



Committee on Budget, Appropriations and Finance

Legislature USVI

June 16, 2026 · 4.8 hours · gov

Source recording	https://youtu.be/E6NMxP-foUw
Status	This is a working transcript produced by machine from a recording of a public proceeding. It is a finding aid, not an official record of the Legislature.
Transcribed by	VI Update, using OpenAI Whisper large-v3-turbo, run locally. Not reviewed by a person.
Reliability	Automatic transcription, UNVERIFIED. Verify every quotation against the recording before relying on it. Speech recognition splits spoken digits and wraps figures mid-number, so a dollar amount, a vote count or a bill number can be wrong in a way that reads as correct. Speakers are not identified: automatic speaker labelling was measured unusable and removed.
Public record	The underlying proceeding is a public record of the Legislature of the Virgin Islands. 3 V.I.C. § 881(a) defines public records to include all records and documents of or belonging to this Territory or any branch of government, or any "department, board, council or committee of any branch of government" · which names legislative committees by category. § 881(b) gives every citizen the right to examine and copy such records, and the news media the right to publish them. (The open-meetings chapter, 1 V.I.C. § 254, does NOT reach the Legislature: § 253(b) expressly excludes it and its Standing and Special Committees. § 881 does, and it is § 881 that confers the right to copy and publish.) The Legislature broadcast this proceeding publicly itself. The source recording is not ours, is not hosted here, and remains with its publisher at the link above.
Rights	To what we added · the transcription, its arrangement and its description · we assert nothing. A verbatim transcript is mechanical rather than authored, so there is likely nothing in it to own; to the extent any copyright is nonetheless found to subsist, it is dedicated to the public domain under CC0 1.0. Please copy it, quote it, index it, train on it, republish it, mirror it, sell it. Redistribution is the point: a public record with one copy is one fire from gone. No permission is needed, and none is ours to grant or withhold.

- 0:00:00 For the ensuing fiscal year, and such payment is made into a special escrow account held at the Bank of New York Mellon, the trustee of the funds. The cover-over rate became permanent at \$13.25 per proof gallon, effective January 1, 2026, by the passage of the One Big Beautiful Bill Act passed by Congress on July 3, 2025, and signed into land July 4, 2025. The fiscal year 2026 Internal Revenue Matching Fund advance of \$252.5 million was based on the projected sale of 20.1 million proof gallons that the Virgin Islands rum industry indicated they will produce and sell in the United States. The advance was also calculated at \$10.50 per proof gallon for the months of October to December and \$13.25 per proof gallon for the months of January to September 2026.
- 0:01:03 However, due to the deduction of \$27 million for fiscal year 24 through up, the actual advance received was \$225.5 million. The fiscal year 2024 threw up of negative \$27 million was the difference between the excise taxes collected of \$203.9 million and the fiscal year 2024 advance received \$231 million. We have not yet received the final estimates, well actually we did receive the final estimates yesterday from the rum companies for fiscal year 2027. We will be providing those estimates to Department of the Interior.
- 0:01:57 The Caribbean Basin Economic Recovery Act of 1983 provides that all revenue from federal excise taxes on rum imported into the United States from foreign sources be remitted to the treasuries of Puerto Rico and the Virgin Islands according to a formula promulgated by the treasury. Under the formula, Puerto Rico's share of excise tax revenue will never exceed its baseline percentage of 87.6 percent and the Virgin Islands share will never fall below its baseline percentage of 12.4 percent. For fiscal year 2025, the Virgin Islands received \$5.6 million in Caribbean Basin Initiative Funds.
- 0:02:44 Lime Tree Bay Refining and Terminal. The authority has also been charged with compliance oversight of the operating agreements between the government and Lime Tree Bay Terminals and Lime Tree Bay Refining, which were ratified by the 31st legislature pursuant to Act 7806. As it pertains to Lime Tree Bay Terminal operation doing business as Ocean

Point Terminals, as of May 31, they reported there were 584 persons working at the Lime Tree Bay Terminal, 417 of which are contractors and 167 are persons working on site, 97% of whom are VI residents.

0:03:32 There are approximately 28 million barrels of storage currently online, with a total storage capacity of 34 million barrels at the terminal. As of May 31, terminal variable payments year-to-date totaled \$3.2 million. 2006 year-to-date quarterly variable payments are \$3 million. The 2024 true-up amount of \$5.4 million has been paid and that amount to the government in eight equal monthly installments. Lime Tribute Terminals entered into a \$10 million promissory note on November 30, 2019 with the government for certain property easements acquired by Lime Tribute Terminals.

0:04:23 on the 10 million dollar note, payments are semi-annual and are due on June 30th and December 31. As of December 31, the balance on the note was 6.2 million dollars. Lime Tribune refining ceased operation and filed for bankruptcy in 2021 following several pollution incidents. The U.S. Environmental Protection Agency issued an emergency order to discontinue refining operations. Thereafter, Lime Tribune refining filed a Chapter 11 petition in the bankruptcy court, which resulted in Port Hamilton owning and assuming the refinery operating agreement. Under the terms of the bankruptcy ruling, Port Hamilton assumed the refinery operating agreement. Port Hamilton files a suit against the U.S. Environmental Protection agency over the permits required for refinery restart, and on July 25, 2023, the court ruled that the EPA exceeded its statutory authority under the agreements in requiring Port Hamilton to obtain a PSD permit. The government was notified that Crucian Energy Holdings Inc.

0:05:39 acquired a controlling interest in Port Hamilton, but has not been made aware of any definitive plans to restart the refinery. The government continues to remain supportive as Port Hamilton navigates its future to legal and regulatory challenges and continues to work with the U.S. Environmental Protection Agency on a safe restart for the refinery. The VIPFA fiscal year 27 budget.

0:06:12 The authority's bond in danger agreements require the authority's board of directors to approve an administrative budget annually, which is used to assure the authority's compliance with all covenants entered into with bondholders. The authorities board of directors met on May 26 and approved the fiscal year 27 budget in the amount of \$27.8 million which is a 7% increase or \$1.77 million more than fiscal year 2026. This is due primarily to ongoing legal fees resulting primarily from tax refund litigation for the government.

0:06:53 A fiscal year 27 budget will be used to fund the business operations of the authority including the Office of Disaster Recovery, such as payroll, IT systems, maintenance and upgrades, building and property maintenance, office space, rental, training, professional services agreements. The authorities' proposed fiscal year 27th annual budget is funded with \$5 million from gross receipts taxes, \$9 million in general fund appropriations, \$8.21 million from federal reimbursements, \$5.57 million from the authorities' project fund, and \$100,000 from the Frederickstead Mall rental revenue. Of the \$9 million requested from the general fund, \$5 million is for the authorities, administration, and finance operations, and \$4 million for the Office of Disaster Recovery. Prior to 2022, the \$5 million for administration and finance would be allocated from the matching funds.

0:07:58 However, with the issuance of the matching fund bonds and the use of the excess revenues after death service to fund the GERS node, it became necessary for this funding to come from the general fund. In fiscal year 2026, the total budget for the administration category was \$5.65 million. For fiscal year 27, this budget category is \$6.22 million, which represents an increase of \$562,550, or a 10% increase from fiscal year 2026. This increase is due primarily to the increased funding needed for insurance expenses and funding needed for rental and the overhead costs for the new Syntamas office location at WICO. The professional services category consists of accounting and auditing services, financial advisory services, municipal tax attorneys, legal advisors, trustees and bank custody fees, investment advisors, project evaluation and underwriting expenses. For fiscal year 2026 the total budget in this category was 8.23 million. For fiscal year 2027 this professional services category is 9.44 million which is a 13% increase or 1.77 million more than fiscal year 2026. As stated previously this is due to continuing legal fees for the refund litigation for the government. The total fiscal year 2027 operating budget for administration and finance is \$15.67 million. Once again, we are requesting \$5 million in general fund support for these categories, representing 32% of the overall budget.

0:09:59 Again, we know that prior to 2022, the authority did not seek any general fund support. However, with the issuance of the matching fund securitization bonds and the use of the excess revenues after debt service to fund the GERS node. General fund support is now necessary to replace the funding that previously came from the matching fund revenues. The fiscal year 2027 operating budget for the Office of Disaster Recovery is 12.21 million. The proposed budget will be utilized to conduct the business of odr to include a super pmo and cdbg dr programs the budget covers expenses such as payroll staff training additional office space expenses and correspondence maintenance equipment travel as well as other administrative expenses fiscal year 2026 accomplishments include completion of the fiscal year 24 audits for subsidiary units WICO and VINGN completion of the 2024 audits for the Tobacco Settlement Financing Corporation final review of

the fiscal year 25 audit is in progress with expected issuance by July 31 2026 completed the fiscal year 2025 audits for the matching fund special purpose securitization corporation which brings the Corporation current. The Public Finance Authority 2024 audit is in final review with expected issuance by June 30, 2026. The Virgin Islands Transportation and Infrastructure Corporation 2025 audit fieldwork has begun with expected issuance by July 31, 2026. Audits are posted on the authorities website.

0:11:55 Upgraded the financial management system from MS Dynamics GP to MS Business Central. This upgraded system will provide financial information for all entities managed by the authority. Leveraging the capabilities of Business Central to streamline workflows and improve efficiency will drive significant business value over time. The implementation of this system will increase the overall efficiency of the authority by replacing manual processes, allowing access to the financial system from anywhere, not just in the office or having to VPN into the network, enhance data security and compliance, and decrease IT costs as minimal infrastructure will be required. During fiscal year 2025 and 26, the authority issued 55 solicitations 54 of which were on behalf of the office of disaster recovery procurement continued efforts to modernize the authorities procurement policies procedures and contract management practices these efforts promote consistency across procurement activities and align operations with current federal territorial and internal operations key enhancements include policy revisions standardized procurement and contract documentation improved file management processes to automate the storage and organization of contracts and related records and the implementation of a centralized contract management solution collectively these improvements enhance compliance transparency and operational efficiency across the public

0:13:44 Finance Authority. Initiatives in conjunction with the Virgin Islands government. 250 million dollar line of credit Act 8991 increased the authorization for the line of credit to 250 million. The authority has facilitated discussions with Banco Popular resulting in a commitment for a line of credit of 100 million which when closed will increase the amount available for disaster related projects to 200 million dollars. Virgin Islands Hotel Development Financing Cooperation. In January 2026 the Virgin Islands Hotel Development Financing Cooperation closed on 448.6 million series 2025 bonds to finance the acquisition of the Westin and Morningstar Boy House. The bond proceeds were loaned to CFCFR LLC, a non-profit organization to support the hotel acquisition, permitted project costs, capitalized interest during early stages of financing and issuance related expenses. Under the structuring framework, once the bond debt is retired, ownership of the resort property will be transferred to the government of the Virgin Islands. We continue to work with or Washington legal and government relations consultants on several initiatives on behalf of the government of the Virgin Islands, including the RUM cover over program, the global intangible low tax income initiative, the EU blacklisting, the economic recovery initiatives, tax litigation issues, healthcare reform, disaster recovery, environmental terminal and refinery issues.

