

March 11, 2024

VIA EMAIL

The Honorable Senator Kenneth L. Gittens
Chair, Committee on Homeland Security, Justice & Public Safety
3022 Golden Rock
Christiansted, VI 00820
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Dear Senator Gittens:

The St. Croix Chamber of Commerce wholeheartedly appreciates your continued inclusion of the Chamber in discussions of bills that impact St. Croix's private sector. Bill No. 31-0115, the "Fair Chance for Employment Act," is certainly a well-intentioned bill aimed at making life easier for certain individuals who have been involved with the criminal justice system. However, the Chamber cannot support the bill at this time for several reasons.

The private sector on St. Croix has, for some time, grappled with anti-business laws, regulations, and court rules. Indeed, the USVI is the only jurisdiction that has completely abrogated at-will employment and replaced it with laws which, while certainly well-intentioned, have made it very difficult for small businesses to properly manage their workforce. The USVI is also the only jurisdiction in the United States with a 5% across-the-board gross receipts tax ("GRT") in addition to ordinary income, employment, and other taxes. As Dr. Joyce Beebe, an economist at the prestigious Baker Institute at Rice University once put it, *"The GRT is viewed as a bad tax primarily because of 'tax pyramiding.' Pyramiding occurs when products and services are taxed each time they are purchased and sold by subsequent firms during the production process. The tax thus becomes part of the base in each subsequent sale, and final purchasers pay a higher tax because of the repeated taxation of the same inputs."* See <https://www.bakerinstitute.org/research/primer-gross-receipts-taxes>. Put simply, the USVI gross receipts tax drives up the cost of doing business in the USVI tremendously. Other factors contribute to our status as a business-unfriendly jurisdiction: as Governor Bryan recently noted, resolving commercial disputes in the USVI can take up to "20 years in court." See <https://viconsortium.com/vi-government/virgin-islands-bryan-jr--slams-vigl-over-st--croix-racetrack-delays--start-building-or--get-off-our-property->.

Every time a law that regulates businesses is passed—especially laws which contain criminal penalties, such as Bill 31-0115—businesses must consult with lawyers, accountants, and other professionals to ensure compliance. This drives up the cost of doing business and ultimately drives up the cost of goods and services in the territory. Given record inflation and increased costs (e.g., the recent increases to the unemployment insurance rate), the Chamber's Board of Directors does not believe the private sector can bear the regulatory cost increases associated with Bill 31-0115 at this time.

Very truly yours,

/s/ Akeel St. Jean

Akeel St. Jean, Esq.
Chairman of the Board
St. Croix Chamber of Commerce