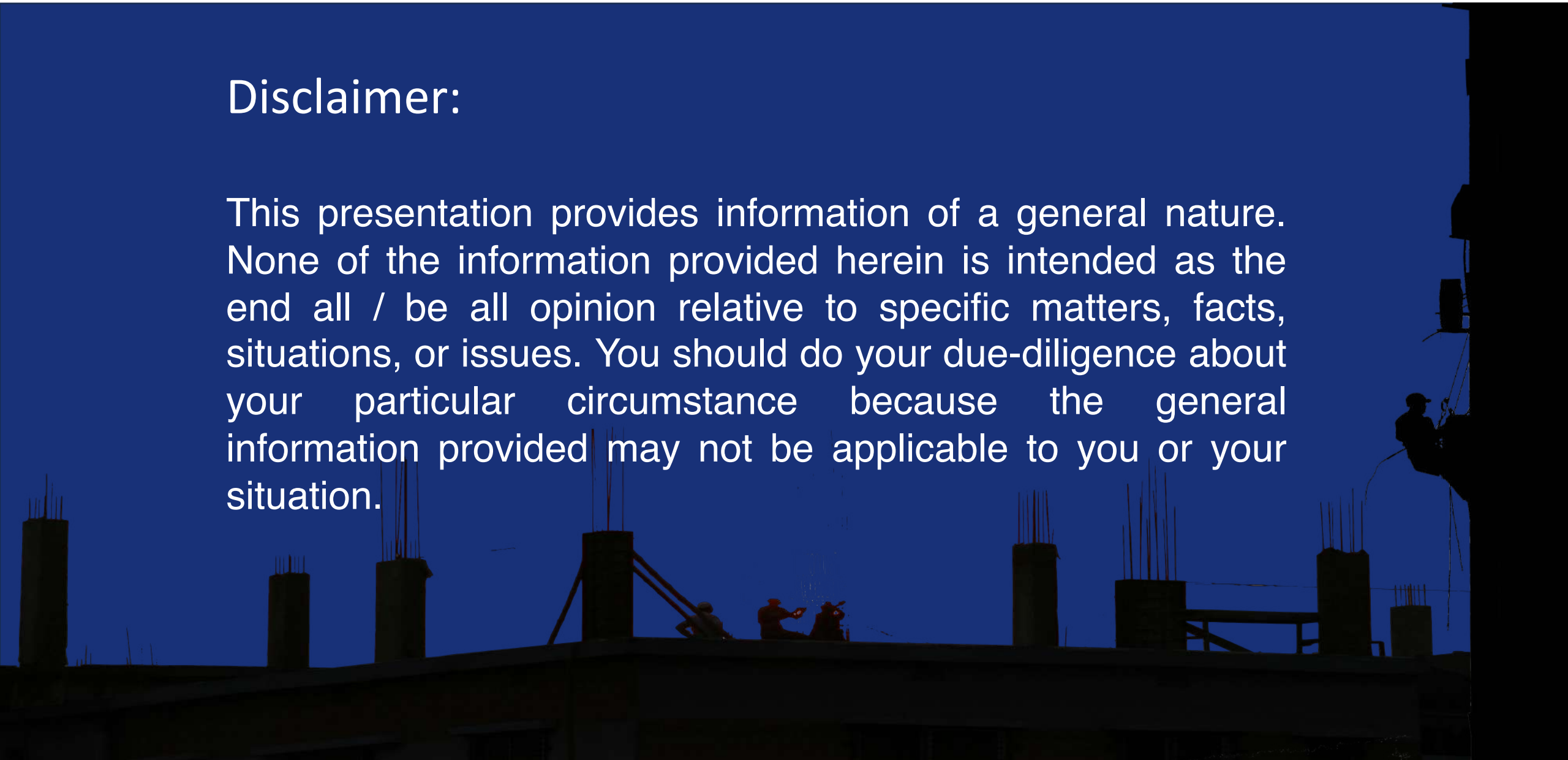


Guam's Business Privilege Tax

Considerations...

Disclaimer:

This presentation provides information of a general nature. None of the information provided herein is intended as the end all / be all opinion relative to specific matters, facts, situations, or issues. You should do your due-diligence about your particular circumstance because the general information provided may not be applicable to you or your situation.



Joe Roberto

Immediate Past Chairman - GCA



GCA's Mission:

To be the industry leader and resource for Guam and the region.
Promoting and fostering excellence in the Construction Industry.

- BPT History (The Increase)
- Recent Developments (Bill 11-38)
 - Senator Telo Taitague's proposed amendment
- Impact
- Solutions
- Resources



Business Privilege Tax History



March of 2018 (34th Guam Legislature)

- Guam's BPT rate increased from 4% to 5% (Public Law 34-87)
- Initially set to expire on September 30, 2018 (6 months)
- BPT extended indefinitely by Public Law 34-116, signed into law.