0:15:34 fiscal year 2027 goals. Complete the authority and subsidiary King's Alley Management Inc. and Lonesome Dove by September 30, 2026. This will bring all the authorities and subsidiary audits current. Identify areas of concern that will have camera coverage or PFA locations and managed properties. identify social media platforms that will be used for social media presence for the authority and its managed entities identify a solution that will bring use for access to our facilities human resources continue support of the authorities mission to the recruitment development and retention of a highly qualified workforce prioritize employee engagement retention and professional development initiatives designed to foster a productive and supportive work environment, coordinate employee recognition programs, wellness initiatives, and training opportunities while supporting leadership development and succession planning. Mr. Chair, before I conclude, I would like to express my thanks and appreciation to the authorities staff we are small but mighty it is through their continued dedication and hard work that we're able to fulfill our mandates this concludes my presentation on the be on the authorities fiscal year 2027 budget thank you for allowing us the opportunity to appear before the committee today following director Williams afternoon's testimony we are available to answer any questions you or your colleagues may have. Thank you very much, Director Simmons, for that comprehensive report. We certainly appreciate the information. At this time, we'll recognize Director Adrienne Williams-Octolin for her testimony on behalf of the Office of Disaster

0:17:36 Recovery. Thank you, and good afternoon, Senator Novelli-Francis, chairperson of the 36th Legislature's Committee on Budget, Appropriations, and Finance, other members of the committee, fellow testifiers, and the listening and viewing audience. I am Adrienne L. Williams-Octolin, Director of the Virgin Islands Office of Disaster Recovery, a subsidiary division of the Virgin Islands Public Finance Authority. I am joined by Artra Watlington-Francis, Deputy Director of Finance and Compliance. And thank you for the opportunity to provide testimony before this body to discuss ODR's funding, accomplishments, and goals for fiscal year 2027.

0:18:17 since its establishment in february 2019 the office of disaster recovery has persistently endeavored to fulfill its mandate of administering federal disaster recovery funds through coordinated efforts amongst government departments

semi-autonomous agencies and private non-profit organizations the ODR has remained resolute in implementing its strategic initiatives to get the money spend the money and spend it correctly the FY 2027 budget includes the essential resources and provisions needed to support the full range of the ODR's activities throughout this recovery the ODR has overcome several major roadblocks and resolved impediments to recovery progress in January 2019 there was very little funding for permanent projects total obligations stood at 517 million ODR's primary assignment was to secure money for projects one of the biggest challenges facing the USVI given the reimbursement structure of the program was identifying funding to pay up front and then be reimbursed by FEMA in 2019 the ODR convinced FEMA to allow the territory to pay on invoice thereby negating the need to providing proof of payment before drawing reimbursement funds this has alleviated the territory's burden of identifying funds for large cash outlays to begin projects in 2019 FEMA informed the territory that during its required audits of work done in 2018 there was insufficient documentation to support the disbursements made and some disbursements for work were made outside the project scope as a result FEMA implemented manual drawdown restrictions for the Virgin Islands resulting in slower payment approvals ODR worked to improve processes and procedures and in February 2021 FEMA lifted the

0:20:21 manual draw requirement demonstrating its confidence in the territory's ability to manage federal recovery dollars FEMA continues to recognize the quality of the work performed under this disaster by recently granting the territory the Vego Closeout benefit for a third year in a row for maintaining an error rate of less than 1.5 percent the Vego Closeout benefit reduces the documentation requirements for projects submitted for closeout in 2020 the step program came under fire locally and nationally for non-payment to contractors FEMA expressed significant concerns about the cost of the program, alleging that substantial portion of the funds were ineligible.

0:21:09 Following extensive efforts by ODR and its consultants, FEMA confirmed that the costs were indeed eligible for the over 6,000 homes that were repaired and released \$741 million to the territory for payments to contractor. Capacity issues began to surface as funds were beginning to be obligated. ODR recognized the need for staff augmentation, particularly with our partner agencies. With this in mind, ODR successfully facilitated employment of staff across government agencies to include the Department of Finance, Department of Property and Procurement, Department of Human Services, Department of Sports Park and Recreation, the Department of Planning and Natural Resources, and the Department of Public Works. To support departmental capacity to manage and expedite recovery project, it was clear that more A&E contractors and project management firms were needed to augment the territory's resources. Therefore, ODR issued solicitations for professional services and contracted with several firms to provide services on a task order basis. ODR also provided local business owners with the knowledge and tools to do business with federal disaster recovery programs through trainings and informational sessions for contractors the public and its staff another impediment to move in projects was the identification of the required 10% cost share after years of lobbying FEMA approved a cost share waiver that lowered the requirement from 10% to 2% for critical facilities like hospitals and schools and 5% for all other projects this provided a territory with an additional billion dollars in funding however this waiver came with caveats FEMA required that the

0:23:07 territory finalize all the fixed cost offer projects by September 30th 2024 the territory met the deadline ahead of schedule the finalization of these fixed cost offer projects safeguarded the territories transition into the construction phase additionally FEMA stipulated that all projects must be completed by 2035 for the cost share will revert to 5% for all projects with money and a solution for the cost shares queued up the territory was ready for the next phase of the recovery and launched a rebuild USVI initiative in December 2023 and October 2025 ODR held successful industry day events in both districts to expose both national and local contractors to recovery opportunities the territory was successful in attracting five new contractors with the capacity to bond multi-million and billion dollar contracts over the past year ODR has made success substantial progress in beginning complex designs securing contractors for vital infrastructure launching important school construction initiatives and meeting funding commitments we anticipate expenditure growth to accelerate significantly in the near term as a territory currently has 8.8 billion dollars under contract for projects that include but are not limited to 16 schools all the territories hospitals healthcare facilities and infrastructure work to date we have several notable accomplishments 34 of the 38 projects in rebuild USVI are under contract with three projects in bid evaluation and one

0:24:59 pending solution construction has begun on the former Charles Howard Medical Complex newly renamed Donna M Christian Christensen Medical Health Center Charlotte Amali High School project was launched and major site work is scheduled to begin on June 30th, 2026. Work commenced on the Bertha C. Buschelter Middle School Modernization Projects on St. Thomas after a project launch on March 26, 2026, and construction is expected to be completed by November 2029. A groundbreaking ceremony was held for the reconstruction of the St. Croix Central High School on April 21, 2026. Soft demolition has commenced while the project team worked to remove the protected Jamaican fruit-eating bats and red-tailed hawks from the school's former gymnasium. The demolition of the gymnasium will

commence on Monday, June 26, 2026. Executed a contract in May 2026 to replace power generation infrastructure at the Richmond power plant on St. Croix District and the Randolph-Harley power plant on St. Thomas-St. John District.

- 0:26:19 The combined project team successfully procured four new standby generators with a total capacity of 10 megawatts to support emergency power needs, the St. Thomas-St. John District. In November 2023, the ODR was authorized as a subrecipient of the territory's CDBG-DR funds providing day-to-day management of the program which is federally funded by the US Department of Housing and Urban Development and administered through the VI Housing Finance Authority. The program has achieved the following. We accelerated the Envision Tomorrow program which now has 118 homes in construction and as of today we have completed 100 homes. Rehabilitation of Loveland Phase 2 began with the expected completion date of June 2027. The 106-unit D. Hamilton-Jackson Terrace revitalization project, which held its groundbreaking in March 2025, is expected to be substantially completed in October of this year, two months ahead of schedule. The Virgin Islands Housing Authority restarted construction at its Dunu redevelopment project in St. Thomas with three buildings slated for completion this year and total project completion in 2027. The Own a Lot Build a Home program has three homes that have entered a construction phase this fiscal year. The program was recently approved for an expansion by HUD in April 2026 to allow properties where work has started to be eligible for the program. And we have a contract kickoff for the Lutheran Social Services Sister Emma Cottage in St. Croix, Queen Louise home, a facility to house children with special needs. As projects accelerate into the construction phase, ODR is tracking the following
- 0:28:18 projects to be completed by the end of 2026. Athalie Peterson, Enid Barr and Charles Turnbull Public Libraries, the Charlotte Kimmerman Cancer Institute, the new Head Start Facilities in Lernberg Bay, Bolongo Bay, Mineta Mitchell, Annas Hope, and Estate Concordia, and the Arthur Richards K-8 School on St. Croix is scheduled to be open for the 2026-2027 school year. Overall, the Recovery Obligation Funds stand at \$24.5 billion, representing a 207% increase over the \$8 billion originally anticipated in 2019.
- 0:28:59 All projects have been obligated, and \$4.5 billion has been expended to date. A total of 1,120 of the 1,600 projects have been successfully completed. There are 42 projects that are shovel-ready, and 81 are actively under construction. For fiscal year 2027, over \$734 million in expenditures is expected, which would result in \$37 million in GRT. This fiscal year, ODR projected that \$644 million will be spent to date.
- 0:29:35 \$302 million in expenditures was achieved, which has contributed to \$15.1 million in GRT to the revenue of the territory. An additional \$81 million in invoices are currently being processed. Recovery projects will continue to infuse funds into the Virgin Islands economy, supporting growth and development. In support of the mandate to complete recovery projects, ODR seeks this body's approval of its FY 2027 budget of \$12,218,820. The overall budget is maintained from fiscal year 2026, with line items reallocated based on actuals and expected expenses. In totality, this budget covers expenses such as payroll, staff training, office space, and corresponding maintenance, equipment, travel, and other administrative expenses. Salaries represent 80% of the budget. critical vacancies have been budgeted at a hundred percent while the majority of vacancies are budgeted at 50% for this cycle a total of 94 budgeted positions has been allocated with 30 currently break-in the ODR is bringing several complex projects online and is currently advertising to fill positions in engineering finance accounts payable construction and project management Additionally, to support the ongoing implementation of ODR's project management software and financial reimbursements of the recovery efforts, the ODR offered internships this summer to current students or recent graduates of the University of the Virgin Islands. There are currently nine interns employed with the office.
- 0:31:29 These opportunities can lead to full-time positions in finance and project management in the very near future. ODR's operations are primarily funded by the administrative costs of the federal disaster program it supports. However, seed and float funds are essential for enabling drawdowns and supporting the office's overall administration. Consequently, the budget request to the governor of the Virgin Islands is \$4 million, approximately 33% of total operating costs. The remaining 67% will be covered by federal reimbursements through FEMA and HUD disaster programs.
- 0:32:08 Senators, approving the requested \$4 million ensures that ODR can continue its mission toward building a resilient Virgin Islands. While navigating the complexities of recovery can be daunting, the ODR team tackles this challenge every single day, all while managing an unpredictable political and economic environment. And I sincerely appreciate their hard works, and I want to say a heartfelt thank you to my Autobots for their persistence and dedication. I also would like to thank the agencies we partner with daily that assist us in accomplishing our goals by TEMA, VIHFA, DPW, DPNR, DPP, as well as the PFA staff for their steadfast support. And Mr. Chair, I extend my gratitude to you and the members of this body for your commitment to the territory's recovery. My team and I will remain available to answer any questions you may have. Thank you.

