

The Virgin Islands Consortium

Sin Taxes Now Law

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ST. THOMAS -- Governor Kenneth Mapp on Wednesday signed five bills into law, among them key elements of the revised Revenue Enhancement and Economic Recovery Act, widely known as the sin tax bill.

Thy sin tax bill increase taxes on alcoholic beverages, other sugary carbonated beverages, cigarettes, and timeshare unit owners. While noting that the Legislature reduced the amounts to be levied, the governor, nevertheless, commended lawmakers for their courage and understanding of the need for additional revenues, according to Government House.

Mr. Mapp also approved Bill No. 32-0007, which establishes a minimum baseline property tax of \$360.00 after application of exemptions and credits. The bill also defines “commercial real property” for purposes of assessment.

He vetoed a section of the bill, however, which would have denied economic development benefits or tax breaks to developers of timeshare properties which had previously been hotels or other multi-use facilities. He stated that the measure would destroy new timeshare development. Also vetoed was a section of the bill which sought to impose additional austerity measures on the executive branch, but which the governor believes would hamper the delivery of vital services and possibly violate the separation of powers doctrine.

The governor vetoed Bill No. 32-0018, which offered tax amnesties [that sought to waive](#) interest and penalties on delinquent gross receipt, excise and property taxes before 2015, and would last for six months. The bill also mandated the Economic Development Authority to submit to the Legislature within 30 days, an expedited process for new EDC applicants. And it sought to remove the governor from the process of approving new EDC applicants, while directing the Department of Licensing and Consumer Affairs to approve licenses within thirty days for first-time applicants.

In his veto message, Mr. Mapp said that the bill places undue burdens on the Department of Planning and Natural Resources and the Department of Licensing and Consumer Affairs, which would be required to act on certain applications within a limited time period. The agencies would not have sufficient time to ensure compliance with requirements of law, he stated. Mr. Mapp pointed out that the current law requires the governor to explain in detail any disapproval of benefits. He cautioned the Legislature against removing him from the process, arguing that such a move risks signaling to beneficiaries that they need not comply fully with the benefit contracts they execute.

The measure's chief sponsor, Kurt Vialet, has argued that the governor does not need to be in the process of approving EDC benefits, as it slows down application time. The Senate has the power to override the governor's veto with two-thirds of the body, which is ten votes.

During his press conference on Wednesday, the governor said that the sin tax bill will produce an additional \$8 million in tax revenue between May 1 and September 30.