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Bryan Heads to Washington With WAPA, Rum Cover-Over Taxes, Refinery and More on His Agenda

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Propane tanks arrive at WAPA's Richmond Power Plant after spending hours at sea in Oct. 2014. By. WAPA

Government House has announced that Governor Albert Bryan left the territory on Sunday for a series of meetings to discuss issues of importance regarding the U.S. Virgin Islands with the White House, Biden administration officials and members of Congress.

According to the release, Mr. Bryan is traveling with his senior advisors for a number of appointments throughout the week, including meetings with:

- Deputy Secretary of HUD Adrienne Todman

- New York Senator Kirsten Gillibrand
- Oregon Senator Ron Wyden
- Idaho Senator Mike Crapo
- Louisiana Senator Bill Cassidy

Among the topics of the meetings are discussions about:

- The V.I. Water and Power Authority
- Restarting the St. Croix refinery
- The Rum Cover-Over
- Medicaid
- CARICOM
- Updates on the territory's recovery from the 2017 hurricanes

Regarding WAPA, the authority is said to be in negotiations with its propane supplier, Vitol, and other suppliers [following Vitol's suspension of propane fuel to the territory](#) earlier this month, which WAPA says would result in rotating blackouts by late November or early December if an agreement is not reached. Today is Nov. 28 and the authority has not provided an update to the public on the stage of negotiations. WAPA has scheduled a meeting for Wednesday morning.

On the Rum Cover-Over front (Internal Revenue Matching Fund), taxes collected on rum made in the U.S. Virgin Islands and sold in the U.S. saw a drop from \$13.25 per proof gallon to \$10.50 per proof gallon late last year — leading to a significant drop in the annual sum remitted to the territory by the U.S. Treasury. For example, in August the U.S. Treasury [remitted \\$226.1 million to the V.I. government](#) in Rum Cover-Over taxes, [compared to \\$273 million in 2020](#) — all due to the drop in taxes collected on each proof gallon.

The base rate as written into federal law is \$10.50 per proof gallon, though the Virgin Islands and Puerto Rico have historically been provided with tax extenders that carry the tax rate to \$13.25. Following Hurricanes Irma and Maria, the USVI and PR received a five-year extender that expired in December 2021, and the Dept. of Interior in its recent remittance to the U.S. Virgin Islands calculated the tax rate at the base level of \$10.50

Mr. Bryan is expected to take up the matter during his visit, an effort that will bolster [action already being taken](#) in Washington by Delegate to Congress Stacey Plaskett.

Ms. Plaskett told the Consortium in August that her office along with Puerto Rico Delegate to Congress Jenniffer Gonzalez-Colon will seek another extender until legislation they've sponsored jointly to make the \$13.25 rate permanent, HR 1425, becomes law. Additionally, the tax extender carrying the rate to \$13.25 should be approved by year's end, according to the congresswoman, and the \$59.2 million current shortfall will be provided retroactively to the territory.

The Rum Cover-Over taxes support most of the territory's major debts, and the program was refinanced last year in part to stave off collapse of the Government Employees' Retirement System. However, because the refinancing deal was negotiated based on Cover-Over tax collection at \$13.25 per proof gallon, if the extender request is not approved, the lower rate could

upend the GERS deal in terms of expected payments under the refinanced plan.

As it relates to the oil refinery on St. Croix, the governor, who has been advocating a reopening, will continue to push for a safe restart during meetings with Biden administration officials. His lobby comes on the heels of an Environmental Protection Agency decision to require from Port Hamilton Refining and Transportation [a new comprehensive Clean Air Act permit](#), without which the resumption of oil refinery cannot recommence.

Lt. Governor Tregenza Roach will be the acting governor, and Mr. Bryan is scheduled to return to the territory on Friday, December 2.

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