The Virgin Islands Consortium

Mapp Refuses E.D.A. Tax Benefits To Valance, A Company Owned By Warren Mosler

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Governor Kenneth Mapp has returned two agreements for tax benefits to the Economic Development Authority (E.D.A.) for further “review and reconsideration," a press release Government House issued on Friday has made known. By law, the governor has final approval over all applications for tax exemptions granted by the authority.

New applicant Amalie Global, a financial services and consulting firm, sought 100 percent exemptions from property, gross receipts and excise taxes and a 90 percent exemption from payment of income taxes in exchange for employing five full time employees for the first four years, while making a $100,000 investment and donating $50,000 to local charities in the first year.

In his letter to EDA Acting Chief Executive Officer Wayne Biggs, Mr. Mapp indicated that the promised employment was, “insufficient to the value of the tax holiday provided,” and that the economic benefits to the territory were unclear.

“I ask the Board to have your staff revisit the application and provide me an updated recommendation based on my concerns,” the governor wrote.

Valance, Inc., a St. Croix firm owned by Local millionaire and former thrice delegate to Congress candidate Warren Mosler, specializing in providing economic research and financial services, is seeking modification and an extension of its existing agreement. Mr. Mapp noted that Valance has enjoyed ten years of tax benefits and, though it was in full compliance during that period, it also was quite a profitable enterprise in all but one year. Of further concern to the governor, according to the release, is Valance's request of a reduction in the minimum number of employees from ten to five, to include its two owners as employees, thereby only needing to employ three others.

“I am puzzled as to why the E.D.A. would forward me an application recommending that I grant substantial tax holidays and reduce the paltry economic investment requirements to the people of the Virgin Islands for an entity which has been proven to be highly profitable,” Mr. Mapp said. “I do not believe that this is the way for us to go.”

The release further stated that Governor Mapp told the E.D.A. that in order for him to consider approving any extension, employment levels must be restored to what was promised in the original certificate and the charitable contributions must also be restored or increased. The governor indicated that the promised investment of $33,000 was insufficient and that the positive economic impact would be “negligible”.

“Unless the applicant is prepared to provide a reasonable commitment on employment, charitable contributions, and investment, I will not approve its application for an extension of benefits,” Mr. Mapp concluded.