- 0:33:15 Thank you very much, Director Adrian Williams-Axalan, again, for that comprehensive report. Almost seems like information overload. So a lot of information there. How did I say you're all in doing a walk? Wow. So, yes, before I open up the floor to my colleagues for six minutes, roundup question. and I too want to extend my congratulations to Employees of the Year, and in particular the ones that was mentioned here by the Department of Finance, Keturah Nurse, as well as Leticia Benzent. Congratulations on being Employees of the Year and standing out as going above and beyond your government service as public servant. So real quickly, Department of Finance, in regards to, I know that you provided your budgeted personnel, fringe, supplies, other services and charges. Can you give us your actuals to date? And what date is that?
- 0:34:27 Good afternoon. Clarina Modest Elliott, Executive Assistant. One second. Let's get your mic on. Good afternoon. Clarina Modest Elliott, Executive Assistant Commissioner, Department of Finance. Actual personnel to date, \$1.8 million, \$1,859,778. Fringe, \$1 million, no, \$805,581. Supplies, \$153,695. total other services two million eight hundred thirty-six thousand seven hundred eighty-seven dollars utilities we don't have anything for utilities capital outlay it was 119 utilities is um 167 983 167 983 maurice wells and capital outlay 12,457 And obviously utilities excluded the WAPA That is including or excluding WAPA included included mr. Simmons how much are we paying our Washington lobbyists you have a number there that we have paid them in this fiscal year I can get
- 0:36:41 that information senator very well and obviously um director accident i know that we have had a number of groundbreaking uh ceremonies um can you speak to the ongoing effort to ensure that these projects after groundbreaking in fact is uh moving along sure senator the after our groundbreaking is usually several other steps that need to happen uh there's cases where there was some environmental work that had to be done but we make sure that we understand what the timeline is and prepare to get permits or any other requirements to ensure that actual work starts on the site all right and in regards to outstanding vendors payments i forgot to get that from each of you what do you have in outstanding vendors payment department of finance Outstanding payment is about \$36 million.
- 0:37:41 That's overall GVI? Overall GVI. And Department of Finance specifically. I have that. I don't have it broken. I don't know about the Department of Finance specifically, but you have it, Elijah? By finance?
- 0:38:10 Yeah, finance is aging. We can get that information to you. Elijah, Samuel. ODR, you have any outstanding vendor's payment? Archo. Archo Watlinson. Media, please charge up the mics. Archer Watlinson Francis ODR, we are currently tracking \$46.8 million in outstanding balances across our contractors.
- 0:38:41 Do you have that breaking out by district? I do not. Everything is territory-wide. Yes, because it's all territory-wide. These are A&E and professional contractors. Services. Yes. And what's the age and the undoes? I do need to break them out by the aging. That's our total right now. Okay. PFA, any outstanding vendor's payment? Senator.
- 0:39:17 Joy Wheatley, Comptroller. Senator, we currently pay our... Good day, Senator. Yes, currently we pay all our standing invoices and administrators that we receive weekly. We have check runs on Tuesdays and Thursdays, so we really don't have any major outstanding vendor payments currently outside of our recovery consultants with Tobirian and EY. Okay, very well.
- 0:39:45 Thank you. Department of Finance, of the \$36 million that you have in outstanding vendor's payment, how much of that is outside of the 90 days? How much of that is outside of the... 90 days. 90 days. Elijah? To answer the previous question, we have 344,000 outstanding for finance. And the breakdown of the 36 million by 120, 90, 30.
- 0:40:26 we have one payment outstanding for 15 000 is within the 30 days sorry not oh but do you want hours or no i want the overall of the 36 million let's get the 120 19 60 and 34 the 36 million 60 million outside in 90 days how much 16 million 16 million out of 90 120 good day ebony serrano director of accounting um over 90 days you asked for right Yeah, 16.7 million of the total that Mr. Samuel gave.
- 0:41:21 Okay. 60 days? Do you have the number? 60 days? So usually we do it in a range, so 61 to 90 days. We have 6.4 million. okay and then you got zero at the 30 is um is what um zero to 30 days is um yes good thing zero to 30 days is 6.5 million 6.5 million Commissioner, how are we well, can you give the reason why we're so delayed or derelict in our outstanding payments and how are we keeping our vendors informed of what's transpiring in that space So part of what's driving that it's, and I have to say This is one of the more low period, because of that 36, I think 10 of it is federal, which is essentially a revolving door. It goes up and down based on how much my payments were processing. So it's like, the real number is like 26 million, which is remarkable compared to where we were last year.
- 0:42:53 Part of what's driving that is 49% of our invoices are submitted after 30 days. After 30 days, the invoices are late. 49% of that is submitted after that. So an invoice coming in, it may come in today, and it's already at 120 days old. So that's kind of what we're working through right now. There you go. Point of information, Senator Vele. Thank you. Thank you so much, Mr. Chair. How do you correct that? Because I've heard the same thing now for a couple years. So how do you

correct that within these departments consistently send invoice in late and what is the chain I mean do you bump it up to the next level are they speaking to these commissioners who are so go ahead immediately our discussions are happening with the CFOs when they come in but I know property and procurement is rolling out a GVI by what do you want to call it a system that would allow vendors to see exactly where the payment are, if it's still at the department, if it's at finance, I know a lot of times, and you'll probably hear it a lot in this budget season, that things are at finance. That's not always the case, as you'll find out, but that's part of what's happening behind the scenes to get us to at the spot.

0:44:16 Okay, and I know that I was at things at finance, and I know that you tell us a lot of time it's not at finance because I do call and it's in the department, but I'm really just trying to find out how you can make the department heads more accountable by doing what they're supposed to do. Because you can implement whatever system. If they don't put information in, they don't put it in. How do you get them to understand the importance of submitting the documentation? So I want to be fair to the departments as well.

0:44:46 There was a particular vendor, let's use a real life example, where the vendor complained, I think it was in the news about receiving payments, the department got it 49 days after. So to be fair to them, they didn't have the invoices to even process the payment, to put it in the system. So there is some effort that needs to be made on, you know, vendors need to submit their payments timely. So it was 49 days, between 49 and 54 days before the payment even got to the department, And then it took the department about 20 days to get it to finance. And at that point, the vendor is saying, hey, you had my invoices now, my invoice now for over 60 days and I'm still waiting for the payment. It literally got to finance the day before. We paid it. I think it was within 10 days. We got it out. But it was, they're still looking at, but I sent you my invoice, you know, 70 plus days ago.

0:45:44 But none of that, you know, I did the work, sorry, 70 plus days ago. So what they're not including is when they submitted the invoice. My question to the commissioner is which departments are hindering him in this area. But I wanted to also chime in with the previous senator's statement. Because the government should not be penalized by the receipt of an invoice that is backdated. we should be able to state when we received this invoice and have approximately net 30 days in order to process such said invoice and not be held in penalty. Do you agree, Commissioner? Absolutely. Okay, so with that said, I think that the vendors are the ones who actually shouldn't be gaining from the government in such a situation. But again, to my previous question, and I don't want to abuse it, what are the top agencies or departments that are actually hindering you in this area?

0:46:54 At this point, we have, it would be the big ones, human services, education, health, yeah, the big ones. Okay. And it's not to put anybody under the bus. It's really for us to understand where the challenges are so that we can try to come up with solutions to assist because we're all one government at the end of the day. Thank you, Mr. Chair. Thank you, Senator Bulkas, Jr. Senator Fonseca, you recognize your point of information?

0:47:26 Thank you, thank you, Mr. Chair. Through the Chair, I have a request, so when my line of questioning come up, I'll have the information. Three quick things. PFA, we have the matching funds, security cooperation, the Garvey bonds, the grant anticipation, the hotel revenue, GRS, matching funds. What's the total outstanding bonds, PFA? Also, what's the special escrow reserve amount in the Mellon Bank of New York? And third, the income tax refunds outstanding. I need those three numbers. Thank you, Mr. Chair.

0:48:11 Thank you very much. If we could just prime the pump and get that response ready for Senator Bulkhead. Before I open up real quickly, Director Acton, in regards to contractors, does ODR monitor contractors and subcontractors compliance with the Davis-Bacon and Section 3 regulations? Yes, Senator, that is a requirement for the HUD funding and also the match which is being provided by HUD, so that is a part of our compliance.

0:48:45 What is the reporting mechanism? That they have to provide the reports on a monthly basis, and we also have to go out on the site to verify whatever reports they've provided. And one of the recent complaints that's coming in is that the Disaster Recovery Fund is not moving. How have the line of credit supported and assisted ODR in being able to pay those vendors or contractors and then certainly get reimbursed? Where are we with that?

0:49:18 So the line of credit has been very, very instrumental in helping us to move these large payments timely so we can meet our contractual obligations. The delays will happen if there are invoices that have been submitted in which we do not feel that the invoiced amount is warranted and we need additional documentation to be able to draw the federal funds. But the line of credit is just completely invaluable to us being able to pay timely and keep projects moving.

0:49:52 And we are keeping the vendors informed. a communication mechanism by which we're keeping them informed and giving them a status update uh you know so that they don't amount to the complaints obviously it starts here it comes to the senate it goes to washington dc you come back around how are we keeping them informed what's transparent there so the first step for the large contract is that we have a pencil review that means that all of the stakeholders come in and

review the invoice together um so that if there's any issues any concerns by any of the approvers it's stated there in that meeting and then after that fairly we're able to get the projects moved uh within a relatively within that 30-day timeline to get them paid by drawing on the lock so that has been allowed and we communicate with them regularly the large contractors we have stakeholder meetings on a monthly basis that allows them to share any questions with with us as well as whoever that agency is that is a part of the the owners for the for the project so they can understand where things are and they communicate with with the leadership of odr as well are you satisfied that in fact that communication is um you know ongoing and meet their their concerns because again you know we have now started to receive the calls and there is this level of apprehension about you know moving some of these projects because of the fact that they're saying that you know they're not being paid in a timely fashion well you we have to make sure that that the what's asked for is warranted right um if there's line items in the invoice that we feel that um cannot be supported then those types of conversations need to be had but i always encourage anyone and they can call me if you have a payment that's pending um and i also share it to any one of our contractors which

0:51:49 the majority of them do that if you have an issue to please reach out so that we can resolve it and resolve it quickly very well at this time the chair will recognize senator marvin blyton you recognize for your six minutes thank you thank you so much mr chair and good afternoon to all the testifiers and thank you so much for your testimonies some pretty comprehensive with a lot of numbers a lot of information my time I have six minutes six minutes on the first round okay very well um first let me go to PFA good afternoon director Simmons how many vacancies do you have How many vacancies do you have at PFA?

0:52:32 Speak into the mic. Vacancies. Vacancies? What was the question? How many vacancies do you have at PFA? I'm going to ask the same question also to ODR and finance. Get ready for me, please, and there's a reason why. while we're waiting on the controller we have 13 vacancies and 18 positions filled 13 vacancies yes and 18 filled yes do any of those vacancies critical i'm sorry repeat the question any critical vacancies vacancies yes we have critical vacancies in accounting and compliance that we're going to fill within the next 60 days very very critical accounting and compliance correct okay um odia we have 30 vacancies we're currently advertising for engineers uh financial folks and project management all big all critical in my opinion yes all critical finance we have nine vacancies from treasury analysts accounting analysts mis administrative staff and and in terms of the vacancies if the challenge um availability experience what what the challenge finance quickly and then odian pfa i believe the salaries isn't quite attractive because our position vacancies averages like forty thousand dollars and so i believe that's the issue odia we i think that the available individuals with the skill set that's required to operate at this level um is non-existent um we also reach out to the states to see if we can find people

0:54:22 we can bring back home and congratulations what you did with uvi partner with them that makes so much sense it makes sense we have gotten some real talent i must say very well pfa I think our major issue is actually attracting qualified applicants for the positions. Qualified applicants? Okay, very well. Now let me go back to finance, and then I'm going to close out with ODR. Finance, you said the last time you did a reconciliation was in March? When last did you reconcile your books? these are the books when did when not did you reconcile your operation your reconciliation basically brettacardi department of finance reconciliation is an ongoing process um we reconcile every month we try to reconcile by the 15th of the following month um with that being said fully reconciled i do believe we're fully reconciled for the first quarter of fyi 26. okay because um based on the post article report you incurred um four million two hundred eighty three dollars eight hundred thirty five two hundred eighty four thousand eight hundred thirty five in obligations and expenditures leaving you with three basically three million of unobligated allocated funds so it shows the importance of reconciling your books on a regular basis um and that's what that's what throwed off your other services and charged by a variant of 6.2 million dollars in the post-adultures report on page 2 of the post-adultures report. So, and I know I just stated your vacancies, you need those bodies there to assist you, so it's critical to assure that we fill those vacancies, okay?

0:56:21 Let me go to ODR. And in respect to your department, right, and your vacancies and your operations, I appreciate everything you're doing in respect to the different programs, the different initiatives you have put forward with your programs. But based on the output of your work and the different initiatives that you have mandated, I'm looking forward to information. The initiative you have mandated, right? Let me go to the flow chart analysis, right?

