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# Finance Committee Passes Tax Incentive Bills Aimed at Boosting Downtown Areas

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**Aerial view of downtown Christiansted** By. Love-Croix

For The Virgin Islands Senate Finance Committee, it was a day of nuanced discussion about arcane changes in territorial tax law. But lawmakers are hopeful the tweaks and additions approved Tuesday will result in new investments in the territory's distressed downtown areas.

Committee members took testimony from private and public sector experts on measures that would extend the amount of time the Enterprise Zone Commission has to hand out benefits to areas designated as Commercial Zones. A second bill clarifies the intent of the Tax Incremental Financing Program (TIF).

The bills are designed to use tax and other incentives to boost the economies of St. Croix, St. Thomas and St. John, particularly the downtown areas. Both measures – Bill No.33-0129 and Bill No. 33-0143 – were voted out of the Committee and sent to the Rules and Judiciary Committee for further consideration.

Committee Chair Sen. Kurt Violet said it is important to “ ... provide incentives to encourage developers to come to the Virgin Islands.” The Enterprise/ Commercial Zones and the Tax Incremental Financing Program, he said, should not be treated as “giveaways” to big business, but a fiscally sound lure for investors, particularly in St. Croix.

Enterprise/ Commercial Zones – and the governing Commission – are intended to revitalize blighted and distressed communities in the territory. “The authorizing Act provides for tax incentives and economic development benefits free from regulatory barriers which inhibit growth,” according to the US Virgin Islands Economic Development Authority (EDA). The Enterprise Zone Commission falls under the EDA.

- Bill No.33-0129 amends Act No. 7589 to extend the time within which the Enterprise Zone Commission may grant benefits of the Virgin Islands Code to areas designated as Commercial Zone, as proposed by Senator Myron D. Jackson.
- Bill No. 33-0143 amends the Virgin Islands code by clarifying existing provisions of the Tax Incremental Financing Program (TIF), as proposed by Senator Violet.

Wayne Biggs, Jr., assistant chief executive officer and chief operating officer of the EDA, said the agency fully backs the proposed legislation.

Senators probed, nonetheless. Senator Marvin Blyden questioned Mr. Biggs and other testifiers about why the Enterprise Zone program seems vastly under-utilized by local businesses.

Mr. Blyden said the Enterprise Zone bill is “ ... basically an extension of 2014 legislation that seeks to bring reinvestment into our economically distressed areas.” But the senator was unconvinced there is a proper mix of Enterprise Zone regulations and tax incentives such as the Tax Incremental Funding Program.

Mr. Biggs said only one company – Island Crossings on St. Croix, where the Home Depot is located – avails itself of the Tax Incremental Financing program.

“Only one?” Mr. Blyden asked. Only one. Businesses have ran into two major complications in the downtown areas: parking and the fact the program beneficiaries often do not own properties that need upgrades.

Senator Oakland Benta rose in support of both bills. “This is a long time coming,” he said. “To grow an industry, zero from zero is zero. We have a lot of properties sitting there and nothing is happening. At the same time, we have a lot of investors who are looking at neighboring Caribbean islands...”

Mr. Benta said the matter of historical preservation plays a significant role in development in the economically depressed – but historic – areas of the territory. That could complicate development and what investors can do with buildings.

The TIF program addressed in Bill No. 33-0143 allows for future real property and gross receipts taxes to be used to finance the public infrastructure components of a TIF project. Tax-exempt bonds secured by that tax revenue would pay for roads, traffic lights, drainage, sewers, streetlights, and similar projects.

Marjorie Rawls Roberts of the law firm of Marjorie Rawls Roberts, P.C., testified that the approval of Bill No.33-0143, in particular, would expand project eligibility for Tax Increment Financing by broadening the term “District” to include any geographical area within the Virgin Islands. It also incorporates terms and definitions to allow it to be used in conjunction with the Hotel Development Act (HDA) [signed last week by Gov. Albert Bryan Jr.](#)

Ms. Roberts urged lawmakers to work closely with the EDA because they have the resources to effectively administer both the HDA and the Tax Increment Financing programs.

### **Leases Approved**

The Committee also approved lease agreements involving the central government, and sent the measures to the full Senate for further consideration.

- Bill No. 33-0806, an Act approving the Lease Agreement between the Government of the Virgin Islands and Commercial Property Management (CPM) LLC. The lease encompasses the leasing of Parcel No. 40 Estate Submarine Base, No. 6 Southside Quarter, St. Thomas proposed by Sen. Violet.

The property consists of two story buildings and will be used as the main office for a commercial property management company and the remaining spaces will be sub-leased to other tenants. He added that CPM intends to make a substantial immediate and sustained long-term investment of approximately \$150,000 to improve the interior and exterior, upgrade the electrical and plumbing, and maintain the conditions of the building and its surrounding properties.

- Bill Request 19-0881 would approve the Lease Agreement between the Government of the Virgin Islands and FIBERNET, Inc. for Parcel Nos. 95 and 95A Estate Submarine Base, No. 6 Southside Quarter, St. Thomas. The bill was requested by Senator Novelle E. Francis Jr. According to Property and Procurement Commissioner Richards, this property will be used to operate the main office for a company that installs, develops, repairs, and maintains computer programs. He added that the Lease Agreement would allow FIBERNET to redesign the properties damaged by hurricanes Irma and Maria into “a modern designed facility.” He said the company would pay for an estimated \$750,000 in improvements.
- B Bill Request 19-0715 approves the Lease Agreement between the central government and Total Auto Package, LLC for Parcel No. 128A Submarine Base, No.6 Southside Quarter, St. Thomas. Sen. Violet requested the bill. Jason Jackson, owner of Total Auto Package, said development plans for the auto repair, storage, sales, import and leasing company call for a \$250,000 to extract a large amount of boulders, heavy rocks and bush to accommodate trucks and heavy equipment.

During his testimony, Commissioner Richards assured lawmakers that the lease would be required to keep in full force and effect a policy of public liability and property damage insurance.

Committee members at Tuesday’s meeting were Chairman, Senator Kurt A. Violet, Oakland Benta, Marvin A. Blyden, Dwayne DeGraff, and Janelle Sarauw. Non-Committee members present were Senators Myron Jackson and Novelle Francis Jr.

