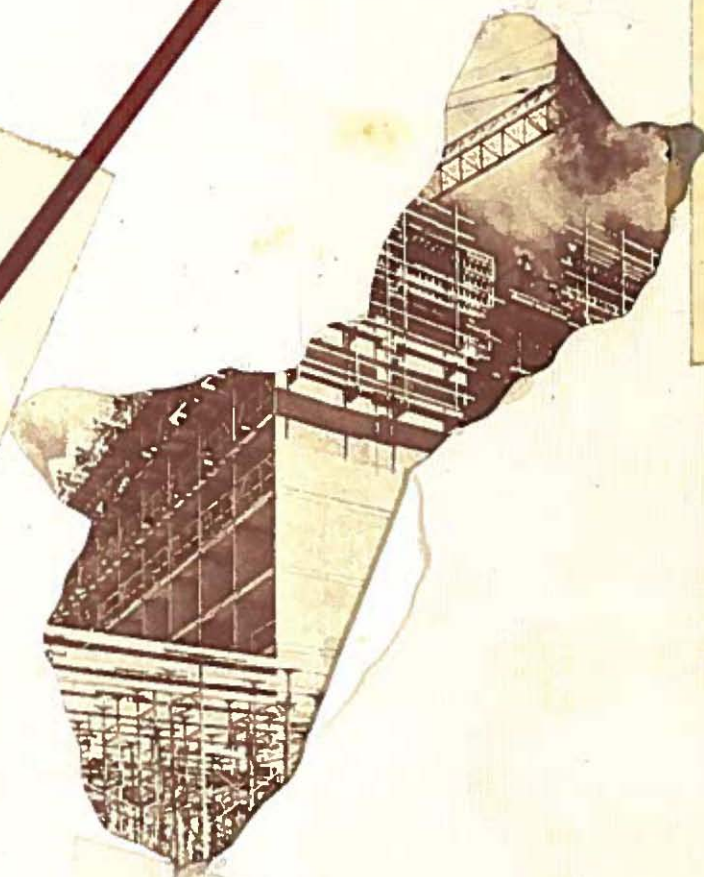


GUAM ECONOMIC DEVELOPMENT AUTHORITY

A HISTORY and PROGRESS REPORT 1973

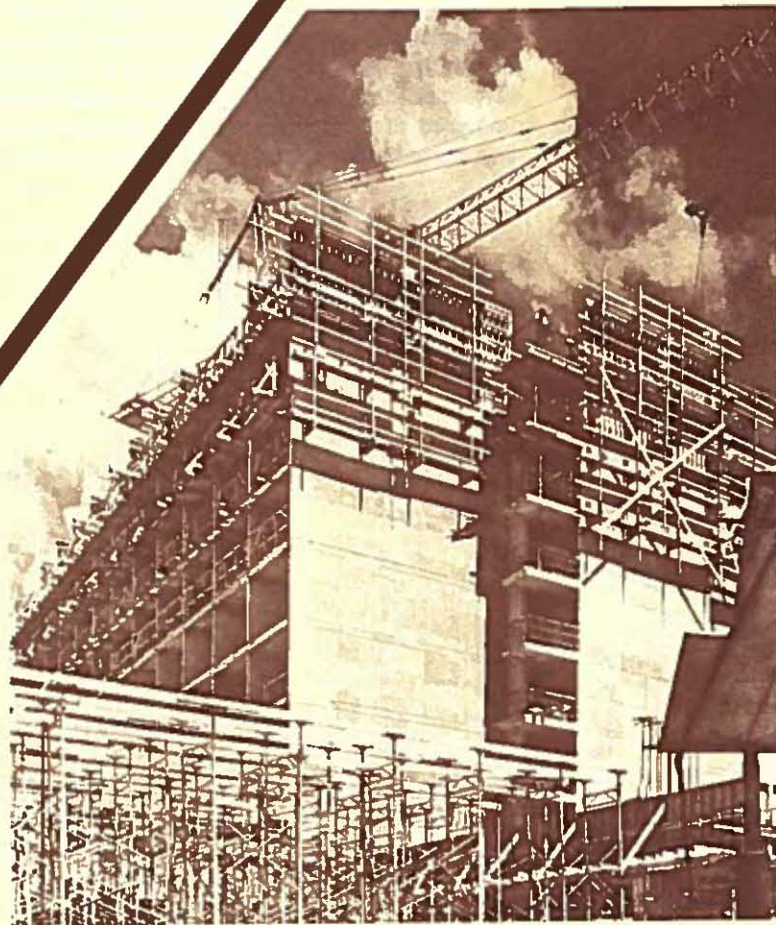
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**A HISTORY
and
PROGRESS REPORT
1973**

INTRODUCTION

In the relatively short period of time since the Guam Economic Development Authority was created, a tremendous amount of economic activity has taken place in Guam. Some of this activity has been a direct result of GEDA's assistance. Other manifestations of new economic growth, although perhaps not having had availed themselves of GEDA's financial aid, are here as a result of a changing attitude or philosophy with regard to development which came about with GEDA's creation.

Before 1965 outside investors had little interest in Guam. An unofficial, unspoken "closed door policy" existed which kept economic development dependent on the military spending, federal government funding and a small amount of private investment. With GEDA's inception came a new approach which welcomed the investment of outside capital in Guam. Incentives were offered and advertised to potential investors which began to attract businessmen to Guam from Japan, Taiwan, Hong Kong, and the U.S. mainland.

With the influx of outside capital, Guam began to recognize a sudden spurt in economic activity which has continued to the present time. All indications are that this burgeoning growth will continue if the philosophy represented by GEDA prevails: that investment from off-island sources is what has boosted the economy to its present level of unprecedented strength in the private sector and that this investment should be encouraged as an instrument to further growth.

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A HISTORY

Public Law 8-80

In 1965 during the Eighth Guam Legislature, Bill 167 was introduced by Senators Carlos P. Bordallo, Paul M. Calvo, Carlos G. Camacho, Antonio S.N. Duenas, Alberto T. Lamorena, Kurt S. Moylan, Francisco D. Perez, Vicente C. Reyes, G. Ricardo Salas, Tomas R. Santos, Carlos P. Taitano, Tomas S. Tanaka, and Raymond F. Underwood which created the Guam Economic Development Authority (GEDA). It was felt that the Authority, as described and defined in the bill, would have more power and therefore be more effective in promoting economic development in Guam.

In August of 1965 the bill was signed into law by Governor Manuel F.L. Guerrero and became Public Law 8-80.

The Authority was created as a public corporation with an initial appropriation of \$100,000 for operating expenses. It was to be governed by a seven member Board of Directors, which would operate autonomously from the Government of Guam. The Authority would eventually become self-sustaining through income generated from the operations. The corporation was charged with controlling and supervising "an integrated program for the economic development of Guam" in the areas of commerce, agriculture, industry, and tourism. All the formal inducements that the Government of Guam can offer to new industries were embodied in GEDA.

To accomplish this end the Authority was authorized by P.L. 8-80 to conduct research in the areas of Guam's natural resources and market potential, to promote investments of entrepreneurial capital in Guam, to operate its own industries, to develop and maintain facilities for lease or sale to industry, to make loans, to sell bonds, to invest its funds, to acquire property, and to borrow money.

It was further empowered to enter into contracts with any agency of the United States Government or its political subdivisions or with firms, associations, or corporations. It was designated as the agency which would recommend to the Governor of Guam those firms or individuals which it deemed worthy of receiving qualifying certificates for tax relief.

The affairs of GEDA were to be overseen by an administrator, appointed by the Governor with the consent of the Legislature.

The Economic Incentive Commission

The Economic Incentive Commission, established in 1964, was the forerunner of the Guam Economic Development Authority. The Commission was created by law during the Seventh Guam Legislature to maintain and foster a study of the economy of Guam and to devise means to strengthen it. It was the small beginning of what was to grow into an organization

Chamorro American Manufacturing





Catholic Medical Center

which has had enormous effect on the economy of Guam.

The Incentive Commission fell under the jurisdiction of the Department of Commerce and was composed of seven members representing the Government of Guam and the business community. One of its major accomplishments in fostering new industrial and agricultural growth was to play an instrumental role in obtaining the Guam Tax Incentive Act¹ in August, 1964, which granted a 75% subsidy to qualifying firms on income taxes payable to the Government of Guam for ten years. The Commission then acted to receive and review applications from persons or firms wishing to qualify for the tax subsidy. The Commission also was empowered to subpoena witnesses, records, and books, to inspect properties and facilities, and to obtain auditing services from the Department of Finance in order to ensure that those who obtained qualifying certificates were fully meeting the prescribed requisites.

According to the Tax Incentive Act, subsidies would be granted to industries or business activities which would "promote the public interest by economic development of the territory of Guam" and which required incentive in the form of the tax subsidy benefits. Income tax payments made by those qualifying for tax rebate were to be deposited in a special account of the Treasury of Guam designated as the Economic Incentive Fund.

1 See Appendix

Members of the Economic Incentive Commission were Jesus S. Leon Guerrero (chairman), Jose D. Leon Guerrero (vice-chairman), Florencio T. Ramirez, Lagrimas F. Aflague, Frank Edwards, and David D.L. Flores.

In the year during which the Tax Incentive Act was on the books no certificates of subsidy were issued.

Revisions of Public Law 8-80

It may be helpful at this point to note that in 1969 major revisions were made in the original Public Law 8-80. The revisions were embodied in Public Law 9-257, passed by the Ninth Guam Legislature. The revisions as they pertain to what has previously been stated here, are as follows:

- a) Whereas in P.L. 8-80 GEDA was authorized to "plan, initiate, organize, control and direct" an integrated program to attract various enterprises to Guam, P.L. 9-257 decreased that authority to controlling and implementing the "basic plan for economic development of Guam assigned to it by the Governor of Guam."
- b) Public Law 9-257 provided that loans should include, whenever possible, an option to convert up to 50% of the loan into equity.



Pacific Treated Lumber Corporation

- c) Whereas in P.L. 8-80 the Governor was authorized to lease or sell government land to GEDA, P.L. 9-257 authorized GEDA to obtain such land only under terms and tenure prescribed by the Legislature.
- d) Succession was changed from fifty years to "perpetual".
- e) Changes in the rules and regulations governing GEDA were not to be made without a public hearing.
- f) The term of the Administrator was changed from four years to a term fixed by the Board of Directors.
- g) The debt limit of ten times the capital fund of GEDA was repealed.

Two other basic changes were made by Public Law 145, passed by the Ninth Guam Legislature in 1968. These were

- a) to eliminate as both *ipso facto* Chairman of the Board and as a Board member the Secretary of Guam (now entitled Lieutenant Governor); and
- b) to change the residence requirement for Board members from two years to six months.

The Qualifying Certificate and Further Revisions Pertaining Thereto

The granting of a qualifying certificate by GEDA is perhaps one of the most useful tools in attracting investment capital to Guam. Public Law 8-80 defines those eligible to receive tax exemptions as "any enterprise in agricultural, commerce, industry, tourism, and improvement of real property that is specifically determined by the Corporation (GEDA) to be beneficial, desirable, and necessary to the economic development of Guam. . ."

The applicant was required before 1969 to commit himself to employing no less than 50% United States citizens and permanent residents. (Temporary exemptions were granted for valid reasons.)

The GEDA Board was given the power to develop other standards and criteria for the issuance of the qualifying certificate. These standards and criteria, as promulgated by Executive Order, were later incorporated into the GEDA law — again by Public Law

9-257. They were as follows:

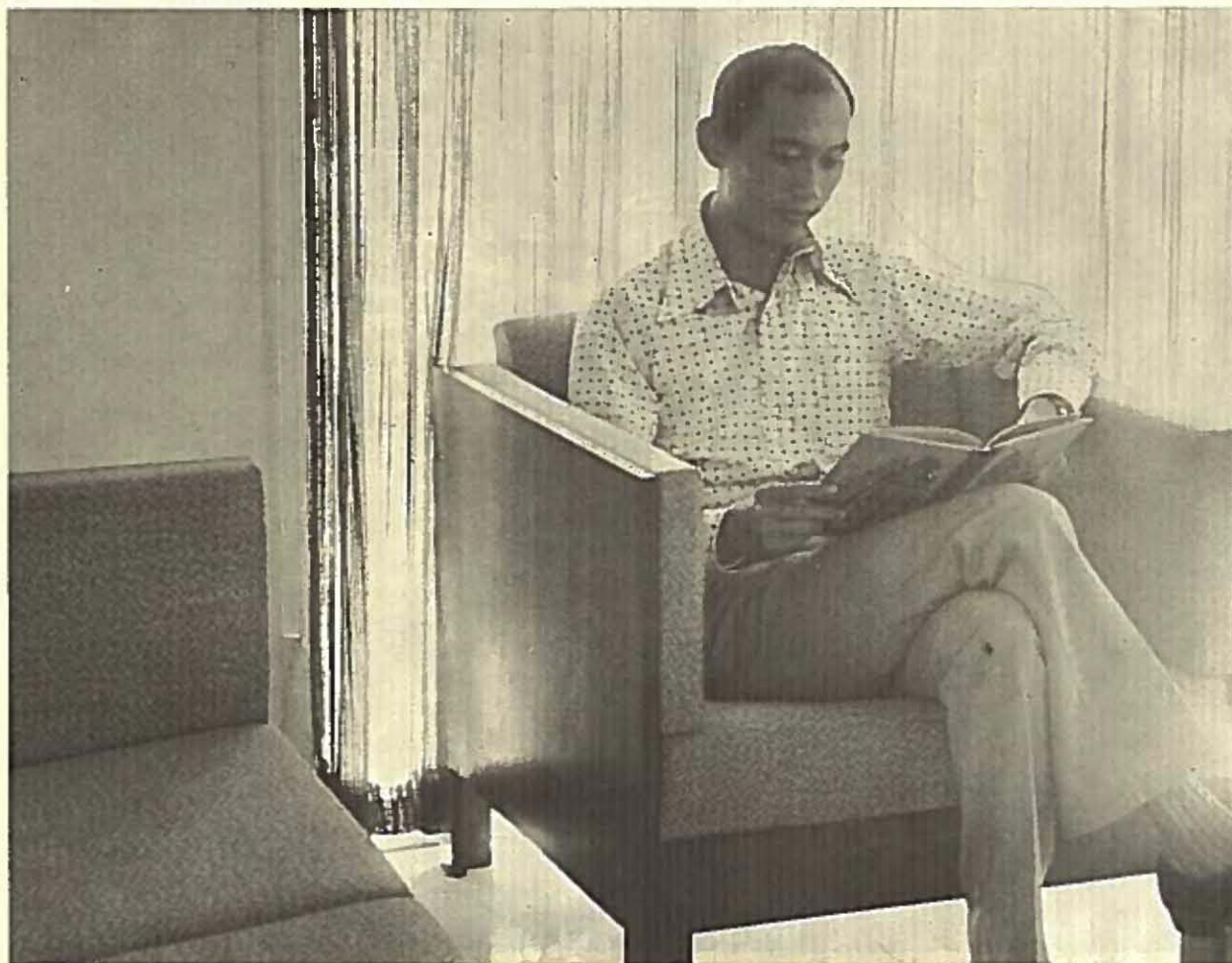
- a) The qualifying enterprise must meet one or more of these criteria:
 - 1) Creation of new employment
 - 2) Replacement of imports
 - 3) Reduction in consumer prices
 - 4) Creation of vitally needed facilities.
- b) The applicants were required to meet specified minimum investments in the enterprise.
- c) Qualifying certificates could be issued to corporations which were "Guam Corporations" or "possessions corporations", limited to doing business in Guam.
- d) The percentage of the employment force required to be United States citizens or permanent residents was raised from 50% to 75%. The applicant was required to initiate a training program designed to replace employees who were not United States citizens or permanent residents.
- e) It was required that a minimum number of employees for the business involved be specified and included as a condition for the qualifying certificate.

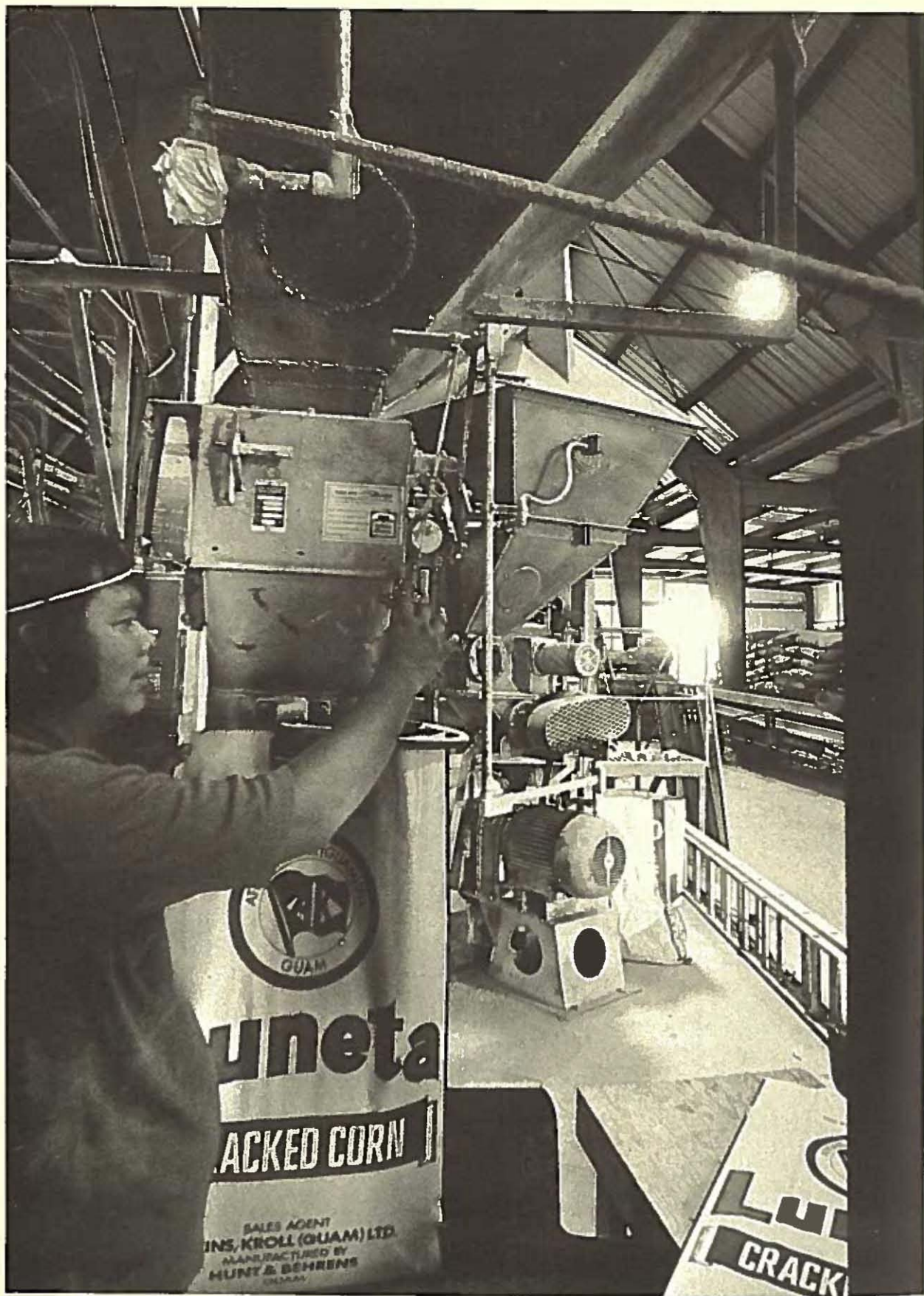
- f) The prevailing wage rates as set by the Department of Labor were to be paid.
- g) The work week was not to be reduced to less than forty hours if it was for the purpose of creating employment for non-residents.
- h) Corporations receiving qualifying certificates were required to submit monthly reports including financial, employment and payroll data to GEDA.
- i) Certain minimum financial requirements for applicants for qualifying certificates were established.²
- j) Filing fees and annual surveillance fees for applicants were established.³
- k) Public hearings regarding issuance of qualifying certificates were made mandatory and the published resume submitted by the applicant was to include the names and addresses of the investors.

2 See Appendix

3 See Appendix

Relaxing in a Stanfoam House





SALES AGENT
HUNT & BEHRENS (GUAM) LTD.
MANUFACTURED BY
HUNT & BEHRENS
GUAM

Hunt and Behrens Feed Mill

Issuance of Qualifying Certificates with regard to Watch Manufacturing and Further Revisions of Public Law 8-80

Public Law 8-80 was amended two times with regard to the granting of qualifying certificates to watch manufacturing companies.

During the Ninth Guam Legislature Bill 4 was introduced which limited the issuance of qualifying certificates to watch manufacturers. Legislative findings as stated by the bill indicated that issuance of additional certificates "would not be in the best interest of the existing industry, that no further incentives are required to attract watch companies to Guam, and that the issuance of additional certificates might well create problems with respect to the duty-free status of Guam's exports. . ." The Limitation on the issuance of certificates was not, however, placed on applicants operating on less than 15% of the total quota assigned to Guam under Section 301 of the Tariff Law of the United States or who manufactured 50,000 movements annually, whichever was the lesser. Even these applicants could not be granted more than a 50% tax rebate for more than five years.

In a March 27, 1967, letter to the Board of Directors, J.S. Warshauer, then the Administrator of GEDA, stated that Public 9-17 was "too restrictive, in view of the small quota assigned to Guam, and that there may be watch manufacturers who could continue in business on Guam with even a low quota if there were some possible tax incentive." Accordingly, he recommended an amendment to Public Law 9-17 which was eventually incorporated in Public Law 10-43, passed by the Tenth Guam Legislature in 1969. Public Law 10-43 repealed Public Law 9-17. However, it allowed the issuance of no more than four additional qualifying certificates to watch manufacturers who produced and exported watches to the United States during 1968 under the watch quota. No new watch manufacturing firms would be allowed.

Tax Abatements

The tax abatement is the primary advantage to be gained from the granting of a qualifying certificate. Public Law 8-80 originally established abatements on the Alcoholic Beverage Tax, the Liquid Fuel Tax, the Real Property Tax, the tax on income derived from leasing, and the Corporate Income Tax for a period of up to ten years. Also, a rebate of income tax on dividends was established for a period of up to five years.

Amendments were made in 1969 and 1970 which removed the Liquid Fuel Tax and the Alcohol Beverage Tax from the list of those which could be abated. Rather, it was stated that the Gross Receipts Tax could be abated for up to ten years for the sale of alcoholic beverages and of petroleum products

manufactured in Guam. A further revision was made in the section of the law establishing a Corporate Income Tax rebate. The rebate could be made for only up to 75% of the Corporate Income Tax and could extend for a period of up to twenty years. Both the percentage of the rebate and the number of years were made variable so that higher or lower percentages could be permitted in earlier or later years of the designated period.

Likewise, the tax rebate on dividends was permitted only up to 75% of the actual tax.

The taxpayer in receipt of a qualifying certificate may elect to receive only 50% of the abatements granted to him for a period of double the term authorized by the certificate.

Public Law 8-80 sets forth the procedure for applying for the rebate and for adjusting rebates if redetermination of taxes is made. It also specifies that all taxes paid under the provisions of this law will be deposited in a special account labeled the "Income Tax Rebate Fund".

Investments and Coordinating Committees

When GEDA was originally created, two committees were established to oversee the Authority's activities. The Investments Committee, composed of five members with business and financial experience, was to consider and approve all investment proposals. The Coordinating Committee, composed of nine members of the same like, was to review all GEDA's longrange programs, and to set priorities for their development. It also was charged with holding public hearings on proposed legislation and communicating GEDA's programs to the public.

Both of these committees were abolished by Public Law 9-257.

