

The Virgin Islands Consortium

Mapp's Timeshare Tax Bill, Part Of Five-Year Sin Tax Plan, Sent To Senate

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ST. THOMAS -- Governor Kenneth Mapp submitted to Senate President Myron Jackson the proposed bill known as the "Virgin Islands Timeshare Act," Government House recently revealed.

The Mapp administration says the measure is the product of a "cooperative effort between the Government of the Virgin Islands and the timeshare industry, and has been crafted to benefit the GVI, the timeshare industry, and timeshare owners in equal measure."

But business leaders who testified against the measure last week said the bill would negatively impact the industry. The bill, which comes as part of Mr. Mapp's sin tax measure, originally taxed timeshare unit owners \$30 per day, but senators decreased the amount to \$25. Dept. of Finance Commissioner and Public Finance Authority Director Valdamier Collens, [opposed the \\$5 reduction at last week's hearing](#), stating that it would reduce the projected revenues by over \$17 million.

According to Government House, timeshare units host over 100,000 guests per year in the Virgin Islands and these visitors contribute a significant amount of revenue to the local economy during what is normally a weeklong stay. The release says there's currently no comprehensive regulatory regime governing the ownership and use of timeshare units, and the growth of the industry has created a "significant strain" on the Tax Assessor's Office -- forcing the Lt. governor to acquire two additional staff members to field the hundreds of telephone calls from the timeshare owners who have many questions, according to Government House. The release added that the number of tax invoices has more than doubled and is growing, and that the Tax Assessor's Office needs a software upgrade to modernize the management and collections process.

Government House says the bill addresses both of these issues by enacting a modern timeshare statute and also streamlines procedures, improves tax collection, and reduces the strain on the judicial and executive branches of government.

There is no end date on the new taxes.

Additionally, Government House says the measure is in line with the many states that have enacted timeshare legislation, and opens the door for the territory to capture monies that are currently uncollected.

"Accordingly, I ask that you consider the bill carefully and act upon it promptly as our territory charters towards further economic growth and financial stability and sustainability," Mr. Mapp said, a change in tone from his January 13 press conference where the governor called for immediate action on his sin tax initiatives by the Senate or face a reduction in the government's 2017 budget by 11 to 14 percent, [which he admitted would not be without pain](#).

"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 went even further during the same press conference, stating that refusal to pass his five-year plan, which includes the timeshare bill, 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.

