to extend the Special Hotel QC program as authorized by law. GEDA maintains that this particular QC is both measurable and appropriate, and provides potential developers an appropriate tax benefit while still ensuring that the government is being responsible in its allocation of QC tax benefits. More importantly, extending this program will ensure that the government of Guam will continue to have a viable incentive to entice and encourage much needed hotel development in Guam, which is especially crucial in light of GVB's tremendous success in making Fiscal Year 2019 the best year for tourism ever in Guam.

Thank you for your time and attention on this matter. We respectfully request that the Legislature provide input by Monday, November 25, 2019. If you have any questions, or require additional information, please do not hesitate to contact me at 647-4332 or via email at mel.mendiola@investguam.com. You may also contact GEDA Business and Economic Development Manager Ed Camacho at the same number above or via email at ecamacho@investguam.com.

Sincerely,

Melanie Mendiola
CEO/Administrator

cc: Senators, 35th Guam Legislature

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