Original Intended use, for the temporary increase to fund: (Public Law 34-87)

- Guam Memorial Hospital Authority
 - Operations
 - Modernization
- Guam Department of Education to fund capital needs
- General Fund of the Government of Guam to address the Tax Base Erosion resulting from the passage of the Tax Cuts and Jobs Act of 2017

Recent Developments



38th Guam Legislature (Bill 11-38)

Sponsored by Senator Eulogio Shawn Gumataotao

AN ACT TO AMEND § 26202(a), § 26202(c), § 26202(d), § 26202(e), § 26202(f), § 26202(g), § 26202(h), § 26202(i), AND § 26202(j), ALL OF ARTICLE 2, CHAPTER 26, TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO DELIVERING FINANCIAL RELIEF TO GUAM FAMILIES AND BUSINESSES IN THE FACE OF HIGHER COSTS OF LIVING, BY RESTORING THE BUSINESS PRIVILEGE TAX RATE TO FOUR PERCENT (4%).

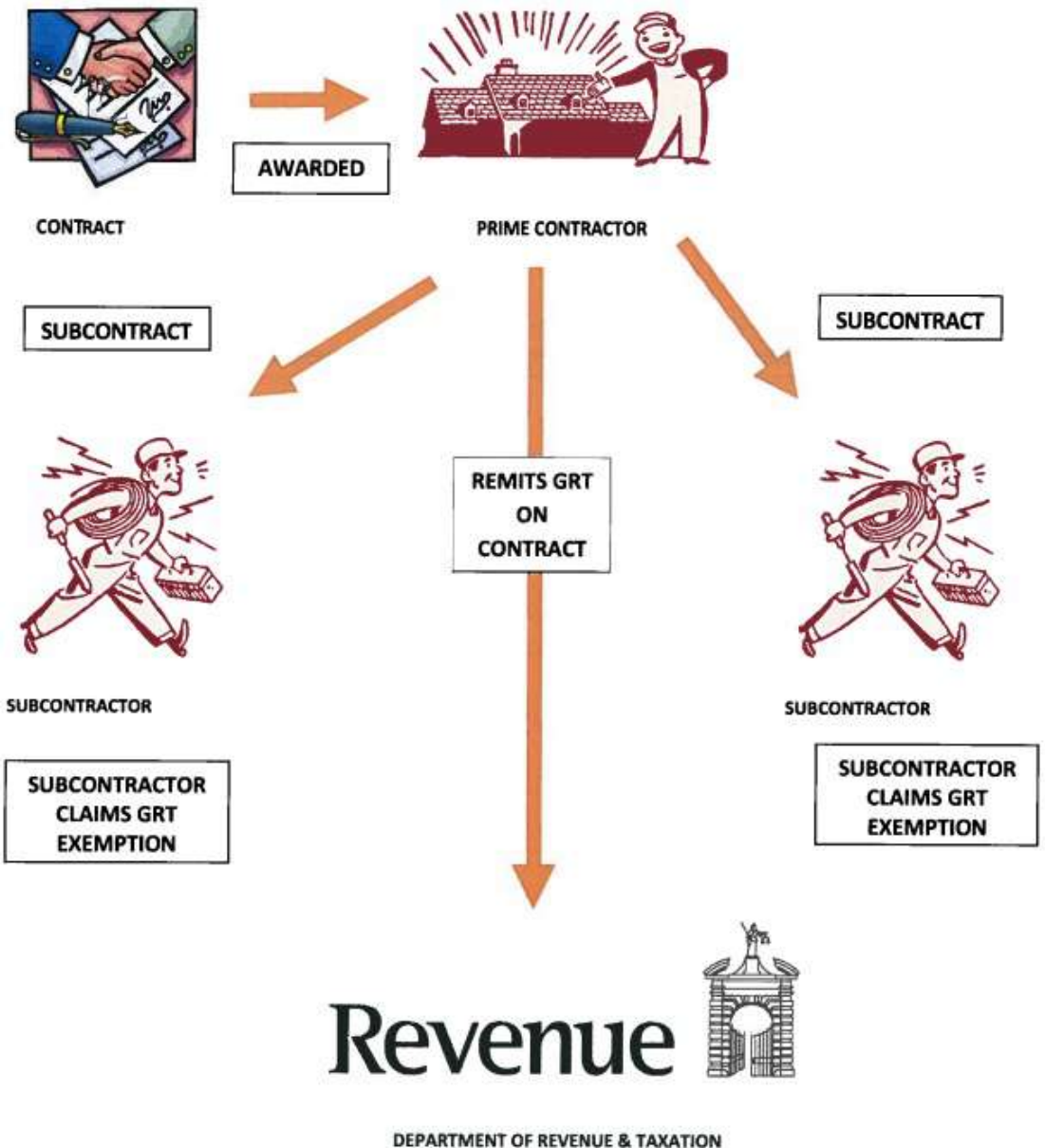
Press Release - Sen. Taitague: Struggling Businesses Deserve BPT Relief – Not Multimillion – Dollar Defense Contractors

- ...maintain the 5% BPT on all military-related defense contracts...
- ...including both prime and their subcontractors – will continue paying 5% BPT....
- Many contractors tied to these projects are from off-island firms with significant profit margins, and most local businesses – especially in tourism, retail, and services – remain in a fragile position. Allowing these high-profit contractors to benefit from a general tax rollback would cost Guam millions in lost revenue while endangering critical services the Government of Guam provides.

