clerks@guamlegislature.org

From: Speaker's Office <speaker@guamlegislature.org>
Sent: Friday, December 11, 2020 6:28 PM
To: Clerks Office
Cc: Rennae Meno
Subject: Messages and Communications
Attachments: GoG-Public Law No. 35-122.pdf; GoG-Veto Bill No. 133-35 (COR).pdf; GoG-Public Law No. 35-120.pdf; GoG-Public Law No. 35-121.pdf; GoG-Public Law No. 35-118 and Public Law No. 35-119.pdf; GoG-Veto Bill No. 207-35 (COR).pdf

12/11/20	5:25 PM	12/11/20	Substitute Bill No. 217-35 (COR), signed into law as Public Law No. 35-118; Substitute Bill No. 218-35 (COR), signed into law as Public Law 35-119.	Office of the Governor of Guam	35GL-20-2501
12/11/20	5:25 PM	12/11/20	Substitute Bill No. 253-35 (COR), signed into law as Public Law No. 35-120.	Office of the Governor of Guam	35GL-20-2502
12/11/20	5:25 PM	12/11/20	Substitute Bill No. 285-35 (COR), signed into law as Public Law No. 35-121.	Office of the Governor of Guam	35GL-20-2503
12/11/20	5:25 PM	12/11/20	Substitute Bill No. 206-35 (COR), signed into law as Public Law No. 35-122.	Office of the Governor of Guam	35GL-20-2504
12/11/20	5:25 PM	12/11/20	Bill No. 133-35 (COR), Vetoed.	Office of the Governor of Guam	35GL-20-2505
12/11/20	5:25 PM	12/11/20	Bill No. 207-35 (COR), Vetoed.	Office of the Governor of Guam	35GL-20-2506

Sinseru yan Minagåhet,

Office of the Speaker • Tina Rose Muña Barnes
Committee on Public Accountability, Human Resources & the Guam Buildup

35th Guam Legislature
I Mina'trentai Singko na Liheslaturan Guåhan

Guam Congress Building | 163 Chalan Santo Papa | Hagatna, GU 96910
T: (671) 477-2520/1
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contained in this transmission is strictly PROHIBITED. If you have received this transmission in error, please immediately notify us by replying to speaker@guamlegislature.org and delete the message immediately. Thank you very much.

Gumai pribilehu yan konfedensia este siha na mensåhi. Solo espesiåtmente para hågu ma entensioña pat ma aturisa para unrisibi. Sen prubidu kumu ti un ma aturisa para manribisa, na'setbe, pat mandespåtcha. Yanggen lachi rinisibu-mu nu este na mensåhi , put fabot ago' guatu gi I numa'huyong gi as speaker@guamlegislature.org yan despues destrosa todu siha I kopian mensåhi. Si Yu'os ma'åse'.

UFISINAN I MAGA'HÅGA
OFFICE OF THE GOVERNOR

LOURDES A. LEON GUERRERO
MAGA'HÅGA • GOVERNOR

JOSHUA F. TENORIO
SIGUNDO MAGA'LÅHI • LIEUTENANT GOVERNOR

December 11, 2020

35 GL-20- 2505.
Speaker Tina Rose Muña Barnes
DEC 11 2020
Time 5:25 ( )AM ( )PM
Received By:

HONORABLE TINA ROSE MUÑA BARNES, *Speaker*
I Mina'trentai Singko Na Liheslaturan Guåhan
35th Guam Legislature
Guam Congress Building
163 Chalan Santo Papa
Hagåtña, Guam 96910

Re: **(VETOED) Bill No. 133-35 (COR) – An Act to *Amend* § 15108 of Chapter 15, Title 18, Guam Code Annotated, Relative to Reducing the Cost for Filing the Articles of Organization for a Limited Liability Company (LLC)**

Dear Madame Speaker:

Bill No. 133-35 seeks to promote local entrepreneurship by reducing the initial filing fee for limited liability corporations from One Thousand dollars ($1,000.00) to Two Hundred Fifty dollars ($250.00). While the overall purpose of the bill is commendable, and our administration has itself initiated numerous measures to support entrepreneurship on our island, particularly among new businesses, a seventy-five percent (75%) reduction in LLC fees will severely impact the Department of Revenue and Taxation's ("DRT") collections. Our government relies on revenues collected by DRT to provide critical services in support of public health, public safety, and education, and it is particularly important that these revenues continue given the cuts made by the legislature to critical agencies in the current budget year. Further, although the bill accurately states the range in initial filing fees nationwide, it further identifies One Hundred dollars ($100.00) as "consistent with the national level" notwithstanding the fact that many state impose high annual fees as well as taxes and licenses not applicable in Guam. Ultimately, existing fees do not inhibit entrepreneurship or prevent businesses from adjusting their corporate structure later in their corporate existence. For these reasons, I veto Bill No. 133-35.

