The Virgin Islands Consortium

Full Senate Approves Cigarette Tax Hike From 35 To 45 Percent

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ST. THOMAS -- A Senator Sammuel Sanes-sponsored bill that raises the tax percentage of imported cigarettes from 35 to 45 percent -- appending around half a million dollars to the territory’s coffers -- was approved by the full Senate on Thursday at the Earl B. Ottley Legislative Hall, with Senator Janette Millin Young -- citing the St. Thomas Chamber of Commerce's opposition and concern that the law may cause tourists to buy cigarettes elsewhere in the Caribbean -- being the only lawmaker to vote against the bill.

The measure also creates a “Virgin Islands Sin Tax Fund,” with 95 percent of proceeds going to the government’s general fund, while the remaining 5 percent will be allocated to the Virgin Islands Council on Alcoholism and Drug Dependency (V.I.C.A.D.D.) for the purpose of treatment and prevention programs.

At a Committee on Rules and Judiciary hearing held earlier this month, the Bureau of Economic Research stated that increasing taxes on cigarettes “is unlikely to result in drastic changes in demand or shifts in cross-country purchases,” because “cigarette demand is largely inelastic to price change."

The Senate on Thursday also approved a measure that would allow free smoking of cigars and tobacco products at designated “cigar factories.” The bill repeals the tax exempt status on cigars and was amended to raise a newly added excise tax to 25 percent, and requires signs that clearly states the dangers of smoking.

And it approved bill no. 31-0179, sponsored by Senator Almando Liburd (co-sponsored by Senators Myron Jackson and Justin Harrigan, Sr.), that seeks a limit of 180 as the amount of days an employee has to file discrimination complaints with the Virgin Islands Public Employees Relations Board.

Here are some other bills that won approval on Thursday: