

Senators Push Back After Financial Team Says Tax Amnesties Slow Government Collections

OMB Director Julio Rhymer and BIR Director Joel Lee warned that tax amnesties slow collections and reduce revenue, while senators defended them as relief for residents facing inflation and high living costs.

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A debate over tax amnesties exposed differing views between government financial officials and senators on Monday, as the Committee on Budget, Appropriations, and Finance reviewed the territory's fiscal outlook for 2027.

The exchange began during the broader FY2027 budget overview, after Julio Rhymer, director of the Office of Management and Budget, told Senator Novelle Francis, the Committee's chair, that

FY2026 real property tax projections have not materialized to date.

Mr. Rhymer said the gap is approximately \$5 million. “We really need to go back out and reassess these properties,” he said. He added that “we need to basically now really be aggressive in terms of collections going forward.”

The OMB director said one challenge arises when the government prepares to auction delinquent properties and “people come and do a payment plan.” He then pointed to tax amnesties as another factor affecting collections.

“That really slows down collection, and that's where the challenge sometimes comes in,” Mr. Rhymer stated. “That really slows down collection, and that's where the challenge sometimes comes in...If I have penalties growing because you didn't pay, and then you wipe the amnesties away, you're going backwards, so we're losing money when we do amnesty,” he lamented.

Joel Lee, director of the Bureau of Internal Revenue, supported Mr. Rhymer's concern. He said that during the last amnesty, the Bureau collected \$6 million, “but we had to eliminate like 11 million in the process.”

Senator Carla Joseph sought to explain why lawmakers support amnesty measures. She reminded the financial team that the intent is “to incentivize those individuals to come in, because we weren't getting the money anyhow.”

Senator Angel Bolques Jr. pushed back more directly against the position taken by Mr. Rhymer and Mr. Lee. “Government should lead with compassion and understanding. We do not run dictatorships,” he stated.

“We have people here suffering from high cost of living inflation, there should be some sort of reprieve,” Mr. Bolques continued. He described tax amnesties as one of those “mechanisms.”

Senator Kenneth Gittens also disagreed with the financial team, though he kept his remarks brief. “I didn't concur with your statements about the tax amnesty, but I think my colleagues have defended that position already,” he said.

For Senator Kurt Vialet, the government's focus should be on timely and aggressive collections rather than depending on penalties and interest.

“Government literally runs off of taxes...and in the discussion you're just hearing so much gaps, and it's the same exact thing every single year: that we're not closing those gaps,” he complained.

Mr. Vialet, like members of the financial team, said property taxes often do not reflect actual property values.

“They have a home on the land for years, but they're paying the same amount, and you just wonder as to why we can't fix those systemic simple issues,” Senator Vialet added.

He was pleased to learn that the Office of Management and Budget has approved a personnel request for additional appraisers within the Tax Assessors' Office.

Still, Senator Vialet reminded Tax Assessor Ludence Romney that “the value [of property] going up, but I ain't seen the collection of taxes going up the way it should go up with that additional valuation of property.”

“If you're not seeing a significant increase, then there's a tremendous gap,” he warned.

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