

The Virgin Islands Consortium

Government's Financial Situation 'Extremely Dire,' We Will Be 'Scraping' In Two Weeks

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ST. THOMAS -- Department of Finance Commissioner Valdamier Collens revealed before the Committee on Rules and Judiciary at the Earl B. Ottley Legislative Hall this afternoon that the financial condition of the government is "extremely dire," and that the funds available now to the DOF is enough to last through the end of July.

Collens referred back to Wednesday, when the governor's financial team testified under oath during a Committee on Finance hearing, where it was made known that the government was quickly running out of cash.

"To state that we have 11 days of cash on hand is extremely dire," Collens said. "That's approximately a two-week period and that's indicative of the fact that we literally have cash that would last us between now and the end of July."

DOF "may be able to scrape some of the funds that we are allowed to tap, but 11 days is extremely dire which is why we came before you relative to the Revenue Anticipation Notes (RAN)," Collens said.

RAN allows the Government of the Virgin Islands to take historic collections of property taxes and leverage it off in a loan note. This allows the GVI to collect the money immediately in one batch, and as payments for property taxes come in, payments will be made on the note, through a trustee, until the loan is paid off in full.

One RAN measure, [bill No.31-0147](#), seeks to expand a 2013 law that allows the government to borrow up to \$40 million in each fiscal year, secured by anticipated tax revenues -- a setup that helps allay issues relative to cash flow. The measure would also increase the borrowing cap to \$60 million while at the same time eliminating the requirement to pay back the loan within a 12-month period.

Three RAN measures were presented to the Senate on Wednesday, however they were placed on hold pending further consideration by the Committee on Finance Chair, Sen. Clifford Graham. The measures are expected to move forward after concerns with some language have been reconciled.

Collens revealed on Wednesday that the territory's budget deficit currently stands between \$90 and \$110 million, down \$14 million from the last reported \$124 million. The shortfall, Collens made known, was reduced by cutting into the budgets of various government departments and agencies. But he did not, however, mention that some of those same departments and agencies have testified before the Senate seeking millions more than what was appropriated by the GVI -- including the [Superior Court of the Virgin Islands](#), which requested some \$32 million after being appropriated \$27,723,865.

The two additional RAN measures introduced on Wednesday with an aim to shore up the government's borrowing efforts are as follows:

[Bill 31-0148](#) seeks to allow the GVI to proceed with short-term borrowing by issuing up to \$50 million in real property tax RANs in 2015 and up to 80 percent of anticipated property tax for following years.

The other, [bill No. 31-0149](#), would authorize the Office of the Lieutenant Governor, through the Office of the Tax Assessor, to issue the real property tax bills for a given calendar year based on the assessment of the current year.

The governor warned residents that the territory is on the brink of financial collapse back in January at the his State of the Territory Address.

"Our territory has never been in such a state in our history," Mapp [somberly said](#). "Clearly, even meeting the government's payroll will continue to be a challenge," he made known [during the same address](#).

