

COMMITTEE ON FINANCE RECEIVES TESTIMONY ON 5-YEAR ECONOMIC GROWTH PLAN (SIN TAX MEASURE)

Date : January 31, 2017



ST. THOMAS - The Committee on Finance, chaired by Sen. Kurt Vialet, met on Tuesday at the Earle B. Ottley Legislative Hall to receive testimony from Governor Mapp's financial team and the Coalition of Business Organizations regarding the financial crisis and the proposed 5-year Financial Growth Plan.

Sen. Vialet drew comparisons between the fiscal crises of the U.S. Virgin Islands and Puerto Rico. "A large number of cash industry businesses are not paying their taxes, many businesses are not

reporting or paying their fair taxes on a regular basis and all of the blame comes to the Government of the Virgin Islands". Valdamier Collens, Commissioner of Finance and Executive Director of the Public Finance Authority, gave testimony in full support of the Virgin Islands Revenue Enhancement and Economic Recovery Act of 2017, Part I. The Government of the Virgin Islands formally offered the bonds to investors on January 11, 2017.

More than \$85 Million in Bonds remained unsold after a three-hour offering period, resulting in the suspension of the sale of the bonds. Investors conveyed that the lack of confidence in the government to implement the necessary steps of the 5-year plan contributed to the lack of orders needed to complete the sale of bonds. "Without the proceeds of the working capital to provide the time necessary to implement any approved revenue initiatives, significant budgetary cuts are inevitable," said Commissioner Collens.

In addition to the testimonies, the following measures were considered:

- Bill No. 32-0005, proposed by Sen. Neville James, which seeks to enhance revenues for the territory as a part of the initiatives set forth in the Government's 5-year financial plan towards fiscal stability and economic growth. The measure passed favorably to the Committee on Rules and Judiciary for further consideration.
- Bill No. 32-0007, proposed by Sen. Nereida Rivera-O'Reilly, a bill establishing a minimum payment of \$300 for real property and sets a beginning tax year of 2017. The measure passed favorably to the Committee on Rules and Judiciary for further consideration.

The Coalition of Business Organizations, comprised of representatives from the Chambers of Commerce (STT/STJ & STX), the USVI Hotel and Tourism Association, the St. Croix Retail and Restaurant Association, the St. Croix Hotel Association and the American Resort Development Association gave several testimonies opposing the sin tax measure and provided alternative solutions to generate revenue in our territory. Among the proposed methods to generate revenue within the territory, Members of the 32nd Legislature and the Coalition agreed that austerity measures must be implemented to ensure that all public and private entities pay their taxes regularly and equitably before considering new tax measures.

###