



Office of Senator James C. Moylan

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PRESS RELEASE

SENATOR MOYLAN SEEKS SMALL BUSINESS RELIEF

(Hagatna, Guam). With the intent of providing some support for the private sector, specifically for the small businesses on island, who are being impacted by the adverse economic impact resulting from the global pandemic of the Novel Coronavirus, Senator James C. Moylan introduced Bill 311-35 (LS) this morning. The legislation provides two temporary relief benefits for the business community, which includes:

1. A temporary reduction of the Business Privilege Tax (BPT) from 5% to 4%.
2. A revision of the Dave Santos Small Business Act to provide any small business with gross earnings of under \$500,000, a BPT exemption on the first \$250,000 of earned income. This provision would place a freeze on the interim exemption benefit provided to businesses.

Both benefits would be for a six-month window, between April 1, 2020 and September 30, 2020, and would provide businesses some relief as they cope with a reduction in projected revenues for 2020.

"While some may argue that this measure would greatly impact the government's collections, the reality is that we are already heading in this direction by remaining status quo. There are already actual stories circulating of reduced work hours in the private sector, which means a reduction in the government's collection of withholding and income taxes. Sales are down across the island, as the tourism industry trickles into benefitting many other industries, hence corporate and BPT taxes will also be impacted.", stated Senator Moylan. "This measure would allow some investment back into these businesses, with the hopes that they would maintain employee hours, employee benefits, or even invest back into their

SENATOR JAMES C. MOYLAN |

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operations, all of which helps stimulate the economy is some way", added Senator Moylan.

The one-point reduction in the BPT alone would result in an almost \$30 million impact in the government's coffers, hence it is vital that the government work diligently in identifying cost cutting measures. Contrary to belief, the reduction for medium sized companies would result in estimates around \$5,000 (estimate for a business generating \$1 million in gross income) for the six-month period. As for the BPT Exemption benefit, a small business could save an average of around \$6,250 during that six-month period. While the numbers may not seem significant, this could be the relief in keeping employees on board for forty-hour work weeks, or assuring that benefits are not impacted.

"Now, more than ever, is the time to work on balanced options. From day one I have been a proponent of reducing the BPT permanently, however understand the predicament our island is in today. I am willing to make this compromise on considering just a six-month relief so that our community can weather this economic storm. I hope that the governor would work with me on some compromise.", added Senator Moylan. "Are these proposals perfect? Absolutely not, but right now they are the only ones on the table, so let's begin the discussions so that working families are not severely impacted by the economic conditions. Plus, we are far from done on this issue, as much more needs to be discussed.", Senator Moylan also added.

END OF RELEASE

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