

The Virgin Islands Consortium

\$42M in Tax Refunds Ready; Lawmakers Slam BIR's \$734K Rent; OMB Launches New Oversight Unit

While \$42 million in refunds await release, senators questioned BIR's costly lease for its St. Thomas office. Elsewhere, OMB unveiled a \$500K internal unit to replace the third-party fiduciary and improve compliance across local and federal funds.

Government / **Published On June 13, 2025 06:50 AM /**

Nelcia Charlemagne **June 13, 2025**



BIR's headquarters in St. Thomas at the East End Plaza.

When the Office of Management and Budget and the Bureau of Internal Revenue jointly appeared before the Committee on Budget, Appropriations, and Finance on Tuesday, both entities promised to reduce spending as global economic conditions tighten.

OMB officials presented lawmakers with a proposed budget of \$46.5 million, including \$6.4 million of which will come from the general fund, \$38 million from federal funds, and approximately \$2 million in indirect costs. The budget covers 51 full-time staff, inclusive of 13 “new and vacant positions” expected to be filled in the upcoming fiscal year. According to the [budget book](#), OMB anticipates spending \$2.9 million on personnel, \$1.3 million on fringe benefits, \$416,736 on supplies, \$1.5 million on other services, and will place \$100,000 into the single payer utility account.

Of most interest to the committee was OMB’s revelation that it will “establish a division that replaces the third-party fiduciary,” according to Director Julio Rhymer. “This unit will not only act as a third-party fiduciary, but act as a turnaround agent for departments and agencies that need assistance with fiscal compliance,” he explained.

The new internal department will address issues “from procurement to compliance, to reporting.” The director clarified that its oversight will be global. “It’s not only federal funds, but local funds to ensure that we comply with the General Fund budget,” he explained. The FY2026 budget request, therefore, includes an expenditure “in the amount of \$500,000 to fund a newly established fiscal responsibility unit,” Mr. Rhymer said. The unit will comprise 5 team members, including procurement and accounting positions.

“This is an aggressive goal, but it’s necessary to move the territory away from the costly oversight that has been around for almost 20 years,” declared Mr. Rhymer. He told lawmakers that the transition has already begun. The current arrangement with the third-party fiduciary, which costs the general fund \$2.4 million annually, will come to an end on September 30.

The possibility of achieving those savings pleased lawmakers, but Senator Marvin Blyden was concerned about OMB’s “capacity in terms of employees by then.” Mr. Rhymer says his office is “actively recruiting right now.” His sense of urgency is influenced by sentiments within the federal government, particularly moves to virtually disband the Department of Education. “We don’t feel, right now, comfortable enough” that the territorial counterpart could effectively manage directly receiving \$70-\$100 million allotted to it, Mr. Rhymer admitted to Senator Avery Lewis. The fiscal responsibility unit, he argued, would help.

Meanwhile, the Bureau of Internal Revenue says it expects to save approximately \$100,000 by shuttering its satellite excise tax office at the Henry E. Rohlsen Airport on St. Croix. BIR Director Joel Lee called it an “austerity measure.” Despite the savings, however, his office’s budget has increased by 6% over FY2025 for a total of \$14,060,535 sourced entirely from the general fund.

BIR expects to spend \$7.4 million on personnel, inclusive of 21 vacancies, \$3.8 million on fringe benefits, \$247,000 on supplies, \$2 million on other services, and \$393,000 on utilities. According to Mr. Lee, operating expenses are budgeted at \$241,476. However, that sum will only fund IT maintenance. “We have no funding for elevator maintenance, vehicle maintenance, and the maintenance of the Bureau’s machines and equipment,” he testified. The Bureau shells out \$180,000 to lease items including printers, copiers, and postage machines.

Of particular concern for lawmakers was the rent BIR pays, budgeted at \$952,008 for FY2026, up \$4,300 from last year's allocation. Much of that sum is for the Bureau's main office on St. Thomas, located in East Plaza Red Hook. The \$734,518 annual rent for that office concerned lawmakers.

"You spend almost a million dollars in rent. Are you interested or have you looked at perhaps having your own home in the future?" asked committee chair Senator Novelle Francis. Mr. Lee responded that the primary holdup is the "security element." "We have to satisfy IRS protocol safeguard," Mr. Lee said. Moving would be "pretty expensive, considering the cost to retrofit a building nowadays." Nonetheless, Senator Francis contended that "there should be some movement to at least start to look at a location."

Senator Kurt Violet described the East Plaza payment as a "ridiculous rent" and wondered whether there were any attempts to "renegotiate that amount." "We've been paying this company for more than 10 years. They've already paid them over \$7 million," he complained. He expressed consternation that in addition to an increase in rent this year, from \$710,000 to \$734,518, BIR must pay a parking permit to the landlords as well. "They're renting a tremendous building, and they didn't provide parking spots?"

"It's causing this government too much money, too much money. We don't have that type of flexibility anymore," Violet told Mr. Lee. The sheer number of rental properties is one of the areas OMB's director has earmarked as a focus for "consolidating costs."

Though the Bureau of Internal Revenue has recorded a marked increase in tax collections – approximately \$33 million more across October to May in consecutive years – that trend won't be sustained. "The increases are mainly due to the increase in positive economic activity nationally," Mr. Lee explained. "We do not expect this trend to continue as we face global uncertainty due to the decisions that are coming out of Washington, DC." Locally, the impending closure of Kmart on St. Croix is an additional blow.

Still, Mr. Lee was pleased to announce that "\$42 million in refunds [are] processed and ready to be paid" into the economy as soon as funds are released by the Office of Management and Budget.