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# Bryan Administration to Seek Forgiveness of $300 Million in Storm-Related Disaster Loans Before Pursuing Another Round of Borrowing

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Robert Moore April 02, 2020

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The harshest impact of the COVID-19 crisis on the Virgin Islands so far has been the thinning of a workforce and a local economy barely left standing after 2017 hurricanes Irma and Maria.

And just as with past natural disasters, the territory's public and private sectors are dependent on the federal government for any hope to recover. "We are in the same shape in terms of the central government and the influx of cash needed to stay operational," Gov. Albert Bryan said at a Wednesday conference call with local reporters.

Financial relief is expected, in part, from the ability for the territory to borrow up to $120 million in Community Disaster Loans made available through the coronavirus stimulus package signed by

President Donald Trump over the weekend. Even that won't be enough. "We are going to need a lot more than $120 million," Mr. Bryan said.

After the Irma and Maria hurricanes in 2017, the Government of the Virgin Islands tapped more than $300 million in disaster relief loans under former Gov. Kenneth Mapp, said Mr. Bryan. That money was used to help the Juan Luis Hospital, Schneider Regional Medical Center, the Water and Power Authority and the central government.

"Given the complete decimation of our tourism product this last couple of months, we are looking at revenues that are significantly down. Coupled with the fact that we have mass layoffs (in private sector jobs), we are not collecting withholding or payroll taxes from employers. That is another massive hit to the economy."

The first step in the coming weeks is to seek approximately $40 million in short-term loans from a local financial institution "to allow us to get the liquidity we need to get through July 15th, the next tax filing date," Mr. Bryan said.

The administration is pushing the federal government to forgive the $303 million in post-Irma and Maria disaster loans. If successful, the administration would be a in better position to go back to the well for the larger federal loans.

"We wrote the President and the (U.S.) Treasury to ask them to forgive the $303 million, which would allow us to borrow again," the governor said. "We would return to Treasury and borrow half (of the $303 million) in order to be able to conduct business and be able to get WAPA liquid."

Mr. Bryan said WAPA will need an injection of funds to buy fuel to keep the power on, pointing to mass layoffs in the private sector as a potential problem for WAPA.

With multiple businesses shutting down their operations as a result of the coronavirus, revenue for WAPA could also take a hit from the establishments that turn off the power altogether — and in turn diminish the amount of funds WAPA would normally collect.

Mr. Bryan said some of the borrowed funds — he did not say how much — would further subsidize WAPA during the COVID-19 crisis. The subsidy would, ostensibly, give ratepayers a little more time to pay utility bills that escalated with WAPA's recent shift to a 60-day billing cycle. "If we get that, we can ease the 60-day bills and tell people, essentially, that they have six months to pay," he said.

Mr. Bryan did not make clear whether forgiveness of the previous $303 million Community Disaster Loan was a prerequisite for accessing loan money available under the coronavirus stimulus package.