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U.S. Virgin Islands' Legislative Agenda Stymied in Washington, Lobbyists Say

From rum taxation to harbor dredging, pivotal developments hinge on breaking through congressional gridlock

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The Capitol building in downtown Washington D.C., Home to the Senate and House of Representatives. By. GETTY IMAGES

“With partisanship running high in a divided Washington and a razor thin majority held by Republicans in the U.S. House of Representatives, Congress and the White House have struggled at times to fulfill even the most basic tasks of governing.”

That was David Schnittger of Squire Patton Boggs, describing the challenging conditions they faced last year in advancing the policy agenda of the U.S. Virgin Islands in the nation's Capitol.

“Our work in 2023 was focused on ...fighting to push the agenda of the U.S. Virgin Islands through the legislative morass,” he told members of the V.I. Public Finance Authority Board during a meeting on Monday.

A key aspect of that work was trying to get movement on the permanent extension of rum cover-over rates. There has been “perhaps no better illustration of the consequences of congressional gridlock than the delayed action of the rum cover-over for the U.S. Virgin Islands and Puerto Rico,” Mr. Schnittger said. As the 118th Congress “has struggled to enact legislation of almost every kind,” the needs of communities, states, and territories – such as the rum cover-over extension – get left behind, Mr. Schnittger noted.

Despite the dysfunction in Congress, Governor Albert Bryan Jr.’s representative in Washington D.C. Terry Helenese has reportedly established a working group that meets weekly on the subject of the cover-over issue. The group, according to Mr. Schnittger, includes representatives from the governments of the V.I. and Puerto Rico and industry stakeholders from both territories.

Outside of the legislative arena, Squire Patton Boggs has had success in advancing the territory’s policy goals with respect to sustainable energy as a driver of economic development, by working with federal agencies and departments such as the Environmental Protection Agency and the Department of Energy.

Meanwhile, law firm Winston & Strawn must also navigate the gridlock in Congress as they work with V.I. Delegate to Congress Stacey Plaskett’s office to include earmarks in upcoming appropriations bills that would fund reports from the Army Corps of Engineers on the dredging of the Charlotte Amalie and Christiansted harbors. Those reports are necessary, said Winston & Strawn partner Bryant Gardner, in order for the two harbors to be “re-federalized,” i.e. maintenance work such as dredging would once again fall under the remit of the USACE.

Additionally, the firm is working to push for solutions to inequalities faced by residents of the Virgin Islands, whether in regards to the lack of eligibility for Supplemental Security Income, and a hard funding cap on Medicaid. “Fair medical treatment is key in our advocacy,” Mr. Gardner declared.

Notwithstanding the efforts of the territory’s lead lobbyists and consultants in D.C., PFA board members were left with the understanding that several crucial policy objectives for the territory were dependent on navigating the current legislative logjam on the Hill.