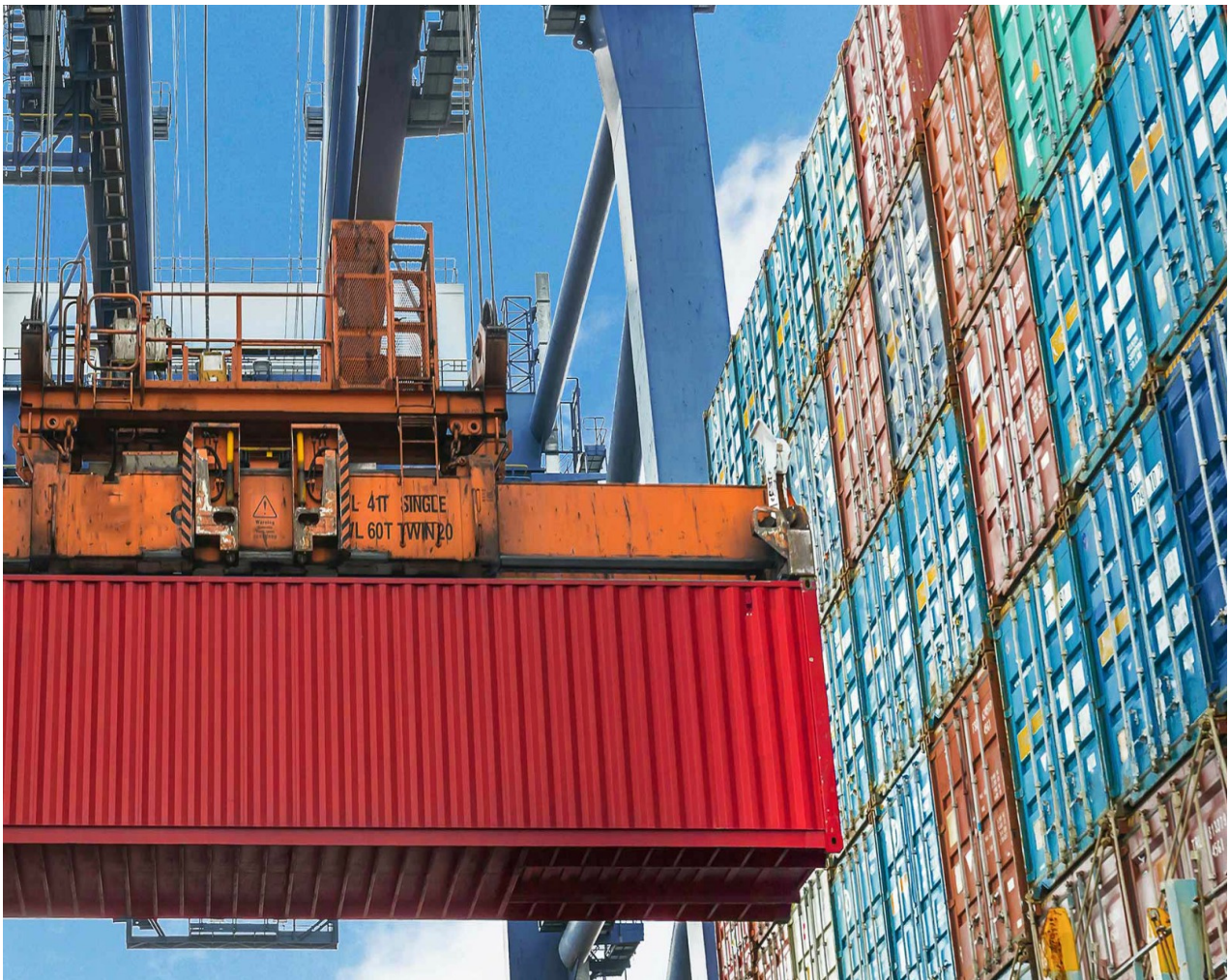


The Virgin Islands Consortium

Bill To Eliminate Customs Duties Considered; Measure Would Take Millions Away From Customs And Border Protection

VIC News / **Published On November 16, 2016 01:54 PM /**

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ST. CROIX -- Among multiple other measures, senators considered Bill [No. 31-0398](#) on Tuesday during a Committee on Finance meeting here, which would eliminate customs duties altogether on goods coming into the territory.

Senator Nereida Rivera-O'Reilly, the measure's sponsor, said since the Department of Homeland Security was created in 2003, the Government of the Virgin Islands has not received none of the \$12 million collected in customs duties annually. Prior to the aforementioned year, the territory collected most of the funds, aside from what the U.S.

Customs and Border Protection (C.B.P) kept for operations. Since then, however, C.B.P. has said it needs to keep the entire portion to fund its operations.

Mrs. Rivera-O'Reilly maintains that eliminating customs duties would allow businesses to reduce cost, and pass on the savings to consumers. But her colleagues expressed trepidation for a potential backlash: C.P.B. could roll back services if the measure were to become law, which would then place the burden on the local government.

Lawmakers also expressed uncertainty in what might happen with federal funding under a Donald Trump presidency. Mr. Violet, for example, as well as Mr. Graham, predicted an unpredictable federal government under the Trump administration. Mr. Trump said during the election cycle that the federal government needed to be curtailed.

"It's going to be an interesting next few months if we move with this," Mr. Graham said, "especially recognizing who is coming into the White House." Mr. Graham was in support of the measure, which wound up being held in committee until Thursday's Finance Committee hearing.

"We don't know what type of federal government we're going to be facing," Mr. Violet said. "And we don't know what is going to happen after January in terms of a Trump presidency." Mr. Violet suggested that the duties currently being collected should be lowered, but not completely eliminated, opining that it would help with the government's current deficit. "It's not like we're flush with money," he said.

Department of Finance Commissioner Valdamier Collens, who introduced a similar proposal in 2015, testified in favor of the measure, and asked that the bill, if approved, be amended to give the federal government 180 days to adjust. Mr. Collens was asked by Senator Novelle Francis, whether the local government has considered the ramifications that could follow such a move. Mr. Collens said agencies like C.P.B., Coast Guard and other Homeland Security arms that serve in the territory are already federally funded. And he said that federal employees that are currently dedicated to collecting customs duties, would be free "to do more for the territory; they don't have to collect duties anymore," Mr. Collens said.

Even so, Mr. Francis, noting his background in law enforcement, concluded that the over \$100 million that C.B.P. has collected since 2003, was used in needed areas to protect the territory.

"In the pit of my stomach, I know that there is always some consequence for our action, and we need to be prepared to fill that void if in fact there's any dire consequence as a result of not being able to meet that \$110 million that the federal government has been able to enjoy over the years," Mr. Francis said. Mr. Francis said he's cognizant to how the federal government reacts to certain actions, "which is always punitive."

Senators agreed that C.B.P. was in violation of an [agreement signed during the Governor John P. de Jongh administration](#) -- which saw the parties agreeing to C.B.P. funding air passenger pre-departure clearance with federal funds, among other clauses. The agreement was to afford the Virgin Islands the ability to request new or enhanced C.B.P. services on a reimbursable basis, and set in place a reporting system that would allow the V.I. Government to track C.B.P.'s costs in the territory in order to ensure it is not

overcharged for C.B.P.'s costs of collecting V.I. customs duties.

But C.B.P. has so far only remitted \$1 million, and plans on remitting less in the future.

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