GUAM CHAMBER OF COMMERCE
PARTNERS IN PROGRESS

March 26, 2020

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

Hafa Adai Speaker Barnes,

Our island is facing one of the most challenging periods with both a public health threat as well as an economic crisis like it has never experienced. We can only imagine the difficulty that our administration faces in balancing the need to protect our people with the economic realities that have manifested. There are many tough decisions that have to made, especially in light of the current economic standstill we are in.

The Guam Chamber of Commerce represents a vast majority of employees and businesses in our community. We seek to assist by offering suggestions on helping them during these difficult times. We recognize that public safety is and continues to be the number one priority. However, many of our local workforce have already experienced reduced hours and have implemented furloughs and layoffs. Small Business throughout the island are on the verge of shutting their doors - if they have not already done so. Sadly, even "big" businesses are feeling the effect. Many have already significantly reduced their business hours to account for the downturn of customer spending in their establishment.

The Guam Chamber recently sent out a survey to our membership to attain a better grasp at the present economic climate. 87% of those surveyed to date stated that their operations have experienced adverse impacts from this COVID-19 pandemic. We knew that the percentages would be relatively high, but this is astronomical. When asked what austerity measures are being considered, the most common response was that they have had to reduce employee hours, furloughs, and layoffs. These actions have severely impacted our people's ability to sustain themselves and their families.

When asked about what policies would help their businesses with sustaining themselves during this economic storm, 60% of those surveyed stated that the reduction of the business privilege tax (BPT) would be the most effective. Almost 19% of the members who responded stated that amending the Dave Santos Act by increasing both the qualifying and exemption thresholds would help their entities cope with the present crisis, 6% stated that a deferment of the BPT would be beneficial. **As for the question on what a business would do with any evident savings from the BPT reduction, 65% indicated that they would maintain their employee hours or that it would help prevent layoffs. In this crisis, we must take care of our people first and foremost.** There are those in the community that continue to talk about price reductions as a means to barter reduced taxes. **Madam Speaker, businesses can barely survive as it is; this crisis only further puts them on the verge of closure which means that those who are not working will not have a job to return to.** We understand that there is federal assistance coming but our people and businesses need relief NOW.

With this in mind, the Guam Chamber of Commerce would like to propose the following initiatives for the Guam Legislature's consideration:

Doc. No. 35GL-20-1680*

REDUCING THE BUSINESS PRIVILEGE TAX (BPT) BY 1 POINT

Reducing the BPT is the single factor that can substantially improve sustainability for a business operation. Our business community would prefer it reduced by more, but we understand that there are commitments associated with the BPT therefore, we request that the tax be reduced from 5% to 4% beginning April 1st. While we understand that the Guam Legislature and the Governor may be concerned about reduced governments collections; the reality is that with the present economic crisis - the projected revenues *will be reduced.* Our private sector employees are not working and are facing payless paydays now. This means that employee taxes will also reduce because employees are not working; and businesses will have less or no GRT tax to pay. This is not about rolling prices back at the consumer level, this is about keeping businesses from closing doors and keeping our people employed as we get through the most devasting economic and health crises of our lifetime. While there are potential federal programs looming, it will take months before administrative policies are in place, and even at that, some businesses may not qualify for assistance, therefore, the short term immediate solution is simple; reduce the BPT and provide our small businesses with some leverage today.

INVESTING IN TAX REFUNDS

The Guam Chamber of Commerce encourages the Government of Guam to pay out all tax refunds due to the people and businesses. This will have a far greater impact than the proposed unemployment insurance. It will allow our people to get desperately needed funds to pay their bills and buy groceries. This will also cause money to circulate and stimulate the economy. This would be a much welcome short-term relief. Based on the DRT website, the government has released refunds as of October 2019. We beseech the government to pay out all non-error tax refunds for all forms filed up to closure of DRT in March of 2020.

In summary, ***we need to do something now for our small business community***. Many of whom sustain their business on a day to day basis. We fear that this shutdown has caused many to close their doors for good. If our local government can do anything in support of sustaining our economy, lowering the BPT would be a tremendous start.

We look forward to working in collaboration with you, the Guam Legislature and the Administration as we weather this storm together. We are a community that has proven to be resilient and strong at getting through any crisis. We hope that the options we present herewith are carefully considered and enacted. Just as you, we care about our community, our sustainability, our recovery, and our working population. We are optimistic that collectively, we will be able to overcome this crisis together. Thank you, Speaker Barnes.

Sincerely,

CATHERINE CASTRO
President

cc: Members of the 35th Guam Legislature