

The Virgin Islands Consortium

Senate To Consider Hundreds Of Millions In Debt Financing Bill Or Face Government Shutdown

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ST. THOMAS -- Senators, just days before the November general election, will gather this afternoon at the Earl B. Ottley Legislative Hall to decide on a measure, Bill No. 31-0447 -- the government's [working capital bill](#) that includes some \$247 million in new borrowing, which was recently vetoed by Governor Kenneth Mapp and sent back to the Legislature.

The governor, who described the bill as fatally flawed, said senators needed to work on the measure posthaste to avert a government shutdown.

"The bill is really fatally flawed," the governor said last week Tuesday at a press conference on this island following his [health and wellness trip to the mainland](#). "This bill that I received is so flawed that if I should allow this bill to become law, we will be foreclosed from the capital markets, and we will be downgraded to the lowest ebb by the financial market, because that bill would not contain certain very important clauses, such as the statutory lien provisions, and other issues recognizing the need to adapt a five-year strategic plan to come out of the deficit."

Mr. Mapp added that Puerto Rico's PROMESA [Puerto Rico Oversight Management and Economic Stability Act] legislation has "slain" the territory financially; the notion being because of Puerto Rico's financial woes, the U.S.V.I. has been looking less attractive and more risky to the bond market.

"Our assimilation in the PROMESA bill requires that we take some very clear and concise action that we have currently with the bond that exist, and the lines of credits that exist, and the bonds that we wish to float, whether they be for working capital, or for capital projects," Mr. Mapp said.

The governor said he would have made recommendations to the 31st Legislature before sending the measure back to the Senate. If the measure is not approved, the government, in essence, could shutdown, as there would be no monies to sustain operations through November, the governor said.

According to a press release Government House issued on Monday, the new version of the bill provides a mechanism for acquiring working capital through the issuance of bonds, which Mr. Mapp says require statutory liens as security for lenders. Without the liens, the government's bond ratings may be lowered even further, which would drive the cost of borrowing higher than it already is.

Mr. Mapp offered the assistance of his financial team to work with senators to craft the recommended legislation, according to the release. In his transmittal letter to Senate President Neville James, the governor described the government's liquidity as "approaching a perilous condition." Without adequate working capital, he says, no guarantees can be made as to the availability of funding to support government operations in November.

The special session is imperative, Mr. Mapp added, to ensure that the necessary changes are enacted in a form which he can accept and sign into law. Without the amended legislation, he warned, there would be no assurance that essential governmental services would continue, including meeting the payroll, paying vendors, or continuing to pay tax refunds.

The session is set to begin at 2:00 p.m.