

The Virgin Islands Consortium

Citing Warning From Homeland Security, Mapp Vetoes Bill Seeking To Eliminate Customs Duties

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Ernice Gilbert **January 22, 2017**



ST. THOMAS -- Governor Kenneth Mapp has vetoed a bill that sought to eliminate customs duties while transferring funds that would have been collected through another provision in the measure, proposed by Senator Kurt Violet, that would have required the Bureau of Internal Revenue, no later than 90 days following the measure's implementation, to "prepare and deliver a report to the Legislature that proposes appropriate changes to excise taxes on import as a means of evaluating an alternative to customs duties as a revenue source." The revenues collected would have gone to the Government of the Virgin Islands, and in a conversation with The Consortium Thursday, Mr. Violet said he was looking forward to the additional funds to help allay the territory's structural deficit.

But in his transmittal letter to Senate President Myron Jackson, the governor said while he understood the need for the territory to receive its fair share of custom duties collected, which it has not received, "I do not believe that now is the time to put our economy on the chopping block to determine whose interpretation of the statute is correct," Mr. Mapp wrote.

During Senate hearings in the 31st Legislature on the matter, lawmakers had agreed that U.S. Customs and Border Protection, a division of Homeland Security, 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 U.S. 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 the agreement was never enforced.

Mr. Mapp said C.B.P, a division of Homeland Security, advised him that should C.B.P. lose the funds collected through customs duties because of the law, and should it not be replaced immediately by the U.S. Congress to cover the cost now being serviced by the customs duties fees -- roughly \$12 million annually -- C.B.P. would be forced to reduce its services in the territory.

"At immediate risk would be the loss of pre-departure clearance of passengers such as those arriving on cruise ships," Mr. Mapp wrote. The governor reiterated his agreement with much of the content of the measure, however he said work must first be done before it could be adopted.

"This bill in its current form will have far-reaching implications, which may be detrimental to our recovering economy," the governor wrote. "I met with the U.S. customs commissioner early last year, and I will form a small task force, inviting representatives of the Legislature, members of my cabinet, representatives from the private sector and invite our delegate to Congress to work on a strategy whereby the U.S. government pays for the costs of its operations in the territory, as it is doing in every other region of the nation. In the interim, we must continue to collect U.S. customs duty and bear the burden in the short-term for the operations of the U.S. D.H.S. and C.B.P. in the Virgin Islands.

In other action, the governor vetoed [a homeschooling bill](#) sponsored by Senator Novelle Francis that sought to untie homeschooling from the regulatory eye of the Virgin Islands Board of Education. He also vetoed a measure [sponsored by former Senator Kenneth Gittens](#), that sought to repurpose rent monies collected from the former HOVENSA homes -- now owned by the G.V.I. and are being rented by Limetree Bay Terminals -- to the Government Employees' Retirement System's unfunded liability, which is estimated to be in the billions of dollars.

"I have vetoed this bill because we believe that the sums from this source slated to the GERS should first be used to pay any missing employer contributions of employees applying for retirement benefits at GERS, but are unable to access their annuity until such time that the GVI remits to the GERS the missing employer contributions," Mr. Mapp wrote.

The governor also approved a myriad of measures, including those relating to banking and insurance, funds to repair the Juan F. Luis Hospital's heating and cooling system [as cited by the Centers for Medicare and Medicaid Services](#), and some zoning measures. See the full list of approvals and vetoes [here](#).

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