





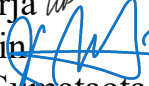

I Mina'trentai Ocho Na Liheslaturan Guåhan
BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	FISCAL NOTES	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	NOTES
306-38 (COR)	V. Anthony Ada Christopher M. Dueñas Jesse A. Lujan Vincent A.V. Borja Joe S. San Agustin Eulogio Shawn Gumataotao	AN ACT TO <i>ADD</i> A NEW ARTICLE 15, CHAPTER 77, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO TAX CREDITS FOR THE DEVELOPMENT OF AFFORDABLE HOUSING UNITS.	4/10/26 1:49 p.m.						

I MINA'TRENTAI OCHO NA LIHESLATURAN
GUÅHAN 2026 (SECOND) Regular Session

Bill No. 306-38 (COR)

Introduced by:

V. Anthony Ada 
Christopher M. Dueñas 
Jesse A. Lujan 
Vincent A.V. Borja 
Joe S. San Agustin 
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**AN ACT TO *ADD* A NEW ARTICLE 15, CHAPTER 77,
TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO
TAX CREDITS FOR THE DEVELOPMENT OF
AFFORDABLE HOUSING UNITS.**

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Legislative Findings and Intent. *I Liheslaturan Guåhan* finds
the following:

HUD Designation as a High-Cost Area: The U.S. Department of Housing
and Urban Development (HUD) recognizes Guam as a "High-Cost Area" with a
High-Cost Percentage (HCP) of 405%, significantly higher than most areas in the
United States, including Alaska, Hawaii, and the U.S. Virgin Islands. This critical
designation recognizes that Guam's cost of housing is extraordinarily high in
comparison to Guam's median income and supports increased Federal Housing
Administration (FHA) loan limits to reflect the elevated costs of construction and
living on the island. As a result, robust support mechanisms such as the proposed
20% tax credit are essential to facilitate the development of affordable housing units
for both homeownership and multifamily rental, targeting families earning between
50% -150% of the Area Median Income of Guam.

1 To that end, the Federal Housing Administration (FHA) requires
2 developments targeting this middle-income bracket to include Land Use Restrictive
3 Agreements (LURA) as a condition for meeting its multifamily underwriting
4 guidelines. These agreements serve as an affordability covenant, ensuring units
5 remain accessible for a minimum term. The intent of this Act is to formalize LURA
6 as a condition of eligibility for the local tax credit and align with FHA underwriting
7 protocols.

- 8 • **Impact of the Jones Act on Economic Viability:** The Jones Act, enacted in
9 1920, imposes significant economic burdens on Guam by restricting the
10 transportation of goods between U.S. ports to vessels that are U.S.-built, -
11 crewed, and -flagged. This protectionist measure results in high shipping
12 costs, which disproportionately affect Guam due to its geographic isolation
13 and reliance on shipped goods. Studies and reports highlight that such costs
14 are substantially higher than in other regions, impeding economic growth
15 and directly influencing the cost of living and construction on the island. The
16 exorbitant cost implications of the Jones Act necessitate fiscal strategies like
17 the tax credit to mitigate these imposed economic disadvantages.
- 18 • **Economic Benefits from Housing Tax Credits:** The proposed 10%
19 development cost tax credit for affordable housing projects compliant with
20 the Land Use Restriction Agreement (LURA) is poised to drive significant
21 economic growth through a multiplier effect. This initiative specifically
22 addresses the needs of the 'missing middle' - those families who are neither
23 distinctly economically disadvantaged nor sufficiently affluent to easily
24 navigate the housing market. Many federal programs cater to the extremes,
25 leaving this middle group struggling to qualify for necessary support. By
26 making the development of both affordable homes and multifamily rental
27 housing more feasible, this tax incentive will create a multiplier effect which

1 will - will boost the local construction industry; increase property tax
2 revenues; and stimulate broader economic activity. Of the 10% tax credit
3 authorized by this Act, 4% shall be funded through the redirection of
4 Business Privilege Tax (BPT) by the contractor recipient of the Tax Credit
5 Certificate, and the remaining 6% shall be funded through tax credits issued
6 by the government of Guam. The expected surge in investment from these
7 projects is anticipated to fortify economic stability and deliver substantial
8 benefits to both low and middle-income families, bridging a critical gap in
9 current housing assistance programs.

