The Virgin Islands Consortium

Finance Commish Suggests Internet Tax, Health Insurance Hike To Balance $140 Million Budget Shortfall

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Valdamier Collens is being paid $125,000 annually – a $28,000 increase over his predecessor, Angel Dawson. At $125,000, Collens makes the same salary as Lt. Governor Osbert Potter.

> We can't continue to increase our revenues on the backs of government employees -- *Sen. Kurt Vialet*

During a Finance Committee hearing Tuesday in St. Thomas, senators received testimony from recently approved Dept. of Finance Commissioner Valdamier O. Collens, who laid bare the financial condition of the territory, revealing that the prior budget shortfall of $97 million has ballooned to $140 million, a hike of $43 million, leading to the department's suggestions to bring in revenue and cut costs.

According to Collens, who is also the executive director of the Public Finance Authority, the FY 2015 budget was approved based on revenues the de Jongh administration was expecting to collect. The budget shortfall at that time, according to Collens, was $97 million. But conditions have changed since the Mapp administration took office based on the new administration's financial team's projections.

"We have a projected cash-flow shortfall of approximately $140 million in Fiscal Year 2015," Collens said. "The previous administration had projected a $97 million shortfall, but that included $57 million of new revenue generation from legislation "that is not presently enacted."

During his Feb. 12 confirmation hearing before the Senate Committee on Rules and Judiciary, chaired by Sen. Kenneth Gittens, Collens said the V.I. Government only had 16 days of cash on hand, and urged leaders to come together for solutions.

"This is my way of saying that we are teetering on the brink of insolvency and we really need to come together to really look at the long-term viability of the government of the Virgin Islands from a diversified standpoint, in terms of revenue enhancement," he said.

On Tuesday, Collens again reminded lawmakers that the territory had less than two weeks of cash on hand. Collens suggested new ways of generating revenue, including the introduction of an internet sales tax for online purchases; however, Sen. Terrence "Positive" Nelson rebuffed the idea, stating, "We can't rely on the generation of revenue through taxes."

The finance commissioner also suggested readjusting the cost-sharing ratio of health insurance for government employees by increasing the amount employees pay; however, freshman Sen. Kurt Vialet opposed the idea, stating, "We can't continue to increase our revenues on the backs of government employees. We have to go after those monies [from] individuals who are not paying what they're supposed to."

During the St. Croix Agriculture Fair opening ceremony on Feb. 14, Governor Mapp said various government departments would see budget cuts as his administration implements austerity measures aimed at balancing the budget. He said, however, that the Dept. of Agriculture would not be among the departments up for a reduction in its budget, and promised to cut the Office of the Governor's budget and source the money to agriculture.