



THE UNITED STATES VIRGIN ISLANDS

OFFICE OF THE GOVERNOR
GOVERNMENT HOUSE

**Charlotte Amalie, V.I. 00802
340-774-0001**

June 5, 2013

VIA MESSENGER

The Honorable Shawn-Michael Malone
President
Thirtieth Legislature of the Virgin Islands
Capitol Building
St. Thomas, VI 00802

RE: Proposed Legislation to authorize working capital borrowing; extend the 8% salary reductions to September 30, 2013; appropriate funding for Retiree Health Insurance Costs; and for other purposes.

Dear Senator Malone:

In accordance with Section 11 of the Revised Organic Act of the Virgin Islands of 1954, as amended, I submit to the Thirtieth Legislature the enclosed proposed measure to accomplish several purposes. First, the proposed bill amends Title 33, Chapter 11, Section 3019, Virgin Islands Code, to add a new section to authorize the Government of the Virgin Islands, acting through the Commissioner of Finance and/or the Virgin Islands Public Finance Authority, to borrow and/or enter into loans with financial institutions, in any fiscal year, to provide additional working capital, strictly for cash flow purposes. This loan would enable us to meet anticipated expenses during the slow summer months and would require repayment at the end of any fiscal year in which such borrowing would occur.

Second, the proposed measure seeks to amend Act No. 7261 to change the date at which the 8% government-wide salary reduction will be reinstated from July 3, 2013 to September 30, 2013. As has been discussed with members of the 30th Legislature during our numerous discussions on this issue, we are not only facing a \$19 million budget shortfall this fiscal year, but we also face severe cash flow constraints and we simply cannot afford the increased costs.

Additionally, the proposed bill is intended to provide additional funding for health insurance costs for retirees. During its deliberations on the FY 2013 Budget, the 29th Legislature

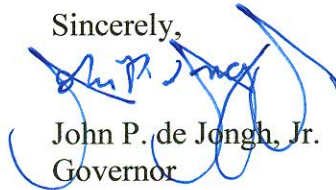
underfunded the costs for health insurance for our retirees. This measure proposes to provide additional funding so that our retirees would not find themselves without health insurance.

The proposed measure also seeks to increase the Bureau of Corrections' appropriation to meet its obligations, including payments to its food services vendor and for housing prisoners, including the mentally ill in off island institutions; and to reprogram from Act No. 7414 the Office of Management and Budget's Workmen's Compensation Increase to make payment on the Unemployment Trust Fund Loan for the fiscal Year 2013.

Additionally, this measure will allow the Tax Assessor to assess 2012 property tax bills at the 1998 rate and level of assessment and setting January 1st as the official assessment date.

As always, your assistance in bringing this proposed legislation before the 30th Legislature for prompt and favorable consideration will be greatly appreciated.

Sincerely,



John P. de Jongh, Jr.
Governor

Enclosure

THIRTIETH LEGISLATURE OF THE VIRGIN ISLANDS

REGULAR SESSION

2013

An Act amending Title 33, Chapter 111, Section 3019, Virgin Islands Code to add a new section to authorize the Government of the United States Virgin Islands, acting through the Commissioner of Finance and/or the Virgin Islands Public Finance Authority to issue revenue anticipation notes, in any fiscal year, for working capital purposes; to amend Act 7261 to extend the 8% salary reduction from July 3, 2013 to September 30, 2013; to appropriate additional funding for Health Insurance cost; to reprogram from Act No. 7414 OMB - Workmen's Compensation Increase to make payment on the Unemployment Trust Fund Loan in the Fiscal Year 2013; to increase the Bureau of Corrections' appropriation to meet its obligations; and to assess 2012 property tax bills at the 1998 rate and level of assessment, and setting January 1st as the official assessment date.

RECOMMENDED BY: THE GOVERNOR

1 *Be It Enacted By The Legislature Of The Virgin Islands*

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3 **SECTION 1.** Title 33, Chapter 111, Section 3019, is amended by adding a new Section
4 3019a to read as follows:

5
6 **§ 3019a.** The Government of the United States Virgin Islands, acting through the
7 Commissioner of Finance and/or the Virgin Islands Public Finance Authority, is
8 authorized, in any fiscal year, commencing with fiscal year 2013, to issue revenue
9 anticipation notes in anticipation of the receipt of taxes, rates, charges and other revenues
10 to be received within such fiscal year, not inconsistent with Section 8 of the Revised
11 Organic Act of the Virgin Islands. The proceeds of such notes issued pursuant to this
12 Section shall be applied (a) to provide funds for any purpose for which the Government is
13 authorized to use and expend moneys, including but not limited to, current expenses,
14 capital expenditures and the discharge of any obligations of the Government, and (b)
15 shall be repayable within such fiscal year. Any revenue anticipation note authorized
16 pursuant to this Section (a) may be secured by and payable from either (i) the General
17 Fund as a general obligation of the Government, (ii) gross receipts taxes collected by the
18 Government pursuant to Title 33, Section 43 of the Virgin Islands Code, further secured
19 by the general obligation of the Government, or (iii) matching fund revenues to be
20 collected by the Government of the United States Virgin Islands pursuant to Section
21 28(b) of the Revised Organic Act of the Virgin Islands and (b) shall have a maximum
22 interest rate of 9%, and a maximum principal amount in any fiscal year not to exceed
23 \$40,000,000, plus the associated fees, charges and carrying costs associated with the
24 issuance of any such debt or required reserves, and shall mature by no later than the end
25 of any fiscal year in which such borrowing occurs.

