

## Bryan Closes on \$60 Million Revenue Anticipation Note With FirstBank, Popular

Government / **Published On December 21, 2020 05:34 PM /**

Staff Consortium **December 21, 2020**

Image not found or type unknown



The Bryan administration has closed on a \$60 million line of credit with FirstBank and Banco Popular, Government House said. Known as a Revenue Anticipation Note (RAN), Governor Bryan said the bond will supplement government operations in anticipation of a potential decline in fiscal year 2021 second-quarter revenues as a result of the Covid-19 pandemic.

The bill was originally passed by the 33rd Legislature on March 27, and was signed into law by Mr. Bryan on April 14. That Act was repealed and rescinded in its entirety to incorporate borrowing terms between the banks and the government for the funds, Government House said.

According to the release, Mr. Bryan's proposed measure will authorize the use of any available source of public funds to issue revenue anticipation notes (to backup the loans) for working capital

to supplement government operations amid the downturn in revenue collections as a result of Covid-19 pandemic.

When the governor first sought the RAN in March, he said the territory only had 3-4 days cash on hand, and that an infusion of funds would be needed to keep the government's liquidity from completely drying up. The government made it through the pandemic up to this point without the RAN, with Mr. Bryan stating that austerity measures taken by his administration had stabilized the government — at least temporarily.

“The Coronavirus has impacted the global, national, and local economies substantially, and the Virgin Islands has, as a consequence, experienced and expects to continue to experience, among other economic factors, significant disruption to the travel and cruise tourism industry,” Mr. Bryan [said in March](#). At the time, the governor said the government expected to see a drop in tourism-related revenue of 20-30 percent because of the coronavirus, which he said would greatly impact the GVI's coffers.

According to Government House, the legislation authorizes the governor to:

- Negotiate the final terms of all borrowing vehicles approved by the legislation as the governor and the Public Finance Authority deem necessary.
- Execute and deliver all documents and agreements necessary in connection with the borrowing.
- Pay all expenses associated with the issuance of any authorized borrowing.

The legislation requires the V.I. Department of Finance to report to the Senate Finance Committee no later than 15 business days following any draw of principal borrowed and provide information regarding the purpose for which the funds were used, as well as a description of the source of the repayment, Government House said.

The interest rate on any revenue anticipation notes or bonds cannot exceed 6 percent, and the maximum principal amount that can be borrowed is capped at \$60 million, according to the release.