t. Croix Avis

WEDNESDAY, JULY 24, 2019, NO. 170 75¢

Brandy Brookes

Chief Executive Officer of the V.I. Economic Development Authority, Kamal Latham (right), shared details of an economic impact analysis report on the Economic Development Commision's tax incentive program at a conference at Government House on Tuesday. Latham was joined by Gov. Albert Bryan Jr. (left) who spoke on the current administration's economic development strategy.

Attracting companies high on Bryan's agenda

Bryan: 89 people paid 66 percent of the VI taxes

BRANDY BROOKES

ST. CROIX — Gov. Albert Bryan Jr. outlined the work being done at the USVI Economic Development Authority and his administration's plan for getting the economy back up and running during a news conference on Tuesday.

The USVI Economic Development Authority (EDA) held a press conference on Tuesday, in order to share the findings of a 2019 Economic Impact Analysis Report for its Economic Development Commission Tax Incentive Program.

The conference took place at Government House in Christiansted and was attended by Bryan and Sen. Allison Degazon who serves as chairwoman of the Committee on Economic Development and Agriculture.

Kamal Latham, chief executive officer of the EDA, shared a summary of the findings.

"We are on the cusp of an economic renaissance and we have a great opportunity to move forward and grow this economy to create more economic value

BRYAN, PAGE 5

BRYAN:

FROM PAGE 1

for the people here in the territory," he said.

Using data obtained from the EDA, the University of the Virgin Islands in collaboration with Appleseed, Inc., a New York-based firm providing economic impact analyses, and economic development studies, independently analyzed the direct, indirect and induced impact of beneficiaries of the Virgin Islands Economic Development Commission's (EDC) tax incentive programs on the territory's economy in 2013, 2014, and 2015.

The results of this data indicate that during this three-year time span, the EDC program resulted in $9.6 mil in charitable contributions, $309,446,213 in taxes and duties, nearly $1,017,011,000 in wages and salaries; and more than $1,480,968,000 in territory-wide economic output.

According to the data included in the report, for every dollar that is foregone in tax revenue as a result of the program, it creates two dollars in economic output to the territory.

EDC beneficiaries receive various tax incentives, however, EDC company operations do still generate tax revenues for the government, Latham said.

Beneficiary incentives include a 90 percent reduction in corporate income tax, 90 percent reduction in personal income tax, 100 percent exemption on excise tax, 100 percent exemption on property taxes and gross receipt taxes, and no state or territory tax.

The EDC currently has 71 companies in program and according to Latham, the goal is to grow this number by 50 within the next 2 years.

"Despite the wonderful results we had in the past.... We have to do better going forward," Latham said.

Latham credited the success of the program between the years of 2013-2015 to current Gov. Albert Bryan Jr. who was the former chairman of the board of the EDA.

"Economic development is a team sport and every team needs a good coach," Latham said before inviting Bryan to give his remarks.

Bryan said that prior to the conference, he got a chance to review the 2017 tax reports, that pointed to a positive trend in tax payments in the territory.

According to Bryan in 2017 there were 34,900 tax filers.

"Of those 34,900 tax filers, 89 people paid 66 percent of the taxes," Bryan said. "If you combine the total of 3500-4000 people that were in the $100,000 or more tax brackets, it accounts for 75 percent of our taxes. Ten percent of our people paid 75 percent of our taxes."

Bryan explained that the reason the government allocated an extra million dollars to the EDA for marketing efforts in the 2020 fiscal year budget, is because of his awareness of what the program means to the Virgin Islands.

"The attraction of high net worth individuals to the Virgin Islands is one very strong component to our strategy," Bryan said.

He also spoke of the significance of making sure that Virgin Islanders have access to quality education in order to assist with economic growth at a fundamental level.

"Our streamline strategy where we are going with K-8 so we can make sure that we are putting more resources into less schools, we are allowing for newer structures to be built and less money in maintenance and more money in education," he said.

According to Bryan, his administration continues to push for better education, which includes less stratification of students.

"You have a situation where they don't see anything but poverty," Bryan said in reference to schools located in poorer areas of the territory. As part of his economic development strategy, he spoke of the importance of mixing the population of the schools so there can be a fusion of students from homes that are middle class, upper-middle-class, and lower class in the same classrooms and having access to the same education.

According to Bryan, the free-tuition initiative at the University of the Virgin Islands also serves as an investment in the island's population.

"But this, the EDC program, is perhaps our greatest opportunity," Bryan said. "This is not something we can afford to ignore."

He pointed out that the EDC program is not a "tax giveaway program." "This is a program that attracts real currency in revenue to our territory. It allows for people of a high net-worth to live in our population, and is certainly accountable for the majority of the taxes that we collect today," he said.

"We are marching forward and making sure that we are doing the kind of things that will allow us to maintain the kind of tax income that we are seeing during the storm and the recovery of the storm period throughout the tenure of the Virgin Islands. At some point the storm money is going to run out," Bryan said.

According to a report provided by the EDA, if EDC companies were unable to access the incentives and were required to forego concessions, the benefits to the territory would be significantly lower as the overwhelming majority of beneficiaries indicated that investments in the territory would not have been made, or they would be forced to relocate to other jurisdictions that would be more financially attractive and appealing. The report explained that carefully balancing the program by granting incentives, monitoring compliance, and assuring the advancement of residents through capacity and capability building may help the territory to retain and expand businesses, attract new businesses, sustain the economy, and improve the quality of living for residents and visitors alike.

"We are on the cusp of an economic renaissance and we have a great opportunity to move forward and grow this economy to create more economic value for the people here in the territory."

Kamal Latham, chief executive officer of the Economic Development Authority said.