Section 3. A new § 26202(k) is *added* to Article 2, Chapter 26, Title 11, Guam Code Annotated, to read:

“§ 26202(k). Business Privilege Tax Rate on Defense Contracts.

Notwithstanding the amendments made by this Act to reduce the Business Privilege Tax Rate to four percent (4%), gross income derived from contracts entered into directly with the United States Department of Defense or any of its agencies for work performed, services rendered, or goods delivered on Guam shall continue to be subject to the Business Privilege Tax at a rate of five percent (5%). This five percent (5%) rate shall also apply to gross income derived by subcontractors, including those in the construction, engineering, architecture, logistics, environmental, and other related industries, to the extent that such income is derived from work, services, or goods, provided in furtherance of or pursuant to a prime contract with the United States Department of Defense or any of its agencies.”



Public Law 30-230

- signed into law on December 30, 2010
- effective March 1, 2011

Flow chart: A Revenue Guide, New GRT rules For Principal Contractors And Sub-contractors

<https://guamclbcom.wordpress.com/wp-content/uploads/2016/09/new-grt-rules-public-law-30-230.pdf>

Impact

A silhouette of a construction site at dusk or dawn, featuring several concrete pillars with rebar protruding from their tops. Workers are visible on the ground level, and one worker is silhouetted against the sky on the right side, appearing to be on a structure. The background is a deep blue gradient.

GCA Membership's Employees at a Glance: 18,400 +



Rollback of the BPT from 5% to 4%

- **Cash Flow**
Lower tax payments result in greater cash retention, allowing contractors to reinvest in operations, increase staff and workforce development.
- **Competitive Pricing**
With reduced tax, contractors can offer competitive pricing on bids, improving their chances in both public and private procurement opportunities.
- **Increased Budget Flexibility**
For fixed-price contracts, the reduced BPT rate provides additional room in the budget for contingencies, higher-quality materials, or expanded scope of work. Affords contractors opportunities without the need to raise prices.
- **Other Positive & Additional Considerations**
Employers will have the means to offer various incentives for their workforce. These may include; training, health insurance, increased vacation hours, sick leave, pay increase, profit sharing, retirement plans, etc.

Solutions

A silhouette of a construction site at dusk or dawn, featuring several concrete pillars with rebar protruding from their tops. Workers are visible on the site, some sitting on a ledge and others standing near a structure. The background is a deep blue sky.



Guam Department of Labor
ALIEN LABOR PROCESSING
& CERTIFICATION DIVISION

Employers Workplace Monthly Report Statistics

MONTH ENDING:
JUNE 2025

Common Construction Occupations

Camp Cook	18
Carpenter	1252
Cement Mason	1019
Electrician	459
HVAC & Refrigeration Mechanic	65
Construction Equipment Mechanic	27
Heavy Equipment Operator	244
Reinforcing Metal Worker	579
Painter	170
Pipefitter	79
Plasterer	0
Plumber	196
Sheet Metal Worker	123
Structural Steel Worker	57
Welder	74
Total Common Const. Occup.	4362

Other Construction Occupations

A/C & Refrigeration Mechanic	2
Air Conditioning Technician	2
Accounting Clerk (Construction Ind.)	1
Construction Supervisor	22
Crane Operator Supervisor	5
Equipment Technician	8
Field Supervisor	10
HVAC Mechanic	8
Heavy Equipment Mechanic	58
Landscape Gardener	52
Mechanic Supervisor	1
Occupational Health & Safety Tech.	8
Occupational Health & Safety Tech. Supervisor	1
Service Technician	2
Tile Setter	6
Welder/Fitter	6
Total Other Const. Occupations	192

Grand Total Construction Occupations	4554
---	-------------

Other Non-Construction Occupations

Automotive Mechanic	10
Baker	23
Camp Cook	31
Dental Assistant	1
Dental Auxiliary	7
Dilling Assistant	3
Drilling Supervisor	2
Electrician (Motor Rewinder)	6
Elevator Installer Helper	6
Expanded Functions Dental Assistant	1
General Maintenance & Repair Worker	2
Greek Specialty Chef	1
Heavy & Tractor Trailer Truck Driver	19
Landscape Gardener	10
Lead Transportation Equipment Painter	1
Maintenance Engineer	33
Maintenance Technician	18
Marine Mechanic	7
Painter Blaster	8
Personal Care Aide	5
Planning Clerk	1
Quality Control Inspector	4
Shipwright Carpenter	10
Welder/Fitter	8
Total Non-Const. H-2B Workers	217

