

The Virgin Islands Consortium

Dept. Of Interior Announces \$2.3 Million Adjusted Rum Excise Tax Payments To USVI During Mapp's Washington Visit

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WASHINGTON -- U.S. Department of Interior Secretary Ryan Zinke met with Governor Kenneth Mapp and FEMA Administrator Brock Long this week to discuss hurricane recovery efforts in the U.S. Virgin Islands, D.O.I. announced Wednesday. The Secretary also signed over \$2.3 million representing an adjustment payment for 2017 Rum Excise tax payments owed to the U.S. Virgin Islands by the federal government based on the amounts certified for fiscal year 2017 by the U.S. Department of the Treasury, according to the release.

"We recognize the continued needs in the Virgin Islands and appreciate the time Governor Mapp and his team have taken to visit us here in Washington," Mr. Zinke said. "We continue to partner closely with FEMA as evidenced by this week's meeting to ensure that needs of Americans in the Virgin Islands continue to be addressed."

According to D.O.I., Mr. Mapp articulated that the Virgin Islands have made great progress in resolving the various challenges to safely conducting the daily business of life for its residents and in providing a better-than-expected post-hurricane vacation experience for its visitors. He said that the tremendous strides that the Virgin Islands have made down the recovery path are due to the phenomenal collaboration that has occurred between the federal and local government and the private and nonprofit organizations.

The governor thanked Mr. Zinke and Mr. Long for their personal interest and support, and he expressed gratitude for the considerable support and resources the Trump administration and Congress have made available.

The governor acknowledged that Virgin Islands still have a long way to go on its path to recovery, and it was discussed that various federal disaster recovery programs available to Virgin Islands require a local funds match from 10 to 25 percent of the project. Mr. Mapp explained that the loss in government revenues due to the hurricanes further stressed the government's fiscal position and its ability to meet the local matching fund requirements for various federal programs that were critical to forwarding the Virgin Islands continuing recovery.

Mr. Zinke explained that under the Insular Areas Act, the Department of the Interior is required to waive any local match requirements. Under the provisions of 48 U.S. Code § 1469a, however, the administering authority of any department or agency is authorized to waive, at its discretion, any requirement for matching funds otherwise required by law to be provided by the Insular Areas. The Insular Areas Act defines Insular Area as American Samoa, Guam, Northern Mariana Islands, and the Virgin Islands.

According to the release, Mr. Zinke led a robust discussion around the applications and implications of various provisions of the Insular Area Act that concluded with the Mr. Zinke and the Mr. Long agreeing to seek the broadest implementation of the Act that will allow the Virgin Islands the greatest access to available funding.

Rum Excise adjustments are calculated based upon amounts advanced from rum excise taxes derived from the USVI and collected by the federal government under the Revised Organic Act of the Virgin Islands (48 USC 1541). Under current law, any excise tax collected on USVI manufactured rum imported into the United States is transferred to or "covered-over" to the USVI. The USVI government submits its advance estimate of rum excise taxes to the Department of the Interior's Office of Insular Affairs on an annual basis so that payment can be made in September of each fiscal year. Once the actual amount of rum excise taxes collected for the year is known, an adjustment is calculated by the OIA. If the Federal government owes additional funds above the amount remitted to the USVI Government in September, that amount is then remitted to the USVI once certified by Treasury.