

The Virgin Islands Consortium

Mapp Requesting Advance In Rum Cover-Over Payments To Help Keep Government Solvent

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ST. THOMAS -- Governor Kenneth Mapp sent a formal request to the Office of Insular Affairs requesting the drawdown of \$209,415,122.00 for deposit into the Internal Revenue Matching Fund, according to a press release Government House issued on Thursday.

The early request, which has been a tradition for past administrations, comes as the central government remains cash-strapped and is searching for ways to stay afloat. Senators [recently passed](#) Revenue Anticipation Notes (RAN) that authorize the government to leverage property tax payments for loans amounting to \$100 million. If the measures were not approved, Sen. Clifford Graham, chairman of the Committee on

Finance, said payless paydays would be on the horizon.

"Approval of the advance based on the \$13.25 rate, will greatly assist the government in managing its cash flow and providing essential public services to the people of the Virgin Islands," Mapp said.

According to the release, the fiscal year 2016 advance is based on an estimated incremental collection of \$213,325,000.00 on 16,100,000 proof gallons of alcoholic beverage produced in the US Virgin Islands by Cruzan VIRIL and Diageo USVI, and imported and sold in the United States. The rate provided to the territory on federal excise taxes collected on the rum is \$13.25 per proof gallon. The fiscal year 2014 adjustment is \$3,909,878.00 for a net advance remaining of \$209,415,122.00.

Although the current enacted rate is \$10.50, on July 21, 2015, the Senate Finance Committee approved legislation to extend certain expired tax provisions, including the temporary \$13.25 price per gallon cover-over rate, for an additional two years, retroactive to January 1, 2015. The full Senate is expected to approve the bill shortly and the House of Representatives is expected to approve it before the end of the year.

"Congress has regularly and seamlessly approved the temporary \$13.25 price per gallon cover-over rate since 1999," said the governor in his correspondence to Director Charlene Leizear, Office of Insular Affairs