H-2B Workers by Nationality

Australia	2
Greece	1
Honduras	6
Japan	1
Korea	6
New Zealand	5
Philippines	4696
UK - Scotland	1
Thailand	33
Turkey	20
Total H-2B Workers by Nationality	4771

H-2B Employers By Industry	
Construction	66
Non-Construction	18
Total H-2B Employers	84

DPRI Authorized	
Total Occupations	3785

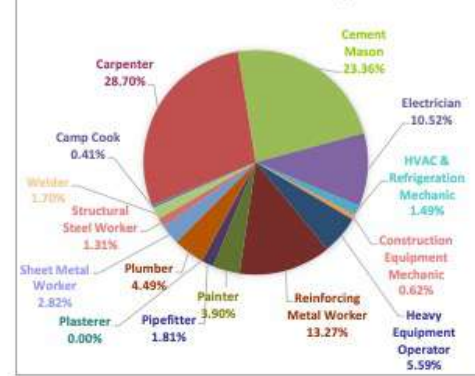
CES US Workforce (as of Dec. 2024)	9810
less H-2B	4554
US Construction Workers	5256

Total U.S. Workers in H-2B Companies	3467
GRAND TOTAL H-2B Workers	4771

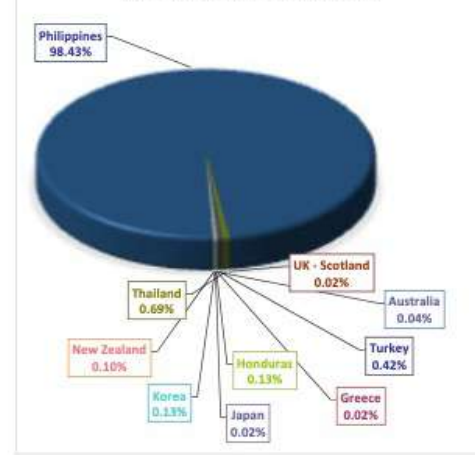
US Workers vs. H-2B



Common Construction Occupations



H-2B Workers by Nationality



Prepared By:
G. Sablan, J. Cruz, J. Lumba,
J. Young and K. Quiblat

CONTACT INFORMATION:
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How our Government could find out who is NOT paying. Communication is key!

Communication with Guam Department Of Labor ALPCD (Alien Labor Processing & Certification Division) <https://dol.guam.gov/>

Which Companies have a H-2B Workforce

- Are they working on a Federal Project?
- Are they the Prime Contractor?

Communication with NAVFAC Marianas on Contractors who were awarded projects
<https://pacific.navfac.navy.mil/Facilities-Engineering-Commands/NAVFAC-Marianas/>

Communication with NAVFAC Pacific on Contractors who were awarded projects directly with them
<https://pacific.navfac.navy.mil/>

Communication with the Guam APEX Accelerator, on awarded projects regarding Federal Contracts and/or DOD Contracts <https://guamapex.com/>

Other helpful websites to keep track of award data:

<https://www.fpds.gov/> (Federal Procurement Data System) & <https://www.usaspending.gov/>

Resources



DOD Set-Asides

- A method used by the Department of Defense to reserve certain contract opportunities for specific types of small businesses.
- Categories:
 - Small Business, Women-Owned Small Business (WOSB), Economically Disadvantaged Women-Owned Small Business (EDWOSB), Service-Disabled Veteran-Owned Small Business (SDVOSB), and Historically Underutilized Business Zone (HUBZone) Business



