I Mina'trentai Singko Na Liheslaturan Guåhan
BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	FISCAL NOTES	NOTES
401-35 (COR) As amended by the Committee on Economic Development, Agriculture, Maritime Transportation, Power and Energy Utilities, and Emergency Response; and further amended on the Floor.	Clynton E. Ridgell	AN ACT TO *AMEND* §§ 58104, 58147.1, 58147.2, AND 58147.3(f) ALL OF ARTICLE 1, CHAPTER 58, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO THE ISSUANCE OF QUALIFYING CERTIFICATES FOR CIRCULAR ECONOMY AND ENVIRONMENTAL SUSTAINABILITY ACTIVITIES.	9/18/20 11:02 a.m.	9/30/20	Committee on Economic Development, Agriculture, Maritime Transportation, Power and Energy Utilities, and Emergency Response	10/07/20 9:00 a.m.	11/12/20 7:05 p.m. As amended by the Committee on Economic Development, Agriculture, Maritime Transportation, Power and Energy Utilities, and Emergency Response	Request: 10/1/20 10/9/20	

SESSION DATE	TITLE	DATE PASSED	TRANSMITTED	DUE DATE	PUBLIC LAW NO.	DATE SIGNED	NOTES
11/16/20	AN ACT TO *ADD* A NEW § 58104(r) AND *AMEND* §§ 58147, 58147.1, 58147.2, AND 58147.3(f), ALL OF ARTICLE 1, CHAPTER 58, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO THE ISSUANCE OF QUALIFYING CERTIFICATES FOR CIRCULAR ECONOMY AND ENVIRONMENTAL SUSTAINABILITY ACTIVITIES.	12/1/20	12/1/20	12/12/20	35-116	12/11/20	Received: 12/11/20 Mess and Comm. Doc. No. 35GL-20-2499

UFISINAN I MAGA'HÅGA
OFFICE OF THE GOVERNOR

LOURDES A. LEON GUERRERO
MAGA'HÅGA • GOVERNOR

JOSHUA F. TENORIO
SIGUNDO MAGA'LÅHI • LIEUTENANT GOVERNOR

35GL-20-2499

Speaker Tina Rose Muña Barnes

DEC 11 2020

Time 5:25

Received By:

December 11, 2020

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: **Bill No. 401-35 (COR) – An Act to *Add* a New § 58104(r) and *Amend* §§ 58147, 58147.1, 58147.2, and 58147.3(f), All of Article 1, Chapter 58, Title 12, Guam Code Annotated, Relative to the Issuance of Qualifying Certificates for Circular Economy and Environmental Sustainability Activities**

Dear Madame Speaker:

This Administration has prioritized efforts to encourage sustainability and environmental protection through our participation in initiatives and regional efforts to combat climate change and the creation of the Guam Green Growth (G3) Working Group and the Zero Waste Working Group. Through the work of the G3 Working Group and the signing of the G3 Action Framework, we are leading the region in advancing the U.N.'s Sustainable Development Goals.

Led by First Gentleman Jeff Cook, the Zero Waste Working Group has been tasked to explore how we can convert waste into resources in order to fuel a circular economy to create more jobs, extend the life of our current landfill, save taxpayer dollars, and protect our limited resources. The creation of a circular economy in Guam is based on four components: green roadways, a food resource and recovery program, composting, and recycling. As this Administration continues to do what is necessary to create the foundation for these initiatives, we know true innovation comes from the community.

The Guam Economic Development Authority ("GEDA"), has tried to encourage environmentally friendly industries through its administration of the Qualifying Certificate program. But, as the legislative findings of Bill No. 401-35 highlight, the scope of its statutory framework has limited its reach to larger scale operations. Bill No. 401-35, which I have signed into law as ***Public Law No. 35-116***, will formally include circular economy endeavors in the categories of industries eligible for qualifying certificates. It also expands the definition of recyclables to include used oil and other materials otherwise determined recyclable by either the Guam Environmental Protection

Agency or other Guam law. This flexibility will allow GEDA to pivot toward addressing emerging circular economy and sustainability industries without the need for additional legislative authority.

Senseramente,

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

Enclosure: Bill No. 401-35 (COR) *nka P.L. 35-116*

cc via email: *Sigundo Maga'låhen Guåhan*
Compiler of Laws

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. 401-35 (COR) "AN ACT TO *ADD* A NEW § 58104(r) AND *AMEND* §§ 58147, 58147.1, 58147.2, AND 58147.3(f), ALL OF ARTICLE 1, CHAPTER 58, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO THE ISSUANCE OF QUALIFYING CERTIFICATES FOR CIRCULAR ECONOMY AND ENVIRONMENTAL SUSTAINABILITY ACTIVITIES,"** 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 4:29 o'clock P.M.