0:57:03 When it comes to the \$21.2 billion in balances that you have. Are those balances, that's on the postal report, are those balances reflected by what you stated in your testimony in terms of you have until 2035 to expand those funds? Can you clarify for me, not the first thing I need to know in terms of those funds. If you could tell us the page of the... Page five, page five, the flow chart, the fund flow analysis. The total balance is 21.21 billion, 152 million, 808,000.

- 0:57:43 Yes, it is at that date, but it's very close. But that is the funding that is available until 2035. Okay, because I see you have extended in respect to housing itself, \$141 million, and you have \$341 million left balance. That's the Envision program.
- 0:58:10 And that's only for the Envision program? And that Envision program is still 2029. That's only for the Envision program, period. And the other housing programs that are under us, like Dunu and Lovingland, the Hamilton-Jackson, those are the ones that are under ODR. Okay, very well. I know my time was called. That's why you say you're going to have a second one? Okay.
- 0:58:38 Okay, very well. Because I know you have several other funds in terms of the mitigation fund, et cetera, So I'll deep dive at a point, okay, I don't want to abuse my time. Thank you so much, Mr. Chair, for the time, and thank you so much for your responses. Thank you. Director Toclin, I know to be clear, you talk about the 2035 to be expended. Do you want to clarify that? Sure. Yes, the 2035 of the FEMA dollars, the DR funds that are being administered, a portion of the DR funds that's being administered by ODR, thus 2029, And the mitigation dollars, although we report on the mitigation dollars from HUD as part of the recovery, that is administered by the Housing Finance Authority. And that timeline is actually tied to the match as well.
- 0:59:27 Outside of that timeline, 2035 or 2029, then the match is increased. So, yes. If we do not complete the projects by 2035, the match will revert to 95% as opposed to the 2% or 98% that we have now. Correct. Okay. At this time, the Chair will recognize a point of information. You next. You recognize for your six minutes. Thank you. Thank you, Mr. Chair. Good afternoon.
- 1:00:03 Good afternoon, testifiers, all of you listening and present. Well, you know, first of all, I'd like to tell all of you thank you very much for the work being done because, again, like I said, we're going forward into a new administration, but if you don't hear it, you're hearing it now. Thank you for the work that's being done and continue to do. ODR, good afternoon. We got 100 houses yet?
- 1:00:31 100 houses built? We have the 100 houses completed, Senator. Good, good, good. Okay, you know, I have a post-added report from 24 for the 25 budget, and one of the points for ODR was major power generation projects should be ready for construction, including significant capacity, utilizing renewable resources. I know the issues we have with power generation, Where are we in terms of now going forward in the heated mix to the power generation moving forward in projects?
- 1:01:10 So the generation projects are front and center. We are now, we have purchased, actually put down, paid for the generators to be shipped. That will assist with the generation capacity for St. John, St. Thomas. We've also identified generators and putting deposits on for the St. Croix generators. Okay, before you go, how many generators? St. Thomas, St. John, and St. Croix? The generators are 10 megawatts.
- 1:01:39 10 megawatts, all? For the St. Thomas, St. John. On St. Croix, the additional generation are being worked on to identify, to be able to purchase. That's the first phase. The first phase is the temporary generation that allows us to have a support so when we take down the generators that exist now in the plant, that we have temporary generations to run the plant. The next phase is to buy the permanent generators. So it's a two-tier process.
- 1:02:16 Thank you very much for that. I just wanted to get on and go back to budget. Now, for all the entities, the departments, finance, have you had wage increases for your employees? Based on the 35th. In the 26th, did you have wage increases? Is it covered in the 27th if you had wage increases? Yes. Okay, you had wage increases? We would have had a wage adjustment, yes. Which union?
- 1:02:45 Okay, yeah, I need to know that. PFA, you had wage increases with your employees? Senator, no wage increases in 2026. No wage increases. ODR, wage increases? We didn't have any wage increases in 2026. OK, because I know with ODR, PFA, I see that your acts was originally for PFA \$4,200,000, and then for ODR, it was \$250,000. So now PFA's acts is \$500,000. No, \$5 million, correct, and Officer Disaster Recovery is \$4 million.
- 1:03:22 The increases to cover... So we have always asked for \$4 million. That has been our standard ask. We get \$2.5 million, but we intend to provide increases throughout within the budget. Okay, so from the \$4 million or from the federal... From the \$4 million. Okay, good. So, yeah, through the chair, if you can submit that, so I can make sure they're getting their money. PFA, your increase?
- 1:03:52 I know you mentioned about getting money from the general fund. Yes, Senator, as well. We have always asked for \$5 million, but we see \$4.2 million. Okay, so what would the additional \$800 million do for us, or do for you? It would do for us as far as our operations, salaries, also new rental space as well as new positions that we have what you did for for 2027 you see when I get in trouble with my colleagues for the minute I mention salaries you're going to say oh god the graph again what I'm just saying is if you didn't mention it before that's why I say we shouldn't have to come to squeeze it

out of you and for finance the same thing with you you're asking for less what's your ask for this year 27 budget wait first of all how many employees do you have 53 53 still okay yes and um last fiscal year you had 50 so you lost three employees based on looking at the post added report how much how much employees you had last fiscal year we have 53 right now 53 now so from the last year your general fund was for 50, and then you had a unclassified, classified. One minute. But for your personnel, for your general fund, what are you asking for, what are you looking at for personnel in your general fund? For 27, personnel or fringe? Personnel. Yeah, for the 27. We have your.

1:05:34 Clarina Modessa Elliott. Okay. NL, \$3,727,411. 30 seconds. French, \$1,712,355. Okay, and the actual that you gave before, as of what month? May, as of May. May, okay. And then, okay, so rapid right now, how many retiree eligible personnel do you have? in wage increases that were given, any retro owe to anyone?

1:06:13 I just want to make sure I get it out quick before, you know, I know my time will be coming up. See? Yeah, down to the point. Okay, so yeah, so then wage increases, any retro owe to any of your employees in 27? I mean, presently right now? We have about two people retiring. Okay. No retro. we would be making payments of lump sum payment based on the annual leave okay for for the retirees and no retro owed the wage increases were given um okay good so um and i had one one final but um two employees and everything in their zone is paid up for those two employees that are retiring the grs everything is paid up for them to collect correct yes okay all right thank you for the time mr chair uh thank you very much senator de graff as senator angal boquez jr you recognize for your six minutes thank you mr chair uh good afternoon mr chair colleagues listening and viewing audience central staff and uh testifying panel here before us today um let's start off with the PFA.

1:07:33 You're requesting about \$9 million from the general fund, as you said in your testimony. You mentioned that prior to 2022, the authority required no general fund support. So I'm curious to know, is this now a permanent obligation? And what is the plan to reduce the reliance on the general fund by the PFA? Good afternoon, Senator. First, let me say that \$4 million of that is for the Office of Disaster Recovery. That is something that the government needs to understand the need for funding for ODR. You know, we have \$20 billion in funding.

1:08:25 I don't mean to cut you off, but I understand that part. Okay, the other \$5 million for the Office of the Public Finance Authority is a commitment that this committee made when we did the securitization and we understood that the excess money from the taxes on excise taxes on ROM was going to the GRS and therefore the PFA could not pull out \$5 million for its budget, as was done previously. Are there any plans for the PFA to push back on the reliance on the general fund?

1:09:08 The plan is to try and increase the matching fund revenue so that we can generate more monies and have excess monies after the GERS payment. But until we're able to satisfy the GERS note, then there won't be any excess to come to the PFA for its budget. Okay, very well. You also stated that in the 27 budget, there's an increase in tax refund litigation. How much has the government spent on litigation to date? On our litigation or on this?

1:09:42 The PFA is only funding specific litigation for some tax cases handled by the Bureau. We are not funding all litigation, so I can only speak to those two. Please proceed. For this fiscal year, to date, we've spent over \$4 million on this case. And that's just one case?

1:10:16 Two cases, sorry. Two cases, both cases? Yes. Four million, to date, okay. Are you liable to say which cases, or is that something that's tied up in a legal matter? Yeah, I'm not. I can only speak to sums that's paid. I'm not involved in the actual litigation. Okay, very well. Thank you. Let's move on to ODR. In relation to the \$24.5 billion, as has been mentioned, only \$4.5 billion has been expended. What's the single most dire obstacle right now? I know that you created the bundles, but are we fast-tracking to spend more?

1:11:06 Absolutely, Senator. It's the payments as they move into construction. There's larger amounts of dollars that will be expended. These groundbreakings that we've had signifies movement movement towards larger drawdowns and we have several other projects that's moving into that direction as well. What can we expect for the school and St. John and the clinic? So the school and St. John, we're working to get the environmental approvals so that we can break ground later on this year. That is the plan. It is contingent, of course, on how quickly Pima can give us those approvals um the clinic as in we all want to move towards getting the demolition done in the summer i'm hoping for a groundbreaking this year so i'll keep it to that that's both of us okay very well thank you um in relation to the department of finance um commissioner your department's budget is increasing by 1.29 million which is uh 10.4 percent um what's the largest driver in this increase coming on with that's Elliot it's the audit we actually one minute budgeted 2.6 million because we had a contract for 2.6 million but this body only appropriated 1.2 million and so we're short that 1.4 so it actually didn't really increase we just didn't get what we needed so what is the 3.7 75 million for the audit services accounting services gatsby am i saying that right right um compliance um what what what do you expect these to cost 30 seconds um is it going to be declining by next fiscal year or we're going to still be paying that amount we will still be

- 1:13:01 paying that amount next fiscal year it actually went up to two hundred thousand dollars so every year whenever there's new gatsby pronouncement we have to implement currently we're working on the new leases gatsby and so we just hired um an accounting firm cherry becker to assist us with that implementation so and that's three points mr chair if i may thank you mr chair so that's 3.7 million per year just no in all for everything oh for everything for everything meaning the audit service, accounting services, GASB, compliance, all of that. Is that correct? 0.600?
- 1:13:40 Correct. Okay. And next year we'll likely be paying for all of those services in that amount, but what remains to be done before we can see a decline in the amount? I think that's, so because it's ongoing, next year they may come up with something else that we need to improve on, And that may either keep the bill hopefully the same or decrease based on the requirements that is needed. And is there any audit findings that you expect to eliminate for fiscal years 2.5 and 2.6?
- 1:14:19 Paramount is the documentation, supporting documentation. That's one of that that has been plaguing us for a while. but it's not relatively low-hanging, but it's something that if we were to get that rectified, we would have eliminated a significant portion of some of our audit findings. Okay, well, I'm hoping that's the case, and I don't want to abuse my time. Thank you for the time, Mr. Chair. Thank you very much, Senator Borges, Jr.
- 1:14:47 Next, we'll recognize Senator Heba-Frederick. You recognize for your six minutes. Thank you very much, Mr. Chair. pleasant good afternoon all colleagues testify listening viewing audience my office and central staff of course let me start off with mr. Simmons good day sir how you I wanted to chat a little bit about this rum cover over here we've got some more updated numbers I see it runs through September 2026 so we're at 20 million proof gallons that we're anticipating that was what the advance was based on for fiscal year 2026 yes and so after we true up it looks like we're gonna be below projection 27 million the the true up had a negative 27 million dollars that was deducted from the advance and resulting in a net advance of the 225 million so GRS was anticipating around what around 150 million it's looked like it might be a hundred and twelve million now based on this that that was what what was paid in fiscal year 26 yes around that yeah so basically I see a decrease in proof gallon sales I hope the trend don't
- 1:16:38 continue but it's trending that way which means we're gonna have a problem with GRS based on these numbers right here yes we have we have not been able to completely satisfy the projection for GRS payment since since the inception So that's something else we're going to have to figure out how we're going to cover the difference because it's going to be a huge number at the rate we're going. All right, let's go to something more hopeful and pleasant to talk about. WICO, I see we finally got an audit completed through 2024.
- 1:17:33 Yes, we are. Can you tell us what was the final audit conclusion? Was it a clean audit? It was a clean audit, yes. I mean, white clothes have been clean. I mean, all our subsidiary audits are clean audits so far. We haven't had any qualified audits. Okay. Okay. So the revenues for Waiko has also been heading north, so we could see that the turnaround from the pandemic has finally left us. So now we're looking ahead for a brighter, sunny day now, right?
- 1:18:20 Yes, things have been improving. Visitor arrivals are up at the dock, and I'm sure that when they come before you, they will be reporting increased activity. yes and so what i'm excited about whenever i see things are going up like that that means we could probably talk have that discussion about our pilot now since uh that's something you know we've been dodging for a while and i'm going to need your assistance with that well then it's a You know, the pilot is something that, you know, we've got to sit down and come to a decision as to how we're going to go forward with that.
- 1:19:23 We said pay something. That was what we came up with, pay something. Nothing was not an option. Right? i i don't know that that's the decision that that waiko came up with it does a decision that this body came up with then you know you you will you will put that forth as you as you determine yes we're telling the owner right the pfa yeah that the the legislative body which is us we're looking for something from our return on our investment something that i think that's very reasonable you know before we had a big number out there you know they they were a little nervous about it so now we're saying something something that that shows good faith you see these numbers that we're looking at today all these numbers are going in one direction they you need more you need more you need more and the central government we can't even ask for more but yet everyone is coming to us asking us for more money like we're a money tree 30 seconds so that's that's my little two cents that you know we need to start getting serious about collecting revenues that are do us I appreciate your comment center I just think that we need to look at this in the totality of where we are and where Waco is I mean When things were good, Waiko was paying. Things went south with Waiko and now we need to look at how we can help Waiko to stay in the black and move forward.
- 1:21:12 And that is a substantial debt that has accrued and is it something that they can take care and still be able to survive and that's that's what we got to look at no we don't want them to fail mr. chair if I could just wrap up we're not encouraging anyone to fail but we're saying if we're helping you go through your difficulties financial difficulties and you're you've been subsidized they've been subsidized with millions of dollars I just saw it in that in that ARPA money here you know

