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of the United States of America  
**Department of Licensing and Consumer Affairs**

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Testimony Before the  
36<sup>th</sup> Legislature of the Virgin Islands

**Understanding the Cost of Living in the Virgin Islands (Consumer Goods)**

Hon. Milton E. Potter, Senate President  
Committee of the Whole

March 3, 2025

*Serving Businesses & Assisting, Educating and Protecting Consumers"*

1 Good Morning, Honorable Senate President Potter, Distinguished Members of the  
2 36<sup>th</sup> Legislature, and the Listening and Viewing Audience. I am Commissioner H. Nathalie  
3 Hodge. Today, I am joined by Assistant Commissioner Horace Graham, General Counsel,  
4 Geraldine P. Vaval, and Wilbur Francis, Director of Enforcement. Thank you for the  
5 opportunity given to provide testimony on behalf of the Department of Licensing and  
6 Consumer Affairs (DLCA) regarding consumer goods pricing and the broader economic  
7 pressures affecting the cost of living in the Virgin Islands.

8 As the agency responsible for consumer protection and business regulation, DLCA  
9 plays a critical role in ensuring market transparency, conveying price trends, and enforcing  
10 laws that safeguard residents against unfair pricing and deceptive trade practices. Today, I  
11 will present key insights into the pricing of consumer goods, *DLCA's current market*  
12 *efforts*, and policy considerations aimed at enhancing affordability and economic stability  
13 for Virgin Islanders.

14

## 15 **Enforcement of Consumer Protection Laws**

16 The DLCA enforces a variety of laws aimed at safeguarding consumer rights. These  
17 include, but are not limited to:

18 **1. The Consumer Protection Law.** The Consumer Protection Law serves as a  
19 safeguard against unfair and deceptive trade practices that could mislead or harm  
20 consumers. It establishes guidelines to ensure businesses operate with transparency  
21 and integrity, preventing fraudulent claims, false advertising, and  
22 misrepresentations about products or services. Through enforcement actions,  
23 consumer education, and legal interventions, the DLCA actively identifies and  
24 addresses violations. By holding businesses accountable for deceptive practices,

25 this law fosters a fair marketplace where consumers can make informed purchasing  
26 decisions with confidence.

27 **2. The Price Control Act.** The Price Control Act is a critical regulation designed to  
28 prevent price gouging, particularly during emergencies such as hurricanes. It grants  
29 the DLCA the authority to monitor and regulate the prices of essential goods and  
30 services, ensuring that businesses do not exploit consumers by imposing unjustified  
31 price increases during times of crisis. This Act covers necessities such as food, fuel,  
32 medical supplies, and building materials, and protecting residents from financial  
33 exploitation when access to essential products becomes limited. By enforcing price  
34 controls and conducting market surveillance, the DLCA upholds economic stability  
35 and consumer protection during vulnerable periods.

36 **3. Monitoring of Unfair Trade Practices.** The Unfair Trade Practices under the  
37 Consumer Protection Law of 1973 is designed to protect consumers from fraudulent  
38 activities, misrepresentation, and contracts that impose unreasonable burdens. This  
39 law prohibits deceptive marketing tactics, hidden fees, and unfair terms that  
40 businesses may use to take advantage of customers. The DLCA plays a vital role in  
41 enforcing these regulations by investigating consumer complaints, by taking action  
42 against violators, and by promoting fair competition. Ensuring that businesses  
43 operate with integrity, this Act helps maintain consumer trust and prevents financial  
44 harm caused by unethical business practices. Despite the lack of manpower, this is  
45 completed through the dedication and tireless efforts of our small, but experienced,  
46 consumer protection Team lead by the DLCA's Chief Consumer Compliance  
47 Officer along with and three Consumer Protection Officers.

48       **4. Truth in Pricing Rules and Regulations.** The Truth in Pricing Rules and  
49 Regulations mandates that businesses provide transparent pricing and uphold their  
50 advertised promotions. This regulation ensures that consumers are not misled by  
51 hidden costs, unclear labelling, or false advertising. Retailers must display accurate  
52 prices on shelves, menus, and promotional materials, allowing consumers to make  
53 informed purchasing decisions. The DLCA enforces compliance by conducting  
54 inspections, reviewing advertisements, and addressing consumer complaints  
55 regarding deceptive pricing practices. This law is essential in promoting honesty in  
56 commerce and preventing misleading sales tactics. For instances when businesses  
57 may be open after our compliance officer's shifts end, we rely on reporting from the  
58 public to receive and investigate these alleged violations. Though it may be  
59 challenging, we have always found a way to protect the consumer despite our  
60 limited resources.