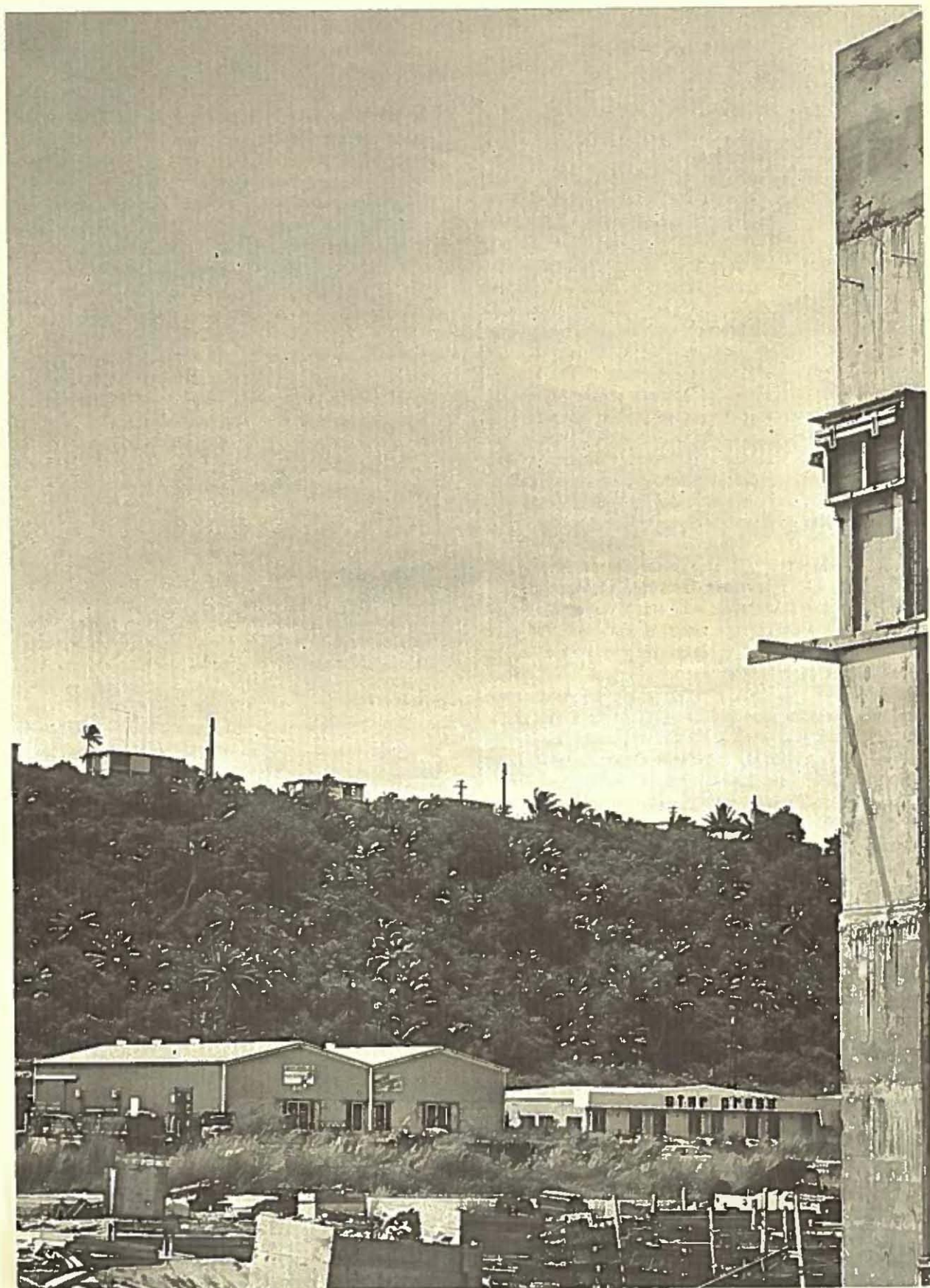
Loan Guarantees

In 1969 Public Law 9-257 made an addition to the GEDA law which stated that the Government of Guam would guarantee loans made to or guaranteed by GEDA up to \$1,600,000. The guarantee could not exceed \$400,000 in any single fiscal year nor \$200,000 on any single project.

Agricultural Development Fund

In 1967 the Department of Agriculture and GEDA worked jointly to draft legislation, the effect of which would be to stimulate agriculture on a commercial basis. Bill 270 was passed by the Ninth Guam Legislature and signed into Public Law 9-107 by Governor Manuel F.L. Guerrero.

The law set up a special separate fund to be used by GEDA as part of a joint program with the Department of Agriculture "to aid in the develop-



E. T. Calvo Memorial Park

ment of subsidization of poultry, pork, and beef productions, agricultural products, processing plants, and equipment loans."

The new law specified that direct loans would be made to individuals and that agricultural corporations may be organized and managed by GEDA and the Department of Agriculture.

An additional aid and incentive to farming entrepreneurs in Guam was Public Law 9-48 which authorized GEDA to insure the farmers against loss due to natural disasters under the Guam Agricultural Expense Insurance, reimbursing the farmers for their planting expenses.

Mortgage Revenue Bonds

In 1971 a bill was passed by the Eleventh Guam Legislature authorizing GEDA to sell \$45,000,000 worth of bonds, the revenue from which would be used to purchase mortgages from the banks. The reason for the bill was that there was a great deal of substandard housing in Guam and that FHA and GNMA funds were not sufficient to buy the mortgages, expanding the supply of money to cover the costs of building new housing. Therefore, it was proposed that GEDA be authorized to sell bonds and to use the revenue derived to purchase housing loans, thus freeing the banks' funds for additional loans.

A "snag" was hit, however, when a debate arose over the ultimate responsibility for the debt. The Government of Guam is forbidden by the Organic Act to incur over 10% debt liability above the value of the tax valuation of the property in Guam. Thus, legislators balked at an amendment to the Bond Act which stated that money could be appropriated to restore the reserve fund for bond payments to the amount required to be maintained in the fund. GEDA officials felt that the Government of Guam must back the bonds to that extent in order that they receive a good rating.

Due partly to this controversy but also partly to the fact that FHA and GNMA funds did subsequently become available in larger amounts, no mortgage revenue bonds were ever sold.

The Development Fund Act

In 1967 GEDA spearheaded a bill introduced in the U.S. Congress called the Guam Development Fund Act. Testimonies by GEDA officials in Washington supplied Congress with Guam's financial needs as projected for five years.

The Act, sponsored by Senators Burdick, Hatfield, and Jackson, was passed by the U.S. Congress in 1968 and granted to Guam, through GEDA, the sum of \$5,000,000 to promote the development of private enterprise and industry beneficial, desirable, and necessary to the economic development of Guam.

The \$5,000,000 is to be requested for appropriation by the interior Department each year. For Fiscal Year 1973 the sum of \$1,000,000 was appropriated, payable in quarterly installments of \$250,000.

With this money GEDA will make loans or loan guarantees for projects in agriculture, fishing, tourism, commerce, and industry. Applicants must certify that financing is unavailable on reasonable terms and conditions from lending institutions. The loans or loan guarantees are for a maximum of twenty-five years.

As repayment of the money loaned by GEDA occurs, the money returns to a revolving fund, earning income in the form of interest. Interest on loans is regulated by the U.S. Treasury prevailing interest on federal notes or security.

The money to be granted in loans from this fund is presently allocated as follows: 15% for agriculture, 15% for fishing, 10% for tourism, and 60% for commerce and industry. The 60% portion may also be used as back-up financing for agriculture, fishing, and tourism if applications exceed the projections.



A CHRONOLOGY

Fiscal Year 1966

During the period from August, 1965, through June, 1966, twenty-six applications were received for qualifying certificates. Fourteen of these were from manufacturers of watches or watch parts. Of these, the Stratton Watch Corporation was granted the first qualifying certificate on November 24, 1965. Other watch manufacturers granted certificates were the Westminster Time Corporation, the Hallmark Watch Factory Incorporated, and Phoenix Industries, Inc.

Other businesses approved were N and J Liquor Corporation and S and G Tobacco Corporation (which has since surrendered its certificate).

Four loan applications were formally received, two of which were approved: one for Marianas Fishing Development (\$30,000) and the other for the Overseas Development Corporation (\$64,200). The former was to develop commercial fishing and the latter, a slaughterhouse.

In April, 1966, the Department of Land Management, acting on the request of the Authority and with the Governor's approval, transferred by

lease two sites (the old Public Works site and the Harmon Industrial site) comprising approximately forty acres. The old Public Works site was renamed the Tamuning Commercial Industrial Park, and the Harmon site was renamed the Harmon Industrial Park. Twenty-four acres of land were leased for the Tamuning Commercial Industrial Park from the Government of Guam for a term of fifty years and for \$1.00.

In June of 1966 GEDA's Board of Directors approved the submission of an application to the United States Department of Commerce, Economic Development Administration for grants and/or loans for public works and development facilities in the amount of \$210,800. The purpose of the application was to cover 85% of the cost of the development of a light industrial-commercial park in Tamuning. The Tamuning park was designed as a pilot project for the future build-up of similar parks. The Authority felt that such acquisition of Government land would make it easier for prospective investors to proceed efficiently with reference to land and building requirements.



Westminster Time Corporation

Fiscal Year 1967

It was during this year that an intense study of Public Law 8-80 was made in conjunction with the Ninth Guam Legislature's Committee on Resources and Development. Public hearings were held and the revisions in the law, which were previously discussed, were to be set forth in Bill 143.

Also during this year the Authority worked very closely with the Guam office of the Small Business Administration and local lending institutions to design and establish detailed forms and procedures for analyzing and presenting financial data relative to applications for financial assistance.

Fourteen more applications for qualifying certificates were received. Those to whom certificates were issued were a plastic manufacturer, a lumber mill and furniture manufacturer, and a candy producer.

Four major loans were approved by the Authority: \$30,000 to Marianas Sea Food Corporation, a commercial fishing venture; \$75,000 to Overseas Development Corporation, a slaughterhouse operation; \$55,000 to Micronesian Air Lines, Inc., an air taxi and charter service; and \$100,000 to the Guamerica Motel for expansion. In addition nine loans, totaling \$25,500, were made to various agricultural ventures.

The loan made to the slaughterhouse was part of a package arrangement made with the Small Business Administration and local lending institutions. This

was done because of the limited amount of capital funds available for financial assistance.

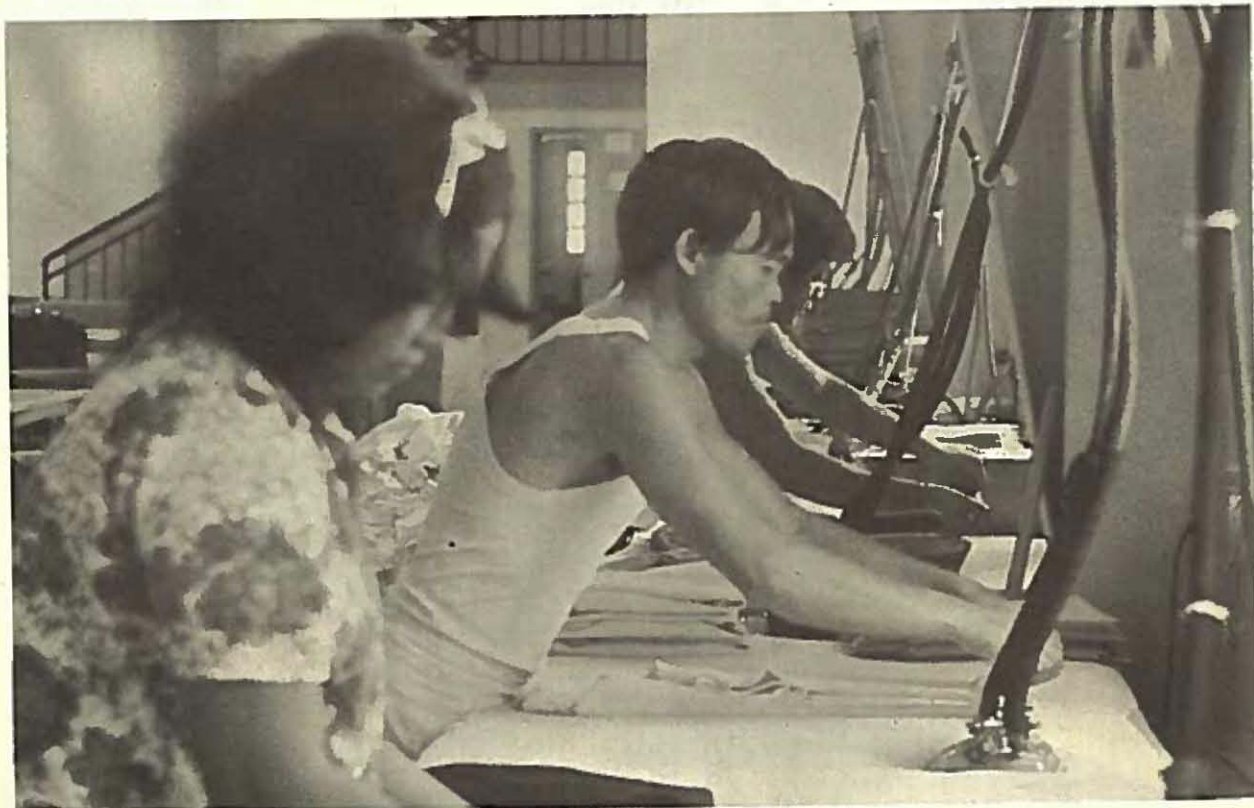
A loan of up to \$30,000 was to be made to a commercial fishing venture which is a joint project between private interests in Okinawa and Guam. Another fishing project accomplished was a joint venture with the Taiwan Ocean Fishery Development Administration which agreed to do a ninety day study of the feasibility of a tuna fishing industry for Guam.

Plans were made to acquire a third site for an industrial park at the old Coast Guard site in the port area. The thirty-two acre site was in the process of being transferred to the Government of Guam, after which time it would be leased to GEDA.

The fiscal year of 1967 also saw the creation of the Agricultural Development Fund, established on the basis of a \$100,000 revolving fund. The purpose of the fund was to stimulate agriculture in Guam by offering financial assistance to qualified farmers.

Work began this year, as well, on the Guam Development Fund Act. GEDA provided basic information and data to Congress which would support Guam's need for the \$5,000,000 fund.

Unfortunately, the efforts made by GEDA to attract light industry such as watch and bracelet manufacturers were considerably undermined by the imposition of quotas and the reduction of tariffs. A fifty-eight per cent reduction in the watch manufacturing industry occurred between December, 1966, and June, 1967.



Corn Garment Manufacturing

Fiscal Year 1968

During fiscal year 1968 six applications for qualifying certificates were received by GEDA, one of which was approved. Jadeite, a stone cutting and jewelry manufacturing firm, was approved; however, later during the year the firm was forced to surrender its certificate due to the inability to obtain raw materials. Two oil refineries and a lumber treating plant also applied.

Two qualifying certificates were revoked during this fiscal year: Guam Diversified Industries and Esagro Manufacturing Corporation both failed to comply with the terms set forth in their respective certificates.

At the end of the year eleven qualifying certificates were in full force.

As to loans during the year, GEDA continued to work closely with the Small Business Administration and other lending institutions, at times analyzing applications and recommending them for acceptance by the Small Business Administration or banks entirely, without actual financial assistance from GEDA.

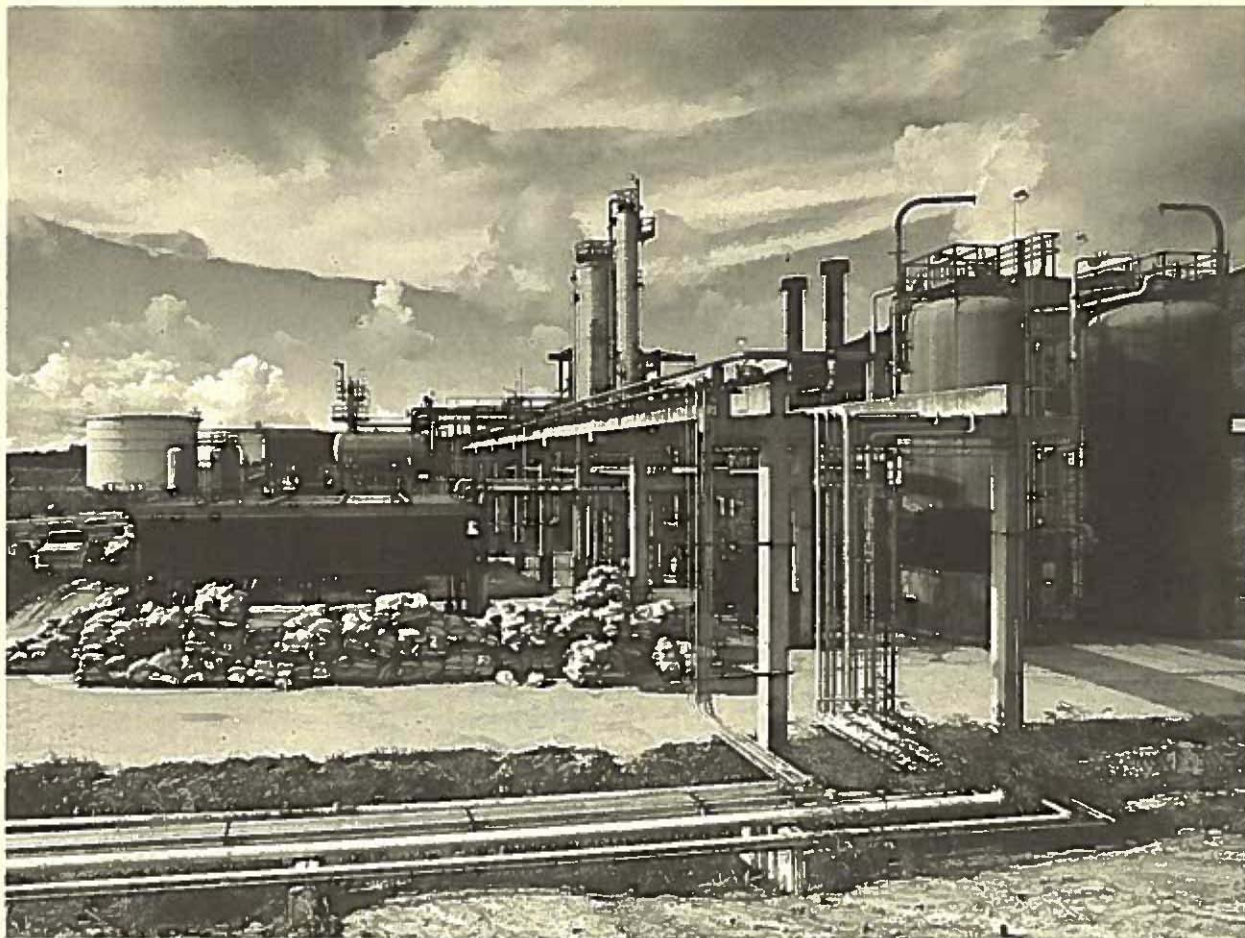
Twenty-five thousand dollars were disbursed in combination with \$100,000 from the Small Business Administration to finance the Western Island Smorgette, Inc., a restaurant which opened in April.

The Authority also received an application for financial assistance to a closed circuit television system in the amount of \$250,000.

Twenty-four thousand dollars were provided to farmers, and an additional \$25,000 approved. Eleven applications were reviewed to establish a priority list of those eligible for money from the Agricultural Revolving Fund. It was recommended to the Ninth Guam Legislature that the poultry industry be included as one eligible for aid from that fund.

It was during this year that additional incentive to the agricultural industry was provided by the passage of the Agricultural Expense Insurance Act, with an appropriation of \$50,000. Eight insurance policies were issued.

The tuna fishing survey, plans for which had been laid in the previous year, was made. Engine trouble and inclement weather prevented the full three months survey originally intended; however, it was indicated that potentially good fishing waters exist south of Guam.



Guam Oil and Refining Company

Fiscal Year 1969

The revision of Public Law 8-80 as described in the previous section, was approved during this year, causing major changes in the role of GEDA.

During this year seven applications for qualifying certificates were received. Certificates were issued to Guam Oil and Refining Company, Inc., Chevron Oil Company of Guam (later surrendered), Pacific Treated Lumber Corporation, Continental Agana Hotel Corporation, Tumon Beach Hotel Corporation, Tokyu Micronesian Development, and Hotels of the Marianas, Inc.

Construction commenced on four major first class hotels represented by the above named corporations as well as on the oil refinery. On Refinery alone total construction cost was \$12,000,000.

Two agricultural loan applications were received, both of which were for the poultry industry. Both the agricultural loan fund and the insurance programs were very slow to be recognized by farmers. Only one application for insurance was received during this year and only four altogether had availed themselves of the fund since its inception.

Two Japanese fishing firms made inquiries regarding the development of a fishing industry in Guam, one of which conducted a feasibility study. It

was felt by GEDA authorities, however, that the Cabras Island Industrial Park must be developed to accommodate the activities of a fishing industry.

With regard to that park, the property was finally transferred to the Government of Guam; however, the thirty-two acres earmarked for an industrial park was not yet transferred to GEDA. A report made to the Government of Guam with regard to the use of the Commercial Port area (the Tudor Report) favored the type of industries which were scheduled to utilize the industrial park, namely, Esso International, Maritime Services Division of Dillingham Company, Kaiser Cement and Gypsum, and Mobil Oil.

The development of the Tamuning Commercial Industrial Park received a boost due to the receipt of a grant from the Economic Development Administration for a total project cost of \$134,000. The grant, made on a 50% matching basis, was for the development of the first increment (ten acres) with the establishment of a commercial shopping center in mind. The site was approximately 75% completed by the end of the fiscal year. The second increment of sixteen acres was planned for light industry.

Fiscal year 1969 was the year the Authority requested the Legislature for authorization to issue the Mortgage Revenue Bonds at a value of \$45,000,000.



Dai Ichi Hotel

Fiscal Year 1970

This year saw qualifying certificates granted to two large corporations: the Okura Hotel and the San Miguel Brewery. Also \$60,000 in agricultural loans was granted as well as \$400,000 underwritten in commercial loans.

One of these loans guaranteed by GEDA was \$200,000 to Marianas Communications System, a closed circuit television broadcasting station which would provide programming from the large mainland networks to local residents. The remaining \$200,000 was underwritten for Gem Productions which was a film producer about to embark on a feature called *Noon Sunday*, which was to be filmed on Guam.

GEDA's loan to Micronesian Airlines became a bad debt due to the financial collapse of that company. Of the two planes owned by the firm, one was badly damaged in a typhoon in Saipan. GEDA assumed ownership of the other plane and eventually sold it.

Due to the fact that the Small Business Administration withdrew its commitment to the Overseas Development Corporation for a slaughterhouse project, GEDA likewise withdrew its loan approval of \$125,000.

Interest in a fishing cannery was revived due to the pending availability of low cost marine fuel, the boat repair facility, and a freezer cold storage facility at the Cabras location. The success of the activity, however, was recognized as being centered around negotiations with the Trust Territory Economic Development Group for bait fishing rights.

The Cabras Island and Tamuning Commercial Industrial Parks were well underway with the former scheduled for completion in September, 1970, and the latter under study by architectural engineers.

There was a good deal of opposition raised at this time to the commercial uses of the Tamuning Park. It was felt by some private enterprises that GEDA would be unfairly competing with the private sector.

The controversy came to a head with the introduction of Bill 482 in the Tenth Guam Legislature. The bill proposed to restrict the power of GEDA to lease commercial or industrial land when privately owned land is also available. It also stated that such leases must be confined to new commercial or industrial enterprises. The Authority opposed the bill, and it was not passed.