- 10 • **Tariff Implications and Broader Economic Context:** Recent tariffs and
11 trade tensions, particularly with major trading partners like China, have
12 further complicated the economic landscape. The indirect costs of these
13 tariffs are likely to affect consumer prices and the cost of materials for
14 construction, underscoring the need for supportive measures like the
15 proposed tax credit to maintain affordability and economic momentum.
- 16 • **Business Privilege Tax Redirection Incentive:** To further spur building
17 construction activity and address Guam's critical housing supply shortage,
18 developers qualifying under this Act shall be permitted to redirect any and
19 all Business Privilege Tax (BPT) due back into their qualified affordable
20 housing development projects, in lieu of payment to the Guam Department
21 of Revenue and Taxation, in an amount sufficient to fund 4% of the total
22 10% tax credit authorized under this Act. This redirection acts as an
23 additional incentive by allowing contractors to reinvest tax liabilities directly
24 into construction, materials, labor, and other project costs, thereby
25 accelerating the delivery of much-needed housing units while maintaining
26 fiscal oversight through reporting and compliance requirements. The
27 remaining 6% of the 10% tax credit shall be funded by tax credits issued by

1 the government of Guam. In the event sufficient government of Guam tax
2 credits are not available in the fiscal year in which they are awarded, the
3 unpaid balance shall be paid to the qualified recipient within a period not to
4 exceed three (3) fiscal years.

5 To further support economic development and address Guam's critical
6 housing shortage, *I Liheslaturan Guåhan* finds that the proposed 10% development
7 cost tax credit, of which 4% is funded by redirected Business Privilege Tax (BPT)
8 from the contractor recipient of the Tax Credit Certificate and 6% is funded by tax
9 credits from the government of Guam, coupled with a responsible annual cap of Ten
10 Million Dollars (\$10,000,000), is expected to spur substantial annual private and
11 public investment into new housing developments.

12 To ensure fiscal responsibility and maintain the long-term sustainability of
13 this housing incentive program, *I Liheslaturan Guåhan* finds it necessary to impose
14 an annual cap of Ten Million Dollars (\$10,000,000) on the total tax credits
15 authorized under this Act. This cap provides a safeguard against unforeseen
16 budgetary impacts while still enabling meaningful private sector investment in
17 affordable housing. By placing a clear ceiling on annual obligations, the government
18 can better plan its fiscal outlook and manage competing public spending priorities,
19 while still promoting economic growth through targeted support. Furthermore, the
20 cap enhances transparency and predictability for both government of Guam
21 administrators and eligible developers, ensuring equitable and timely access to the
22 credit without overcommitting limited resources.

23 To further support economic development and address Guam's critical
24 housing shortage, *I Liheslaturan Guåhan* finds that the proposed 10% development
25 cost tax credit, coupled with a responsible annual cap of Ten Million Dollars
26 (\$10,000,000), is expected to spur at least One Hundred Million Dollars
27 (\$100,000,000) in annual private and public investment into new housing

1 developments. This investment will significantly increase the availability of
2 affordable housing units for Guam’s working families, especially those within the
3 “missing middle,” and help stabilize housing costs in the long term.

4 Beyond addressing the housing supply gap, this level of construction activity
5 will create a powerful economic multiplier effect across multiple sectors of Guam’s
6 local economy. Anticipated benefits include:

- 7 • **Job creation** in the construction, engineering, architectural, and building
8 supply industries;
- 9 • **Growth in recurring Real Property Tax revenue** as new housing
10 developments are completed and added to the tax base;
- 11 • **Spillover economic activity** in local retail, service, and hospitality sectors
12 due to increased labor income and local spending;
- 13 • **Reduction in housing insecurity**, contributing to improved community
14 health and workforce productivity.

