



## **GUAM CHAMBER OF COMMERCE**

**PARTNERS IN PROGRESS**

February 21, 2020

**THE HONORABLE LOURDES A. LEON GUERRERO**

Governor of Guam

Office of the Governor

513 West Marine Corps Drive

Hagåtña, Guam 96910

Hafa Adai Governor Leon Guerrero,

Thank you for your response of February 20, 2020 to our request for a six-month moratorium on the implementation of PL 35-38 due to the economic uncertainties that our island is presently facing with the global outbreak of the Novel Coronavirus. While we may not agree with the response, we do respect your decision.

The Guam Chamber of Commerce has been serving the community of Guam for 96 years. Over the decades, objectives of our organization have remained consistent, which is to help promote Guam as a business-friendly environment, one which continues to engage in discussions with the Government of Guam to assure there are opportunities for small businesses to prosper. This includes assuring that the government's regulatory measures are balanced, that there is a greater emphasis with education to grow a skilled workforce, and that employers are able to increase employment and wages. During times when we are facing an economic apocalypse, such as a \$9 million-dollar impact to one of our economic pillars, our organization stands to support the private sector and thousands of employees who will be affected.

In regard to this virus and its uncertainties, we continue to receive updates from businesses, as well as from companies that are not members, who are already feeling the negative effects of the reduction of customers. This issue is no longer about just the minimum wage, but it is about avoiding closure of a business altogether. A great majority of our business entities on island, large and small, are employers who genuinely care about their employees, their families and their livelihoods. About two years ago, you were in the very shoes of many of these organizations, a successful CEO of a very prominent corporation which employed (and continues to employ) hundreds. Your theory was consistent with what many in the Chamber of Commerce and the business community share, that the success of any entity are their employees, and this is why an investment in the workforce is critical.

Yet when a government statute mandates an increase in the minimum wage, which goes into effect during a time when employers are actually cutting hours - what benefit is that increase? Will the disposable income truly increase? If the situation continues to worsen and a business closes down or has to cut its employees and now the owner is the sole employee, working to keep the business alive, this is a far greater detrimental effect on our community.

We continue to speak to employees in the industry and they are most worried about making sure they can maintain employment. This is what we are advocating for - to keep jobs and minimize the impact on the reduction of hours on employees. As we have stated since 2018, the increase in the business privilege tax (BPT) does adversely impact small businesses. Additionally, when the government enacted Public Law 35-1, which increased the property taxes on improvements that estimate over \$1,000,000, small and medium sized businesses felt the significance of the increases in rentals and leases. These are real problems that have adversely impacted commerce.

The plea of the Guam Chamber of Commerce this past week, was to encourage the Government of Guam to be more "proactive" versus "reactive." We have been clear throughout our position that the request is to "delay" the minimum wage increase and not end it all together. We want employees to prosper and not be impacted by cuts in their hours or see their employment benefits reduced or eliminated altogether. Our members want to invest in their

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employees, but the very real situation happening now and the future uncertainties of how bad this virus threatens our economy, is hurting their ability to do so. We are very concerned for almost 50,000 thousand private sector employees who are in the most jeopardy during this time. We must also consider the hundreds of small businesses who have for years been asked to contribute more of their operational expenses to the Government of Guam, which could have instead been used to reinvest in their company to grow their businesses and support their employees. Their voices need to be heard.

In closing, while we may not agree with your decision, we respect it. Just as you have an obligation to lead the public sector, we have a responsibility to our organization. We hope for the best with these uncertain times, and that the Coronavirus becomes an issue of the past in the very near future. Nonetheless we look forward to a healthy relationship between our organization and your administration, and our continued dialogue. Si Yu'os Ma'ase.

Senseramente,



CHRISTINE BALETO  
Chairwoman of the Board