



**GUAM CHAMBER OF COMMERCE**  
**PARTNERS IN PROGRESS**

January 14, 2022

THE HONORABLE JOE S. SAN AGUSTIN  
Chairperson, Committee on General Operations,  
Appropriations and Housing  
*I Mina' Trentai Sais Na Liheslaturan Guåhan*  
Guam Congress Building  
163 Chalan Santo Papa  
Hagåtña, Guam 96910

**RE: Bill Nos. 177-36 and 202-36 Relative to increasing the gross threshold for limited exemptions on the business privilege taxes for certain small businesses**

*Håfa Adai* Senator San Agustin,

The Guam Chamber of Commerce has, and continues to support, legislation that addresses the needs and issues of our small businesses. We agree with the intent of both Bill Nos. 177-36 and 202-36 as the main objective of both proposals seeks to increase the threshold for limited exemptions on the business privilege tax (BPT) for certain small businesses. By increasing the gross threshold, smaller entities would be provided some amount of savings that can be invested into their organizations in various ways.

We agree with the legislative intent of Bill 177-36 that not all small businesses were able to avail of programs through federal relief funds. These programs were not designed to be a “one size fits all.” Since the onset of the pandemic, many companies had to furlough employees, default on obligations, and in some cases close their doors permanently as the island faced an economic crisis. Contrary to what many believe, the savings provided by increasing the gross threshold from \$250,000 to \$500,000 is not significant. It roughly equates to \$400 monthly. However, for a small company such as a coffee shop, consultant, bookkeeper, or an independent agent, it could be the difference in paying a rent, utilities, an employee, or in some severe cases – keeping their doors open. The bottom line is that there will be a little more for companies to work with to grow their individual businesses.

The Guam Chamber of Commerce supports the passage of either proposal with the recommendation that the legislation be amended to make the program permanent, as opposed to the temporary proposal offered in Bill No. 177-36. Because of current global economic conditions which have greatly impacted our tourism industry it is taking much longer for the island to get back to the economic activity we experienced prior to the pandemic. Although there are projections for recovery, the reality is different variants of COVID 19 continue to plague the world; and future travel is uncertain from many of our source countries. We need to invest into our local businesses and support their long-term financial stability.

We are certain the government’s concern is that the passage of this measure will result in an adverse fiscal impact of nearly \$4 million annually. The reality is that, while the public sector did not experience a payless payday at all during the course of this crisis, thousands in the private sector did. Although temporary funding assisted these individuals, this is no longer available, and thousands are still unemployed. We understand that federal relief funds cannot be utilized to offset tax reductions, but with Earned Income Tax Credit (EITC) reimbursements now becoming an annual reality, the government of Guam can easily make up for the minimal shortfalls from the passage of this legislation.

*Guam Chamber Letter to Senator San Agustin*  
*Page 2*  
*January 14, 2022*

As we have made note in past testimonies favoring similar legislation, the Chamber has always endorsed programs that assist more individuals to consider entrepreneurship as a means to create financial independence and this proposal, if enacted, will definitely support new business startups as well as support current small companies struggling to survive in this current economic climate. Your support of this proposal is a positive step towards our collective efforts to sustain and grow our economy.

Thank you for the opportunity to provide our comments. We are open to a discussion on this issue, or other business friendly measures that would help sustain and grow our economy. We encourage Senators to please support our local small businesses by increasing the gross threshold from \$250,000 to \$500,000 for limited exemptions on the business privilege taxes for certain small businesses.

Sincerely,

  
CATHERINE CASTRO  
President