As a result of an advertisement placed in the newspaper for proposals regarding the use of the Tamuning Commercial-Industrial Park, responses were received from Sankyo Trading Company, Ltd., Eileen Kershaw, the Catholic Medical Center, another medical clinic, KUAM, the Post Office, and Pacific

Broadcasting Corporation. Additional interest was also expressed by Kaiser Hawaii-Kai Development Company to develop the entire twenty-three acres. However, due to the conditions set forth in the transfer of the land from the Government of Guam to GEDA, such a development plan could not be considered.

Fiscal Year 1971

Two additional hotels received qualifying certificates, as GEDA continued to support the growing tourist industry. The Dai Ichi Hotel, a new 200 room hotel on Tumon Bay, and the Cliff Hotel, an already existing hotel undergoing considerable renovation and expansion, received certificates.

A hydroponic agricultural venture, Service and Development Corporation of Guam, Inc., was also granted a certificate. The artificial farming technique was designed to eliminate Guam's need to import produce, especially tomatoes.

Agricultural loans in 1971 totaled \$3000. Commercial loans totaled \$126,200.

This year saw the commitment of all sites in GEDA's industrial parks. The final lot in the Cabras Park went to a freezer, cold storage, and bonded warehouse facility. The Harmon Industrial Park would include a clothing manufacturer, a dry cleaning plant, an ironworks, and a warehouse complex. The Tamuning Park, named the E.T. Calvo Memorial Park, would house a plastics manufacturer, a local arts and crafts manufacturer, a printing facility, and others. The commercial portion of the park was slated for a shopping center, an international trade center, and a medical center.

The Mortgage Revenue Bond for \$45,000,000 was passed by the Eleventh Guam Legislature. The GEDA Administrator, along with the Lieutenant Governor and other government officials, went on a promotional tour of financial centers in the United States, acquainting potential investors with Guam.

Because it was felt that a fishing industry depended on acquisition of the remainder of the Cabras Island site still belonging to the Navy, GEDA initiated proceedings to have this valuable land turned over to the Government of Guam. A fish cannery site and docking facilities for a fleet were thought to be essential to the fishing industry, and the Navy land at Cabras island was seen to be an excellent site for these facilities.



Fiscal Year 1972

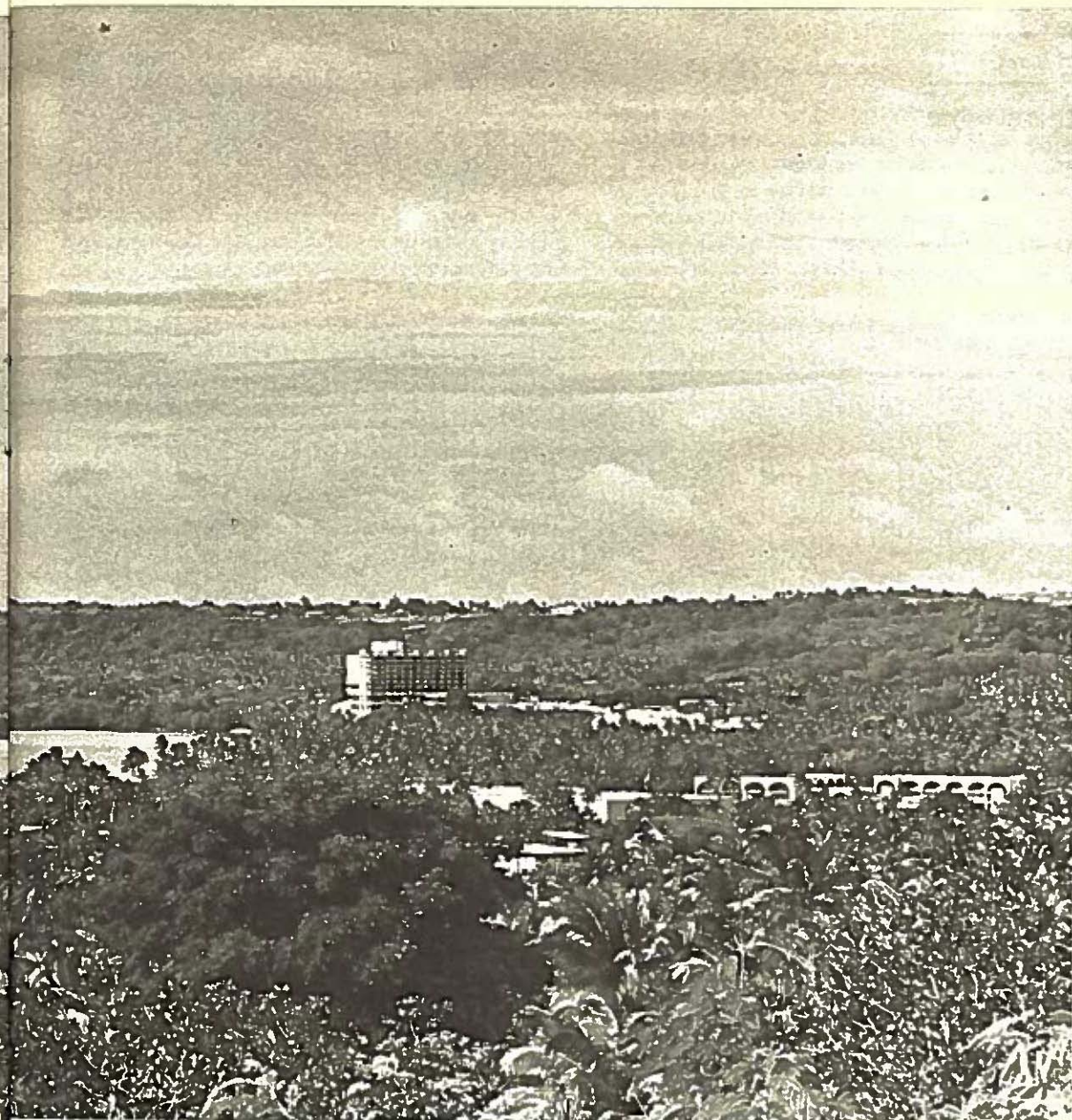
Three ventures which had received incentive from GEDA in the form of qualifying certificates opened during 1972: the Guam Hilton, the Hunt and Behrens Feed Mill, and the San Miguel Brewery, capable of producing 1,000,000 cases of beer annually for export. Also, the Guam Okura Hotel commenced construction.

Five new certificates were issued, four of which were to manufacturing ventures: Stanfoam, Inc., manufacturing building materials; Chamorro American Manufacturing and Exports, Inc., pro-

ducing island wearing apparel; and Town Knits, Inc., and Corn Garment Manufacturing Corporation, both of which produced garments. Another hotel also received a certificate: the Guam Kakuei Hotel, to be located on Tumon Bay.

Stanfoam began by manufacturing simulated marble products but eventually moved into the production of components for the building of low cost homes. In 1973 a sample home at a price of \$20,000 was put on view.

Ten proposals were received for development in the Commercial Port area in addition to the ones previously mentioned for the Cabras Island Industrial Park. There were three proposals by flour mills, three



by cement clinker plants, one by an aluminum manufacturing plant, one for a fishing industry base, one for a water transportation terminal facility, and one for a wharf, office, and warehouse for the operation of tug boats, barges, and other shipping projects. Of course, consideration of these proposals depended on the acquisition of additional land from the Navy.

In the E.T. Calvo Memorial Park construction began on the International Trade Center, continued on the printing facility, and was completed on the medical facility.

Loans consisted of \$5,000 to the Guam Business and Professional Women's Club for the publication of

a booklet entitled, *Let's Chat in Chamorro*, and of \$10,000 to a poultry farmer for expansion.

A study was initiated to investigate the feasibility of developing a mass transportation system for the island, with the Authority assisting private entrepreneurs in the endeavor.

At the end of Fiscal Year 1972 there were twenty-four active qualifying certificates out of thirty-one issued since GEDA's inception. Benefits to Guam were the employment of 1,365 people, making a total of \$4,736,186 in wages and contributing \$537,902 in taxes. Total Investments by recipients of qualifying certificates approximated \$90 million in land, machinery, and equipment alone.

Fiscal Year 1973

Five applications for qualifying certificates have been thus far received: Guam Amusement Park, Inc. applied for a qualifying certificate to construct a permanent amusement park facility in the Tumon area. Two applications were received to construct hotels: one from the Mandarin Corporation and one from the Tumon Royal Hotel. Ida International

Guam, Inc., a cosmetic manufacturing firm applied as well as Hafa Adai Textiles, a garment manufacturer.

Six certificates were approved, four of which were hotel ventures: Airport Plaza Hotel, Aguilar Enterprises, Towa Reef Hotel and Guamerica. Ground has already been broken for the Towa Reef.

Also approved were Marianas Modular Inc., a building materials manufacturer, and Sunrise Carpet Company, a carpet manufacturer.

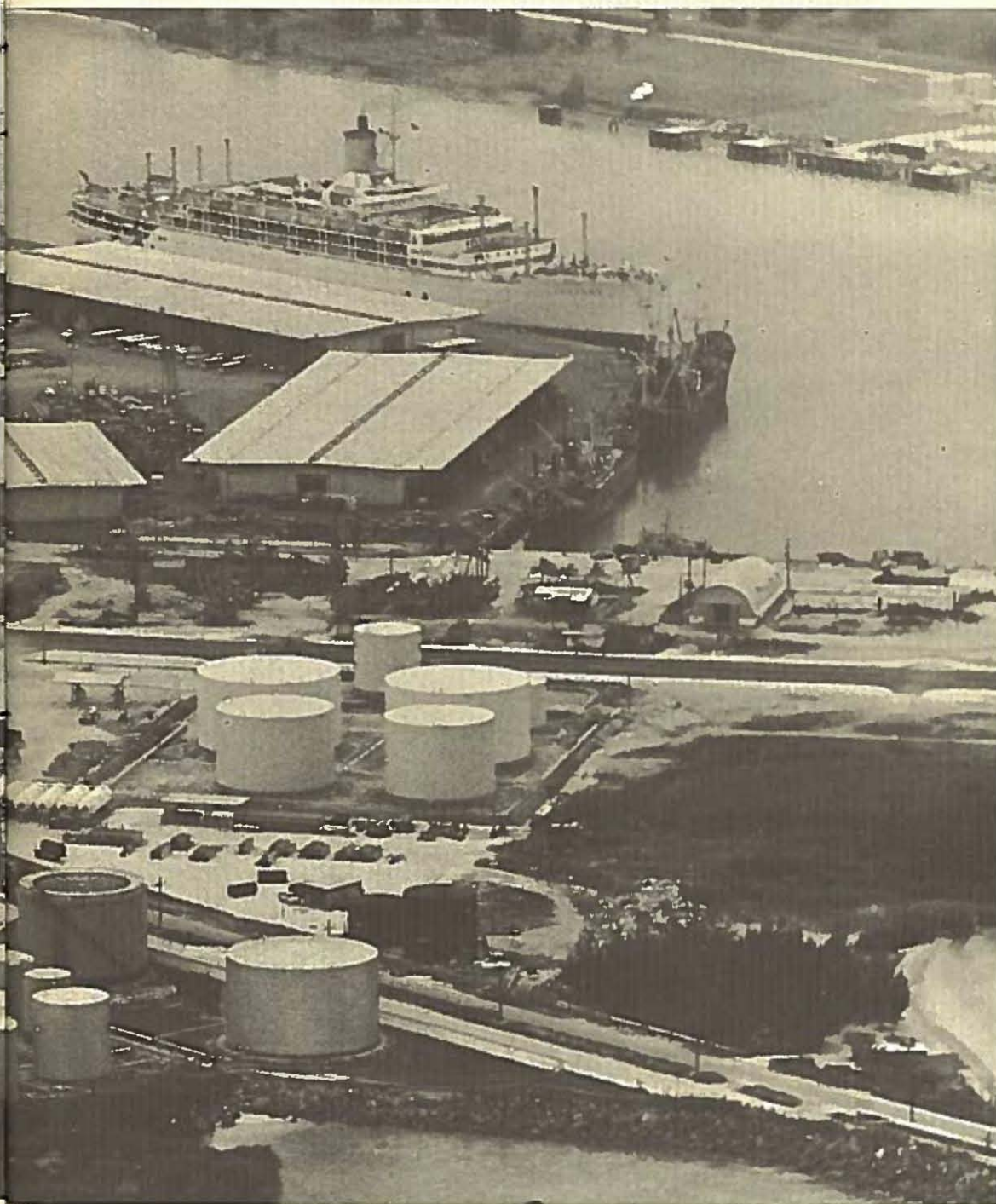


An agricultural loan for \$10,000 was approved for expanding a poultry operation and one agricultural insurance policy was granted.

Star Press and Chamorro-American Manufacturing and Exports, Inc. were both made operational in the E.T. Calvo Memorial Park, and the park was improved by an entrance roadway. The International Trade Center is well under construction and Massey Tire is almost completed.

In the Harmon Industrial Park initial construction began on the Central Pacific Ironworks and the Guam Dry Cleaners was completed. In the Cabras Island Park Kaiser Cement and Gypsum commenced construction of its new cement storage and bagging facility.

In the Appendix is a list of major economic developments which have occurred since 1969 and in which GEDA has been either directly or indirectly involved.



Cabras Island



Guam Hotel Okura

**PERSONNEL
AND
BOARD MEMBERS**

ADMINISTRATOR
Jose S. Perez



Jose S. Perez graduated from Guam High School in 1934 and since then has participated in a number of special training programs, including courses in banking, real estate, public relations, supervision and management and administrative negotiations.

He began his career in 1931 as assistant cashier of the Bank of Guam, then moved to the Bank of America as Assistant Manager. He served with the Government of Guam as Executive Director of the Guam Housing and Urban Renewal Authority and as controller and Deputy Administrator of Guam Economic Development Authority.

DEPUTY ADMINISTRATOR
Jose L. Cepeda



Jose L. Cepeda has been with GEDA for six years and assumed the position of Deputy Administrator when it was vacated by Jose S Perez, now GEDA Administrator. Formerly fiscal officer for the Authority, Mr. Cepeda oversees the administration and the finance sections of GEDA.

He studied accounting at the University of Guam before obtaining his bachelor's degree in business administration in 1966 at Central State University, Oklahoma. He has had experience working for the Government of Guam and for the Navy.

BOARD MEMBERS

PRESENT BOARD MEMBERS

JESUS S.L. GUERRERO, Chairman	9/23/65
	3/8/68
VICENTE S.A. BENAVENTE, Member	9/23/65
GUY W. WHARTON, Member	4/1/66
ROY P. BENITO, Member	5/8/68
GERALD C. PERRY, Member	9/1/70

PREVIOUS BOARD MEMBERS

DENVER DICKERSON, Chairman	9/23/65 – 2/16/67
JOAQUIN GUERRERO, Member	9/21/65 – 5/2/68 (resigned)
BENIGNO M. PALOMO, Member	9/23/65 – 11/20/67 (resigned)
KENNETH T. JONES, JR., Member	10/27/65 – 1/26/66 (resigned)
WILLIAM R. WALCOTT, Member	2/28/66 – 7/10/70 (resigned)
ALBERT J. RIOS, Member	6/24/68 – 11/17/70 (resigned)
MICHAEL ORD, Member	5/13/68 – 9/8/71



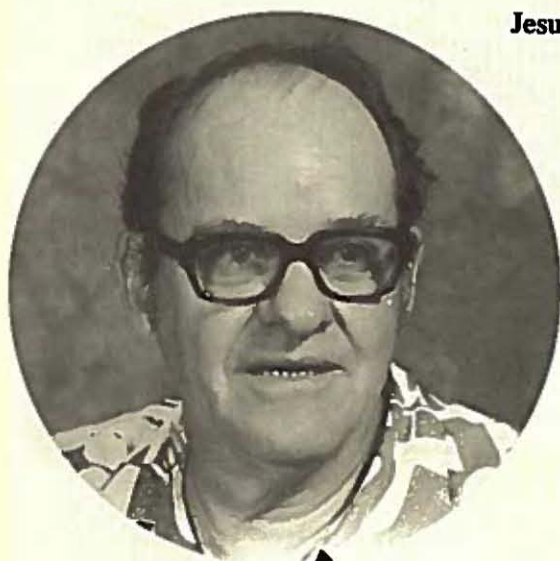
Vicente Benevente



Roy Benito



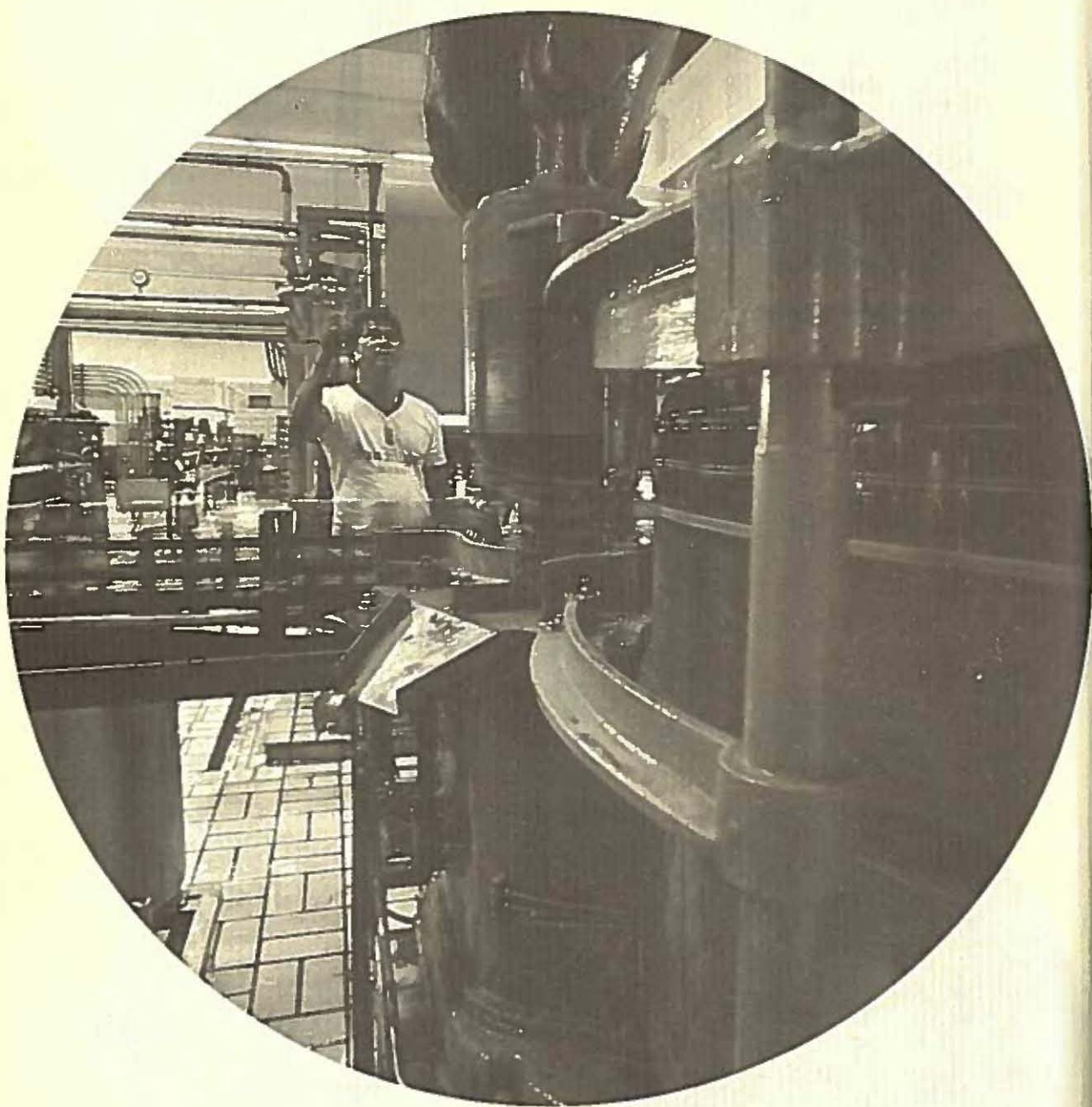
Jesus Leon Guerrero



Gerald Perry



Guy Wharton



San Miguel Brewery

BENEFITS DERIVED

ECONOMIC ACTIVITY STEMMING FROM GEDA'S AID January 1969 – January 1973
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INDUSTRIAL

	<u>Status</u>
+ Guam Oil & Refining Company-Refinery & Tanker Dock	OP
xx Esso-Standard Eastern Terminal	OP
xx Mobil Oil Terminal Expansion	OP
xx Maritime Services – Ship Repair & Tug Service	OP
xx Bonded Warehouse – Freezer Plant	UC
+ San Miguel Brewery	OP
+ Hunt & Behrens Feed Mill	OP
xx Kaiser Cement & Gypsum Bagging Plant	UC-OP
xx Cabras Island Industrial Plant	OP
+ Stanfoam Manufacturing – Building Materials	OP
+ Marianas Modulares – Building Materials	UC
+ Chamorro American Manufacturing – Garment	OP
+ Town Knits – Garment Manufacturing	UC
+ Corn Garment – Manufacturing	UC
+ Sunrise Carpet – Manufacturing	PL-SA
+ Service & Development Corp – Hydroponic Farming	OP-UC
* Ida International Guam, Inc. – Cosmetic Manufacturing	PL-SA
Cement Manufacturing	PL
* Hafa Adai Textiles Guam, Inc.	PL-SA

COMMERCIAL

xx Dillingham Shopping Center – Tamuning	PL-SA
xx Calvo Memorial Park – Tamuning	OP-UC
xx Harmon Field Warehouse Joint Venture	OP
+ Westminster Time Corp – New Building Harmon	OP
xx Guam International Trade Center – Tamuning	UC

HOTELS & TOURIST FACILITIES

+ Fujita Tumon Beach Hotel – Tumon	OP
+ Tokyu Hotel & Expansion – Tumon	OP-UC
+ Continental Hotel – Tumon	OP
+ Cliff Hotel & Red Carpet Restaurant – Agana Heights	OP
+ Dai-Ichi Hotel – Tumon	OP
+ Hilton Hotel – Tumon	OP
+ Okura Hotel – Tumon	OP
+ Guamerica Inn Expansion – Agana	OP-UC
+ Towa Reef Hotel – Tumon	UC
+ Aguilar Hotel – Windward Hills	PL-SA
+ Airport Plaza Holiday Inn – Tamuning	PL-SA
+ Guam Kakuei Hotel – Tumon	UC
* Guam Daikyo Hotel – Tumon	PL-SA
* Mandarin Hotel – Tumon	PL-SA
* Tumon Royal Hotel – Tumon	PL-SA

MEDICAL

xx Catholic Medical Center – New Building – Tamuning	OP
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COMMUNICATION AND ENTERTAINMENT

X Marianas Communications System – CATV
X Gem Productions
* Guam Amusement Park

OP-UC

PL

+	Qualifying Certificate
xx	GEDA Property Development
X	GEDA Financial Assistance
*	Qualifying Certificate Pending
UC	Under Construction
OP	Operational
PL	Planned
SA	Site Acquired

OTHER ECONOMIC ACTIVITY

January 1969 – January 1973

INDUSTRIAL

	<u>Status</u>
Architectural Products — Aluminum Products	OP
Flour Mill	PL
Electronics Assembly	PL
Paper Manufacturing	PL
Fishing Industry	PL
Poultry Processing Plant	PL-SA