what why could did very good during the covet time right I don't think people understand how much money this government's been generous with and now we're asking to just pay something and all of a sudden we got to talk about it we got to see how things go look four million dollars we gave them four million dollars 11 25 21 through 11 25 23 four million dollars so we work with them you know we gave them money. I'm just saying something. I didn't say you could give us the \$750,000 that we want, but you could give us something. So since you do own them, it'd be nice if you could have that discussion with them. I mean, I understand that they've put forth a plan to this body, or will put forth a plan if they haven't already. We got a letter, but no numbers was on it I was looking for a number yeah I have to show my colleagues that we're making progress with money okay thank you sir appreciate your response thank you nice conversation thank you mr. chair thank

1:23:01 you very much senator Frederick before we go to the next which would be senator VLA I wanted to ask Jamal McLean if you give us a little bit of an update in terms of our Gavi funds and where we're at with the phase two of the Veterans Rife project as well as the ferry and the road projects earmarked from the Gavi funds. Don't mush up to my mic. A PFA full of money. All right. Good afternoon, Jomo McLean. phase two of veterans drive where we're working with eastern federal lands currently on on issuance of the solicitation we've received all our our federal permits we receive our extension on our ccm permit and so we're just working through a little bit of a little bit of an mou right now with the Coast Guard as we'll be impacting their operations before we issued a solicitation in respect to the ferry boat project we we have already sent the draft solicitation to federal highway we received their comments we've incorporated their comments and we're right now working with a ferry boat designer to incorporate some additional specifications into that solicitation before we issue that solicitation the three other garvey projects we have a draft rfp that's been prepared and we we expect to have that to federal highway this month for their review and approval before we issued a solicitation for those three that's inclusive of the 28 million dollars for road projects on st croix yes sir thank you mr vla you recognize for your six minutes

1:24:56 thank you mr chair before i go to finance the clifton hill road route was that a garvey project from 2015 okay so those monies came from arpa no that's federal highway okay where did those monies come from the federal highway our regular allocation because i'm seeing in the arpa fund then Clifton Hill Road, route reconstruction, \$5.4 million. That's a portion of it, but the bulk of it was federal highway allocation.

1:25:31 So what was the cost of the road? The total cost? It's approximately \$13 million. And \$8 million came from federal highway? Yes. Okay, thank you so much. um finance in reference to your actuals are you going to expend all of your allotment by october 1st are you like 55 percent there you have quite a bit of money left and then you're requesting an increase of 174 000 for personnel but you're not even going to expend your personnel budget so are you anticipating that you're going to have these positions filled as to why you're budgeting for this amount yes and so we're actively recruiting those for those positions okay and we've been actually actively recruiting a while but it's hard to find those type of financial individuals the but the the vacant positions are budgeted at what percent a hundred or fifty or seventy five a hundred percent we're yeah we're conducting interviews on hope to hire everyone before you that's a very wishful thinking because it's it's quite hard as everybody has as literally said in reference of finding individuals who meet the qualifications so we have to look at that because i know umb along with you and along with pfa and odr you all literally trying to get the same employees and i think that is quickly i'll put out there i hear so many people on a regular basis saying um they're not jobs but they're jobs if you come with a skill set if you're willing to to study

1:27:23 and come back and you have the skillset, they're jobs. You know, they're looking for engineers and everything else. Now, in reference to Ms. Williams, Dr. Lynn, I heard you said you're looking for contents, you're looking for engineers, but you also have a large number of consultants. Yes. Are the consultants filling the void or when you get individuals that are qualified now working, does a consultant contract decrease? because we have quite a number of consultants. Senator, the need also is for people to manage the consultants.

1:27:59 The consultants can't commit the government. Someone has to sign off and review, so we do need people to ensure that the consultant support is approved and we can move things forward. Can you give, if you have it, a list of the consultants and the annual amount per year? Yes. We can give that. Okay, so when I'm done asking the questions, if you could put that on the record, the Super PMO with O'Brien, Aronson Young, what is the annual amount that we pay to those individuals? The Tourism Revolving Fund. When do you think we're going to reconcile?

1:28:39 I'm hearing a lot of stuff. Let me just be frank on the record. We're hearing a lot, a lot of stuff in reference to the Tourism Revolving Fund, and through the chair, I'd like to really get the breakdown as to how those millions of dollars are spent for the Tourism Revolving Fund so we can see exactly what was spent here and what was spent in stadiums and other stuff that has depleted the fund to literally nothing. But you have an idea as to when you're going to be able to have that reconciled? Good day, Ebenezez Zorano, Director of Accounting Finance. To date, we have reconciled the Tourism

Revolving Fund for the last three fiscal years, meaning that the balance that you see on the fund balance, that is a carrying balance from year to year based on the revenues and expenditures. However, because we have the pool cash, we can't go back all those years to make sure that what truly should have come out of the fund did. So I would recommend to this body, any time looking at especially the tourism revolving fund or any fund for that matter, I always take into consideration the last four years of the fund and the net of the revenues and expenditures.

1:29:54 Okay, so you have been able to reconcile, what, 23, 24, 25? Yes. Okay. And you have that amount? Yes. Okay, while you're looking for that, in reference to collections, a number of departments. within government, well, collects money and must deposit money on a regular basis. Recently, you have had incidents in which monies have gone missing, monies have not been deposited for a year in more than one department. How does that happen that nobody realized that somebody's collecting money and not depositing every single day for one year, two years? I think one incident is almost two years or more that they haven't deposited any funds. How does that happen?

1:30:41 So for a couple of them, us looking at, because it has happened for about three years, us looking at the report daily doesn't seem like anything is different until we start to dig, meet with CFOs, find out what you're collecting, and really getting into it because it didn't seem surprising. It hasn't been there for three years. because folks are relatively new, it seemed normal until we started to connect with people and dig. I applaud whoever in your department is overseeing some of those accounts because I think it's a result of probing by finance as to why some deposits that weren't deposited for a year reappeared suddenly in a draw and was able to be deposited. deposited. So we got to say, and I'm just saying this because there's government funds being collected and there must be a process in place for deposits, et cetera. So I said that to ask that question. Do you have a process for every single entity that collects money that they must follow and a check and balance to make sure that they're just depositing? I mean, if they want reconciling i can understand that but just depositing how do we ensure department heads ensure that every money generating entity and that they watch is depositing the monies on a regular basis brenda kari department of finance director of treasury so what treasury has done is within the last month there has been two trainings um trainings were conducted over the over two days We had two different blocks, and what that training did was we went over the current SOPPs on the first day.

1:32:34 Okay, so hold up there. I know you're going to give me a really good answer, but my answer is just simple. Who just asked him, did you deposit the money? Who is making sure? Because we could do all the training, but they didn't deposit it. Has that charge been given to every commissioner, every department head, that you've got to make sure that the monies that you collect in your department are deposited on a regular basis? That's all I really want to happen. That's all I want to see transpire, that the monies are deposited. So I have legislation to move all the CFOs on the Department of Finance and directly move. You're responsible now for those individuals. They're assigned to a department, but they work on the Department of Finance.

1:33:22 So I'm going to share the legislation with you so you could give us some recommendation. But if we don't financially correct what is taking place in government, we are never going to be able to pay our bills because a lot of people are paying themselves. Thank you so much, Mr. Chair. Last question, Mr. Chair. Ms. Adrienne, who has the contract for the power generation infrastructure at WAPA Richmond or Harley Plans? It's a joint venture between RG and Javelin.

1:33:52 Did RG work for WAPA before? RG has done some work for WAPA in the past. Was RG terminated from WAPA before? I am not sure about any of the other dealings that WAPA had with RG, but I know RG has performed work and continues to perform work. Okay, I'm getting information that RG was one of those companies who was terminated from WAPA before, so we need to find out what was the reason. if it is fractural what was the reason why they were terminated we don't want to end up with the next whatsoever situation where we buy new units and they don't work so we want to make sure that whoever is a consultant for this new project that those power generation units are going to work because this government bleeding money for stuff that don't work thank you so much mr chair uh thank you very much senator veille miss carty do you have a mechanism by which you're able to go go into agency, look at the cashier, and just do a cross-reference, check in those respective agencies to just make sure that they're following procedures, just do a random check to see what's going on and follow the money.

1:35:02 Do you have such a mechanism in place? Currently, there is not a mechanism in place. We have conducted a surprise pop-up or two, and we're trying to extend that across all agencies that are collecting revenues, which they'll never know when we're coming. Excellent. Yeah. Quality assurance. I mean, just to be able to go in and just see what's going on there and take a glance. I mean, number one, it's put them on an alert that there will be somebody coming in to check, one, and two, and then you'll be able to just look at the policies and make sure it's being adhered to. You know, you always have to have that check and balance, you know, so that we can make sure that we have good outcomes from those agencies.

