

Special Hotel Qualifying CERTIFICATE PROGRAM

In response to the demand and anticipated growth of Guam's tourism industry, the Special Hotel Qualifying Certificate (QC) program was established in 2015 specifically to provide qualified tax incentives for the development of one thousand six hundred (1,600) new hotel rooms by the year 2020, a goal set forth by the Guam Visitors Bureau Vision 2020 plan. In 2022, the program was expanded to promote investment in the renovation and/or expansion of existing hotel properties.

ELIGIBILITY

NEW CONSTRUCTION. Developers and owners are allowed a tax rebate, exemption or abatement in an amount equal to ten percent (10%) of their total construction costs, which can be applied by the developer, at their discretion, to the following taxes:

- 50% of Unpledged Business Privilege Tax payable to the government of Guam for twenty (20) years.
- 75% Income Tax Rebate for twenty (20) years.
- 100% Real Property Tax Abatement for ten (10) years on property utilized by the beneficiary for activities stated in the QC.
- 100% of Use Tax Exemption with respect to the property used to construct, furnish and equip the facility.

RENOVATION/EXPANSION. Developers and owners are allowed a tax rebate, exemption or abatement in an amount equal to twenty percent (20%) of their total construction costs, which can be applied by the developer, at their discretion, to the following taxes:

- 50% of Unpledged Business Privilege Tax payable to the government of Guam for twenty (20) years.
- 75% Income Tax Rebate for twenty (20) years.
- 100% Real Property Tax Abatement for ten (10) years on property utilized by the beneficiary for activities stated in the QC.
- 100% of Use Tax Exemption with respect to the property used to construct, furnish and equip the facility.

CONSTRUCTION COST

Expenses incurred for the construction/renovation of a hotel. Such costs include land acquisition; building and site improvements; furniture, fixtures & equipment; and architecture & engineering expenses.

RENOVATION/EXPANSION INVESTMENT

Renovation/Expansion applicants are required to invest no less than ten percent (10%) of the facility's current property value. Property value is based on a current appraisal of the facility's land and improvements.

FEES

Fees consist of a one-time application fee and an annual surveillance fee assessed until the QC beneficiary has exhausted the total dollar amount of its QC benefit.

Project Application & Modification Fee: **\$5,000.00**

Annual Surveillance Fee:

- | | |
|----------------------|----------------------|
| 1 Under Construction | \$3,000.00 |
| 2 In Operation | \$50/per room |

COMMUNITY CONTRIBUTION

The beneficiary shall make a community contribution of 0.5% of the total hotel construction costs to GEDA. The terms of the contribution shall be subject to negotiations between GEDA and the developer.

PROVISION FOR LOCAL ART

Pursuant to Article 2 of Title 1 GCA Chapter 8, the beneficiary shall make provisions for the inclusion of local art in their building.

EXPIRATION

The Special Hotel Qualifying Certificate program shall remain in effect until the earlier of:

- 1 December 31, 2031; or
- 2 1,600 hotel rooms have been committed to be built.