Senseramente,

LOURDES A. LEON GUERRERO
I Maga'hågan Guåhan
Governor of Guam

Enclosure: VETOED Bill No. 133-35 (COR)
cc via email: *Sigundo Maga'låhen Guåhan*
Compiler of Laws

RICARDO J. BORDALLO GOVERNOR'S COMPLEX • HAGÅTÑA, GUAM 96910
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I MINA'TRENTAI SINGKO NA LIHESLATURAN GUÅHAN
2020 (SECOND) Regular Session

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

This is to certify that **Bill No. 133-35 (COR) "AN ACT TO *AMEND* § 15108 OF CHAPTER 15, TITLE 18, GUAM CODE ANNOTATED, RELATIVE TO REDUCING THE COST FOR FILING THE ARTICLES OF ORGANIZATION FOR A LIMITED LIABILITY COMPANY (LLC),"** was on the 1st day of December 2020, duly and regularly passed.

Tina Rose Muña Barnes
Speaker

Attested:

Amanda L. Shelton
Legislative Secretary

This Act was received by *I Maga'hågan Guåhan* this 1st day of December, 2020, at 4:28 o'clock P.M.

Assistant Staff Officer
Maga'håga's Office

APPROVED: 12/11/2020

Lourdes A. Leon Guerrero
I Maga'hågan Guåhan

Date: 12/11/2020

Public Law No. _____

RCVD AT CENTRAL FILE
DEC 1 '20 PM4:28
Jessica Cruz

I MINA'TRENTAI SINGKO NA LIHESLATURAN GUÅHAN
2019 (FIRST) Regular Session

Bill No. 133-35 (COR)
As amended by the Committee on Environment,
Revenue and Taxation, and Procurement.

Introduced by: James C. Moylan
William M. Castro
Régine Biscoe Lee
Kelly Marsh (Taitano), PhD
Louise B. Muña
Tina Rose Muña Barnes
Telena Cruz Nelson
Clynton E. Ridgell
Joe S. San Agustin
Amanda L. Shelton
Telo T. Taitague
Jose "Pedo" Terlaje
Therese M. Terlaje
Mary Camacho Torres

AN ACT TO *AMEND* § 15108 OF CHAPTER 15, TITLE 18, GUAM CODE ANNOTATED, RELATIVE TO REDUCING THE COST FOR FILING THE ARTICLES OF ORGANIZATION FOR A LIMITED LIABILITY COMPANY (LLC).

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Legislative Findings and Intent. *I Liheslaturan Guåhan* finds that more entrepreneurs, both locally and on a national level, are seeking a limited liability company (LLC) as the type of business structure and function they desire, due to the shareholders' protection from liability beyond their contribution to the LLC's share capital. On a national level, the one (1)-time state filing fee for a LLC

ranges from Forty Dollars ($40.00) in Kentucky to Five Hundred Dollars ($500.00) in Massachusetts, with the average fee estimated at around One Hundred Twenty-seven Dollars ($127.00); whereas, on Guam, the filing fee for Articles of Organization for a LLC is One Thousand Dollars ($1,000).

While the annual fees to maintain the LLC remain consistent with the national level of One Hundred Dollars ($100.00), the deterrence in establishing Guam as a business-friendly environment with an unusual and costly filing fee for a preferred business structure needs to be reconsidered. With recent legislation introduced on Guam, such as Bill No. 104-35, to attract U.S. corporations with foreign subsidiaries to repatriate their overseas earnings to Guam, along with the objective of increasing third party agents, the desire for both island residents and off island entities to seek Guam as their domicile for business activity may increase. Also, with concepts on the table to attract other industries such as process trade, distribution centers, and enhancing export trade, the need to have a business-friendly licensing policy is great.

It is important for Guam to compete for investment dollars and reducing the cost of the filing for a LLC to a competitive level will encourage investment. The proposed amount of a Two Hundred Fifty Dollar ($250.00) filing fee may still be slightly higher than many states, but it provides a reasonable balance. In terms of revenue for the Department of Revenue and Taxation, while the reduced fee would lessen some of its fee earnings, it would eventually create replenishment via increased filings for LLC certificates, which would also result in new tax collections. As with any business structure, it takes the spending of some money to make more money.

Section 2. § 15108 of Chapter 15, Title 18, Guam Code Annotated, is hereby *amended* to read as follows:

"**§ 15108. Filing of Articles of Organization.**

The Articles of Organization shall be delivered to the Department of Revenue and Taxation. If the Director of Revenue and Taxation finds that the articles of organization conform to law, he or she shall, when a fee of Two Hundred Fifty Dollars ($250.00) has been paid, file the articles of organization in accordance with this Chapter. The Director of Revenue and Taxation shall then issue a Certificate of Organization."

Section 3. Severability. If any provision of this Act or its application to any person or circumstance is found to be invalid or contrary to law, such 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.

Section 4. Effective Date. This Act shall be effective upon enactment.