COMMERCIAL

Julale Shopping Center — Agana	OP
Tamuning (Free Port) Shopping Center	PL-SA
Airport (Free Port) Shopping Center	PL-SA
Dededo (Free Port) Shopping Center	PL-SA
Calvo's Shopping Center — Tamuning	OP
Ada Center — Dededo	OP
Mark's Shopping Center Expansion — Anigua	UC
Pan American Building — Agana	OP
Janet Commercial Building — Agana	OP
Calvo's Insurance Building — Agana	OP
Flores Building — Agana	OP
Ada Plaza Annex — Agana	OP
Pedro's Plaza — Agana	UC
Winner Building — Tamuning	OP
Sanchez Commercial Building — Tamuning	UC
Certeza Building — Agana	PL
Ada's Cliffline Plaza — Agana	UC
Pacific Thrift & Loan Building — Agana	OP
Airport Plaza — Tamuning	OP-PL
Esso Service Stations	OP
Mobil Oil Service Stations & Modernization	OP
Atkins-Kroll — New Building — Tamuning	OP
Atlantica Corporation Building — Tamuning	OP
Ilgan Building — East Agana	OP
Daikyo Building — Tamuning	UC
Gabriel Building — Agana	OP
Gabriel Building — Anigua	UC
HSK Building — Agana	OP
Frank P. Cruz Building — Maite	OP
Agana Shopping Plaza	PL-SA
Town House — Dededo	PL
Gutierrez Building — Agana	UC
Guam Rexall Drugs — Tamuning	OP
Josephine Building — Tamuning	OP
Lee's Pacific Plaza — Tamuning	OP
Pacific Daily News Building — Agana	UC-OP
Carpo Building — Maite	OP
American Pacific Insurance Building — Agana	UC

HOTELS AND TOURIST FACILITIES

Sakura Restaurant & Motel – Tamuning	OP
American Sotetsu Hotel & Shopping Arcade – Tumon	UC
Suehiro Restaurant & Hotel – Tumon	UC
Tropic Restaurant & Hotel – Tumon	PL-SA
International Hotel & Shopping Center – Tumon	PL
Guam Horizon Hotel – Tamuning	UC
Guam Towers – Tamuning	UC
Magellan Hotel – Agana	OP
Sobu Guam – Hotel/Golf Course – Yona	UC
Casa de Flores – Agana Heights	OP

FINANCE

Bank of America – Agana	OP
Bank of America – New Building – Tamuning	OP
Bank of Hawaii – New Building – Tamuning	OP
Bank of Hawaii – New Building – Agana	OP
Bank of Hawaii – Agat	OP
First Hawaiian Bank – Agana	OP
First Hawaiian Bank – Dededo	OP
First National City Bank – East Agana	OP
First National City Bank – Agana	OP
First National City Bank – Dededo	OP
First National City Bank – Tamuning	OP
Chase Manhattan Bank – Agana	OP
Bank of Guam – Agana	OP
Pacific Thrift & Loan – Agana	OP
American Savings & Loan – Agana	OP

TRANSPORTATION

Continental/Air Micronesia	OP
Trans World Airlines	OP
Japan Airlines	OP
Air Pacific	OP
Seatrains Lines	OP
Waterman Lines	OP
United States Lines	OP
Daiwa Lines	OP

HOUSING

Kaiser Hawaii Kai – Dededo	UC
Kaiser Hawaii Kai – Windward Hills, Yona	UC
Central Pacific – Yigo	UC
Perezville	OP
Hyundai – Maite	OP
Hyundai – Barrigada Hills	UC
Hyundai – Santa Rita	UC
Alupang Cove Condominium – Tamuning	UC
Various Apartment Complexes	UC-OP
Associated Development Corp – Dededo	UC
Socio Construction – Pago Bay	UC
J.E.C. Corporation Condominium – Tamuning	PL
Tokyu Land Corporation – Dededo & Barrigada	PL
Tumon Village Apartments – Harmon – 412 units	UC

MEDICAL

Seventh Day Adventist Clinic – New Building – Tamuning
Medical Center of the Marianas
Polyclinic – Tamuning
Orthodontists Clinic – Tamuning

OP
PL
UC
OP

COMMUNICATION & ENTERTAINMENT

KGTF Educational TV
Skateland
Ice Skating Rink
Agana Swimming Pool
Agana Tennis Courts
Twin Theaters – Tamuning
RCA Satellite Base Station
KUAM Color Transmission (TV)
Agana Theater
Dededo Theater
Hafa Adai Theater

OP
OP
PL-SA
OP
PL
UC
OP
OP
OP
OP
OP

GOVERNMENT CAPITAL IMPROVEMENTS

U.S. Post Office – Tamuning
Tanguisson Power Plant
Cabras Island Power Plant
Guam International Airport Expansion
Urban Renewal Activities
Government of Guam “Paradise Plan”

OP
OP
UC
PL
OP-UC
PL

DAIRY PRODUCTS & BAKERIES

Foremost Dairies, Inc. – Harmon
American Bakery & Biscuit Co. – Maite
Tommy's Bakery – Tamuning
Crown Bakery – Barrigada
Holland Bakery – Harmon

OP
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OP

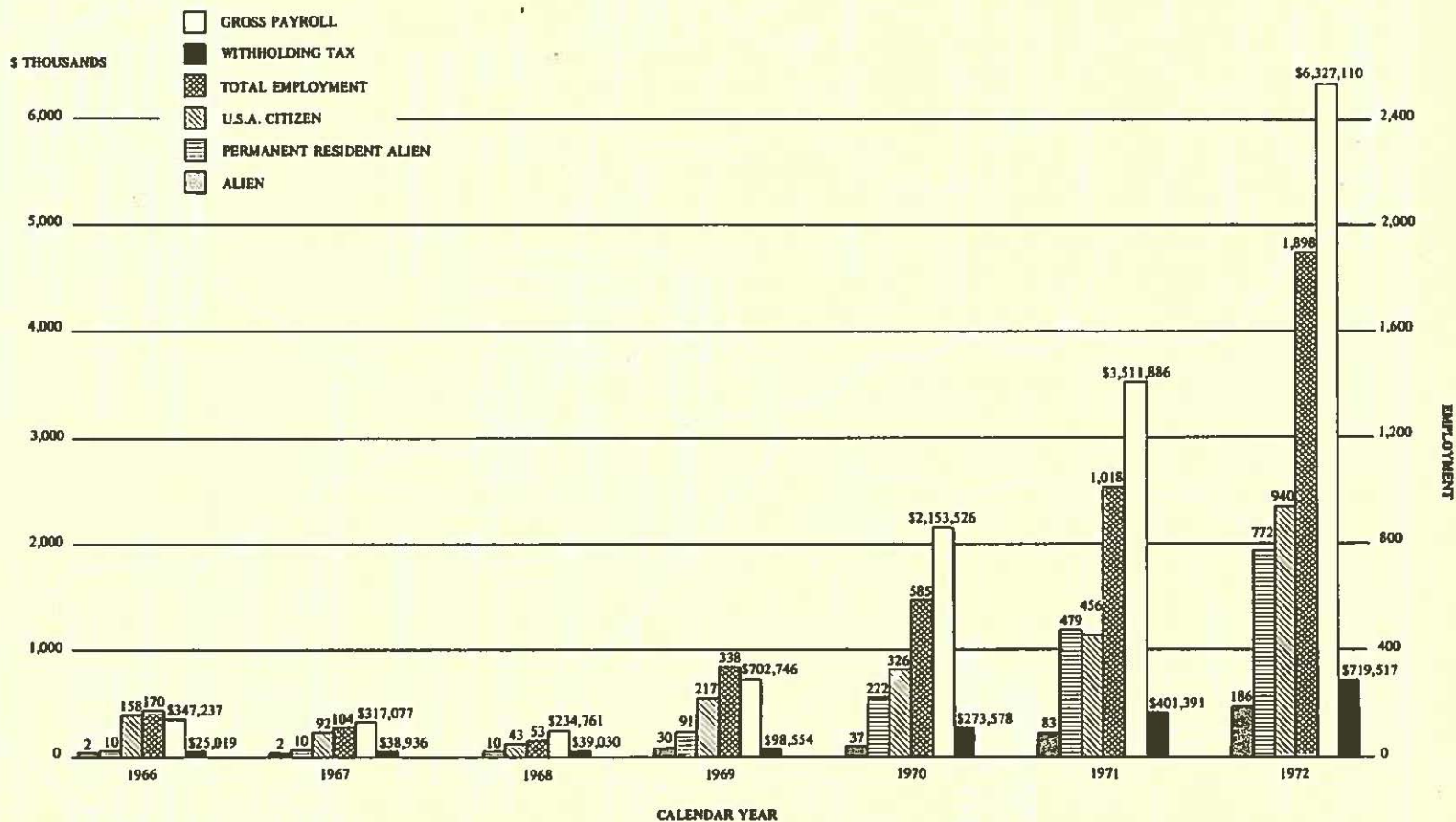
DIRECT BENEFITS OF QUALIFYING CERTIFICATES

Fiscal Year ending 6/30/72

<u>Month</u>	<u>Employment</u>	<u>Payroll</u>	<u>Payroll Taxes</u>
July	833	\$ 314,592.41	\$ 36,451.05
August	820	315,380.58	35,004.30
September	847	297,890.84	33,531.74
October	760	302,868.88	31,152.57
November	901	351,263.45	36,648.99
December	902	378,485.23	42,271.92
January	1073	415,186.47	45,996.45
February	1231	443,239.23	55,171.56
March	1303	476,351.28	55,346.11
April	1334	487,144.17	58,139.79
May	1303	496,676.83	57,973.90
June	1218	460,107.41	50,213.68
		<u>\$4,739,186.78</u>	<u>\$537,902.06</u>

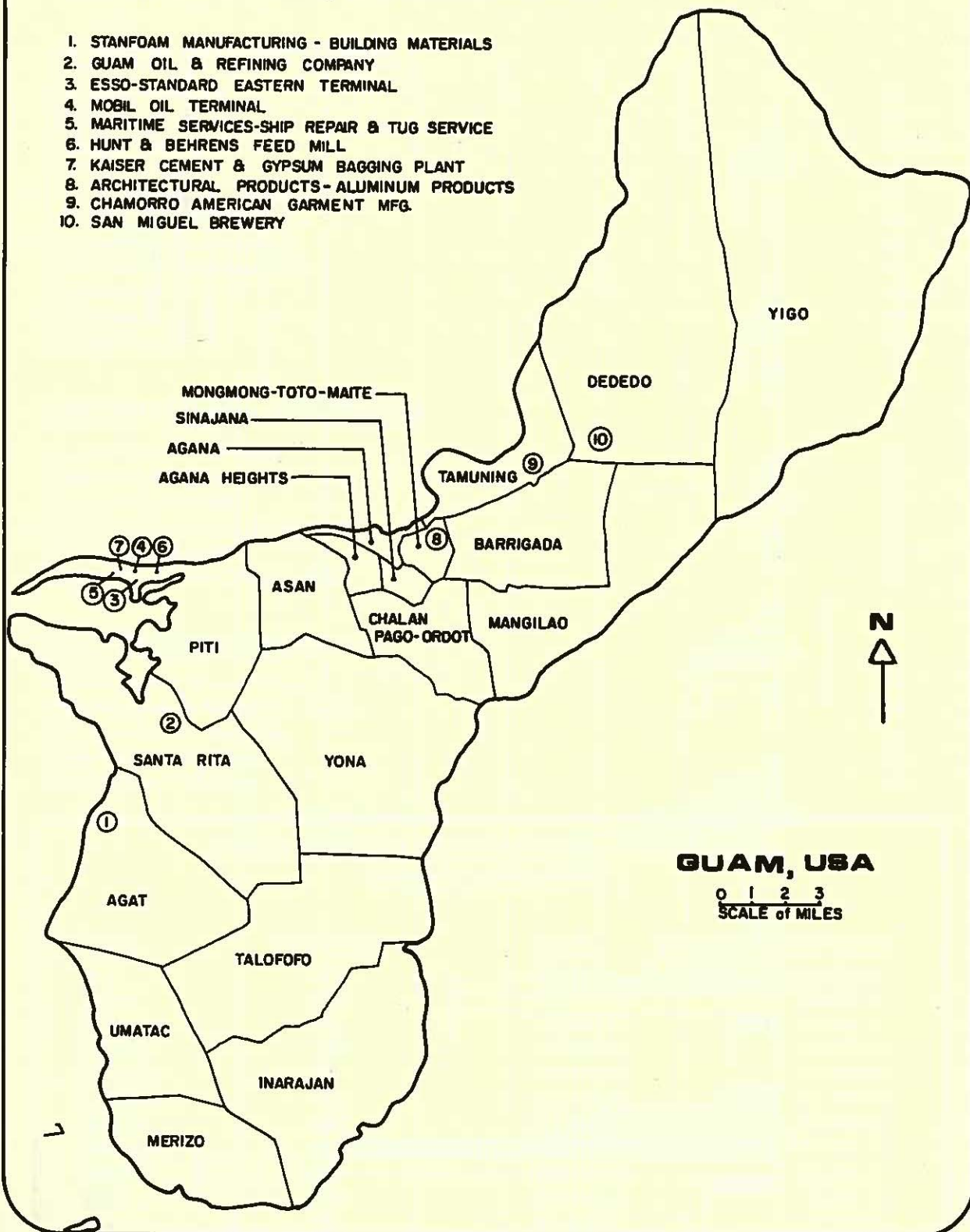
DIRECT BENEFITS
OF
QUALIFYING CERTIFICATES

GROSS PAYROLL & WITHHOLDING TAX



INDUSTRIAL ECONOMIC ACTIVITY: OPERATIONAL
January 1969 - January 1973

1. STANFOAM MANUFACTURING - BUILDING MATERIALS
2. GUAM OIL & REFINING COMPANY
3. ESSO-STANDARD EASTERN TERMINAL
4. MOBIL OIL TERMINAL
5. MARITIME SERVICES-SHIP REPAIR & TUG SERVICE
6. HUNT & BEHRENS FEED MILL
7. KAISER CEMENT & GYPSUM BAGGING PLANT
8. ARCHITECTURAL PRODUCTS-ALUMINUM PRODUCTS
9. CHAMORRO AMERICAN GARMENT MFG.
10. SAN MIGUEL BREWERY



HOUSING ACTIVITY: OPERATIONAL & UNDER CONSTRUCTION

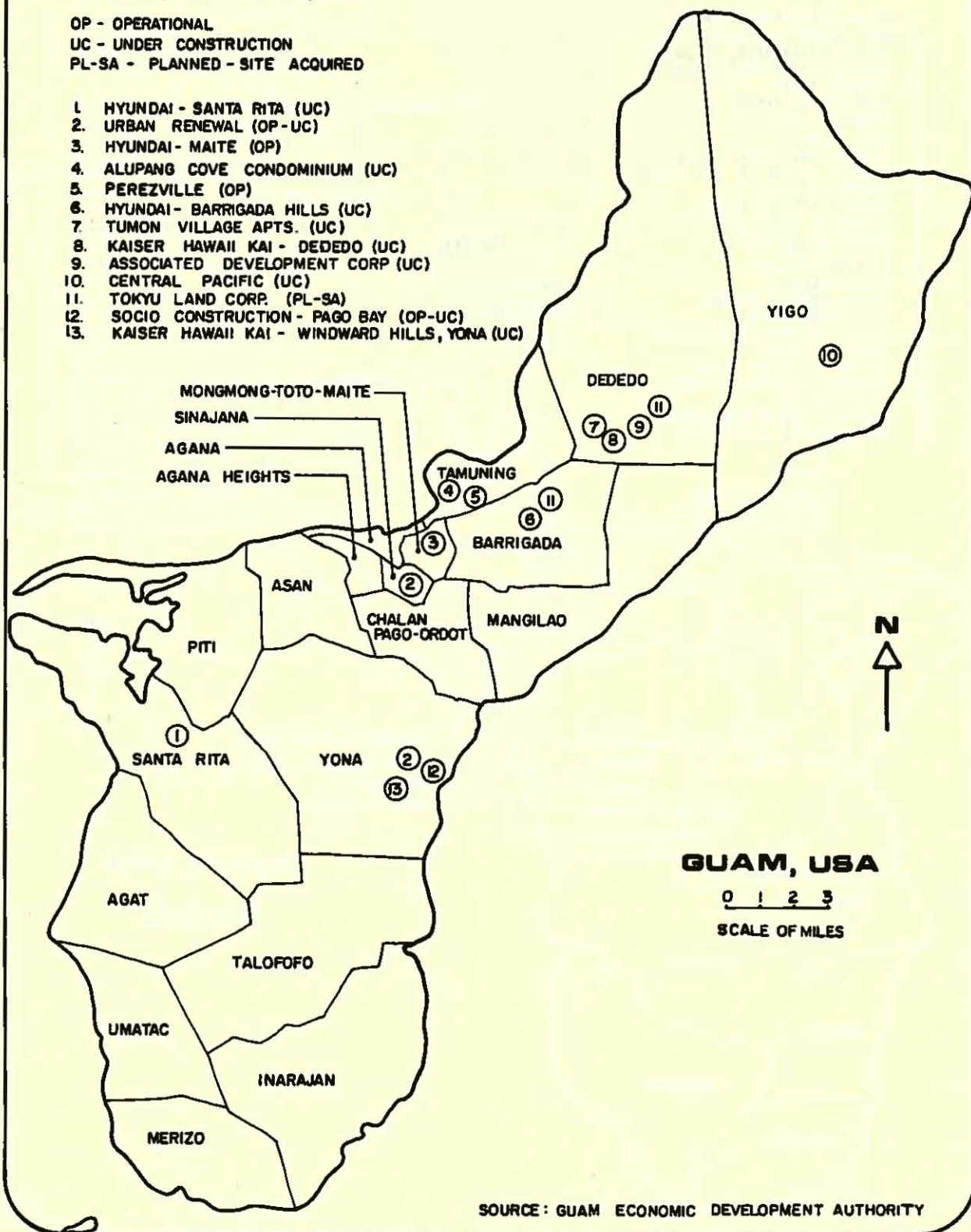
January 1969 - January 1973

OP - OPERATIONAL

UC - UNDER CONSTRUCTION

PL-SA - PLANNED - SITE ACQUIRED

1. HYUNDAI - SANTA RITA (UC)
2. URBAN RENEWAL (OP-UC)
3. HYUNDAI - MAITE (OP)
4. ALUPANG COVE CONDOMINIUM (UC)
5. PEREZVILLE (OP)
6. HYUNDAI - BARRIGADA HILLS (UC)
7. TUMON VILLAGE APTS. (UC)
8. KAISER HAWAII KAI - DEDEDO (UC)
9. ASSOCIATED DEVELOPMENT CORP (UC)
10. CENTRAL PACIFIC (UC)
11. TOKYU LAND CORP. (PL-SA)
12. SOCIO CONSTRUCTION - PAGO BAY (OP-UC)
13. KAISER HAWAII KAI - WINDWARD HILLS, YONA (UC)



GUAM, USA

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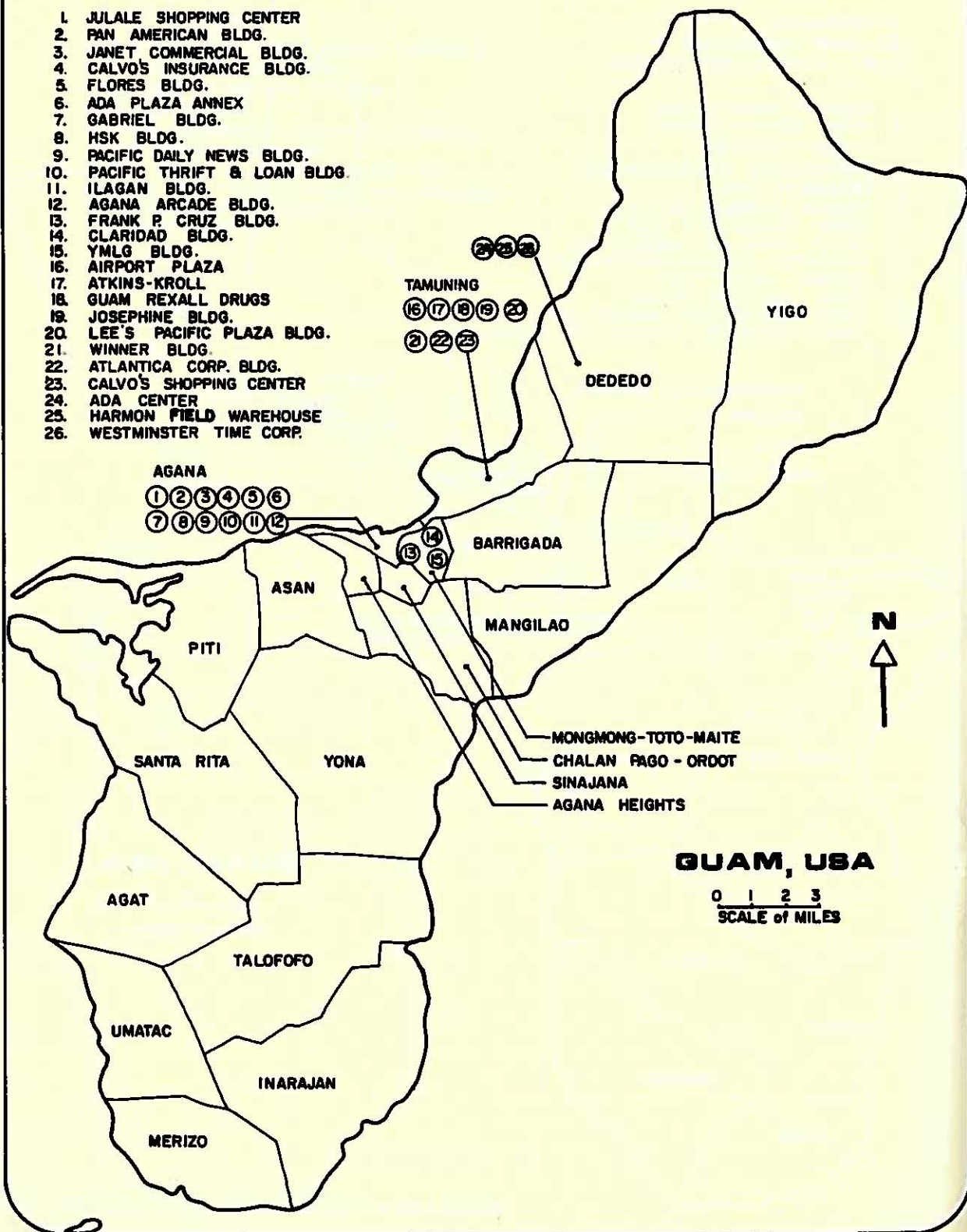
SCALE OF MILES

SOURCE: GUAM ECONOMIC DEVELOPMENT AUTHORITY

COMMERCIAL ECONOMIC ACTIVITY: OPERATIONAL

January 1969 - January 1973

1. JULALE SHOPPING CENTER
2. PAN AMERICAN BLDG.
3. JANET COMMERCIAL BLDG.
4. CALVO'S INSURANCE BLDG.
5. FLORES BLDG.
6. ADA PLAZA ANNEX
7. GABRIEL BLDG.
8. HSK BLDG.
9. PACIFIC DAILY NEWS BLDG.
10. PACIFIC THRIFT & LOAN BLDG.
11. ILAGAN BLDG.
12. AGANA ARCADE BLDG.
13. FRANK P. CRUZ BLDG.
14. CLARIDAD BLDG.
15. YMLG BLDG.
16. AIRPORT PLAZA
17. ATKINS-KROLL
18. GUAM REXALL DRUGS
19. JOSEPHINE BLDG.
20. LEE'S PACIFIC PLAZA BLDG.
21. WINNER BLDG.
22. ATLANTICA CORP. BLDG.
23. CALVO'S SHOPPING CENTER
24. ADA CENTER
25. HARMON FIELD WAREHOUSE
26. WESTMINSTER TIME CORP.



