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Bill Seeks Higher Road Taxes for Motorists, Shifts to Annual Fee While Exempting Taxi Operators

Sen. Ray Fonseca's bill proposes raising road taxes based on vehicle weight and making the fee an annual payment. While aimed at funding road maintenance, the change would increase costs for motorists, sparking debate over its exemption for taxi operators

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Nelcia Charlemagne **March 19, 2025**

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Backed up traffic stretching from the Seaside supermarket in Mt. Welcome to the Bypass intersection. By. V.I. CONSORTIUM

A bill seeking to increase the highway user tax has been held in the Committee on Budget, Appropriations and Finance by its sponsor, Senator Ray Fonseca.

On Tuesday, Mr. Fonseca initially appealed to his colleagues to support [Bill 36-0023](#) which seeks to create more funding for road maintenance with a hike in what is popularly known as road tax, a one-time payment calculated using the weight of the vehicle. Currently, vehicle owners pay 16 cents per pound, which resulted in \$4 million in road tax revenues in FY 2024. Mr. Fonseca, however, recommended a rate dependent on the weight of the vehicle.

His proposed legislation would create an eight-tier system, categorizing vehicles based on weight and attaching a fee to each class. The first tier, for vehicles of up to 6,000 pounds, would keep the 16 cent per pound rate. Each tier above that would increase the road tax rate by two cents. The final tier would include vehicles over 33,000 pounds, and carry a rate of 30 cents per pound.

“This legislation will give [the] Public Works Department more funding for improved maintenance of our roads,” Fonseca explained. “Bill 35-0023 establishes a graduated tax rate where only heavier vehicles, which place a greater strain and burden on our roads, will be required to contribute more towards road upkeep,” he noted.

Though the bill was generally supported by lawmakers and invited testifiers, several expressed hesitation with enacting the bill as written.

“If it is this body's intent to place a higher tax for larger vehicles, the Bureau would recommend a simplified increase, such as a flat increase to the current 16 cents rate,” advised Joel Lee, the director of the Bureau of Internal Revenue. “The cost of the implementation of an eight-class price range far exceeds the anticipated collection costs,” he told the Committee. Mr. Lee would later go on to agree with a recommendation from the commissioner of the Department of Public Works to collapse the categories into just three tiers.

“Class one at 16 cents per pound, classes two through four at 22 cents per pound, and class five or higher at 30 cents per pound,” DPW Commissioner Derek Gabriel suggested. “This would lessen the administrative burden on the Bureau of Internal Revenue while still achieving the overall goal of the legislation,” said Mr. Gabriel. He also encouraged lawmakers to consider making a tax an annual payment “at the time of registration” as opposed to the current one-time payment structure.

Mr. Gabriel further suggested that a percentage of the fees collected “especially for those class five and higher” should be directed to the District Roads Funds to “increase available funding for road maintenance and repairs.” Class 5 includes vehicles weighing 16,001-19,500 pounds. “These vehicles create the most wear and tear damage on our roadways, bridges and sidewalks,” he remarked.

He strongly disagreed with Mr. Fonseca’s intention to exempt taxi operators from having to pay the increased road tax. “They use our roadways just as much, if not more, than privately owned vehicles,” Mr. Gabriel declared. “That is a huge revenue-generating opportunity that we're leaving on the table.”

That portion of the bill found lawmakers on both sides of the argument. “I strongly oppose the road taxes for the taxi industry,” Senator Dwayne DeGraff announced.

“They utilize these roadways as well. Everybody gotta pay their fair share,” countered committee chair Senator Novelle Francis Jr.

Engaging with Senate President Milton Potter, Mr. Gabriel insisted that by taxing taxi drivers as well, “we'd be able to respond more regularly to some of the requests that are made by our taxi

drivers about overlaying or paving roads in popular areas.”

“I love them too...but they are utilizing the roads more than the average person,” said Senator Kenneth Gittens.

“Our taxi men and women are hard-working local businessmen. We need to do everything we can to sustain the taxi industry and give them all the benefits so that they can continue to thrive,” countered Senator Fonseca.

A portion of Tuesday’s conversation also centered on heavy construction machinery like bulldozers and backhoes that are not subject to road taxes. “They only pay the excise tax when they're imported. They don't get registered every year because they're moved back and forth on a trailer, but the impact on the roadways is still there,” Mr. Gabriel said, suggesting that considerations be made in that regard, particularly as heavy machines are regularly observed traversing and damaging public roadways.

Senator Marise James, meanwhile, pushed back on the testimony of Mr. Lee, the BIR director, who stated that implementing a tiered increase would create an additional administrative burden for the GVI. “What is wrong with us in the Virgin Islands where we can’t just do a little more work for us to get more money so we can repair our roads,” she lamented.

“I'm not advocating less money. I'm just saying, instead of the graduated rates, just use a flat rate total across the board,” Mr. Lee replied.

With much to consider, Senator Fonseca ultimately requested that the bill remain in committee for now, presumably for further discussion and amendment.