

The Virgin Islands Consortium

Governor Mapp: Territory In 'Critical Condition'

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Governor Kenneth Mapp.

Governor Kenneth Mapp delivered his first State of the Territory Address at the Earle B. Ottley Legislative Hall in St. Thomas on Monday night, telling the story of a territory on the verge of financial collapse or "in critical condition," according to the governor, making known a budget deficit of \$91.2 million, and revealing his team has no money on hand to push promised initiatives of change and growth.

"Our territory has never been in such a state in our history," Mapp somberly said.

Even so, the governor spoke of hope for the Virgin Islands, saying residents have the ability and fortitude to recover, but that it "will require great courage."

Willful tax evasion will no longer be tolerated, and all of those engaging in this practice are put on notice that the BIR will be bringing all taxpayers into full compliance.

"Courage to make some difficult decisions," he went on, "courage to work with some folks you may not have gotten along with in the past, courage to be transparent, and yes -- courage to embrace the reality in which we find ourselves."

In an effort to bolster the morale of the territory's residents in the face of economic difficulty, Mapp said there was no other option but to "rebuild a sound and stable financial condition for our territory," and that he needs the people to "understand that financially it will get worse before we rebound; but rebound we will."

The [recently sworn-in](#) governor added, "With strategic planning, thoughtful governance coupled with tough decisions, hard work and your support, we will begin and move along the odious process of rebuilding the financial health and prosperity of our territory."

Then, offering detailed explanations of the difficulties facing various government agencies and departments, Mapp pressed forward by making known the realities facing the departments of Health and Human Services, the Juan F. Luis and Roy Lester Schneider Hospitals, and complications at the Government Employees Retirement System (GERS) and the need to restore the trust people once held in it.

The urgent need for the upper management of the Water and Power Authority (WAPA) to move quickly in bringing online the propane conversion project so residents of the territory could start realizing savings in their energy bills was also forcibly voiced.

Mapp said his administration would first start by sending a proposal to the 31st Legislature to "reorganize the agencies and processes of our government," adding that a central theme of this reorganization would include consolidation of certain operations so as to preserve the already-strained resources of the government.

One of the big pushes to make up for the budget shortfalls, Mapp said, will be collecting tax monies owed to the government by major firms; smaller, local companies; and even individuals.

Unfortunately, we have not done a very good job of managing and properly utilizing our federal grant funding.

"We have identified over \$312 million owed to the Bureau of Internal Revenue (BIR) in outstanding tax obligations. We are advised that approximately 40 percent -- or \$125 million -- of this sum is collectible in the short to medium term. I, personally, will hasten my payments to the BIR on my payment plan, and I am asking each taxpayer with such a plan to do the same," the governor said.

"I have directed our new director of the Bureau of Internal Revenue to review immediately and move to collect or liquidate assets on all outstanding or delinquent tax accounts for which no payments are being received. If you owe taxes to the government and know

that you cannot settle on your account in a single payment, I am strongly urging you to execute a workable payment plan now. Willful tax evasion will no longer be tolerated, and all of those engaging in this practice are put on notice that the BIR will be bringing all taxpayers into full compliance," he added.

Mapp said Lt. Governor Osbert Potter is moving decisively to collect property taxes, with 2015 totals equating to \$106 million. He pointed out those revenues are projected to be \$60 million for that period, an increase of \$27.2 million over 2014's total.

"Our lieutenant governor is on top of his game, and I am confident his tax assessor will issue the bills on schedule to ensure timely receipt of the revenues," Mapp said. "It is important that we all understand that recovering from this financial crisis will require every citizen to do his or her part – no matter how small, how incremental."

"Lt. Governor Potter and I are committed to working with you to accomplish this," Mapp continued. "But each of us must carry our piece of the burden, putting in our brick, one by one, to build a better Virgin Islands by satisfying our tax obligations to the territory."

The Governor said his administration would work with Congresswoman Stacey Plaskett to identify new sources of federal grant monies for the territory, in turn working with President Barack Obama's treasure secretary to move on these fronts.

It's also known that the Government of the Virgin Islands has, on numerous occasions, missed out of federal grant monies that are readily available to the territory, and sometimes what have been made available have been sent back because the government could not identify proper usage for it. Mapp said those days are over.

"Unfortunately, we have not done a very good job of managing and properly utilizing our federal grant funding," the Governor said. "This has been costly for this territory. I am therefore putting our federal grant managers on notice that the people of these Virgin Islands demand accountability and performance, especially where the funding of this government is at stake.

"Our ability to survive as a government requires it. As such, this Administration will not transfer any employment cost to the General Fund to retain federally funded positions when federal grant managers fail to perform and lose," he said.

The governor also spoke of the necessity to consistently improve upon the territory's already-vibrant tourism product in order to keep it competitive with the advent of emerging markets like Cuba.

He said, however, that Cuba, in his view, would benefit the territory and "spur new business and tourism-related opportunities for the territory, given the proximity of Florida, Cuba, Hispaniola, Puerto Rico and the U.S. Virgin Islands in this region."

Apart from collecting money owed the government, Mapp highlighted areas where his administration would push for growth, including the Department of Agriculture.

"The objective is to jump-start our agriculture industry, create jobs, provide healthier meals for our students, push for wider circulation of federal dollars in our economy, and increase our subsidy of federal dollars. Senators, we will need your help to gain access

to more resources for our farmers," the governor said.

Currently, there are more issues facing the territory than the government has the resources to overcome, that is why the Governor said in his opening remarks it will get worse before things turn around.

However, Mapp held firm to his belief that there was hope to resurrect the U.S. Virgin Islands from the most dire economic downturn it has ever experienced, and incessantly, by first pointing out the ills facing the various departments and agencies, offered strategies his administration would use to get the islands moving toward a path of prosperity again.