

I Mina'trentai Ocho Na Liheslaturan Guåhan
BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	FISCAL NOTES	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	NOTES
174-38 (COR)	V. Anthony Ada	AN ACT TO <i>ADD</i> A NEW CHAPTER 53 TO DIVISION 2 OF TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE GUAM FREE TRADE ZONE ACT OF 2025; TO DESIGNATE A FREE TRADE LOGISTICS ZONE, TO ESTABLISH TRADE FACILITATION INCENTIVES, AND TO PROMOTE GUAM AS A RE-EXPORT CENTER FOR THE INDO-PACIFIC REGION; AND TO APPROPRIATE THE SUM OF FIVE HUNDRED THOUSAND DOLLARS (\$500,000) TO FUND THE PURPOSES OF THIS ACT.	7/15/25 1:53 p.m. ^7/28/25 2:44 p.m.	7/29/25 4:35 p.m.	Committee on Finance and Government Operations.	Request: 7/29/25 8/15/25	10/13/25 9:00 a.m.	11/17/25 As Amended.	



Office of Senator Christopher M. Dueñas

CHAIRMAN, COMMITTEE ON FINANCE AND GOVERNMENT OPERATIONS

November 10, 2025

The Honorable Frank F. Blas Jr.
Speaker, *I Mina'trentai Ocho na Liheslaturan Guåhan*
163 W. Chalan Santo Papa
Hågatña, Guam 96910

Via Honorable Vice Speaker V. Anthony Ada 
Chairman, Committee on Rules

RE: Committee Report on Bill No. 174-38 (COR) *As amended*

Buenas yan Håfa Adai Speaker,

Transmitted herewith is the Committee Report on Bill No. 174-38 (COR) – V. Anthony Ada – AN ACT TO ADD A NEW CHAPTER 53 TO DIVISION 2 OF TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE *GUAM FREE TRADE ZONE ACT OF 2025*; TO DESIGNATE A FREE TRADE LOGISTICS ZONE, TO ESTABLISH TRADE FACILITATION INCENTIVES, AND TO PROMOTE GUAM AS A RE-EXPORT CENTER FOR THE INDO-PACIFIC REGION; AND TO APPROPRIATE THE SUM OF FIVE HUNDRED THOUSAND DOLLARS (\$500,000) TO FUND THE PURPOSES OF THIS ACT.

Committee votes are as follows:

3 TO DO PASS
____ TO NOT PASS
2 TO REPORT OUT ONLY
____ TO ABSTAIN
____ TO PLACE IN INACTIVE FILE



COMMITTEE ON RULES

RECEIVED:

November 10, 2025 3:15 p.m.

Marie Crisostomo

Senseremente,

Senator Christopher M. Dueñas
Chairman, Committee on Finance and Government Operations

OFFICE OF SENATOR CHRISTOPHER M. DUEÑAS

259 MARTYR STREET, HAGATNA GUAM 96910 | TEL: 671-989-9554 | SENATOR.DUEÑAS@GUAMLEGISLATURE.GOV

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Office of Senator Christopher M. Dueñas
CHAIRMAN, COMMITTEE ON FINANCE AND GOVERNMENT OPERATIONS

COMMITTEE REPORT

BILL NO. 174-38 (COR)

INTRODUCED BY

Vice Speaker V. Anthony Ada

“AN ACT TO ADD A NEW CHAPTER 53 TO DIVISION 2 OF TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE *GUAM FREE TRADE ZONE ACT OF 2025*; TO DESIGNATE A FREE TRADE LOGISTICS ZONE, TO ESTABLISH TRADE FACILITATION INCENTIVES, AND TO PROMOTE GUAM AS A RE-EXPORT CENTER FOR THE INDO-PACIFIC REGION; AND TO APPROPRIATE THE SUM OF FIVE HUNDRED THOUSAND DOLLARS (\$500,000) TO FUND THE PURPOSES OF THIS ACT.”



Office of Senator Christopher M. Dueñas

CHAIRMAN, COMMITTEE ON FINANCE AND GOVERNMENT OPERATIONS

October 31, 2025

MEMORANDUM

To: **All Members**
Committee on Finance and Government Operations

From: **Senator Christopher M. Dueñas**
Chairperson, Finance and Government Operations

Subject: **Committee Report on Bill No. 174-38 (COR)**

Transmitted herewith for your consideration is the Committee Report on **Bill No. 174-38 (COR)** - V. Anthony Ada "AN ACT TO ADD A NEW CHAPTER 53 TO DIVISION 2 OF TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE GUAM FREE TRADE ZONE ACT OF 2025; TO DESIGNATE A FREE TRADE LOGISTICS ZONE, TO ESTABLISH TRADE FACILITATION INCENTIVES, AND TO PROMOTE GUAM AS A RE-EXPORT CENTER FOR THE INDO-PACIFIC REGION; AND TO APPROPRIATE THE SUM OF FIVE HUNDRED THOUSAND DOLLARS (\$500,000) TO FUND THE PURPOSES OF THIS ACT."

This report includes the following:

- Copy of COR Referral of Bill No. 174-38 (COR)
- Notices of Public Hearing
- Copy of the Public Hearing Agenda
- Public Hearing Sign-in Sheet
- Copies of Submitted Written Testimony
- Committee Vote Sheet
- Committee Report Digest
- Copy of Bill No. 174-38 (COR), As Introduced
- Copy of Bill No. 174-38 (COR), As Amended
- Copy of Bill No. 174-38 (COR), Markup
- Fiscal Note/Fiscal Note Waiver
- Funding Availability Note
- Related News Reports

Please take the appropriate action on the attached vote sheet. Your attention to this matter is greatly appreciated. Should you have any questions or concerns, please do not hesitate to contact me.

Respectfully,


Senator Christopher M. Dueñas

Chairperson, Committee on Finance and Government Operations



COMMITTEE ON RULES

Vice Speaker V. Anthony Ada, Chairperson
I Mina'trentai Ocho Na Liheslaturan Guahan
38th Guam Legislature

July 29, 2025

To: **Rennae V. C. Meno**
Clerk of the Legislature

Attorney Darleen Hiton
Legislative Legal Counsel

From: **Vice Speaker V. Anthony Ada** 
Chairperson, Committee on Rules

Subject: **Referral of Bill No. 174-38 (COR)**

Håfa Adai,

As per my authority as Chairperson of the Committee on Rules and subject to §6.01(d)(1), Rule VI of our Standing Rules, I am forwarding the referral of **Bill No. 174-38 (COR)** –V. Anthony Ada – “AN ACT TO *ADD* A NEW CHAPTER 53 TO DIVISION 2 OF TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE *GUAM FREE TRADE ZONE ACT OF 2025*; TO DESIGNATE A FREE TRADE LOGISTICS ZONE, TO ESTABLISH TRADE FACILITATION INCENTIVES, AND TO PROMOTE GUAM AS A RE-EXPORT CENTER FOR THE INDO-PACIFIC REGION; AND TO APPROPRIATE THE SUM OF FIVE HUNDRED THOUSAND DOLLARS (\$500,000) TO FUND THE PURPOSES OF THIS ACT.”

Please ensure that the subject bill is referred to the Committee on Finance and Government Operations chaired by Senator Christopher M. Dueñas. I also request that the same be copied to the Prime Sponsor of the subject bill, to the Office of Finance and Budget (OFB) and to Management Information Services (MIS) for posting on our website.

A copy of the bill is available on our legislative website.

Should you have any questions or concerns, please feel free to contact Kamarin Nelson, Committee on Rules Director at 671-472-2461.





Senator Chris Duenas <senator.duenas@guamlegislature.gov>

FIRST NOTICE of Public Hearing on October 13, 2025

1 message

Senator Chris Duenas <senator.duenas@guamlegislature.gov>

Mon, Oct 6, 2025 at 8:00 AM

To: phnotice@guamlegislature.gov

FOR IMMEDIATE RELEASE

October 6, 2025

MEMORANDUM

To: All Senators, Stakeholders, and Media

From: Senator Christopher M. Dueñas
Chairman, Committee on Finance and Government Operations

Re: FIRST NOTICE of Public Hearing on October 13, 2025

The Committee on Finance and Government Operations will hold a public hearing on **Monday, October 13, 2025**, beginning at **9:00 am** at the Public Hearing Room in the Guam Congress Building. The agenda is as follows:

- **Bill No. 174-38 (COR)** – V. Anthony Ada - AN ACT TO ADD A NEW CHAPTER 53 TO DIVISION 2 OF TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE GUAM FREE TRADE ZONE ACT OF 2025; TO DESIGNATE A FREE TRADE LOGISTICS ZONE, TO ESTABLISH TRADE FACILITATION INCENTIVES, AND TO PROMOTE GUAM AS A RE-EXPORT CENTER FOR THE INDO-PACIFIC REGION; AND TO APPROPRIATE THE SUM OF FIVE HUNDRED THOUSAND DOLLARS (\$500,000) TO FUND THE PURPOSES OF THIS ACT.
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If you would like to participate in the Public Hearing listed above or submit written testimony, please contact the Office of Senator Christopher M. Dueñas for further assistance via email at senator.duenas@guamlegislature.gov or by phone at (671) 989-9554.

In compliance with Title II of the Americans with Disabilities Act (ADA), all government activities, programs, and services are accessible to individuals with disabilities. *If you or anyone you know requires assistance or special accommodations to participate in the public hearing, please contact the Office of Senator Christopher M. Dueñas at the contact information provided above.*

The Public Hearing will be broadcast LIVE on local television (GTA Channel 21, Docomo Channel 117) and streamed online through I Liheslaturan Guåhan's YouTube Channel ([@guamlegislaturemedia](https://www.youtube.com/@guamlegislaturemedia)).



Office of Senator Christopher M. Dueñas

Chairman, Committee on Government Finance and Operations

259 Martyr St., Hagatna, Guam 96910

senator.duenas@guamlegislature.gov

(671) 989-9554

2 attachments



senator-duenas-headshot.jpg

70K



1N 10-13-25 (174 & 156).pdf

357K



Office of Senator Christopher M. Dueñas

CHAIRMAN, COMMITTEE ON FINANCE AND GOVERNMENT OPERATIONS

FOR IMMEDIATE RELEASE

October 6, 2025

MEMORANDUM

To: All Senators, Stakeholders, and Media

From: Senator Christopher M. Dueñas
Chairman, Committee on Finance and Government Operations

Re: FIRST NOTICE of Public Hearing on October 13, 2025

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This ad was paid with funds by the Committee of Finance and Government Operations.

OFFICE OF SENATOR CHRISTOPHER M. DUEÑAS

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FIRST NOTICE of Public Hearing on October 13, 2025

 PRINT

**FIRST NOTICE of Public Hearing on October 13,
2025**

PUBLIC HEARING



 **Posted on:** 10/06/2025 08:33 AM

 **Posted by:** Ashley Shinohara

 **Public Hearing Date:** 10/13/2025 09:00 AM

 **Department(s):**
GUAM LEGISLATURE (/notices?department_id=92)

 **Division(s):**
OFFICE OF SENATOR CHRISTOPHER M. DUENAS (/notices?
division_id=267)

 **Notice Topic(s):** PUBLIC HEARING (/notices?topic_id=74)

 **Types of Notice:** PUBLIC HEARING (/notices?type_id=7)

 **For Audience(s):** PUBLIC (/notices?public=1)

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FOR IMMEDIATE RELEASE

October 6, 2025

MEMORANDUM

To: All Senators, Stakeholders, and Media

**From: Senator Christopher M. Dueñas
Chairman, Committee on Finance and Government
Operations**

Re: FIRST NOTICE of Public Hearing on October 13, 2025

The Committee on Finance and Government Operations will hold a public hearing on **Monday, October 13, 2025**, beginning at **9:00 am** at the Public Hearing Room in the Guam Congress Building. The agenda is as follows:

Bill No. 174-38 (COR)

([http://guamlegislature.gov/38th_Guam_Legislature/Bills_Introduced_38th/Bill%20No.%20174-](http://guamlegislature.gov/38th_Guam_Legislature/Bills_Introduced_38th/Bill%20No.%20174-38%20(COR)%20Referred%20Version.pdf)

38%20(COR)%20Referred%20Version.pdf) – V. Anthony Ada - AN ACT TO ADD A NEW CHAPTER 53 TO DIVISION 2 OF TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE GUAM FREE TRADE ZONE ACT OF 2025; TO DESIGNATE A FREE TRADE LOGISTICS ZONE, TO ESTABLISH TRADE FACILITATION INCENTIVES, AND TO PROMOTE GUAM AS A RE-EXPORT CENTER FOR THE INDO-PACIFIC REGION; AND TO APPROPRIATE THE SUM OF FIVE HUNDRED THOUSAND DOLLARS (\$500,000) TO FUND THE PURPOSES OF THIS ACT.

Bill No. 156-38 (COR)

([http://guamlegislature.gov/38th_Guam_Legislature/Bills_Introduced_38th/Bill%20No.%20156-38%20\(COR\).pdf](http://guamlegislature.gov/38th_Guam_Legislature/Bills_Introduced_38th/Bill%20No.%20156-38%20(COR).pdf)) – Joe

S. San Agustin - AN ACT TO AMEND §§ 58104(b)(2) AND 58106; ALL OF CHAPTER 58, TITLE 5, GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING THE EXTENSION OF LEASE AGREEMENTS UNDER THE GUAM EDUCATION FINANCING FOUNDATION (GEFF) TO FINANCE THE CAPITAL IMPROVEMENTS AND MODERNIZATION OF GUAM DEPARTMENT OF EDUCATION (GDOE) FACILITIES WITH FIFTY-NINE MILLION THREE HUNDRED SEVENTY THOUSAND

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KUAM-TV
P.O BOX 368
HAGATNA, GUAM 96932 U.S

Advertiser ID: 2729	Amount Paid	
2729-00010-0000	10/13/2025	1
Official Invoice	Date	Page

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2729-00010-0000 O 10/13/2025 1

OFFICE OF SENATOR CHRISTOPHER M. DUENAS
38TH GUAM LEGISLATURE
CALVO ARRIOLA BLDG. STE. 101-B
259 MARTYR STREET
HAGATNA, GUAM 96910

Purchase Order Number:
Est. Number:
Co-Op:
Description:
Salesperson: San Agustin, Christie

Date	Day	Length		Qty	Rate	Total
10/13/2025	MON		KUAM TV PUBLIC HEARING – OCTOBER 13, 2025 FIRST NOTICE - AIR DATE: 10/06/25 1x :15 SECOND AD 1x :15 SECOND AD (KUAM MATCH) SECOND NOTICE - AIRDATE: 10/10/25 1x :15 SECOND AD 1x :15 SECOND AD (KUAM MATCH)			\$200.00

PAYMENT DUE UPON RECEIPT OF INVOICE.

Quantity	4	Total	\$200.00
Total Due			\$200.00

INVOICE

SECOND NOTICE of Public Hearing on October 13, 2025

Senator Chris Duenas <senator.duenas@guamlegislature.gov>

Fri, Oct 10, 2025 at 8:00 AM

To: phnotice@guamlegislature.gov

FOR IMMEDIATE RELEASE

October 10, 2025

MEMORANDUM**To: All Senators, Stakeholders, and Media****From: Senator Christopher M. Dueñas**
Chairman, Committee on Finance and Government Operations**Re: SECOND NOTICE of Public Hearing on October 13, 2025**

The Committee on Finance and Government Operations will hold a public hearing on **Monday, October 13, 2025**, beginning at **9:00 am** at the Public Hearing Room in the Guam Congress Building. The agenda is as follows:

- **Bill No. 174-38 (COR)** – V. Anthony Ada - AN ACT TO ADD A NEW CHAPTER 53 TO DIVISION 2 OF TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE GUAM FREE TRADE ZONE ACT OF 2025; TO DESIGNATE A FREE TRADE LOGISTICS ZONE, TO ESTABLISH TRADE FACILITATION INCENTIVES, AND TO PROMOTE GUAM AS A RE-EXPORT CENTER FOR THE INDO-PACIFIC REGION; AND TO APPROPRIATE THE SUM OF FIVE HUNDRED THOUSAND DOLLARS (\$500,000) TO FUND THE PURPOSES OF THIS ACT.
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Office of Senator Christopher M. Dueñas

Chairman, Committee on Government Finance and Operations

259 Martyr St., Hagatna, Guam 96910

senator.duenas@guamlegislature.gov

(671) 989-9554

2 attachments



senator-duenas-headshot.jpg

70K



2N 10-13-25 (174 & 156).pdf

357K



Office of Senator Christopher M. Dueñas

CHAIRMAN, COMMITTEE ON FINANCE AND GOVERNMENT OPERATIONS

FOR IMMEDIATE RELEASE

October 10, 2025

MEMORANDUM

To: All Senators, Stakeholders, and Media

From: Senator Christopher M. Dueñas
Chairman, Committee on Finance and Government Operations

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OFFICE OF SENATOR CHRISTOPHER M. DUEÑAS

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  LIKE AND FOLLOW @SENATORDUENAS

SECOND NOTICE of Public Hearing on October 13, 2025

 PRINT

SECOND NOTICE of Public Hearing on October 13, 2025

PUBLIC HEARING



 **Posted on:** 10/10/2025 08:10 AM

 **Posted by:** Ashley Shinohara

 **Public Hearing Date:** 10/13/2025 09:00 AM

 **Department(s):**
GUAM LEGISLATURE (/notices?department_id=92)

 **Division(s):**
OFFICE OF SENATOR CHRISTOPHER M. DUENAS (/notices?
division_id=267)

 **Notice Topic(s):** PUBLIC HEARING (/notices?topic_id=74)

 **Types of Notice:** PUBLIC HEARING (/notices?type_id=7)

 **For Audience(s):** PUBLIC (/notices?public=1)

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FOR IMMEDIATE RELEASE

October 10, 2025

MEMORANDUM

To: All Senators, Stakeholders, and Media

**From: Senator Christopher M. Dueñas
Chairman, Committee on Finance and Government
Operations**

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([http://guamlegislature.gov/38th_Guam_Legislature/Bills_Introduced_38th/Bill%20No.%20156-38%20\(COR\).pdf](http://guamlegislature.gov/38th_Guam_Legislature/Bills_Introduced_38th/Bill%20No.%20156-38%20(COR).pdf)) – Joe

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Office of Senator Christopher M. Dueñas

CHAIRMAN, COMMITTEE ON FINANCE AND GOVERNMENT OPERATIONS

PUBLIC HEARING AGENDA

Monday, October 13, 2025 – Guam Congress Building

9:00AM:

- **Bill No. 174-38 (COR)** – V. Anthony Ada - AN ACT TO ADD A NEW CHAPTER 53 TO DIVISION 2 OF TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE GUAM FREE TRADE ZONE ACT OF 2025; TO DESIGNATE A FREE TRADE LOGISTICS ZONE, TO ESTABLISH TRADE FACILITATION INCENTIVES, AND TO PROMOTE GUAM AS A RE-EXPORT CENTER FOR THE INDO-PACIFIC REGION; AND TO APPROPRIATE THE SUM OF FIVE HUNDRED THOUSAND DOLLARS (\$500,000) TO FUND THE PURPOSES OF THIS ACT.
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Date: October 13, 2025

I Mina'trentai Ocho na Liheslaturan Guahan
Office of Senator Christopher M. Duenas
Chairman, Committee on Finance and Government Operations

Time: 9:00 a.m.

Bill No. 174-38 (COR) - V. Anthony Ada - AN ACT TO ADD A NEW CHAPTER 53 TO DIVISION 2 OF TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE GUAM FREE TRADE ZONE ACT OF 2025; TO DESIGNATE A FREE TRADE LOGISTICS ZONE, TO ESTABLISH TRADE FACILITATION INCENTIVES, AND TO PROMOTE GUAM AS A RE-EXPORT CENTER FOR THE INDO-PACIFIC REGION; AND TO APPROPRIATE THE SUM OF FIVE HUNDRED THOUSAND DOLLARS (\$500,000) TO FUND THE PURPOSES OF THIS ACT.