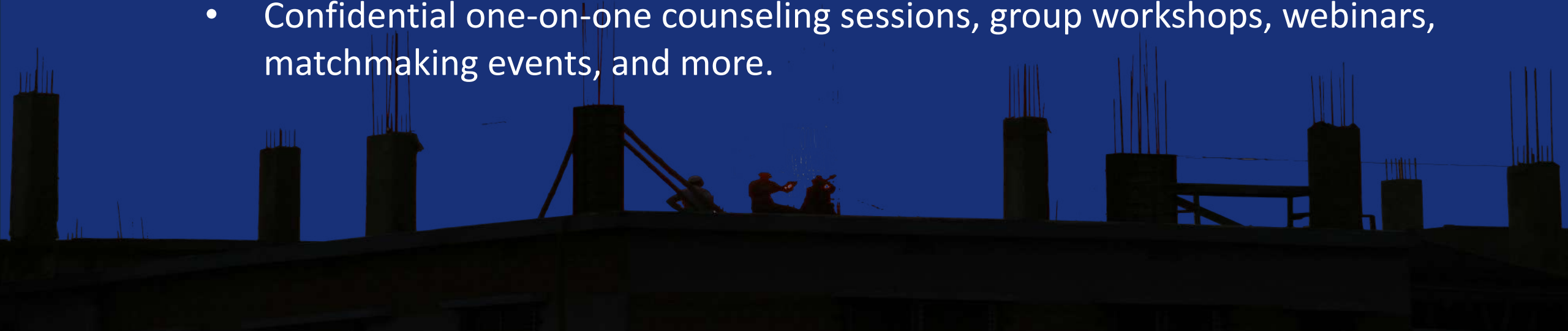
U.S. Small Business
Administration

U.S. Small Business Administration Guam Office Closure

- Closed on April 18, 2025 due to 43% workforce reduction by the U.S. Small Business Administration (SBA) as part of an agency-wide reorganization
- SBA Hawaii District Office Information
 - hawaiigeneral@sba.gov
 - 808-541-2990
- visit <https://www.sba.gov/> for more information regarding Contracting assistance programs (Set-Asides)

Guam APEX Accelerator

- Provides education and training to ensure that local businesses become capable of participating in federal and local government contracting.
- Confidential one-on-one counseling sessions, group workshops, webinars, matchmaking events, and more.



FY2025 Small Business Goals – as of 1/24/2025

FUNDING DEPARTMENT NAME	Prime Small Business Goal	Subcontract Small Business Goal
AGENCY FOR INTERNATIONAL DEVELOPMENT (7200)	14.50%	30.66%
AGRICULTURE, DEPARTMENT OF (1200)	58.00%	22.00%
COMMERCE, DEPARTMENT OF (1300)	37.80%	57.76%
DEPT OF DEFENSE (9700)	23.17%	30.00%
EDUCATION, DEPARTMENT OF (9100)	17.00%	39.50%

2025 - PDI MACC (\$990M)	Vendor #	\$ Awarded
Black Construction-Tutor Perini JV	N6274225D1327	\$ -
CDM Constructors Inc	N6274225D1328	\$ -
Conti Federal Services LLC	N6274225D1329	\$ -
ECC Expeditionary Constructors LLC	N6274225D1330	\$ -
Icon SI (Aust) Pty Ltd	N6274225D1331	\$ -
MVL USA Inc	N6274225D1332	\$ -
Nan Inc	N6274225D1333	\$ -
Pacific Rim International LLC	N6274225D1334	\$ -
RELYANT Global LLC	N6274225D1335	\$ -
RORE Inc	N6274225D1336	\$ -
Sea Pac Engineering Inc	N6274225D1337	\$ 1,260,622
SLSCO Ltd	N6274225D1338	\$ -
Ends April 2033	Total Awarded	\$ 1,260,622

Updated 1/27/2025* *All data from FPDS		
2022 - HUBZone MACC (\$400M)	Vendor #	\$ Awarded
Fargo Pacific Inc	N4019222D2704	\$ 40,718,993
Modern International Inc	N4019222D2706	\$ 34,379,936
Serrano Construction & Dev Corp	N4019222D2708	\$ 26,244,728
BME and Sons Inc	N4019222D2703	\$ 26,217,582
Allied Pacific Builders Inc	N4019222D2702	\$ 21,594,914
Sea Pac Engineering Inc	N4019222D2707	\$ 20,706,277
Techni-Con Inc	N4019222D2709	\$ 15,469,370
Weldin Construction LLC	N4019222D2710	\$ 9,871,671
Agbayani Construction Corp	N4019222D2701	\$ 6,971,069
LRG Construction JV LLC	N4019222D2705	\$ -
Ends January 2030	Total Awarded	\$ 202,174,540

2023 - 36CONS HZ MACC (\$700M)	Vendor #	\$ Awarded
InfraTech International LLC	FA524024D0004	\$ 19,905,193
Fargo Pacific Inc	FA524024D0003	\$ 8,017,033
Technicon Inc	FA524024D0009	\$ 7,094,800
Serrano Construction & Dev Corp	FA524024D0008	\$ 6,352,086
Modern International Inc	FA524024D0005	\$ 2,756,383
AIC International Inc	FA524024D0001	\$ -
Environet Inc	FA524024D0002	\$ -
Pacific Rim Constructors Inc	FA524024D0006	\$ -
Reliable Builders Inc	FA524024D0007	\$ -
Weldin Construction LLC	FA524024D0010	\$ -
Ends November 2028	Total Awarded	\$ 44,125,495

