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EDA Reports Millions Earned Through Tax Incentive Program

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Kamal Latham, chief executive officer of the Economic Development Authority, held a news conference at Government House on St. Croix. (Source photo by Susan Ellis)

Between the years 2013 and 2015, Economic Development Commission beneficiaries paid more than $309 million in taxes to the V.I. Government and $9.7 million in donations to charitable organizations and education programs, Kamal Latham, chief executive officer of the Economic Development Authority, said Tuesday at Government House on St. Croix.

Additionally, the 71 client companies were responsible for 19,308 full time jobs during the three-year period, paying more than $1 billion in wages and salaries and $309 million in taxes and duties.

Those figures are from the Economic Impact Analysis Report published in June and based on data compiled by the University of the Virgin Islands Institute for Leadership and Organizational Effectiveness, and Appleseed Inc. Appleseed is a New York firm that provides economic impact analyses and economic development studies.

Latham said his goal is to add another 50 new businesses to the tax benefit program. The areas of focus are new hotels and resorts, new financial services companies and manufacturers. Staff will attend trade shows and conferences to recruit businesses and there is a new website that advertises commercial properties for sale or lease.

During his press conference, Latham introduced Gov. Albert Bryan Jr. and said he was the “main reason” for the success at the commission. Bryan served as chairman of the Economic Development Authority during his eight-year term as Labor commissioner under Gov. John deJongh, Jr.

The governor talked about the tax report from 2017 and outlined some of the planned uses for the funds. He talked about improving education with safe environments, strong curriculums and less money spent on maintenance. There are internships available for students, provided by commission clients, and high school graduates can attend UVI free of charge.

The government is helping clients by “gutting” the licensing and permitting processes, Bryan said, to make it easier to do business in the Virgin Islands.

In the meantime, poverty statistics have to be lowered, he said, mentioning the costs of building low income housing and caring for prisoners. The V.I. poverty levels are “lopsided” and “killing us,” the governor said.

Gov. Albert Bryan addresses a news conference Tuesday. (Source photo by Susan Ellis)

Bryan pointed out that there were almost 35,000 individual and household tax filers in 2017 and 89 of them paid 66 percent of the taxes. Corporate taxpayers paid another $60 million.

The Economic Development Authority was started in 2001 as a semi-autonomous government agency to create “an environment for business retention, expansion and growth for the economic stability.” The entities within the authority are the Economic Development Commission, the Economic Development Park Corporation, the Enterprise Zone Commission and the Economic Development Bank.

There are strict rules and regulations for beneficiaries to receive tax benefits. Eighty percent of all those employed by clients of the commission are required to be V.I. residents and after the third year of operation, at least 20 percent of management, supervisory and/or technical positions must be filled by residents. Companies must pay employees at least the minimum wage and include health insurance, paid leave, a pension as well as professional development and tuition remission.

During the three-year period of the study, the number of employees reported by beneficiaries declined by almost 2,000 people. The report speculated that the loss may have been due to increased competition from other areas, including Puerto Rico, difficult economic times in the territory, and an amendment to legislation that allows a reduced number of employees for financial services companies.

The Economic Development Commission’s clients receive substantial tax breaks to operate in the territory: 90 percent reduction in corporate and personal income tax; 100 percent exemption on excise, property and gross receipt taxes. The clients are required also to reside in the territory at least 183 days a year and file their worldwide income taxes in the territory.