15 The tax credit’s structure ensures that Guam balances meaningful economic
16 stimulus with long-term fiscal sustainability, offering developers certainty while
17 protecting government resources through the annual cap.

18 *I Liheslaturan Guåhan* recognizes the fiscal constraints posed by § 77103 of
19 Chapter 77, Title 12, Guam Code Annotated, which limits all newly authorized tax
20 credits in a fiscal year to the amount set aside by the Legislature in the General Fund
21 Reserve (Deficit Reduction/Rainy Day Fund) in the annual budget law.

22 To provide certainty and transparency to developers and protect the public
23 interest:

- 24 • The Guam Economic Development Authority (GEDA) shall administer this
25 tax credit program, issue Tax Credit Certificates, and provide oversight.
- 26 • GEDA’s issuance of a certificate shall be contingent upon:
27 1) A conditional commitment letter for financing from a qualified lender;

1 **TAX CREDITS FOR DEVELOPERS WHO COMPLY WITH LAND**
2 **USE RESTRICTIVE AGREEMENTS (LURA)**

3 **§ 771501. Definitions.**

4 (a) “Affordable housing” refers to housing units designated for
5 families earning between 50% and 150% of the Area Median Income of
6 Guam.

7 (b) “Land Use Restriction Agreement (LURA)” refers to a
8 restriction recorded against the property that ensures the property remains
9 designated for affordable housing and meets U.S. Department of Housing and
10 Urban Development (HUD) 50% -150% of the Area Median Income as per
11 HUD Designated High-Cost Living Area during the effective period of the
12 agreement.

13 **§ 771502. Incentives for Land Use Restrictive Agreements (LURA)**

14 **Compliant Developments.**

15 (a) A one-time credit, per development, in the amount of 10% of total
16 development costs shall be granted to developers who comply with Land Use
17 Restrictive Agreements (LURA) for the following:

- 18 (1) Single-family Dwellings (R-1);
- 19 (2) Multi-family Dwellings (R-2);
- 20 (3) Agricultural properties developed for Single-family housing;
- 21 (4) New housing developments;
- 22 (5) Acquisition rehabs [rehabilitating existing structures].
- 23 (6) Developments utilizing the tax credits provided by this Act

24 shall ensure that all housing units, particularly those constructed over
25 the Northern Guam Lens Aquifer (NGLA) or within its proximity, shall
26 be connected to existing municipal sewer systems to prevent
27 contamination of the aquifer. Where municipal sewer systems are not

1 available, developers shall employ advanced septic systems approved
2 by the Guam Environmental Protection Agency (GEPA) designed to
3 minimize environmental impact.

4 (b) Developments must target low-to-moderate income communities
5 and ensure affordability over a ten (10) year period.

6 (c) FHA Compliance Requirement. All developments complying with
7 Land Use Restrictive Agreements (LURA) must adhere to the underwriting
8 standards set by the Federal Housing Administration (FHA) to ensure
9 construction, affordability, and financing of housing units meet federal
10 criteria, thereby enhancing the quality and feasibility of housing projects
11 aimed at low-to-moderate income families on Guam.

12 (d) The issuance of any Tax Credit Certificate under this Article shall
13 also be contingent upon the specification and payment of administrative and
14 project management fees due to the Guam Economic Development Authority
15 (GEDA), which shall be itemized and remitted at close to the escrow as part
16 of the project's final financing settlement.

17 **§ 771503. Funding Source and Transferability.**

18 (a) The funding source for the tax credits authorized under this Article
19 shall be structured as follows:

20 (1) 4% of the total 10% tax credit shall be funded through the
21 redirection of the Business Privilege Tax (BPT) by the contractor
22 recipient of the Tax Credit pursuant to § 771504 of this Article; and

23 (2) the remaining 6% of the total 10% tax credit shall be funded
24 through any tax credits issued by the Government of Guam, subject to
25 the annual cap established by this Article.

