

# The Virgin Islands Consortium

## Senate Approves Borrowing Bills As Government Reports Only 9 Days Of Cash On Hand

Politics / **Published On July 24, 2015 10:50 AM /**

Ernice Gilbert **July 24, 2015**



ST. THOMAS -- The forecast was not encouraging: "One of the key things that we utilize at the Department of Finance is available cash," Acting Finance Commissioner Valdamier Collens said under oath at a Committee on Finance hearing at the Earl B. Ottley Legislative Hall on Thursday. The government, he said, spends about \$2 million a day for operations. "In looking at cash today, we have approximately nine days worth of cash in our coffers to utilize."

We are not here to try to create a doomsday scenario; but the numbers are the numbers. - Valdamier Collens.

Sen. Clifford Graham, chairman of the finance committee, told Collens to explain to the public that the scenario is not as bad as it sounds, "because you know everybody is going to be saying [that] next pay period they're not going to get paid," Graham said, so "please explain that this is a liquid process and that there is cash coming in and at the same time cash goes out, and there's still line of credit that we have as an available amount of draw-down, please," Graham pleaded.

While Collens would further explain how the government determines the amount of cash it has available and ways through which it could slow the process of cash depletion, he said the numbers are what they are, and it's his duty to present them as such.

"It's a performance metric that's based on a specific point in time," Collens said.

"Tomorrow we could have more cash going out, or we could restrict the amount of cash via the allotment process, and so there are many ways to control [and] extend the 9 days to make it 10, make it 11, make it 15. But my job is to come down here and provide you with the raw numbers, and the raw numbers say 9 days, and previous to that, 11 days."

He continued: "We do have fail-safes. We have a fail-safe in the line of credit" -- with about "\$20 million that we can draw, and we hope that this body will give favorable consideration to the bills that we submitted for your review to extend that credit by \$2 million and also to give favorable consideration to the Revenue Anticipation Note (RAN) for the property tax that's about to occur.

"We are not here to try to create a doomsday scenario; but the numbers are the numbers, and each time I come here I try my best to provide you with what the cash on hand is based on what we have in our coffers."

Senators, fearing the government would run out of funds to pay its bills -- including making payroll -- moved on the three borrowing measures before the committee.

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](#), seeking 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 -- would 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.

However, Sen. Kurt Vialet, not comfortable with simply lifting the time period to pay back the loan, offered an amendment giving the government 2 years to repay the debt. It was supported by six committee members bar Sen. Myron Jackson, who provided correspondence making known that he was off island dealing with serious family matters.

[Bill No. 31-0149](#), which authorizes 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, was also on the agenda for consideration. But Senators Tregenza Roach and Terrence "Positive" Nelson took issue with the measure, contending that adding another property tax bill on residents already struggling

to pay multiple years, represents too great a burden for already overburdened constituents.

Even so, the measure was pushed forward favorably to the full Senate, supported by Democrats Violet, Graham, Blyden and Sanes.

The only bill held in committee on Thursday was [bill 31-0148](#), which seeks to allow the GVI to proceed with short-term borrowing by issuing up to \$50 million in real property taxes in 2015, and up to 80 percent of anticipated property taxes for following years.

Senator Nelson, the author of similar legislation, said he was not trying to stall progress, and that it was unfair how he was being portrayed to the public. But bill 31-0148, he said, was not properly crafted, and called on the legislature's legal counsel, as well as the finance committee itself, to weigh in on the matter.

A Senate rule allows senators with drafted legislation to prevent similar measures from coming to the floor for consideration.

A motion by Sanes to hold the measure in committee was supported by all members present for the hearing, until legal counsel gives guidance.

*Feature Image: Earl B. Ottley Legislative Hall in St. Thomas.*