2021 - Mamizu MACC (\$990M)	Vendor #	\$ Awarded
Core Tech-HDCC-Kajima LLC	N6274221D1325	\$ 372,456,977
Hensel Phelps-Shimizu Joint Venture	N6274221D1328	\$ 144,327,664
Black Construction-Tutor Perini JV	N6274221D1323	\$ 144,065,214
Caddell-Nan a Joint Venture	N6274221D1324	\$ 110,114,630
Aptim Construction JV LLC	N6274221D1322	\$ 40,762,599
Gilbane SMCC ECC LLC	N6274221D1327	\$ -
CWI-Weitz JV	N6274221D1326	\$ -
Ends January 2026	Total Awarded	\$ 811,727,084

2023 - SB DB MACC (\$600M)	Vendor #	\$ Awarded
Chugach Consolidated Solutions LLC	N4019223D2803	\$ 25,743,149
Techni-Con Inc	N4019223D2810	\$ 22,852,407
Reliable Builders Inc	N4019223D2808	\$ 15,522,708
Sea Pac Engineering Inc	N4019223D2809	\$ 13,816,164
Pacific Federal Management Inc	N4019223D2807	\$ 10,724,194
AIC International Inc	N4019223D2802	\$ 5,166,256
Infratech International LLC	N4019223D2805	\$ 3,109,677
Agbayani Construction Corp	N4019223D2801	\$ -
Custom Mechanical Systems Corp	N4019223D2804	\$ -
Islands Mechanical Contractor Inc	N4019223D2806	\$ -
Ends Sept 2028	Total Awarded	\$ 96,934,555

2024 - 8a MACC (\$150M)	Vendor #	\$ Awarded
JM Construction Services, Inc	N4019224D2908	\$ 10,412,075
Ahtna Global LLC	N4019224D2902	\$ 5,281,799
North Star Government Services	N4019224D2909	\$ 4,508,227
ARS Aleut Construction LLC	N4019224D2903	\$ 3,484,290
Addon Services LLC	N4019224D2901	\$ 2,350,311
Chugach Consolidated Solutions, LLC	N4019224D2905	\$ 389,000
Pacific Federal Management, Inc	N4019224D2910	\$ 198,684
CCS King George 2, LLC	N4019224D2904	\$ -
FedVet Construction	N4019224D2906	\$ -
GSINA-Pacific JV II, LLC	N4019224D2907	\$ -
Ends May 2029	Total Awarded	\$ 26,624,387

2023 - Big DB/DBB MACC (\$2.5B)	Vendor #	\$ Awarded
Granite-Obayashi 2 JV	N6274223D1323	\$ 261,414,334
Core Tech-HDCC-Kajima LLC	N6274223D1321	\$ 100,224,414
Black Construction-Tutor Perini JV	N6274223D1320	\$ 74,025,000
Nan Inc	N6274223D1325	\$ 62,860,000
Gilbane Federal JV	N6274223D1322	\$ -
Hensel Phelps Construction Co	N6274223D1324	\$ -
RQ Construction LLC	N6274223D1326	\$ -
Ends March 2028	Total Awarded	\$ 498,523,749



Resources Cont.



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Regional Construction Overview



- 56 active projects
- \$3.6B (including \$2.5B GOJ)
- 25 projects complete (\$1.4B)
- 32 to commission in FY25
- 7 FY25 Pre-award (~\$484M)



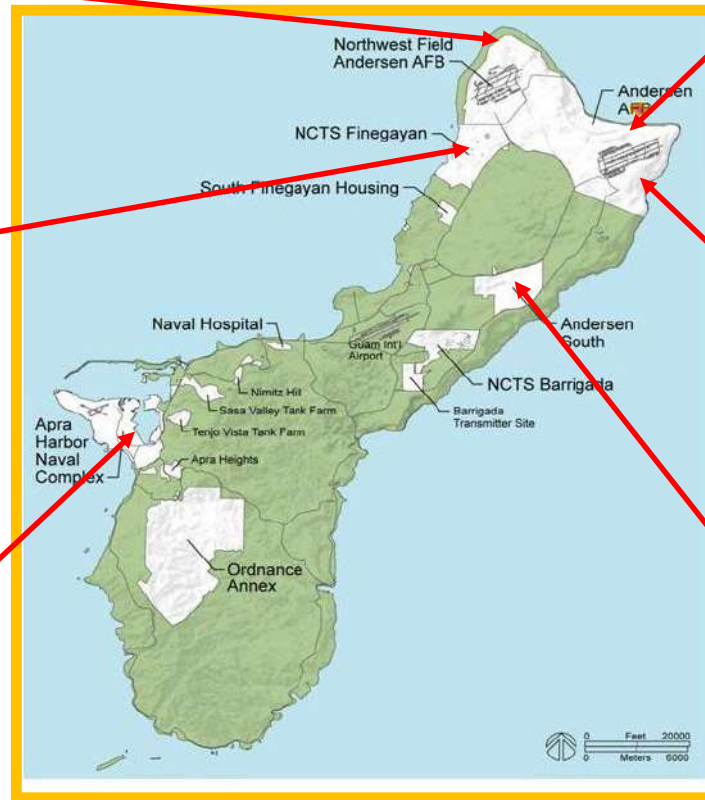
Mason Live Fire Training Range Complex



USMC North Ramp | Andersen AFB



Marine Corps Base Camp Blaz Cantonment



Family Housing | Andersen AFB



Waterfront HQ | Naval Base Guam



Skaggs Urban Combat Training Complex



Challenges



Challenges

- Labor and H2B Visas
- Munitions and Explosives of Concern (MEC)
- Timelines to support USMC Force Flow
- Supply Chain / Logistics
- Facility Commissioning and Turnover



