



LOURDES A. LEON GUERRERO  
GOVERNOR



JOSHUA F. TENORIO  
LT. GOVERNOR

UFISINAN I MAGA'HÅGAN GUÅHAN  
OFFICE OF THE GOVERNOR OF GUAM

Transmitted via email to: [speaker@guamlegislature.org](mailto:speaker@guamlegislature.org)

May 12, 2023

**HONORABLE THERESE M. TERLAJE**, *Speaker*  
*I Mina'trentai Siette Na Liheslaturan Guåhan*  
37<sup>th</sup> Guam Legislature  
Guam Congress Building  
163 Chalan Santo Papa  
Hagåtña, Guam 96910

316L-23-0524 to 316L-23-0524  
**OFFICE OF THE SPEAKER**  
**THERESE M. TERLAJE**

05-12-2023

Time: 6:21 pm  
Received:

**Re: Bill No. 17-37 (COR) - AN ACT TO ADD A NEW § 77103 TO ARTICLE 1 OF CHAPTER 77, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO ENSURING FISCAL RESPONSIBILITY BY LIMITING THE TOTAL AUTHORIZED AMOUNT OF TAX CREDITS EACH YEAR TO THE AMOUNT SET ASIDE BY I LIHESLATURAN GUÅHAN AS THE GENERAL FUND RESERVE (DEFICIT REDUCTION/RAINY DAY FUND)**

**Bill No. 18-37 (COR) - AN ACT TO ADD A NEW § 77103 TO ARTICLE 1 OF CHAPTER 77, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO PROVIDING FOR THE RESPONSIBLE MANAGEMENT OF PUBLIC FINANCES BY IMPLEMENTING A TEN (10) - YEAR SUNSET PROVISION FOR ALL TAX CREDIT PROGRAMS**

*Hafa Adai* Madame Speaker,

Bill Nos. 17-37 and 18-37 are consistent with our Administration's goal of implementing sound fiscal policy. Though I anticipate these bills will have relatively limited impact on our government finances, both bills take small steps in the right direction.

Bill No. 17-37 provides that new tax credits shall not exceed the annual set-aside for the Deficit Reduction/Rainy Day Fund. As Guam Economic Development Authority ("GEDA") officials proffered in their testimony, the Rainy Day Fund is not the best benchmark for a ceiling on tax credits. Tax credits are primarily authorized against the Business Privilege Tax, which GEDA believes may be a more appropriate and meaningful standard for a tax credit ceiling. In any event, as the Bureau of Budget and Management Research ("BBMR") indicated in its Fiscal Note, annual set-asides for the Rainy Day Fund far exceed the value of tax credits claimed every year. The impact of this bill is, therefore, likely negligible.

**RECEIVED**  
5/17/23 9:12 am

To: Therese M. Terlaje, *Speaker*, 37<sup>th</sup> Guam Legislature  
Fr: Lourdes A. Leon Guerrero, *Governor of Guam*  
Date: May 12, 2023  
Re: Bill No. 17-37 (COR) and Bill No. 18-37 (COR)

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Page 2 of 2

Bill No. 18-37 establishes a ten-year universal sunset provision for tax credit programs. While establishing a blanket sunset provision in theory could help ensure these programs are properly managed, more recent legislation establishing credits already impose more specific sunset provisions. Further, as BBMR noted in its Fiscal Note, hastening the application of tax credits may impact available resources in affected fiscal years.

Noting these reservations, I acknowledge the Legislature's intent to further our administration's policy of fiscal responsibility, which has resulted in elimination of our government deficit.

For these reasons, I sign Bill Nos. 17-37 and 18-37 into law as ***Public Law 37-13*** and ***Public Law 37-14***, respectively.

*Senseremente,*



**LOURDES A. LEON GUERRERO**

*Maga'hågan Guåhan*  
Governor of Guam

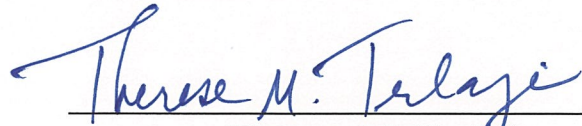
Enclosure: Bill No. 17-37 (COR) *nka P.L. No. 37-13*  
Bill No. 18-37 (COR) *nka P.L. No. 37-14*

cc via email: *Honorable* Joshua F. Tenorio, *Sigundo Maga'låhen Guåhan*, Lt. Governor of Guam  
Compiler of Laws

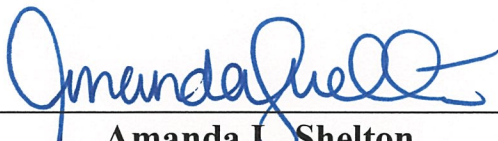
*I MINA'TRENTAI SIETTE NA LIHESLATURAN GUÅHAN*  
2023 (FIRST) Regular Session

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

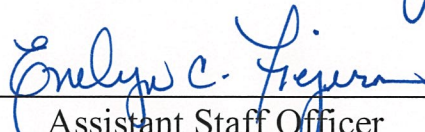
This is to certify that **Bill No. 18-37 (COR)**, “AN ACT TO *ADD* A NEW § 77103 TO ARTICLE 1 OF CHAPTER 77, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO PROVIDING FOR THE RESPONSIBLE MANAGEMENT OF PUBLIC FINANCES BY IMPLEMENTING A TEN (10) - YEAR SUNSET PROVISION FOR ALL TAX CREDIT PROGRAMS,” was on the 28<sup>th</sup> day of April 2023, duly and regularly passed.

