

DEPARTMENT OF PUBLIC WORKS
UNITED STATES VIRGIN ISLANDS

COMMITTEE ON

**BUDGET, APPROPRIATIONS
AND FINANCE**

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Derek Gabriel

Commissioner
Department of Public Works

Good day, Senator Novelle Francis Jr., Chairman of the Committee on Budget, Appropriations, and Finance; committee members; all other senators in attendance today; all those seated in the Senate chambers; and those in the listening and viewing audience. My name is Derek Gabriel, Commissioner of the Department of Public Works (DPW).

Thank you for the opportunity to testify on Bill No. 36-0023, an act amending the appropriate section of the Virgin Islands Code relating to the highway user tax. The legislation seeks to create eight separate and distinct weight classes with a tiered taxation rate beginning at 16 cents per pound.

I want to commend the primary sponsor, Senator Ray Fonseca, for putting forth legislation aimed at increasing revenues to the Government of the Virgin Islands. We had the opportunity to provide some overall feedback, but today, I want to offer more comprehensive testimony, feedback, and suggestions to strengthen the legislation from the perspective of the Department of Public Works. As most of you are aware, outside of special appropriations from this Body and limited federal assistance, DPW's primary funding source for road maintenance and repairs comes from the District Road Fund, which receives 2% of the property taxes collected. This amounted to \$1,133,725.71 in FY2022, \$1,256,177.40 in FY2023 and \$1,210,770.18 in FY2024. As we are all aware, this is far from sufficient. Measures previously taken by this Body, such as diverting percentages of the gas tax to other departments and causes, have added to the limited funding sources dedicated to critical infrastructure projects to repair bridges, roads, and highways and improve traffic and pedestrian safety.

The transportation industry recognizes that vehicles in heavier weight categories, particularly those in Class 5 or higher or weighing over 16,000 pounds, have a greater impact on transportation systems than those in lesser weight categories. The federal government collects a Heavy Vehicle User Tax annually for all commercially operated vehicles over 55,000 pounds. My first recommendation would be to reduce the number of

tiers proposed to three tiers – Class 1 at 16 cents per pound, Class 2-4 at 22 cents per pound, and Class 5 or higher at 30 cents per pound. This would lessen the administrative burden on the Bureau of Internal Revenue while still achieving the overall goal of the legislation. I also recommend collecting the taxes annually at the time of registration instead of as a one-time fee. A percentage of the fees collected, especially for those Class 5 and higher, should be dedicated to the District Road Fund for each island to increase available funding for road maintenance and repairs. These vehicles create the most “wear and tear” damage on our roadways, bridges, and sidewalks. Lastly, I firmly believe the only exemptions to the highway user tax should be those owned and operated by the Government of the Virgin Islands and non-profits. Taxis should not be exempt from this tax as they use our roadways just as much, if not more, than privately owned vehicles.

As the territory continues on its path to recovery and transformation, it is time to implement measures like this to make sure we have the wherewithal locally to maintain our growing infrastructure network. Thank you for the opportunity to testify on this measure. I will remain to answer any questions or concerns you may have.