Opportunities

- Legacy Investments: Marine Corps, Industry, Guam
- Long-term Local Employment
- Environmental Preservation / Cultural Resources
- Project Site Safety



Contractors Giving Back



Core Tech's Commitment to Community

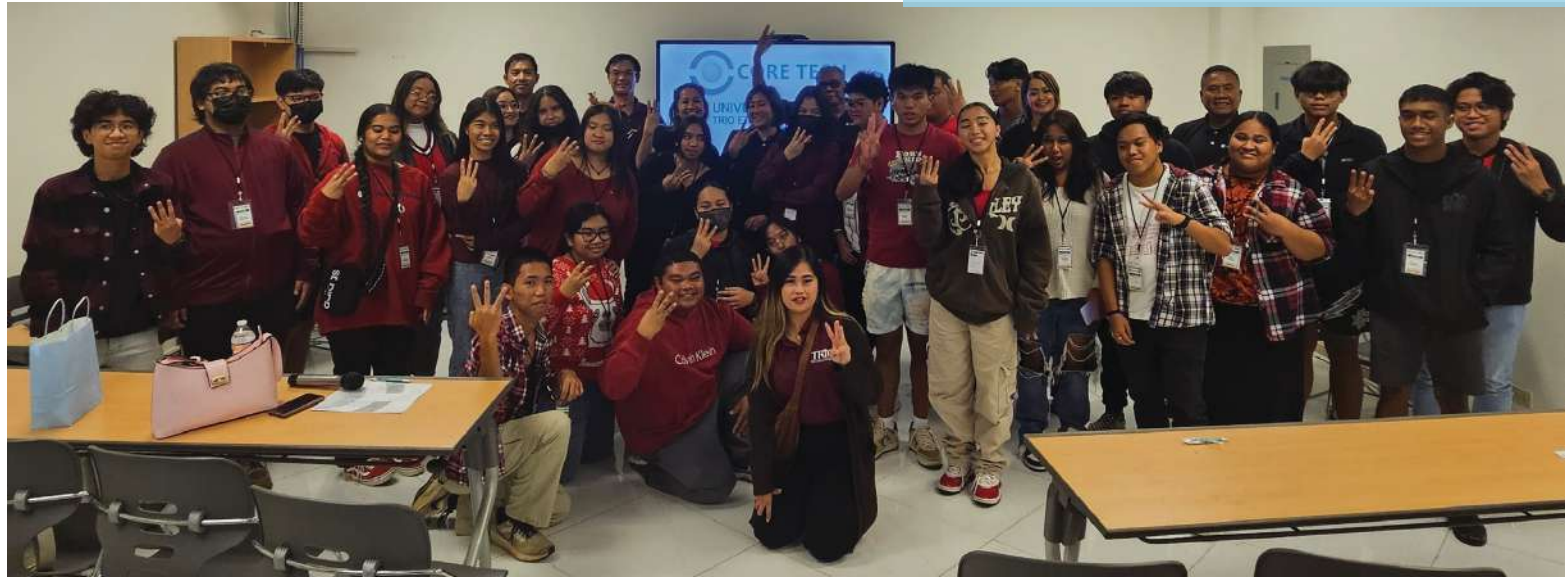
Core Tech International is committed not only to being a leading construction company in Guam but also to being a responsible corporate citizen that contributes to the well-being of the local community. Core Tech's commitment to community service is driven by its core values of hard work, compassion, and devotion—principles that guide its operations and corporate culture. The company strives to lay a strong foundation not only for its employees and clients but also for the broader Guam community. This is reflected in its diverse range of initiatives aimed at improving quality of life, supporting education, and fostering a sense of unity and well-being among island residents.

Core Tech's community engagement strategy focuses on a holistic approach to giving back. This includes providing employment opportunities, supporting affordable housing projects, participating in philanthropic endeavors, and investing in corporate social responsibility initiatives. Through these efforts, Core Tech has become more than just a contractor—it is a community partner dedicated to the growth and development of Guam.

