



Legislature of the Virgin Islands

P.O. Box 1690, Emancipation Garden Station
St. Thomas, U.S. Virgin Islands 00804

TEL: (340) 774-2478

POST AUDIT DIVISION

February 24, 2026

MEMORANDUM:

TO: Senator Novelle E. Francis, Jr.
Chairperson
Committee on Budget, Appropriations, and Finance
36th Legislature

FROM: Post Audit Division

SUBJECT: BR No. 25-0936 – An Act reprogramming administrative fees resulting from the bonds issued for the Fortress Investment Group transfer for various projects and initiatives to enhance the economic development of St. Croix and to be deposited into the Budget Stabilization Fund

ANALYSIS/CONCLUSION

Bill No. 25-0936 reprograms \$4,200,000 in administrative fees collected by the Virgin Islands Hotel Development Financing Corporation (VIHDFC) pursuant to bonds issued in connection with the Fortress Investment Group transfer. The funds are allocated as follows:

- **\$1,000,000** to the Virgin Islands Port Authority (VIPA) for airline subsidies supporting airlift between St. Croix and the Eastern Caribbean. This initiative is intended to improve regional connectivity and stimulate tourism growth. Its effectiveness will depend on clearly structured performance metrics, sustainability of routes following expiration of incentives, and measurable increases in passenger traffic.
- **\$500,000** to the Virgin Islands Department of Tourism (VIDOT) for hotel development incentives on St. Croix. The funding is expected to serve as gap financing to leverage private investment. Appropriate oversight should include clearly defined eligibility criteria, job creation benchmarks, performance reporting requirements, and accountability provisions.
- **\$2,700,000** to be deposited into the Budget Stabilization Fund to enhance the Territory's fiscal resilience and support long-term financial stability.

This measure does not appropriate new funds or authorize new borrowing. Rather, it reallocates existing, fee-derived revenues. The bill is explicitly designed to continue rebuilding the Budget Stabilization Fund while advancing economic development initiatives on St. Croix, including:

Honorable Novelle E. Francis, Jr.

BR 25-0936 – Virgin Islands Hotel Development Financing Corporation - Reprogramming

Page 2 of 3

- Increased tourism activity
- Stabilization and growth of the hotel sector
- Reserve strengthening

BR No. 25-0936 is fiscally neutral, as it does not increase expenditures beyond existing collected revenues nor does it authorize new debt. The measure advances targeted economic development initiatives by allocating 36% of the proposed towards those efforts, while directing 64% to strengthen fiscal reserves.

Although the deposit into the Budget Stabilization Fund demonstrates prudent fiscal management, the effectiveness of the economic development components will depend on structured oversight, clear accountability measures, and measurable returns on investment.

A handwritten signature in blue ink, appearing to read "Theodora Philip, DBA".

Theodora Philip, DBA
Post Auditor

GOVERNMENT OF THE VIRGIN ISLANDS
BUDGET STABILIZATION - 2129
 February 25, 2026

Beginning Balance from F/Y '24		\$	21,000,000.00
Revenues F/Y '24	\$	-	
Expenses F/Y '24		(10,732,677.64)	
Adjustment F/Y'24		(7,704,549.03)	
Net Activity F/Y '24			<u>(18,437,226.67)</u>
Ending Balance 09/30/2024			<u>2,562,773.33</u>
Beginning Balance from F/Y '25			2,562,773.33
Revenues F/Y '25	10,988,790.95		
Expenses F/Y '25		-	
Net Activity F/Y '25			<u>10,988,790.95</u>
Ending Balance 09/30/2025			<u>13,551,564.28</u>
Beginning Balance from F/Y '26			13,551,564.28
Revenues F/Y '26	2,500,000.00		
Expenses F/Y '26		-	
Net Activity F/Y '26			<u>2,500,000.00</u>
Ending Balance 02/25/2026			<u>\$ 16,051,564.28</u>
Budgeted Balance - Unobligated			0.00
Encumbrances			0.00
Payment In Process			0.00
Requisition In Process			0.00
Available for Budget			<u>\$ 16,051,564.28</u>

Note:

This unaudited balance includes appropriations and encumbrances available but not yet expended

DOF - General Ledger

CD - 02/25/2026