The Virgin Islands Consortium

Timeshare Revenue Dips Raise Concerns for V.I. Government's Environmental Fund

Officials Cite Need for Increased Compliance as Timeshare Market Weakens

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An attempt by Senator Dwayne DeGraff to utilize the Timeshare Environmental Infrastructure Impact Fee to fund additional beautification efforts by the Waste Management Authority unwittingly uncovered a new challenge for the territory.

According to representatives of the Office of Management and Budget and the Bureau of Inland Revenue, the amount of money making its way into that pool of funds is diminishing with each passing year.

OMB Director Jenifer O’Neal told legislators on Monday that after all relevant deductions from the fund were made, the remaining amount earmarked for inclusion in the general fund was $5.5 million and $4.5 million for fiscal years 2022 and 2023 respectively.

Payment of the Timeshare Environmental Infrastructure Impact Fee, Ms. O’Neal said, should be considered voluntary. “It is based on what you report,” she clarified. However, Ms. O'Neal called on the relevant authorities to make greater efforts in the collection of taxes, advising that “the only way for us to earn more is actually to try to enforce more.”

“We see lots of people coming into the territory. We know that a lot of them are staying in these types of facilities where they should be paying more of a fee,” Ms. O'Neal said on the matter. However, BIR Director Joel Lee indicated that the problem was more of a structural one.

He informed legislators that the timeshare market is declining. “We did lose a timeshare base on St. Croix,” he noted, “so that is going to add to the deficit for this line item of revenue going forward.”

Notwithstanding, Mr. Lee told committee chair Sen. Donna Frett-Gregory that audits of timeshare collections are currently taking place in earnest. “We look at trends. If we see there's a dip, we may go ahead and inquire,” he assured. However, resource constraints currently prevent the BIR from conducting annual checks to ensure timeshare businesses comply. That shortfall, Mr. Lee said optimistically, may actually be a benefit for the agency. “Our element of surprise has always worked for us,” Mr. Lee noted.