	Name	Agency / Address	Contact No.	Email	Type of Testimony		Support	
					Oral	Written	Yes	No
1	Ike d. peredo	Customs			✓	✓		
2	ED Camacho	GEDA			✓	✓	✓	
3	Matthew Baza	GEDA			✓			
4	FRANCIS FEJARAN	CQA				✓	✓	
5	Bryant Tzyzmz	CQA					X	
6	Franklin Gutierrez	CQA			✓			
7	VINCENT PUERT	CQA			✓			
8	Maybellem Muna	CQA					✓	
9	Jessica Lilesan	com				✓	✓	
10								
11								
12								



Date: October 13, 2025

I Mina'trentai Ocho na Liheslaturan Guahan
Office of Senator Christopher M. Duenas
Chairman, Committee on Finance and Government Operations

Time: 9:00 a.m.

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	Name	Agency / Address	Contact No.	Email	Type of Testimony		Support	
					Oral	Written	Yes	No
1	Elgene mcdonald	CQA					✓	
2								
3								
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5								
6								
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12								



CUSTOMS & QUARANTINE AGENCY, GUAM

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Director's Office

Director of Customs – Ike. Q. Peredo

Chief of Customs – Vincent S.N. Perez

Doc. Ref. No. CQA DIR-535-25

October 13, 2025

Honorable Senator Christopher M. Duenas

Chairman, Committee on Finance and Government Operations

38th Guam Legislature

Subject: Testimony

RE: Bill 174-38 (COR)

Good morning, Senator Duenas and distinguished members of this committee. My name is Ike Q. Peredo, Director of the Guam Customs and Quarantine Agency.

I want to express my sincere gratitude for the opportunity to appear before you today to present testimony on Bill 174-38.

The Guam Customs and Quarantine Agency stands as Guam's indispensable "First Line of Defense". Our fundamental mission is to safeguard our island, its cherished people, and invaluable resources, all while actively facilitating legitimate trade, commerce, and travel. CQA is entrusted with the critical responsibility of enforcing both local and federal laws, thereby securing our borders and protecting all ports of entry. This rigorous oversight ensures the continued physical, social, and economic security not only of Guam, but also of the broader region.

Since 1950, the administration of all customs formalities, processes, and

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mandates has been diligently carried out by the government of Guam, specifically through the Guam Customs & Quarantine Agency and its predecessor entities. It is crucial to understand that the territory of Guam operates outside the Customs Territory of the United States. Consequently, Guam is not subject to the provisions of the customs statutes of the U.S. as contained in Title 19 U.S. Code or Title 19 Code of Federal Regulations. However, when applicable to Guam, U.S. regulations and statutes governing the admissibility and enterability of goods, merchandise, conveyances, and contraband are rigorously enforced at our ports of entry by CQA. A fundamental difference that distinguishes Guam from many other customs administrations globally is its designation as a "duty-free port." This unique status permits all goods or merchandise that meet local, and when applicable, federal requirements for admissibility, to enter the commerce of Guam without the payment of duty or tariffs—a practice commonly observed in most parts of the world, including the U.S.

Apart from the assessment and payment of goods and merchandise subject to the Guam Tangible Property Tax, more commonly known as "Use Tax," and the Guam Tobacco Tax, all other goods and merchandise can be imported, cleared, and introduced into the commerce of Guam. This process is contingent upon the importer providing sufficient proof of appropriate business licenses or exemptions to CQA at the time of clearance.

Bill 174-38 would establish the Guam Free Trade Zone Act of 2025, requires the Guam Economic Development Authority (GEDA) to identify, map, and recommend Free Trade Logistics Zones (FTLZ), establish trade facilitation incentives, and promote Guam as a re-export center for the Indo-Pacific region. Based on my understanding, the purpose of this act is to allow goods

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to be imported, stored, processed, produced, modified, and re-exported without being subjected to customs tariffs or other customs regulations. The act intends to help shippers improve margins, lower inventory, simplify and streamline customs procedures. It should be noted that goods imported from Guam to the U.S. are not exempt from tariffs, which is why the recent removal of the de minimis rule poses a problem.

This bill notably mirrors the spirit and purpose of Public Law 36-23, more widely recognized as the Guam Transshipment Task Force. That task force was specifically charged with investigating Guam's potential to enhance its role as a key transshipment point and to significantly expand transshipment, manufacturing, and export activities as an integral part of an overarching Economic Diversification Plan for the island. The comprehensive feasibility study conducted by the task force identified substantial opportunities. These opportunities leveraged Guam's strategic geographic position in the western Pacific, its advantageous shipping and airline routes connecting Asia and the U.S. mainland, and the special U.S.-Insular Possessions opportunities provided by Head Note 3a of the Harmonized Tariff Code of the U.S.

Moreover, the study strongly underscored the critical need for local statutes that would expand CQA's existing statutory authority to effectively regulate customs-bonded warehouses, sterile areas in the border environment, and various trade facilitation zones, such as the Free Trade Logistics Zone (FTLZ). It also strongly advocated for the integration of the SAFE Port Act and provisions for federal grant eligibility, which are crucial for modernizing our operations.

Lastly, the study emphasised the necessity of robust workforce development

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and retention funding as fundamental prerequisites for the successful implementation and long-term sustainability of these similar initiatives.

More research needs to be done regarding this legislation. Before implementing this legislation, further research is required to assess its legal feasibility, applicability of the de minimis threshold, and alignment with existing Foreign Trade Zone (FTZ) regulations. Although Guam is a U.S. territory, the authority to establish customs pre-clearance facilities or bonded warehouses falls solely under U.S. Customs and Border Protection (CBP), as governed by federal law. Importantly, Guam is not considered part of the U.S. customs territory. As such, it is necessary to clarify whether and to what extent federal customs exemptions or thresholds, such as the Section 321 de minimis provision, apply to goods re-exported from Guam. Additionally, to evaluate compatibility with FTZ frameworks, we must examine how the proposed "Free Trade Logistics Zone" would interact with, or potentially conflict with, the Foreign Trade Zones Act of 1934 and CBP's regulations under 19 CFR Part 146.

The CQA proposes amendments or to work closely with this committee to refine the bill's language. These amendments are designed to significantly enhance our ability to effectively carry out the overarching intent of the legislation.

The clearest and most prevalent amendment we propose in the current language of Bill 174-38 relates to a critical omission: the lack of fundamental authority which, globally, is inherent to all customs administrations. This is the authority to regulate bonded warehouses, sterile areas, and trade

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facilitation zones. As currently drafted, this legislation assigns this crucial responsibility to GEDA. While GEDA's role and other responsibilities are undeniably necessary in achieving the ambitious goals intended by this legislation—namely, to foster economic opportunity, secure federal-local agreements, and attract vital investment from both local and international sources—and are indeed critical for its success, there is a fundamental distinction to be made.

The responsibility to enforce and regulate such facilities as FTLZs is inherently a customs/CQA matter. We are statutorily, operationally, procedurally, and conventionally best suited to monitor transborder transactional activities. Our expertise in customs law, border security, and trade compliance positions us uniquely to oversee these areas, ensuring adherence to all relevant regulations and safeguarding the integrity of Guam's economic and security landscape meeting federal requirements. Therefore, transferring this core regulatory authority to CQA is not only logical but essential for the effective and secure implementation of the GFTZ.

Again, thank you for allowing us to provide testimony.


Ike Q. Peredo
Director, CQA

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REVISED BILL:

AN ACT TO ADD A NEW CHAPTER 53 TO DIVISION 2 OF TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE GUAM FREE TRADE ZONE ACT OF 2025; AND TO ADD A NEW ARTICLE 5 TO CHAPTER 73, TITLE 5, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING CUSTOMS OVERSIGHT AND SECURITY REQUIREMENTS WITHIN THE FREE TRADE LOGISTICS ZONE.

BE IT ENACTED BY I MINA'TRENTAI OCHO NA LIHESLATURAN GUÅHAN:

Section 1. Short Title.

This Act shall be known as the *"Guam Free Trade Zone and Customs Oversight Act of 2025"*

CHAPTER 53 (No Changes)

CHAPTER 73, TITLE 5 GCA

Article 5. Customs Oversight and Security for Free Trade Zones

§ 73500. Definitions.

- (a) **Agency** or **CQA** means the Guam Customs and Quarantine Agency.
- (b) **Bond** means a financial guarantee, in the form of a surety bond, cash deposit, or irrevocable letter of credit, ensuring compliance with Customs laws and payment of all duties, fees, and penalties.
- (c) **Bonded Warehouse** means a secure facility authorized by CQA for storage or processing of imported goods under bond without payment of duties until release or re-export.
- (d) **Carrier Bond** means a continuous bond required of airlines, shipping lines, or freight forwarders transporting goods into or through Guam.
- (e) **Continuous Bond** means an annual bond covering all transactions of the principal during its term.
- (f) **Customs Broker Bond** means a bond required of licensed Customs brokers ensuring faithful compliance with laws.
- (g) **Entry/Exit Processing Fee** means the fee charged for verifying and releasing goods entering or exiting an FTLZ.

(h) **Free Trade Logistics Zone (FTLZ)** shall have the same meaning as defined in §53101 of Title 12, Guam Code Annotated.

(i) **High-Security Seal** means a tamper-evident, ISO 17712-compliant bolt seal approved by Customs for containerized cargo.

(j) **Importer Bond** means a bond required of any importer of merchandise into Guam or an FTLZ.

(k) **Liquidated Damages** means a fixed monetary penalty, up to the bond amount, assessed for breach of bond conditions.

(l) **Non-Intrusive Inspection (NII)** means X-ray, gamma-ray, or radiation portal monitoring of cargo without physical opening.

(m) **Perpetual Inventory Records** means continuous, auditable records of all merchandise within an FTLZ available for Customs review.

(n) **Qualified Logistics Operator (QLO)** shall have the same meaning as defined in §53101 of Title 12.

(o) **Redelivery Demand** means an order from Customs requiring return of goods to its custody for inspection or enforcement.

(p) **Sterile Area** means a secured Customs-controlled zone restricting uninspected goods and unauthorized personnel.

(q) **Technology and Security Infrastructure Fee** means a fee assessed by Customs to fund scanning, IT, seals, and other security equipment.

(r) **Tenant Registration Fee** means an annual fee charged to entities operating as QLOs within an FTLZ.

(s) **SAFE Port Act (Security and Accountability for Every Port Act of 2006)** refers to the federal law codified at 6 U.S.C. § 921 et seq., which establishes national port and cargo security standards and provides eligibility for federal port security funding.

(t) **Port Security Grant Program (PSGP)** refers to the federal Department of Homeland Security grant initiative that funds eligible port authorities and security agencies to improve maritime domain awareness, physical security, and cargo inspection technologies.

(u) **Automated Commercial Environment (ACE)** means the electronic trade processing system operated by U.S. Customs and Border Protection that enables automated entry

filing, cargo tracking, and account management.

(v) **Customs-Trade Partnership Against Terrorism (C-TPAT)** means a voluntary supply-chain security program led by U.S. Customs and Border Protection in which participants agree to meet enhanced security criteria in exchange for expedited processing and reduced inspection risk.

§ 73501. Authority.

CQA shall have exclusive authority to regulate, inspect, and enforce customs, quarantine, and bonded warehousing operations within all designated FTLZs.

§ 73502. Customs Bonds.

(a) All operators, carriers, and brokers engaged in FTLZ activities shall maintain valid bonds.

(b) Minimum amounts: Importer \$50,000 or 10% of shipment value; Carrier \$50,000; FTZ Operator \$100,000; Broker \$25,000.

(c) Bonds may be cash, surety, or letter of credit.

(d) Breach of conditions shall result in liquidated damages up to the bond value.

§ 73503. Licensing and Fees.

CQA shall assess the following fees:

- (1) Bonded Warehouse/ FTZ Operator License Fee – \$5,000 annually;
- (2) Tenant Registration Fee – \$500 annually;
- (3) Bonded Warehouse Supervision Fee – \$500 annually plus \$50 per monthly inspection;
- (4) Entry/Exit Processing Fee – \$25 per shipment;
- (5) High-Security Seal Fee – \$20 per container;
- (6) Technology & Security Infrastructure Fee – \$10 per container.
- (7) Use of Off Duty Services Based on ODS formula.

All collected fees shall be deposited into the Customs Special Services Fund.

§ 73504. Security and Integrity Standards.

FTLZ operators and tenants shall:

- (1) Use ISO 17712 seals;
- (2) Maintain sterile areas and restricted zones;
- (3) Install CCTV with 90-day retention;
- (4) Maintain badge access control;
- (5) Use ASYCUDA or ACE systems for e-filing;
- (6) Allow canine, NII, and redelivery inspections;
- (7) Retain records for five (5) years.

Violations are subject to civil penalties of not less than \$5,000 per offense and may result in suspension, revocation, or seizure.

§ 73505. CPI Indexing.

Beginning Fiscal Year 2026, all Customs fees shall adjust annually in proportion to the percentage change in the U.S. Consumer Price Index for All Urban Consumers (CPI-U), as published by the Bureau of Labor Statistics.

§ 73506. Reporting.

CQA shall submit an annual report to the Governor and Legislature summarizing enforcement actions, revenues collected, compliance audits, and recommendations for improvement.

§ 73507. Enforcement.

CQA may suspend or revoke FTZ licenses, assess liquidated damages, and seize or forfeit goods upon non-compliance. Civil penalties may be imposed independently of criminal prosecution.

§ 73508. Coordination and Federal Engagement.

CQA and GEDA shall jointly pursue memoranda of understanding with U.S. Customs and Border Protection (CBP) for bonded warehousing recognition, security assistance, and integration with federal programs under the SAFE Port Act of 2006.

§ 73509. Severability.

If any provision of this Article is held invalid, the remaining provisions shall continue in effect.

Section 2. Appropriations.

Subject to fund availability, the sum of Five Hundred Thousand Dollars (\$500,000) is appropriated from the General Fund to GEDA in Fiscal Year 2026 to implement the FTLZ Act, and the sum of Two Million Dollars (\$2,000,000) is appropriated to CQA for enforcement, inspection, and security infrastructure.

Section 3. Effective Date.

This Act shall take effect upon enactment.

LOURDES A. LEON GUERRERO

Governor of Guam
I Maga'Haga Guahan

JOSHUA F. TENORIO

Lt. Governor of Guam
I Segundo Na Maga'Lahen Guahan

**GUAM
ECONOMIC
DEVELOPMENT
AUTHORITY**

America in Asia

Aturidãd Inadilãnton Ikunumihan Guahan



CHRISTINA D. GARCIA

Chief Executive Officer/Administrator
Ufisiãt Atmenestradoran Eksekutibon Akãdi

CARLOS P. BORDALLO

Deputy Administrator
Sigundo Atmenestrãdõt

October 13, 2025

Honorable Christopher M. Duenas

Chairperson, Committee on Finance and Government Operations

I Mina'trentai Ocho Na Liheslaturan Guãhan

Calvo Arriola Building Suite 101-B

259 Martyr St.

Hagãtña, Guam 96910

RE: TESTIMONY ON BILL NO. 174-38 (COR) – AN ACT TO ADD A NEW CHAPTER 53 TO DIVISION 2 OF TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE GUAM FREE TRADE ZONE ACT OF 2025; TO DESIGNATE A FREE TRADE LOGISTICS ZONE, TO ESTABLISH TRADE FACILITATION INCENTIVES, AND TO PROMOTE GUAM AS A RE-EXPORT CENTER FOR THE INDO-PACIFIC REGION.

Hafa Adai Senator Chris Duenas and members of Committee on Finance and Government Operations. The purpose of this letter is to provide written testimony on Bill No. 174-38 (COR). Overall the Guam Economic Development Authority (GEDA) supports the bill's goal of diversifying Guam's economy through increasing new investment in Guam through export activities.

Guam's unique position outside of the US customs territory presents opportunities to encourage new investment. Over the last few years, GEDA has seen a marked interest in Guam from companies in the Asia-Pacific region due to our proximity to Asia, our status as a territory of the United States, and most especially because Guam is a duty-free port. Products and raw materials can enter directly into Guam from any country without tariff or duty. Because of this, coupled with the federal government's aggressive stance on trade and tariffs, Guam has received interest in potential investors in sectors such as manufacturing, agriculture, aquaculture, technology and more as they explore different avenues of exporting products into the USA, potentially tariff free under the Headnote 3(a) program.

GEDA has always served as the government of Guam's lead economic development agency. While interest in Guam remains steadfast, there are some barriers to investment, particularly for industries/investments of importance to Guam's economic diversification initiatives. The lack of readily developable, properly zoned land, both public and private, as well as a lengthy and cumbersome process to lease out public lands, has been a perennial hurdle GEDA has faced when meeting with potential investors. Because of this, GEDA has been exploring the viability of establishing a new, modern, industrial/development park on government property to serve as a catalyst for new investment.

The provisions of Bill 174 appropriately contain the requirement to identify public or private lands that may be suitable for the "Free Trade Logistic Zones" the bill hopes to establish. GEDA currently does not have a readily available inventory of property, as both of our industrial parks are at virtually full capacity with long existing commercial tenants. The identification of appropriate land is crucial towards encouraging swift, responsible and sound investment in Guam. However, GEDA understands that the identification of land will require due diligence and collaboration from numerous government of Guam agencies with variable missions and needs, as well as the private sector.

Additionally, GEDA has met previously with the Guam Customs and Quarantine Agency regarding the bill, and understand that they will be recommending some courses of action to ensure that their agency has the legal framework required to implement the bill's objectives. In a similar vein, GEDA stands ready to work with the committee to have further discussions regarding potential tax incentives, real property identification and other aspects of the bill.

Lastly, we greatly appreciate the bill's goal of appropriating funding to GEDA to undertake the tasks it lays out. Meeting the objectives of the bill will require the dedication of adequate staff and expertise, and will more than likely require additional services from a consultant, as well as other costs. It is crucial that the identified funding be made available so that we can fully realize the potential positive impact the bill is looking to achieve.

Thank you again for the opportunity to present testimony on Bill 174. GEDA stands ready to work with the committee and the legislature as a whole as the bill moves through the legislative process. If you have any questions, you can contact me at 671-647-4332 or carlos.bordallo@investguam.com.

Sinseramente,



Carlos Bordallo
GEDA Deputy Administrator



Dipattamenton Kontribusion yan Adu'aña
DEPARTMENT OF

REVENUE AND TAXATION

Lourdes Leon Guerrero
Governor of Guam, Maga'haga Guahan
Joshua F. Tenorio
Lieutenant Governor of Guam, Sigundo Maga'lahi
Guahan

Marie P. Lizama
Director, Direktot
Michelle B. Santos
Acting Deputy Director, Ma'a Sigundo Direktot

October 13, 2025

Senator Christopher M. Duenas
Chairman, Committee on Government Finance and Operations

RE: DRT Testimony on Bill 174-38 (COR)

Hafa Adai, Chairman Duenas and members of the 38th Guam Legislature:

Thank you for the opportunity to provide testimony on this bill, which seeks to add a new Chapter 53 to Division 2 of Title 12, Guam Code Annotated, relative to establishing the Guam Free Trade zone Act of 2025; to designate a Free Trade Logistics Zone, to establish trade facilitation incentives, and to promote Guam as a re-export center for the Indo-Pacific Region; and to appropriate the sum of five hundred thousand dollars (\$500,000) to fund the purposes of this act.

The Department of Revenue and Taxation (DRT) recognizes that its role comes after the Guam Economic Development Authority (GEDA) has set regulations for the Free Trade Logistics Zone. In addition to ensuring reporting requirements and deadlines are met, DRT acknowledges the need for regular communication with GEDA and other agencies named in the draft legislation.

