

Image not found or type unknown

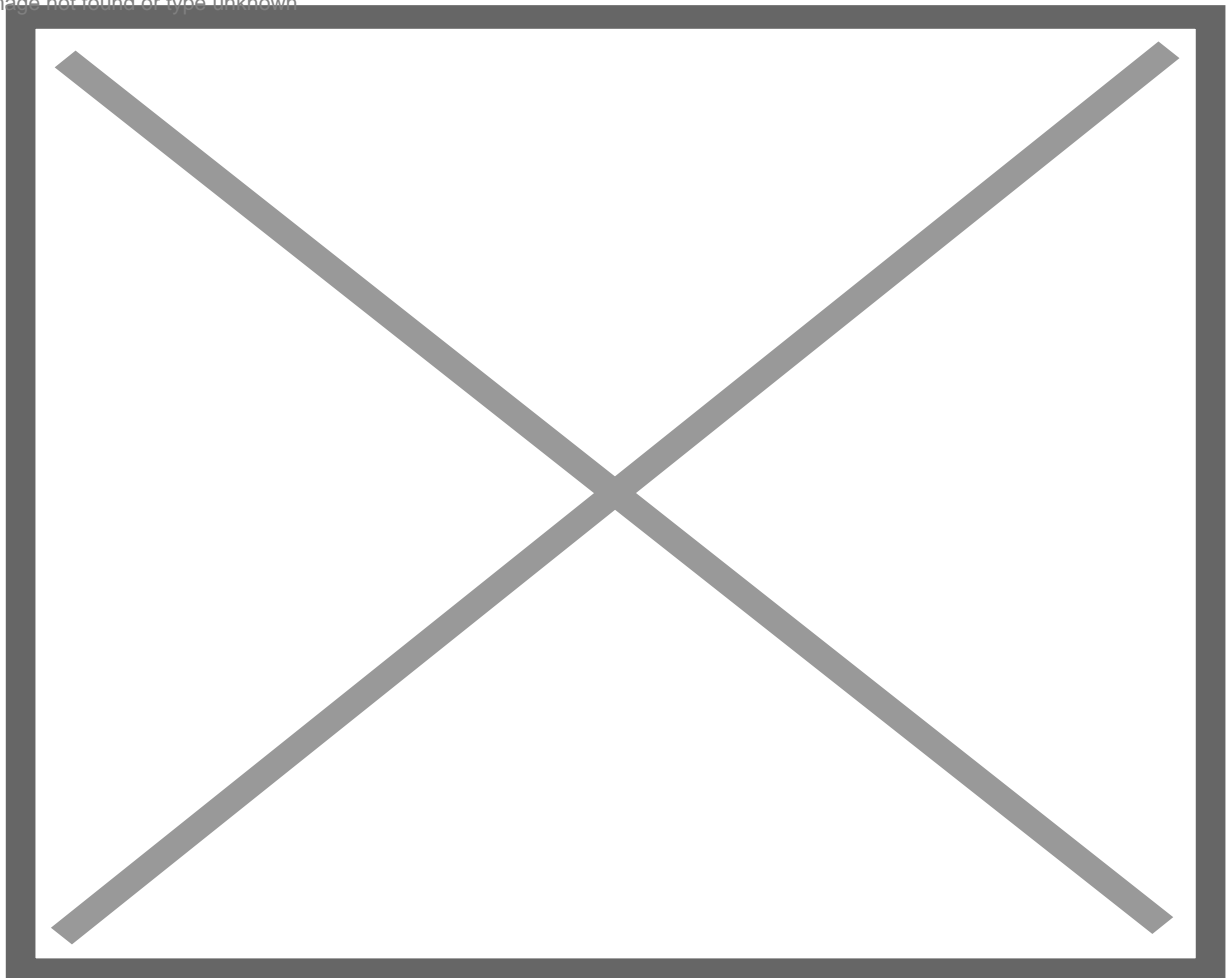
V.I. Senate Loosens \$100 Million Line of Credit Restrictions, Approves \$50 Million to Settle Vendor Debts

Increased liquidity to address overdue vendor payments and support \$2 billion in recovery projects under Rebuild USVI initiative, while new guardrails aim to ensure accountability amid concerns from Senator Carrion about internal fund management

Government / **Published On September 28, 2024 06:46 AM /**

Janeka Simon and Ernice Gilbert **September 28, 2024**

Image not found or type unknown



GETTY IMAGES

As lawmakers met this week to shape the budgetary picture for the territory over the next 12 months, they granted a request from Governor Albert Bryan to loosen restrictions on what the territory's line of credit could be used for. The credit facility [has also been expanded](#) to help the

government catch up on outstanding, local vendor payments and income tax refunds.