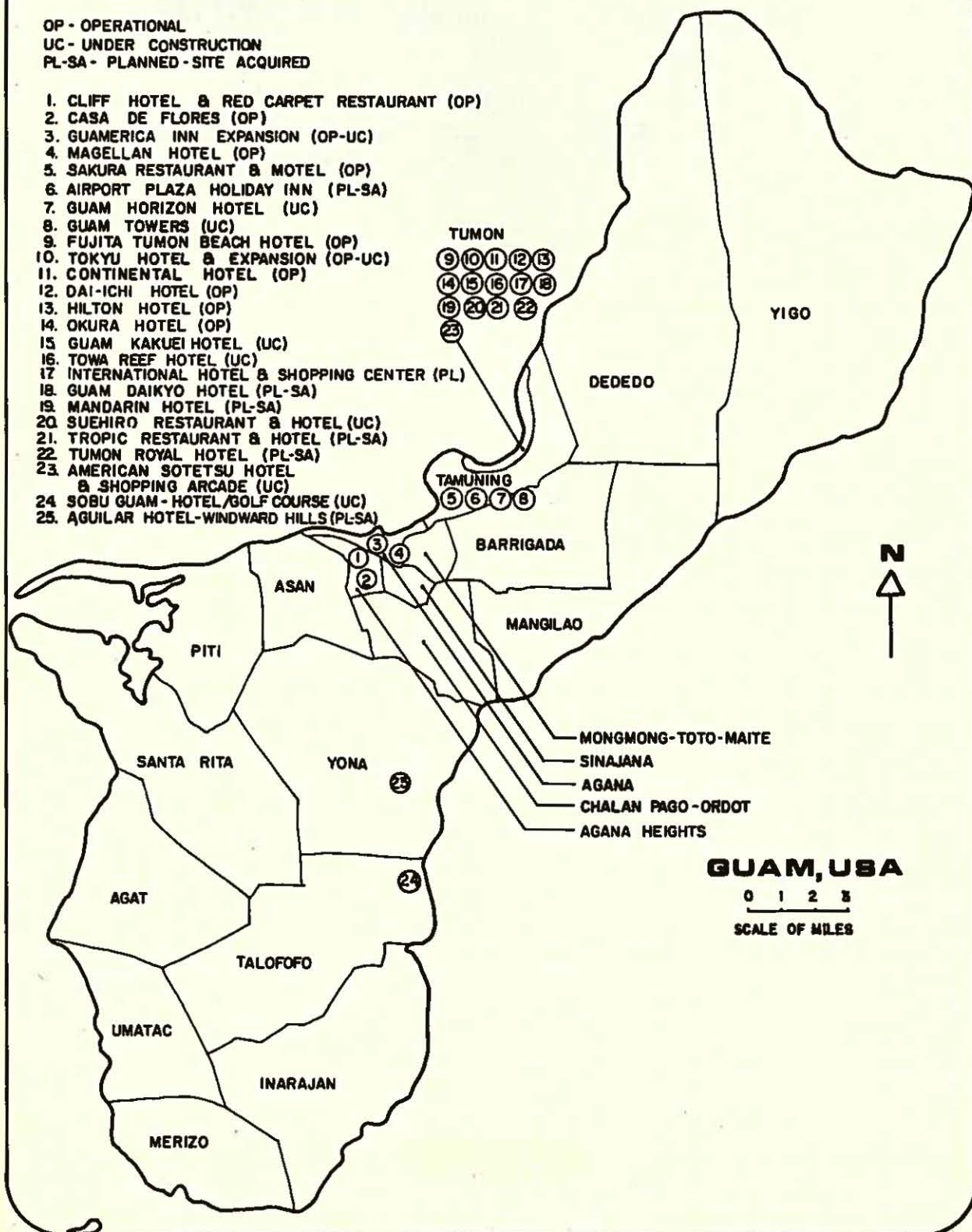
GUAM, USA

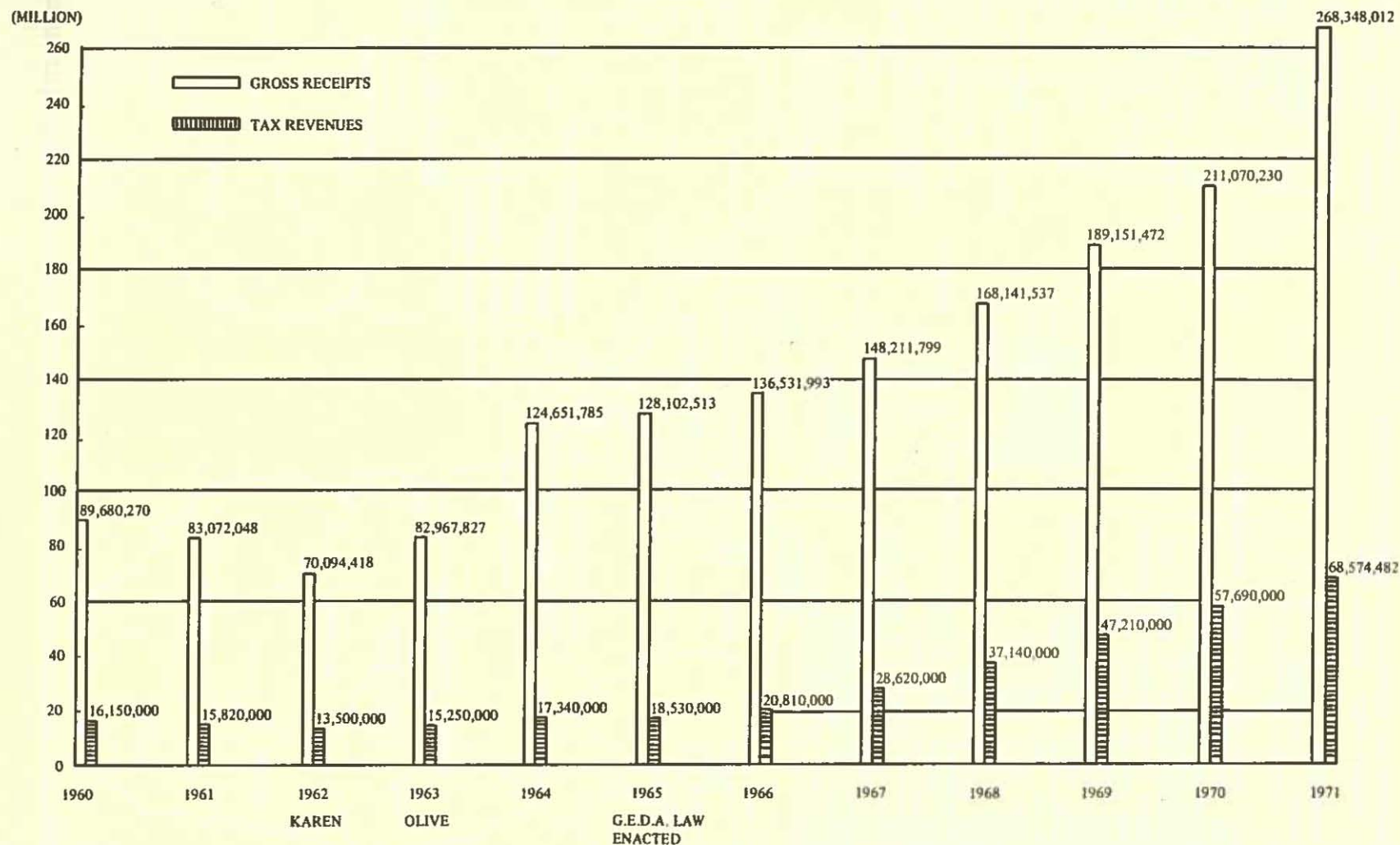
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SCALE of MILES

A SAMPLING OF HOTELS & TOURIST FACILITIES January 1969 - January 1973

OP - OPERATIONAL
UC - UNDER CONSTRUCTION
PL-SA - PLANNED - SITE ACQUIRED

1. CLIFF HOTEL & RED CARPET RESTAURANT (OP)
2. CASA DE FLORES (OP)
3. GUAMERICA INN EXPANSION (OP-UC)
4. MAGELLAN HOTEL (OP)
5. SAKURA RESTAURANT & MOTEL (OP)
6. AIRPORT PLAZA HOLIDAY INN (PL-SA)
7. GUAM HORIZON HOTEL (UC)
8. GUAM TOWERS (UC)
9. FUJITA TUMON BEACH HOTEL (OP)
10. TOKYU HOTEL & EXPANSION (OP-UC)
11. CONTINENTAL HOTEL (OP)
12. DAI-ICHI HOTEL (OP)
13. HILTON HOTEL (OP)
14. OKURA HOTEL (OP)
15. GUAM KAKUEI HOTEL (UC)
16. TOWA REEF HOTEL (UC)
17. INTERNATIONAL HOTEL & SHOPPING CENTER (PL)
18. GUAM DAIKYO HOTEL (PL-SA)
19. MANDARIN HOTEL (PL-SA)
20. SUEHIRO RESTAURANT & HOTEL (UC)
21. TROPIC RESTAURANT & HOTEL (PL-SA)
22. TUMON ROYAL HOTEL (PL-SA)
23. AMERICAN SOTETSU HOTEL & SHOPPING ARCADE (UC)
24. SOBU GUAM - HOTEL/GOLF COURSE (UC)
25. AGUILAR HOTEL-WINDWARD HILLS (PL-SA)





GROSS RECEIPTS AND TAX REVENUES
1960 - 1971

APPENDIX



Produce at the Farmer's Market

MINIMUM FINANCIAL REQUIREMENTS

	<u>Minimum Investment</u>	<u>Minimum Paid-In Capital</u>
Agriculture	\$15,000	\$5,000
Watch Manufacturing	50,000	25,000
Other Manufacturing	25,000	15,000
Commercial Fishing	25,000	15,000
Services	25,000	15,000
Hotels and Motels	100,000	25,000
Other Tourist Facilities	25,000	15,000
Industrial Facilities	100,000	25,000
Low-cost Residential Construction	100,000	25,000

FILING AND SURVEILLANCE FEES

	<u>Filing Fee</u>	<u>Annual Surveillance Fee</u>
Agriculture	\$25	\$25
Watch Manufacturing	50	250
Other Manufacturing	50	100
Commercial Fishing	25	25
Services	50	50
Hotels and Motels	50	100
Other Tourist Facilities	50	50
Low-cost Residential Construction	50	100

QUALIFYING CERTIFICATES CONSIDERED BY GEDA

<u>ORGANIZATION</u>	<u>BOARD APPROVED</u>	<u>SENT TO GOV.</u>	<u>APPROVED BY GOV.</u>
Stratton Watch Corporation	11/9/65		11/24/65
(Finex) Phoenix Industries, Inc.	2/23/66	2/25/66	3/7/66
Westminster Time Corporation	2/23/66		3/7/66
S&G Tobacco Corporation	3/11/66	3/16/66	5/10/66 (Surrendered, 12/7/72)
N&J Liquor Corporation	3/11/66	3/16/66	5/10/66
Hallmark Watch Factory, Inc.	4/1/66	4/11/66	5/16/66
Benson Rand Bracelet Corporation	4/1/66		4/22/66
Pacific Watch Corporation	5/4/66		Disapproved 7/19/67
Precision Instruments, Inc.	5/4/66		Disapproved 8/2/66
Maro Watch Company, Inc.	5/23/66		Disapproved 8/2/66
	6/4/69	8/26/69	8/27/69
Esgro Manufacturing Corporation	8/31/66		8/31/66 (Revoked, 9/21/67)
Mobile Homes, Inc.	10/24/66		Disapproved 1/6/67
Guam Candy Company, Inc.	10/24/66	11/18/66	1/20/67 (Surrendered, 6/6/72)
Guam Diversified Industries, Inc.	11/4/66		1/20/67 (Revoked, 12/5/67)
Sheraton Time Corporation	11/4/66		Disapproved 2/28/67
Hunt & Behrens (Guam), Inc.	1/19/67		2/20/67
Guam Hardwoods, Inc.	3/10/67	3/23/67	5/26/67
Hotels of the Marianas, Inc.	3/20/67	6/30/67	7/1/67
Jadeite, Inc.	4/28/67	9/5/67	11/3/67 (Surrendered, 6/11/68)
Flores Corporation	9/29/67	10/2/67	Disapproved 4/30/68
Guam Oil & Refining Company, Inc.	4/4/68	4/9/68	7/8/68
Chevron Oil Company of Guam	7/3/68	7/8/68	7/9/68 (Surrendered, 8/5/70)
Pacific Treated Lumber Corporation	9/4/68	9/22/68	12/4/68
Continental Agana Hotel Corporation	9/18/68	10/11/68	11/4/68
Tumon Beach Hotel Corporation	11/7/68 1/6/69	12/6/68	1/17/69
Tokyu Micronesian Dev.	1/22/69	4/7/69	5/27/69
San Miguel Brewing Company (Guam) Inc.	7/17/69 4/10/70	4/24/70	4/29/70
Guam Resorts, Inc.	5/14/70	5/15/70	5/21/70
Guam Dai Ichi Hotel, Inc.	7/29/70	8/13/70	8/25/70
J & G Cliff Hotel	12/2/70	1/26/71	2/10/71

<u>ORGANIZATION</u>	<u>BOARD APPROVAL</u>	<u>SENT TO GOV.</u>	<u>APPROVED BY GOV.</u>
Service and Development Corp.	1/6/71	4/1/71	7/7/71
Stanfoam, Inc.	11/5/71	11/5/71	11/18/71
Guam Kakuei Co., Ltd.	4/7/72 4/17/72	5/18/72	6/21/72
Chamorro American Mfg. & Exports	2/23/72	5/18/72	5/31/72
Aguilar Enterprises, Inc.	4/7/72 4/17/72	5/22/72	7/7/72
Town Knits, Inc.	4/7/72 4/17/72	5/25/72	6/6/72
Marianas Modulares, Inc.	4/7/72	6/22/72	8/4/72 (Surrendered) 2/6/73
Corn Garment Mfg. Corporation	5/17/72	6/6/72	6/22/72
Sunrise Carpet Company Inc.	5/17/72	6/6/72	8/31/72
Towa Reef Hotel, Inc.	6/14/72	7/10/72	9/7/72
Guamerica, Inc.	2/23/72	7/12/72	9/7/72
Airport Plaza Hotel Dev. Ventures	7/18/72	8/9/72 10/12/72	10/16/72
Ida International Guam, Inc.	12/6/72	12/27/72	1/26/73
Hafa Adai Textiles, Inc.	1/17/73	2/9/73	3/28/73
Dasyn International, Inc.	3/28/73	4/30/73	5/14/73
Guam Amusement Park, Inc.	5/9/73	5/25/73	5/31/73

LOANS GRANTED BY GEDA

<u>General Loan Register</u>			<u>GUAM DEVELOPMENT FUND</u>	
<u>DATE OF LOAN</u>	<u>CLASSIFICATION</u>	<u>AMOUNT</u>	<u>DATE</u>	
1-5-67	Commercial	\$ 35,000	1/17/73	\$ 120,000
3-8-67	Commercial	9,000	1/17/73	50,000
3-20-67	Commercial	1,000	1/17/73	Requested: 32,184
6-9-67	Agricultural	5,000	1/23/73	20,000
6-15-67	Agricultural	5,000	1/26/73	142,696
6-16-67	Commercial	3,000	2/28/73	15,000
6-19-67	Agricultural	5,000	5/9/73	Requested: 15,000
7-6-67	Commercial	18,000	6/4/73	Requested: 200,000
7-11-67	Agricultural	8,000		
	Hotel	100,000		
9-20-67	Commercial	6,500		
4-1-68	Commercial	25,000		
10-15-69	Commercial	500		
1-6-70	Commercial	500		
9-21-70	Commercial	71,000		
7-20-67	Agricultural	25,000		
1-8-71	Commercial	7,500		
1-11-71	Commercial	35,000		
3-12-71	Commercial	2,700		
4-19-71	Commercial	10,000		
8-4-71	Commercial	343,069		
9-7-71	Commercial	5,000		
			<u>AGRICULTURAL DEVELOPMENT FUND</u>	
			7/8/68	\$ 5,300
			3/10/69	5,000
			6/5/69	5,000
			10/10/69	30,000
			12/10/69	30,000
			7/16/70	3,000
			8/18/71	10,000
			8/4/72	10,000
			11/22/72	15,000
			1/19/73	54,395
			2/28/73	25,000

**Eighth Guam Legislature
(Bill 167)
August 21, 1965**

AN ACT

An act to add a New Title to the Government Code of Guam, designated as Title LIV of said Code, creating the "Guam Economic Development Authority", setting its purposes, functions and powers, to amend Title XXI of the Government Code of Guam, and for other purposes.

Be it enacted by the People of the Territory of Guam:

Section 1. A New Title to the Government Code of Guam is hereby added designated as Title LIV of said Government Code of Guam, to read as follows:

CHAPTER I

Section 53550. Guam Economic Development Authority, Creation: There is hereby created a public corporation to be known as "Guam Economic Development Authority" (hereinafter referred to as the Corporation), with functions, powers and responsibilities as hereinafter provided.

Section 53551. Principal Offices. The principal office of the Corporation shall be located in the territory of Guam and Corporation shall be deemed to be a resident of Guam.

Section 53552. Purposes and Authorized Activities of Corporation:

(a) It is the purpose of this Act to create a public corporation to assist in the implementation of an integrated program for the economic development of Guam. It is intended for this Corporation to be a catalyst in the economic development which this Act seeks, aiding private enterprise without unfairly competing with it. It is a further purpose of this Act to enable the Corporation to expand the supply of money available in the territory of Guam to finance the construction of residential dwellings, including single family dwellings, multiple family dwellings, condominiums and cooperative apartments. It is hereby declared that there exists in the territory of Guam a substantial and serious shortage of housing in all categories, and that this shortage is inimical to the health and welfare of the residents of the territory and to the economic development of the territory. The inadequate supply of such housing results in the continuing existence and proliferation of substandard and decadent housing, with all its attendant consequences of disease, crime, injuries, retardation of education, and high costs of services such as police and fire protection. It will thus serve the public welfare to stimulate an increase in the supply of decent, safe and sanitary housing, not only insofar as it benefits those who live in such housing but in that such housing will materially assist in the prevention of crime, the improvement of education, the reduction of hazards from fire or structurally unsafe buildings, the improvement of the public health and a lowering of the cost of services. The expansion of the supply of housing in Guam is seriously hindered by a substantial, serious and continuing shortage of longterm mortgage money, resulting in part from the inability of United States based insurance companies to provide mortgage money in Guam because of United States income tax reasons. It is, therefore, imperative that mortgage financing be made available and the supply of available money to finance housing construction be increased. Without the assistance contemplated in this Act, the financing of or construction of decent, safe and sanitary housing in sufficient amounts to house the residents of Guam cannot be accomplished. A public exigency exists which makes the assistance contemplated by this Act a public purpose, and the necessity in the public interest for the provisions hereinafter enacted is hereby declared as a matter of legislative determination.

(Amended by P.L. 257, 9th G.L., 6th Special Session, Effective January 31, 1969, Amended by P.L. 33, 11th G.L., First Regular Session Effective April 28, 1971)

(b) The Corporation is authorized to control and implement that part of the basic plan for the economic development of Guam, assigned to it by the Governor of Guam. The Corporation shall also be an active participant in the development of said basic plan.

(Amended by P.L. 257, 9th G.L., 6th Special Session, Effective January 31, 1969)

(c) The Corporation is authorized to conduct or cause to be conducted research into natural resources, experiments, marketing methods and export possibilities, and to make known and publicize the results of such activities; provided, however, that when the Corporation proposes to enter into any research or similar investigative activity, it shall first ascertain that such activity is not being duplicated elsewhere in the government of Guam.

(Amended by P.L. 257, 9th G.L., 6th Special Session. Effective January 31, 1969)

"(d) The Corporation is authorized to promote investments of entrepreneurial capital in Guam, if need be form and operate its own industries, invest in and provide technical assistance in support of its objectives, develop and maintain facilities for lease or sale and provide for the expansion of agricultural, industrial, *housing* and tourist facilities through financial assistance and other means."

(Amended by P.L., 257, 9th G.L., 6th Special Session, Effective January 31, 1969; Amended by P.L., 33, 11th G.L., First Regular Session, Effective April 28, 1971)

(e) Except as specifically prohibited herein, the Corporation is authorized to make loans or guarantees of loans to any persons, firm, partnership or corporation licensed to do business in Guam in furtherance of the purposes and activities stated in this Act. All loans so made shall be of such sound value or so secured as to reasonably assure repayment, or shall be of such vital need to the economy of Guam as to warrant additional risks or subsidies. Each loan made by the Corporation may be sold to a commercial lending institution for a sum not less than the principal balance of said loan and the proceeds thereof returned to the capital fund of the Corporation, subject to the terms of any resolution of the Board of Directors of the Corporation authorizing the issuance of revenue bonds. Each loan made by the Corporation shall include, wherever possible, an option on the part of the Corporation to convert up to fifty percent (50%) of the total loan so made into equity of one form or another.

(Amended by P.L., 257, 9th G.L., 6th Special Session. Effective January 31, 1969, Amended by P.L. 33, 11th G.L., First Regular Session, Effective April 28, 1971)

(f) The Corporation is authorized to issue, sell or dispose of revenue bonds and other obligations from time to time under such terms and conditions as the Guam Legislature, by appropriate legislation may prescribe. The proceeds of such bonds and obligations shall be used solely to finance specifically authorized corporate programs.

(g) The Corporation is authorized to invest its funds in any enterprise, undertaking or other activity which, in its judgment, will further the development of desirable agriculture, industry, housing and commerce, and of tourism in this territory.

(Amended by P.L. 33, 11th G.L., First Regular Session, Effective April 28, 1971)

(h) The Corporation is authorized to obtain land belonging to the government of Guam as required to carry out its purposes and objectives, under such terms and tenure as the Legislature, by appropriate legislation, may prescribe.

(Added by P.L. 257, 9th G.L., 6th Special Session, Effective January 31, 1969)

(i) The Corporation is authorized to purchase from any person, firm, corporation or governmental entity mortgages on residential real property, including single family dwellings, multiple family dwellings, condominiums and cooperative apartments, which are insured by an agency or instrumentality of the United States of America or by the territory of Guam. The Corporation is also authorized to make commitments to purchase mortgages, conditioned upon the insurance of such mortgages by an agency or instrumentality of the United States of America or by the territory of Guam.

Notwithstanding anything to the contrary herein, the Corporation is not authorized to make direct loans to any person, firm, corporation or governmental entity on residential real property, including single family dwellings, multiple family dwellings, condominiums and cooperative apartments.

(Added by P.L. 33, 11th G.L., First Regular Session, Effective April 28, 1971)

Section 53552.1. E.T. Calvo Memorial Park. That land belonging to the Corporation for use as a light industrial and commercial park is hereby designated the 'E.T. Calvo Memorial Park', after the late businessman and civic leader who contributed so materially to the economic development of the territory. The Governor, at such ceremony as he deems appropriate, is authorized to so officially name such park.

(Added by P.L. 185, 10th Guam Legislature, Second Regular Session, Effective September 1, 1970)

Section 53553. General Powers: Termination Date: The Corporation shall have, and may exercise, the following general powers in carrying on the activities specified in Section 53552 of this Chapter:

- (a) To have perpetual succession, unless sooner terminated by Law:

(Amended by P.L. 257, 9th G.L., 6th Special Session, Effective January 31, 1969)

- (b) To adopt, alter, and use a corporate seal, which shall be judicially noticed.

(c) To adopt, amend, and repeal by laws and other rules, regulations and directives governing the conduct of its business, and the performance of the powers and duties granted to or imposed upon it by law. No rule or regulation other than that covering the internal conduct of the Corporation shall be adopted without a public hearing thereon in the manner prescribed by law.

