The Virgin Islands Consortium

Mapp Says Government Will Not Furlough Or Reduce Hours Of Gov't Employees; Strategy To Be Reassessed In June

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ST. THOMAS -- Governor Kenneth Mapp sought to strike a positive tone during a press conference held at Government House here on Wednesday, stating that the government -- from April 1 through June 30 - would not need to furlough, reduce hours, layoff employees or close public schools every other Friday.

"The bottom line today is no furloughs [and] no reduction of hours," Mr. Mapp said. "This is a precarious situation; we're not on the other end of the bridge if you will -- we have to monitor the situation."

Though the governor said that the situation would need to be monitored "literally on a weekly basis," he said his administration was able to achieve the feat because of a number of actions, among them the sin tax bill, which Mr. Mapp said would be signed into law today, as well as the 80 percent reduction in overtime work at the V.I.P.D., V.I. Fire Service, the Bureau of Corrections and the Department of Human Services -- and an executive order suspending hiring and wage negotiations, among other actions. The governor also revealed that the revenues of the general fund increased year-over-year by $22 million, and that the government's payroll totals about $17 million on a biweekly basis.

Making known that there was over $103 million in delinquent property taxes owed to the Government of the Virgin Islands, Mr. Mapp said the Office of the Lieutenant Governor (O.L.G.) has been tasked to collect no less than $25 million by September. He said the O.L.G. was set to publish in the coming week a listing of 1,953 delinquent parcels for property taxes totaling $29.4 million. A subsequent sale will take place in June or July with an equal amount of property taxes, he said.

"In order to make it to the end of the fiscal year without affecting working hours and any closure of schools, the lieutenant governor's office is asked to bring in at least $15 million of delinquent property taxes. But I have set a mandate that the Office of the Lieutenant Governor and the Tax Assessor, must produce $25 million in delinquent property tax collections by September 30, 2017," Mr. Mapp said. The governor said the goal of $25 million will be achieved either by payment, coming into an agreement with the tax assessors, or sale of the delinquent property. "There will be no exceptions," he said. "It is imperative that we collect this money to the end of the fiscal year to ensure the delivery of critical services the Virgin Islands community."

The governor said that the sin tax bill will produce an additional $8 million in revenue between May 1 and September 30. He also mentioned the over $18 million transmitted to the G.V.I. by the Department of Interior, which represented the final rum excise tax payment owed to the territory for fiscal year 2016 by the federal government. Out of that total, $13 million will go directly to the local government, the governor said.

And in what will sure to please residents perturbed by the lack of tax refunds, the governor said income tax refunds will be paid this year.

"The plan to September 30 also provides for the release and payment of additional income tax refunds," the governor said. "We're not going to finance this deficit on the backs of the taxpayers." Mr. Mapp said his administration would pay an additional $20 million in income tax refunds, and although did not say when the refunds would be released, the governor confirmed that Banco Popular had approved a Revenue Anticipation Note (RAN) of $40 million against 2017 tax collections, which will help the government make refund payments, as well as meet financial obligations to the hospitals and to the Government Employees' Retirement System. Mr. Mapp said the government owes G.E.R.S. $15 million for the current fiscal year.

During his talk, the governor revealed that 25 percent of all of the G.V.I.'s revenues is collected in April. He also combined the projected $8 million from the sin taxes, the $13 million from the Department of Interior for rum excise taxes, as well as the projected $15 million from delinquent property taxes for a grand total of $36 million, which Mr. Mapp said were funds already accounted for in his administration's current fiscal year revenue projection.

The governor had hinted at the tone he intended to strike at today's press conference during a promotion ceremony held at Government House on St. Croix for police officers on Monday.

“Those in the community or those I like to sometimes refer to as some of our detractors, unlike some popular beliefs, the Virgin Islands government is not on the brink of collapse,” Mr. Mapp said. At today's event, he laid out how his administration plans to keep the government -- which has been struggling for ways to offset a budget deficit of over $100 million after the bond market refused to borrow money to the G.V.I. in December and earlier this year -- afloat, an ambitious agenda that aims to not only keep government employees at work, but do so without reduction in hours or work days.