GUAM CHAMBER OF COMMERCE

PARTNERS IN PROGRESS

February 19, 2020

THE HONORABLE LOURDES A. LEON GUERRERO
Governor of Guam
Office of the Governor
513 West Marine Corps Drive
Hagåtña, Guam 96910

THE HONORABLE TINA MUÑA BARNES
Speaker
I Mina' Trentai Singko Liheslaturan Guåhan
Guam Congress Building
163 Chalan Santo Papa
Hagåtña, Guam 96910

35GL-20-1575
Speaker Tina Rose Muña Barnes
FEB 20 2020
Time 3:10 ( )AM (X)PM
Received By:
2020 FEB 21 PM 1:35

RE: REQUESTING A MORATORIUM ON THE EFFECTIVE DATE OF PUBLIC LAW 35-38.

Hafa Adai Governor Leon Guerrero and Speaker Muna-Barnes,

On Friday, the Guam Chamber of Commerce, on behalf of our membership, requested of the Governor of Guam to consider issuing a moratorium on the effective date of Public Law 35-38 from March 1, 2020 to be implemented instead on September 1, 2020. This statute increases the minimum wage, and our request was merely to delay the increase by six months. The genesis of this request is related to the uncertainties of the Novel Coronavirus, which is impacting our tourism industry, primarily through cancelations by our visitors. As of this past Tuesday, media reports have stated that the Guam Visitors Bureau reported that around 15,139 potential tourists have canceled their flights to Guam. This is alarming.

While we did not receive an official response from the Governor's office in reference to our letter of February 13, 2020, we were informed unofficially that a moratorium cannot be issued via an Executive Order, since it would impede on a public law. We have been advised through media reports that the delay would need to be accomplished through legislation.

The Guam Chamber of Commerce humbly requests that legislation not only be submitted by the Office of the Governor, but a special session be called to address this emergency. This request is not meant to dissuade the increase altogether. We would like to reiterate that the request is to merely delay the implementation of the first increase by six months, so our government can monitor the impact this global virus would have on our economy. Likewise, nothing prevents any entity from proceeding with their increases on March 1, 2020, even if our request is granted, as some businesses are able to absorb the additional expenses. In fact, this act is meant to *save jobs* for those companies that would be the most impacted by the economic uncertainty this virus is having on a global scale.

In discussions with stakeholders in the tourism industry, which employ a large percentage of entry level wage earners, the visitor cancelations are creating uncertainties on operations, and PL 35-38 creates an additional adverse impact. Additionally, the benefits outlined in the revised Dave Santos Act as well as recent legislation that reduces GRT for companies that earn $100k or less, does not assist many of those who are directly (or even indirectly) in the tourism industry. Many of the workers who would be affected by reduced hours or layoffs work for companies that do not qualify for these exemptions. For those small entities who do qualify, the savings provided by the mandate, which is up to $2,000 on business privilege taxes annually, would be able to offset the increases of just one employee. However, for those who employ multiple staff at entry level positions, not to mention possible wage

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compression for other employees, the savings would be welcome but not enough to balance operations with this new statute.

Just as jurisdictions globally, we remain hopeful that this virus will be controlled and becomes an issue of the past in the very future. However, we are concerned that the economic recovery is not as simple, as we have experienced previously with other outbreaks in the past. Therefore, this request is equitable, and we hope to attain the support of both the executive and legislative branches of our government in regard to submitting legislation and calling an emergency session on this issue. Our Chamber's executive committee is available to discuss solutions on the impact on revenue which in turn will affect the livelihood of many employees in the industry.

Thank you very much and look forward to your response.

Senseremente,

CHRISTINE BALETO
Chairwoman of the Board