The Virgin Islands Consortium

Sugar Bay Lays Off 44 Employees In Two Months, Labor Department Says

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ST. THOMAS -- Government House, citing information provided by Department of Labor Commissioner Catherine Hendry, told The Consortium this evening that Sugar Bay Resort and Spa has laid off 44 employees between January and February. It remains unclear if these employees were completely laid off from the resort, or whether their work hours were halved as some employees claim, which could make them eligible to receive financial assistance from the Department of Labor.

In February of last year, Governor Kenneth Mapp made the decision not to renew the resort's Economic Development Commission benefits — which offered 100 percent tax free status — stating during a February 2015 press conference that Sugar Bay and

Windward Passage had failed to hold their end of the obligations as required by the EDC.

In explaining his reasoning behind the disapproval of benefits extension, Mr. Mapp said there were “tremendous violations of law” within the applications, and that it’s the government’s job to “police” the companies and make sure they are complying with the rules.

The territory’s leader then made known some of the deficiencies found within the applications of both hotels.

The governor said both entities were “below the number of required employees” that should be working at the facilities as part of the EDC agreement. Mr. Mapp also revealed that one of the hotels had already enjoyed 15 years of EDA benefits, while the other had enjoyed 20 years. Nevertheless, the Economic Development Authority sent the governor an application to grant said hotels an additional 10 years of 100 percent of tax benefits.

Mr. Mapp continued, revealing that one of the entities hadn’t filed income tax returns for more than five years, and one owed unemployment payments to the Department of Labor. One of the companies intended to invest, according to the governor, “a mere $690,000 over the next ten years,” which, he said, “given the hotels and their sizes, one must understand that $690,000 over ten years is not even sufficient monies to maintain the properties; much less monies to expand, develop and provide any expansion of the facilities.”

The chief executive also made known that the wages at Windward Passage and Sugar Bay were below industry standards, and although the hotels comply with the territory’s minimum wage law, “given the amount of benefits that you have enjoyed for more than 15 years at 100 percent tax exemption, the wages to the employees are totally unacceptable,” he said.

But the governor said the actions taken last year were not indicative of a leader who is anti private sector; adding that he and Lieutenant Governor Osbert Potter were “fully committed in supporting the incentives given by the Economic Development Authority, but it must be done in a manner that recognizes that everyone must carry some degree of their weight in the territory.”

The governor then advocated for local businesses that have paid the majority of taxes while major corporations reap their financial rewards with little to no tax deductions; and for residents who are currently burdened with multiple tax obligations.

“We cannot continue to pile on on small businesses and employees in the territory the full burden of the services and the infrastructure of the territory,” said Mapp. “And if an entity has come into the territory, has invested, has built, has been enjoying tax benefits for 10, 15 — 20 years, there must be some avenue to wean that entity off tax exemptions. The businesses cannot remain on the bottle forever. They must have some opportunity to wean off of it.”