- 1:35:43 So a good job on starting to do that, and I implore that it's done a little bit more frequently. Senator Ray Fonseki, you recognize for your six minutes. Yes, thank you, Mr. Chair, and good afternoon to everybody. Good afternoon to the viewing and listening office, I mean audience, colleagues. Okay, Commissioner McCurdy, you gave testimony that the accounts payable balance was going down. What was it last fiscal year and what is it now? Do you have that? Last fiscal year? Yeah, compared to this, yeah.
- 1:36:21 Right now it's \$36 million. And what was it last fiscal year? Do you remember? Well, in terms of payables, we wouldn't look back at last year. We would probably look at what was paid today because the payables would just be current as of this year. So you don't know. I don't want you to go. You don't have the number for last year. But it's gone down or it's gone up? It's gone down. It's going down. It's gone down. So, you know, and we got testimony from OMB, the director, that the revenues goes from \$848 million, \$813,915 to \$958. So revenues is projected to be \$109 million more, and accounts payable going down. All of those are good signs.
- 1:37:16 Let me ask you, what is the total amount that's retroactive that's owed for the payments? You know, the payments going back to as late as the 1990s, as early as the 90s. Do you have an idea what that is? The total retroactive payments? Yeah. Going back, remember we did a \$25 million payment? Yeah, I believe it's over \$100 million, but I can... Over \$100 million? I believe so. Okay, how about the income tax refunds? I know that Joel Lee is right here, so I hope you had time to ask him the number, because I know you cut the checks. What's the total income tax outstanding, income tax refund?
- 1:37:55 Total income tax refund, I'll leave that because I don't want to misquote Mr. Director Lee. I'll leave that for him. What we've paid to date is \$35.6 million for 2026. Okay, so is that you've paid more this year than last fiscal year? That's a good question. We would have paid more last year, but I can confirm that and give you that number. Okay, I'm just trying to establish a trend. And also the total reserve requirement for the debt service bonds that's at Mellon Bank of New York.
- 1:38:32 You got that number, Director Simmons? The reserve requirement for the debt service amount that you have deposited it in Mellon Bank of New York? Do you have that amount? The amount of the debt service reserve fund at Mellon Bank is \$69.9 \$70 million. That's in an interest-bearing account? Yes.
- 1:39:03 Those accounts, those funds are invested. What percent are they invested? Do you know? The investment varies by the type of investment. We have an investment advisory firm that we utilize that invests all of our bond proceeds and they invest it in various instruments, ranging. I got you. I got you. I want to conserve my time.
- 1:39:32 You could answer that on the chair's time if the chair will permit. So Ms. Oktalin, I want to get to you real quick. We have total remaining of \$24.5 billion in recovery projects, and we've spent \$4.5 billion so far. Is that correct? More or less? Senator, we have obligated \$24 billion, and we spent \$4.5 billion, so we have about \$20 billion left. \$20 billion. So, and we have till 2035 to spend it, or the requirement goes up to 10%, 5%.
- 1:40:06 Our share increases to 5%. 5%, okay, so we want to get it spent in nine years. So 20 million divided by nine years, so that means we have to be spending about \$2.2 billion, I mean, \$2.2 billion a year. And I see the progress, I see where you're ramping up, so it's good, but I say that to say, what that means is that this government, based on that \$2.2 billion, is gonna be collecting \$110 million more So, with that \$110 million more per year, I want us to pay down on that retroactive that we owe current and prior government employees going back to the 90s. Let's pay off all the money we owe to the government because we're getting additional \$110 million just based on the ODR projects for the next nine years. So, Commissioner McCurdy, is that something that you can see as being possible?
- 1:41:07 Paying off the retro? Yeah. The retro right now, I got the number. One minute. It's \$126 million. Those payments are important, and we should make them when we can. I don't know that we, and I think what we can do is work to find a way to put that in a part of our plan in terms of paying down those retros. Okay, you don't want to commit to that. But I know that's a decision that's probably above your pay grade. But let me ask you this then. The cash on hand, how has the cash on hand compared to now as opposed to last year?
- 1:41:44 Has it increased and what is the amount? Cash on hand as of today is \$48 million. We're doing a little better than we did last year. So how many days is that? Twelve days. Twelve days. here you gave us four days 14 14 yeah so it's it's worse then yeah two days worse but we've paid okay so not all this time not all this well it is positive because we paid out 100 million dollars between the last time it was here and today so that's okay mr chair if i can just wrap so you tell me i don't want to put more words in your mouth is the cash on hand in your um estimation better this year than it was last year the we're in a better position than we were last year part of what we're combating is when we look at what we've collected revenues has increased year over year from we went back six years revenue has increased by i think six percent expenditures though have increased by 15 so we're in the fact that we're able to meet payroll and and fulfill all our obligations with that reality i think is impressive by itself okay and mr chair remember i had asked the pfa to give us the total outstanding bonds um mr simmons if you can answer that question on the chair's time and thank you uh mr chair for

thank you very much senator fonseca Director, Assamanzi-Marie-Simon.

- 1:43:22 Outstanding outstanding bonds. The gross receipts tax bonds are \$413,600,000. The Gavi bonds are \$141,350,000. The Internal Revenue Matching Fund bonds, the securitization bonds are \$912,840,000, for a total of \$1,467,880,000. Please recognize the mic of Senator Fonseca for a follow-up.
- 1:44:03 Yes, how about the Hotel Development Finance Corporation bonds? bonds. How much is it? Those are not obligations of the government. Well, the area, we're asked a question by Senator VLA in regards to the consultants and how much we're paying at a cost in aggregate of those consultants. Archer, Watt and St. Francis. For Witt O'Brien, the past year we paid them \$20,276,494. Ernst & Young, \$21,896,032, CH2M Hill, \$23,249,563.
- 1:44:54 What's that name? CH2M Hill, doing business, Jacobs. Yes. ICF, \$28,606. dollars Baker Donaldson eight hundred and six thousand seventy-four dollars let me add the words by here please recognize the mic of senator VLA say the last one again Donaldson Baker Donaldson eight hundred and six thousand seventy \$4. Somewhere like \$65 million in Nibalba. \$66,256,770. Thank you, Mr. Chair. Very well, thank you. Mr. Chair.
- 1:46:02 Go ahead, Mr. Semenzo, just coming to you. Go ahead. You had asked how much we paid our Washington lobbyists for fiscal year 2026 to date? Yes. \$629,141. \$629,141? Yes, sir. You have it broken out? Yes. Senator, \$260,749 for Squire Patton Boggs. \$128,392 for Cowell & Associates, and \$240,000 for Ballard Partners. Mr. Simmons, you gave the GRS securitization amount.
- 1:46:46 In the bonds, that was the 9-12-8-40. The GRS outstanding note? No. That's what you asked for, Senator Fonseca? GRS matching funds. Securitization? Bonds. The total outstanding amount on that. I gave you the securitization bonds, the 912,840,000 for the matching fund bonds. Thank you. Thank you, Derek.
- 1:47:18 Commissioner McCurdy, how much do we have in outstanding bonds checks? Brenda Cardi, of treasury i'll get that to you senator okay all right while we wait for that information um santa maurice james you recognize for your six minutes afternoon good afternoon good afternoon testifiers good afternoon colleagues good afternoon all those in and outside the room in front of me is the very question that was asked about consultants and you know first I'm going to start by saying that I was looking at the hearing with my husband, and I said to him, you know, I know Nathan Simmons from the time I was a little girl. And he said, what? And I said, yeah, I think I was in St. Mary's school when he probably graduated from college. And I said, you see how valuable someone can be to the government of the Virgin Islands for so many years and that we have a tendency in this age to try to push out elders.
- 1:48:50 So I want to publicly say to Mr. Nathan Simmons that I value what you bring to our government. I just want to say that because whenever you present, I always love it. So I just want to say that coming from Maurice James And because we have a tendency to dispose of our elders and think that they're no longer valuable. So thank you, Mr. Simmons. But now, Mr. Simmons, I'm going to ask you this question because you've been here so many years. And when you look at all these consultants that we have been hiring, why, and you've been here all these, Why are we not, as a government, building our own capacity? We seem to be institutionalizing dependents and consultants. And when you look at the amount of money, because I was going to go through, but my colleague, Senator Vialli, asked for those numbers. I was going to call those numbers out. What has happened over all these years that we have become so dependent? And when you look at the two consulting firms, Ernst & Young and Whittlebryan, and I brought them up in my disaster committee meeting with Director Actilin, what are we doing if we're paying so much money to these people? And yet, if I were to ask, and I will ask while you're responding to me, I will ask the director this question.
- 1:50:30 Of the 480 outstanding projects that we have, the majority of which are major construction projects, where are we in construction out of the 480 remaining? But I'll begin first with you, Mr. Simmons, who I really respect and admire. You've been in this government for a long time. What are we doing? We need to reduce consultant reliance and stop paying them all this money. But I'll let you answer. Go right ahead. Thank you, sir.
- 1:51:07 Good afternoon, Senator. Thank you very much for those kind words. You're absolutely correct. I think we have built in this reliance on consultants and this fair of our own. We tend to think that if our own people are the ones that are telling you that this is the way something should be, that something has got to be wrong with it, so you've got to pay somebody else to come from someplace else to tell you what your people are already telling you should be done. I mean and then when we do have these contracts even though some are most of the times we have built-in in these contracts that is supposed to be building capacity we never enforce it so they come in they work this stay here for 10 15 20 years doing the same thing over and over and we don't see to it that they train somebody to do the job we have a lot of talent around here but But we're not, you know, underutilized and it's unfortunate but it's something that has been allowed to continue and we recognize it and we talk about it and we mention it. In our financial team and whatnot, we discuss the fact that we need to be building capacity but then we have the turnover, the young folks sometimes get frustrated, they don't stay. So

by the time you put somebody in a position to work with the Ernst and Youngs and the Wittebryans, and they spend a few months and then they're gone, you know.

1:52:49 I see it in ODEA, the turnover is tremendous, you know, so. They already call my time? Yeah, I'm sorry. Okay, no, thank you, thank you. I think you hit the nail on the head, you know, and I want to point out, the reason I said that was because if I looked at there seems to be a lot of overlap in these contracts also these contracts that I was looking at and I know that if you had if they had given Marie C James PC three million one hundred and forty one thousand and eighty dollars for work from February 22nd 2024 to February 22nd 2027 for construction law legal services ally would be talking about me You would. And yet, here we are paying these people, it's on page 14, \$3,141,088.

1:53:49 And then I'm trying to figure out what are we getting from Ernst and Young. Oh man. Anyway, sir. You may proceed, Senator. Go ahead and get your point out. yeah I really want to know of the 400 thank you sir of the 480 outstanding projects that that ODR has how many are in in construction right now the senator the the outstanding projects that are listed in the testimony are projects that have are not we indicated the number that had started the total one second the 42 projects are shovel ready 81 are actively under construction the remaining projects some of those projects are like contents for the schools that we can't purchase until you know we're closer to the completion of the schools there's some projects projects that have to get abatement or some other type of process before we start construction.

1:54:59 So there are a variety of reasons why those projects have not started. The, okay, I understand, I can understand that. Some of them are really not construction projects per se. What benefit are we getting from Ernst & Young and with a brand if nine years into this, if we were to terminate their contracts, would everything just fall apart? Would we, let me ask this, I've been using this term lately, what value do they bring? I mean, do you really believe that these aren't core governmental finance functions that we have to outsource?

