



Legislature of the Virgin Islands

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POST AUDIT DIVISION

October 27, 2025

MEMORANDUM

TO: Honorable Novelle E. Francis, Jr
Chairman, Committee on Budget, Appropriations, and Finance
36th Legislature of the Virgin Islands

FROM: Post Audit Division

SUBJECT: **Bill No.- 36-0045**-An Act appropriating the sum of \$400,000 from the Tourism Advertising Revolving Fund to the Virgin Islands Taxicab Commission for the implementation of technological upgrades.

BACKGROUND AND HISTORY

Title 33, Virgin Islands Code, Chapter 111, Section 3072, established a separate and distinct fund known as the "Tourism Advertising Revolving Fund" (TARF). The Commissioner of Finance is responsible for maintaining and administering this fund, and no amounts deposited therein may be expended except as expressly authorized under this section.

The Fund consists of:

- All sums appropriated to it by the Legislature;
- All monies received by the Government pursuant to Section 54 ("Hotel Room Tax") and Section 55 ("Telephonic Long-Distance Surtax") of Title 33, Virgin Islands Code;
- Monies received under Title 9, Section 133 of the Virgin Islands Code; and
- All gifts, contributions, and bequests made to the Fund.

Additionally, Title 33, Chapter 3, Section 54(b)(2) establishes the Environmental/Infrastructure Impact Fee applicable to timeshare properties. This fee refers to a lodging occupancy fee levied by the Virgin Islands Government on timeshare owners or users per night of occupancy.

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By statute, 85% of all revenues collected from this fee are deposited into the General Fund, while 15% are allocated to the Tourism Advertising Revolving Fund. This statutory structure provides the legal basis for the appropriation proposed under Bill No. 36-0045, which seeks to utilize a portion of the available balance within the Tourism Advertising Revolving Fund to finance the Virgin Islands Taxicab Commission's (VITCC) technological upgrades. The bill's intent aligns with the Fund's broader purpose of supporting initiatives that enhance tourism-related infrastructure, services, and administrative capacity across the Territory.

VIRGIN ISLANDS TAXICAB COMMISSION'S OPERATIONAL OBSERVATION

The Virgin Islands Taxicab Commission regulates the automobile-for-hire industry, which includes taxis and tour operators throughout the Territory. The Commission's core functions encompass education, enforcement of the laws, rules, and regulations governing the taxicab industry. Ensuring the safe and efficient execution of these responsibilities requires enhanced operational systems, improved data management, and sustained education for both operators and consumers.

During the Commission's Fiscal Year 2026 budget hearing appearance before the Committee on Budget, Appropriations, and Finance, the Executive Director announced the agency's intention to digitally transform its legacy paper records into a fully integrated electronic records management system. However, the Director also acknowledged there was a shortage of personnel capable of executing this initiative.

The Commission's revenues are derived from the issuance of business licenses, forms, publications, penalties, and citations. Despite these sources, the agency currently employs only three individuals, an Executive Director, Administrative Secretary and Collection Clerk. According to the response received from *inquiries as recent as October 27, 2025, VITCC does not intend to onboard any inspectors for the next 90 to 120 days.*

ANALYSIS

Under Virgin Islands law, 85% of Environmental Infrastructure Impact Fees are allocated to the General Fund and 15% to the Tourism Advertising Revolving Fund. The following table presents cumulative revenue collections from FY 2021 through FY 2025:

	Cumulative FY 2021 September 2021	Cumulative FY 2022 September 2022	Cumulative FY 2023 September 2023	Cumulative FY 2024 September 2024	Cumulative FY 2025 September 2025
General Fund (85%)	\$4,238,414.50	\$5,120,957.18	\$4,507,252.96	\$4,476,688.20	\$4,633,004.31
Tourism Advertising Revolving Fund (15%)	747,955.50	903,698.33	795,397.58	790,003.80	817,589.00
Total Revenue	\$4,986,370.00	\$6,024,655.51	\$5,302,650.54	\$5,266,692.00	\$5,450,593.31

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Based on the five-year average, the **TARF receives approximately \$810,928 annually**. The proposed appropriation represents **approximately 49%** of this annual average revenue.

According to the Virgin Islands Taxicab Commission, the anticipated breakdown cost of the upgrades are as follows:

Description	Quantity	Total Cost (Quoted)
Dell Latitude 7530 laptops	10	\$18,139.90
Dell 2150cn Color Laser Printer (per island)	3	8,368.83
Dell 2335dn Mono Multifunction Laser Printer (per island)	3	2,160.00
Dell 1250c Color LED Laser Printer Class Printer	2	960.00
APC Smart UPS Tower(per island)	3	2,898.00
Dell E170S LCD Monitor (per island)	3	472.25
APC Backup UPS ES 450VA Desktop UPS	16	1,006.46
Panasonic Toughbook 15.4" Notebook	6	17,717.33
Auto Mounts	8	4,800.00
Netgear 24 Port Gigabit PoE+Smart Managed Pro Switch	3	1,215.00
Enterprise Color Laser Printer	3	2,583.00
Havis Vehicle Mount for Notebook/Tablet	3	1,291.50
Laptop Docking Station	16	3,614.08
Design/ Development/Training/Implementation/Software License		212,000.00
Date Migration Services and Database Updates	1040	113,360.00
Software License Maintenance and Support Costs (4 years)		76,000.00
Subtotal		466,586.35
Estimated Shipping/ Handling		12,900.00
Grand Total		\$479,486.35

The proposed appropriation under Bill No. 36-0045 authorizes the sum of \$400,000 from the TARF to finance the Virgin Islands Taxicab Commission's technological upgrades. However, based on the detailed cost estimate submitted by the agency, the total project cost is projected at \$479,486.35, creating a funding gap of \$79,486.35, or approximately **20% beyond the proposed appropriation amount**.

