

The Virgin Islands Consortium

Senate President James Comments On Passage Of 2017 Budget Bill

Government / **Published On September 23, 2016 09:28 PM /**

Staff **September 23, 2016**



Senators had two options, he said, either issue bonds to meet the budget shortfall or cut government spending. They went with the former.

ST. CROIX -- Following a three-day legislative session that began on Tuesday, where lawmakers of the 31st Legislature passed a slew of measures to include funding the yearly operations of the local government, authorizing the use of borrowing through bond issuances, and allocating \$100 Million to GERS to pay down a portion of the government's obligation to government employees, Senate President Neville James today thanked the members of the Senate for their due diligence and hard work in coming together and spearheading measures that helped produce a balanced budget for

fiscal year 2017.

"It's not an easy task to be told by financial experts that not only do you have to provide a way to bridge a shortfall of \$110 million in the upcoming year, but you also have to address, the Government's structural deficit of \$170 million annually, in addition to somehow tackling the nearly \$2 billion unfunded liability of GERS. The testimony received led to an informal on the floor caucus of a majority of the members on Wednesday, September 21, 2016," Mr. James said.

"On Thursday, September 22, 2016, another formal caucus of the whole took place in my office which resulted in our passage of Bill 31- 0447, the bond issuance bill. I want to give kudos today to my colleagues for working together during the budget season, in particular the last three weeks as we pursued a relentless quest to craft and pass legislation that seriously addresses the financial woes of this government," he added.

During legislative session, senators voted and approved legislation to authorize the issuance of the "Series 2016 Bonds," to provide funds to finance all or a portion of certain capital projects and operating expenses of the government in the amount not to exceed \$292 million.

"The bill coincides with Governor Kenneth Mapp's five-year plan aimed at significantly cutting the deficit with new revenue enhancement measures. To boost confidence on the capital markets and make the bonds more attractive, language in the authorization mandates that bondholders are the priority payment beneficiaries in the event that the unforeseen is realized. While there are those who continue to make the comparison of our current situation to that of Puerto Rico, our bond issuance does not allow for us to have an option where servicing our debt is concerned.

"Frankly speaking, my colleagues and I were faced with two options. Either we forego the bond issuance and cut government spending and appropriations by about 8 percent to make up the missing \$110 million -- the majority of cuts most likely occurring in the personnel and fringe category, which would result in layoffs -- or approve a borrowing measure of which about 60 percent is dedicated to working capital. The latter part also being an initial step in supporting the five-year plan to address the government's structural deficit. I am confident the membership made the right choice when the bill was considered for a vote, and we are now prepared to take up measures to initiate necessary capital projects in the coming weeks that will help spur the economy of what we know to be the American Paradise," Mr. James concluded.

Feature Image: Senate President Neville James. (Credit: Virgin Islands Legislature)