1:55:49 Because I think they are governmental functions. So we have to outsource them because we don't have the people to perform them. But if they're costing us so much, why can't we find people and pay them better? I guess this is a personnel question, but it's very discouraging to me as a Crucian and a Virgin Islander that we're not creating a pipeline. We're not transferring knowledge from the consultants to our own people. uh and so Mr Chair I just want to say that I'm you know when I look at page at the pages in the post and added um analysis and I see contracts that are so high and some seem to be overlapping because we had a s what was it a super PMO but then I'm seeing services for things that I think the super PMFO, I'm probably saying the wrong thing, super PMO, should be doing, who, this is my final question, who looks, when I perform services for a client, I have to detail what I spent per hour for them, billable hours. Who reviews these people invoices? Winston and Strahan, \$3,592,356.22. Do we have someone who reviews and says okay they're billing us and I have friends who billed \$2,000 an hour so I understand. You're not fool, you know, you don't have to tell me because I do have friends who bill 2,000 an hour. But if you're billing me for five hours of work, I need to know what those five hours of work constitutes. So who in the VA government really looks at these contracts for 10 million and all those millions and make sure that we're paying for the work that we're getting? thank you Mr. Chair I appreciate your leniency I really do thank you very much

1:58:15 if someone can answer that question for me who reviews the invoices thank you thank you very much senator James direct afternoon sure senator so I do want to respond to the the need again the I think it was senator Fonseca who indicated that we're looking in to ramp up the spending two billion dollars a a year government operating budget is a billion dollars so equal to the government operating budget is what we need to be spending with ODR and processing payments for the recovery funds it isn't that it isn't that we can't find the people you know I always want to make sure that people like Jomo McLean he is exceptional he knows this back and front he can rival any consultant and come here but there's only one Jomo McLean we don't have enough people and this is why and some of the projects that we get into right now are very complex so we I mandate that any of the contractors that we were at work with us train expose our staff we have training programs we have projects that we we provide to to them now we need staff on our side I think this was the question that senator VLA asked like why do I need engineers I need to make sure that somebody's tasking these consultants we are managing their time we are managing the activity that they do for us so that the money is expended towards actual need but we just don't have enough people and this is not unique to the Virgin Islands anywhere else that has that ramps up you know these consultants they assist in other states states that have more way more capacity than us because this is just an increase to our normal workload and we want to just make sure that whatever the value is that they the value measures to the cost so that we can move the projects forward um so obviously these a lot of these contracts have these deliverables they do and

2:00:20 they're someone that's actually monitoring to ensure that they're delivering on those deliverables and there is a check and balance to make sure that we get what we're paying for. Yes, we have someone who requests the services and then someone who has to validate that the services have been provided before we can pay. And all of this is being done in a

timely fashion? Yes. Thank you. Before I go on to the next, which should be Senator Potter, if you're still on the line, is in regards to the medical assistance program and their payments, There's some report that there's some pending payments at Department of Finance to go to these providers.

2:01:03 Where are we with that? Let me look into that and get back to you. Very well. Senator Potter, if you're on, you're recognized for your six minutes at this time. Thank you very much. Good afternoon, colleagues. A special good afternoon to the testifiers. I wanted to start my line of questioning with Commissioner McCurdy. Commissioner, you deserve credit for bringing the audits current. When the audits are not current, you get the blame. Now that they are current, you deserve credit for that. How many repeat findings remain from prior years?

2:01:50 Give me one second. Let me pull it up. So one of our prevailing finding is the support and documentation, lack of support and documentation. That's a recurring item, that thing that we get. Okay. What specific findings do you expect to eliminate an FY 2025 audit? We have the year-end close issues.

2:02:20 and we're working with departments and agencies to reconcile more periodically so that we don't have to wait until the year end to, you know, get consultants to assist us with reconciling information from a year back instead of, you know, just reconciling monthly. So we're hoping to do away with that currently we are focusing on just getting caught up with audit issuance and we're hoping going into 2026 that we could focus more on reducing the findings and getting better opinions okay how much would you say do we have a dollar figure on how much the gvi has spent over the last three years on added remediation efforts maybe a little over 10 million you said over the last three years right yeah yeah over the last three years yeah a little over 10 million and million dollars okay i wanted to go to mrs simmons thank you for your response um it's a similar echo the sentiments of my cruzian colleagues about your tenure and your contributions to this government of the virgin islands i want to ask you and i know we had some discussion regarding grs is the grs funding note still performing according to original projections?

2:04:12 Good afternoon, Senator. We've been short in the amongst that we've been paying the GRS over the last few years. And as I indicated to one of your colleagues, The answer is really to be able to generate additional cover over revenues, whether that's through additional companies or just by the current companies being able to increase sales. But we have not been meeting projections. OK.

2:04:53 So as far as the statement that you just made, Now, is there a plan or strategy or some movement on our part to get, to maximize the production of rum, to increase the numbers? Is there a plan or a strategy in place to sort of counter the trend? Yeah, I mean, we have had several discussions with different rum brands about locating to the territory.

2:05:34 You know, we've had some even visit and had looking at possible refinery, I'm sorry, distillery operations or and or sourcing rum from the current distilleries but for one reason or the other we have not been able to get that to come to fruition and of course in the current market environment rum has just been slow sales have been have been declining nationwide so it's not that it's just that the brands locally I mean you know that's just a where the market is right now so increased marketing we've had the discussions with with the with the companies we've looked at their marketing proposals and we've we've had substantial discussions with them about their marketing strategies and and I think they're doing a great job but that is just where the market is so I think the answer for us is to try and attract additional companies at this point right nothing tangible really on a horizon one minute but we have so much at stake so it behooves us to you know try to recruit traditional companies, bringing them to the market. But are there any contingency plans if matching fund revenues underperform?

2:07:17 We're still working with our Washington team to try and get the retroactive portion of the cover over that for the years when it had lapsed. We have not given up on that and hopefully if we get that, that would be a substantial amount that we can then apply towards GRS. But other than increasing revenues, there's really not much else that we can look to do. I mean, long-term, we believe that eventually GRS will be made whole, but it may become tight at some times.

2:08:04 Okay. My final question, Mr. Chair, with your indulgence, to Director Actalin. I know the VIA secured one of the most favorable FEMA cost share arrangements in the nation, but that benefit really disappears if projects are not completed by 2035. Which projects currently pose the greatest risk you would say senator the schedule that has been projected has the projects out through 2032 and with three a three-year buffer for things that can go wrong we want to make sure the the hospitals stay on track they are the most intricate type of construction the Roy Lester Schneider Hospital is out in evaluation right now so that one is leaving the gate last so if there's any risk that I would put to the projects I would say the Roy Lester Schneider Hospital but again we based on the schedule we have a three-year buffer that we're trying to make sure that we get everything in by that 2035 date as a chair likes to ask so this doesn't keep you up at night because of that three-year buffer.

- 2:09:28 Senator, it all attempts to keep me up at night because you know how project schedules are. I've seen so many different things come that we are not expecting that can throw a project off schedule. So, yes, it still is of concern. And no matter what happens going forward, we need to really pay close attention to schedules to ensure that we get these facilities back online. Absolutely. Thank you very much for your response. Thank you for your flexibility, Mr. Chair.
- 2:10:00 Thank you very much, Hassan Alpada, for your line of questions. At this time, Ms. Carty, do you have the bounce checks or return checks amount? I do, but can you allow me an additional minute, please? I'm trying to finalize the pivot table. Okay, very well. um sorry um senator um mr samuel has the information relative to the medicaid all right mr samuel afternoon samuel accounting manager there's 3.2 million outstanding right now for my payment and can you update us and that's what you're processing at this time well dhs has to confirm that the draw was done first before we could process any payment yeah Yeah, DHS is the one that's saying that these are pending DOF, issuing the checks.
- 2:10:52 Yes, but they have to confirm the drawdown. They have to confirm the drawdown. Okay. If someone could work on that for me in the meantime, so we could make sure we get some responses before we leave here this afternoon. Thank you, Mr. Samuel. Senator Fonseki, you recognize your point of information? Yes, thank you. Thank you, Mr. Chair. The leases on the post audit report, PFA, ODR, 193, Altona Estate, Charlotte, Amalia, Banco Popular Building. What's the annual rent for Banco Popular Building?
- 2:11:28 Archer-Wallinson-Francis, \$320,255. Okay. Per year? Yes, the annual amount. okay post auditor um please no thank you mr chair uh thank you very much at this time the chair will recognize senator play for joseph you recognize for your six minutes thank you mr chair good afternoon to the listening public um the first question i'll have will be for ODR are there any large barriers that are preventing recovery projects from progressing Senator the process of course the environmental approvals are always one that takes time and impact schedules as well as those are local approvals and approvals from from the federal government we're also ensuring that you know the cost escalation is impacting budgets as well so those are the two main challenges that we are experiencing and what's the percentage of the the projects that are currently in the planning stage the the I will have to give you that percentage but all of the The projects that we are in the bundle are a critical project.
- 2:13:03 So all of the schools, all of the hospitals, all of the fire stations, they are all either in the finalization for design or getting ready to move into construction. Okay. Any in the closeout stage? Oh, we have the closeouts would be Arthur Richards. that they had start several of the other projects and the libraries they're the ones who are projected for completion this year and are you familiar with act number 8991 no not on the space you okay where we we the Senate closed out the gross receipt tax loophole. The reason why I'm questioning this is because I need to verify from you that the contract that you are entering into contains a provision that the gross receipts are taken out before payments and that there is no language in the contract that allows these businesses to include gross receipt taxes as a line item?
- 2:14:23 Senator, I mean, prior to this Act, that has been our mode of operation. We take the GRT out before. That was the issue that we had with the step payments, that that line item was not in the contract, but that has since been corrected. So all of our contracts have language indicating that the gross receipt taxes must be paid, it's a requirement, and we we take it out and then remit the remaining amount of what our invoices I'm just making sure that there's none any of these kind you know like any contracts coming to you guys and they're ready they they self putting in the gross receipt in their estimate that's what I'm looking for so like we are ready they cannot line item the GRT it has to be included as your cost of business when you give your whatever your contract amount is. We do not accept contracts or line items that have or invoices that have a line item for GRT.
- 2:15:28 Okay just want to make sure it's here local and when it comes out of the state. I'm just making sure. So your word is they cannot. They cannot. Are you checking for it? Okay, good. Thank you. Thank you for your response. This is for Commissioner McCord. On page three, you mentioned of the testimony on May 29th, expenditures from the department accounted for less than 50% for what you're using for your budget for FY26, operating appropriation, is this amount going to be fulfilled or you think you're going to run short?
- 2:16:24 Good afternoon, Senator. No, I think there are some big expenditures that we incur at the end of the year, so I think we'll be able to, we'll eat into our budget some. Okay, but you don't think you're going to go over, that's what you're saying? No, I don't intend to go over. Okay. Thank you, Mr. Chair. Thank you. And thanks everyone for the responses. Thank you very much, Senator Joseph.
- 2:16:54 Before we go to Senator Vieira for his point of information, Director Acklin, in respect to the tracking of that 89-91 um gross receipt for off-island vendors are we tracking that separately so that we could be able to identify exactly what that amount look like so we take we don't i guess we can compile the information because we cut we cut a specific check to irb so we can compile that information irb also they keep track of you know the gross receipts for all of the the companies

that do business here in the territory yeah I think that we'd like to see where number one the effectiveness of the law 89-91 but more importantly that the off-island aspect of it you do you I guess you also are tracking separate disaster recovery gross receipts you track that separately from all the other gross receipts I'm sure this is particularly noted another line item I you know that from the top based on your expenditures that you because you're already taking taking that off at the top. So I'd like to see a specific carve out to address those off-island. I think it would be critical for us to be able to track that and just look at the effectiveness of the law and really just to see some of that money that may be going off-island and how we're able to benefit from it. Correct, so that's all the eligible, all projects or all transactions that are eligible for GRT.

2:18:26 Correct, correct. Santavira, you recognize for your point. Thank you. Thank you, Mr. Chair. When you pay the contract, I know we're taking the gross receipt right off the top, which is very good, excellent. But now those contractors have a number of subcontractors that they pay directly. how can we assure that those subcontractors are also paying the gross receipts and when they get paid they're supposed to pay the five percent gross receipts correct correct yes what what mechanism we have in place to make sure that the subcontractors are also paying the gross receipts so we we provide the information of all the subs if you have a listed sub that we have is listed in the contract information is shared with irb and we don't take an active role in ensuring that the the subs pay, but we expect IRB to do that. There is, based on your point, there's an opportunity to have closer collaboration for that to happen, and we can do that.