This variance primarily stems from the inclusion of several *non-equipment expenses* within the project's cost structure, namely:

- **\$212,000** allocated for *software design, development, training, implementation, and licensing*, and
- **\$113,360** for *data migration services and database updates*. Together, these two categories represent **68% of the total project cost** and **significantly exceed typical equipment replacement or upgrade expenses**.
- In addition, *software license maintenance and support costs over a four-year period* are estimated at **\$76,000**, which although necessary for continuity, extends beyond the current fiscal year appropriation. **At \$401,360 these non-equipment expenses represent 84%** of the estimated cost of the upgrade.

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Further, the itemized cost estimate reflects a **substantial investment in equipment and IT infrastructure**, including multiple laptops, printers, docking stations, and vehicle-mounted devices across all three islands. While such upgrades may enhance data management and regulatory efficiency, the scale of this procurement appears **disproportionate to the Commission's current staffing levels and operational capacity**. According to testimony before the Committee on Budget, Appropriations, and Finance, the **Commission's budget does not presently support the onboarding of more than two inspectors**, and recruitment for existing vacancies has not yet commenced.

In this context, the proposed equipment expenditure—valued at nearly half a million dollars—may exceed the agency's near-term capacity to effectively deploy, maintain, or utilize the technology as intended. Without corresponding investments in human resources and enforcement capability, such a hefty equipment acquisition risks underutilization and reduced return on investment.

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SUMMARY

The proposed appropriation of \$400,000 represents a significant yet manageable draw from the Tourism Advertising Revolving Fund. However, the total estimated project cost of \$479,486.35 derived from an itemized estimate received in 2023; raises questions about the relevance and accuracy of the data in our current fiscal environment. Increased costs for shipping, logistics, and technology procurement since 2023 suggest that the original estimate may no longer accurately reflect real-time pricing.

At the same time, the Post Audit Division recognizes that the 2023 estimate already includes substantial allocations that may have anticipated inflationary impacts. The combined cost of software development, data migration, and multi-year maintenance contracts—totaling over \$400,000—represents a significant portion of the original estimate and may already encompass reasonable contingencies for cost fluctuations. As such, the total estimate could reflect a level of *built-in inflation or overestimation*, which may offset current cost increases.

Given this context, it is plausible that the \$400,000 appropriation may still be sufficient to complete the proposed technological upgrade provided that the project scope is carefully prioritized and managed efficiently. **However, the substantial investment in equipment versus the Commission's operational levels should result in a deferred appropriation or phased approach towards migration.**

Nevertheless, the Post Audit Division maintains that approval and expenditure of funds should remain conditional upon updated cost verification, personnel readiness, and fiscal alignment with the actual resources required. The Division further emphasizes that the Taxi Cab Commission's long-term success hinges not solely on technological improvements but on its ability to recruit inspectors, enforce regulations, and expand its revenue collection capacity.

Ultimately, the Taxi Cab Commission's ability to onboard inspectors, strengthen operational oversight, and improve revenue generation should remain the principal objective of this modernization initiative. Technology should serve as a means to enhance capacity, not as a substitute for addressing underlying human resource and enforcement deficiencies.



Theodora Philip, DBA
Post Auditor

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ADDENDUM

GOVERNMENT OF THE VIRGIN ISLANDS TOURISM ADV. AND REVOLV FUND - 393/393100 - 6068/6069 OCTOBER 29, 2025

Beginning Balance from F/Y '23		\$ 115,583,207.50
Revenues F/Y '23	\$ 33,059,362.43	
Expenses F/Y '23	<u>(46,141,834.31)</u>	
Net Activity F/Y '23		<u>(13,082,471.88)</u>
EOY Adjustment F/Y '23		<u>(94,090.19)</u>
Ending Balance 9/30/23		<u>102,406,645.43</u>
Beginning Balance from F/Y '24		102,406,645.43
Revenues F/Y '24	47,841,310.97	
Expenses F/Y '24	<u>(35,510,206.54)</u>	
Net Activity F/Y '24		<u>12,331,104.43</u>
EOY Adjustment F/Y '24		<u>(3,362,099.49)</u>
Ending Balance 9/30/24		<u>111,375,650.37</u>
Beginning Balance from F/Y '25		111,375,650.37
Revenues F/Y '25	49,282,419.83	
Expenses F/Y '25	<u>(44,881,392.80)</u>	
Net Activity F/Y '25		<u>4,401,027.03</u>
EOY Adjustment F/Y '25		<u>(36,308.70)</u>
Ending Balance as of 9/30/25		<u>\$ 115,740,368.70</u>
Beginning Balance from F/Y '26		115,740,368.70
Revenues F/Y '26	240,200.13	
Expenses F/Y '26	<u>(545,540.91)</u>	
Net Activity F/Y '26		<u>(305,340.78)</u>
EOY Adjustment F/Y '26		<u>-</u>
Ending Balance as of 10/29/25		<u>\$ 115,435,027.92</u>
Budgeted Balance- Unobligated Budget		(47,521,093.62)
Encumbrances		(1,683,177.10)
Payment in Process		(1,384,184.48)
Requisitions		<u>(20,002.56)</u>
Available for Budget		<u>\$ 64,826,570.16</u>

Note:

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

 DUF - General Ledger
THG - 10/29/25