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<td>218-35</td>
<td>James C. Moylan</td>
<td>AN ACT TO AMEND § 58104(f) AND TO ADD § 58104.1, BOTH OF CHAPTER 58, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO CREATING A QUALIFYING CERTIFICATE FOR THE ENTICEMENT AND POTENTIAL ESTABLISHMENT OF A PROCESSING TRADE, AND A DISTRIBUTION, TRANSFORMATION OR FULFILLMENT CENTER INDUSTRY ON GUAM.</td>
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AN ACT TO AMEND § 58104(f) AND TO ADD § 58104.1, BOTH OF CHAPTER 58, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO CREATING A QUALIFYING CERTIFICATE FOR THE ENTECIMENT AND POTENTIAL ESTABLISHMENT OF A PROCESSING TRADE, AND A DISTRIBUTION, TRANFORMATION OR FULFILLMENT CENTER INDUSTRY ON GUAM.

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Legislative Findings and Intent. I Liheslaturan Guåhan finds that with Guam’s proximity to Asia, we become an ideal destination for industries such as a processing trade and a distribution, transformation or fulfillment center. Not only would enticing such entities to consider investing on Guam be beneficial in terms of stimulating our economy, but there would be a great opportunity of job creation.

However the costs of labor or logistics may be a concern for potential investors, thus the need to create viable incentives to attract such industries to offset such distresses is paramount. The Qualifying Certificate offered by the Guam Economic Development Authority (GEDA) is an ideal tool and can be catered towards the needs or benefits of an entity, while assuring that job creation and other community contributions are prioritized.
This legislation does not dictate the benefits to be offered to investors (as that is a function of GEDA), rather includes new industries into the matrix of qualified trades for available incentives that can help establish additional economic activity on island. Processing Trade Companies would essentially import materials with the intent of assembling or transforming them locally, and then export them to buyers off island. The attraction of labeling the goods as “Made in Guam, USA”, may be an enticing factor. As for distribution, transformation, or fulfillment centers, Guam’s proximity to the Asian region benefits potential tariffs and timelines, thus allowing the goods to be imported, stored, processed and shipped from Guam. These types of industries would essentially create many jobs for island residents.

Further, by allowing such industries to apply for incentives may allow local companies to either invest in such ventures, or seek our outside entities to do the same. The greatest marketing tool to help manifest new industries on Guam would be the commerce community on Guam.

Section 2. § 58104(f) of Chapter 58, Title 12, Guam Code Annotated is hereby amended to read as follows:

(f) manufacturing, processing trade company, and/or a distribution transformation or fulfillment center;

For purposes of this Chapter, the following shall be the definitions of a processing trade company and a distribution, transformation or fulfillment center:

(1). a processing trade company which shall import all or part of the raw and auxiliary materials, parts and components, accessories, and packaging materials from abroad, and exports the finished product(s) after processing, transforming or assembly on Guam. At least fifty percent (50%) of the finished product shall be assembled on Guam to qualify for the incentives of this Chapter.
(2). a distribution, transformation or fulfillment center shall be a warehouse or specialized building which is stocked with products to be redistributed to consumers off island, and shall be the processing function of the order completion structure. They shall also be able to provide services such as product mixing, cross docking and packaging.

Section 3. § 58104.1 of Chapter 58, Title 12, Guam Code Annotated is hereby added to read as follows

“§ 58104.1. Approval of New Qualifying Certificates.

Notwithstanding any other provisions of the law, any new or first time application for a Qualifying Certificate pursuant to §58104 of this Chapter, shall be approved by I Mga’Haga Guahan, after consent provided by the Authority’s Board of Directors. Any Qualifying Certificate pursuant to §58104 of this Chapter, shall be excluded from the approval process of I Liheisluran Guåhan pursuant to Public Law 34-116 III:8.”

Section 4. Severability. If any provision of this Act or its application to any person or circumstance is found to be invalid or contrary to law, such invalidity shall not affect other provisions or applications of this Act that can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

Section 5. Effective Date. The Act shall become effective upon enactment.