26 The Government of the United States Virgin Islands, acting through the Commissioner of
27 Finance and/or the Virgin Islands Public Finance Authority are hereby authorized to
28 (i) negotiate the final terms of any borrowing authorized pursuant to this Section, which
29 may be procured pursuant to the terms of a multi-year credit facility, (ii) execute and
30 deliver all documents and agreements necessary or advisable in connection with any
31 borrowing authorized herein, and (iii) pay all expenses associated with the issuance of
32 any note authorized herein.

33 **SECTION 2.** Act No. 7261, Section 4(f) is amended by deleting “July 3, 2013” and
34 substituting in lieu thereof “September 30, 2013”.

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36 **SECTION 3.** Act No. 7414, Section 2, Miscellaneous, “M0081 DOP Health Insurance
37 Retirees” is amended by deleting the amount “\$23,963,000” and substituting in lieu thereof the
38 amount “\$35,963,000.”

39
40 **SECTION 4.** Act No. 7414, Section 1, (B), the General Fund appropriation for the
41 Bureau of Correction in Fiscal Year Ending September 30, 2013, is amended as follows:

42
43 **DELETE:**

44	15100 Personnel Services	\$12,441,298
45	Fringe Benefits	\$ 4,958,993
46	25600 Capital	\$ 500,000
47	45400 Supplies	\$ 1,475,656
48	95000 Other Services and Charge	\$ 5,120,283
49	96000 Public utility Services	\$ 1,300,000
50	Total Org 150 Bureau of Corrections	\$25,796,230

51
52 **INSERT:**

53	59999 Lump Sum	\$28,796,230
54	Total Org 150 Bureau of Corrections	\$28,796,230

55
56 **SECTION 5.** The sum of \$1,190,848 in Act 7414, Section 2 (Miscellaneous) is
57 reprogrammed from OMB- Workmen’s Compensation Increase to Department of Labor to pay
58 interest [earned] [payable] on Unemployment Trust Fund Loan.

59
60 **SECTION 6.** Section 4 of Act No. 7342 (Bill No. 29-0266) is deleted in its entirety
61 and replaced with the following language:

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63 “Notwithstanding any law to the contrary, The Tax Assessor of the Virgin Islands shall
64 issue real property tax bills for all classes of real property, including residential and
65 commercial, and collect such real property tax payments at the 1998 rate and assessment
66 level for tax years 2009 to 2012.

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68 **SECTION 7.** Title 33, Chapter 85, Section 2410, is amended by deleting the first
69 sentence in its entirety and replacing with the following language:

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71 All real property shall be assessed to the person who is either the owner or in possession
72 thereof as of January 1, and the person appearing of record as of January 1, shall be held

73 to be the true owner thereof, starting with the CY 2013 bills, and similarly following each
74 year thereafter. Except as otherwise provided, all taxes shall be assessed as of January 1
75 of the calendar year with respect to which the taxes are assessed. Property characteristics
76 and assessments are as of January 1 for the Calendar Year of which tax bills are issued.
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BILL SUMMARY

Section 1. Grants the Government of the United States Virgin Islands, in any fiscal year of projected revenue shortfalls, borrowing authorization for issuance of revenue anticipation notes to fund fixed, mandatory operating costs, including payroll, utilities, rents, ongoing essential contractual obligations, for the continuing operations of the government

Section 2. Extends the 8% salary reduction to September 30, 2013.

Section 3. Appropriates \$12,000,000 from the General Fund to the Division of Personnel to pay additional employer share of Health Insurance coverage for retirees. In late September 2012 after the Board and CIGNA concluded negotiations, the insurance increase was 15.9%. Without this appropriation, all retirees, employees and their dependents health insurance coverage will be in jeopardy by July 2013.

Section 4. Increases the Bureau of Corrections appropriation in Fiscal Year 2013 by \$3,000,000 and make it a lump sum budget instead of a line item budget, so that the Bureau can utilize its budget more efficiently.

Section 5. Reprogram funds from OMB-Workers Compensation Increase to appropriate \$1,190,848 to the Department of Labor to pay the interest that is earned on the Unemployment Trust Fund loan that was utilized to pay employees who were unemployed.

Section 6. Extend the issuance of bills at the 1998 rate and level of assessment to Calendar Year 2012 in order to avoid foregoing the collections of real property tax bills in what would otherwise be a revaluation year.

Section 7. Changes the assessment date of record to January 1 from January 15 annually. It also clarifies the year in which assessments are applicable to bills, and explicitly makes January 1, 2013 as the effective date of assessments for the 2013 CY bills, and similarly following each year thereafter.