



I Mina' trentai Unu na Liheslaturan Guåhan  
31st GUAM LEGISLATURE  
Senator Vicente (ben) Cabrera Pangelinan

News Release

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**SENATOR PANGELINAN INTRODUCES BILL TO REPEAL TAX REBATES  
FOR COMPANIES WHO PROVIDE SERVICES TO BASE OPERATIONS**

**FOR IMMEDIATE NEWS RELEASE (April 4, 2011– Hagåtña)** – Senator Vicente (ben) Cabrera Pangelinan (D-Barrigada), Chairman of the Committee on Appropriations, Taxation, Public Debt, Banking, Insurance, Retirement & Land (Committee) and Speaker Judith T. Won Pat, Ed.D. (D-Malolojo), introduced Bill 132-31, which seeks to preserve future income taxes to the government of Guam related to Base Operation and Support (BOS) contracts.

The section of Public Law 24-295, titled “Assistance in Military Outsourcing and Downsizing” was signed into law in 1998 and allows contractors and sub-contractors to receive a rebate of up to 100% of all income tax if they provide services for BOS contracts. Bill 132-31 will remove this particular benefit as an option from the Qualifying Certificate Program.

Senator Pangelinan commented, “The original law had good intentions. It was passed in anticipation of losing thousands of jobs when the concept of Base Operation and Support contracts was in its infancy and to give an opportunity to our local contractors to compete against off-island contractors. Given the history of contract awards by the military of awarding major contracts to off-island contractors, any contractor taking advantage of this program in reality will have Guam taxpayers subsidizing off-island contractors of the Federal Government and the Department of Defense.”

During the next several years, construction projects are expanding base operations throughout Guam. As a result of the military expansion on Guam, base service contracts will likely increase above current levels. A similar policy measure to Bill 132-31 was enacted in December of last year; Public Law 30-230 assesses GRT to prime contractors, while exempting subcontractors to stop the leakage of local taxes to off-island contractors.

Senator Pangelinan concluded, “The additional costs to the government of Guam associated with the military expansion makes it necessary to move forward with policies that preserve and protect the local tax revenue stream.”

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