

# The Virgin Islands Consortium

## There Would Be 'Drastic Impact' To Operations Of VI Government Without Immediate Action By Senate, Mapp Says

Business / **Published On January 13, 2017 09:42 PM /**

Ernice Gilbert **January 13, 2017**



ST. CROIX -- At a press conference held at Government House here today, Governor Kenneth Mapp acknowledged that the bond market had rejected a portion of the territory's bonds, and that if his five-year economic growth plan, which seeks to raise taxes on "sin" products such as cigarettes and rum, as well as timeshare unit owners to the tune of \$30 per day, or if the Senate could not come up with a comparable measure, the future of the Virgin Islands would be negatively impacted, as the government would not be able to meet its current obligations.

Speaking at the press conference, the governor said the government would be able to make payroll through January without the \$110 million that his administration is seeking from the bond market for government operations, but February would be much more difficult, and thereafter would be virtually impossible.

"A rejection of the identification of new and immediate revenues to the territory, particularly to satisfy the financial markets that we're moving out of structural deficits, would be a decision equal to saying that we would be cutting 11 to 14 percent of the budget for the Government of the Virgin Islands," the governor said in a response to a question posed by a Consortium reporter. "That \$110 million removal from the current budget of \$787 million, I am not prepared to stand before the community and say this is exactly what that means, but I do not believe that there could be any person in this territory that believes that the removal of \$110 million from the operating budget of the Government of the Virgin Islands, would not be an action that is painless."

Refusal to pass the measure or failure to replace it with something comparable would mean "the curtailing of hours, it would mean furloughing employees, it would mean cutting services, in some areas completely to a halt -- it would mean closing offices of the Government of the Virgin Islands in some areas. It would be a drastic impact to the operations of the Government of the Virgin Islands," Mr. Mapp said.

The governor said he did not believe that the Senate would fail to act on the measure, but he could not say for sure what it would do. He expressed hope, however, going based on his experience with the 31st Legislature -- a body that for the most part worked well with Mr. Mapp -- that the 32nd body would also be willing to meet the challenges facing the territory head on.

Mr. Mapp stressed that the Virgin Islands economy is on an upswing, citing data provided by the U.S. Bureau of Economic Analysis, which showed in its latest report that the territory's [gross domestic product had inched up by 0.2 percent](#) for the first time in five years.

The governor said his five-year plan had been approved by the bond market, and contended that once it was signed into law, not only would the territory be able to access the market for funds, it would also receive better interest rates than what is currently being proposed, which is unfavorable to the USVI because the territory's bonds are currently rated as junk. And he stressed that his administration had no desire to tax residents further on goods needed for everyday living.

"We're saying rum and tobacco and timeshare fees, levelized property tax obligations and sugar tax and the curtailment of government expenses," said the governor, referring to the "sin" taxes that would generate enough funds to meet the government's structural deficit of over \$100 million annually.

Once the measure is signed into law, its implementation would begin this fiscal year, the governor said. And while the government may need to access the bond market for operation funds at least one more time before the five-year plan kicks in fully, Mr. Mapp said the market would have already favored the territory's bonds because of the steps taken to eliminate the structural deficit.

Whether the Senate heed the governor's urgent warning remains to be seen. The government can comfortably make payroll for its employees this month, but that will change next month if the measure, or one similar is not signed into law, and paying employees becomes virtually impossible, according to Mr. Mapp, in March and beyond, if the bond market continues to refuse the territory's bonds because of the inaction of the territory's leaders.

© Viconsortium 2026