Assistant Staff Officer
Maga'håga's Office

APPROVED:

Lourdes A. Leon Guerrero
I Maga'hågan Guåhan

Date: 12/11/2020

Public Law No. 35-116

Jessica Cruz
2020-12254
RCVD AT CENTRAL FILES
DEC 1 '20 PM4:29

I MINA'TRENTAI SINGKO NA LIHESLATURAN GUÅHAN
2020 (SECOND) Regular Session

Bill No. 401-35 (COR)
As amended by the Committee on Economic Development, Agriculture, Maritime Transportation, Power and Energy Utilities, and Emergency Response; and further amended on the Floor.

Introduced by:

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

AN ACT TO *ADD* A NEW § 58104(r) AND *AMEND* §§ 58147, 58147.1, 58147.2, AND 58147.3(f), ALL OF ARTICLE 1, CHAPTER 58, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO THE ISSUANCE OF QUALIFYING CERTIFICATES FOR CIRCULAR ECONOMY AND ENVIRONMENTAL SUSTAINABILITY ACTIVITIES.

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Legislative Findings and Intent. *I Liheslaturan Guåhan* finds that for close to twenty (20) years, the government of Guam has offered tax

incentives, via the Qualifying Certificate (QC) Program, to investors who open and operate a recycling company in Guam. Current law allows for recycling companies to avail themselves of one hundred percent (100%) of corporate income tax, business privilege tax, and use tax benefits on all portions of a business derived from recycling or the shipping of recyclable material in Guam.

I Liheslaturan Guåhan further finds that the promotion of recycling activities is of paramount importance to Guam, especially in light of current environmental and economic conditions. This is further compounded by many recent reports that countries once receptive towards accepting recyclables from Guam and other countries have started limiting or outright banning their acceptance. As such, it is prudent for the government of Guam to encourage the development of local enterprise that will invest in activities and services that will reduce the amount of material(s) entering into Guam's waste stream.

I Liheslaturan Guåhan further finds that although this tax benefit program has been in existence for close to two (2) decades, it has had little to no impact on the recycling industry. This is due to the narrow focus of the program on large-scale recycling and transshipment activities. Adjustments must be made to include a broader spectrum of commercial activities that promote circular economy systems and commercial activities that foster the recycling, reuse, and remanufacturing of recyclable materials in Guam that would otherwise enter into the waste stream.

Therefore, it is the intent of *I Liheslaturan Guåhan* to amend §§ 58147, 58147.1, 58147.2, and 58147.3(f), and to add a new § 58104(r) to Article 1, all of Chapter 58, Title 12, Guam Code Annotated, relative to expanding opportunities for companies that engage in circular economy and environmental sustainability activities, including traditional recycling and the transshipment of recyclable materials out of Guam, along with specific requirements for beneficiaries of Qualifying Certificates to be authorized by this Act.

Section 2. A new § 58104(r) is *added* to Article 1 of Chapter 58, Title 12, Guam Code Annotated, to read:

"(r) circular economy commercial activities that promote environmental sustainability, recycling, and remanufacturing and refurbishment of recyclable materials, and that achieve the goal of reducing the creation of waste or facilitating the continual use and reuse of resources on Guam. This shall include activities of duly licensed and permitted recycling companies, as well as companies engaged in the transshipment of recyclable materials to a recycling center outside of Guam that comply with all applicable requirements contained in this Article."

Section 3. §§ 58147, 58147.1, and 58147.2 of Article 1, Chapter 58, Title 12, Guam Code Annotated, are *amended* to read:

"**§ 58147. Development of Circular Economy and Environmental Sustainability Activities.**