DRT's internal process will need to include, but not be limited to, the following:

- Ensure that companies under this program have a valid Guam business license
- Confirm that companies have met GEDA's requirements in order to not be subjected to the Business Privilege Tax (BPT) or the Use Tax
- Establish a method to secure proof from those who wish to claim exemptions that the goods stayed in the FTLZ prior to re-exportation
- Work to re-program and include an exemption code for online filing

In closing, we appreciate that language has been included to allow time for implementation and possible funding.

Sersamente,


Marie P. Lizama
Director



DRT Testimony

Bill 174-38 (COR)

October 13, 2025

Hafa Adai, Chairman Duenas and members of the 38th Guam Legislature:

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In closing, we appreciate that language has been included to allow time for implementation and possible funding.



Office of Senator Christopher M. Dueñas

CHAIRMAN, COMMITTEE ON FINANCE AND GOVERNMENT OPERATIONS

COMMITTEE VOTE SHEET

Bill No. 174-38 (COR), As amended by the committee on Finance and Government Operations
- “AN ACT TO ADD A NEW CHAPTER 53 TO DIVISION 2 OF TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE *GUAM FREE TRADE ZONE ACT OF 2025*; TO DESIGNATE A FREE TRADE LOGISTICS ZONE, TO ESTABLISH TRADE FACILITATION INCENTIVES, AND TO PROMOTE GUAM AS A RE-EXPORT CENTER FOR THE INDO-PACIFIC REGION; AND TO APPROPRIATE THE SUM OF FIVE HUNDRED THOUSAND DOLLARS (\$500,000) TO FUND THE PURPOSES OF THIS ACT.”

Committee Members	Signature	TO DO PASS	TO NOT PASS	TO REPORT OUT ONLY	TO ABSTAIN	TO PLACE IN INACTIVE FILE
Senator Christopher M. Dueñas <i>Chairperson</i>		X				
Senator V. Anthony Ada <i>Vice Chairperson</i>						
Senator Frank F. Blas, Jr. <i>Member</i>	EVOTE 10/31/25			X		
Senator Sabrina Salas Matanane <i>Member</i>	EVOTE 10/31/25			X		
Senator Jesse A. Lujan <i>Member</i>	EVOTE 10/31/25	X				
Senator Vincent A.V. Borja <i>Member</i>	EVOTE 10/31/25	X				
Senator Tina Rose Muña Barnes <i>Member</i>						
Senator Joe S. San Agustin <i>Member</i>						



FP1 Mariñas

URGENT REQUEST FOR EVOTE: Bill No. 174-38 (COR)

6 messages

FP1 Mariñas

Fri, Oct 31, 2025 at 3:11 PM

To: cmdcommittee@guamlegislature.gov

Håfa Ådai Committee Members!

Please see attached Committee Report for Bill No. 174-38 (COR).

Indicate your preferred action:

- TO DO PASS
- TO NOT PASS
- TO REPORT OUT ONLY
- TO ABSTAIN
- TO PLACE IN INACTIVE FILE

Please submit your response **ASAP**. Your responses will be logged into the vote sheet which will be submitted as part of the final Committee Report to the Committee on Rules.

--

Senseremente,

FP1 Mariñas

Independent Contractor

**BN174-Route.pdf**

17712K

Senator Jesse Lujan <senator.lujan@guamlegislature.gov>

Fri, Oct 31, 2025 at 3:31 PM

To: FP1 Mariñas

Cc: cmdcommittee@guamlegislature.gov

Hafa Adai!

To Do Pass.

Thank you,

[Quoted text hidden]

--

**Office of Majority Leader Jesse A. Lujan***Chairman, Committee on Transportation, Tourism, Customs, Utilities and Federal & Foreign Affairs***259 Martyr St., Hagatna, Guam 96910****senator.lujan@guamlegislature.gov****(671) 969-6525****Office of Senator Borja** <contact@senatorvinceborja.com>

Fri, Oct 31, 2025 at 3:46 PM

To: Senator Jesse Lujan <senator.lujan@guamlegislature.gov>

Cc: Mariñas FP1, cmdcommittee@guamlegislature.gov

Do pass

On Oct 31, 2025, at 15:31, Senator Jesse Lujan <senator.lujan@guamlegislature.gov> wrote:

[Quoted text hidden]

Speaker Frank Blas Jr. <speakerblas@guamlegislature.gov>

Fri, Oct 31, 2025 at 4:19 PM

To: FP1 Mariñas [REDACTED]

Cc: cmdcommittee@guamlegislature.gov

To Report Out Only



Speaker, Frank F. Blas, Jr.

I Mina'trentai Ocho na Liheslaturan Guahan 38th Guam Legislature

Guam Congress Building, 163 Chalan Santo Papa, Hagatña

(671)969-6456

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To: "Speaker Frank Blas Jr." <speakerblas@guamlegislature.gov>

Cc: FP1 Mariñas [REDACTED], cmdcommittee@guamlegislature.gov

To do pass



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6:47 PM

To: Senator Chris Duenas <senator.duenas@guamlegislature.gov>

Cc: "Speaker Frank Blas Jr." <speakerblas@guamlegislature.gov>, FP1 Mariñas [REDACTED],

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To report out only



Office of Legislative Secretary

SENATOR SABRINA SALAS MATANANE

I Mina'trentai Ocho Na Liheslaturan Guåhan | 38th Guam Legislature

Chairperson, Committee on Health and Veterans Affairs

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COMMITTEE REPORT DIGEST*Committee on Finance and Government Operations*

Senator Christopher M. Duenas, Chairman

I. OVERVIEW

Bill No. 174-38 (COR) was introduced by Vice Speaker V. Anthony Ada on July 15, 2025 and referred to the Committee on Finance and Government Operations by the Committee on Rules on July 29, 2025. The Committee held a public hearing on October 13, 2025, at 9:00 a.m. in the Guam Congress Building's Public Hearing Room.

Notices for the hearing were posted on the Government Public Notices Portal and distributed via email to all senators and major media outlets on October 6, 2025 (5-day notice) and again on October 10, 2025 (48-hour notice).

SENATORS PRESENT

Christopher M. Duenas, Chairman

Vice Speaker V. Anthony Ada, Vice Chairman, Bill Author

Joe S. San Agustin, Member

Chris Barnett

Eulogio Shawn Gumataotao

Therese M. Terlaje

WRITTEN TESTIMONY:

Ike Q. Peredo, Director, Customs and Quarantine Agency (CQA)

Vincent S.N. Perez, Chief of Customs, CQA

Carlos Bordallo, Deputy Administrator, Guam Economic Development Authority (GEDA)

APPEARED BEFORE THE COMMITTEE:

Edward Camacho, Manager, B&ED, GEDA

Matthew Baza, Assistant Manager, B&ED, GEDA

II. SUMMARY OF TESTIMONY & DISCUSSION

The public hearing for Bill No. 174-38 (COR) was called to order at [2:01PM.](#)

SENATOR CHRISTOPHER M. DUEÑAS, CHAIRMAN: *Mañana Si Yu'us Todu hamyo* and Good morning. Thank you all for being here and welcome to your Guam Legislature, the 38th Guam Legislature and thank you for being here this morning. This morning's public hearing is conducted by the Committee on Finance and Government Operations and is called to order at 09:01 on this Monday, October 13, 2025. First notice of this public hearing was disseminated to all Senators and media outlets on October 6, 2025 with its second notice disseminated on October 10, 2025. These hearings notices were also made available on the Guam Legislature's website, our legislative calendar and the Government of Guam's public notice portal. The Committee will hear testimony on the following bills. Bill number 174-38 (COR) – introduced by Vice Speaker V. Anthony Ada an act to add a new Chapter 53 to Division 2 of Title 12, Guam Code Annotated relative to establishing the Guam Free Trade Zone Act of 2025 and to designate a free Trade Logistics Zone to establish trade facilitation incentives and to promote Guam as a re-export center for the Indo Pacific Region and to appropriate the sum of \$500,000 to the fund for purposes of this Act. We will also hear Bill Number 156-38 (COR) – introduced by Senator Joe S. San Agustin, An act to Amend 58104B2 and 58106, all of Chapter 58, Title 5, Guam Code Annotated relative to authorizing the extension of the lease agreement under the Guam Education Financing Foundation, also known as GEFF, to finance the capital improvements and modernization of Guam Department of Education GDOE facilities with \$59,370,000. At this time I'd like to welcome my colleagues who are joining us this morning. To my right is the Vice Speaker. Vice Speaker Ada is also the Vice Chair of this committee. And we got Senator Shawn Gumataotao with us today and Senator Joe San Agustin and also Senator Therese Terlaje. Thank you colleagues for joining us today. Before we begin, I'd like to remind everyone in attendance of *I Liheslaturan Guåhan's* General Rules of Conduct. Individuals testifying shall first be recognized by the Chairperson before speaking and shall state their full name for record keeping purposes. Questions and testimony shall be confined to the substance of the nature of the bills that are on the agenda. Personal inferences to

the character motive of any Senator or individual testifying is not permitted. The Chairperson of the Committee may order the removal from the hearing of any member of *I Liheslaturan Guåhan* or the public audience who fails to observe proper decorum pursuant to the 38th Guam Legislature standing Rules. Any violation of this general rule of conduct will result in immediate removal from this public hearing room. We will now turn to the first bill on our agenda and proceed with testimony on Bill Number 174-38 COR. But before we do that, I'm going to allow the author of the bill, Vice speaker Ada to open on his Bill.

VICE SPEAKER V. ANTHONY ADA: Thank you, Mr. Chair. What Bill 174-38 COR does is that it creates a Free Trade Logistics Zone and it designates a geographic area within the country where goods can be imported, stored, manufactured and re-exported while being subject to normal Customs duty and regulations. The FTLZs are designed to streamline international trade by allowing companies to delay, reduce or avoid custom duties, thereby cutting costs and boosting economic activity. We all know that ships bring cargo to Guam. They arrive full, but then they leave empty and Guam businesses are actually paying for that round trip of shipment from the west coast. Additionally, the Jones act protects U.S. shipping companies from foreign competition. It's my hope, Mr. Chair, that this bill will create a Guam Free Trade Logistics Zone so that we can help fill up the ships leaving Guam with cargo and balance out the cost of shipping to and from the west coast of the United States. The tax incentives on this bill will not cost the government of Guam anything since it only exempts the new business activities that are created by the bill's provisions. It's my hope that the enactment of this bill, this bill will result in lower shipping costs and more jobs and more opportunities for our people. I look forward to hearing the testimonies from those who will be testifying on this legislation. Thank you, Mr. Chair.

SENATOR CHRISTOPHER M. DUEÑAS, CHAIRMAN: *Si Yu'os Ma'åse'*, Vice Speaker Ada and we have several who have signed in in support of this legislation. But as it states here for oral testimony we have Ed Camacho from GEDA. Please come forward, Ed. And also it looks as though we have Franklin Gutierrez from CQA. Please come forward. And, anybody else signed up for oral testimony? Chief yeah, I got your written, but it wasn't checked for oral. But please come forward Chief. And of course we got Chief Ike Peredo that's here and looks

like Mr. Perez will be testifying as well. Thank you for being here, Chief. So I'm going to go ahead and start with Chief Ike Peredo and then we'll just go over and complete Customs and then we'll roll over to GEDA. Director, you have the floor and the time is yours.

IKE Q. PEREDO, DIRECTOR, CQA: Good morning, Honorable Chris Duenas and members of the committee here. My name is Ike Peredo and I am the Director for the Customs and Quarantine Agency. I want to express my sincere gratitude for the opportunity to appear before you today to provide Testimony on Bill 174-38. The Customs and Quarantine Agency stands as Guam indispensable first line of defense. Our fundamental mission is to safeguard our island, its cherished people and invaluable resources, all while actively facilitating trade, commerce and travel. CQA is entrusted with the critical responsibility of enforcing both local and federal laws by securing our borders and protecting all ports of entry. This rigorous oversight ensures the continued fiscal, social and economic security not only in Guam, but also of the broader region. Since 1950, the administration of all Customs, formalities, processes and mandates have been diligently carried out by the Government of Guam specifically to the Guam Customs and Quarantine Agency, its predecessors and entities. It is crucial to understand that the territory of Guam operates outside the Customs territory of the United States. Consequently, Guam is not subject to the provisions of the Customs Statutes of the U.S. as contained in Title 19 U.S. code or Title 19 Code of the Federal Regulations. However, when applicable to Guam, U.S. regulations and statutes governing the admissibilities and entry of goods, merchandise, conveyances and contrabands are rigorously enforced on our ports of Henry by CQA. A fundamental difference with distinguished Guam from many other Customs administrations globally is its designation as a Duty Free Port. This unique statute permits all goods or merchandise that meet local and, when applicable, federal requirements for admissibility to enter the commerce of Guam without the payment of duty or tariffs as practice commonly observed in most part of the US and the world. Apart from the assessment and payment of goods and merchandise subject to the Guam Property Tax, more commonly known as the Use Tax, and the Guam Tobacco Tax. All other goods and merchandise can be imported, cleared and introduced into commerce of Guam. This process is contingent upon the importer providing sufficient proof of appropriate business licenses or exemptions to CQA at a time of

clearance. Bill 174-38 would establish the Ground Free Trade Zone act of 2025 requires the Guam Economic Development Authority, GEDA, to identify, map and recommend free trade logistics zone, establish trade facilitation incentives and promote Guam as a re-export center of the Indo Pacific region. Based on my understanding, the purpose of this act is to allow goods to be imported, stored, processed, produced, modified, and exported without being subjected to Customs tariffs or other Customs regulation. The act intends to help shippers improve margins, lower inventory, simplify and streamline Customs procedures. It should be noted that goods importing to Guam from the US are not exempted from tariffs, which is why the recent removal of the de-minimis rule poses a problem. This bill notably mirrors the spirit and purpose of public load 36-23 more widely recognized as the Guam Transshipment Task Force. That task force was especially charged with investigating Guam's potential to ensure its role as a key transshipment point to significantly expand transshipment manufacturing and export activities as an integral part of the overreaching economic diversification plan for the island. The comprehensive feasibility study conducted by the task force identified substantial opportunities. This opportunity leveraged Guam's strategic geographic position in the western Pacific. It advances shipping and airline routes connecting Asia and the U.S. mainland and the special U.S. insular possessions opportunities provided by HTNO3A of the Harmonized Tariff Code of the United States. Moreover, the study strongly underscores the critical need for local statutes that would expand CQA statutory authority to effectively regulate Customs bonded warehouse sterile areas in the broader environment and various trade facilitation zones such as the Free Trade Logistics Zone. It also strongly advocates for the integration of the Safe Board act and provides a federal grant eligibility which are crucial for modernizing our operation. Lastly, the study emphasized the necessity of a robust workforce development and retention funding as fundamental prerequisites for successful implementation and long term stability, sustainability of this similar initiative. More research needs to be done regarding this legislation before implementing this legislation, further research is required to assess its legal feasibility, applicability to the de minimis threshold and align with existing foreign trade zone regulations. Although Guam is outside the US Customs territory, the authority to establish Customs pre clearance facilities or Bundy Warehouse falls solely under the U.S. Customs and Border Protection as governed by federal law. Importantly, Guam is not considered part of the US Territory. As such, it is necessary to classify whether

to what extent federal Customs exemptions or threshold such as section 3, 21 the minimum provisions applied to goods re-exported from Guam. Additionally elevated compatibility with the FTZ frameworks. We must examine how the proposed Free Trade Zone logistics zone would interact with or potentially conflict with the Foreign Trade Zone Act of 1934 and CBP's regulation under Title 19 CFR Part 146. CQA proposes amendments or to work closely with this Committee to refine the bill's language. These amendments are designed to significantly enhance our ability to effectively carry out the overreaching intent of the legislation. The clearest and most prevalent amendment we propose in the current language of Bill 174-38 relates to a critical omission the lack of fundamental authority which globally is inherent to all Customs Administration. This authority is to regulate bonded warehouse sterile areas and trade facilitation zones. As currently drafted, this legislation assigns this critical responsibility to GEDA. While GEDA's role and other responsibilities are undeniably necessary in achieving their missions, the ambitions goals intended by this legislation, namely to foster economic opportunity, secure federal local agreements and attract vital investment for both local and international sources, and are indeed critical for success. There is a fundamental distinction to be made. The responsibility to enforce and regulate such facilities as the FTLZ is inherently currently a Customs/CQA matter. We are statutorily, operationally, procedurally and conventionally best suited to monitor border transaction activities. Our expertise in Customs laws, border security and trade compliance positions us uniquely to oversee these areas, ensuring adherence to all regulations and safeguarding the integrity of Guam's economic and security landscape meeting Federal requirements. Therefore, transferring this core regulatory statute authority to CTO is not only logical but essential for the effective and secure implementation of the Guam FTZ. Again, thank you for allowing me to provide this testimony today and I look forward to any questions. Thank you.

SENATOR CHRISTOPHER M. DUEÑAS, CHAIRMAN: *Si Yu'os Ma'åse'* Chief Peredo. Chief Perez, do you have testimony as well?

VINCENT S.N. PEREZ, CHIEF OF CUSTOMS, CQA: Yes, thank you and good morning Honorable Senators and *Si Yu'os Ma'åse'*. My name is Vincent S.N. Perez. I am the Chief of the Guam Customs and Quarantine Agency. I am submitting testimony to express our support for the intent behind Bill Number

174-38 COR. To expand Guam's economic base through logistics re-export and bonded trade, but to also respectfully recommend that these objectives be implemented through amendments to Guam's enabling statute 5 GCA chapter 73, rather than a separate statute under title 12. Amending chapter 73 to include a new article entitled Customs Oversight and Security for Trade and Logistics Operations will provide the necessary enforcement, bonding licensing and workforce framework to make Guam's free trade and logistics initiative both credible and sustainable. The need for statutory foundation in chapter 73. Bill 174-38 addresses the concept of a free trade logistics zone only at a surface level. It creates an economic framework for the development, but omits the law enforcement and Customs control mechanisms critical to the lawful movement, storage and re export of goods. Guam's Customs Law 5 GCA, Chapter 73 is the proper and established framework for regulating such operations. Updating this chapter ensures that the legal foundation for trade facilitation, security and revenue protection rests with Guam's designated enforcement authority. Recommended addition to 5 GCA Chapter 73, A new article called Customs Oversight and Security for Trade and Logistics Operation. Title and Purpose, to establish the Customs Oversight and Security for Trade and Logistics Operations act to regulate and safeguard trade, bonded warehousing and logistics operations in Guam. Enforcement Authority. Designate the Guam Customs and Quarantine Agency as the lead enforcement and regulatory authority for all bonded transshipment and logistics operations, including those within any free trade, logistics zone or tariff advantage area established by law. Licensing and Fees. Authorized Customs to issue licenses to bonded warehouse operators, carriers, freight forwarders, logistics providers and other entities engaged in regulated trade operations. Customs shall collect reasonable licensing, inspection and service fees deposited into a Customs Enforcement Revolving Fund. Bonding Requirements. Require importers, carriers, brokers and operators to maintain Customs bonds guaranteeing compliance with laws and payment of duties, penalties and fees consistent with 19 CFR Part 113. Security and compliance Standards. Mandate adherence to the Safeport Act, Port Security Grant Program, ACE and CTPAT standards and require ISO compliant container seals, access control and surveillance systems. Workforce Development and Retention. To direct in collaboration with the Department of Administration and the Post Commission to implement a non competitive career ladder and GS aligned pay structure for all Customs officers to ensure parity with Customs and

Border Protection positions to promote retention and stem the bleeding. Rulemaking and Coordination. Authorize Customs to promulgate regulations and enter into an MOU with GEDA, Port Authority of Guam, Airport Authority and our Federal counterparts for coordinated enforcement and data sharing. Funding. Establish a continuing appropriation for Customs operations related to enforcement, technology and workforce development, including eligibility for Federal grants and port security funds. The rationale for Integrating these provisions into Chapter 73. Integrating this new article into Chapter 73 ensures legal consistency, institutional clarity and fiscal responsibility. It codifies Customs as a single enforcement authority, aligns Customs framework with the Federal standards and embeds workforce stability through the GS aligned Federal pay and retention structures. The Importance of Further Research before Implementation. Comprehensive research and feasibility assessments are essential before implementing a free trade logistics framework. GEDA and Customs should jointly study trade flow modeling, infrastructure readiness and workforce requirements to ensure that the legislation is data driven and federally compliant. Conclusion. The establishment of trade and logistics zones represents a pivotal opportunity for Guam's economic and security future. Adding a new article entitled, Customs Oversight and Security for Trade and Logistics Operations to five GCA Chapter 73 will give Guam Customs the statutory authority, the fiscal tools and the workforce capacity necessary to manage bonded and logistics trade effectively. Customs stands ready to assist the Legislature in drafting and implementing those amendments. *Si Yu'os Ma'åse'* for your continued partnership in strengthening our border and protection, protecting our Island, people and our resources, I'm available for questions at your pleasure. Thank you.

