

Short-term vacation rental, other laws yet to bring in revenue for GovGuam

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(Photo: Haidee Eugenio/PDN)

Some income-generating measures passed this year to address budget shortfall have yet to bring in revenue for the government of Guam, including taxing short-term vacation rentals and raising the H-2B registration fee by \$1,000.

Speaker Benjamin Cruz's committee on appropriations and adjudication projects a budget shortfall of \$145 million in fiscal 2019, which he said would require a combination of revenue generation and cost-cutting.

More: [No short-term vacation rentals certificates issued while Rev and Tax works on regulations \(/story/news/2018/01/07/no-short-term-vacation-rentals-certificates-issued-while-rev-and-tax-works-regulations](#)

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More: [Business, hotel occupancy tax hikes proposed to address GovGuam budget shortfall \(/story/news/2018/07/09/business-hotel-tax-hikes-proposed-address-govguam-budget-shortfall/766854002/\)](#)

No business license has been issued to any entity that's operating short-term vacation rental, Department of Revenue and Taxation Director John Camacho said Tuesday afternoon.

Camacho said one property owner came in to apply recently but has yet to complete all the requirements to obtain a business license to operate a short-term vacation rental.

More than 300 properties shown online

The director said anyone operating a short-term vacation rental or a bed-and-breakfast without a business license is considered an illegal business and faces penalties.

Online listings of available bed-and-breakfast and short-term vacation rentals on Guam show more than 300 properties, but Rev and Tax has not licensed any short-term vacation rental business yet and has only about 15 licensed to engage in bed-and-breakfast business.

"Basically those people who are doing illegal business, meaning conducting business without a valid business license, there's some penalties that we can go to those taxpayers. They're severe penalties. Same with bed and breakfast," Camacho said.

Taxing short-term vacation rentals

Hotel industry members said GovGuam has lost the chance to tax some \$24 million in gross revenues by not taxing short-term vacation rentals.

Short-term vacation rentals will be assessed an 11 percent hotel occupancy tax and the 5 percent business privilege tax, among other things.

Another law signed in May, sponsored by Sen. Regine Biscoe Lee, raises by \$1,000 the registration fee for every H-2B worker that arrives on Guam for military projects.

More: [5 bills lapsed into law, 1 vetoed, 11 signed \(/story/news/2018/05/16/5-bills-lapsed-into-law-1-vetoed-11-signed/614163002/\)](#)

More: [Taxing vacation rentals soon draws support \(/story/news/2018/03/28/taxing-vacation-rentals-soon-draws-support/464686002/\)](#)

At least 76 new H-2B workers from the Philippines have already arrived on Guam since late June, to help with hangar projects on Andersen Air Force Base worth more than \$200 million, but they are not yet subject to the \$1,000 increase in H-2B registration fee.

Greg Massey, administrator for the Guam Department of Labor's alien labor processing and certification division, said the law contained exemptions for projects which were entered into prior to the effective date of the law, "so the employer is exempt from the increased fee."

Sales tax repealed

The latest national defense budget law allows Guam to have up to 4,000 H-2B workers a year, which could translate to \$4 million in added GovGuam revenue if Public Law 34-98 is applied.

The projected \$145 million budget gap in fiscal 2019 could have been addressed mostly by a new 2 percent general sales tax law signed in March, but this was repealed on July 2.

The same law temporarily increased the business privilege tax from 4 percent to 5 percent, but this expires on Sept. 30 unless a new law is signed to extend the rate or raise it further.

More: [Fire destroys wood and tin structure in Dededo \(/story/news/2018/07/10/fire-destroys-dededo-structure/770424002/\)](/story/news/2018/07/10/fire-destroys-dededo-structure/770424002/)

More: [Red Cross announces 18th Annual Red Ball fundraiser \(/story/news/2018/07/10/red-cross-announces-18th-annual-red-ball-fundraiser/770063002/\)](/story/news/2018/07/10/red-cross-announces-18th-annual-red-ball-fundraiser/770063002/)

Reporter Haidee Eugenio covers Guam's Catholic church issues, education, government, business and more. Follow her on Twitter @haidee_eugenio (https://twitter.com/haidee_eugenio). Follow Pacific Daily News on Facebook/GuamPDN (<http://www.facebook.com/quampdn/>) and Instagram @quampd (<http://instagram.com/GuamPDN>).

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