

The Virgin Islands Consortium

Mapp, Blaming Flu, Reschedules State of Territory Address To Jan. 30

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ST. THOMAS -- Governor Kenneth Mapp has asked the 32nd Legislature for extra time to deliver the State of the Territory Address, the yearly speech from the governor serving as an assessment of the collective U.S. Virgin Islands, and usually used to set the trajectory for the year relative to what the people should expect from its government.

The governor, in a message posted on his [personal Facebook page](#), blamed the flu for the delay. "Good day all. I got bit, I'm fighting the bug known as the flu. I've asked the 32nd Legislature of the Virgin Islands to reschedule my State of the Territory message to 7:00 p.m., January 30, I apologize for any inconveniences this change may produce," Mr. Mapp wrote. "Bush tea, unkers salve, lots of fluids and rest are the orders of the day."

The SOTA was originally scheduled for January 23.

Mr. Mapp will have a lot to talk about that's not quite comforting for Virgin Islands residents. Primarily, the territory is facing some serious challenges relative to financing its operations, as the market has refused the territory's bonds, even as the government is relying on being able to access the market to meet operational needs.

In a press conference held at Government House here on Friday, the territory's leader said bluntly that the Government of the Virgin Islands [would not be able to meet many of its financial obligations](#), including payroll by the end of February, if the market was still refusing the territory's bonds.

And the governor called on the Senate to ratify his sin tax bill -- or a similar measure of its own -- that would allay investors' fears about the government's ability to honor its covenants. But early reaction from Senate Democrats, who control the Senate, [has been discouraging](#).

"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."

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.