

# The Virgin Islands Consortium

## Coalition Of Business Organizations To Mapp: Withdraw Sin Tax Bill

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The Chambers of Commerce in the St. Croix and St. Thomas districts, the USVI Hotel and Tourism Association and American Resort Development Association issued a joint statement on Tuesday asking Governor Kenneth Mapp to withdraw his sin tax bill. The statement was issued in response to Mr. Mapp's press release [urging businesses to support the measure](#), in which Mr. Mapp accused the private sector of attempting to place the burden of raising revenue through taxes on residents. The coalition denied proposing a 30 percent reduction of government employees' salaries as part of its alternative to Mr. Mapp's measure.

"I received a number of recommendations from the combined Chambers of Commerce of both districts. A number of these recommendations for cutting costs are good; however, others call for imposing serious harm on our people and our economy. For example, the chambers are asking that we slash the salaries of all government workers by 30 percent; that we increase property taxes on residential and commercial property and that we impose an income tax surcharge on the salaries of all workers in the territory," Mr. Mapp said in the release issued Tuesday. "These are the draconian recommendations of the Chambers of Commerce to avoid the imposition of a 25 cents tax on a bottle of beer or a 50 cents tax on a bottle of rum. It's now time to put our people – the people of the Virgin Islands first." Mr. Mapp emphasized that Virgin Islanders should continue to enjoy tax-free food, medicine and clothing under the five-year plan.

"I cannot agree to slash the salaries of workers, then impose a tax on what's left and also increase the tax obligations on their homes," he said.

The coalition of business organizations said it reached out to Mr. Mapp on Friday, asking that, instead of implementing the sin tax measure, that the administration works with the private sector to develop the [ideas already presented](#) to help alleviate the financial crisis.

"We understand that in 2008 there was a global recession like no other and, in 2012, HOVENSA shuttered its doors but we do not have those same problems today," reads the coalition's statement. "We also understand that when we borrowed then, those obligations were not general fund obligations. It was with this in mind that we provided many alternative solutions to this current crisis and none of those solutions included cutting government employees' salaries by 30 percent -- this is simply not true."

The statement added: "We reached out to Governor Mapp because we believe that his proposed taxes, if imposed, will represent a crushing blow to local consumers and businesses already burdened with the dramatically high cost of living. In our call on Friday, and in a subsequent email, we encouraged the governor and his team to work collaboratively with the private sector to develop many of the ideas generated by the community to replace the wrongly-labeled sin taxes. And so it was with deep disappointment that we note that the governor's response was to issue a press release attributing inaccurate facts to the private sector inflaming the politics of economic division in a misguided attempt to pit sectors of our community against each other. We are and must be one community if we are to work ourselves out of our present troubles."

Mr. Mapp's five-year economic growth plan, dubbed the sin tax measure, aims to either introduce or raise taxes on rum, tobacco products, beer and sugary drinks, as well as timeshare unit owners and internet purchases. According to Mr. Mapp, inaction by the Senate will add further strain to the government's ability to maintain liquidity, following the market's refusal to buy the territory's bonds. The territory suffers with an annual budget deficit, which this year stands at \$110 million.

The coalition said it would persist in its attempts of working with the governor, "because we believe that only by including everyone in a fact-based -- and civil -- review of real numbers will we arrive at consensus as to what is either likely to succeed as good public policy or be accepted as fair policy by the general public."

The Senate Committee on Finance, chaired by Senator Kurt Vialet who has expressed support for the sin taxes, will deliberate the measure today at the Earl B. Ottley

Legislative Hall. There, coalition members [will be protesting](#).

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