

The Virgin Islands Consortium

U.S. Treasury Proposes Easing Residency Requirement For EDA Companies; Investment Boost Anticipated

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Governor Kenneth Mapp addressing members of the St. Croix Chamber of Commerce on Thursday, February 5

ST. CROIX -- The U.S. Department of Treasury on Monday announced that it has proposed easing the residency requirement for companies looking to invest in the territory through the Economic Development Authority (EDA) from 183 days to 153, a decrease of a full month, according to a Government House press release. Governor Kenneth Mapp [had announced](#) the then-pending decision at a Chamber of Commerce

annual gathering here in March.

The move is expected to attract more businesses to the territory, some of which saw the Congress-mandated requirement, attached to the 2004 American Jobs Creation Act, as too stringent and moved their operations to other jurisdictions with looser residency rules.

"Since Treasury first imposed the 183 days test for V.I. residency following Congressional enactment of the American Jobs Creation Act of 2004, the Territory has lost scores of businesses and hundreds of millions of dollars of tax revenue because the rules are too onerous for our residents who must travel frequently to stay in business, and because they simply do not recognize the realities of living on a small geographically removed island," Mapp said on Monday.

In a separate addressing of the Treasury Department's proposal, Acting EDA Executive Director Wayne Biggs, during the EDA's budget hearing on Monday, said the EDA, already seeing an increase in applications from businesses looking to invest in the territory -- with 15 new applications received through July, 2015 -- will benefit even further if the Treasury Department makes permanent its proposal. Biggs said of the 15 applications received through the month of July, 10 were in the business management and financial sectors, while the remaining five included a diverse set of offerings.

Governor Mapp continued: "The Treasury decision to provide a 30-day travel exception will remove a significant barrier to the sustainability and growth of our economic development program, and is a welcome development for all Virgin Islands taxpayers who will have greater freedom to travel without having to worry about losing their tax status as Virgin Islands residents.

"This could be a real boost to the Territory's economy. It will help us retain existing businesses which have had trouble meeting the current rules. It will also help us attract new businesses in the future, particularly those in the technology and financial service sectors."

The fight to reduce the residency requirement has been a protracted effort by officials both local and on the U.S. mainland, including the former Governor John P. de Jongh administration and former Delegate to Congress Donna M. Christensen.

"I want to thank in particular our good friend and Chairman of the Senate Finance Committee Orrin Hatch, Senator Mike Crapo, Senator Ron Wyden, and former Senator Jay Rockefeller. I also want to thank especially Congressman Charlie Rangel, who has been a steadfast supporter of the EDC program for years," the governor remarked. He also thanked Delegate Stacey Plaskett for her support of the proposed rule, as well as the efforts of the previous administrations.

"It has been a long fight, but I am very hopeful for the future of the EDC program and its needed role in restarting and strengthening our economy," Governor Mapp concluded.

Feature Image: Governor Kenneth Mapp addressing members of the St. Croix Chamber of Commerce on Thursday, March 5.

