



## OFFICE OF SENATOR SABINA FLORES PEREZ

Chairperson

Committee on Environment, Revenue and Taxation, Labor,  
Procurement, and Statistics, Research, and Planning

*I Mina'trentai Sais Na Liheslaturan Guåhan* • 36<sup>th</sup> Guam Legislature

### PRESS RELEASE

#### **Senator Perez Introduces Legislation to Protect Public Health through Timely Payment of Cigarette Taxes**

*Guam, April 7, 2021* — Senator Sabina Flores Perez on Monday introduced Bill No. 104-36, which seeks to amend the Cigarette Stamp Tax Act in preparation of its implementation. The measure refines P.L. 34-55, ensuring all taxes due are paid at the time of purchase of the stamps and implements a future funding source for the public law.

“Bill 104-36 will improve accountability by strengthening the payment system of taxes which support the critical public health needs of our community exacerbated by the pandemic,” Senator Perez stated.

If enacted, Bill 104-36 will do four things:

- Eliminate one of two delays inhibiting cigarette tax payments currently afforded to tobacco wholesalers by requiring the payment of cigarette stamps at the time of purchase;
- Delays in payments may be made subject to approval from Department of Revenue and Taxation and to be backed by a surety bond in the amount of payment;
- Eliminate the 0.4% discount on stamps afforded to wholesalers after two years; and
- Charge a fee for the stamps.

With millions in unreported and unpaid taxes noted by the OPA, the current Cigarette Stamp Tax law allows for a continuity of tax deferment. Currently, wholesalers are afforded the opportunity to place their tobacco products that arrive at the seaport into a bonded warehouse, which delays the taxation of the products. Then, another delay occurs as payment for the stamps purchased are allowed to be paid in the following month.

Senator Perez’s bill would empower Department of Revenue and Taxation to collect the taxes due when stamps are purchased, and allow DRT staff to more efficiently oversee withdrawals from bonded warehouses.

“The current delays in tax payments are an encumbrance to the hardworking staff at Department of Revenue and Taxation,” Senator Perez said. “Eliminating one delay ensures taxes are paid on cigarettes and in a timely manner. Deferment of taxes is a privilege and should only be afforded to wholesalers in good business standing with DRT.”

A two-year sunset provision allows for wholesalers to adapt and implement this new process to their operations, without compromising revenues to the Healthy Futures Fund. Meanwhile, the fee would ensure the continuity of funding for DRT and the Office of the Attorney General to carry out the mandates of P.L. 34-55.

“Care for our community, particularly those most vulnerable, is an integral part of *inafa’maolek*. Bill 104-36 will streamline the collections process to ensure the Healthy Futures Fund will not be impacted,” Senator Perez added.

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