SENATOR CHRISTOPHER M. DUEÑAS, CHAIRMAN: *Si Yu'os Ma'åse'* para hagu lokkue Chief Perez and we appreciate your testimony and your input. So we'll now move over to Mr. Ed Camacho from GEDA and then we'll go to Matthew Baza from GEDA as well. Please receive Ed. Identify yourself for the record.

EDWARD CAMACHO, MANAGER, B&ED, GEDA: Sure. Good morning Senators. My name is Ed Camacho. I am the Business and Economic Development Manager for the Guam Economic Development Authority. With me I

have Mr. Matthew Baza. He's the Assistant Manager of the Business and Economic Development Authority for GEDA. I asked Matt to come with me this morning. I'm having some issues reading nowadays, so Matt's going to read our testimony this morning on behalf of GEDA. In general, GEDA supports the intent of the bill to try to diversify Guam's economy and we have been looking at a free trade zone, foreign trade zone for some time now and other industrial parks that we see necessary to possibly expand Guam's and develop Guam's economy. So I'm going to turn it over to Mr. Baza to go ahead and read our testimony. Thank you.

MATTHEW BAZA, ASSISTANT MANAGER, B&ED, GEDA: *Håfa Ådai*, Good morning again, Senators. Again, I'm Matthew Baza, Assistant Manager for Business and Economic Development at GEDA. My boss asked me to read this, so I guess I should read this. So I'm reading testimony on behalf of our Deputy Administrator Carlos Bordallo. *Håfa Ådai*, Senator Duenas and members of the Committee. The purpose of this letter is to provide written testimony on Bill 174-38 (COR). Overall, the Guam Economic Development Authority, GEDA supports the bill's goal of diversifying Guam's economy through increasing new investment in Guam through export activities. Guam's unique position outside of the U.S. Customs territory presents opportunities to encourage new investment. Over the last few years, GEDA has seen a marked interest in Guam from companies in the Asia Pacific region, due to our proximity to Asia, our status as a territory of the United States, and most especially because Guam is a duty free port. Products and raw materials can enter directly into Guam from any country without tariff or duty. Because of this, coupled with the federal government's aggressive stance on trade and tariffs, Guam has received increased interest in potential investors in sectors such as manufacturing, agriculture, aquaculture, technology and more as they explore different avenues of exporting products into the USA potentially tariff free under the Head Note 3A program. GEDA has always served as the government of Guam's lead economic development agency. While interest in Guam remains steadfast, there are some barriers to investment, particularly for industries or investments of importance to Guam's economic diversification initiatives. The lack of readily available, readily developed, properly zoned land, both public and private, as well as a lengthy and sometimes cumbersome process to lease out public lands, has been a perennial hurdle GEDA has faced when meeting with potential investors. Because of this,

GEDA has been exploring the viability of establishing a new modern industrial/development park on government property to serve as a catalyst for new investment. The provisions of Bill 174 appropriately contain the requirement to identify public or private lands that may be suitable for free trade logistic zones the bill hopes to establish. GEDA currently does not have a readily available inventory of property as both of our industrial parks are virtually, are at virtually, full capacity with long existing commercial tenants. The identification of appropriate land is crucial towards encouraging swift, responsible and sound investment in Guam. However, GEDA understands that the identification of land will require due diligence and collaboration from numerous Government of Guam agencies with variable missions and needs as well as the private sector. Additionally, GEDA has met previously with the Guam Customs and Quarantine Agency regarding the bill and understand that they will be recommending some courses of action to ensure that their agency has the legal framework required to implement the bill's objectives. In a similar vein, GEDA stands ready to work with the committee to have further discussions regarding potential tax incentives, real property identification and other aspects of the bill. Lastly, we greatly appreciate the bill's goal of appropriating funding to GEDA to undertake the task it lays out. Meeting the objectives of the bill will require the dedication of adequate staff and expertise and will more than likely require additional services from a consultant as well as other costs. It is crucial that the identified funding be made available so that we can fully realize the potential positive impact the bill is looking to achieve. Thank you again for the opportunity to present Testimony on Bill 174. GEDA stands ready to work with the committee and legislature as a whole as the bill moves to the legislative process. Signed Carlos Bordallo, our Deputy Administrator. In addition, I think it was, I thank the Director Peredo for testifying first. He talked about a lot of the things we have already been doing. We have done a transshipment feasibility study and it sort of identified some of the challenges to transshipment and some of the potential industries technology, aquaculture, agriculture, pharmaceutical manufacturing, other types of assembly. So that's something that we're actively looking at. And we also echo Customs' desire to make sure that whatever law that does get passed has the correct legal framework. GEDA is not a regulatory agency. We are sort of an agency that encourages investment. But also as we encourage investment, we always tell potential investors that there's a whole slew of local laws that they need to follow. So as if we can make sure that if this law moves

forward, if the legal authority is good and Customs itself, it's something that Customs can readily implement and work with the potential investors. That's something that GEDA of course would wholeheartedly support and work with them on that. So that's all GEDA here. We're ready to answer any questions as well.

EDWARD CAMACHO, MANAGER, B&ED, GEDA: Senators, I would like to add there is a lot of interest in this area. We constantly receive investors from off island coming into Guam as well as our trade missions talking about looking at Guam as a pathway to the US using because we're tariff free. Well, if they comply with Head Note 3A they may be able to get into the US tariff free. So there's a lot of activity. This developing a diversified economy and developing a zone for that would help out tremendously. Just wanted to add that to the testimony. Thank you.

SENATOR CHRISTOPHER M. DUEÑAS, CHAIRMAN: *Si Yu'os Ma'åse'* Matthew and the members of GEDA. We also did receive testimony from Department of Revenue and Tax recognizing that they come after GEDA in the hierarchy and they made several recommendations that I know the committee is going to look towards in marking up this bill as we go forward. But we'll continue now with Senators asking any questions that they may have of the panel. And I'm going to start with Senator Joe San Agustin, you're here first, sir.

SENATOR JOE S. SAN AGUSTIN: Thank you Mr. Chair. You know, I don't have any questions. I'd like to thank the gentleman for showing up. Chief. And for GEDA. Thank you all for being here. Thank you Mr. Chair.

SENATOR CHRISTOPHER M. DUEÑAS, CHAIRMAN: *Si Yu'os Ma'åse'* Senator Gumataotao, I have any questions for the panel on this Bill 174-38

SENATOR SHAWN GUMATAOTAO: Yes, thank you Mr. Chair. And thank you again for the panel for being with us today. And I, I just want to just jump right into this, this report that Matt talked about and thank you for sharing that because obviously when custom says okay, we need more study, but let's start with that one first. So that report on transshipment feasibility and economic diversification as

was prepared by David Matsuda of Matsuda and Associates LLC for the Guam Transshipment Task Force that was published back in May of 2024. Now, just for the record, according to the report, from a transshipment point of view or perspective, goods can be sourced from different origin ports and then unpacked and consolidated at the transshipment port. The repacked containers are then shipped forward to other ports. This can include sea to air transfers as well as fishing industry shipments. This particular type of activity, as it was mentioned in the report, requires warehousing facilities within a duty free zone or other limited taxation environment to avoid taxation on goods that did not originate from and ultimately are not tax destined for the transloading port. Additional requirements, as Matt mentioned, we talked about those land, land availability, infrastructure requirements that are outside of the port, labor, resources and availability. Identifying investors, which as you mentioned, yes, they're coming and they're asking about it and identifying customers on the other end. Now, an interesting thing from the report is that it noted that Guam recently wound down a robust fishing transshipment supply chain. Now under the activity, commercial fishing vessels would bring their catch to the port of Guam for transfer to the airport where the cargo would then be flown to market destinations. Data collected by that team in that May 2024 report through initial interviews indicated that the export of fish from Guam had been strong until 2021 when it was interrupted by a southward shift of the tuna population in the waters surrounding Guam. The market for Guam fish exports has since dried up and Guam now faces competition from other fish exporting locations around the world. However, the interviewees in that same study noted that fish species other than tuna might now be available for export from Guam. So based on recognizing that report in 2024, which again was something over the last 17 months, it appeared at the time that interest, industry, interest in foreign trade zones again was lacking. What data is available today, or at least since the report's publication, confirming whether local industries are interested in pursuing paths towards free trade zones? Can anyone answer? Maybe Matt.

EDWARD CAMACHO, MANAGER, B&ED, GEDA: Most of interest we have come from off island. We are currently talking to a couple companies right now. They are looking at bringing in product into Guam, using Guam as a staging place for cannery and then shipping it out. They're also looking at fishing in Guam waters. So we're doing our due diligence now, introducing them to the proper

authorities. When I say proper authorities, Customs. They also wanted to meet with the Coast Guard and different agencies of the EPA whether they can really do this. We don't, we are not the regulatory agency, but we're connecting the dots because we're very interested in what's going to come out of this due diligence we're doing right now. But there are a couple of companies, none of them that were talking locally that are looking at Guam as a staging area for this.

SENATOR SHAWN GUMATAOTAO: So we think about countries. How many are we talking about?

EDWARD CAMACHO, MANAGER, B&ED, GEDA: I'm talking about two. Both of them are from Taiwan. I believe, oh no, three. And one from Vietnam.

SENATOR SHAWN GUMATAOTAO: All right, thank you so much. And then my only final question, Mr. Chair, with respect to a recommendation in the 2024 report for the Transshipment Task Force to work with the Port Users Group, the Port Authority of Guam and the Guam International Airport to explore feasibility and perform a needs assessment for establishing a corridor between the terminal and or airport with a potential bonded warehouse and one or more potential FTZs in Guam. What preliminary details are available regarding the footprint needs of a potential facility perhaps near the Port Authority of Guam? And for discussion purposes, is it possible for such a facility to coexist with the proposed CQA satellite inspection facility while providing the agency with annual rent which would be used for the inspection facility's debt service requirements?

MATTHEW BAZA, ASSISTANT MANAGER, B&ED, GEDA: So first I can answer on the when you're talking about the size, the scope for GEDA, as we've been discussing the idea of a new industrial park park or a new development area and when we're talking primarily for export, the first places we always think about is either the airport or the seaport depending because it just for practicality sake, that's the that makes the most sense for a business of that nature. We're not privy to how much land either of those entities currently has that would be possible for that. We know for the case of like the airport, they always have to first just make sure that it's best use depending on federal requirements for the airport and all of that. But that is if we're talking export, we're thinking the airport primarily or the seaport

and making sure that that sort of exists in a way. And I think Customs can also see the potential in that because in general, the airport and the Port Authority are already areas that have increased security and Customs has a presence there and they would be able to sort of add on to that if there was land available. As we said in the bill in our testimony, the airport, port authority, land management, you know, ancestral lands, all these agencies that have land because we said GEDA is currently out of land, we would have to reach out to those agencies if we're exploring public land. And of course we'll reach out to the realtors on potential private land as well.

EDWARD CAMACHO, MANAGER, B&ED, GEDA: And I add that we have been in discussion with the airport. They do have 25 acres. We've been talking to them about for various different entities that have come to Guam. We're still in discussion and we're reaching out to the Port Authority too, to find out what can be done. We've introduced the port to one of these shipping companies and they've had dialogue, but it's, they're out of Dubai. So it's, you know, they, they may or may not come through for us. Thank you.

VINCENT S.N. PEREZ, CHIEF OF CUSTOMS, CQA: Okay, so we have the potential use maybe to expand, but keep in mind that we only have four acres. And so if you're, you're going to look at a very scaled down operation because the intent of the satellite inspection facility is for the Customs and Quarantine agency to conduct much more tighter inspections, much more isolated, isolated inspections. And so when you're talking about creating this, this new economic area in which goods are offloaded, processed and not given any tariffs duties until it enters any type of commerce, we're looking probably at needing triple the amount of the acreage. And the only other way we can move is to move up. But even moving up 4 acres is still almost very insufficient to be able to capture that type of operation.

SENATOR SHAWN GUMATAOTAO: All right, thank you for your, for your responses. And, I just look this thing to GEDA. There's a lot of plans that have been done over the last three decades. You guys should probably dust some of these off, especially with it when in terms of how can we support bonded warehousing and the like. And the, there's so many ways that we can skin this cat. I think those would complement the, the current policy that's before us today. And I

think that in it has also some land considerations, especially in and around the Port Authority. Thank you so much for your time and thank you, Mr. Chair, for the time.

SENATOR CHRISTOPHER M. DUEÑAS, CHAIRMAN: *Si Yu'os Ma'åse'* Senator Gumataotao. We'd also like to welcome Senator Barnett this morning. Good morning. And now we go to Senator Terlaje for any questions or comments you may have on the bill.

SENATOR THERESE M. TERLAJE: *Si Yu'os Ma'åse'*, thank you all for being here to testify on this bill and for the work that you've done in advance. So just wanted to check so with Customs. You said in your testimony that this bill needs more research. You also propose some amendments. And I understand that the amendments and the authority that it changes to for Customs puts it into your enabling statutes. So those I agree, I agree with pretty much. But in addition to those, we would need also another bill. I mean some of the provisions in this bill as well. Or are you saying this, this should replace the bill?

VINCENT S.N. PEREZ, CHIEF OF CUSTOMS, CQA: I'm thinking that if you stick with the initial premise of the bill, but then have the sections within the same bill with the amendments that we proffer, just as one bill it would be an addition to and then maybe the subsection would say and there will be a new Article 5 added to 5 GCA Chapter 73 entitled and then from there move and make all those subsections. That way you don't have to introduce another bill outside of this because there is a nexus to establishing the regulations as necessary with Customs.

SENATOR THERESE M. TERLAJE: All right and have you attempted anything like this already under your existing authority?

VINCENT S.N. PEREZ, CHIEF OF CUSTOMS, CQA: Well, currently we're going through our administrative rules and some of the rules kind of allude to us being able to do so. But if there's vagueness in the law and there's a chance to rectify it by solidifying through statute, we would like to see that materialize. Because if you take a look at the Customs in any other jurisdiction in the world, they – and I'm going to use the United States, they have this bonding situation down to a T. They know what they're doing. With us, we've got a fragmented

approach towards how Customs regulations are created and enforced. And keep in mind that we were actually many, many, many years ago a port security division. And were slowly growing and with the United States Custom Service transitioning into the Customs and Border protection. And since September 11, there was sweeping changes which gave them so much authority and, and funding. And when you come back across the Pacific into Guam, you see that we're still trying to play catch up. We lose so many officers because of retention incentives that aren't really applied. We're trying to build up our statute. So any chance that we see into to build up our statutory regulations, we're going to do so. And this is, you know, we do things piecemeal because you can't do a massive change based on the amount of limited resources that we have. These are bite size changes that we can easily incorporate into our operating procedures.

SENATOR THERESE M. TERLAJE: All right, thank you. As to the research that you suggested, you were very specific and I'm grateful that you said we need to clarify to what extent Federal Customs exemptions or threshold section three two one *de minimis* applied to goods three exported from Guam. That's one. Another one is examine how the proposed free trade logistics zones would interact with or potentially conflict with the Foreign Trade Zones act of 1934 and CBP's Regulations under 19 CFR Part 146. How or when will we get the answers to those? And who do you propose is going to give this?

IKE Q. PEREDO, DIRECTOR, CQA: That. That's a very important question, Senator. And, and that's what we're concerned with is that we got to make sure that we understand what those particular initiatives are and make sure that we incorporate that within the guidelines that we're trying to put together. It's very important for us to make sure that we don't overstep our so called authority as it relates to the federal resources requirements. And that's why it's important for us to make sure that proper research is done and, and collaboration with the federal government in, in terms of establishing a Customs bonded warehouse because they do have a saying in so far as the movement of goods coming in from Guam to the US Custom zone. And, if we don't understand that, then there's going to be a conflict on this bill. But that's where we're coming from. We got to make sure that we conduct the needed research to make sure that the initiative that we're putting forward solidifies the intention of the bill.

SENATOR THERESE M. TERLAJE: All right, so yes, I appreciate that. Are you able, are you able to do that between you and the federal Customs or do you have the resources to do that?

IKE Q. PEREDO, DIRECTOR, CQA: We can move forward. Forward making sure. Because we have contact with these people that are handling the Bundic warehouses. So, we can sit down and collaborate with them and that's where our team will come in and work with them.

SENATOR THERESE M. TERLAJE: All right, can you give us a time estimate on that to get further clarification of these questions that you've posed?

VINCENT S.N. PEREZ, CHIEF OF CUSTOMS, CQA: Well. It's very easy to reach out to our counterparts here in Guam, but then it has to move up one or two levels. So the timeline I can't really guarantee, but I can reach out like today. Right. And, meet with the port director for U. S. Customs and Border Protection and then we can see possibly what the timeline could be. But it's. All of this could be addressed in memorandums of agreement or understandings and it just takes the US having to, to reach out and move. But as far as the timeline is, it's all conducive on whether or not the leaders for CBP are readily available.

SENATOR THERESE M. TERLAJE: Okay, so this would be the beginning of that type of discussion. All right, and then so your amendments also call for, in addition to the appropriation to GEDA, a \$2 million appropriate to Customs for this program and fees that would increase annually for that. You can set for this, these activities. All right. And okay, if I could ask GEDA, you said you had been in contact with some companies, including fishing companies for this type of activity or this program. Have there, I know that they did studies on the transshipment. Have they done studies as to the jobs that would be created by these potential industries that you've been looking at as taking advantage of a program like this. Because we're giving tax incentives according to the program. You're going to be proposing gross receipts tax abatement in particular for the companies and, and for the products that come in and out. No tax, but. And then a reduced real property tax. It says but. So I'm looking at the benefit for a Guam is looks like supposed to

be jobs. So is there any study regarding the jobs that we are supposed to be creating by any of the industries that you're looking at? Like we had to prioritize based on jobs. You had that kind of data.

EDWARD CAMACHO, MANAGER, B&ED, GEDA: With the businesses we've been talking to. They do recognize that they may need to bring in specialty, specialty services, however, we never really got that far. The biggest issue with any foreign investment in the Guam is land. Over the last 10 years, that is the biggest hurdle we have is when they come in, they want to do something, especially these Asian companies. They expect a public private type partnership where the government will give them the land. And that doesn't happen. And, and that is our biggest issue. In the last three to four months there have been some big investments looking at Guam, but we can't provide the 80, 50 to 100 acres of land that they were looking for. So there is a lot of potential investment coming to Guam, but it stems with the land. If we can identify the property and move forward on whatever this free trade logistics zone is going to be, I think that's going to help us market this thing. But it's never gotten past the, the basically land issue because they're not going to do a lot of the research if they can't find land in Guam. And we're dealing with a lot of companies like that now, not just in this industry, in the agriculture and fishery industry, but in manufacturing, pharmaceutical, high tech, low tech, they're all looking for some type of land. And they're not looking for small land, they're looking for large parcels of land. And so we're, we're recommending a private company now that already has 40 acres out there. So we're directing them over there. And that's exactly where this additive manufacturing went to set up their temporary shop because there's nothing that we have in our property at GEDA right now. And dealing with the airport, we also try to lead them over to the airport too.

