The Virgin Islands Consortium

Mapp Expected To Sign Hotel Room Tax Increase Into Law

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ST. THOMAS -- After making its way through a few hearings, including the powerful Finance Committee chaired by Sen. Clifford Graham, an increase of 2.5 percent of the hotel room tax, which currently stands at 10 percent, will become law when it arrives on Governor Kenneth Mapp's desk, as the bill was sponsored by Sen. Neville James per request of the governor.

In past hearings, Dept. of Tourism Commissioner Beverly Nicholson-Doty said she supported the increase -- which was last raised from 8 percent to 10 percent in 2010 and went into effect the following year -- because it was not burdensome.

The Hotel Tax currently brings revenue of $20 million annually to the general fund. Once the increase goes into effect, it will generate an additional $5.8 million, according to Bureau of Internal Revenue Director Marvin Pickering.

As for the extra money's uses, the Dept. of Education will see $500,000 for sporting activities between the islands' schools, along with events in PR and the BVI. Another $500,000 will be set aside for the Dept. of Sports, Parks and Recreation for sporting and recreational activities. And critically, $1 million will be appropriated to the Dept. of Agriculture's Revolving Fund, as Governor Mapp has been an advocate for additional funding for said department, and the recent drought has only worked to strengthen his stance.

Nicholson-Doty said at a recent Committee on Finance hearing that even after the 2.5 percent increase, the territory's rates will still be well below that of other Caribbean destinations.

"Even with the increase, the U.S. Virgin Islands will not be at the highest end of the room tax spectrum and our destination does not have the departure taxes that many independent nations and territories in the region levy," she said, adding that other taxes in the Caribbean region range from 5 percent to 20, while most were in the range of 10-12 percent.

The commissioner did, however, recommend not increasing the rates above the soon-to-be adopted 12.5 percent.