(Amended by P.L. 257, 9th G.L., 6th Special Session, Effective January 31, 1969)

- (d) To sue and to be sued in its corporate name.

(e) To determine the character of and the necessity for its obligations and expenditures and the manner in which they shall be incurred, allowed and paid.

(f) To acquire, in any lawful manner, any property — real, personal, or mixed, tangible or intangible, and to hold, maintain, use, and operate the same; and to sell, lease, encumber or otherwise dispose of the same, whenever any of the foregoing transactions are deemed necessary or appropriate to the conduct of the activities authorized by this Chapter, and on such terms as may be prescribed by the Corporation.

(g) To enter into and perform such contracts, leases, cooperative agreements, or other transactions with any agency or instrumentality of the United States, or with any State, Territory or possession, or any political subdivision thereof, or with any person, firm, association or corporation, as may be deemed necessary or appropriate to the conduct of the activities authorized by this Chapter, and on such terms as may be prescribed by the Corporation.

(h) To execute all instruments necessary or appropriate in the exercise of any of its functions.

(i) To directly contract without regard to the provisions of the Personnel and Compensation Laws, for the services of such clerical and technical assistance and employees as may be necessary for the conduct of the business of the Corporation; to delegate to them such powers and to prescribe for them such duties as may be deemed appropriate by the Corporation; to fix and pay such compensation to them for their services as the Corporation may determine without regard to the provisions of the Personnel and Compensation Laws; to require bonds from such of them as the Corporation may designate, the premiums therefor to be paid by the Corporation, and to remove and discharge such employees and other clerical and technical assistants, likewise without regard to the provisions of Personnel Laws and regulations.

(j) To accept gifts or donations of services, or of property — real, personal, or mixed, tangible or intangible — in aid of any of the activities authorized by this Chapter.

(k) To construct, equip, operate and maintain building, works, factories, plants, farms, fisheries, and other facilities, including all equipment, supplies and machinery incident thereto.

(l) To form or cause to be formed, to promote, to aid and to invest in any manner within its means in the promotion of any corporation or other association, and to cause or participate in the merger, consolidation, reorganization, liquidation or dissolution of any

corporation or association in which, or in the business of which the corporation shall have direct or indirect interest.

(Amended by P.L. 257, 9th G.L., 6th Special Session, Effective January 31, 1969)

(m) To settle and adjust claims held by it against other persons or parties and by other persons or parties against the Corporation.

(n) To borrow funds required to finance revenue producing projects, and to dedicate revenue derived therefrom to the repayment of such loans.

(o) To recommend to the Governor of Guam the issuance, modification, revocation and suspension of Qualifying Certificates in accordance with the provisions of this Act.

(p) The Corporation shall submit to the Legislature, through the Governor of Guam, from time to time such legislation as it deems necessary to expeditiously and effectively foster desirable industry, commerce, housing and tourism in this territory.

(Amended by P.L. 33, 11th G.L., First Regular Session Effective April 28, 1971)

(q) To take such action and carry on any other operations and do all that may be necessary or appropriate to carry out the powers and duties herein or hereafter specifically granted to or imposed upon it.

(r) To endorse, guarantee and secure the payment of satisfaction of bonds, coupons, mortgages, deeds of trust, debentures, obligations, evidences of indebtedness and shares of stock of other corporation, as far as and to the extent that the same is necessary and appropriate to carry out the Corporation's authorized and permissible activities under its powers and functions.

(s) To purchase from any person, firm, corporation or governmental entity mortgages on residential real property, including single family dwellings, multiple family dwellings, condominiums and cooperative apartments, which are insured by an agency or instrumentality of the United States of America or by the territory of Guam; to make commitments to purchase mortgages, conditioned upon the insurance of such mortgages by an agency or instrumentality of the United States of America or by the territory of Guam; to impose fees and charges for its services; and, through its Board, to issue such rules and regulations as may be necessary to carry out the provisions of this Chapter.

(Added by P.L. 33, 11th G.L., First Regular Session, Effective April 28, 1971)

Section 53554. Board of Directors. All functions and powers of the Corporation shall be vested in and be exercised by and under the direction of a Board of Directors hereinafter referred to as the Board, composed of seven (7) members, appointed by the Governor of Guam with the advice and consent of the Guam Legislature. Members of the Board shall serve for a term of four (4) years. The Governor shall appoint a member of the Board to serve as Chairman.

(Amended by P.L. 145, 9th G.L., Effective February 16, 1968)

Section 53555. Administrator. The Governor of Guam, upon the recommendation of the Board and with the consent of the Guam Legislature, shall appoint an administrator who shall be directly responsible to the Board for the day-to-day operation of the Corporation and shall administer its programs and policies. The Administrator shall be an ex-officio member of the Board, without the right to vote therein. His term of office shall be fixed by the Board, unless sooner terminated by the Governor upon the recommendation of the Board.

(Amended by P.L. 257, 9th G.L., 6th Special Session, Effective January 31, 1969)

Section 53556. Same. Salary and Expenses. The Administration shall be paid a salary and such other allowances and emoluments as the Board may approve.

Section 53557. Qualifications for Directors. The Board members to be appointed by the Governor of Guam as above stated shall be U.S. Citizens, elected from individuals who have resided in Guam at least six (6) continuous months immediately preceding their appointments, who have demonstrated their ability and their attachment to public interest, and selected to provide diversified experience among Board members. The Administrator shall be a U.S. citizen, appointed without regard to the provisions of Personnel Laws and who

possesses qualities, knowledge, experience and diversified ability necessary to pursue effectively the program of the Corporation, regardless of the length of his previous residence on Guam.

(Amended by P.L. 145, 9th G.L., Effective February 16, 1968)

Section 53558. Board of Directors. Miscellaneous Provisions.

(a) The Board shall be responsible for the management, administration, policies and direction of the Corporation and shall exercise supervision through the Administrator.

(b) The Board shall meet in regular session at least once each month, and in special session as often as it may deem necessary.

(c) A majority of the Board shall constitute a quorum for the transaction of business. The Board shall act by the vote of at least four (4) of its members.

(d) The directors shall receive no salary for their services on the Board, but in amounts prescribed by the Board, they may be paid a reasonable per diem not to exceed @20.00 for attendance at meetings of the Board and reasonable travel allowances for time spent on official business of the Corporation.

(Amended by P.L. 257, 9th G.L., 6th Special Session, Effective January 31, 1969)

Section 53559. Corporate Use of Funds.

(a) The Corporation is authorized to use its funds, from whatever source derived, in the exercise of its corporate powers and functions.

(b) The Corporation shall contribute to the Government of Guam Retirement Fund on the basis of annual billings as determined by the Department of Administration, for the Government's share of the costs of the retirement benefits applicable to the Corporation's employment and their beneficiaries. The Corporation shall provide Forkmen's Compensation coverage for its employees.

(Amended by P.L. 257, 9th G.L., 6th Special Session, Effective January 31, 1969)

Section 53560. Annual Reports and Audits. The Corporation shall submit to the Governor of Guam and the Guam Legislature a detailed annual report of activities and an audited annual financial report. For this purpose, it shall contract for independent auditing services. It shall also submit to the Governor of Guam and the Guam Legislature such other special reports as they may require from time to time. The Corporation's books shall likewise be subject to annual legislature audit as prescribed by law.

(Amended by P.L. 173, 8th G.L., 2nd Regular Session, Effective August 17, 1966)

Section 53561. Debt Limit.

(Repealed by P.L. 257, 9th G.L., 6th Special Session, Effective January 31, 1969)

Section 53562. Utilization of Governmental Agencies and Instrumentalities. The services and facilities of agencies and instrumentalities of the Federal Government and of the Government of Guam may be made available to the Corporation in the exercise of its functions to the extent allowed by law.

Section 53563. Sale of Government Land to Corporation.

(Repealed by P.L. 257, 9th G.L., 6th Special Session, Effective January 31, 1969)

Section 53564. Qualifying Certificate, Defined. A Qualifying Certificate is an instrument valid for a given period of time issued by the Governor of Guam upon recommendation of the Board to a Beneficiary who has qualified for tax rebates and abutements under this Act.

Section 53565. Beneficiary, Defined. The recipient of a Qualifying Certificate shall be known as a Beneficiary.

(Amended by P.L. 257, 9th G.L., 6th Special Session. Effective January 31, 1969)

Section 53566. Eligibility, Defined. The following shall be deemed to be a business eligible for consideration by the Corporation for the issuance of a Qualifying Certificate:

Any Corporation, as defined in Section 53568, engaged, or about to engage in, (1) agriculture, manufacturing, commercial fishing, services, or improvement of real property for the purposes which are specifically determined by the Corporation to be beneficial, desirable and necessary to the economic development of Guam; and (2) which activity meets one or more of the following criteria:

- (a) Creation of new employment;
- (b) Replacement of imports;
- (c) Reduction in consumer prices;
- (d) Creation of vitally needed facilities.

In addition such otherwise eligible applicants must meet the following minimum financial requirements:

	Minimum Investment
Agriculture	\$ 15,000.
Watch Manufacturing	50,000.
Other Manufacturing	25,000.
Commercial Fishing	25,000.
Services	25,000.
Hotels and Motels	1,000,000.
Other Tourist Facilities	25,000.
Industrial Facilities	100,000.

The Board may by regulation develop such further standards and criteria for the issuance of Qualifying Certificates as it deems necessary. Such regulations shall be adopted only after public hearing thereon in the manner prescribed by law, and then transmitted to the Governor of Guam, and upon his approval and promulgation, shall have the force and effect of law.

(Added by P.L. 257, 9th G.L., 6th Special Session, Effective January 31, 1969)

Section 53567. Nature of and Benefits. A Qualifying Certificate, once issued, shall be a contract between the Government of Guam and the Beneficiary, and the tax rebates enumerated in the certificate may not be curtailed, limited or impaired by any subsequent act, except as provided herein. Once issued and unless suspended, rescinded or revoked, a Qualifying Certificate shall constitute conclusive evidence of entitlement to tax rebates and abatements stated on its face.

(Amended by P.L. 257, 9th G.L., 6th Special Session, Effective January 31, 1969)

Section 53568. Qualifying Certificate, Issuance of. A Qualifying Certificate may be issued by the Governor of Guam upon the recommendation of the Board to any applicant corporation that proposes to engage in an eligible business, or to any applicant stockholder of such corporation holding a Qualifying Certificate, and said corporation may be either a Guam Corporation or a duly organized 'possessions corporation' limited to doing business in Guam, as such 'possessions corporation' is defined under Federal income tax laws and regulations.

(Added by P.L. 257, 9th G.L., 6th Special Session, Effective January 31, 1969)

Section 53568.1. Limitation on Watch Manufacturers.

(Repealed by P.L. 43, 10th G.L., Effective March 26, 1969; except that no more than four additional Qualifying Certificates shall be issued to corporations manufacturing watches in Guam, nor shall such a certificate be issued to a corporation which did not produce and export into the customs area of the United States during the calendar year 1968, watches under the watch quota given the territory of Guam)

Section 53569. Same. Grounds for Revocation. A Qualifying Certificate may be suspended, rescinded or revoked by the Governor of Guam upon the recommendation of the Board for the following reasons:

(Amended by P.L. 257, 9th G.L., 6th Special Session, Effective January 31, 1969)

1. Fraud or misrepresentation of any material allegation in the application for such certificate.

2. Failure to comply with any conditions and obligations stated in the certificate after having been given by the Corporation a reasonable period of time within which to correct such failure.

3. The filing by the Beneficiary or against the Beneficiary of a petition for adjudication of bankruptcy as to said Beneficiary wherein the petition has been granted.

4. A finding by the Attorney General of the Territory that a corporate beneficiary has been dissolved.

5. Violation of any provision of this Act.

6. No recommendation for suspension, rescission or revocation shall be made by the Board except after a hearing thereon pursuant to the provisions of the Administrative Adjudication Act.

(Amended by P.L. 257, 9th G.L., 6th Special Session. Effective January 31, 1969)

Section 53570. Disqualifications. A corporate applicant for a Qualifying Certificate shall, as a condition precedent to qualifying for the same, satisfy the Corporation in writing that it shall not transfer, move, relocate or otherwise remove any of its existing business plants, to Guam from the continental United States or any of its territories or possessions. Neither shall a Qualifying Certificate issue to a corporate applicant who has not first obtained a license to do business in Guam.

No officer and member of the Board and no corporation in which an officer or member of the Board has any financial interest may qualify for a Qualifying Certificate.

Neither shall any of the following, during their term of office, directly or indirectly, qualify for a Qualifying Certificate:

- (a) Members of the Guam Legislature;
- (b) Employees of the Executive Department of the Government from the level of department director and up;
- (c) Judges of the various courts of the territory.

Any Qualifying Certificate issued in violation of this section shall be void ab initio.

(Amended by P.L. 257, 9th G.L., 6th Special Session, Effective January 31, 1969)

(Section 53571. Employment of United States Citizens and Permanent Residents. A corporate Qualifying Certificate shall not be issued unless the applicant commits itself at the time of application for such a certificate that it shall at all times employ a total employment force of not less than the minimum number established by the Corporation, at least seventy-five (75%) per cent of which shall be United States citizens or permanent residents of the United States; provided, however, that for good cause, temporary exemptions hereto, for specific and limited periods of time, may be granted by the Corporation, such temporary exemptions, to be conditioned upon a training program, approved by the Corporation, designed to replace employees who are not either U.S. citizens or permanent residents. The Corporation shall establish the reasonable minimum number of persons to be employed on a continuing basis for each corporate applicant in accordance with the specific and normal requirements of the business involved. Such minimum employment requirement shall be made a condition appearing on the face of the applicable corporate Qualifying Certificate. No resident employee of an industry or business granted a corporate Qualifying Certificate shall be paid less than the prevailing wage rates nor shall he be laid off his job nor have his workweek reduced to less than forty (40) hours for the sole purpose of creating employment for nonresident workers. For the purpose of this section, 'prevailing wage rates' as determined by the Department of Labor shall be used as a guide. The Department of Labor 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 and hearing pursuant to the provisions of the Administrative Adjudication Act. Any willful violation of this section, or of any order issued hereunder may be cause for a Beneficiary of a corporate Qualifying Certificate to forfeit the benefits thereof.

(Added by P.L. 257, 9th G.L., 6th Special Session, Effective January 31, 1969)

Section 53572. Qualifying Certificate Non-Transferable. A Qualifying Certificate or the benefits thereunder, may not be transferred or assigned without the written permission of the Corporation.

(Amended by P.L. 257, 9th G.L., 6th Special Session, Effective January 31, 1969)

Section 53573. Applications for Qualifying Certificates. Applications for Qualifying Certificates shall be filed on forms prescribed and furnished by the Corporation. A corporate applicant must agree to furnish written monthly reports beginning thirty (30) days after the date of the issuance of the corporate Qualifying Certificate, said reports to include, but not be limited to, financial data, employment data, and payroll data. All such monthly reports shall be treated as confidential by the Corporation.

(Amended by P.L. 257, 9th G.L., 6th Special Session, Effective January 31, 1969)

Section 53574. Publications of all Corporate Applications for Qualifying Certificates. The Corporation shall cause to be published at applicants' expense, in a Guam newspaper of general circulation, a brief resume of all corporate applications for Qualifying Certificates, said publication to be made at least seven (7) days before the same is considered by the Board. The resume shall be in a form prescribed by the Board, and it shall include only the name and address of applicant, a brief statement of the proposed investment, a brief summary of the tax rebates and abatements applied for, and the names and addresses of those who are investors at the time the application is submitted to the Board. Following the filing of the application in due form, payment of the prescribed fees and publication of the resume, the holding of a public hearing thereon is mandatory. The Corporation shall take all reasonable precautions in connection with such public hearing to avoid disclosure of proprietary secrets of the applicant.

(Amended by P.L. 257, 9th G.L., 6th Special Session, Effective January 31, 1969)

Section 53575. Notice of Hearings on Corporate Applications. Notice of Public hearings shall be published at applicants' expenses in a local newspaper of general circulation not less than five (5) days prior to the scheduled hearing date.

(Added by P.L. 257, 9th G.L., 6th Special Session, Effective January 31, 1969)

Section 53576. All recommendations of the Board for issuance, modification, revocation and suspension of Qualifying Certificates shall be forwarded to the Governor of Guam, together with a memorandum of the Board's findings in support of its recommendations. Any recommendations of the Board not approved or disapproved by the Governor of Guam within sixty (60) calendar days from his receipt thereof shall be deemed approved as of the sixty-first (61st) day from the Governor's receipt thereof.

Section 53577. Tax abatements. The following tax abatements are hereby established and declared, for which Qualifying Certificates may be issued:

1. All taxes now levied by virtue of Chapter 4, Title XX of the Government Code of Guam, known as Real Property Tax shall be abated for a period up to ten (10) years from date of issuance of Qualifying Certificate therefor, and as long as said certificate is in force and effect, provided that the real property on which said tax is assessed is utilized for a tax exempt business that has qualified and continues to qualify for a Qualifying Certificate.

2. All taxes now levied on income derived from the lease of land, buildings, machinery and equipment by virtue of sub-chapter B, Title XX of the Government Code of Guam, shall be abated for a period up to ten (10) years from date of issuance of a Qualifying Certificate therefor, and as long as said certificate is in force and effect, provided that said income has been derived from the lease of land, buildings, machinery and equipment to a tax-exempt business that has qualified and continues to qualify for a Qualifying Certificate.

3. All taxes now levied by virtue of Subchapter B, Chapter 6, Title XX of the Government Code of Guam, known as the Gross Receipts Tax, shall be abated for a period up to ten (10) years from date of issuance of a Qualifying Certificate therefor, and as long as said certificate is in force and effect, provided that the gross receipts on which such tax shall be abated have been derived from the sale and that such manufacturer has qualified and continues to qualify for a Qualifying Certificate covering such manufacture.

(Amended by P.L. 257, 9th G.L., 6th Special Session, Effective January 31, 1969; Amended by P.L. 115, 9th G.L., 2nd Regular Session, Effective March 9, 1970)

4. All taxes levied or paid by virtue of Subchapter B, Chapter VI, Title XX of the Government Code of Guam, known as the Gross Receipts Tax, shall be abated or rebated for those gross receipts derived from the sale of petroleum products manufactured in Guam and sold to agencies or instrumentalities of the United States of America, or agencies or instrumentalities of the government of Guam by the manufacturer thereof, provided that a Qualifying Certificate for such a tax abatement is granted pursuant to the provisions of this

Subparagraph, and further provided that at any such time that a manufacturer possessing such a Qualifying Certificate no longer continues to qualify for the certificate, the taxes shall no longer be abated or rebated. A Qualifying Certificate may grant such a tax abatement or rebatement for up to a ten (10) year period commencing with the date of initial commercial production of petroleum products by the manufacturer.

(Added by P.L. 124, 11th G.L., 2nd Regular Session, Effective March 9, 1972)

Section 53578. Corporate Income Tax Rebate. A rebate of up to seventy-five per cent (75%) of all corporate income tax payable to the Government of Guam is hereby established and declared, for which a Qualifying Certificate may be issued for a period not exceeding a total of twenty (20) consecutive years from date of issuance of a Qualifying Certificate therefor and the percentage of rebate may be made variable so as to permit higher or lower percentages in earlier or later years of the period. In determining the periods up to twenty (20) years and the percentages up to seventy-five per cent (75%) the Board shall take into consideration the financial risks involved in the undertaking as well as the importance to the economy of the proposed investment. For the purposes of this section, the term 'income tax payable' shall mean income taxes applicable to corporate earnings occurring on and subsequent to the date of issuance of the applicable Qualifying Certificate. The Director of Revenue and Taxation of the government of Guam shall have authority to determine any prorations of rebates necessary because of taxable years occurring within the life of the applicable Qualifying Certificate which consist of less than a full twelve (12) months period.

(Amended by P.L. 38, 9th G.L., Effective March 14, 1967; Amended by P.L. 257, 9th G.L., 6th Special Session, Effective January 31, 1969)

Section 53579. Income Tax Rebate on Dividends. A rebate of up to seventy-five percent (75%) of all corporate income tax on dividends paid by a Corporate Beneficiary is hereby established and declared, for which a Qualifying Certificate may be issued for a period up to five (5) consecutive years which period may be any portion of the effective period authorized for the controlling corporate income tax Qualifying Certificate issued to the corporation declaring the dividends.

In case of a corporation that has elected to be taxed as a small business corporation commonly known as a "Subchapter S Corporation", said income tax rebate shall be passed on to its stockholders in the same proportion as their stock interest in the tax-exempt corporation.

In the case of a stockholder of a Qualifying Corporation not qualifying as a small business corporation, the income tax rebate herein provided shall be applicable to the dividend income received by the stockholder from the tax-exempt corporation.

(Amended by P.L. 38, 9th G.L., Effective March 14, 1967; Amended by P.L. 257, 9th G.L., 6th Special Session, Effective January 31, 1969)

Section 53580. Taxpayer's Option. In lieu of the percentage of tax abatements and rebates granted in this Act, the Beneficiary may elect to enjoy only fifty (50%) percent of said abatements and rebates for a period of double the term authorized by the Corporation as stated in taxpayer's Qualifying Certificate. This option may be exercised by a statement of the taxpayer so stating, together with the consent thereto of the corporation, filed with the corresponding tax returns.

(Amended by P.L. 257, 9th G.L., 6th Special Session, Effective January 31, 1969)

Section 53581. Procedure to Claim Abated and Rebated Taxes. A certified true copy of the corresponding Qualifying Certificate certified by this Corporation should be attached to the Beneficiary's tax return when filing each return.

When the return for the abated tax is accompanied by a corresponding Qualifying Certificate, the actual payment of the tax in question to the Government shall not be required, and upon audit and review of the tax return, the Tax Commissioner of the government of Guam shall, within one hundred and twenty (120) days from receipt of said tax return, furnish the taxpayer a certification confirming the nature and amount of the tax abated.

In the case of an income tax rebate, where the taxpayer's tax return is accompanied by a corresponding Qualifying Certificate, the amount of tax due prior to rebate shall be deposited with the Government at the time of filing the income tax return. The Tax Commissioner of the Government of Guam shall immediately thereafter cause the return to be reviewed and audited, and if the rebate is found in order, shall cause the amount deposited to be returned to the taxpayer within one hundred and eighty (180) days from date of deposit.

Section 53582. Rebate Fund. Deposits for income tax made with the Government of Guam pursuant to this Act shall be covered and deposited into a separate, special account in the Treasury of the Territory of Guam, herein designated as "Income Tax Rebate Fund".

Section 53583. Tax Redeterminations. In the case of any Beneficiary who, in accordance with the applicable laws of the territory of Guam, shall have applied for and been granted a redetermination of tax liability or taxes payable, the amount of abated or rebated taxes determined for such Beneficiary for the taxable years affected shall be accordingly adjusted by the Director of Finance and said Beneficiary shall be required to pay the balance due said taxable years, if any, together with interest at the rate of six (6%) percent per annum from the date the Beneficiary realized the abatement or rebate benefit; provided, that said balance due may be offset or credited against any tax refund due to the Beneficiary.

Section 53584. Implementation by Tax Commissioner. The Tax Commissioner of the Government of Guam is hereby authorized to issue such rules and regulations as he may deem necessary to implement the procedures outlined in this Act.

Section 53585. Limited to Government of Guam Taxes. All abatements and rebates herein established and authorized shall apply only to the taxes due the Government of Guam.

Section 53586. Fees. The following fees shall be assessed against each corporate applicant and corporate recipient of a Qualifying Certificate:

	Filing Fee	Annual Surveillance Fee
Agriculture	\$ 25.	\$ 25.
Watch Manufacturing	50.	250.
Other Manufacturing	50.	100.
Commercial Fishing	25.	25.
Services	50.	50.
Hotels and Motels	50.	100.
Other Tourist Facilities	50.	50.
Industrial Facilities	50.	100.

