



## Calvo on QC Audit: Insurance Companies Should Pay Taxes

Governor Calvo is urging the legislature, once again, to change the qualifying certificate law so insurance companies will pay taxes. He is hoping the latest audit on the QC program will spur senators to make the changes he has advocated since January 2013. These are changes even GEDA brought to senators in 2009, following GEDA's years of objections to including domestic insurance companies in the QC program. Here are the facts of the program, and the direction the Governor believes lawmakers should take:

### Audit confirms what we knew all along:

- QC for insurance companies "too generous"
- For every \$1 an insurance company spends to hire Guam workers or benefit the Guam economy, the company escapes \$19 in taxes
- Insurance companies with a QC escape 100% taxes by law, while other companies in the QC have to qualify for a percentage of abatement
- Insurance companies with a QC get automatic renewals on their QC

### Calvo & GEDA have been pushing senators for reform:

- **1996:** GEDA told senators not to include domestic insurance companies in QC program
- **1996:** The Guam Insurance Association warned the legislature that insurance companies will take full advantage of the QC, and that it will result in erosion to the tax base
- **1998:** GEDA issues the first QC to an insurance company
- **2009:** GEDA asked Sen. Pangelinan to revoke the automatic renewal provision of the insurance QC. No action was taken
- **January 2013:** *Governor Calvo endorsed the original Bill No. 20, which would have made insurance companies pay their fair share of taxes*
- **April 2013:** Sen. Pangelinan, the Legislature's budget chairman, opposes effort to make insurance companies pay taxes

### Governor calls on Legislature to make changes:

- Remove domestic insurers from the QC program
- Collect taxes from insurance companies
- Plan use of tax revenue for working Guamanians who don't have Medicaid, MIP, or private insurance to have access to affordable health care

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