The Virgin Islands Consortium

Senate To Trim Its Budget Following Challenge From Mapp

Government / **Published On March 23, 2017 11:31 AM /**

Ernice Gilbert March 23, 2017

ST. THOMAS -- Governor Kenneth Mapp on Wednesday responded to a sudden rebuke of his administration by Senate President Myron Jackson, who had chastised the administration for failing to meet crucial financial obligations to some of the territory's most important services. Mr. Jackson also questioned the administration's spending strategy, asking why is the government struggling to remain operational after receiving a windfall of $220 million from the ArcLight agreement.

Mr. Mapp returned pointed fire to Mr. Jackson, stating that while the executive branch -- including the multiple government department and agencies -- had trimmed their budgets by over $30 million combined, the legislative and executive branches of government had yet to take any austerity action.

Mr. Mapp also sought to set the record straight relative to borrowing, stating that the former administration, between the years 2009 and 2014, had borrowed upwards of $800 million, while his administration has yet to borrow any funds -- even though two attempts in December and February were unsuccessful.

"We have not borrowed a single dime since this administration has taken office," Mr. Mapp said at the press conference. "And you cannot look at a Revenue Anticipation Note against the collection of taxes as borrowing additional money, because that's not borrowing additional money." Mr. Mapp was apparently referring to a 2015 RAN that saw the government borrowing $20 million backed by property taxes. The RAN was repaid in nine months, according to the governor.

On the $220 million ArcLight windfall, Mr. Mapp said, "Sixty-percent of it [was used] to pay obligations like the line of credit that was borrowed in the last administration, and 40 percent of it was used to balance the 2016 budget. And of course we paid the tax refunds, put people on step, we settled up on obligations in terms of the G.E.R.S. [Government Employees' Retirement System], and we paid workers, vendors -- the operation of government."

In his response, Mr. Jackson said while it was comforting to hear that there would be no furloughs and reduction in work weeks, or shortened school weeks, he was concerned about the impact the of increased property tax collections.

“While it is comforting to hear that he will not be implementing initial proposals such as lay-offs, reduction of government workers’ hours, and the shortening the school week in our public schools when our children’s literacy levels on a whole are in need of dramatic improvements, I recognize the impact that increased tax collection on residential and commercial property taxes may have on our businesses and private citizens,” Mr. Jackson said. “Governor Mapp stated that those with delinquent taxes would be allowed to enter into payment plans if need be to become current on their obligations, and without payment properties could be put up for sale.

The governor outlined a stringent property tax collection strategy on Wednesday during his press conference, with the goal of collecting $25 million by September, as part of his administration's effort to keep the government operational without having to layoff, furlough, or reduce the work hours of government employees.

“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.”

On Mr. Mapp's challenge to trim the legislative and judicial branches of government, Mr. Jackson said, “I have heard the administration’s call to the legislative and to the judicial branches to engage in an 8 percent cutback in our respective budgets. In working with my colleagues on a revenue generating caucus, we will be looking at areas to trim the Senate budget as is required by the challenging times we find ourselves in.”

Mr. Jackson was also pleased by the securing of the $40 million RAN through Banco Popular, which Mr. Mapp announced on Wednesday. “It is encouraging to note that revenue anticipation notes sought after by the Virgin Islands Government were approved, easing some concerns that payless paydays were looming for the thousands in our employment sector who work tirelessly to keep crucial government services afloat," Mr. Jackson said. According to the governor, $20 million of the $40 million RAN will be used to issue income tax refunds.

Mr. Jackson closed by highlighting the importance of the territory's tourism product, which supports about 8,000 jobs or about 20 percent of total wages and salaries, according to the USVI Hotel and Tourism Association.

"I look forward to working with the administration on strengthening our visitors' experience and enhancing our tourism product to provide meaningful and memorable reasons for them to keep returning, which come from deepening their awareness of our cultural heritage," Mr. Jackson concluded.

Mr. Mapp was set to address the St. Croix Chamber of Commerce this morning at Palms at the Pelican Cove.