



Legislature of the Virgin Islands

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POST AUDIT DIVISION

November 3, 2023

MEMORANDUM:

TO: Senator Donna A. Frett-Gregory
Chairperson
Committee on Budget, Appropriations and Finance
35th Legislature

FROM: Post Audit Division

SUBJECT: Bill No. 35-0180 – An Act appropriating \$5,124,000 from the Internal Revenue Matching Fund in fiscal year September 30, 2024, for the contribution and site improvements of the Paul E. Joseph Stadium Project and requiring the Virgin Islands Department of Public Works to submit status reports of the project to the Legislature of the Virgin Islands.

BACKGROUND AND HISTORY

Internal Revenue Matching Fund

The Internal Revenue Matching Fund was created pursuant to Section 28, Revised Organic Act of 1954, which authorizes the receipt of revenues transferred and paid to the Government of the Virgin Islands as a result of excise taxes imposed by the U.S. Treasury Department and collected during the fiscal year under the Internal Revenue Laws of the United States, on certain products produced in the United States Virgin Islands and exported to the United States. The current source of revenue is excise taxes collected by the United States Government on rum products produced in the Virgin Islands and exported to the United States. Amounts can be expended as may be determined by the Legislature, but subject to prior pledges to bondholders.

ANALYSIS

Bill 35-0180 seeks to provide an appropriation of \$3,329,000 in Section 1 and \$1,795,000 in Section 2 for a combine total of \$5,124,000 from the Internal Revenue Matching Fund for the construction and site improvement of the Paul E. Joseph Stadium project and the appropriated sums shall remain available until expended. Section 3 of Bill No. 35-0180 repeats Act No. 8326 (Bill No. 33-0275) Section 4 requiring the Department of Public Works no later than 30 days after the enactment of this act what is already become law.

Act No. 8326 (Bill No. 33-0275) Section 4(a) states:

(a) No later than 30 days after the enactment of this act, the Department of Public Works shall:

- (1) Provide project timelines that include a schedule of completion for the Paul E. Joseph Stadium, Terrance Martin Softball Field, and the Festival Village;*
- (2) Provide a project budget that indicates use of all available and appropriated funding for the project, not to exceed the budget amount;*
- (3) Provide bi-monthly project report that includes staffing reports, accounting records and updated photos; and*
- (4) Submit approved plans and permits for the projects.*

SUMMARY

Act No. 7663 amended Act No. 7453 appropriating \$17,500,000 of the proceeds of the Recreational Projects Bonds which shall be applied to finance the cost of the design and construction of the Paul E. Joseph Stadium. According to the Governor's Fiscal Year 2024 Budget Book the Paul E. Joseph Stadium and Sports Complex has expended \$17,352,180 and has a remaining balance of \$147,820. In the transmitted fund balance as of June 30, 2023, the Department of Finance did not include the balance for the Internal Revenue Matching Fund. However, the Governor's Fiscal Year 2024 Budget Book indicates an available balance of \$50,617.85. This information was not verified.

At this time the Post Audit Division cannot recommend this funding source for this measure and recommends use of an alternate funding source.