MATTHEW BAZA, ASSISTANT MANAGER, B&ED, GEDA: And then Senator, if I may add. So you know, when you're talking tax incentives now, really the vehicle that it's going to go through is through a qualifying certificate. Because the legal frameworks already there for the issuance of a qualifying certificate, it's given out to eligible industries in meeting investment and employment requirements. And manufacturing is, is already eligible for a QC. So if someone came in tomorrow and said I've done my due diligence, I'm going to open a factory

for, I don't know, something to make shoes, let's use that as an example. You know, then we would say okay, this, these are the, the current benefits that they would be able to avail of would be an income tax rebate, a property tax abatement and a limited tax rebate on dividends. But as a condition of the qc they would be required to maintain a minimum number of employees based on what they say their employment needs are. And GEDA saying okay, we're going to hold you to, to maybe 100% of that amount or maybe 90% just in case as the business ebbs and flows over the year plus others requirements that may be assessed to them. So the QC law in which any added incentive for this would flow through already mandates maintaining employment requirements. It also mandates certain training programs. It mandates that a percentage by an initial point of the QC that 75% of non manager employees are US citizens or permanent residents, understanding that if it's a foreign direct investment they may need to bring in some temporary labor. But then it mandates training. So that after two thirds of the QC or 10 years, I think 90 if not 90, 100% of all the employees are U.S. residents or, U.S. citizens or permanent residents of Guam. So those, those are already built into the, into the QC. So any new incentives that were added would fall into that and it would be a negotiated thing in the contract if a QC is issued by the governor for an investor.

SENATOR THERESE M. TERLAJE: So you're suggesting that we keep the same rules for this program as in your current QC manufacturing program that there no be, no unique rules for this Customs free zone?

MATTHEW BAZA, ASSISTANT MANAGER, B&ED, GEDA: I would say that, I mean the, the most appropriate avenue of the tax incentive being provided to the business would be through a qualifying certificate. You know also if they're going to end, if they're, if someone's coming in to manufacture a product and then wholly export it out of Guam, it's not entering the commerce of Guam. So it's not really subject to BPT because it's not being sold in Guam. They have to report those gross receipts of course, but, but it's not, it's not subject to the gross receipts tax and then really the only vehicle that the government of Guam has to provide a tax incentive on income tax is through the QC because the Guam's tax code mirrors the internal revenue code 100%. But the QC is an existing law. So the only way to provide a tax incentive on income for the business would be through a QC.

SENATOR THERESE M. TERLAJE: Okay, well, this bill doesn't even mention a tax incentive on income. It talks about the BPT. It creates this as a separate program, QC with BPT on the goods coming in and out. As you said, they could do that already and BPT on gross receipts of the operators and, and then the real property 50%. So if there's going to be income tax, I think that that should be reflected in here, that that's what we're also waiving. And that's why I'm asking again about the jobs because I think this is the incentive for the government right to, to create this program to do all this work. We're going to be funding Customs annually, GEDA annually to, to keep this programs up and we are waiving taxes. So what is the job that we're going to get the amounts? And so I'm asking in those studies that were done by GEDA for transshipment and the other industries like pharmaceutical, where their analysis on the job potential. The number of jobs,

MATTHEW BAZA, ASSISTANT MANAGER, B&ED, GEDA: I will say the transshipment study, one of the first, one of the first challenges that the potential investor is facing is having qualified employees already here in Guam. So there would be a need for, for them to bring in some temporary labor either through an H1 visa or an H2 visa if they were, if they were so eligible to bring them in, number one, or maybe if it's a US based business bringing people in from the states to run the company initially. When you're talking, when, when you, when GEDA looks at workforce development and potential for job creation, we look at it based on the business. I will say that we've had different businesses come in for to doing similar things, whether it's fish farming or a farm, depending on the type of farm and what they're looking to grow, they could need. They could say we need 50 employees or they could say this type of produce only requires seven employees. So a lot of it is really on what, what they're looking to do and how they need to appropriately staff that. I will say that if, since we're talking about the qualifying certificate program, the QC law is very explicit. It says that no QC shall be issued unless it does two things. One is creation of employment, creation of Employment is mandatory and GEDA has always looked at that as the creation of new direct employment by the investor, not secondary like, you know, like contracting. They're going to contract out with someone to do work for them. No, we're talking direct employment, new job by the, by the investor plus one other thing, either

reduction in consumer prices, replacement of imports, creation of a highly needed facility, or economic activity of value to Guam. So and then the law, also the QC law does require maintaining certain numbers of employees. So each contract is signed off on. They need to maintain a number. And we look at the business plan plan, what their revenue stream looks like, what their expenses look like, whether it looks like it makes sense. And definitely what we would do in a zone like this if something like this were to be established is we would maintain all those statistics because I mean we received regular reports on that as well. So that is how we would look at it in terms of the number of jobs. The trans shipments feasibility study didn't really go into the potential for the amount of job jobs. It just said it had the potential to create jobs. So as the investments come in under that, we would look at that on a case by case basis.

EDWARD CAMACHO, MANAGER, B&ED, GEDA: And Senator, the pharmaceutical feasibility study is still undergoing right now. It hasn't been completed. So we hope to see that. We've met with the contractor who's working on the study. So we hope to see the results of that. They've already met with us. But I may want to add one more thing to this. What a benefit that may help. This is the use tax. When these large companies bring in equipment to use for their, they're going to be paying a use tax for everything that comes in. So through the QC there's only, I think just a special hotel QC. Right? Is the only benefit, only QC that has a use tax benefit. This has been brought to us on many occasions. Am I going to be taxed on the equipment? If I bring a \$5 million worth of equipment, do I got to pay the use tax on it? Currently you have to. There could be a possibility that we come to you to modify the QC if, and it's going to be an exchange for the investment, depending on what it is. But we would have to do the complete analysis first. That's something that's brought up every now and then.

SENATOR THERESE M. TERLAJE: All right, I'm, I'm very interested in, in weighing if you have a, you're going to set up a 25 acre industrial complex. Maybe that's all we've got right now. But you set One up how you're going to prioritize the industries that come in if we're giving all of them these tax breaks. But yeah, our incentives are only use tax or jobs. I really think we need to have an analysis of the potential jobs for potential industries so we can prioritize the ones with the jobs or the better jobs for our community and. Okay, and then in your testimony also

mentioned that GEDA has been exploring the viability of establishing a new modern industrial development park on government property serve as a catalyst for new investment. I think we've been hearing this for as long as I've been an adult. So how long have you been exploring this and where are you and exploring it? Whether it would be viable, I think is not as important as well, it, it would be depending on what you put in there. Right. I mean if you're just getting rent, then it's viable. If that's all we're going for, rent, that should be viable. But if you're going for jobs or something more for the investment of the people of Guam in this property, then, then I think that's where we need analysis. So how far are you on this industrial development park on government property to serve as a catalyst? Have you, do you have anything that we, if they were going to dedicate land to that, that you're going to show what the benefit would be? For example, the airport has all those acres. They keep saying they're going to make tons of money for all of us through there, for the airport at least, but no studies. We've seen nothing. Do you have any?

EDWARD CAMACHO, MANAGER, B&ED, GEDA: Senator, you're absolutely right. It's been a while. We are in discussion with the Airport as well as with Land Management. We've had a couple of meetings with Land Management trying to identify land that would be suitable for a, some type of industrial park. This was brought up to us by investors too. You know, they need, they need land. It's very expensive to work with the private sector out there. So it is in its infancy right now. There's more attention to it given to it now with our new CEO and we think we're going to be driving up lot more harder to try to make this thing happen. Whether it's in parallel to the Free Trade or this is what it's going to be, we just don't know yet because there's a lot of interest out there now. And I think it's important for us to move forward on something, and this bill may be the start for it.

MATTHEW BAZA, ASSISTANT MANAGER, B&ED, GEDA: And i think the scale of the potential job creation, the scale of the amount of investment will be contingent on when, when we sit and meet with these land agencies of how much land is available and where it is and if is it something that's more readily developable. So you know, if we're able to secure a large piece of land, then of course we would really drive to get the investment and that commensurate amount

of jobs to support that, the dedication of public land for that purpose. Because we do understand if public land is going to be dedicated for that purpose, one, the lease terms need to be of course appropriate, right. Where it's conducive for the, for the investor, but also safeguards the public interest. And that if tax incentives are provided that the requirements given of them to maintain jobs and make other public investments in the community are maintained and reasonable. But the scale would of course, I think when we say land is crucial is because we'll know how much we what we also know what kind of businesses to sort of look for on the scale of the land that we can, we can obtain. If we're using public land, if we're given 20 acres, then we know that we're going to attract this business of a certain scale. If we're given 100 acres or 150 acres, if that's available, then we can sort of gauge who we're going to look for. And also prioritizing which industries. If land is, is not as available, we will prioritize industries we feel would be most impactful for job creation and, also the environment and also the economy as a whole. Because we're also keeping in mind now that the environment needs to be protected. So making sure that the land is in a place where industrial development can occur and be safe for the people of Guam is crucial for us as well.

SENATOR THERESE M. TERLAJE: All right, can I just. My final question is what is the difference between this bill and what you're currently authorized enabled to do? GEDA.

MATTHEW BAZA, ASSISTANT MANAGER, B&ED, GEDA: I would say with GEDA, we have already been doing this especially since COVID and especially since there's been an increased interest in the Asia Pacific region for, for different types of investment in Guam. Pre-covered we were a tourism based economy, right? So you know, everyone coming in was looking at hotel development, tourism, retail, things that supported our, our tourism industry. And you know, I know GVB, we know GVB is working very, very hard on that. So on this diversification initiative, this has really become something that's become important for us because the interest is actually coming to us. Especially from countries like Taiwan, Korea, Japan, our main target markets anyway. We can do QCs now if a business can come in today and open up a factory to do manufacturing and receive a QC and take advantage of Headnote 3A with them working directly with US Customs. Now, we do see some potential that if

something like this were formed and it's more collaboration with Guam Customs, which provides more collaboration with the federal government, that there could be some potential in expanding sort of this investment where products can be made in Guam and enter into the US tariff-free. Having something like this, of more security, more Guam Customs oversight and collaboration, like the Chief said, with MOAs or MOUs with U.S. Customs might increase the potential for that to happen a little bit easier. So it would supplement and certainly support GEDA's already under, under the mission we're already undertaking with this.

SENATOR THERESE M. TERLAJE: Thank you very much. Thank you to all of you. *Si Yu'os Ma'åse'* Mr. Chair.

SENATOR CHRISTOPHER M. DUEÑAS, CHAIRMAN: *Si Yu'os Ma'åse'* Senator Terlaje. Thank you very much. Senator Barnett, you're recognized.

SENATOR CHRIS BARNETT: *Si Yu'os Ma'åse'* Mr. Chair and good morning to the people of Guam *Mañana si Yu'os*. Happy Monday, if that's possible. Thank you for watching on our YouTube stream and on Docomo and GTA channels. And again, a good morning to the panel, the Customs leadership that's here, as well as Mr. Camacho and Mr. Baza. I find myself supporting the intent of the bill, like many of you, as it seeks to expand our economic diversity and development. But I think just based on what I'm hearing, it's very obvious that we need to do a better job of working together on deciding what industries we're going to push for. Because we'd hate to end up in a situation where, for example, we have the one hand pushing for something like pharmaceuticals, but then all of the other entities that would be responsible for the job training and making sure that we have our local people who could fill these jobs are doing some other type of trade training. So, you know, I don't want to create an economic free trade zone and then have it be populated by a bunch of H2 workers, because then for me it becomes kind of a pass through and our people don't really reap the true benefit of it, and neither does the, uh, government of Guam. And so I think that's, uh, just the first thing is there has to be that collaboration and identifying what is realistic in terms of creating employment for our people. Because we all know our people are leaving the island because there aren't jobs that pay well enough for them to afford the cost of living here. So that's One. And then I. I know that we've done this before with the

watchmaking days and that the CNMI garment industry has done something very similar. Obviously, you don't want to mirror the garment industry, but I'm, I'm just thinking that with the bill and the concerns that Director Peredo and the Chief brought up, a critical omission, the lack of fundamental authority, which globally is inherent to all Customs administrations. This is the authority to regulate bonded warehouse sterile areas, trade facilitation zones is currently drafted. The legislation assigns these crucial responsibilities to GEDA. And as you said, Mr. Camacho, Mr. Baza, you guys are not a regulatory agency. And so I appreciate that Director Peredo, you and your staff have submitted a bunch of amendments here. In fact, there's about 15 pages of suggestions to the bill. And I know you were being nice and saying that you don't think we should *yuti* the bill and that we could, you know, possibly the committee will get it in under the same number, but for all intents and purposes, it does kind of seem like it needs a major rewrite. So I kind of just wanted to start there. I know you covered it briefly in your testimony, but what are some of the risks of embarking on this type of venture without having that, that Customs oversight and authority, which, again, and just the cursory research I've done, that's kind of like where you start. If you're doing a free trade zone, you start with Customs having the ability to oversee and enforce.

VINCENT S.N. PEREZ, CHIEF OF CUSTOMS, CQA: Thank you for that question, Senator. So you can boil it down to its simplest form. If there is no oversight in that area, obviously you're going to have a high, a tremendously high level of risk. And if there's no regulatory entity in there to ensure that the area is sterile, I mean, look around you. Based on other things that are going on, based on the number of offices and the application of current technology with Customs and the laws that we have in place, the narcotics interdiction that we're doing, we're doing very good with the very limited number of offices we have. And so if you're going to put this in context with what we're currently doing, we need around \$2 million just to start up operations in a new area, because then you're going to need to hire additional people, equipment, supplies, technology, and we need to modernize. We don't, we're piecemeal moving towards that, and with the staff of 125 officers, and we constantly have an issue with retention. What we're going to do is we're going to hire people just to leave us for season CBP. So these are the things that we need to take care of. But going back to the level of risk, it's like when the cat's away, the mice will play. So if there's nobody in there doing the

regulatory aspect for Customs on behalf of the people of Guam and to protect the interests of Guam in the United States, you're going to have a free for all. That's all I can say.

SENATOR CHRIS BARNETT: And given the challenges and the struggles that our islands already facing with crystal methamphetamine and other drugs, that's a shudder to think that. I mean, it's Halloween, but I'm trying to be spooked in here, but that's pretty scary Chief. So how important. You know what Mr. Camacho was talking about, working with the feds and being able to engage in funding opportunities. How important is that for you guys to do?

VINCENT S.N. PEREZ, CHIEF OF CUSTOMS, CQA: Okay, so we. It's not that difficult, It's not difficult to do. Because we already, and I'm gonna go back. So the Port Director for the United States Customs and Border Protection Operations here in Guam is a former Customs officer who did the same thing years ago. He's a friend of ours. So reach out to him, he's the Port Director, the GS15 guy. And we also have connections with people in Washington. But the first step that we have to do is we have to reach out, talk about what our plans are, and then identify through some type of draft agreement what we plan on doing. That's not difficult. It's when it gets to the higher levels on signing these agreements where we might run into some challenges. But on the face of it, it's not. It's not difficult at all to try and reach out.

SENATOR CHRIS BARNETT: But the bill as it's written, if you were to take this over to your federal partners, they would basically say, can't sign that.

VINCENT S.N. PEREZ, CHIEF OF CUSTOMS, CQA: No, not in its current form, because it doesn't talk about the regulatory authority. And they're going to pull out their 19 US code, and they're going to say, do you have this, that, that, that, that? And all our answers are going to be is, no, no, no, no. What we're trying to do from our end is we're trying to build up our statutory authority. And now that this is being highlighted as an interest point, we need to also address the concerns that we present before you today, which is to tighten up on our regulations as it relates to the Free Trade Logistics zones and the bonded warehouses and any area that's going to be operating as an extension of the Customs Agency.

SENATOR CHRIS BARNETT: Can you talk a little bit about the, oh go ahead Director. Did you have some?

IKE Q. PEREDO, DIRECTOR, CQA: No, I was just gonna say more about the collaboration with the federal government, especially CBP. What we want to do with this particular initiative because it's identifying that we need a bonded warehouse. So what we're going to do is, we're going to actually create our regulations in line with the U.S. Customs of how they manage the Bonded Warehouse. And I think that's very important for us because that way we can ensure that whatever we do, it's in line to the federal government.

SENATOR CHRIS BARNETT: Thank you. Can you go over the \$2 million? What would that go towards?

VINCENT S.N. PEREZ, CHIEF OF CUSTOMS, CQA: Okay, so \$2 million would go to investing in technology and modernizing. It would go to the acquisition of critical equipment, go towards X rays, non intrusive inspection systems, personnel training, drug detector dogs, the whole gamut. And with that being said, you also need to talk about the security of the area, the CCTVs, the development of the different inspection areas and stuff like that. Of course that's the initial cost. Once we get all that in play, then I'm pretty sure that the amount of money that will be used to operate annually will be cut. And then we absorb that as part of our operating budget and then we recalculate and address it through, through our maritime and air cargo fees or passenger inspection fees to be self-reliant and the fees that are collected through the bonding process and the licensing of personnel and the actual facility itself.

SENATOR CHRIS BARNETT: Sounds like more than \$2 million.

VINCENT S.N. PEREZ, CHIEF OF CUSTOMS, CQA: So generous.

SENATOR CHRIS BARNETT: So, you know, we've, you talked about if the bill passed as is the risk to the potential importation of illicit substances onto the island. But if it were to pass with the amendments and let's say the two million dollar

appropriation was in there, what are the staffing? Do you have an idea what the staffing requirements are going to be? And then how would that impact operations at the other ports of entry? Because one thing I've learned in just discussing a lot of the issues facing Customs is as we've seen the number of customs officers decrease and the retention and recruitment also face challenges. We've seen the amount of crystal methamphetamine and other illicit drugs coming onto our island increase dramatically. So if we put this into place, I know you guys, you're not *Ma'chuchu'da* officers. You guys are actually short now, right? So how many officers do you have now? And then what's the ideal number?

VINCENT S.N. PEREZ, CHIEF OF CUSTOMS, CQA: Okay, so the ideal number is anywhere between 200 and 300 officers based on our current operations. And we currently have 125 officers. And then with this new requirement, It'll take between 25 to about 30 officers to man the new facility for the Foreign Trade Logistics Zone. So with that you're, we're going to be adding now it'll be like almost 300 to 320 plus officers that we're going to need to man all the ports of entry and all the different current operating stations and all the specialized areas that we need to man that are currently not manned. And we're over, we're, I guess over, underfilling using different positions because we have to, it's, it's a necessity. It necessitates us that we do that because we don't have the personnel resources. So it's just going to add another additional requirement. But it goes back to what I said earlier about if we don't have any retention incentives in place, we're just going to be a conduit to federal employment.

SENATOR CHRIS BARNETT: Thank you for that, Chief. Thank you. Thank you Mr. Chair for the opportunity to ask questions. *Si Yu'os Ma'ase'* again to GEDA and Customs. Thank you very much for your very insightful testimony and I hope that the committee takes it into consideration.

SENATOR CHRISTOPHER M. DUEÑAS, CHAIRMAN: *Si Yu'os Ma'ase'* Senator Barnett. Author of the bill, Vice Speaker Ada, any questions and comments and then closing on the bill as well.

