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Governor touts success of EDC tax breaks

By SUZANNE CARLSON Daily News Staff 13 hrs ago

Gov. Albert Bryan Jr. made it clear during a press conference Tuesday that he intends to make economic development in the territory a key priority for his administration, and said the Economic Development Commission plans to recruit 50 new businesses over the next two years.

The announcement came during a press conference with Bryan — who is the former board chairman of the Economic Development Authority — and Kamal Latham, CEO of the authority.

“We are on the cusp of an economic renaissance,” Latham said.

The EDA administers the Economic Development Commission program, which grants significant corporate tax breaks to qualifying businesses that agree to certain terms, including charitable contribution, local hiring and providing benefits to employees.

“The reason why we dedicated an extra million dollars to the EDA into their marketing efforts for next year in our budget is because we’re very much aware of how much this program means to the Virgin Islands,” Bryan said.

Bryan said he reviewed an analysis of income tax records for 2017, and of the 34,900 filers, 89 individuals paid 66% of taxes in the territory.

“I want you to digest that. Eighty-nine people paid 66% of the taxes,” Bryan said.

If the next tax bracket is included in that figure, “10% of our people pay 75% of our taxes,” Bryan added.

“The attraction of high net worth individuals is one very strong component of our strategy, because if we can get that 89 to 180, it would mean \$500 million for total taxes collected, just for that group alone,” Bryan said. “The other side of it is making sure Virgin Islanders earn more. I took a look at our poverty plan and the things that we’re doing to make sure that Virgin Islanders can earn more and pay more into the system.”

Bryan said equitable access to good education and reducing government expenses are also key components to his administration’s economic development strategy. He cited two examples, and said the cost to build a public housing unit is \$400,000 for a two-bedroom apartment, and the territory is currently spending \$92,000 annually per person to house approximately 400 inmates.

“Those are statistics that we have to reduce,” Bryan said.

While those issues are important “this, the EDC program, is perhaps our greatest opportunity to quickly allow people to enter our markets, benefit from our tax incentives and grow their business, and pay their worldwide taxes at full 23% of the corporate rate, growing our economy,” Bryan said.

There are currently 71 companies receiving tax breaks through the EDC program, and Latham said the EDA intends to recruit an additional 50 businesses to the program over the next two years.

In order to accomplish that, Bryan laid out his plans to make the territory more friendly to outside businesses.

“I really want to thank everyone at the EDA for all of the hard work that they’re doing, and know that we’re doing the same thing at DLCA by gutting the licensing process, we have a business ambassador now to make sure that people coming to the island don’t get frustrated, we’re looking at our permitting process at DPNR to make it easier to get permitted and get out and go,” Bryan said. “I personally am championing projects that are going on, we’re ramping up our qualified opportunity zones to ensure that new businesses come in.”

Bryan emphasized that EDC tax benefits are “not a tax giveaway program, this is a program that attracts real currency, real revenue to our territory. It allows for people of high net worth to live in our population, and certainly it’s accountable for the majority of

the taxes that we pull in today.”

According to the economic impact report released Tuesday, the EDC program between 2013 and 2015 “directly and indirectly accounted for” 19,308 full-time equivalent jobs in the territory, more than \$1 billion in wages and salaries, more than \$1.4 billion in territorywide economic output, \$309 million in taxes and duties and \$9.7 million in charitable contributions.

“One key aspect of the report” is that for every dollar forgone in tax revenue, the program “creates two dollars in economic output,” Latham said. “This program is a good investment.”

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