

The Virgin Islands Consortium

Plaskett Not Sold On Mapp's Sin Tax Measure: 'We'd Be Foolhardy To Assume Sin Taxes Are Going To Get Us Where We Need'

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Delegate to Congress Stacey Plaskett told The Consortium on Monday afternoon that she was not convinced that Governor Kenneth Mapp's five-year economic growth plan, dubbed the sin tax measure that seeks to introduce or increase taxes on products such as tobacco, rum, beer and sugary drinks, as well as timeshare unit owners and internet purchases, would work the way the administration has been selling it.

"I think that we'd be foolhardy to assume that sin taxes are going to get us where we need," she said. "I don't know if I agree with the assumptions that are the basis for the

revenue projections that they have in the sin taxes. I'm not convinced of them."

Ms. Plaskett, who sent [a dose of positive news throughout the territory on Monday](#) when she announced that her office may have identified over \$100 million in missing rum cover-over revenues owed to the territory because of Treasury miscalculations, said that Mr. Mapp's plan, aside from her disagreements on the projections, would do little for the territory's overall financial condition without austerity measures and ideas to grow the economy.

"So if you have sin taxes but you don't have reduction of waste, and you don't really have new revenue generating ideas, I don't think we're going to get to where we need to be," she said. And... from my meetings and discussions, I'm not convinced that the bond market is [going to] take up bonds in the next six months in the Virgin Islands. I think it's a year, at least."

The second-term delegate to Congress said that the market will want to see the territory "improve on ourselves; some austerity measures along with revenue generating ideas that are tested by our economy and by the will of our leadership before we can go back to the market." She also said, "Every time we go to the market and are rejected, it's like when you get your credit check, they give you your bill, you get a downgrade on it."

Mr. Mapp has seen opposition grow as the measure moves through the 32nd Legislature. The bill [overcame its first hurdle in the Finance Committee](#), where Democrats tapered the measure somewhat -- but not merely enough to allay the private sector's fear that the measure would stifle the economy instead of growing it. In a document presenting alternate ideas to Mr. Mapp's plan, a coalition of business organizations [listed multiple reasons](#) why the sin tax bill would be counterproductive.

"These new taxes will take money out of the pockets of Virgin Islanders, undermine economic development, damage our critically important tourism industry and not be accompanied by the serious reductions in recurring expenditures that we believe are vital to addressing financial sustainability," the coalition wrote. "The private sector proposes consideration of an alternative set of revenue and expenditure measures in lieu of the proposed increases in sin taxes, and believes the quid pro quo for agreeing to absorb any new revenue measures must a real, and accountable commitment to a broad reaching and sustainable rightsizing of the government. Without such a real and sustainable reduction in spending, the future financial viability of the private sector, the government and its responsibility to the Government Employees Retirement System are at peril."

Nonetheless, with the support of Senate Democrats whose caucus holds the majority, the bill seems poised to become law. The sin tax measure will be heard on Thursday in the Committee on Rules and Judiciary at the Frits E. Lawaetz Conference Room. If the measure is favorably forwarded out of that committee, it would then be sent to the full body for final vetting, and then to Mr. Mapp, who is expected to sign the bill into law.