1 (b) Tax Credits may be transferable by developers to fund qualified
2 Land Use Restrictive Agreements (LURA) development within its restructure
3 time period.

4 (c) Annual Cap. The total amount of tax credits authorized under this
5 Article shall not exceed Ten Million Dollars (\$10,000,000) in any single fiscal
6 year.

7 (d) Forward Commitments. In the event that the total development costs
8 of a qualified project exceed One Hundred Million Dollars (\$100,000,000) in
9 any single fiscal year, the developer may request a forward commitment of
10 tax credits from the Guam Economic Development Authority (GEDA).
11 GEDA shall have the authority to approve and reserve a portion or the entirety
12 of the requested tax credit amount from the subsequent fiscal year's annual
13 cap, provided such commitment does not exceed the future year's allowable
14 ceiling established under this Article. All forward commitments shall be
15 subject to availability of funds, compliance with the provisions of this Article,
16 and shall be documented in a binding written agreement between GEDA and
17 the developer.

18 (e) Deferred Government of Guam Tax Credit Payment. In the event
19 that the portion of the tax credit to be funded by the government of Guam
20 pursuant to §771503(a)(2) is not available in the fiscal year in which the Tax
21 Credit Certificate is issued or claimed, the unpaid balance shall remain a valid
22 obligation and shall be paid to the qualified recipient within a period not to
23 exceed three (3) fiscal years from the date of issuance of the Tax Credit
24 Certificate, subject to appropriation and administration by GEDA in
25 accordance with this Article.

26 **§ 771504. Business Privilege Tax Redirection.**

27 (a) In addition to the tax credits provided under this Article, developers

1 who have been issued a Tax Credit Certificate shall be eligible to redirect any
2 and all Business Privilege Tax (BPT) due for the duration of the Land Use
3 Restrictive Agreement (LURA) period back into the qualified affordable
4 housing development project, in lieu of payment to the Guam Department of
5 Revenue and Taxation, in an amount necessary to fund up to 4% of the total
6 10% tax credit authorized under §771503(a)(1). This redirection may include
7 Project-Generated BPT attributable to the qualified development, including
8 BPT liabilities incurred by the prime contractor and subcontractors awarded
9 work on the project, to the extent such amounts are properly documented and
10 administered through GEDA.

11 (b) Redirected BPT funds must be used exclusively for eligible costs
12 directly related to the development project, including but not limited to
13 construction, materials, labor, engineering, architectural services, and other
14 expenses necessary to complete the affordable housing units.

15 (c) Developers shall submit quarterly reports to the Guam Economic
16 Development Authority (GEDA) detailing the amount of BPT redirected, the
17 specific uses of the funds, and supporting documentation such as invoices and
18 receipts. GEDA shall have the authority to audit these reports and
19 expenditures to ensure compliance.

20 (d) The redirected BPT authorized under this Section shall constitute
21 the 4% redirection-funded portion of the 10% tax credit established under this
22 Article and shall not be counted as part of the 6% Government of Guam-
23 funded portion subject to payment through tax credits issued by the
24 Government of Guam.

25 (e) Failure to properly redirect and document the use of BPT funds as
26 require may result in immediate revocation of the Tax Credit Certificate,

1 assessment of the unpaid BPT amounts with applicable interest and penalties,
2 and disqualification from future participants in this program.

3 **Section 3. Severability.** If any provision of this Act or its application to any
4 person or circumstance is found to be invalid or inorganic, such invalidity shall not
5 affect other provisions or applications of this Act which can be given effect without
6 the invalid provisions or application, and to this end the provisions of this Act are
7 severable.

8 **Section 4. Effective Date.** This Act shall be effective upon enactment.