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Lawmakers Rubbish WICO's Recommendation to Forgive \$10.6 Million PILOT Debt

Senator Frett-Gregory pushes back on WICO's claims of financial hardship, stating, "Write a check today. It's Christmas," she declared. "Write the check so we can pay our vendors."

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WICO Interim President and CEO, Anthony Ottley at the V.I. Legislature in St. Thomas on Friday, Dec. 13, 2024. By. V.I. LEGISLATURE

The West Indian Company Limited (WICO) again failed to convince legislators that it is unable to fulfill its PILOT—Payment in Lieu of Taxes—owed to the Government of the Virgin Islands. This is the second time this year that the company has [laid out these concerns](#).

On Friday, interim president and chief executive officer of WICO Anthony Ottley admitted to members of the Senate Committee on Budget, Appropriations, and Finance that the PILOT “currently exceeding ten million has been an embarrassment to the company, and has become a matter of serious concern during our audits.” WICO last paid its 2018 PILOT in 2019, and since then “the debt has had a detrimental effect on our credit rate and our ability to borrow from financial institutions.”

He said WICO has struggled to pay its PILOT for approximately eighteen years, with its finances adversely impacted within that timeframe by natural disasters, the 2007-2010 recession, the Covid-19 pandemic, and notably, the development of the Crown Bay dock resulting in the “transfer of significant amount of ship calls.” Additionally, said Mr. Ottley, “the continued diversion of head tax revenues further exacerbates our inability to meet our annual PILOT obligation for several years.”

WICO is now on a mission to have its PILOT debt forgiven. In March, the CEO suggested a PILOT calculated at 5% of its revenue and acknowledged the need to explore new revenue streams. Now in December, Mr. Ottley asserts that there had been “miscalculations by previous legislative bodies.” WICO’s annual PILOT was once as high as \$1 million. Following the opening of Crown Bay, it was reduced to \$700,000, but Mr. Ottley argued that the “dollar reduction did not accurately reflect our losses.” This “miscalculation”, he suggested, “resulted in WICO’s inability to make its PILOT.”

The West Indian Company Limited has therefore offered “recommendations to resolve the pilot conundrum, which includes dispensation of the current balance owed and future obligation until WICO is on a more stable financial footing.”

“This is a hard one for me,” admitted committee chair Senator Donna Frett-Gregory. After reviewing WICO’s finances, she indicated, “I’m still not understanding why WICO is unable to pay its PILOT to the people of the Virgin Islands.” By her interpretation, WICO maintains \$3.5 million in annual profits from which a portion could be used to pay the PILOT. “ You all can pay this bill with your eyes closed,” she asserted.

WICO, however, argued that much of their finances are tied up in reserves, loan repayments and bonds. Frett-Gregory remained unconvinced. “You have not proven that you are unable to pay the government the \$700,000 PILOT,” she told Mr. Ottley. The finance chair was amenable to the idea of forgiving the PILOT payments accrued during the Covid-19 pandemic but balked at sweeping debt cancellation. “That would be very irresponsible of me as a leader...That’s not something that I can consider,” she declared.

Senator Novelle Francis, too, seemed bewildered by WICO’s suggestion. “There’s not even room for negotiation here. You’re simply saying just obliterate or defer the total amount,” the Senate president remarked. With the Office of the Governor covering a portion of WICO’s expenses for Estate Catherineberg, Francis argued that WICO should be able to pay at least some of the PILOT.

“Our intent is to pay, but we first need to be able to make the money and be able to have the funding to pay it,” Mr. Ottley told lawmakers. Sen. Frett-Gregory remained unmoved. “We expect to get a check for 2024,” she told Mr. Ottley. Y’all need to send a check down to the Department of Finance. Vendors are not being paid in this territory.”

Her reservations were shared by Senator Ray Fonseca. “I don’t see where I can ever approve or vote for approval to reduce or to forgive your PILOT,” he said bluntly. “We’re expecting that

money.” Mr. Fonseca went a step further, calling WICO “a poorly managed corporation that needs to make major changes.” That prompted Mr. Ottley to later voice indignation at Mr. Fonseca’s assessment of the entity.

Despite WICO’s best efforts to defend their recommendations, Sen. Frett-Gregory was resolute in her demands on behalf of the GVI. “Write a check today. It's Christmas,” she declared. “Write the check so we can pay our vendors. I am as serious as I am sitting here.”

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