61               Through routine oversight—including weekly random inspections, three-  
62 month follow-ups, annual inspections, and investigations prompted by consumer  
63 complaints—along with general compliance audits and targeted operations, the  
64 DLCA's Division of Consumer Affairs actively monitors the marketplace to detect  
65 and deter violations of consumer protection laws. These enforcement actions help  
66 identify businesses engaged in fraudulent practices, price manipulation, or non-  
67 compliance with regulatory standards. Regular oversight ensures that businesses  
68 adhere to fair trade principles, fostering a competitive and ethical economic  
69 environment.

70               Additionally, the DLCA publishes a monthly **Shopping Basket** report,  
71 which provides real-time price comparisons for common consumer goods at

72 various retail locations. While this tool enhances market transparency, it is not  
73 intended as a formal economic analysis of inflation trends. For long-term price  
74 trend data, consumers and policymakers should refer to the Bureau of Economic  
75 Research (BER), which conducts in-depth cost-of-living analyses.

76

### 77 **Clarifying DLCA's Role in Price Monitoring**

78 There is often confusion regarding the DLCA's responsibilities in tracking  
79 consumer prices. While the DLCA publishes a monthly "Shopping Basket" report to  
80 provide a snapshot of current prices for selected goods, this should not be mistaken for a  
81 "Market Basket Survey" used for long-term economic analysis. The Shopping Basket  
82 offers real-time pricing insights, but it is not designed for tracking trends over months or  
83 years. Consumers looking for comprehensive cost-of-living data should refer to the Bureau  
84 of Economic Research (BER), which conducts formal economic assessments.

85 The purpose of the DLCA's Shopping Basket is to provide transparency in pricing  
86 and to inform consumers of the cost of everyday essential goods at various retailers. The  
87 items included in the Shopping Basket, however, are rotated and changed regularly, which  
88 means that the data collected does not allow for direct price comparison across different  
89 time periods. This flexibility in selection is intentional, as it enables the DLCA to highlight  
90 a diverse range of consumer goods and ensure that pricing information remains relevant to  
91 current market conditions.

92 For those seeking Consumer Price Index (CPI) information or a formal Market  
93 Basket Survey that tracks economic trends over time, the BER is the designated agency  
94 responsible for compiling such data. The BER conducts structured analyses that account  
95 for inflation, cost-of-living changes, and other economic indicators that impact the

96 financial well-being of consumers in the Virgin Islands. These reports provide an official  
97 measurement of economic trends and are the appropriate resource for individuals or  
98 organizations interested in understanding long-term pricing fluctuations.

99 It is crucial for consumers and businesses alike to understand the distinction  
100 between the DLCA's Shopping Basket and the BER's Market Basket Survey. While the  
101 DLCA remains committed to consumer advocacy and price transparency, its role does not  
102 extend to producing long-term economic data or CPI reports. Misinterpretation of the  
103 DLCA's Shopping Basket as an economic indicator can lead to misunderstandings about  
104 price trends and market stability. For precise statistical analysis and comprehensive price  
105 comparisons, the BER's data should be referenced.

106 The DLCA remains committed to its mission of ensuring fair business practices,  
107 consumer protection, and pricing transparency. However, its functions are clearly defined,  
108 and inquiries or concerns that fall outside its jurisdiction, such as fraud investigations and  
109 long-term economic analysis, are redirected to the appropriate agencies. Consumers  
110 requiring assistance in these areas are strongly encouraged to contact the relevant  
111 authorities for accurate information and proper resolution.

112 While the DLCA may not always have the exact answer, some complaints require  
113 detailed analysis and legal guidance to determine the most appropriate agency. In these  
114 cases, we leverage our training, experience, and strong working relationships with  
115 regulatory partners in the Government of the Virgin Islands (GVI) to provide general  
116 guidance or direct consumers to a specific contact within a partner agency for the most  
117 effective application of the law.

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120 **Consumer Goods**

121 The cost of consumer goods in the Virgin Islands remains a significant economic  
122 concern, particularly for food prices, which are among the highest in the region. A 2017  
123 study analyzing food prices in the territory identified key cost drivers, including high  
124 energy expenses, transportation fees, and reliance on imports. While these factors remain  
125 relevant, evolving economic conditions, market shifts, and policy changes continue to  
126 influence pricing trends. To gain a more comprehensive and up-to-date understanding, I  
127 believe an ongoing Cost of Living Study will provide crucial insights to guide future policy  
128 decisions. To this end, the DLCA has been engaged in ongoing discussions with the  
129 Analysis Group, the international economics consulting firm that conducted the 2017  
130 study, to explore methodologies, data collection strategies, and key economic indicators  
131 that will ensure an accurate and meaningful cost-of-living assessment that addresses the  
132 challenges faced today. This study will help shape policies aimed at improving  
133 affordability and economic stability regarding the cost of consumer goods in the U.S.  
134 Virgin Islands.

