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## **\$71 Million Projected Surplus Touted By Bryan Administration No Longer Exists, OMB Says, a Result of 8 Percent Repayment and Refinery's Closure**

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Office of Management and Budget Director Jenifer O'Neal during a Senate finance hearing Tuesday said the \$71 million 2021 budget surplus previously projected by the administration was no longer being assumed mainly because of the closure of the Limetree Bay Refinery, as well as the [8 percent repayment](#) to government employees.

During the [Revenue Estimating Conference in August](#), Ms. O'Neal projected 2021 total gross revenue of \$909,023,773, which Governor Albert Bryan pointed out was \$71 million higher than the legislative appropriation of \$838,933,534.

The matter was raised when Senator Kurt Vialet called for clarity on the \$71 million projection the administration had been touting.

"There needs to be clarification for the community," Mr. Vialet said. "The governor has been actively on the radio waves for the last week saying that there is a \$71 million dollar surplus to the point where we have already seen a bill drafted with the \$71 million dollar figure in it. I need the retirees, everyone to know what is actually the surplus after incorporating the 8 percent."

Ms. O'Neal responded, "After incorporating the 8 percent there is no surplus." She explained that the \$71 million projected surplus was based on numbers only through the end of June and before the Limetree Refinery shutdown. "We now have the end of July's numbers in and a number of other things have come up — including other appropriations — [and] there is no surplus at this point when taking into account the reduced numbers in July, and the new appropriations which include the 8 percent."

Mr. Vialet sought clarification on whether the supplemental budget was included before considering that there was no surplus, and Ms. O'Neal confirmed that this was the case.

After hearing this information, Mr. Vialet said, "I just wanted to put out there that there isn't a surplus. Matter of fact, there is an offset from the American Rescue Plan that will be utilized."

Senate President Donna Frett-Gregory asked whether the government was using \$30 million in federal funds as an offset to meet budget projections. "From the American Rescue Plan, yes senator," Ms. O'Neal responded.

Still seeking more information, Ms. Frett-Gregory asked, "What's the purpose of the \$30 million?" Ms. O'Neal responded, "It is needed because the numbers again for July are much lower than we had projected and we do not know what we will have for the end of August as well as September."

Asked by Ms. Frett-Gregory whether the \$30 million offset was a conservative approach, Ms. O'Neal said yes. "We do have some unknowns because we don't have August and September as yet," she added.

Mr. Vialet brought the conversation back to the closure of the Limetree Bay Refinery. "We also have a major known... the impact of Limetree has severely reduced collections on St. Croix so July was very, very low and we will now look at August and still have September." The senator also mentioned the \$14 million concession fee from the refinery. "That's gone," he said.

Some of the projected funds were supposed to go to the Government Employees' Retirement System, and Senator Dwayne DeGraff pressed for answers to that end. He asked Ms. O'Neal to provide information relative to the loss in monthly revenue from the refinery's closure.

"The monthly isn't the problem and it's not just from Limetree," Ms. O'Neal said. "You have to factor in the number of people that have been laid off since. That lowers the income tax collections, it lowers gross receipts that we are collecting from business that have closed. There's a number of things that have been impacted by the closure of the refinery, it's not one thing that you can look at."

Senator Kurt Vialet spoke extensively on the impact of Limetree Bay. "Anyone that took economics 101 would know that the closure of the major refinery on St. Croix with 800 jobs would definitely impact the amount of surplus that you're going to realize at the end of the year,"

Mr. Vialet said. He said Limetree paid an estimated \$64 million at minimum in annual salaries, "so you could see the impact in June, you could see the impact especially in July, and you're going to see it in August and September."

Along with individual income tax, the territory lost the \$14 million concession fee from the refinery (the Limetree Bay Oil Terminal's concession fee is \$2 million, according to Mr. Vialet).

### **Supplemental Budget**

While the Committee heard Mr. Bryan's supplemental budget for Fiscal Year 2021, which included an amendment that was sent down in the nature of a substitute, no vote was held on advancing it Tuesday. Mr. Vialet mentioned that all the budget bills would be heard in committee on September 13.

The [original supplemental budget](#) was sent down in July, according to Ms. O'Neal.