The Virgin Islands Consortium

Bryan to Make Crucial Trip to Washington as Rum Cover Over Taxes, Bonding for Construction Hang in the Balance

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The U.S. Congress. **By. GETTY IMAGES**

Next week, Governor Albert Bryan Jr. will travel to Washington, DC for talks on several key issues facing the USVI, including the gap in rum cover-over funds and the financial health of the V.I. Water and Power Authority.

On the agenda for Mr. Bryan are the Department of Interior's Annual Interagency Group and testifying before the Senate Committee for Energy and Natural Resources, both forums in which discussion on WAPA is expected to occur.

The USVI government has been seeking financial assistance from the U.S. Department of Energy to help take WAPA out of debt of nearly $400 million, a significant portion of which is owed to Houston-based energy company Vitol.

The two parties — WAPA and Vitol — have locked horns over the cost of the energy company's buyout of the extensive propane-fueled generation and storage infrastructure. Vitol says WAPA owes $145 million, a sum WAPA CEO Andrew Smith said in August of last year would "increase the authority’s debt by 60 percent, which is not feasible for the authority or the territory."

Other priority areas of discussion at the Department of Interior meeting include healthcare and possibilities for bond financing. On the bonding matter, a challenge for the territory is that federal disaster recovery funding allocations come with a requirement for the local government to come up with approximately 10 percent of the total sum — in the case of the Virgin Islands, that's approximately $1.2 billion in matching funds that Governor Bryan says the territory just doesn't have right now.

Governor Bryan's testimony before the Committee on Energy and Natural Resources will include "a status update on the state of the territory,” Mr. Bryan said during Monday’s Government House press briefing.

The governor also hopes to meet with Delegate for Congress Stacey Plaskett to advance outstanding issues such as returning to the higher rate used to calculate rum cover over taxes. A significant portion of that money is intended for the Government Employees Retirement System.

In August 2022, just over $226 million was approved by the U.S. Department of the Interior’s Office of Insular Affairs for the U.S. Virgin Islands, an estimate of the 2023 rum cover over payments. But that sum was calculated at the base rate of $10.50 instead of the higher $13.25 rate that has been achieved in years past using so-called "tax-extenders", meaning that the first allocation for GERS from thoe rum cover over funds as part of the 2022 securitization deal is expected to be $59.2 million short. During an interview with Consortium publisher Ernice Gilbert on Thursday, Mr. Bryan referred to the issue as a "big problem."

In August 2022, Ms. Plaskett had anticipated the matter would be resolved by the end of that year, however the extender was not attached to Congress's $1.65 trillion Omnibus Bill.

Regarding advancing legislation on Capitol Hill to secure another tax-extender, “we’ve been communicating with the Delegate Stacey Plaskett, our friends in the Congress, our friends in the Senate and of course a lobbyist,” Mr. Bryan said during Monday's press briefing.

A visit to the White House to meet with President Joe Biden and Vice President Kamala Harris is also on the cards for Governor Bryan, as is a meeting with his counterpart in Guam, Governor Lou Leon Guerrero.

The governor is also set to meet executives of Google, Howard University representatives and the D.C Mayor's Office to discuss ways to “advance digital, health and data driven processes and decision making” in the territory.