Core Tech's Recent Community Initiatives

In recent years, Core Tech has intensified its community involvement, demonstrating its commitment through a variety of charitable activities, sponsorships, and volunteer efforts. Some of the most impactful initiatives include:

- **Affordable Housing Projects:** Core Tech has developed and supported numerous affordable housing projects across Guam, ensuring that low-income families have access to quality housing. These projects contribute to the social infrastructure of the island and help improve living conditions for residents.
- **Education Support and Scholarships:** Core Tech actively supports education in Guam by funding scholarship programs, providing learning materials, and partnering with schools for infrastructure improvement projects. In 2024, Core Tech awarded scholarships to 12 students, enabling them to pursue higher education and vocational training. This initiative is part of the company's broader effort to invest in the next generation of leaders and professionals in Guam.



Core Tech International hosted students from the University of Guam's Educational Talent Search (ETS) Program for a field trip on December 21, 2023. The visit included a session on career opportunities in the construction industry and a presentation on Core Tech's operations. This initiative is part of Core Tech's ongoing commitment to supporting education and inspiring the next generation of professionals in Guam.



Contractor of the Year

GUAM CONTRACTORS
ASSOCIATION

2024

CORE TECH INTERNATIONAL
CORPORATION

Core Tech's Commitment to Employee Growth

Division 04 Masonry
04230 8" x 8" x 16" CONCRETE BLOCK (Wall 10' high x 10' long)

Material	Qty	Unit	M.C.	Cont	Q%/Profit	Total
Concrete blocks	113	ea	\$0.85	\$100.57		
Add for breakage	3	ea	\$0.89	\$2.67		
Haul	116	ea	\$0.11	\$12.76		
Lime	0-85	sack	\$3.75	\$3.55		
Cement	1.90	sack	\$6.30	\$12.35		
Sand	0.82	ton	\$16.30	\$13.36		
Rebars #4	33.4	lbs	\$0.45	\$15.03		
Horizontal reinforcing	30	lf	\$0.25	\$12.50		
Equipment						
Mortar Mixer	0.28	hr	\$1.85	\$0.51		
Scaffold & small tools	6	hr	\$1.75	\$10.50		
Pickup truck	6	hr	\$6.50	\$39.00		
Labor						
Mason	6	hr	\$10.25	\$61.50		
Helper	6	hr	\$7.90	\$47.40		
Foreman	1	hr	\$10.50	\$10.50		
TOTAL COST	100	sf	--	\$342	\$171	\$513
UNIT COST	--	sf	\$5.13			



Core Tech's leadership team hands out gifts and awards at the Barracks Christmas Party, reflecting the company's commitment to employee morale and well-being. The event brought holiday cheer and recognized the hard work of Core Tech's dedicated workforce.

At Core Tech International, the success of the organization is deeply rooted in the capabilities, dedication, and expertise of its workforce. Every project's achievement is a testament to the skills and hard work of its employees, who are the driving force behind the company's growth and reputation in the construction industry. Recognizing this, Core Tech places a high priority on the continuous development of its personnel, ensuring that each team member has the tools, training, and opportunities needed to thrive and excel. Core Tech understands that the professional growth of its employees directly influences the overall performance and competitiveness of the company. Therefore, the company actively invests in a broad range of training programs,

professional development initiatives, and continuing education opportunities that align with both individual career aspirations and organizational goals. This commitment not only enhances employee skill-sets but also fosters a culture of innovation, teamwork, and excellence.

Strategic Workforce Development

Core Tech's workforce development strategy is comprehensive and multifaceted, encompassing both technical and soft skills training. The strategy focuses on creating a skilled, adaptable, and motivated workforce capable of tackling complex construction challenges. Key components of the strategy include:

- Apprenticeships:** Core Tech offers structured apprenticeship programs that provide hands-on, real-world experience in various trades, such as carpentry, plumbing, electrical work, and welding. These programs are designed to equip apprentices with essential technical skills and certifications while promoting a strong work ethic and a commitment to safety.
- On-the-Job Training (OJT):** On-the-job training is a central element of Core Tech's development approach. New and existing employees' technical skills in multi-circuit systems, ensuring high standards of operation and installation in complex projects.



Contractor of the Year

GUAM CONTRACTORS ASSOCIATION

2024

CORE TECH INTERNATIONAL CORPORATION

Building Stronger Communities

- Tanguisson Beach Clean-up
- Ritidan Community Service Days Post Mawar
- Support of Guam Foster Community and Harvest House
- Guam Animals In Need (GAIN) Service Day
- Kick the Fat 5k/10k – Payless Community Foundation
- Typhoon Mawar Recovery
- GCA Fun-raiser
- Guam Hawgs Motorcycle Club





PUBLIC HEARING

July 7, 2025 2pm

Bill No. 11-38 (COR)

Captions are generated by AI and may contain errors or omissions. (YouTube, Docomo-117 & GTA-21)

With that said, we support
Bill 11-38 in its original form.

Thank You