(Added by P.L. 257, 9th G.L., 6th Special Session, Effective January 31, 1969)

Section 53587. Coordinating Committee.

(Repealed by P.L. 257, 9th G.L., 6th Special Session, Effective January 31, 1969)

Section 53588. (No Title)

(Repealed by P.L. 257, 9th G.L. 6th Special Session, Effective January 31, 1969)

Section 53589. Investments and Coordinating Committees: Miscellaneous Provisions.

(Repealed by P.L. 257, 9th G.L., 6th Special Session, Effective January 31, 1969)

Section 53590. Amendments and Repeal of Statutes.

1. Title XLIX of the Government Code of Guam, known as the Guam Incentive Tax Act is hereby repealed in its entirety, provided however, that any tax incentives heretofore granted to any person, firm, partnership or corporation under the provisions of said Act shall continue to be respected and honored by the Government of Guam as long as the beneficiary of such benefits complies with the terms and conditions appearing on the face of the certificate of tax exemption or tax subsidy issued to that beneficiary.

2. Title XLVIII of the Government Code of Guam creating the Economic Incentive Commission is hereby repealed in its entirety.

Section 53591. Act to be Liberally Construed. This Act shall be construed liberally so far as may be necessary for the purpose of effecting its general intent. The declaration of invalidity or nullity of any provision of this Act by competent court shall not affect the force and validity of the remaining provisions.

Section 53593. Operating Fund Appropriation. There is hereby appropriated and set aside, for transfer to the Corporation effective 1 July 1965, as its operating fund, out of any money in the Treasury of Guam not otherwise appropriated, the sum of One Hundred Thousand Dollars (\$100,000.00) for operating expenses of said Corporation up to and including 30 June 1966.

Section 53594. Self-Sustaining Entity.

(Repealed by P.L. 257, 9th G.L., 6th Special Session, Effective January 31, 1969)

Section 53595. Loan Guarantees. The government of Guam will guarantee up to One Million Six Hundred Thousand Dollars (\$1,600,000) of loans guaranteed by the Guam Economic Development Authority, or of loans made directly to the Guam Economic Development Authority, by any financial institutions for the purpose of carrying out its development projects, but not to exceed Four Hundred Thousand Dollars (\$400,000) in any one fiscal year beginning July 1, 1968, and further, not to exceed Two Hundred Thousand Dollars (\$200,000) on any one project.

(Added by P.L. 257, 9th G.L., 6th Special Session, Effective January 31, 1969)

Section 53596. Agricultural Development Fund. There is hereby established a special fund called the Agricultural Development Fund, hereinafter referred to as the 'Fund', which shall be maintained separate and apart from any other funds of the Guam Economic Development Authority, and independent records and accounts shall be maintained in connection therewith

(Added by P.L. 107, 9th G.L., Effective August 23, 1967)

Section 53597. Same: Source of Monies. The Fund shall consist of all monies appropriated by the Government of Guam or received from the United States Government or any agency thereof, or from any other source for the administration of this Act, or from any person or organization as compensation for services rendered or facilities supplied; amounts received pursuant to any surety bond or insurance policy or from other sources for losses sustained by the Fund or by reason of damage to equipment or supplies purchased with monies from the Fund; and all proceeds realized from the sale or other disposition of any equipment or supplies purchased with monies from the Fund.

(Added by P.L. 107, 9th G.L., Effective August 23, 1967)

Section 53598. Same: Use of Fund Monies. The monies in the Fund are to be used by the Guam Economic Development Authority as part of a joint program with the Department of Agriculture to aid in the development or subsidization of poultry, pork and beef production, agricultural products, processing plants and equipment loans. This development will be wholly on the basis of a private enterprise, and government land will be used only when it is readily available and suitable, privately owned land to be utilized wherever possible.

(Added by P.L. 107, 9th G.L., Effective August 23, 1967; Amended by P.L. 257, 9th G.L., 6th Special Session, Effective January 31, 1969)

Section 53599. Procedure. The program will proceed in two directions:

- (a) Direct loans to individuals as approved by the Department of Agriculture.
- (b) The organization of separate agricultural corporations to be jointly managed by the Guam Economic Development Authority and the Department of Agriculture.

(Added by P.L. 107, 9th G.L., Effective August 23, 1967)

Section 53600. Responsibilities. It shall be the responsibility of the Guam Economic Development Authority to (a) provide the needed funds, (b) provide financial and business management, (c) organize and direct marketing activities. It shall be the responsibility of the Department of Agriculture to (a) select and evaluate land when applicable, (b) approve and/or select the agricultural products involved, (c) exercise operating management control, (d) exercise continuing technical surveillance of each project.

(Added by P.L. 107, 9th G.L., Effective August 23, 1967)

Section 53601. Use of Funds. Funds will be advanced to whatever entity is involved for the purpose of purchasing poultry, hogs, cattle, supplies, feed, etc., all related to poultry, hog or beef production; leasing and purchasing of equipment; establishing and developing agricultural products, processing plants and the leasing of land when applicable to the development of poultry, pork and beef production, agricultural products or processing plants. Collateral security will be obtained, if possible. Funds so advanced will be on the basis of an interest charge of three (3%) per cent per annum. In some instances funds advanced will be on a continuing and revolving basis, until such time as the project is self-supporting.

(Added by P.L. 107, 9th G.L., Effective August 23, 1967; Amended by P.L. 257, 9th G.L., 6th Special Session, Effective January 31, 1969)

Section 53602. Annual Reports. An annual report shall be made jointly by the Guam Economic Development Authority and the Department of Agriculture to the Governor and the Legislature, reporting upon the progress made and containing a detailed financial analysis.

(Added by P.L. 107, 9th G.L., Effective August 23, 1967)

Section 53603. Construction. This Act shall be liberally construed to accomplish its purpose of aiding in the development of agriculture."

(Added by P.L. 107, 9th G.L., Effective August 23, 1967)

CHAPTER II

Guam Agricultural Expense Insurance

Section 53600. Guam Economic Development Authority. Additional Powers. In addition to the general powers and authorized activities as enumerated in Chapter I of this Title, the Guam Economic Development Authority, hereinafter referred to as the 'Corporation' is authorized and empowered:

(a) Commencing with crops planted for harvest in July, 1967 to insure, or to reinsure insurers of, bona fide farmers of Guam, under any plan or plans of insurance determined by the Board of Directors of the Corporation. Such insurance shall be against loss of the insured due to natural disaster such as typhoon, rain, flood and drought but shall be limited only to loss of the insured arising from labor costs, land preparation costs, including costs of fungicides, insecticides and pesticides, and costs of seed and fertilizer.

(b) To fix adequate premiums for such insurance, at such rates as the Board deems sufficient to cover claims for losses on such insurance, and to establish as expeditiously as possible a reasonable reserve against unforeseen losses. Such premiums shall be collected at such time or times, or shall be secured in such manner, as the Board may determine.

(c) To adjust and pay claims for such losses under rules prescribed by the Board. In the event that any claim under the provisions of this Chapter is denied by the Corporation, an action on such claim may be brought against said Corporation in any court having jurisdiction; provided, however, that no suit on such claim shall be allowed unless the same shall have been brought within one year after the notice of denial of the claim is mailed to the claimant.

Section 53601. Rules and Regulations. The Board is authorized to issue such rules and regulations as may be necessary to carry out the provisions of this Chapter.

Section 53602. Revolving Fund. There is hereby authorized to be established and set aside a separate and special revolving fund in the sum of Fifty Thousand Dollars (\$50,000) to be used solely in connection with the intent and purposes of this Chapter."

(Added by P.L. 48, 9th G.L., Effective March 22, 1967)

"CHAPTER III

GUAM ECONOMIC DEVELOPMENT AUTHORITY

MORTGAGE REVENUE BONDS

(Sections 53607 through 53607.33 added by P.L. 18, 11th G.L., 1st Regular Session, Effective 3/10/71)
3/10/71)

Section 53607. Short Title. This Chapter may be cited as the 'Guam Economic Development Authority Mortgage Revenue Bond Act of 1971'.

Section 53607.01 Definitions. The following terms, wherever used or referred to in this Chapter or in any indenture entered into pursuant thereto, shall have the following meanings, respectively, unless a different meaning appears from the context:

(a) 'Authority' means the Guam Economic Development Authority, created by Public Law 8-80, Eighth Guam Legislature.

- (b) 'Board' means the Board of Directors of the Authority.
- (c) 'Bonds' or 'revenue bonds' means the indenture providing for the issuance of revenue bonds pursuant to this chapter.
- (d) 'Bondholder' or 'holder of bonds' or any similar terms means (i) the bearer of any outstanding bond registered to bearer or not registered or (ii) registered owner of any outstanding bond.
- (e) 'Governmental instrumentality' means the United States, the territory of Guam, or any public corporation, political subdivision, state, county, city, district or any instrumentality of either the United States or this territory.
- (f) 'Governor' means the Governor of Guam.
- (g) 'Gross revenues' mean all of the revenues prior to deducting operational costs.
- (h) 'Indenture' means a resolution adopted or an agreement entered into and approved or adopted by a majority of all members of the Board and the Governor, and by the Legislature by resolution, providing for the issuance of bonds.
- (i) 'Legislature' means the Legislature of Guam.
- (j) 'Net Revenues' means the gross revenues after having deducted therefrom the operational costs.
- (k) 'Operational costs' mean all costs of administration of the mortgages, contracts, indentures, revenues and funds for which bonds are issued.
- (l) 'Organic Act' means the Organic Act of Guam as amended and in effect on the effective date of this Chapter. (64 Stat. 384, Title 43, Section 1421 et seq., H.S. Code.)
- (m) 'Person' includes any individual, firm, corporation, association, copartnership, trust, receiver, trustee or conservator for any thereof, and also includes the United States, the territory of Guam, a public corporation, political subdivision, city, county, state, district, or any instrumentality of the United States or of the territory.
- (n) 'Revenue' means and includes:
 - (i) All income, receipts and receivables derived by the Authority from mortgages acquired by it;
 - (ii) All income, receipts and receivables derived by the Authority from contracts entered into by it;
 - (iii) All moneys in redemption, sinking and reserve funds or other funds created to secure the bonds and to provide for the payment of the principal of and the interest and premiums thereon;
 - (iv) All contributions and appropriations made to the Authority, to the extent not limited in to making thereof; and
 - (v) All earnings on any invested funds of the Authority, excepting as limited in contributions and appropriations.
- (o) 'Territory' means the territory of Guam.
- (p) 'Trustee' means the trust department of any Federal Reserve member bank.
- (q) 'United States' means the United States of America.

Section 53607.02. Powers of the Board; incurring indebtedness and issuing bonds; special obligations and not indebtedness; pledge, lien, priority and trust fund.

(a) The Board has power and is hereby authorized, in addition to all other powers conferred upon it by law to exercise any or all of the powers granted to the Board by this Chapter. The Board may incur indebtedness and issue bonds to represent same for the

purposes of and within the limitations provided in this Chapter, provided, however that aggregate face amount of all bonds issued hereunder shall not exceed \$45 million.

(b) All indebtedness incurred and bonds issued by the Board are special obligations of the Authority, and are secured by a pledge of and charge upon and shall be payable, as to the principal thereof, interest thereon, and any premiums upon the redemption of any thereof, solely from and secured by a lien upon the revenues and such other funds as are described in the indenture.

(c) The indenture may provide that the bonds are secured by a pledge upon the gross revenues or the net revenues, for the making of other funds available therefor, and for the priority of the bonds. Nothing herein or in an indenture shall prevent the issuance of bonds subordinate to the lien of other bonds specified in an indenture.

(d) The revenues and other funds provided in the indenture shall constitute a trust fund for the security and payment of the bonds and the interest and premiums thereon.

(Amended by P.L. 34, 11th G.L., 1st Regular Session, Effective April 28, 1971) 71)

Section 53607.03. Amounts and rates of charges; refunds. Interest charged for funds loaned shall approximate 1½% over interest on the bonds. Payments and charges shall be fixed to yield annual revenues not less than the aggregate of the annual payments to the bond, sinking, reserve and other funds provided in an indenture for the bonds, and operational costs.

Section 53607.04. Maximum amount, purpose of and term of bonds. Before issuing any bond or bonds, the Board shall, by indenture approved by the Governor, declare the purpose for which the proceeds of the bonds proposed to be issued shall be expended and shall specify the maximum amount of bonds to be issued or sold for such purpose, and their maximum term which shall not exceed the life of the Authority. Bonds shall not be issued or sold for such purpose in an amount or for a term exceeding that specified.

Section 53607.05. Form of and recitals in bonds.

(a) All bonds shall be issued in the name of the Agency.

(b) The Board shall determine the time, form and manner of issuance of bonds.

(c) Every bond shall recite that it is not a general indebtedness of Authority or of the territory of Guam, but rather is a special obligation of the Authority payable solely from the revenues specified in the indenture providing for its issuance.

(d) Every bond shall recite that it is issued pursuant to an indenture of the Board, describing it by title and date. By such recital, all of the provisions of the indenture and this Chapter are incorporated into the bonds and coupons.

(e) Each taker and subsequent holder of the bonds or coupons, whether the coupons are attached to or detached from the bonds, has recourse to all the provisions of the indenture and of this Chapter and is bound thereby.

Section 53607.06. Indenture providing terms and conditions of bonds. The indentures shall provide for the date or dates of issuances and maturities, interest rates, denominations, form, registration, transfer and interchange of any bonds and coupons to be issued, and the terms and conditions on which the same shall be executed, issued, secured, sold, paid, redeemed, funded and refunded.

Section 53607.07. Issues, series and divisions of bonds. An indenture may provide for one or several issues of bonds that bonds may be issued in series or that any issue may be divided into one or more divisions with different maturities or dates of issue, different rates of interest, or different terms and conditions for the bonds of the several series or divisions. It is not necessary that all bonds of the same authorized issue be of the same kind or character, have the same security, or be of the same interest rate, but the terms thereof shall in each case be provided for by the Board, with the approval of the Governor, at or prior to the issue thereof.

(Amended by P.L. 34, 11th G.L., 1st Regular Session, Effective April 28, 1971) 71)

Section 53607.08. Interest on Bonds.

(a) Bonds shall bear interest at a rate of not to exceed seven per cent per annum, payable annually or semiannually or in part annually and in part semiannually, except that the

first coupon on any bond may be payable twelve months or any number of months less than twelve after the date of such bond.

(Amended by P.L. 34, 11th G.L., 1st Regular Session, Effective April 28, 1971)

(b) If, upon presentation at maturity, or if redeemable and duly called for redemption, payment of the bonds or any interest coupon thereof is not made in accordance with the indenture of issuance, said bonds or coupons, or both, shall continue to bear interest at the rate stated in the bond until fully paid.

Section 53607.09. Issuance and interchange of coupon and registered bonds. An indenture may provide that bonds may be issued as coupon bonds or as registered bonds and for the interchange of coupon bonds for the registered bonds and registered bonds for coupon bonds, and may provide that bonds shall be registered as to principal only, or as to both principal and interest, or otherwise as the Board may determine.

Section 53607.10. Redemption of bonds prior to maturity. An indenture may provide that bonds may be redeemed prior to maturity upon such terms, conditions and upon such notice as are stated in the indenture and upon payment of such premium as may be fixed by the indenture. No bond is subject to call or redemption prior to its fixed maturity date unless the right to exercise such call is expressly stated on the face of the bond.

Section 53607.11. Places and manner of payment. An indenture may provide for the payment of the principal and interest of bonds at a Federal Reserve member trustee bank in one or more places in the territory or in the United States and in any specified coin or currency of the United States.

Section 53607.12. Covenants and agreements that may be contained in indenture. An indenture may include any and all such covenants and agreements on the part of Authority as are authorized by this Chapter or as the Board deems necessary or advisable for the better security of the Bonds issued thereunder, including without limiting the generality of the foregoing, any one or more of the following provisions:

(a) That payments of principal and interest of bonds shall be secured by all or by part of revenue;

(b) Creating one or more funds or accounts into which all or any part of revenue shall be deposited (i) for payment of the principal of and interest on bonds at or prior to maturity or (ii) for reserve or sinking funds for the further security of bonds. All moneys in any such fund or account shall be paid out by the trustee bank to pay the principal of and interest and premiums on the bonds when due or when redeemed or purchased prior to maturity, as provided in any indenture.

(c) Requiring the bank to pay or cause to be paid punctually the principal of and interest and premiums on the bonds on their due dates from funds in the account or accounts provided therefor.

(d) Requiring the Board to preserve and protect the security of the bonds and the rights of the holders thereof and to warrant and defend such rights.

(e) Requiring the Board and the trustee to hold or cause to be held in trust the revenues or any part of revenues pledged to the payment of such bonds and the interest and premiums thereon, and any fund or account created therefor, and to apply and cause to be applied such revenues or any part of revenues only as provided in the indenture.

(f) To invest all or any part of such revenues pending such application in such securities and subject to such limitations as are specified in the indenture.

(g) Against entering into any agreement which would impair the security of the bonds, the revenues or the mortgages or other contract obligations acquired by it and from which the revenues are derived.

(h) Against mortgaging or otherwise encumbering, selling, leasing, pledging, placing a charge upon, or disposing of any of the revenues, mortgages or contract obligations from which the revenues are derived, detrimental to the security of the bonds.

(i) Specifying the events of default and the terms and conditions upon which any or all of the bonds may be declared due and payable prior to maturity, and the terms and conditions upon which such declaration and its consequences may be waived.

(j) For the rights, liabilities, powers and duties arising upon the Agency's breach of any covenants, conditions or obligations.

(k) For vesting in the trustee the right to or duty to enforce covenants to secure payment of or in relation to the bonds and the trustees powers, duties and limitations of its liabilities, and for the conditions upon and manner in which a substitute trustee may be appointed.

(l) For the terms upon which the bondholders or a percentage of them may enforce covenants and duties prescribed in the indenture and this Chapter.

(m) The procedure by which the terms and conditions of the indenture or the bonds may be subsequently amended or modified with the consent of the Board, subject to the approval of the Governor, and the vote or written consent of the holders of a specified principal amount or specified proportion of the bonds issued and outstanding, including provisions for meetings of bondholders and for the manner in which the consent of the bondholders may be given.

(n) The effect of any modification or amendment upon the rights of the holders of all or a specified portion of any outstanding bonds and interest coupons pertaining thereto, whether attached thereto or detached therefrom.

(o) With respect to a modification or amendment of an indenture that bonds held by the Authority, the territory, the United States or any instrumentality of either thereof (including every public corporation, political subdivision, city, county, district, board, agency or instrumentality of any kind or class) shall not be counted as outstanding bonds, or be entitled to vote or assent, but shall nevertheless, be subject to any such modifications or amendment.

(p) For the purchase out of any available funds of any outstanding bonds or other obligations, and the price at and manner in which the purchase may be made.

(q) That the Governor and the Director of Revenue and Taxation and all other officers and agencies of the territory shall (i) be bound by all of the covenants and agreements on the part of the Board set forth in such indenture and (ii) perform all such covenants and agreements which, under the Organic Act or any provision of this code or any other statute of the territory, can be taken for or on behalf or in lieu of the Board only by the Governor and the Director of Revenue and Taxation or such other officer or agency.

(r) Capitalizing any working capital fund or interest or account or contingency fund or account.

(s) Provision for the refunding of all or any bonds authorized by such indenture, subject to the provisions and limitations as herein described.

(t) Such other acts and matters as may be necessary or convenient or desirable in order to better secure the bonds or to make the bonds more marketable.

Section 53607.13. Bonds negotiable except when registered. All bonds issued under the provisions of this Chapter are negotiable instruments transferable by physical delivery, except when registered in the name of a registered owner.

Section 53607.14. Federal Reserve member bank as trustee for Board and holders of bonds.

(a) A Federal Reserve member bank shall act as trustee for the Board and the holders of bonds issued hereunder, and the Board may authorize the trustee to act on behalf of the holders of the bonds, or any stated percentage thereof, and to exercise and prosecute on behalf of the holders of the bonds such rights and remedies as may be available to the holders.

(b) The indenture shall provide (i) for the deposit of all revenues with the trustee and for the holding thereof by the trustee in one or more separate funds or accounts in the Guam Economic Development Authority Mortgage Revenue Fund and (ii) for the transfer to such trustee of such portions of revenues as are provided as security for the bonds and for the holding thereof by such trustee in one or more separate funds or accounts in said Revenue Fund. All money in each such fund or account shall be disbursed only as provided herein and in the indenture.

Section 53607.15. Duties and powers of trustee. The duties and powers of the trustee may be prescribed in an indenture with respect to the issuance, authentication, sale and delivery of the bonds provided for therein and with respect to the payment of principal of and interest on such bonds, the redemption thereof, the registration and discharge from registration thereof, and the management of any and all funds provided as security therefor.

Section 53607.16. Guam Economic Development Authority Mortgage Fund. The proceeds from the sale of all bonds authorized by this Chapter shall be deposited forthwith to the credit of a fund to be designated as the Guam Economic Development Authority Mortgage Fund, which fund is hereby created, and shall be expended for the purposes authorized by this Chapter and the indenture, subject to any limitations provided therein.

(Amended by P.L. 34, 11th G.L., 1st Regular Session, Effective April 28, 1971)

Section 53607.17. Use of balances of funds and of surplus money in funds. After payment of all operating costs and expenses and after providing for all charges required or authorized to be expended from any fund, the Board may, subject to legislative appropriation, use any surplus remaining in any fund or account for such purposes as the Board may determine, subject to any and all limitations or restriction contained in any indenture.

After all bonds shall have been fully paid and discharged or provisions for their payment or discharge having been irrevocably made, any moneys in any fund or account created by this Chapter or by any indenture created hereunder shall, subject to the limitation and restrictions in any indenture, be transferred to the Authority to be used only in accordance with legislative appropriations.

Section 53607.18. Preparation of bonds and documents. The Authority shall prepare or procure the requisite number of suitable bonds and appurtenant coupons of the denominations and in accordance with the specifications contained in the indenture. The Authority shall prepare or procure the printing, engrossing or publication of any indentures, notices, contracts, agreements or other documents required or convenient for or pertaining to the issuance or sale of bonds.

Section 53607.19. Execution and authentication of bonds. An indenture may provide for the execution and authentication of bonds and coupons by the manual, lithographed or printed facsimile signature of any one or more officers of the Board and by additional authentication by endorsement by the manual signature, or a signature stamp of any agent designated as trustee, and for a like impressing of the seal of the Authority. If any officer or agent whose signature, countersignature or endorsement appears upon the bonds or coupons ceases to be an officer or agent before the delivery of the bonds or coupons his signature, countersignature or endorsement if nevertheless valid and of the same force and effect as if he had remained such officer or agent until the delivery of the bonds and coupons.

Section 53607.20. Sale of bonds; maximum discount. Bonds authorized to be issued under this Chapter shall be sold by the Board for cash, in accordance with the provisions of a resolution providing for such sale adopted by the Board and approved by the Governor. Such resolution by the Board may provide that the bonds shall be sold at either public or private sale upon such notice as shall be specified in such resolution, may fix terms and conditions for the sale or other disposition of the bonds and may provide that the bonds shall be sold at less than their par or face value, except that the discount on any bonds so sold shall not exceed five per cent of the par value thereof without the written consent of the Governor. Before any bonds are delivered to the purchaser thereof, all coupons, if any, which have matured on or before the date of such delivery shall be detached therefrom and cancelled.