  
Therese M. Terlaje  
Speaker

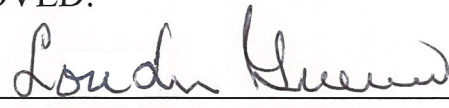
Attested:

  
Amanda L. Shelton  
Legislative Secretary

This Act was received by *I Maga'hågan Guåhan* this 1 day of May, 2023, at 12:49 o'clock p.M.

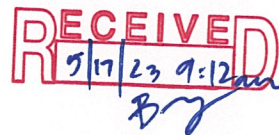
  
Evelyn C. Fejeran  
Assistant Staff Officer  
*Maga'håga's Office*

APPROVED:

  
Lourdes A. Leon Guerrero  
*I Maga'hågan Guåhan*

Date: 5/12/2023

Public Law No. 37-14



RCVD AT CENTRAL FILES  
MAY 1 '23 PM12:50  
2023-19184  
Evelyn Fejeran

***I MINA'TRENTAI SIETTE NA LIHESLATURAN GUÅHAN***  
**2023 (FIRST) Regular Session**

**Bill No. 18-37 (COR)**

As amended by the Committee on Environment, Revenue and Taxation, Labor, Procurement, and Statistics, Research, and Planning; and further amended on the Floor.

Introduced by:

Telo T. Taitague  
Joanne Brown  
Sabina Flores Perez  
Roy A. B. Quinata  
Jesse A. Lujan  
Thomas J. Fisher  
Dwayne T. D. San Nicolas  
Joe S. San Agustin  
Chris Barnett  
Frank Blas, Jr.  
Christopher M. Dueñas  
Amanda L. Shelton  
Therese M. Terlaje  
Tina Rose Muña Barnes  
William A. Parkinson

**AN ACT TO *ADD* A NEW § 77103 TO ARTICLE 1 OF CHAPTER 77, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO PROVIDING FOR THE RESPONSIBLE MANAGEMENT OF PUBLIC FINANCES BY IMPLEMENTING A TEN (10) - YEAR SUNSET PROVISION FOR ALL TAX CREDIT PROGRAMS.**

1           **BE IT ENACTED BY THE PEOPLE OF GUAM:**

2           **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds  
3 that tax credit programs provide opportunities for eligible businesses to assist the

1 local government with improvements to public sports facilities and secondary  
2 roadways. Tax credit programs have also been authorized for companies that  
3 purchase medical equipment for the Guam Memorial Hospital Authority and for  
4 companies that fund facility rehabilitation projects for Southern High School. Most  
5 recently, *I Liheslatura* approved tax credit programs for improvements to facilities  
6 operated by the Guam National Youth Football Federation and for the design and  
7 construction of Guam National Tennis Federation facilities.

8         According to the Guam Economic Development Authority (GEDA), since  
9 1998 fourteen (14) tax credit programs have been authorized by *I Liheslatura* with  
10 a total tax cap of \$29,700,000. Of that amount, \$17,749,983.62 has been disbursed  
11 leaving a balance of \$11,950,016.38 which may be accessed by eligible businesses  
12 pursuant to law and rules and regulations established by GEDA.

13         Although some tax credit laws allow unused credits to be carried into  
14 subsequent years until fully exhausted, GEDA reported in July of 2022 that eight (8)  
15 of the fourteen (14) tax credit programs were inactive. The eight (8) programs  
16 represent \$9,635,992.90 or 80.6% of the total tax credits that remain available. Of  
17 the eight (8) inactive tax credit programs four (4) have not been implemented. The  
18 four (4) tax credit programs account for \$8 million in potential tax revenues which  
19 public safety, health, education, and other services and programs depend on.

20         At the request of GEDA and as a matter of fiscal responsibility, *I Liheslaturan*  
21 *Guåhan* intends through this Act to avoid unnecessarily extending the time in which  
22 tax credit programs may be implemented. According to GEDA, the tax credit  
23 program authorized since 1998 for the Guam Raceway Park has a balance of  
24 \$605,348.82; tax credits authorized since 2003 for the Paseo Baseball Stadium has  
25 a balance of \$498,744.00; and, the 2004 tax credit program for soccer stadium  
26 facilities has a balance of \$200,000.08.

1 Through this Act, *I Liheslatura* proposes to implement a ten (10) – year sunset  
2 provision for existing and new tax credit programs. This Act provides for prudent  
3 budgeting by assisting decision makers in responsibly managing tax credit programs.

4 **Section 2.** A new § 77103 is *added* to Article 1, Chapter 77, Title 12, Guam  
5 Code Annotated, to hereby read as follows:

6 **“§ 77103. Sunset Provision for Tax Credit Programs.**

7 Notwithstanding any other provision of law, tax credit programs  
8 pursuant to this Chapter shall automatically expire ten (10) years following  
9 enactment of their respective enabling legislation. This provision shall not  
10 apply to tax credit programs where *I Liheslatura* established a specific period  
11 for claiming credits.

12 *I Liheslaturan Guåhan* may, in its discretion, extend through enacted  
13 legislation the eligible period for any tax credit program until such time that  
14 all eligible tax credits authorized for the program are exhausted.”

15 **Section 3. Reporting Requirement.** GEDA shall provide a written report  
16 annually to the Speaker of *I Liheslaturan Guåhan* and *I Maga'hågan Guåhan* on the  
17 status of all tax credit programs administered by the agency. The report shall be  
18 submitted no later than June 1<sup>st</sup> of each year.

19 **Section 4. Effective Date.** This Act shall become effective immediately.