



GOVERNMENT OF
THE UNITED STATES VIRGIN ISLANDS
THE OFFICE OF MANAGEMENT AND BUDGET
No. 5041 Norre Gade
Emancipation Gardens Station, 2nd Floor
Charlotte Amalie, St. Thomas, V.I. 00802
Telephone: (340) 774-0750



TESTIMONY OF
DIRECTOR OF THE Office of Management and Budget
Before The Committee of Budget, Appropriations and Finance

Good afternoon the Honorable Senator Novelle E Francis Jr, Chairman of the Committee on Budget Appropriations and Finance, members of the Committee on Budget Appropriations and Finance, other members of the 36th Legislature and the viewing and listening audience.

I am Julio A. Rhymer Sr, Director of the Office of Management and Budget, here to provide testimony on Bill No. 36-0039, and as amended by amendment number 36-304. The bill seeks to amend title 33 Virgin Islands code chapter 4 section 75 by increasing the cost for individuals, firms, corporations and other associations except those specifically exemption to bring containers or flat rack containers into the Virgin Islands.

The Cargo Container Tax rates established in 2003 are \$50 for containers under 39 feet and \$100 for containers over 40 feet. Adjusting for 22-year inflation, the revised rates will be \$100 for containers under 39 feet and \$200 for containers over 40 feet. I am also proposing the establishment of a Container Documentation Fee of \$25 per container to support administrative oversight (Salaries + Benefits + O&M) to audit container contents. Additionally, I propose the implementation of a Recordation Technology Fee of \$3 per container to fund technology requirements, improvements, and enhancements.

The proposed adjustments will increase the General Fund revenues, container tax oversight, and technology. Current collection rates have doubled, and with adjustments and new fees, they will increase by 130%. The projections below are based on 2024 data from the Bureau of Internal Revenue for 19,315 containers (3,142 under 39 feet and 16,173 over 40 feet). These figures were used to calculate projected revenues at revised rates, including new fees. Note: Flat Racks revenues are not included in the projections.

The projected revenue breakdown is as follows:

Revenue Category	Amount (\$)
Revenue Without Adjustments (2003 rates)	1,774,400
Revenue from Adjusted Tax Rates (Proposed Rates)	3,548,800
Document Processing Fee	482,875
Recordation Technology Fee	57,945
Revenue With Adjustments & Fees	4,089,620

FISCAL IMPACT

The Cargo Container Tax, unchanged for over 22 years, needs adjustment to account for inflation and administrative costs. This proposal aims to ensure sustainable revenue and fair taxation with minimal consumer impact by targeting cargo carriers. It also aims to provide consistent funding for government services, container tax oversight, and adjustments based on the Consumer Price index.

Where the Office of Management and Budget agrees with the amendment of the law by increasing the container tax that has gone unchanged for 22 years, we disagree with the fund distribution. The Virgin Islands Waste Management Authority is an autonomous instrumentality of the Government of the Virgin Islands with the ability to establish rates for solid waste collection and disposal and has failed to do so. Therefore, to continue to provide additional sources of tax revenues to the Virgin Islands Waste Management Authority does not provide any incentive for the VIWMA to address their revenue shortfalls. Therefore, providing additional revenues at a 50/50 split to VIWMA with a possible risk of reducing general fund revenues in the future is not advisable nor good fiscal management. Senators, I am therefore proposing that the split for the fees not to include the O & M be 75 percent to the general fund and 25 percent to Anti-Litter Beautification Summer Program. This will give the additional revenues to the General Fund and support a summer youth employment program.

CONCLUSION

This proposal ensures the Cargo Container Tax is modernized to reflect inflation and administrative costs, enhancing revenue collection efficiency. The recommended legislative amendments will: Adjust outdated tax rates to increase General Fund revenue, introduce a Document Processing Fee to cover administrative oversight, establish a Cargo Miscellaneous Tax to capture non-containerized shipments, and ensure fiscal sustainability while minimizing economic impact.

This concludes my testimony, and I am available to answer any questions you may have.