VICE SPEAKER V. ANTHONY ADA: Thank you, Mr. Chair. No, I don't have any questions, more of comments and perhaps, you know, I think this is what it's

about, right? Bringing everybody to the table so that we can see what we can do to diversify our economy. I mean we only had two legs of our economy, tourism and military buildup. Now we've seen tourism drop over the past several years with the, with COVID 19 and now as we move forward, we don't know where this military buildup is going to go and how long it will last. They still say five years, some say seven years. But I think it's prudent for us to start looking at ways to start to, in diversify our economy. And by doing this free trade logistics zone, I believe everyone coming to the table, we'd be able to start working these things out, planning it out. And as we move forward, then as one industry comes down, we can perhaps start building another industry which is, would be this trade logistics zone. And I appreciate all of you guys coming here to the public hearing and this is what it's about right. We create this legal framework as we continue to move forward, find out what it is that local Customs, Federal Customs, how is it that GEDA will be able to come into play and see what investors are looking at. And you know, that's very, that's a telltale sign when you have investors looking for you rather than you looking for the investors. You know, unlike tourism, we're looking out there. We're spending \$10 million to go bring tourists to Guam versus people are looking to invest in Guam. And we, you haven't spent the dime to, to do those things. So, you know, I think keeping an open mind and keeping how is it that we can work together collaboratively to ensure that we strengthen this bill as we move forward and hopefully that we come out with a product that is going to be for the benefit of the people of Guam, whether it be for the government or for the private sector, but the island will benefit overall. So that's what we continue to look at. And Mr. Chair, I look forward to having a markup meeting on this and perhaps we can bring the stakeholders back to the table, see what their input is, see how we can work collaboratively and move forward, forward with this legislation. But thank you for having this public hearing, Mr. Chair.

SENATOR CHRISTOPHER M. DUEÑAS, CHAIRMAN: *Si Yu'os Ma'åse'* as well Vice Speaker Ada. And you know, I, I share your observations. I mean, many of the questions, and thank you, GEDA, for being here. Thank you Customs, you know, have centered around truly the discussion on this issue for decades, basically. But it seems there's been no catalyst to actually kind of, move it along and move it forward. I mean, the interest of foreign investment. You know, we've been seeing and hearing about it, like I said, once again, for decades. We think we

may have gotten over some hurdles by indicating that the properties of which you speak are going to require longer lease terms. So I guess it's baby steps. You know what I mean? We've tried that now and as we see, we got several incentives set forth with regard to that now. But it's going to be meaningless if we don't update our regulations and update what we're allowing for by law to do it, other than just a plan and a portfolio of our economic development authority, which, you know, they do a lot of wonderful stuff that they're doing right now. I remember back in the 31st, I believe it was a Senator that introduced a bill to try to capture the ability of our island because we have a very good source for generating honey and to try to get, you know, opportunities to export. And so we know, we see a lot of honey producers right now on Guam and the like. I mean, we've always been trying to do something to get some sort of export, something going out of Guam to where we can, you know, build our products and have something, you know, an industry on Guam that allows us to produce different things here. And now manufacturing is huge. I know there's an individual working on the possibility of assembling drones on Guam and, and the like. So we got to keep looking because if we keep doing what we're doing, we're going to keep getting what we get. So I appreciate the author for this bill and yes, the committee is going to be very active on this. I think what we'll do, Chief, is we'll look at merging the recommendations regulatory wise and then kind of chewing that up and then we'll have the markup on that. We might need an additional one as well. But we'll bring all stakeholders together and I'll work with the chairman. Yeah, you know, he has the Rules Committee and, and this hall. And so more than likely it'd be productive to just bring everybody back to the table when we have a substituted product. But we won't put a substituted product on the floor. What we'll do is we'll go through it and make sure that we've, we've done what you've requested to do today. But I, barring not seeing any other bill having been introduced to try to get this going, I'm going to work with this bill and we're going to make it better and we're going to make it a final product for the floor. But before that, I know the author and our committee will do our due diligence. So with that, that will conclude the public hearing on Bill 174-38. So will continue now on the next Bill on the agenda. And thanks once again to GEDA and Customs and all the support team that have come out too. I'm sure they will be vital as well to helping us mark the bill up, particularly from Customs, thanks guys, and ladies.

[COMMITTEE RECESSED TO MOVE INTO BILL NO. 156-38 (COR)]**III. FINDINGS & RECOMMENDATIONS:**

The Committee finds that Bill No. 174-38 (COR), which seeks to establish the Guam Free Trade Logistics Zone Act of 2025 and appropriate funds to implement it, responds to an urgent economic need. Guam remains overly dependent on tourism and federal or military activity. Testimony from the author and from key agencies confirms that serious foreign investor interest already exists and that Guam's location outside the U.S. customs territory and its duty free status give the island a competitive advantage. This advantage will be wasted if the government does not put in place a clear statutory framework, a site plan, and an enforcement structure to receive, process, and re-export goods.

The committee further finds that no special requirements or dispensations are required of the Guam Customs and Quarantine Agency (GCQA). The GCQA should continue to screen all cargo and ensure that goods imported into Guam comply with all existing laws. Instead, the benefits of this bill can best be addressed by two exemptions to the Guam Use Tax law for (1) goods imported to Guam for re-export and (2) goods that are to be used in the manufacture or assembly of other products for resale on Guam (subject to BPT) or export from Guam (exempt from BPT).

The Committee notes that GEDA supports the policy goal of the bill and confirmed that investor inquiries are real. GEDA also confirmed that the main barriers to capturing those investments are lack of suitable government land, lack of a ready industrial park and the need to coordinate with Customs on federal-compliant procedures. GEDA stated that the appropriation in the bill is necessary to do the mapping, land identification, and technical work that the measure requires. The Committee agrees that this preparatory work cannot be done without funding.

With that, the Committee concludes that Bill No. 174-38 (COR) should move forward. Accordingly, the Committee reports Bill No. 174-38 (COR) as heard, with the recommendation TO REPORT OUT ONLY.

I MINA'TRENTAI OCHO NA LIHESLATURAN GUÅHAN
2025 (FIRST) Regular Session

Bill No. 174-38 (COR)

Introduced by:

V. Anthony Ada 

AN ACT TO ADD A NEW CHAPTER 53 TO DIVISION 2 OF TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE *GUAM FREE TRADE ZONE ACT OF 2025*; TO DESIGNATE A FREE TRADE LOGISTICS ZONE, TO ESTABLISH TRADE FACILITATION INCENTIVES, AND TO PROMOTE GUAM AS A RE-EXPORT CENTER FOR THE INDO-PACIFIC REGION; AND TO APPROPRIATE THE SUM OF FIVE HUNDRED THOUSAND DOLLARS (\$500,000) TO FUND THE PURPOSES OF THIS ACT.

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Short Title. This Act shall be known as the “*Guam Free Trade Zone Act of 2025*.”

Section 2. Legislative Findings and Intent. *I Liheslaturan Guåhan* finds that Guam is strategically positioned to serve as a logistics, re-export, and bonded trade hub connecting the United States with Asia-Pacific and Micronesian markets. Establishing a designated Free Trade Logistics Zone (FTLZ) will enhance Guam’s role in regional commerce, attract investment in warehousing and supply chain infrastructure, and create jobs for the local workforce. As Guam continues to rebound our tourism industry, and with concerns that the economic benefits of the military construction may conclude by end of the decade, it is critical that additional pillars to support our economy be developed.

1 A Free Trade Zone designation would ensure that imported goods stored or
2 processed can be re-exported without paying customs duties or taxes, hence this
3 would attract business entities particularly exporting goods to Asia. This would
4 include investments in warehousing, cold storage, and even light assembly
5 operations. A designation would also position the island of Guam as a Pacific
6 transshipment hub, linking Asia, Micronesia, and U.S. markets, while creating
7 many new jobs across several industries on island. With federal support, these
8 efforts would encourage the efficiency with customs and bonded warehouses while
9 strengthening Guam’s economic resiliency.

10 It is the intent of *I Liheslatura Guåhan* to establish a statutory framework
11 that supports this development by implementing incentives, streamlining customs
12 procedures, and designating eligible areas. Achieving these goals will require
13 sustained effort and multiple processes, including obtaining approvals from U.S.
14 Customs and Border Protection for a Free Trade Zone and securing a Regional
15 Export Zone designation for Guam from the U.S. Congress. These initiatives are
16 currently being pursued in parallel. Nevertheless, it is essential for Guam to begin
17 developing a comprehensive plan to demonstrate our commitment to this initiative,
18 which will then lead to requests for technical assistance from federal entities. These
19 are among the objectives of this Act.

20 **Section 3.** A New Chapter 53 is *added* to Division 2, Title 12, Guam Code
21 Annotated to read as follows:

22 **“Chapter 53**

23 **Guam Free Trade Zone Act.**

24 § 53101. Definitions.

25 § 53102. Designation of Free Trade Logistics Zone.

26 § 53103. Customs Pre-Clearance and Bonded Warehousing.

27 § 53104. Tax Incentives.

1 § 53105. Permitting and Licensing Streamlining.

2 § 53106. Reporting Requirements.

3 § 53107. Marketing and Promotion of the FTLZ Program.

4 **§ 53101. Definitions.**

5 (a) “Free Trade Logistics Zone (FTLZ)” means a designated geographic
6 area within Guam approved by the Guam Economic Development Authority
7 (GEDA), where goods may be imported, stored, processed, and re-exported
8 with reduced local taxation and streamlined customs procedures.

9 (b) “Re-export” means the shipment of imported goods out of Guam
10 without the goods entering commercial distribution within Guam.

11 (c) “Qualified Logistics Operator (QLO)” means a legal entity licensed
12 to operate within an FTLZ, meeting criteria established by GEDA.

13 **§ 53102. Designation of Free Trade Logistics Zone.**

14 The Guam Economic Development Authority, hereinafter referred to as
15 *GEDA* shall be responsible for identifying, mapping, and recommending areas
16 within the territory of Guam to be designated as *Free Trade Logistics Zones*,
17 hereinafter referred to as *FTLZs*. These areas *may* include public or private lands,
18 subject to zoning compatibility, infrastructure suitability, and potential for
19 commercial and logistics development. Within one hundred eighty (180) calendar
20 days of the effective date of this Act, GEDA *shall* submit to the Governor of Guam
21 a formal report and map identifying proposed FTLZ sites, including justification
22 based on economic feasibility, geographic access, and potential return on
23 investment.

24 The Governor shall, within sixty (60) days of receipt of GEDA’s report,
25 approve, disapprove, or request modifications to the proposed designations. Upon
26 approval, such designated areas *shall* be deemed authorized as FTLZ’s pursuant to
27 this Chapter. GEDA *shall* coordinate with the Department of Land Management,

1 Port Authority of Guam, Guam International Airport Authority, and other relevant
2 entities in preparing the FTLZ designation plan.

3 **§ 53103. Customs Pre-Clearance and Bonded Warehousing.**

4 (a) Within ninety (90) days of the effective date of this Act, GEDA, in
5 coordination with the Guam Customs and Quarantine Agency, hereinafter
6 referred to as CQA, shall initiate formal engagement with the U.S. Customs
7 and Border Protection, hereinafter referred to as CPB to pursue:

8 (1) The establishment of one or more federally licensed bonded
9 warehousing facilities within each designated FTLZ; and

10 (2) The development of customs pre-clearance systems, digital
11 customs processing, or other enhanced federal customs operations to
12 support re-export and logistics activity.

13 (b) GEDA and CQA shall submit to the Governor of Guam and I
14 Liheslaturan Guåhan, within one hundred eighty (180) days of the effective
15 date of this Act, a report detailing:

16 (1) The status of discussions with CBP and federal stakeholders;

17 (2) Proposed facility locations and infrastructure requirements;
18 and

19 (3) Any federal authorizations or agreements necessary to
20 proceed with implementation.

21 (c) The Government of Guam shall actively pursue memoranda of
22 understanding (MOUs) or formal agreements with CBP to implement bonded
23 warehousing operations and customs modernization initiatives within the
24 FTLZ, consistent with federal regulations and security standards.

25 **§ 53104. Tax Incentives.**

26 (a) Within one hundred eighty (180) calendar days of the effective date
27 of this Act, GEDA shall develop, adopt, and implement a schedule of tax

1 incentives applicable to businesses operating within designated FTLZs in
2 Guam.

3 (b) Subject to rules adopted by GEDA, the following *shall* be eligible
4 for exemption of the Business Privilege Taxes, hereinafter referred to as BPT,
5 pursuant to Chapter 26 of Title 11, Guam Code Annotated:

6 (1) Goods imported into an FTLZ for the sole purpose of re-
7 export *shall* be exempt from the Business Privilege Tax (BPT),
8 provided such goods do not enter commercial distribution or
9 consumption within Guam;

10 (2) Qualified Logistics Operators, hereinafter referred to as *QLO*,
11 *shall* be exempt from the BPT on gross receipts derived exclusively
12 from re-export activities conducted within an approved FTLZ. Any
13 revenue derived from sales or services within the territory of Guam
14 shall remain subject to taxation under applicable laws;

15 (c) Real property utilized exclusively for re-export logistics purposes
16 within an approved FTLZ *shall* be eligible for up to fifty percent (50%)
17 abatement of real property taxes for a period not to exceed five (5) years from
18 the date of certification by GEDA.

19 (d) Within one hundred eighty (180) calendar days of the effective date
20 of this Act, GEDA *shall* promulgate guidelines to determine eligibility,
21 application procedures, compliance monitoring, and enforcement
22 mechanisms. GEDA *shall* also transmit its adopted incentive schedule to the
23 Governor of Guam and the Speaker of *I Liheslaturan Guåhan* upon
24 implementation.

25 **§ 53105. Permitting and Licensing Streamlining.**

26 GEDA *shall* serve as the lead coordinating agency to facilitate streamline
27 permitting, licensing, and regulatory approvals for entities certified as (QLOs)

1 operating within designated FTLZs. Within one hundred eighty (180) calendar
2 days of the effective date of this Act, GEDA shall develop and implement a
3 regulatory streamlining framework, which may include:

4 (a) A consolidated permitting and license application process for
5 QLOs;

6 (b) Standardized interagency review timelines and requirements;

7 (c) Designation of a QLO liaison or “concierge” within GEDA to assist
8 applicants in navigating relevant permitting agencies; and

9 (d) Recommendations for statutory or regulatory reforms to expedite
10 the review and approval process for logistics-related infrastructure and
11 operations.

12 GEDA shall coordinate with all relevant Government of Guam agencies,
13 including but not limited to the Department of Land Management, Guam
14 Environmental Protection Agency, Department of Public Works, Guam Fire
15 Department, and the Department of Revenue and Taxation, to ensure timely
16 interagency participation. GEDA shall submit a written report to the Governor and
17 I Liheslaturan Guåhan within two hundred ten (210) days of the effective date of
18 this Act detailing the framework implemented, agency agreements secured, and
19 any further legislative actions recommended to support long-term streamlining
20 efforts.

21 **§ 53106. Reporting Requirements.**

22 GEDA shall submit a written report annually to the Speaker of I Liheslaturan
23 Guåhan, the Governor of Guam, and the Chairperson of the Committee with
24 jurisdiction over economic development. The report shall provide an evaluation of
25 the implementation and operation of the FTLZ program and shall be submitted no
26 later than March 1st of each calendar year for the preceding fiscal year. The report
27 shall include, at a minimum, the following information:

1 (a) The number, name, and geographic location of all approved FTLZs,
2 including any changes in designation or deactivation during the reporting
3 period;

4 (b) The number of certified and active Qualified Logistics Operators
5 (QLOs) operating within each designated FTLZ;

6 (c) The aggregate volume and declared value of goods re-exported through
7 the FTLZ program during the reporting period, as provided by operators and
8 verified by CQA;

9 (d) The estimated economic impact of the FTLZ program, including:

10 (1) The number of new jobs created;

11 (2) Wages and benefits associated with direct employment;

12 (3) Capital investment in infrastructure, facilities, and equipment
13 related to FTLZ operations;

14 (4) A summary of tax benefits utilized by QLOs, including
15 estimated foregone revenues, if applicable;

16 (5) Challenges encountered in administration or compliance; and

17 (6) Any recommendations for legislative, regulatory, or
18 operational improvements to the FTLZ program.

19 GEDA shall coordinate with the Guam Customs and Quarantine Agency,
20 Department of Revenue and Taxation, Department of Labor, and other relevant
21 agencies to compile accurate and comprehensive data for the annual report. The
22 annual report shall be made available to the public via GEDA's official website
23 within ten (10) calendar days of transmittal to I Liheslaturan Guåhan.

24 **§ 53107. Marketing and Promotion of the FTLZ Program.**

25 GEDA shall be authorized and directed to develop and implement a
26 comprehensive marketing and promotion plan to support the FTLZ program. The
27 plan shall target potential investors, logistics operators, manufacturers, and

1 regional trading partners in the Indo-Pacific region and the United States mainland.

2 The marketing plan *may* include, but is not limited to:

3 (a) Digital and print promotional materials;

4 (b) Trade missions and outreach to prospective QLOs;

5 (c) Participation in logistics, trade, and economic development
6 conferences;

7 (d) Stakeholder engagement events in Guam and abroad; and

8 (e) Development of a dedicated website or FTLZ informational portal.

9 Starting in Fiscal Year 2027, GEDA is authorized to request and receive
10 appropriations annually from the General Fund or other eligible funding sources
11 for the purpose of implementing the marketing plan for this Act. GEDA *may* also
12 accept and extend public or private grants, gifts, or other contributions designated
13 for such purposes. No more than Five Hundred Thousand Dollars (\$500,000) shall
14 be appropriated from the General Fund in any year to achieve the objectives of this
15 Chapter. Any unspent dollars at the end of a Fiscal Year, *shall* remain in the
16 account with GEDA, unless the funds are transferred elsewhere by *I Liheslaturan*
17 *Guåhan*. GEDA *shall* submit a summary of marketing activities and expenditures
18 as part of its annual report required under this Chapter.”

19 **Section 4. Appropriations.**

20 Subject to availability of funds, the sum of Five Hundred Thousand Dollars
21 (\$500,000) is hereby appropriated from the General Fund to GEDA in Fiscal Year
22 2026, to implement the provisions of Section 3 of this Act, including planning,
23 outreach, and staffing needs.

I MINA'TRENTAI OCHO NA LIHESLATURAN GUÅHAN
2025 (FIRST) Regular Session

Bill No. 174-38 (COR)

As amended by the Committee on
Finance and Government Operations

Introduced by:

V. Anthony Ada

**AN ACT TO ADD A NEW CHAPTER 53 TO DIVISION 2 OF
TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO
ESTABLISHING THE *GUAM FREE TRADE ZONE ACT OF
2025*; TO DESIGNATE A FREE TRADE LOGISTICS ZONE,
TO ESTABLISH TRADE FACILITATION INCENTIVES,
AND TO PROMOTE GUAM AS A RE-EXPORT CENTER
FOR THE INDO-PACIFIC REGION; AND TO
APPROPRIATE THE SUM OF FIVE HUNDRED
THOUSAND DOLLARS (\$500,000) TO FUND THE
PURPOSES OF THIS ACT.**

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Short Title. This Act shall be known as the “*Guam Free Trade
Zone Act of 2025.*”

Section 2. Legislative Findings and Intent. *I Liheslaturan Guåhan* finds
that Guam is strategically positioned to serve as a logistics, re-export, and bonded
trade hub connecting the United States with Asia-Pacific and Micronesian markets.
Establishing a designated Free Trade Logistics Zone (FTLZ) will enhance Guam’s
role in regional commerce, attract investment in warehousing and supply chain
infrastructure, and create jobs for the local workforce. As Guam continues to
rebound our tourism industry, and with concerns that the economic benefits of the
military construction may conclude by end of the decade, it is critical that additional
pillars to support our economy be developed.

