



GUAM CHAMBER OF COMMERCE
PARTNERS IN PROGRESS

February 13, 2020

THE HONORABLE LOURDES A. LEON GUERRERO
Governor of Guam
Office of the Governor
513 West Marine Corps Drive
Hagåtña, Guam 96910

RE: REQUESTING A MORATORIUM ON THE EFFECTIVE DATE OF PUBLIC LAW 35-38.

Hafa Adai Governor Leon Guerrero,

Recent media outlets have reported that over 14,000 potential visitors have canceled their trips to Guam over the concerns of the Novel Coronavirus. These figures were provided by the Guam Visitors Bureau and is a drastic increase from the estimated 6,000 cancelations reported just days ago. This threat is unfortunately impacting our primary economic pillar, which is the tourism market. While many experts are optimistic that we will eventually overcome this phase, history has shown that such recoveries do take time - as we saw in 2003 when the SARS virus pandemic greatly impacted our tourism economy; and more recently after threats were made by North Korea a few years back. However, on the interim basis our tourism industry, including those entities who rely directly or indirectly on it, would have to make changes to their operations to cope with the impact.

In a 2015 study regarding the Economic Impact of Tourism on Guam, Tourism Economics (an Oxford Economics Company) reported that one in three jobs is sustained by visitor spending. The impact of this current crisis could translate to a reduction of 33% in income for employees, directly and indirectly, involved in the tourism industry! The detrimental effect on our economy and community would be significant.

With this in mind, our organization has been approached by a number of businesses that are impacted by the effects of these cancelations. We have been asked to seek your support to request your consideration of a moratorium on the implementation of the first effective date of Public Law 35-38. According to this mandate, on March 1, 2020, the minimum wage would increase from \$8.25 per hour to \$8.75 per hour. We respectfully request for an Executive Order to move the effective date for the wage increase to September 1, 2020. By then, this virus issue should hopefully be behind us and allow the industry to rebound as well as give businesses the ability to continue supporting its employees without as drastic a cut in hours or pay.

We have reached out to several senators on this issue, and the recommendation from them was to discuss this directly with your office. Please note that amending the effective date absolutely does not deter any business who can absorb the increase on March 1, 2020 from proceeding. In fact, we are sure that all business establishments have prepared for the minimum wage increase. However, those directly in the tourism industry, along with the small businesses that rely on a thriving tourism base, may truly have to choose between reducing the working hours of employees; or in some cases consider layoffs to survive. Personnel costs are generally the most significant and primary overhead expense. Please note that this request is merely for the initial effective date of March 1, 2020, and not the second phase of March 1, 2021. We believe this is a reasonable request.

Our organization is hopeful that you would consider this current circumstance during this trying time of economic tension in our island community. We are also open to a dialogue on this issue if your schedule permits. Thank you very much and we look forward to hearing from you.

Sensereamente,

CHRISTINE BALETO
Chairwoman of the Board