(Amended by P.L. 34, 11th G.L., 1st Regular Session, Effective April 28, 1971)

Section 53607.21. Payment of bonds from sources other than revenues. The Board may use and expend all or any part of any funds other than revenues, or proceeds of any property owned by it, whether received by gift, appropriation or otherwise (if not restricted as to the use of such funds or proceeds of property by the terms of gift or trust or provision of law) for the payment of bonds issued pursuant to the provisions of this Chapter and of interest due thereon.

Section 53607.22. Payments which may be made out of proceeds of sale of bonds. The proceeds of sale of any bonds may be expended for any one or more of the following purposes, all as provided in the indenture relating to such bonds;

(a) For the acquisition of notes of any person secured by a mortgage and a guaranty of any governmental instrumentality, to accomplish any lawful purpose of the Authority;

(b) For the payment of legal and fiscal fees and costs relating to the issuance and sale of the bonds;

(c) For payment of any other costs or expenses relating to the authorization, issuance or sale of bonds;

(d) For deposit in any one or more reserve funds or accounts or in any working capital fund or account or contingency fund or account relating to mortgage acquisition pursuant to any provision of any indenture;

(e) For payment of interest on bonds during the period of actual mortgage acquisition;

(f) For payment of trustees' fees and costs and fees incurred by it;

(g) For payment of the principal of and interest on any indebtedness incurred pursuant to this Chapter that is by its terms repayable from the proceeds of sale of bonds.

(Amended by P.L. 34, 11th G.L., 1st Regular Session, Effective April 28, 1971)

Section 53607.23. Temporary bonds. An indenture may provide that pending the actual issuance or delivery of definitive bonds, the Board may issue temporary or interim bonds, certificates or receipts of any denomination whatsoever, and with or without coupons, to be exchanged for definitive bonds when ready for delivery.

Section 53607.24. Replacement of bonds or coupons. The indenture may provide for the replacement of lost, destroyed or mutilated bonds or coupons.

Section 53607.25. Tax exemptions. Bonds issued pursuant to the provisions of this Chapter and the interest or income therefrom are exempt from taxation in accordance with the provisions of the last sentence of Section 11 of the Organic Act. (Section 1423a, Title 48, U.S. Code.)

Section 53607.26. Bonds as legal investments and as security for performance of any act. Notwithstanding any other provision of law, all bonds sold and delivered pursuant to the provisions of this Chapter are legal investments for all trust funds and for the funds of all banks, both commercial and savings, and may be deposited as security for the performance of any act whenever any evidence of indebtedness of the territory may be so deposited, and may also be used as security for the deposit of public moneys in banks in the territory.

Section 53607.27. Refunding bonds. The Board, with the approval of the Governor, and the consent of the Legislature by resolution, may provide for the issuance, sale or exchange of refunding bonds for the purpose of redeeming or retiring any bonds issued under the provisions of this Chapter. All provisions of this Chapter applicable to the issuance of bonds are applicable to the funding or refunding bonds and to the issuance, sale or exchange thereof.

Section 53607.28. Principal amount in which refunding bonds may be issued. Refunding bonds may be issued in a principal amount sufficient to provide funds for the payment of all bonds to be refunded thereby, and in addition for the payment of all expenses incident to the calling, purchasing, retiring or paying of such outstanding bonds, and the issuance of such refunding bonds. These expenses include (i) the difference in amount between the par value of the refunding bonds and any amount less than par for which the refunding bonds are sold, (ii) any amount necessary to be made available for the payment of the interest upon such refunding bonds from the date of sale thereof to the date of payment of the bonds to be refunded or to the date upon which the bonds to be refunded will be paid pursuant to the call thereof or agreement with the holders thereof, and (iii) the premium, if any, necessary to be paid in order to call or retire the outstanding bonds and the interest accruing thereon to the date of the call or retirement.

Section 53607.29. Title in Authority subject to trust in favor of bondholders. Title of the Guam Economic Development Authority Mortgage Fund and the revenues and income therefrom is in the Authority. The title to any moneys, revenues, bond reserve funds and other funds and accounts created by this Chapter or any indenture and the income thereof pledged to the payment of the principal or interest of any bonds is subject to any trusts declared in favor of the bondholders.

(Amended by P.L. 34, 11th G.L., 1st Regular Session, Effective April 28, 1971)

Section 53607.30. Use of other funds for mortgage acquisition. In addition to the proceeds of any bonds issued and sold pursuant to this Chapter, the Board may use for the acquisition of mortgages any available

money or funds of the Authority and any money or funds made available to the Authority by any person or provided from any sources which may be expended for the accomplishing of the purposes set forth in this Chapter or in Title LIV.

Section 53607.31. Insurance. The Board may insure against loss of revenues from any cause whatsoever, the proceeds of which shall be used solely for the payment or security of bonds and the interest thereon. An indenture may provide for the carrying of such insurance or any other insurance in such amount and of such character as shall be specified in such indenture, for the payment of the premiums thereon and for the disposition of all proceeds received from any such insurance. At the option of the Board, or as provided in any indenture, any insurance may be provided by funded reserves or any other means.

Section 53607.32. Right of bondholders to bring action. The holder of any bond issued pursuant to this Chapter may by accounting, injunction, mandamus or other appropriate proceeding require and compel the performance of any of the duties imposed upon or assumed by the Authority, the Board, the Governor, the trustee, or any other officer or agency of the Authority or the Board or the territory, or any employee thereof, or the collection, deposit, investment, application and disbursement of all revenues or in connection with the deposit, investment and disbursement of the proceeds received from the sale of bonds issued pursuant to this Chapter. The enumeration of such rights and remedies does not, however, exclude the exercise or prosecution of any other rights or remedies available to the holders of bonds issued pursuant to this Chapter. All remedies are alternative and cumulative and the use of one shall not exclude any other remedy.

Section 53607.33. Appropriation of money in funds. Except where specific appropriation is required by this Chapter, all money in the funds and accounts created by this Chapter or any indenture is hereby appropriated for expenditure in carrying out the purposes herein and therein provided.

Section 53607.34. Validity of bonds, recital or issuance pursuant to Chapter. Any indenture authorizing bonds may provide that the bonds shall recite that they are issued pursuant to this Chapter and bonds containing such recital are conclusively deemed valid and issued in conformity with this Chapter.

(Added by P.L. 34, 11th G.L., 1st Regular Session, Effective April 28, 1971)

Section 53607.35. Publication of notice of adoption of resolution. Statute of limitations on actions involving bonds. Within fifteen days of the adoption of a resolution by the Board constituting an indenture providing for the issuance of bonds under this Chapter, the Board shall publish notice of adoption of the resolution, stating the aggregate principal amount of bonds proposed to be issued, once in a newspaper of general circulation in Guam. No action attacking questioning or affecting in any way the validity of any bonds issued under such a resolution, or seeking to enjoin the issuance of such bonds, may be commenced by any person more than sixty days after the date of publication of the notice of adoption of such resolution."

(Added by P.L. 34, 11th G.L., 1st Regular Session, Effective April 16, 1971)

**SEVENTH GUAM LEGISLATURE
1964 (SECOND) Regular Session**

Bill No. 315
Substitute Bill by Committee
on Agriculture and Commerce

Introduced by _____

A.B. Won Pat

**AN ACT TO ADD TITLE XLIX TO THE GOVERNMENT CODE OF
GUAM TO PROVIDE TAX INCENTIVES FOR CERTAIN BUSINESSES.**

BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

Section 1. Title XLIX is hereby added to the Government Code of Guam to read as follows:

TITLE XLIX

GUAM TAX INCENTIVE ACT

CHAPTER 1

DECLARATION OF POLICY

Section 50000. Object and policy. (a) The object and purpose of this Act is to promote the economic development of the territory of Guam by offering Incentives for the establishment or expansion of industries and businesses. To this end, it is hereby declared to be the policy of the government of Guam that tax subsidy benefits be made available for the promotion of such industrial and business activities as are determined will stimulate the economic development of the territory, but the establishment or expansion of which require such governmental assistance. Accordingly, it is hereby further declared to be in the public interest that the granting of certain subsidies be allowed to beneficiaries qualifying therefor in accordance with the provisions hereof.

(b) In order to establish the incentive offered hereunder on a realistic basis, the Legislature of Guam further declares that it considers each order granting a tax subsidy that may be issued under the provisions of this Act as being in the nature of a contract between the government of Guam and the beneficiary.

Section 50001. Department of Commerce. The Department of Commerce of the territory of Guam shall guide and promote the economic incentive program provided for in this Act and shall provide such Informational, logistic and other services as may be necessary to aid in effectuating such purposes.

CHAPTER II

QUALIFYING BENEFICIARIES

Section 50010. Requirements generally. A person, firm, or corporation, about to engage in or expand an industrial or business activity in the territory of Guam, which industrial or business activity, in the judgment of the Governor of Guam, will promote the public interest by furthering the economic development of the territory of Guam, and which requires for its establishment or expansion the granting of the tax subsidy benefits provided for in this Act, may apply for the same, if such person, firm, or corporation meets the following requirements:

(1) In the case of an individual or the partners in a firm, that he is or they are residents of the territory of Guam, and in the case of corporation, that it is created under the laws of the territory of Guam;

(2) That such person, firm, or corporation can meet the requirements of any Federal or territorial law applicable to his or its operation, the further provisions of this Act, and any regulations issued under such laws; and

(3) That such person, firm, or corporation will undertake to invest in an industry or business in Guam:

(A) at least \$50,000 in an industry or business for the processing, manufacturing, creation or production of any article, goods or commodity. (For the purposes of this subparagraph the Economic Incentive Commission, shall in accordance with standards and classifications established by it determine the minimum percentage of the amount of initial investment as shall represent fixed assets and inventory for each industry or business). Any such industry or business under this subparagraph shall maintain at all times a minimum investment of at least \$50,000;

(B) at least \$15,000 for agricultural and fishing enterprises, (For the purposes of this subparagraph the Economic Incentive Commission, shall in accordance with standards and classifications established by it determine the minimum percentage of the amount of initial investment as shall represent fixed assets and inventory for each industry or business). Any such agricultural and fishing enterprise under this subparagraph shall maintain at all times a minimum investment of at least \$15,000;

(C) at least \$100,000 in a business engaged in the ownership of housing projects (the same being defined for the purposes of this Act as a number of independent housekeeping units, constructed in accordance with a general subdivision plan, providing for individual home ownership of the units by sale or lease to residents or transients of the territory of Guam), factories or industrial plants, for the use of others, but including the construction or operation of the same when such construction or operation is engaged in by the owner. (For the purposes of this subparagraph the basis for computing the investment shall be limited to amounts invested in new construction and the creation of improvements);

(D) at least \$100,000 in the establishment of a business engaged in the ownership or operation of a motel or guest house (the same being defined for the purposes of this Act as any establishment for the accommodation of the public, including housing and feeding of paying guests, in which there are not less than 10 furnished bedrooms for the occupancy of paying transient guests), including the construction of the same when such construction is engaged in by the owner or operator;

(E) at least \$500,000 in the establishment of a business engaged in the ownership or operation of a hotel (the same being defined for the purposes of this Act as any establishment for the accommodation of the public, including housing and feeding or paying guests, in which there are not less than twenty-five furnished bedrooms for the occupancy of paying transient guests) including the construction of the same when such construction is engaged by the owner or operator;

(F) at least \$50,000 in the establishment of a business to engage in the ownership of a television broadcasting station or news media, including the construction or operation of the same when engaged in by the owner;

(G) at least \$100,000 in the establishment of an industry or business providing regularly scheduled water transportation services between foreign and territorial ports; or

(H) at least \$100,000 in the establishment of an industry or business providing regularly scheduled air transportation services between foreign and territorial airports.

Section 50011. Cost of land as investment factor. For the purpose of determining the amount of minimum investment required under the provisions of Section 50010, the appraised value of land and previously existing buildings (as appraised for tax purposes) to be used in the industry or business may be included, but shall not exceed ten (10%) per cent of the total amount of the investment required.

Section 50012. Employment of residents required: temporary permits. (a) Not less than seventy-five (75%) per cent of all persons employed in an industry or business with respect to which tax subsidy benefits are granted shall be legal residents of Guam, provided, however, that the Economic Incentive Commission may grant temporary permits to the ownership of such industries or business until such time as qualified local residents are available, if after notice and public hearing, it is shown upon satisfactory proof to the Economic Incentive Commission that residents with the necessary ability to perform the services required at the prevailing wage rates, as are fixed by the Department of Labor and Personnel of the Government of Guam, are not available within the territory of Guam and the industry or business will be greatly handicapped as a result thereof; and provided, further, that the Commission shall revoke or modify the permit at any time before its expiration upon a finding that residents possessing the necessary ability have become available in the territory of Guam and that such information has been furnished to the person, firm, or corporation engaged in the affected business or industry and no action has been taken to employ such residents.

(b) No resident employee of an industry or business granted a certificate of tax subsidy under the provisions of this Act shall be laid off his job or have his workweek reduced to less than 40 hours for the purpose of creating employment for non-resident workers.

(c) The Department of Labor and Personnel, and its authorized agents are hereby empowered to investigate any complaint filed pursuant to this section and to settle the same by the issuance of an appropriate order after notice and hearing. Any willful violation of this section, or of any order of the said Department issued hereunder, shall cause an industry or business to forfeit the benefits extended under the provisions of this title.

(d) For the purposes of this Act, 'prevailing wage rates' shall mean the average wage paid in Guam for an occupation or skill, as determined by the Department of Labor and Personnel.

Section 50013. Subsidy. (a) Each person, firm or corporation granted a certificate of tax subsidy benefits as hereinafter provided shall be entitled for a period of ten (10) years to the following benefits, as determined in accordance with the provisions hereof:

(1) A non-taxable subsidy equal to seventy-five (75%) per cent of the income taxes paid to the government of Guam during the taxable years. In the case of a corporation qualified and electing as a 'small business corporation' under applicable law to have its taxable income taxed directly to its stockholders, the seventy-five (75%) per cent non-taxable subsidy shall apply to such part of the income tax paid by the stockholder upon the income derived from the corporation. The provisions of this subparagraph shall apply only with respect to stockholders who are bona fide residents of the territory of Guam during the entire taxable year. In the computation of the non-taxable subsidy in the case of any person, firm or corporation under the provisions of this subparagraph, there shall not be considered as part of the base for such subsidy the taxes paid into the Treasury of Guam on any income of such person, firm or corporation which is derived from sources without the territory of Guam.

(2) In the case of a stockholder of a corporation (other than a 'small business corporation') granted a certificate of tax subsidy, a non-taxable subsidy in an amount equal to seventy-five (75%) per cent of the income tax paid to the government of Guam on income derived by such stockholder from dividends of the corporation.

The provisions of this subparagraph shall apply only with respect to stockholders who are bona fide residents of Guam during the entire taxable year.

Section 50014. Total allowable benefits to owners and operators of hotels. In case of benefits to owners of hotels and guest house under Section 50010(3)(c) of this Act the total amount of such tax subsidies shall in no event be greater than if the hotel or guest house were operated solely by the owner.

Section 50015. Limitation to specific activity. In the case of any person, firm or corporation, engaging in more than one industrial or business activity in the territory of Guam, any tax subsidy granted hereunder shall be limited to only such part of the industrial or business activity engaged in by the person, firm or corporation as is specified in the certificate of subsidy benefits issued by the Governor hereunder.

CHAPTER III

PROCEDURE AND ADMINISTRATION

Section 50020. Economic Incentive Commission of Guam. (a) The Economic Incentive Commission of Guam, as created by Tital XLVIII of the Government Code of Guam (hereinafter referred to as the 'Commission'), shall administer this Act. The Commission shall be empowered to:

(1) Investigate all applications for tax subsidies and recommend to the Governor the granting of certificates for the same to persons, firms or corporations determined by the Commission to qualify for the same, and to investigate and determine compliance with the provisions of this Act or regulations hereunder.

(2) Revoke, suspend, or modify, in accordance with the provisions of Section 50027 of this subchapter, any tax subsidy benefit granted hereunder.

(3) In connection with any hearings or investigations required by the provisions of this Act or of any rules and regulations issued hereunder, subpoena witnesses, records, and books and inspect properties and facilities with respect to which a certificate of tax subsidy has been granted.

(4) Request and obtain from the Director of Finance all such auditing services as it may consider necessary in connection with the performance or exercise of its duties, functions or authority under this Act.

(5) Prepare and promulgate all such rules and regulations as may be necessary to implement the operation of the industrial incentive program, not inconsistent with the provisions of this Act, which rules and regulations, upon approval of the Governor, shall have the force and effect of law.

(6) Subject to the appropriation of funds by the Legislature for such purpose, the appropriation of which is hereby authorized, employ such personnel from time to time as may be required to administer and enforce the provisions of this Act effectively.

(b) The Commission shall act upon all applications and claims submitted to it and make recommendation to the Governor as to the granting of a certificate of tax subsidy within sixty (60) days from the receipt by the Commission of all information required from the applicant under this Act or the regulations issued hereunder. In the event determination is hindered or delayed by causes outside the control of the Commission, the period for such determination shall be suspended during the period of such hindrance or delay, not to exceed thirty (30) days in any event unless extended by the Governor of Guam. Upon the expiration of such period for determination, or extension thereof by the Governor, as hereinbefore provided, an application shall be deemed to be disapproved.

Section 50021. Applications. Applications for certificates of tax subsidy shall be filed on such forms and at such times as shall be prescribed for such purpose by the Commission from time to time.

The Commission shall conduct public hearings on all applications for certificates of tax subsidy and shall give public notice in local newspapers of general circulation in the territory of Guam of all applications.

Section 50022. Granting of certificates of subsidy. Upon a finding by the Commission that an applicant has demonstrated to its satisfaction that:

(1) the industrial or business activity engaged in or about to be engaged in by such applicant will promote the public interest by economic development of the territory of Guam;

(2) the establishment or expansion of the activity in Guam requires incentive in the form of the granting of the tax subsidy benefits; and

(3) the applicant otherwise qualifies under the provisions of this Act, the Commission shall recommend to the Governor of Guam the granting of a certificate of tax subsidy benefits.

Section 50023. Certificate of tax subsidy. A certificate of tax subsidy shall be issued in the name of the government of Guam by the Governor, upon his approval of the recommendation of the Commission, and shall specify:

(1) the date by which the required financial investment shall have been completed by the particular person, firm or corporation;

(2) the date upon which the granting of subsidy shall commence, which date may be retroactive to the first day of investment by the person, firm or corporation in the industry or business granted the certificate, but such date shall not be before the effective date of this Act;

(3) that the grant of subsidy benefits shall be for an aggregate of ten (10) years from the date of commencement specified in the certificate;

(4) such other conditions as the government of Guam shall deem applicable or appropriate, not inconsistent with the provisions of this Act or regulations hereunder.

In addition to the foregoing specifications, the certificate of tax subsidy shall include a recital that it is conditional upon the performance and observance of the conditions under which it was granted by the person, firm or corporation within the period of the time specified. Upon failure of the applicant to perform or observe the conditions as required by the Commission within the specified period, or any extension thereof granted for good cause shown to the Commission, the certificate shall be deemed to be of no force and effect, and the applicant shall pay or refund, as the case may be, to the government of Guam the amount of any tax subsidy benefits actually received on the basis of the certificate granted.

Section 50024. Transferability of certificate. A certificate of tax subsidy benefits granted under the provisions of this Act may be transferred, for the unexpired portion of the term of the certificate, to another person, firm, or corporation who or which, succeeds the beneficiary in carrying on or in operating, the tax subsidized business, upon determination by the Commission that such person, firm, or corporation is otherwise qualified to receive such benefits, and provided that the industrial or business activity with respect to which the certificate was granted, is continued by the said person, firm or corporation. Thereafter, the transferor of the certificate shall lose all tax exemption and subsidy benefits under this Act and shall be subject to the operation of the tax laws of the territory of Guam.

Section 50025. Computation and determination of subsidy. (a) The Director of Finance

shall compute and determine annually the amount of subsidy to which a beneficiary is entitled under the provisions of this title, and he is hereby authorized upon certification of the Commission to make payment of such subsidy in each case to the person, firm, or corporation entitled to receive the same from funds available in the special fund in the Treasury of the territory of Guam hereinafter created.

(b) Income tax payments made by persons qualifying for certificates of subsidy benefits under the provisions of this Act shall be covered into a special account in the Treasury of the territory of Guam to be designated as 'Economic Incentive Fund'.

(c) In the case of any beneficiary who, in accordance with the applicable laws of the territory of Guam, shall have applied for and been granted a redetermination of tax liability or taxes payable, the amount of subsidy determined for such beneficiary for the taxable years affected shall be accordingly adjusted by the Director of Finance and such beneficiary shall be required to refund the excess of subsidy received for the said taxable years, together with interest at the rate of 6% per annum from the date the beneficiary received the subsidy, or otherwise realized the subsidy benefit; provided, that said subsidy return may be offset or credited against any tax refund due to the beneficiary.

Section 50026. Limitation of claims deductions. No claim by a beneficiary for subsidy benefits provided for under this Act shall be allowed or made after the expiration of one year from the date upon which the income tax return of such beneficiary to the government of Guam for such taxable year was due (determined without regard to any extension of time).

Section 50027. Revocation, suspension or modification of certificate. A certificate of tax subsidy granted in accordance with the provisions of this Act may be revoked, suspended or modified by the Governor, upon written finding and recommendation by the Commission, after due notice and hearing, that:

(1) the beneficiary has failed to maintain compliance with the requirements of this Act, or any regulations hereunder;

(2) the beneficiary has filed, or there has been filed against said beneficiary a petition seeking an adjudication or bankruptcy as to such beneficiary, wherein petition has been granted; or

(3) in the case of a corporation, upon finding submitted to the Commission by the Attorney General of the territory of Guam that the Corporation has been dissolved.

Section 50028. Approval by the Governor; administrative finality. All determinations, decisions or orders of the Commission relating to the qualification of applicants hereunder or to the issuance, revocation, modification, suspension or transfer of certificates of tax subsidy benefits, shall be subject to the approval of the Governor, and no certificate, or any revocation, modification, suspension or transfer thereof shall be deemed valid without the written approval of the Governor.

Section 50029. Appeals. Any person, firm or corporation aggrieved by an action of the Governor under the provisions of this Act shall be entitled to judicial review thereof by filing an appeal with the District Court of Guam, within 30 days after the final decision by the Governor. Upon such review all findings, decisions or determination by the Governor as to questions of facts shall be deemed final in the absence of conclusive showing to the Court of fraud or misrepresentation.

Section 50030. Time for application. Application for the granting of tax subsidy benefits under the provisions of this Act shall be made not later than two years after the effective day of this Act.

Section 50031. Limitations. (a) The provisions of this Act shall be strictly construed to discourage and frustrate the use of any subterfuge, device or scheme, whether by means of sale, transfer, or assignment of assets or interests, or otherwise, designed to secure tax subsidy benefits.

(b) Any provision of this Act, that is found to be in conflict with any Federal statute or regulation applicable to Guam, is declared null and void but the remaining provisions not affected shall remain in force.

Section 50032. Short title. This Act shall be known and may be cited as the 'Guam Tax Incentive Act'."

Section 2. This Act shall take effect July 1, 1964, except that all businesses or industries established in the territory after November 12, 1962, which otherwise meet the requirements of this title as to type of business or industry and initial minimum investment shall be entitled to the tax subsidy benefits enacted hereunder upon application therefor without being required to make any new investment if all other requirements of this Act are met, such tax subsidy benefits for businesses or industries established prior to the effective date of this Act to be granted only for a period subsequent to said effective date.

Section 3. This Act is an urgency measure.

On July 10, 1973, Bill 302 was passed by the Twelfth Guam Legislature, amending the Government Code of Guam to redefine and redirect the activities of the Guam Economic Development Authority. At the time of this publication the bill is pending before the Governor of Guam for his approval or disapproval.

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