

The Virgin Islands Consortium

WICO's \$11.8 Million PILOT Debt Returns to Legislature as Boschulte Seeks Relief and Lawmakers Demand Accountability

WICO CEO Joseph Boschulte told senators the company's PILOT liability has grown to \$11.8 million, citing Covid-era losses and cash-flow constraints, as lawmakers debated whether the annual \$700,000 payment is fair or evidence of persistent nonpayment.

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WICO President and CEO Joseph Boschulte testifies before the Committee on Economic Development and Agriculture during a legislative hearing on Wednesday. By. V.I. LEGISLATURE.

Despite nearly a decade away from the West Indian Company Limited, Joseph Boschulte must contend with the age-old issue of the entity's growing payment-in-lieu-of-taxes (PILOT) arrears.

On Wednesday, Mr. Boschulte appeared before the Committee on Economic Development and Agriculture, where much of the discussion centered on the debt owed to the Government of the Virgin Islands. It's an issue that has arisen at each of WICO's recent legislative hearings.

According to Mr. Boschulte's testimony, the current PILOT liability stands at \$11.8 million and includes "amounts accrued during the Covid-19 years when cruise operations were effectively halted." Though Mr. Boschulte noted that WICO intends to "work collaboratively with the Senate" to resolve the issue, he encouraged the consideration of a "mechanism to allow for adjustments when extraordinary events materially impact revenue."

WICO is expected to pay \$700,000 annually but has "not had the cash flow to pay the \$700,000 over the year," Mr. Boschulte said. He suggested that the number be revised to one that is "more fair to the actual revenue numbers of WICO." According to Mr. Boschulte, both the Water and Power Authority and the V.I. Port Authority generate more revenue but are charged lower PILOTS.

"We don't have a problem paying our fair due, but \$700,000 is a little much for us with our status right now," he said.

Lawmakers remain divided on how to approach the matter.

For committee chair Senator Hubert Frederick, "the most vexing part about WICO" is that the PILOT is not paid even when the company makes money. "In good days, you pay nothing. In bad days, you pay nothing," he lamented.

Senator Franklin Johnson has recommended a study to assess a reasonable number, something that Mr. Boschulte says is being considered. He is working with WICO's board to identify a "number and supporting data" for a revised PILOT figure. WICO's CEO has promised to supply that information within 60 days. Senator Frederick was buoyed by WICO's "hard commitments."

Though WICO recorded a 14% increase in revenue and a 6% reduction in expenditure, Mr. Boschulte says paying down other outstanding debts means there still is not enough money to pay down their obligation to the government. Debt service totaled \$3.3 million, resulting in a net income loss of \$2.6 million, Mr. Boschulte told Senator Carla Joseph. She has promised to hold WICO to its promise of providing information to the Legislature in two months.

Nonetheless, the West Indian Company is attempting to turn its financial situation around. Mr. Boschulte assured Senator Marise James that WICO is "aggressively marketing to our cruise line partners about coming to us on the weekends" as a means of generating more revenue.

Senator Alma Francis Heyliger, however, was admittedly less empathetic than some of her colleagues. She stated that she was "not in support of wiping out this debt."

“My concern is if I don't see no motivation on your part to pay me, what motivates me to reduce it?” she asked. Ms. Francis Heyliger warned WICO's leadership that “we can't keep going around in a circle and coming to the Legislature year after year after year with the same identical conversation.” In 2024, lawmakers declined a request to forgive the outstanding PILOT, which at the time stood at \$10.6 million.

Senators now await WICO's report on what a revised PILOT should look like.

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