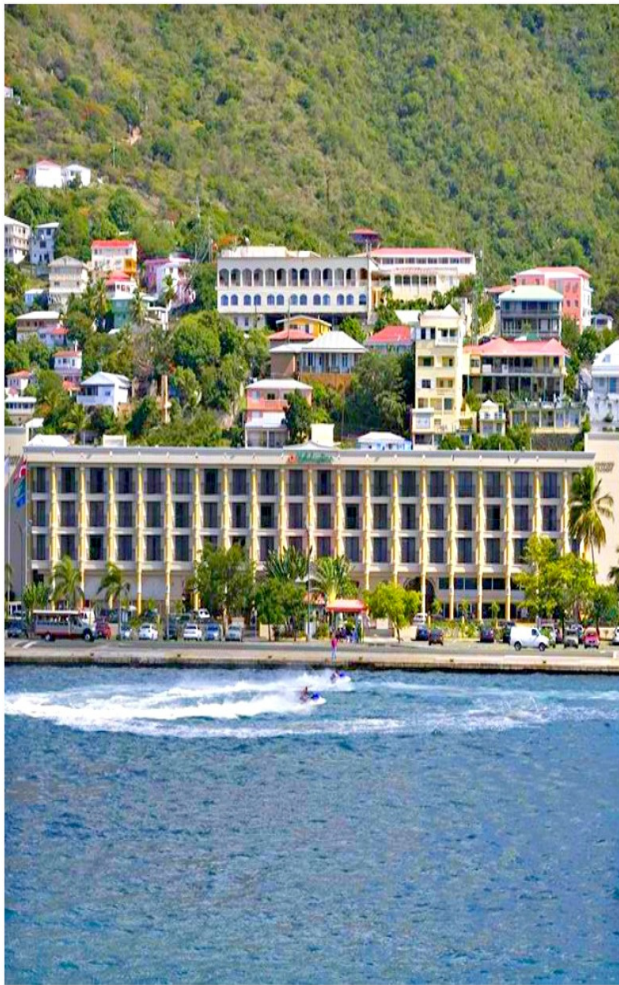


The Virgin Islands Consortium

Mapp Pulls EDC Benefits From Windward Passage, Sugar Bay Resort

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Ernice Gilbert **May 07, 2015**



ST. THOMAS -- At a 10:00 a.m. press conference held at Government House on Thursday, Governor Kenneth Mapp revealed that his administration did not renew Economic Development Authority (EDA) benefits for two prominent hotels on the island, because they had not held their end of the obligations as required by the Economic Development Commission (EDC) agreement.

The Governor said on May 5, he disapproved applications for extension of benefits by Windward Passage Hotel and Sugar Bay Club & Resort Corporation.

In explaining his reasoning behind the disapproval of benefits extension, Mapp said there are "tremendous violations of law" within the applications, and that it's the government's job to "police" the companies and make sure they are complying with the rules.

The territory's leader then made known some of the deficiencies found within the applications of both hotels.

The governor said both entities are "below the number of required employees" that should be working at the facilities as part of the EDC agreement. Mapp also revealed that one of the hotels has already enjoyed 15 years of EDA benefits, while the other has enjoyed 20 years. Nevertheless, the Economic Development Authority sent the governor an application to grant said hotels an additional 10 years of 100 percent of tax benefits.

Mapp continued, revealing that one of the entities hasn't filed income tax returns for more than five years, and one owes unemployment payments to the Department of Labor. One of the companies intends to invest, according to the governor, "a mere \$690,000 of investments over the next ten years," which, he said, "given the hotels and their sizes, one must understand that \$690,000 over ten years is not even sufficient monies to maintain the properties; much less monies to expand, develop and provide any expansion of the facilities."

The chief executive also made known that the wages at Windward Passage and Sugar Bay Club & Resort Corporation are below industry standards, and although the hotels comply with the territory's minimum wage law, "given the amount of benefits that you have enjoyed for more than 15 years at 100 percent tax exemption, the wages to the employees are totally unacceptable," he said.

But his actions today are not indicative of a governor who is anti-private sector, Mapp said, adding that he and Lieutenant Governor Osbert Potter are "fully committed in supporting the incentives given by the Economic Development Authority, but it must be done in a manner that recognizes that everyone must carry some degree of their weight in the territory."

The governor then advocated for local businesses that have paid the majority of taxes while major corporations reap their financial rewards with little to no tax deductions; and for residents who are currently burdened with multiple tax obligations.

"We cannot continue to pile on on small businesses and employees in the territory the full burden of the services and the infrastructure of the territory," said Mapp. "And if an entity has come into the territory, has invested, has built, has been enjoying tax benefits for 10, 15 -- 20 years, there must be some avenue to wean that entity off tax exemptions. The businesses cannot remain on the bottle forever. They must have some opportunity to wean off of it."

For companies looking to join the program or those seeking extension, Mapp said companies should make sure that their houses are in order before approaching his administration. This includes full compliance with the law, the employment of the total number of residents committed to in the agreement, all fees, dues and taxes owed to the government must be paid in full, "and that going forward their is a real contribution to the expansion of that business, and a real contribution to the economy of the territory."

"It is only under these conditions that we would even consider any grants of benefits," the governor said.

The disapproval of benefits extension for Windward Passage and Sugar Bay Club & Resort Corporation was announced publicly, Mapp said, because he wanted everyone to know why the benefits were being pulled, including the employees of the entities involved, so as to not leave any questions lingering.

Act 5671, passed by the 30th Legislature in October 2014, amended the EDC beneficiary program to remove any provisions that allowed the EDC to do a sliding scale of benefits for entities in the territory. The amendment essentially forced the EDC to grant 100 percent of tax exemptions or none at all, Mapp said. The governor sees the bill as one with deficiencies and has called upon the 31st Legislature to amend it.

"We have to be mindful that we cannot continue to let everyone do business in the Virgin Islands absolutely tax free and at no cost, but the local, small businesses and the employees in the territory, we expect them to carry the tax burden," said the governor.

If this trend continues, Mapp said the government will not be able to provide any adequate infrastructure to grow the economy, wages will not be enough to sustain families, security will also be compromised, he said, along with "a modicum of government services."

Feature Image: From left, Windward Passage Hotel and Sugar Bay Club & Resort Corp.