1 A Free Trade Zone designation would ensure that imported goods stored or
2 processed can be re-exported without paying customs duties or taxes, hence this
3 would attract business entities particularly exporting goods to Asia. This would
4 include investments in warehousing, cold storage, and even light assembly
5 operations. A designation would also position the island of Guam as a Pacific
6 transshipment hub, linking Asia, Micronesia, and U.S. markets, while creating
7 many new jobs across several industries on island. With federal support, these
8 efforts would encourage the efficiency with customs and bonded warehouses while
9 strengthening Guam's economic resiliency.

10 It is the intent of *I Liheslatura Guåhan* to establish a statutory framework
11 that supports this development by implementing incentives, streamlining customs
12 procedures, and designating eligible areas. Achieving these goals will require
13 sustained effort and multiple processes, including obtaining approvals from U.S.
14 Customs and Border Protection for a Free Trade Zone and securing a Regional
15 Export Zone designation for Guam from the U.S. Congress. These initiatives are
16 currently being pursued in parallel. Nevertheless, it is essential for Guam to begin
17 developing a comprehensive plan to demonstrate our commitment to this initiative,
18 which will then lead to requests for technical assistance from federal entities. These
19 are among the objectives of this Act.

20 **Section 3.** A New Chapter 53 is *added* to Division 2, Title 12, Guam Code
21 Annotated to read as follows:

22 **“Chapter 53**

23 **Guam Free Trade Zone Act.**

24 § 53101. Definitions.

25 § 53102. Designation of Free Trade Logistics Zone.

26 § 53103. Customs Pre-Clearance and Bonded Warehousing.

27 § 53104. Tax Incentives.

1 § 53105. Permitting and Licensing Streamlining.

2 § 53106. Reporting Requirements.

3 § 53107. Marketing and Promotion of the FTLZ Program.

4 **§ 53101. Definitions.**

5 (a) “Free Trade Logistics Zone (FTLZ)” means a designated geographic
6 area within Guam approved by the Guam Economic Development Authority
7 (GEDA), where goods may be imported, stored, processed, and re-exported
8 with reduced local taxation and existing customs procedures.

9 (b) “Re-export” means the shipment of imported goods out of Guam
10 without the goods entering commercial distribution within Guam.

11 (c) “Qualified Logistics Operator (QLO)” means a legal entity licensed
12 to operate within an FTLZ, meeting criteria established by GEDA.

13 **§ 53102. Designation of Free Trade Logistics Zone.**

14 The Guam Economic Development Authority, hereinafter referred to as
15 *GEDA* shall be responsible for identifying, mapping, and recommending areas
16 within the territory of Guam to be designated as *Free Trade Logistics Zones*,
17 hereinafter referred to as *FTLZs*. These areas *may* include public or private lands,
18 subject to zoning compatibility, infrastructure suitability, and potential for
19 commercial and logistics development. Within one hundred eighty (180) calendar
20 days of the effective date of this Act, GEDA *shall* submit to the Governor of Guam
21 a formal report and map identifying proposed FTLZ sites, including justification
22 based on economic feasibility, geographic access, and potential return on
23 investment.

24 The Governor shall, within sixty (60) days of receipt of GEDA’s report,
25 approve, disapprove, or request modifications to the proposed designations. Upon
26 approval, such designated areas *shall* be deemed authorized as FTLZ’s pursuant to
27 this Chapter. GEDA *shall* coordinate with the Department of Land Management,

1 Port Authority of Guam, Guam International Airport Authority, and other relevant
2 entities in preparing the FTLZ designation plan.

3 **§ 53103. Tax Incentives.**

4 (a) Within one hundred eighty (180) calendar days of the effective date
5 of this Act, GEDA shall develop, adopt, and implement a schedule of tax
6 incentives applicable to businesses operating within designated FTLZs in
7 Guam.

8 (b) Subject to rules adopted by GEDA, the following shall be eligible
9 for exemption of the Business Privilege Taxes, hereinafter referred to as BPT,
10 pursuant to Chapter 26 of Title 11, Guam Code Annotated:

11 (1) Goods imported into an FTLZ for the sole purpose of re-
12 export shall be exempt from the Business Privilege Tax (BPT),
13 provided such goods do not enter commercial distribution or
14 consumption within Guam;

15 (2) Qualified Logistics Operators, hereinafter referred to as QLO,
16 shall be exempt from the BPT on gross receipts derived exclusively
17 from re-export activities conducted within an approved FTLZ. Any
18 revenue derived from sales or services within the territory of Guam
19 shall remain subject to taxation under applicable laws;

20 (c) Real property utilized exclusively for re-export logistics purposes
21 within an approved FTLZ shall be eligible for up to fifty percent (50%)
22 abatement of real property taxes for a period not to exceed five (5) years from
23 the date of certification by GEDA.

24 (d) Within one hundred eighty (180) calendar days of the effective date
25 of this Act, GEDA shall promulgate guidelines to determine eligibility,
26 application procedures, compliance monitoring, and enforcement
27 mechanisms. GEDA shall also transmit its adopted incentive schedule to the

1 Governor of Guam and the Speaker of *I Liheslaturan Guåhan* upon
2 implementation.

3 **§ 53104. Permitting and Licensing Streamlining.**

4 GEDA shall serve as the lead coordinating agency to facilitate streamline
5 permitting, licensing, and regulatory approvals for entities certified as (QLOs)
6 operating within designated FTLZs. Within one hundred eighty (180) calendar
7 days of the effective date of this Act, GEDA shall develop and implement a
8 regulatory streamlining framework, which may include:

9 (a) A consolidated permitting and license application process for
10 QLOs;

11 (b) Standardized interagency review timelines and requirements;

12 (c) Designation of a QLO liaison or “concierge” within GEDA to assist
13 applicants in navigating relevant permitting agencies; and

14 (d) Recommendations for statutory or regulatory reforms to expedite
15 the review and approval process for logistics-related infrastructure and
16 operations.

17 GEDA shall coordinate with all relevant Government of Guam agencies,
18 including but not limited to the Department of Land Management, Guam
19 Environmental Protection Agency, Department of Public Works, Guam Fire
20 Department, and the Department of Revenue and Taxation, to ensure timely
21 interagency participation. GEDA shall submit a written report to the Governor and
22 *I Liheslaturan Guåhan* within two hundred ten (210) days of the effective date of
23 this Act detailing the framework implemented, agency agreements secured, and
24 any further legislative actions recommended to support long-term streamlining
25 efforts.

26 **§ 53105. Reporting Requirements.**

1 GEDA shall submit a written report annually to the Speaker of I Liheslaturan
2 Guåhan, the Governor of Guam, and the Chairperson of the Committee with
3 jurisdiction over economic development. The report shall provide an evaluation of
4 the implementation and operation of the FTLZ program and shall be submitted no
5 later than March 1st of each calendar year for the preceding fiscal year. The report
6 shall include, at a minimum, the following information:

7 (a) The number, name, and geographic location of all approved FTLZs,
8 including any changes in designation or deactivation during the reporting
9 period;

10 (b) The number of certified and active Qualified Logistics Operators
11 (QLOs) operating within each designated FTLZ;

12 (c) The aggregate volume and declared value of goods re-exported through
13 the FTLZ program during the reporting period, as provided by operators and
14 verified by CQA;

15 (d) The estimated economic impact of the FTLZ program, including:

16 (1) The number of new jobs created;

17 (2) Wages and benefits associated with direct employment;

18 (3) Capital investment in infrastructure, facilities, and equipment
19 related to FTLZ operations;

20 (4) A summary of tax benefits utilized by QLOs, including
21 estimated foregone revenues, if applicable;

22 (5) Challenges encountered in administration or compliance; and

23 (6) Any recommendations for legislative, regulatory, or
24 operational improvements to the FTLZ program.

25 GEDA shall coordinate with the ~~Guam Customs and Quarantine Agency,~~
26 Department of Revenue and Taxation, Department of Labor, and other relevant
27 agencies to compile accurate and comprehensive data for the annual report. The

1 annual report shall be made available to the public via GEDA's official website
2 within ten (10) calendar days of transmittal to I Liheslaturan Guåhan.

3 **§ 53106. Marketing and Promotion of the FTLZ Program.**

4 GEDA shall be authorized and directed to develop and implement a
5 comprehensive marketing and promotion plan to support the FTLZ program. The
6 plan shall target potential investors, logistics operators, manufacturers, and
7 regional trading partners in the Indo-Pacific region and the United States mainland.
8 The marketing plan may include, but is not limited to:

9 (a) Digital and print promotional materials;

10 (b) Trade missions and outreach to prospective QLOs;

11 (c) Participation in logistics, trade, and economic development
12 conferences;

13 (d) Stakeholder engagement events in Guam and abroad; and

14 (e) Development of a dedicated website or FTLZ informational portal.

15 Starting in Fiscal Year 2027, GEDA is authorized to request and receive
16 appropriations annually from the General Fund or other eligible funding sources
17 for the purpose of implementing the marketing plan for this Act. GEDA may also
18 accept and extend public or private grants, gifts, or other contributions designated
19 for such purposes. No more than Five Hundred Thousand Dollars (\$500,000) shall
20 be appropriated from the General Fund in any year to achieve the objectives of this
21 Chapter. Any unspent dollars at the end of a Fiscal Year, shall remain in the
22 account with GEDA, unless the funds are transferred elsewhere by I Liheslaturan
23 Guåhan. GEDA shall submit a summary of marketing activities and expenditures
24 as part of its annual report required under this Chapter."

25 **Section 4. Use Tax Exemption for Goods Imported for Re-export.**

26 New items (j) and (k) are added to § 28106, Title 11, Guam Code Annotated
27 to read as follows:

1 “(j) Any goods imported to Guam that are to be re-exported to locations
2 outside of Guam.

3 (k) Any goods imported into Guam that are to be used in the
4 manufacture or assembly of other goods for resale on Guam or export from
5 Guam.”

6 **Section 5. Appropriations.**

7 Subject to availability of funds, the sum of Five Hundred Thousand Dollars
8 (\$500,000) is hereby appropriated from the General Fund to GEDA in Fiscal Year
9 2026, to implement the provisions of Section 3 of this Act, including planning,
10 outreach, and staffing needs.

I MINA'TRENTAI OCHO NA LIHESLATURAN GUÅHAN
2025 (FIRST) Regular Session

Bill No. 174-38 (COR)

As amended by the Committee on
Finance and Government Operations

Introduced by:

V. Anthony Ada

**AN ACT TO ADD A NEW CHAPTER 53 TO DIVISION 2 OF
TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO
ESTABLISHING THE *GUAM FREE TRADE ZONE ACT OF
2025*; TO DESIGNATE A FREE TRADE LOGISTICS ZONE,
TO ESTABLISH TRADE FACILITATION INCENTIVES,
AND TO PROMOTE GUAM AS A RE-EXPORT CENTER
FOR THE INDO-PACIFIC REGION; AND TO
APPROPRIATE THE SUM OF FIVE HUNDRED
THOUSAND DOLLARS (\$500,000) TO FUND THE
PURPOSES OF THIS ACT.**

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Short Title. This Act shall be known as the “*Guam Free Trade
Zone Act of 2025.*”

Section 2. Legislative Findings and Intent. *I Liheslaturan Guåhan* finds
that Guam is strategically positioned to serve as a logistics, re-export, and bonded
trade hub connecting the United States with Asia-Pacific and Micronesian markets.
Establishing a designated Free Trade Logistics Zone (FTLZ) will enhance Guam’s
role in regional commerce, attract investment in warehousing and supply chain
infrastructure, and create jobs for the local workforce. As Guam continues to
rebound our tourism industry, and with concerns that the economic benefits of the
military construction may conclude by end of the decade, it is critical that additional
pillars to support our economy be developed.

1 A Free Trade Zone designation would ensure that imported goods stored or
2 processed can be re-exported without paying customs duties or taxes, hence this
3 would attract business entities particularly exporting goods to Asia. This would
4 include investments in warehousing, cold storage, and even light assembly
5 operations. A designation would also position the island of Guam as a Pacific
6 transshipment hub, linking Asia, Micronesia, and U.S. markets, while creating
7 many new jobs across several industries on island. With federal support, these
8 efforts would encourage the efficiency with customs and bonded warehouses while
9 strengthening Guam's economic resiliency.

10 It is the intent of *I Liheslatura Guåhan* to establish a statutory framework
11 that supports this development by implementing incentives, streamlining customs
12 procedures, and designating eligible areas. Achieving these goals will require
13 sustained effort and multiple processes, including obtaining approvals from U.S.
14 Customs and Border Protection for a Free Trade Zone and securing a Regional
15 Export Zone designation for Guam from the U.S. Congress. These initiatives are
16 currently being pursued in parallel. Nevertheless, it is essential for Guam to begin
17 developing a comprehensive plan to demonstrate our commitment to this initiative,
18 which will then lead to requests for technical assistance from federal entities. These
19 are among the objectives of this Act.

20 **Section 3.** A New Chapter 53 is *added* to Division 2, Title 12, Guam Code
21 Annotated to read as follows:

22 **“Chapter 53**

23 **Guam Free Trade Zone Act.**

24 § 53101. Definitions.

25 § 53102. Designation of Free Trade Logistics Zone.

26 § 53103. Customs Pre-Clearance and Bonded Warehousing.

27 § 53104. Tax Incentives.

1 § 53105. Permitting and Licensing Streamlining.

2 § 53106. Reporting Requirements.

3 § 53107. Marketing and Promotion of the FTLZ Program.

4 **§ 53101. Definitions.**

5 (a) “Free Trade Logistics Zone (FTLZ)” means a designated geographic
6 area within Guam approved by the Guam Economic Development Authority
7 (GEDA), where goods may be imported, stored, processed, and re-exported
8 with reduced local taxation and **streamlined existing** customs procedures.

9 (b) “Re-export” means the shipment of imported goods out of Guam
10 without the goods entering commercial distribution within Guam.

11 (c) “Qualified Logistics Operator (QLO)” means a legal entity licensed
12 to operate within an FTLZ, meeting criteria established by GEDA.

13 **§ 53102. Designation of Free Trade Logistics Zone.**

14 The Guam Economic Development Authority, hereinafter referred to as
15 *GEDA* shall be responsible for identifying, mapping, and recommending areas
16 within the territory of Guam to be designated as *Free Trade Logistics Zones*,
17 hereinafter referred to as *FTLZs*. These areas *may* include public or private lands,
18 subject to zoning compatibility, infrastructure suitability, and potential for
19 commercial and logistics development. Within one hundred eighty (180) calendar
20 days of the effective date of this Act, *GEDA* shall submit to the Governor of Guam
21 a formal report and map identifying proposed FTLZ sites, including justification
22 based on economic feasibility, geographic access, and potential return on
23 investment.

24 The Governor shall, within sixty (60) days of receipt of GEDA’s report,
25 approve, disapprove, or request modifications to the proposed designations. Upon
26 approval, such designated areas *shall* be deemed authorized as FTLZ’s pursuant to
27 this Chapter. *GEDA* shall coordinate with the Department of Land Management,

1 Port Authority of Guam, Guam International Airport Authority, and other relevant
2 entities in preparing the FTLZ designation plan.

3 **§ 53103. Customs Pre-Clearance and Bonded Warehousing.**

4 ~~(a) Within ninety (90) days of the effective date of this Act, GEDA, in~~
5 ~~coordination with the Guam Customs and Quarantine Agency, hereinafter~~
6 ~~referred to as CQA, shall initiate formal engagement with the U.S. Customs~~
7 ~~and Border Protection, hereinafter referred to as CPB to pursue:~~

8 ~~(1) The establishment of one or more federally licensed bonded~~
9 ~~warehousing facilities within each designated FTLZ; and~~

10 ~~(2) The development of customs pre-clearance systems, digital~~
11 ~~customs processing, or other enhanced federal customs operations to~~
12 ~~support re-export and logistics activity.~~

13 ~~(b) GEDA and CQA shall submit to the Governor of Guam and I~~
14 ~~Liheslaturan Guåhan, within one hundred eighty (180) days of the effective~~
15 ~~date of this Act, a report detailing:~~

16 ~~(1) The status of discussions with CBP and federal stakeholders;~~

17 ~~(2) Proposed facility locations and infrastructure requirements;~~
18 ~~and~~

19 ~~(3) Any federal authorizations or agreements necessary to~~
20 ~~proceed with implementation.~~

21 ~~(c) The Government of Guam shall actively pursue memoranda of~~
22 ~~understanding (MOUs) or formal agreements with CBP to implement bonded~~
23 ~~warehousing operations and customs modernization initiatives within the~~
24 ~~FTLZ, consistent with federal regulations and security standards.~~

25 **§ 531043. Tax Incentives.**

26 (a) Within one hundred eighty (180) calendar days of the effective date
27 of this Act, GEDA shall develop, adopt, and implement a schedule of tax

1 incentives applicable to businesses operating within designated FTLZs in
2 Guam.

3 (b) Subject to rules adopted by GEDA, the following shall be eligible
4 for exemption of the Business Privilege Taxes, hereinafter referred to as BPT,
5 pursuant to Chapter 26 of Title 11, Guam Code Annotated:

6 (1) Goods imported into an FTLZ for the sole purpose of re-
7 export shall be exempt from the Business Privilege Tax (BPT),
8 provided such goods do not enter commercial distribution or
9 consumption within Guam;

10 (2) Qualified Logistics Operators, hereinafter referred to as QLO,
11 shall be exempt from the BPT on gross receipts derived exclusively
12 from re-export activities conducted within an approved FTLZ. Any
13 revenue derived from sales or services within the territory of Guam
14 shall remain subject to taxation under applicable laws;

15 (c) Real property utilized exclusively for re-export logistics purposes
16 within an approved FTLZ shall be eligible for up to fifty percent (50%)
17 abatement of real property taxes for a period not to exceed five (5) years from
18 the date of certification by GEDA.

19 (d) Within one hundred eighty (180) calendar days of the effective date
20 of this Act, GEDA shall promulgate guidelines to determine eligibility,
21 application procedures, compliance monitoring, and enforcement
22 mechanisms. GEDA shall also transmit its adopted incentive schedule to the
23 Governor of Guam and the Speaker of I Liheslaturan Guåhan upon
24 implementation.

25 **§ 5310~~54~~. Permitting and Licensing Streamlining.**

26 GEDA shall serve as the lead coordinating agency to facilitate streamline
27 permitting, licensing, and regulatory approvals for entities certified as (QLOs)

1 operating within designated FTLZs. Within one hundred eighty (180) calendar
2 days of the effective date of this Act, GEDA shall develop and implement a
3 regulatory streamlining framework, which may include:

4 (a) A consolidated permitting and license application process for
5 QLOs;

6 (b) Standardized interagency review timelines and requirements;

7 (c) Designation of a QLO liaison or “concierge” within GEDA to assist
8 applicants in navigating relevant permitting agencies; and

9 (d) Recommendations for statutory or regulatory reforms to expedite
10 the review and approval process for logistics-related infrastructure and
11 operations.

12 GEDA shall coordinate with all relevant Government of Guam agencies,
13 including but not limited to the Department of Land Management, Guam
14 Environmental Protection Agency, Department of Public Works, Guam Fire
15 Department, and the Department of Revenue and Taxation, to ensure timely
16 interagency participation. GEDA shall submit a written report to the Governor and
17 I Liheslaturan Guåhan within two hundred ten (210) days of the effective date of
18 this Act detailing the framework implemented, agency agreements secured, and
19 any further legislative actions recommended to support long-term streamlining
20 efforts.