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136 **Challenges Impacting Consumer Goods Pricing**

137 Several economic pressures directly impact the affordability of goods in the  
138 territory:

139 ***1. Freight & Supply Chain Costs***

140 The high cost of shipping and import duties significantly affects retail prices. Most  
141 goods are imported, and freight surcharges from mainland suppliers continue to drive up  
142 costs. The DLCA is collaborating with stakeholders to assess freight cost adjustments and  
143 their pass-through impact on consumer pricing. Because this requires buy-in and support

144 from the industry stakeholders there is no firm timeline for implementation, talks continue,  
145 and we are hopeful that our efforts will result in tangible benefits for the consumers in this  
146 Territory.

147 ***2. Retail Markups & Competitive Constraints***

148 The high cost of consumer goods in the Virgin Islands is largely due to limited  
149 wholesale competition, leading to higher retail markups. With few wholesale suppliers,  
150 retailers have limited options, resulting in reduced competition and higher prices. This is  
151 further worsened by high import costs, logistical challenges, energy expenses, and  
152 regulatory barriers.

153 To address these issues, the DLCA promotes supplier diversification and increased  
154 market competition. This includes streamlining business licensing to attract new  
155 wholesalers and encouraging support for local agriculture, through expedited licensing  
156 services. To ensure the amount of product being sold is accurate, on-site scale compliance  
157 checks are facilitated by the DLCA's Weights and Measures Inspectors for the purposes of  
158 protecting both consumers and businesses. Additionally, the DLCA enhances price  
159 transparency through retail price comparison reports which are designed to strengthen  
160 consumer education efforts. Understanding the impact of high energy and operating costs,  
161 the DLCA also supports initiatives that provide energy-efficient solutions and regularly  
162 shares information on financial incentives to help businesses lower expenses.

163 ***3. Inflation & External Market Factors***

164 The effects of global inflation, supply chain disruptions, and fuel price volatility  
165 have contributed to sustained price increases in key consumer categories. To mitigate these  
166 impacts, the DLCA continues consumer education efforts to help residents make informed  
167 purchasing decisions.



168 **4. Utilities**

169 The high cost of utilities, particularly from the Virgin Islands Water and Power  
170 Authority, significantly impacts consumer goods pricing by increasing operating,  
171 transportation, and storage costs for businesses. Retailers pass these expenses to  
172 consumers, driving up prices on essential goods. Supply chain disruptions and inflationary  
173 pressures further strain affordability, while small businesses struggle to stay afloat,  
174 sometimes reducing services or raising prices. Additionally, high utility bills reduce  
175 consumers' disposable income, limiting purchasing power and exacerbating economic  
176 strain.

177

178 **Policy Recommendations & Legislative Considerations**

179 To address cost-of-living challenges and ensure consumer protection, the DLCA  
180 proposes the following considerations:

181 *Expanding Price Monitoring & Reporting* by establishing a more comprehensive  
182 Consumer Price Monitoring Dashboard in collaboration with the BER, providing  
183 consistent long-term tracking of pricing trends.

184 *Encouraging Market Competition & Local Production* by supporting policies that  
185 reduce barriers to entry for new businesses and promote local food production to decrease  
186 dependency on costly imports.

187

188 **Conclusion and Legislative Considerations**

189 I want to thank you for the opportunity to testify on this very important topic. I  
190 would like to close with the following: We understand that effective consumer protection  
191 is a shared responsibility, not only with the Legislature and the executive branches of

192 government, but with every individual consumer throughout the Territory. Whether you  
193 reside here or are in the Territory for business or leisure, we all share in the responsibility  
194 of understanding our rights as consumers and for reporting any activity that you feel may  
195 be in violation of the laws of the U.S. Virgin Islands. The DLCA remains committed to  
196 working alongside the Legislature to strengthen existing laws and enhance enforcement  
197 mechanisms. As we look ahead, we welcome discussions on improving consumer  
198 protection policies and increasing funding for enforcement initiatives. To achieve this, we  
199 will actively explore federal funding opportunities while leveraging technology to  
200 streamline complaint processing and market monitoring.

201 We appreciate the support of Governor Albert Bryan Jr., the Bryan/Roach  
202 Administration and the 36<sup>th</sup> Legislature in these efforts and stand ready to provide any  
203 additional information necessary to advance consumer rights in the U.S. Virgin Islands.  
204 Thank you for the opportunity to testify before the Committee of the Whole today. We are  
205 happy to answer any questions you may have.