

The Virgin Islands Consortium

Mapp, Senators And Private Sector Officials Meet To Discuss Administration's Five-Year Economic Plan

VIC News / **Published On January 11, 2017 09:58 PM /**

Staff **January 11, 2017**



ST. THOMAS -- A meeting held at Government House in St. Thomas on Tuesday to discuss the impact of Bill No. 31-0497 -- Governor Kenneth Mapp's five-year Virgin Islands Enhancement and Economic Recovery Act -- on local businesses proved to be productive, Government House has announced.

Present for the meetings were Mr. Mapp, members of his administration, members of the 32nd Legislature and members of the St. Thomas business community.

"Although we recognize there are challenges, progress has been made within the group with clear goals set for our next meeting," said the governor. "Everyone present

understands that the Government of the Virgin Islands seeks growth in the economy but has identified that we cannot ignore the critical need for revenue sources to deal with the fiscal health of the GVI that has subsided over the last ten years. We must identify a level of taxation on these on nonessential items that will allow for revenue enhancement.”

Business representatives from the community, including the St. Thomas-St. John Chamber of Commerce, USVI Hotel and Tourism Association, Downtown Revitalization Initiative and ARDA shared their concerns and ideas with the governor and his administration.

Director of the Office of Management and Budget, Nellon Bowry, gave a general financial overview of the financial condition of the Government of the V.I. from 2010 to present.

Commissioner of Finance Valdamier Collens presented highlights of the five-year plan, suggesting that the government understands the urgency of addressing the challenges of the financial forecast. Mr. Collens outlined details of the three rating agency assessments, key rating drivers and selected metrics affecting the economy. A critical point in his presentation centered on the unfunded pension liability of the Government Employees' Retirement System, which is projected to be insolvent by 2023 without substantial action.

“The revenue initiatives included in the proposed 5-year deficit reduction plan is a necessary step in that direction. Aggressive action is required and time is of the essence,” Mr. Collens said.

Marvin Pickering, the director of the Virgin Islands Bureau of Internal Revenue, presented an analysis of the proposed “sin taxes” to the group, outlining the revenue projections for each of the proposed commodities. Cigarette packet prices were presented by state in comparison to proposed pricing with VI tax increases, according to Government House. Mr. Pickering also presented the proposed increased tax revenues on rums, wines, and brandies for consideration by the audience. The audience agreed that a consensus on taxation levels could be reached that would make retail pricing on nonessential goods palatable to the traveler.

Department of Tourism Commissioner Beverly Nicholson-Doty presented on the proposed legislation that would provide for an annual rate of \$30 per day for timeshare owners. Government House says the timeshare industry is a growing segment of the tourism economy that offers more than a quarter of the accommodations in the territory. The fee would be in addition to the current hotel tax rate that is charged when the timeshare is rented as an accommodation. The audience also discussed the impact of alternative revenue sources from accommodations such as Airbnb, with collection efforts being the focus.

According to Government House, Mr. Mapp has made financial recovery a top priority of his administration, and has deemed contributions from timeshares and “sin taxes” are a viable model.

“We are seeking an open dialog with the business community so that we do not price ourselves out of the market and we can have the benefit of a better Virgin Islands for all. This is not a government or private sector issue, this is a Virgin Island issue,” the territory's leader concluded.