In order to promote a circular economy in Guam, as well as to encourage the reduction of waste and the expansion of recycling, remanufacturing and refurbishment of recyclable materials in Guam, the Board of Directors of the Guam Economic Development Authority is authorized to recommend the issuance of Qualifying Certificates for activities that foster circular economy commercial activities that promote environmental sustainability, recycling, and remanufacturing and refurbishment of recyclable materials, and that achieve the goal of reducing the creation of waste or facilitating the continual use and reuse of resources in Guam. This shall include activities of duly licensed and permitted recycling companies as well as companies engaged in the transshipment of recyclable materials to a recycling center outside of Guam. Applications for Qualifying Certificates authorized pursuant to this Section shall utilize the same process

as other Qualifying Certificates issued. Additionally, GEDA shall require that the Beneficiary of a Certificate comply with the same requirements of a Beneficiary of a QC as set out in 12 GCA §§ 58116 through 58119 and any applicable Section of this Article. GEDA shall ensure that all applicable benefits apply only to the revenues generated from the recycling activities identified in the Certificate. Additionally, following the enactment of this Article, GEDA shall amend Chapter 4, Title 16 of the Guam Administrative Rules and Regulations to reflect the development of a circular economy and the associated environmental sustainability activities contained in this Section.

§ 58147.1. Tax Benefits Authorized.

There shall be allowed to each beneficiary issued a Qualifying Certificate, pursuant to § 58147 of this Article, a tax rebate, abatement, and exemption for the following taxes:

(a) One hundred percent (100%) Corporate Income Tax rebate for a period not to exceed ten (10) years;

(b) One hundred percent (100%) Business Privilege Tax abatement for a period not to exceed ten (10) years; and

(c) One hundred percent (100%) Use Tax exemption for a period not to exceed ten (10) years.

(d) The tax benefits provided under Subsections (b) and (c) of this Section shall be subject to the following:

(1) the revenues generated from all eligible circular economy commercial activities under 12 GCA § 58104(r) are certified by a Certified Public Accountant; and

(2) if transshipment of recyclable materials occurs, the shipping company shows proof that the transshipment of

recyclable materials are recyclable, as defined in § 58147.3(f) of this Article.

(3) In order to qualify for the tax rebate, abatement, and exemption, a beneficiary shall commit to divert from the waste stream a minimum amount of recyclable materials per year, as determined reasonable and achievable according to the business activity and the requirements of the Authority. GEDA, in conjunction with recycling stakeholders, shall determine what constitutes "a minimum amount," develop a list of such amounts by type of material, and include the list in its amendment of Chapter 4, Title 16, Guam Administrative Rules and Regulations. All beneficiaries, in addition to the standard compliance requirements, shall submit to GEDA an annual report detailing the amount of material diverted from the waste stream during the course of the beneficiary's business activities.

(e) Interest Earned from Rebate. All interest earned by the government of Guam from the income tax rebates authorized pursuant to §§ 58147 and 58147.1 shall be allocated to the Guam Environmental Protection Agency (GEPA) to assist in the administrative cost for the implementation of this Act.

§ 58147.2. Waiver of Docking and Stevedoring Fees.

A waiver of docking and stevedoring fees may be granted in accordance with the uniform schedule setting forth criteria for fee waiver adopted by the Port Authority of Guam to shipping companies in the transshipment of recyclable materials for a consecutive period not to exceed ten (10) years from the effective date of the QC; provided, that:

(a) the shipping companies engaged in the transshipment of recyclable materials are the holders of a permit issued by GEPA;

(b) a CPA certifies the characteristics of recyclable materials, as listed in § 58147.3(f) and identifies the volume.

Notwithstanding anything herein to the contrary, the Port Authority of Guam shall not be required to provide free stevedoring services to shipping companies. Any shipping company, however, may provide for stevedoring services at the Port Authority at its cost and expense."

Section 4. § 58147.3(f) of Article 1, Chapter 58, Title 12, Guam Code Annotated, is *amended* to read:

"(f) "*Recyclable materials*" means materials which still have useful physical or chemical properties after serving a specific purpose for the same or other purpose. Recyclable materials are as follows:

(1) batteries;

(2) cars and trucks;

(3) construction and demolition debris (C&D);

(4) enameled white goods (i.e. refrigerators, water heaters, air conditioners, washers, dryers, stoves);

(5) foam padding;

(6) glass and plastic bottles;

(7) home appliances (other appliances that are not considered enameled white goods);

(8) lead;

(9) metals (ferrous/non-ferrous);

(10) organic material (i.e. tree trimmings, palm fronds, grass, food waste, soiled cardboard)

(11) paper products;

(12) tires (passenger/commercial);

(13) wood pallets and scrap wood;

(14) x-ray film;

(15) used oil; and

(16) any other material(s) determined to be recyclable by the Guam Environmental Protection Agency or any other Guam law, or rule or regulation."

Section 5. Effective Date. This Act shall be effective thirty (30) days following its enactment.

Section 6. 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.