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Rum Cover Over Extender Legislation in Limbo as Plaskett Awaits Suitable Tax Bill

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The United States Capitol serves as the gathering location for the US Congress and represents the center of the legislative branch for the country's federal government. By. GETTY IMAGES

Stacey Plaskett, the territory's delegate to Congress, says that a bipartisan effort to permanently increase the amount of excise taxes from rum sales that are remitted to the Virgin Islands and Puerto Rico is just awaiting an appropriate piece of legislation onto which a relevant amendment can be attached.

The most recent "tax extender" provision that boosted remittances from the legislated \$10.50 a barrel to \$13.25 a barrel expired at the end of 2021, meaning that the territory, since that time, is

only receiving the lower rate. This poses a problem not just because the USVI is receiving less money overall, but also because the recent debt securitization exercise relied on the higher number in its calculations. If the territory continues to receive rum cover over funds at the lower rate, it will take an [additional seven years](#) to pay off the bond note that was used to save the Government Employees' Retirement System from certain doom.

Following the expiration of the last tax extender, Ms. Plaskett had been initially optimistic about getting a permanent extension passed into law, predicting that the issue [would be rectified](#) by the end of 2022. Now, in August 2023, that timeline has become a lot more murky.

“We have not had any tax legislation that made its way through the Ways and Means Committee and onto the floor for us to attach it,” she responded to reporters’ questions about when she expected the issue to be fixed. There is some legislation brewing that might come before the House after lawmakers resume their session in September, but Ms. Plaskett is not optimistic that the upcoming tax proposal will survive the legislative process. “Truthfully, looking at the bill that the Republicans want to pass, I don’t think it will,” Delegate Plaskett opined. “I think if it passes the House, it will die in the Senate.”

She also noted some headwinds from some of her Republican colleagues in the House, who are offering pushback on the idea, saying, "this is kind of a giveaway. So we’re dealing with the mechanics of re-educating people who are unaware of the history of this necessity.”

Even with no other piece of appropriate legislation on the horizon, Ms. Plaskett struck an optimistic tone. The governor and his executive team, as well as a team of lobbyists working on behalf of the USVI government, are making their own efforts to have this legislative fix adopted, she said, adding, “So this is kind of an all hands on deck kind of thing that’s happening now.”

Ms. Plaskett also believes that the broad-based support behind permanently extending the rum cover over rate means that the measure has a good chance of eventually becoming law. “Most of the Florida delegation now are Republicans. Most of the New York delegation are Democrats,” she noted. With strong pressure from Puerto Rican communities in both states, Ms. Plaskett says she is confident that once suitable tax legislation appears, the measure will be successfully attached and pass through both chambers of Congress.

The congressional delegate is also confident that any measure thus passed would be made retroactive to when the last extender expired. “That’s not unusual in Congress...that’s not the difficult part,” said Ms. Plaskett. But the exact timeline for making it happen? That’s in the hands of her Republican colleagues.