Senator Novelle Francis introduced Bill 35-0373 in the Senate Committee on Budget, Finance and Appropriations on Thursday. The measure would [amend Act 8701](#) “by removing the use restriction on the line of credit.” In addition, the territory’s finance commissioner, the director of the Bureau of Internal Revenue, and the Office of the Tax Assessor have been directed to collect outstanding taxes, and to request from the Attorney General the prosecution of delinquent taxpayers.?

The bill comes after repeated requests from the governor's financial team for additional liquidity, Mr. Francis noted. “Of course, we have put in the necessary guard rails in respect to how this money will be utilized,” he said, referencing the unease some lawmakers had expressed about the government’s ability to use the credit facility in a responsible manner.

“There’s an additional \$50 million that will be utilized for the purpose of taking care of vendor payments,” Sen. Francis disclosed. “Our vendors continue to be challenged by the fact that they have not been paid in a timely fashion.” He said that the lack of prompt payment by the government has forced some businesses to lay off employees or even shutter completely, something that lawmakers hope to avoid in the future with this new provision.?

“Additionally, \$100 million will be maintained and preserved for the purpose of assisting – to support our disaster recovery projects,” Mr. Francis added. He said that guardrails have been established with the introduction of new reporting requirements for revenue collection agencies, including BIR, Department of Finance and DLCA. “This legislative body will continue to monitor the government’s responsibility to ensure that collections are being made in a timely fashion, so that we can continue to see the full operation of this government and provide the services that government is required to fulfill,” Sen. Francis said.?

Budget Committee chair Senator Donna Frett-Gregory supported the measure, expressing her pleasure at having “included some guardrails to ensure that there is a clear understanding that the expectation of the legislature is that we see accountability.”?

Even so, the Bryan administration's request to remove restrictions on the line of credit never came with full clarity as to the other potential uses. In June 2023, the Legislature approved the \$100 million line of credit, however, lawmakers limited its utilization to only funding the federal match requirement on hurricane recovery projects. The administration utilized and successfully repaid \$45 million from this line of credit to acquire propane terminal infrastructure from VITOL on behalf of the V.I. Water and Power Authority.

But with larger recovery projects coming online, Mr. Bryan says the government will need continued access to these funds to sustain momentum as the Rebuild USVI initiative launches. Rebuild USVI will initiate \$2 billion in critical recovery projects across the territory, including the construction of new schools and medical facilities. "Given the scale and importance of these projects, maintaining access to the full \$100 million line of credit is essential," the administration said.

Relative to the \$50 million, though the [request made earlier this month](#) only mentioned the repayment of income taxes and vendor obligations, it appears that the Bryan administration finds utility in the term 'government operations,' which covers a wide range of uses. To this end, the governor pointed to [the federal government's tax filing extension to February 3, 2025](#), as counterproductive to the collection of tax revenues, hence necessitating Senate intervention.

Senator Samuel Carrion, one of the four lawmakers — the entire Senate Minority — who voted against the bill, said that “we first have to do our job internally to ensure that we’re managing properly internal funds before trying to seek a line of credit.” He noted the close to \$30 million in bounced checks that the government has not yet been able to collect on, the millions in delinquent property tax, and approximately \$68 million in federal funding that has not been drawn down. “In the past, we have appropriated funding for retroactive payments, and we know that that money was [used for other means](#),” he said. The other “nay” vote belonged to Senator Dwayne DeGraff. “I don’t think that things have been coming forth forthright to us,” he said by way of explanation.

© Viconsortium 2024