



UFISINAN I MAGA'HÅGAN GUÅHAN
OFFICE OF THE GOVERNOR OF GUAM

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Governor's Statement on BPT: *Reduction in BPT Does Not Reduce Prices*

Hagåtña, Guam — Governor Lou Leon Guerrero issues the following statement on proposed legislation aimed at reducing the Business Privilege Tax (BPT) from 5% to 4%:

While I applaud Senator Gumataotao's intent to address the high cost of living on Guam, historical data shows no reduction in the cost of goods following the legislature's last rollback of the BPT. According to the consumer price index (CPI), when the BPT, formerly known as the Gross Receipts Tax (GRT), was rolled back during the Camacho Administration (2004), the CPI actually went from an Annual Average CPI of 76.6 to an Annual Average CPI of 82.5 or an Average Annual % Increase of 7.7%. This means prices actually went up, not down, after taxes were reduced.

This administration shares the goal of helping local businesses; that is why we lowered BPT for small businesses in our first term. Now, about 90% of Guam businesses pay a 3% BPT, and many pay no BPT at all.

Most businesses currently paying the 5% BPT are large international enterprises locally involved in the military buildup, not small island businesses. Small businesses on Guam already benefit from significant tax relief under the Dave Santos Act, which provides:

- A reduced BPT rate of 3% for most small businesses.
- Full BPT exemptions for businesses with revenues less than \$50,000 annually.

We must ensure that our community is not negatively impacted by the unintended consequences of a wider reduction. Losing this level of revenue would undermine our ability to provide healthcare, education, public safety, and other essential services.

The BPT serves as a critical revenue source for the government. Reducing the rate without identifying alternative revenue streams could force cuts to programs that support the community's well-being, including services for vulnerable populations and critical infrastructure projects.

We look forward to continued dialogue with Senator Gumataotao and our policymakers to find solutions that truly minimize the financial burdens on our residents without compromising critical services.

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