

GOVERNMENT OF GUAM
Office of the Governor
Agana, Guam

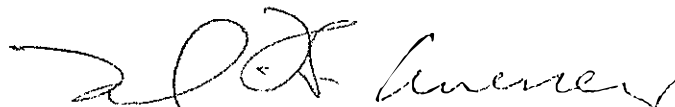
EXECUTIVE ORDER NO. 66-10

WHEREAS, Section 53566, Government Code of Guam, authorizes the Board of Directors of the Guam Economic Development Authority to formulate regulations relating to standards and criteria for the issuance of Qualifying Certificates; and


WHEREAS, the aforesaid Section 53566, Government Code of Guam, provides that such regulations shall be transmitted to the Governor for approval and promulgation;

NOW, THEREFORE, by virtue of the foregoing, the attached regulations entitled "Guam Economic Development Authority Rules and Regulations, Part I, Issuance of Qualifying Certificates," is hereby approved and promulgated to be in effect this date.

Dated at Agana, Guam, this 24th day
of June, 1966.


MANUEL F. L. GUERRERO
Governor of Guam

COUNTERSIGNED:


DENVER DICKERSON
Secretary of Guam

GUAM ECONOMIC DEVELOPMENT AUTHORITY
RULES AND REGULATIONS

*Approved
no. 66-11*

PART I

ISSUANCE OF QUALIFYING CERTIFICATES

Section 1. PURPOSE. The purpose of this part of the rules and regulations is to establish, pursuant to Section 53566, Government Code of Guam, further standards and criteria for the issuance of Qualifying Certificates for tax benefits, in addition to those set forth in said Section 53566, which are that any enterprise in agriculture, commerce, industry, tourism and improvements of real property may be deemed tax exempt if it is specifically determined by the Corporation to be beneficial, desirable and necessary to the economic development of Guam.

Section 2. REQUIREMENTS. Any applicant for a Qualifying Certificate must meet the following requirements:

.01. The applicant shall be duly licensed to do business in Guam. In the case of an individual or partners in a firm, he or they must be bona fide residents of Guam; and in the case of a corporation, it must be created under the laws of the territory of Guam.

.02. Upon filing of an application, the applicant shall certify in writing that it shall at all times employ at prevailing wage rates a total

employment force of which at least fifty percent (50%) shall be either United States citizens or permanent residents of the United States; provided, however, that for reasons of hardship, satisfactory to the Board, temporary exemptions hereto, for specific periods of time, may be granted by the Board.

- .0201. No resident employee of an industry or business granted a certificate of tax benefit under the provisions of Title LIV shall be laid off his job or have his workweek reduced to less than 40 hours for the sole purpose of creating employment for non-resident workers.
- .0202. For the purpose of this part, "prevailing wage rates", as determined by the Department of Labor and Personnel, shall be used as a guide.
- .0203. The Department of Labor and Personnel is hereby empowered to investigate any complaint filed pursuant to this section and to settle the same by issuance of an appropriate order after notice of hearing. Any willful violation of this section, or of any order of the said Department issued hereunder, may be cause for an industry or business to forfeit the benefits extended under the provisions of said Title LIV.

.03. The applicant must agree to furnish written monthly reports beginning 30 days after the date of the issuance of the Qualifying Certificate, said reports to include, but not limited to, financial data, employment data and payroll data.

Section 3. MINIMUM INVESTMENT. An applicant must undertake to invest in a new industry or business in Guam:

- .01. At least \$50,000 paid-in-capital, for a watch or clock manufacturing or assembly business, and at least \$25,000 paid-in-capital, for a fishing industry, or in an industry or business, other than a watch or clock manufacturing or assembly business, for the processing, manufacturing, creation or production of articles, goods or commodities. Any such industry or business under this subsection shall maintain at all times such minimum investment as is stipulated.
- .02. At least \$15,000 paid-in-capital, for agricultural enterprise under this subsection shall maintain at all times such minimum investment of at least \$15,000 paid-in-capital.
- .03. At least \$50,000 paid-in-capital and at least a total investment of \$250,000, including paid-in-capital, in an establishment or a business engaged

in the ownership or operation of a hotel, motel or independent housekeeping units or apartments, providing for occupancy of a hotel or motel by lease or rental to transients or tourists and for occupancy of housekeeping units or apartments by sale or lease to individual residents or transients of the territory of Guam, all constructed in accordance with plans filed and approved by the Territorial Planning Commission, Government of Guam; and with the further provision that construction thereof, when such construction was done by the owner or operator, may be included in the minimum paid-in-capital requirements. Qualifying Certificates for applicable tax benefits may be issued in accordance with the following schedule:

<u>Minimum Paid-In-Capital</u>	<u>Minimum Investment</u>	<u>Maximum Period For Income Tax Rebate</u>	<u>Maximum Period For Abatement of Real Property Tax Under Chapter 4, Title XX, Of The Government Code Of Guam</u>
\$50,000	\$250,000	5 years	5 years
50,000	350,000	6 years	6 years
50,000	450,000	7 years	7 years
55,000	550,000	8 years	8 years
65,000	650,000	9 years	9 years
75,000	750,000	10 years	10 years

The total amount of tax rebates or abatements available under this subsection shall in no

event be greater than if the hotel, motel, independent housekeeping units or apartments were operated solely by the owner.

.04. At least \$50,000, paid-in-capital, in the establishment of a business engaged in the ownership of real estate or industrial plants for the use of others, and to be leased to a tax-exempt business that has qualified and continues to qualify for a Qualifying Certificate. For the purpose of this subsection, the basis for computing the investment shall be limited to amounts invested in new construction and the creation of new improvements.

.05. For the purpose of satisfying the amount of minimum paid-in-capital required in the foregoing subsection, the appraisal value of land necessary and vital to the operation of such business or industry (as determined by the Board) and previously existing buildings (as appraised for tax purposes) may be included, but shall not exceed such percentage of the total amount of investment required as is deemed by the Board appropriate to the enterprise contemplated by the applicant.

Section 4. RESTRICTIVE CERTIFICATES. In order to encourage new business investments of \$1,000,000 or more the Board of Directors may from time to time recommend the issuance of Qualifying Certificates containing restrictive clauses

relative to the issuance of a Qualifying Certificate to an additional and competing entity so long as the applicant under consideration for such restrictive certificate complies with the following minimum requirements:

- .01. Applicant must propose to engage in manufacturing.
- .02. Applicant's specific enterprise must be one which has not heretofore existed as a commercial operation on Guam since July 21, 1950.
- .03. Applicant must demonstrate to the satisfaction of the Board its intention and ability to make a minimum investment of \$1,000,000, of which not less than 10% shall be paid-in-capital, in the proposed enterprise, such minimum investment to be calculated on the basis of only the land, buildings, machinery and equipment, inventories and working capital, to be located or expended on Guam.
- .04. Applicant must satisfy the Board as to its intention and ability to employ a minimum of 100 full-time employees at the time that full production is achieved, of whom 80% must be U. S. citizens or permanent residents of the United States.
- .05. Applicant must agree to a time table satisfactory to the Board wherein a specific program is laid out for the

organization and commencement of the enterprise up to full production and the total minimum investment of \$1,000,000, no later than 24 months from the date of the granting of the applicable Qualifying Certificate.

- .06. Applicant must agree to furnish written progress reports to the Authority monthly, beginning 30 days after the date of the issuance of the Qualifying Certificate, said progress reports to contain all pertinent information relative to the progress and status of applicant's program in accordance with the time table agreed to.
- .07. As evidence of good faith, applicant must deposit in a local bank or savings and loan association not less than \$75,000 of unencumbered funds, which funds must be on deposit at the time that the application for the Qualifying Certificate is filed.
- .08. Applicant must furnish a certificate satisfactory to the Board indicating that at no time during the life of the Qualifying Certificate shall applicant engage in any business in Guam competitive to that which existed on Guam at the time of the issuance of the Qualifying Certificate.

Section 5. FEES: The following fees shall be assessed to each applicant and/or recipient of a Qualifying Certificate:

<u>Section Under Which Applicant Filed</u>	<u>Original Filing Fee</u>	<u>Annual Continuing Surveillance Fee</u>
3.01	\$100.	\$500.
3.02	\$ 25.	\$ 50.
3.03	\$100.	\$500.
3.04	\$100.	\$250.

AUTHORITY

These rules and regulations are made pursuant to Section 53566, Government Code of Guam, and shall become effective upon approval and promulgation by the Governor.

Issued this 24 day of June, 1966.


DENVER DICKERSON
Chairman