21 **§ 531065. Reporting Requirements.**

22 GEDA shall submit a written report annually to the Speaker of I Liheslaturan
23 Guåhan, the Governor of Guam, and the Chairperson of the Committee with
24 jurisdiction over economic development. The report shall provide an evaluation of
25 the implementation and operation of the FTLZ program and shall be submitted no
26 later than March 1st of each calendar year for the preceding fiscal year. The report
27 shall include, at a minimum, the following information:

1 (a) The number, name, and geographic location of all approved FTLZs,
2 including any changes in designation or deactivation during the reporting
3 period;

4 (b) The number of certified and active Qualified Logistics Operators
5 (QLOs) operating within each designated FTLZ;

6 (c) The aggregate volume and declared value of goods re-exported through
7 the FTLZ program during the reporting period, as provided by operators and
8 verified by CQA;

9 (d) The estimated economic impact of the FTLZ program, including:

10 (1) The number of new jobs created;

11 (2) Wages and benefits associated with direct employment;

12 (3) Capital investment in infrastructure, facilities, and equipment
13 related to FTLZ operations;

14 (4) A summary of tax benefits utilized by QLOs, including
15 estimated foregone revenues, if applicable;

16 (5) Challenges encountered in administration or compliance; and

17 (6) Any recommendations for legislative, regulatory, or
18 operational improvements to the FTLZ program.

19 GEDA shall coordinate with the ~~Guam Customs and Quarantine Agency,~~
20 Department of Revenue and Taxation, Department of Labor, and other relevant
21 agencies to compile accurate and comprehensive data for the annual report. The
22 annual report shall be made available to the public via GEDA's official website
23 within ten (10) calendar days of transmittal to I Liheslaturan Guåhan.

24 **§ 531076. Marketing and Promotion of the FTLZ Program.**

25 GEDA shall be authorized and directed to develop and implement a
26 comprehensive marketing and promotion plan to support the FTLZ program. The
27 plan shall target potential investors, logistics operators, manufacturers, and

1 regional trading partners in the Indo-Pacific region and the United States mainland.

2 The marketing plan *may* include, but is not limited to:

3 (a) Digital and print promotional materials;

4 (b) Trade missions and outreach to prospective QLOs;

5 (c) Participation in logistics, trade, and economic development
6 conferences;

7 (d) Stakeholder engagement events in Guam and abroad; and

8 (e) Development of a dedicated website or FTLZ informational portal.

9 Starting in Fiscal Year 2027, GEDA is authorized to request and receive
10 appropriations annually from the General Fund or other eligible funding sources
11 for the purpose of implementing the marketing plan for this Act. GEDA *may* also
12 accept and extend public or private grants, gifts, or other contributions designated
13 for such purposes. No more than Five Hundred Thousand Dollars (\$500,000) shall
14 be appropriated from the General Fund in any year to achieve the objectives of this
15 Chapter. Any unspent dollars at the end of a Fiscal Year, *shall* remain in the
16 account with GEDA, unless the funds are transferred elsewhere by *I Liheslaturan*
17 *Guåhan*. GEDA *shall* submit a summary of marketing activities and expenditures
18 as part of its annual report required under this Chapter.”

19 **Section 4. Use Tax Exemption for Goods Imported for Re-export.**

20 **New items (j) and (k) are added to § 28106, Title 11, Guam Code Annotated**
21 **to read as follows:**

22 “(j) Any goods imported to Guam that are to be re-exported to locations
23 outside of Guam.

24 (k) Any goods imported into Guam that are to be used in the
25 manufacture or assembly of other goods for resale on Guam or export from
26 Guam.”

27 **Section 45. Appropriations.**

1 Subject to availability of funds, the sum of Five Hundred Thousand Dollars
2 (\$500,000) is hereby appropriated from the General Fund to GEDA in Fiscal Year
3 2026, to implement the provisions of Section 3 of this Act, including planning,
4 outreach, and staffing needs.



COMMITTEE ON RULES

Vice Speaker V. Anthony Ada, Chairperson
I Mina'trentai Ocho Na Liheslaturan Guåhan
38th Guam Legislature

August 15, 2025

To: **Rennae V. C. Meno**
Clerk of the Legislature

From: **Vice Speaker V. Anthony Ada** 
Chairperson, Committee on Rules

Subject: **Fiscal Note for Bill No. 174-38 (COR)**

Håfa Adai!

Find the attached, Fiscal Note for the following bill:

Bill No. 174-38 (COR).

I also request that the same be sent to the respective Chairperson of the Standing Committee, to which this bill has been referred. Kindly forward the same to Management Information Services (MIS) for posting on our website.



Bureau of Budget & Management Research
Fiscal Note of Bill No. 174-38 (COR)

AN ACT TO ADD A NEW CHAPTER 53 TO DIVISION 2 OF TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE GUAM FREE TRADE ZONE ACT OF 2025; TO DESIGNATE A FREE TRADE LOGISTICS ZONE, TO ESTABLISH TRADE FACILITATION INCENTIVES, AND TO PROMOTE GUAM AS A RE-EXPORT CENTER FOR THE INDO-PACIFIC REGION.

Department/Agency Appropriation Information

Dept./Agency Affected: Guam Economic Development Authority	Dept./Agency Head: Christina D. Garcia, Acting Chief Executive Officer/Administrator
Department's anticipated revenues to date:	\$4,039,603
Department's appropriation(s) to date:	\$0
Total Department/Agency revenues to date:	\$4,039,603

Fund Source Information of Proposed Appropriation

	General Fund:	(Specify Special Fund):	Total:
FY 2024 Unreserved Fund Balance		\$0	\$0
FY 2025 Adopted Revenues	\$0	\$0	\$0
FY 2025 Appro. (P.L. 37-125)	\$0	\$0	\$0
Sub-total:	\$0	\$0	\$0
Less appropriation in Bill	\$0	\$0	\$0
Total:	\$0	\$0	\$0

Estimated Fiscal Impact of Bill

	One Full Fiscal Year	For Remainder of FY 2025 (if applicable)	FY 2026	FY 2027	FY 2028	FY 2029
General Fund 1/	\$0	\$0	\$500,000	\$500,000	\$500,000	\$500,000
Special Fund 1/	\$0	\$0	\$0	\$0	\$0	\$0
Total 1/	\$0	\$0	\$500,000	\$500,000	\$500,000	\$500,000

1. Does the bill contain "revenue generating" provisions? / / Yes /X/ No
If Yes, see attachment
2. Is amount appropriated adequate to fund the intent of the appropriation? / / N/A /X/ Yes / / No
If no, what is the additional amount required? \$ /X/ N/A
3. Does the Bill establish a new program/agency? /X/ Yes / / No
If yes, will the program duplicate existing programs/agencies? / / N/A / / Yes /X/ No
Is there a federal mandate to establish the program/agency? / / Yes /X/ No
4. Will the enactment of this Bill require new physical facilities? /X/ Yes / / No
5. Was Fiscal Note coordinated with the affected dept./agency? If no, indicate reason: / / Yes /X/ No
/X/ Requested agency comments not received by due date / / Other:

Analyst: Joaquin A.J. Guerrero II Date: 8/7/25 Director: Lester L. Carlson, Jr. Date: AUG 14 2025

Notes:
1/ See attached comments.

Bureau of Budget and Management Research
Comments on Bill No. 174-38 (COR)

The proposed legislation intends to establish the *Guam Free Trade Zone Act of 2025* as the statutory framework to support the designation of a Free Trade Logistics Zone (FTLZ) on the island of Guam. Further, the legislation proposes the establishment and implementation of trade facilitation incentives to promote Guam as a re-export center for the Indo-Pacific region.

The tax incentives cited within the proposed legislation applicable to businesses operating within designated FTLZs, subject to rules adopted by the Guam Economic Development Authority (GEDA), include the following:

1. Exemption of Business Privilege Taxes (BPT) on goods imported into an FTLZ for the sole purpose of re-export, provided such goods do not enter commercial distribution or consumption within Guam;
2. Exemption of BPT on gross receipts for Qualified Logistics Operators derived exclusively from re-export activities conducted within an approved FTLZ;
3. Abatement of up to fifty percent (50%) of Real Property Taxes, for a period not to exceed five (5) years from the date of certification from GEDA, on real property utilized exclusively for re-export logistics purposes within an approved FTLZ.

The Bill appropriates the sum of Five Hundred Thousand Dollars (\$500,000) from the General Fund (GF) to GEDA in Fiscal Year 2026, subject to the availability of funds, for implementing the marketing and promotion of the FTLZ program, including planning, outreach, and staffing needs. GEDA will be authorized to request and receive annual appropriations of no more than Five Hundred Thousand Dollars (\$500,000) from the GF or other eligible funding sources beginning in Fiscal Year 2027 for the purpose of implementing the marketing plan for this Act. Additionally, should this Bill become law after October 1, 2025, *I Liheslaturan Guåhan* would have to offset the \$500K GF appropriation by a corresponding reduction in the FY 2026 Budget Act.

Lastly, the Bureau notes that any tax exemptions or abatements will pose a negative fiscal impact on overall revenue collections and adversely affect the government's ability to fund other essential services, including public safety, education, and critical social programs in the annual budget process. The Government of Guam will have to closely monitor its current revenue streams as the federal government is canceling essential federally funded local programs, which will consequently become a substantial responsibility of the local government. Furthermore, the Bureau is unable to determine an estimated cost impact absent information from GEDA.



OFFICE OF FINANCE AND BUDGET
I MINA'TRENTAI OCHO NA LIHESLATURAN GUÁHAN

November 14, 2025

MEMORANDUM

To: Senator Christopher M. Duenas
Chairman, Committee on Finance and Government Operations.

From: Stephen J. Guerrero
Director, Office of Finance and Budget

Re: Funding Availability Note: Bill No. 174-38 (COR)

Håfa Adai Chairman Duenas,

Pursuant to the Standing Rules of the 38th Guam Legislature, the Committee on Finance and Government Operations and/or the Office of Finance and Budget (OFB) shall determine in writing if the funding source cited in Appropriation or Authorization for Appropriations bills are sufficient.

The Office has received Bill No. 174-38 (COR), AN ACT TO ADD A NEW CHAPTER 53 TO DIVISION 2 OF TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO ESTABLISHING THE GUAM FREE TRADE ZONE ACT OF 2025; TO DESIGNATE A FREE TRADE LOGISTICS ZONE, TO ESTABLISH TRADE FACILITATION INCENTIVES, AND TO PROMOTE GUAM AS A RE-EXPORT CENTER FOR THE INDO-PACIFIC REGION; AND TO APPROPRIATE THE SUM OF FIVE HUNDRED THOUSAND DOLLARS (\$500,000) TO FUND THE PURPOSES OF THIS ACT.

The proposed bill establishes the Guam Free Trade Zone Act of 2025 as the statutory framework to support the designation of a Free Trade Logistics Zone (FTLZ) to start trade facilitation incentives, and to promote Guam as a re-export center for the Indo-Pacific Region. The proposed bill also appropriates Five Hundred Thousand Dollars (\$500,000) from the General Fund to the Guam Economic Development Authority (GEDA) to implement marketing, planning, outreach, and staffing needs of the FTLZ program.

Based on Bureau of Budget and Management Research's Consolidated Revenue and Expenditure Report as of September 30, 2025, the net unobligated projected FY 2025 General Fund Revenue is \$33,044,179, which can cover the proposed bill appropriation amount of \$500,000. However, it should be noted that there are multiple proposed legislative measures utilizing the FY 2025 General Fund. Also, the actual General Fund balance is not definite because the FY 2025 Government of Guam audit has not been completed and is anticipated to be released towards the end of 2026.

Respectfully,


Stephen J. Guerrero

https://www.postguam.com/business/local/bill-seeks-to-boost-local-economy-by-making-guam-us-free-trade-zone/article_99f734cd-416a-4538-a7de-5f3684862171.html

Bill seeks to boost local economy by making Guam US free trade zone

NESTOR LICANTO | GUAM DAILY POST

JUL 16, 2025

1 of 2



SHIPPING: A container truck is seen traveling down the road at the Port Authority of Guam in Piti on Wednesday, Jan. 29, 2025. *Frank San Nicolas/The Guam Daily Post*

FRANK SAN NICOLAS

Vice Speaker Tony Ada has introduced Bill 174-38 to establish Guam as a Free Trade Zone to help diversify and boost the local economy.

The measure seeks to leverage Guam's favorable location in the Western Pacific and "transform the island into a strategic logistics hub for U.S. exports to Asia."

"Guam lies within direct proximity to major Indo-Pacific markets including Japan, Korea, Taiwan, and the Philippines, and is outside the U.S. Customs Zone, making it an ideal jurisdiction for an export zone," according to a news release from Ada.

The proposed zone would enable goods to be routed through Guam for repackaging, value-added processing, and transshipment, enhancing efficiency and reinforcing America's regional trade capacity, Ada said.

The U.S. Customs and Border Protection website describes Free Trade Zones, or Foreign-Trade Zones, as secure areas under CBP supervision that are generally considered outside CBP territory upon activation.

They are generally located in or near CBP ports of entry, and are designated areas within the U.S. where goods can be imported, stored, processed, and re-exported without the immediate application of customs duties and certain federal excise taxes, CBP stated.

These zones offer businesses significant benefits like duty deferral, elimination of duties on re-exported goods, and streamlined customs procedures.

According to the Bill, the designation would position Guam as a Pacific transshipment hub, linking Asia, Micronesia, and U.S. markets, while creating many new jobs across several industries on island.

"We are talking about producing training and high skilled jobs in various industries, opportunities of federal investments in government owned infrastructure, an expansion of Guam's role in U.S. trade, private investments, and a new tax base," Ada said.

He said the legislation is just a starting point in what will be a lengthy process to obtain CBP approval for an FTZ, and Congressional approval for Regional Export Zone designation.

"Our office is also engaging in conversations with federal partners to concurrently pursue this endeavor," Ada said.

He has written to the chairpersons of the House and Senate Natural Resources Committees and to CBP for technical assistance for the government of Guam.

According to the CBP, a number of major U.S. cities such as Los Angeles, New York, Houston and Seattle have FTZ's.

The Port of Los Angeles stated on its website that it's FTZ, established in 1994, strengthens the region's ability to create jobs and expand business by:

- Encouraging local companies to grow and participate in international trade;
- Attracting secondary and associated business to locate in the region;
- Increasing local employment opportunities and local tax base;
- Encouraging the retention of local jobs while attracting offshore companies and international businesses to the region; and
- Helping U.S. manufacturing companies by leveling the playing field with foreign competitors.

Nestor Licanto

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https://www.postguam.com/news/local/lack-of-land-hinders-free-trade-zone-bid/article_f2303f95-670c-4e03-b18e-1fa97981af9d.html

Lack of land hinders free trade zone bid

NESTOR LICANTO | THE GUAM DAILY POST

OCT 13, 2025



TESTIMONY: From left, Matthew Baza and Edward Camacho from the Guam Economic Development Authority and Guam Customs and Quarantine Director Ike Peredo testify at a public hearing for bill 174-38 on Monday, Oct. 13, 2025, at the Guam Congress Building in Hagåtña. *Jonah Benavente/The Guam Daily Post*

There have been longstanding efforts to establish Guam as a transshipment point for trade between Asia and the United States, and Bill 174-38 by Vice Speaker Tony Ada is the latest measure that looks to leverage Guam's strategic location to boost the local economy.

The legislation seeks to establish the island as a logistics, reexport, and bonded trade hub. "Establishing a designated free trade logistics zone will enhance Guam's role in regional commerce, attract investment in warehousing and supply chain infrastructure, and create jobs for the local workforce," the bill states.

At a public hearing Monday, Guam Economic Development Authority officials testified that studies support establishing Guam as a transshipment hub.

"Because Guam is a duty-free port, products and raw materials can enter directly into Guam from any country without tariff or duty," said Matthew Baza, GEDA business and economic development assistant manager, who read the testimony of GEDA Deputy Administrator Carlos Bordallo.

"Because of this, coupled with the federal government's aggressive stance on trade and tariffs, Guam has received increased interest in potential investors in sectors such as manufacturing, agriculture, aquaculture technology, and more," Baza added.

GEDA Business and Economic Development Manager Edward Camacho said in the last three to four months there have been some companies looking to make big investments in Guam, but the main challenge has been a lack of land.

Camacho said two companies out of Taiwan and one from Vietnam are looking at bringing in product and using Guam as a staging place for a cannery and then shipping it out.

"They're also looking at fishing in Guam waters, so we're doing our due diligence now, introducing them to the proper authorities," he said.

"We're dealing with a lot of companies like that now, not just in this industry, in the agriculture and fishery industry, but in manufacturing, pharmaceutical, high-tech, (and) low-tech. They're all looking for some type of land, and they're not looking for small land. They're looking for large parcels of land," Camacho said.

GEDA has been exploring the viability of establishing a new modern industrial development park on government property to serve as a catalyst for new investment.

Guam Customs and Quarantine Director Ike Peredo said, "Before implementing this legislation, further research is required to assess its legal feasibility. ... Although Guam is outside the U.S. Customs (and Border Protection) territory, the authority to establish customs preclearance facilities or bonded warehouse falls solely under the U.S. Customs and Border Protection."

Peredo noted that there are other federal rules and regulations that would have to be satisfied, for example, whether there might be a conflict with the Foreign Trade Zone Act of 1934.

"The clearest and most prevalent amendment we propose in the current language of bill 174-38 relates to a critical omission, the lack of fundamental authority, which globally is inherent to all customs administration," Peredo said.

The bill itself acknowledges the need to navigate the existing legal framework:

"Achieving these goals will require sustained effort and multiple processes, including obtaining approvals from U.S. Customs and Border Protection for a free trade zone and securing a regional export zone designation for Guam from the U.S. Congress," the bill states.

Nestor Licanto

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https://www.guampdn.com/news/ada-seeks-to-make-guam-logistics-hub-for-us-exports-to-asia/article_9206232c-8b1f-4690-8e59-5c345c550b17.html

Ada seeks to make Guam logistics hub for US exports to Asia

Pacific Daily News
Jul 21, 2025

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Vice Speaker Tony Ada addresses fellow lawmakers during the first regular session of the 38th Legislature at the Guam Congress Building in Hagåtña on March 24, 2025.

Rick Cruz/Pacific Daily News



Vice Speaker Tony Ada seeks to establish Guam as a free trade logistics zone, which he said would transform the island into a strategic logistics hub for U.S. exports to Asia.

He asked House Natural Resources Committee chair Rep. Bruce Westerman and Senate Energy and Natural Resources Committee chair Sen. Mike Lee to consider legislation designating Guam as a regional export and transshipment zone for U.S.-Asia trade.

“The federal government has been, and will continue to, invest billions on military infrastructure in Guam. A designation would maximize the return on investment on those endeavors by developing dual-use infrastructure that serves both

military and commercial logistics, which we believe would be greatly appreciated by the appropriators and fiscal conservatives in Congress,” Ada said in separate July 15 letters to Westerman and Lee.

Guam lies within direct proximity to major Indo-Pacific markets including Japan, Korea, Taiwan, and the Philippines, and is outside the U.S. Customs Zone, making it an ideal jurisdiction for an export zone, the senator said.

He said the proposed free trade logistics zone would enable goods to be routed through Guam for repackaging, value-added processing, and transshipment. This would enhance efficiency while reinforcing America’s regional trade capacity.

“We are talking about producing training and high skilled jobs in various industries, opportunities of federal investments in government owned infrastructure, an expansion of Guam’s role in U.S. trade, private investments, and a new tax base,” he said. “This is about creating sustainable development, but this legislation is just the starting point, and the work is far from over.”

The vice speaker introduced Bill 174-38 or the Guam Free Trade Zone Act of 2025.

The bill would authorize the Guam Economic Development Authority to work with local and federal entities to initiate the process of designating FTLZ’s on the island, coordinate with U.S. Customs and Border Protection and Guam Customs and Quarantine Agency to discuss rules for pre-clearances and bonded warehouses, establish tax incentives, as well as streamlined permitting and licensing to attract investors, and formulate a marketing plan.

“Guam is America’s front door to Asia”, Ada said. “This legislation begins what will be a lengthy but needed process which will eventually help diversify our economy. We need to leverage Guam’s location, existing federal investments, and our unique custom’s zone status to promote trade, investments, and job creation.”

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