2:19:34 Okay, because when you look at the way the monies were calculated in the estimate for the budget moving forward, I mean, it was a very conservative approach, but it didn't even take into consideration that the gross receipt is charged to literally every entity. and if that happens the government is going to generate substantial funds so you can't just if you're paying a 200 million contract you can't just say five percent of 200 million because if 180 million was subcontractors then 180 million also got to pay the five percent so you could actually collect something you could collect the money three four times and that's why the grocery seat is such a wonderful tax but we we need business people take what i'm saying it's a good tax report yes but we need to make sure we're collecting it and and i'm just stressing that so when internal revenue come we'll find out the mechanism that they have in place to check and balance and this trust system got to go we trust everybody and then trust we okay so they hold it on to our money thank you so much you know even a deeper dive to that is that those subcontractors are actually paid by a third party and there is a two percent charge assessed against those subcontractors as well that we should be able to collect from um that that goes there so you know when the i think that the subcontractors a little bit surprised by that because when they enter into this negotiation with the um the big contractor they weren't aware that they were going to be subjected to a two percent cost associated with this third party now that's making a payment to our subcontractors. Have that information been brought to your attention?

2:21:15 No, we're not aware of that. That is the information that I've received from our subcontractors, that in fact there is a 2% assessed on them by this third party that's actually making a payment on the behalf of the major contractors. So that is something else that we need to have a sight of. Mrs. Year. Pointing permission. the information so that that two percent need to be taxed on the groceries too okay so they're charging that two percent as a processing fee so so excellent that they also need to be charged that's the point i'm trying to make yeah that's that okay i just working with you thank you uh senator joseph you recognize for your point of information yes uh thank you mr Mr. Chair, I would like Director Apollin to submit those information from the outside contractors through the Chair.

2:22:15 The gross receipt that's collected. Very well. The committee will send her that request so that we can make sure that we get that, Senator. Thank you. Senator Gittins, Kenneth Gittins, you recognize for your six minutes. Thank you, Mr. Chair, and good afternoon to all once again. A few days ago when you were here, Commissioner McCurdy, we spoke about expanding the electronic payments and you did indicate that you were expanding those capabilities to allow taxpayers to make payments outside of the normal business hours. So I wanted to find out from you what specific taxes, fees, and government payments will be available through this platform on a 24-hour basis.

2:23:17 Good afternoon, Senator. Thank you for the question. Initially we're going with, I believe, taxicab. We're doing a pilot. We need to figure out which agency so that we can see how the system works, but we haven't finalized that as yet. Once we do, I'll definitely let you know. Okay, because you almost scared me there just now using the taxicab. I'm wondering why would you use practically almost the worst to start this as a pilot program? So you don't have an implementation timeline? Not as yet, not right this moment, no. We're still working with the vendor to finalize some stuff.

2:24:02 Once you do that, will taxpayers be able to establish payment plans, receive automated reminders and access their account balances online? So I believe some of those services are already offered by IRB. But again, they will provide a demonstration on some of the things that they offer. What we have right now is just honestly high-level, here's what we can do. Once they come in, we will get a demonstration just looking at our operations and having more specific pointers on what they can provide us. So let's look at the delinquent accounts receivables now, because before government seeks

new taxes and fees or revenue sources, what specific collections or collection strategies rather would the Department of Finance implement to recover existing delinquent receivables?

2:25:15 Or to the government of the Virgin Islands? Those efforts are more specific to the departments. I know IRB have their process and their efforts, so I think they would be better suited to provide that information. I think those revenue collecting agencies, they have particular policies outside of fees and penalties that they apply to collect delinquent monies now let's look at your audit progress and accountability because the testimony highlights significant progress in bringing the government's audit current once the fiscal year 2025 audit is completed, what specific recurring findings does the Department of Finance expect to eliminate first? What agencies continue to be the primary contributors to delayed submissions and audit deficiencies?

2:26:27 Good afternoon, we are hoping to be able to eliminate the reconciliation findings, lack of documentation, supporting documentation. We have actually been working with departments and agencies to upload their supporting information in like a shared drive. so those are the items that we hope to get rid of however again we're trying to get caught up with timely issuance and then our focus going forward would be to reduce the finding and improve and opinions and what agencies continue to be the uh primary contributors to this uh delayed submission and added deficiencies dpnr i don't want to say these things immediately what comes to mind is dpnr otag dpnr and otag correct meaning the national guard correct okay let me move quickly to uh pfa before the time is called uh how are you doing today mr simmons good afternoon santa fine thank you how are you doing i am blessed and let me join my colleague in thanking you for your continued service as well to the people of the virgin islands um i sent a document to you on june 1st of this year um a written request regarding the availability of the eligible use of the garvey bonds are you familiar with that letter yes sir

2:28:32 absolutely i do have the response in my in my email um my staff prepared i had a couple of questions that i need to discuss with public works before i can send you the final okay i'd like to get the response because we didn't get a response even acknowledging receipt and um we spoke with your assistant that sent the email and she knew that it was received okay um so can you tell me so based on the letter sent to you it's regarding the on street um parking initiative time with regards to parking meters and the christian said downtown parking garage would the garvey bond be the appropriate approach to look at this initiative first of all senator let me say that we issue the bonds but the eligibility and the projects that's a matter for Public Works and the reason that I hadn't sent a response as yet is because I wanted to clarify the answers that we received from Public Works I wanted to make sure that I had a clear understanding of what it is but mr. McLean is here and he can speak more to it than I can good afternoon Senator Jomo McLean yes generally parking on street parking is not an

2:30:23 eligible expense for or Garvey issuance so since the VATIC was created to advance transportation and infrastructure development throughout the territory what new transportation projects has the corporation financed thus far initiated or even advanced during the past five years? The corporation was just created and the only projects that have been advanced are the Gavi projects.

2:31:04 So, again, projects such as? The Veterans Drive Phase 2, the ferry, St. Thomas, St. Croix ferry, and several road projects on St. Croix. All right. Thank you. I'll await your response and hopefully it wouldn't be much longer so we could move forward with this plan. Thank you. Thank you, Mr. Chair. Thank you very much, Senator Gittins. Ms. Carty, you ready for me?

2:31:46 Yes, Senator, I am. You may proceed with the check amount. Year-to-date FY26, general funds NSF checks received was 700... Can you get a mic a little closer to you? I'm not hearing you. Year-to-date for the general fund, \$791,501.11. \$7.91, \$7.91, \$7.91, \$5.01, \$0.11, special funds, \$285,391.64, would you like year-to-date for FY25? Yes, ma'am. General fund last year, year-to-date, was \$4,196,432.70. Special funds was \$199,554.04. How much of the FY25 have been recovered? I'll have to get back to you on that one. For real? Of the FY2026, that's a little bit, I guess, over a million dollars. What's being done with that in terms of investigation, attempts to collect? What's happening in that space? So what Treasury does is when we receive NSF checks, we do reach out to the departments and agencies, and they are responsible for recouping the funds. One of the challenges that we are receiving is that they are not communicative in whether the funds have. They're not, I'm sorry. They're not communicating timely if the funds have been recouped or not.

2:33:31 So it requires further analysis and communicating with the departments and agencies. Do you think we could do it a million dollars or four million dollars? That was a rhetorical question, you don't have to answer that. I will answer it for you. We could do a lot. We could provide some supplies to our hospital. could do a lot of things so we need to um to address that particular issue um a little bit over a million dollars this time and the number has gone down significantly from the formula in fy 2025 but we still need to collect and more importantly we need to get a status of what's happening in fy 2025 with that 4.4 million dollars to find out how much of that have been recoverable all right um senator fonseki recognize your point of information Yes. Thank you. Thank you, Mr. Chair. Going back to the PFA ODR lease, Banco

Popular for \$320,000. Where is that office located?

2:34:32 Archer, Wollington, Francis. We have secured the first floor of Banco Popular opposite the lobby side in Altona. Oh, the office is in Niski Center, right? We are transitioning from that space. We've given St. Thomas Properties notice, and we will be relocating to Banco. So you're leasing a parking space for \$320,000? Parking space? Yeah. No, that's office space. Okay, so you're leasing the second floor of Banco Popular?

2:35:03 The first floor opposite the lobby. okay and you're going to transition to where we're transitioning from niski to the altona space okay you're going from niski to the first floor in bank of popular that's correct okay thank you uh thank you very much uh commissioner mccurdy in respect to the audit um fy 2023 audit report of the department develop a formal corrective action plan with milestones responsible personnel and target completion dates so we have implemented corrective actions and we're the question is formal corrective actions that's formal you have something in writing um yes so all of our corrective action is in writing yeah so we have implemented formal corrective action we're hoping to see improvements 2025 and we answer we definitely will see improvement in our audit opinion and in our findings in 2026 we have put measures in place we have been working with departments and agencies to do monthly reconciliations and so we definitely plan to see improvements in the 2026 audit how many of your findings have been resolved fully resolved and how many remains outstanding majority of the findings are still outstanding yeah

2:36:48 Very well, but you said it's being carefully monitored by someone who's ultimately responsible for ensuring that these findings are corrective action is taken. That's all under your purview? Yes, we have an audit committee, myself, AC Wells, and two individuals from OMB. And we also have a resource from Department of Interior that they're financing. to assist us so we're working are we relying on any technical support is there any um assistance coming from some of our consultant um in the area um department of interior provided provided technical assistance yes okay colleagues any burning questions um before we wrap up burning Any questions, Senator DeGraff? Yeah, thank you, Mr. Chair, I need them to get away.

2:37:51 In regards to the credit cards, your auditing of credit cards, government credit cards, what are we seeing now? How is the usage of them and any monies outstanding or any debts, what does it look like in regards to the credit cards for the government? Regarding the auditing of them? Well, you know, by law now, you put in place a system, finance, and so like you did, tell me about that system, you know, going forward now, who's in charge, and different things like that.

2:38:26 Good day, Ebony Serrano, Director of Accounting, Department of Finance. We currently have one person at the Department of Finance that manages, have the oversight over the credit cards. now, for the most part, most agencies are in compliance. Daily review of those credit card expenditures and the timeliness of those payments are monitored by that individual. Okay, when you say for the most part, then I mean everybody is in compliance.

2:39:02 Well, we have one or two individuals we have to pull up, but usually after our reach out to the agencies or making contact with the individuals who may have let's say probably circumvent the process for procurement for something that we didn't deem as an emergency for the use of the credit card we will reach out to the agency and notify them as well as a commissioner and their commissioner so any abuse issues we're looking at yes we're looking at abuse issue issue no no like I said it may be one or two instances where we had to pull up an individual for compliance because we don't want agencies to circumvent the procurement process if it's not an emergency situation the credit cards are more so for emergencies you you can't wait for actual payment it should be very small payments and that type of stuff so we look out for those okay and just thank you thank you and in closing um commissioner in regards to if you need any further legislation that may address any issue that you're finding that the law probably needs to tighten up on you could uh through the chair forward it to us thank you for the time mr chair uh thank you very much senator uh the graph senator blyton burning question yes thank you so much mr chair um what do you are i got to the page five of the portal report right under the cdbgdr electrical if that's for wapa or electrical in general of 66 million dollars so senator is the e-grid dollars that's um with hfa they manage the e-grid dollars okay also for the mitigation funds 588 million dollars left question um are all those fan funds already obligated or The reason I'm asking that question, because I know with the last session we had with LBJ, I was saying the mitigation funds would have been perfect for what they're trying to do there with those units.

2:41:10 The same how we did Loveland and the other one. Are those funds already obligated, all 566 million dollars? So my understanding that they have, all of the funds have been, I'm going to say, allocated specific uses um they still have to work on the process to get the authorization to use grant funds but they've identified where all the money should go to very well i'll get back to you thank you so much thank you for your response thank you uh thank you very much senator blighton uh senator bailey recognized for your point of burning question thank you uh mr cheer two questions quick the first one uh mr simmons in reference to our lobbyists do we have any lobbyists as a maga from the from the maga base any lobbyists any republican no but i didn't even want republican i want a pure maga lobbyist do we have any i said i

don't know if the maga or not but But we do have a lobbyist that reportedly was very close to the president's campaign.

2 : 42 : 31 Okay. Because it's important for us to have individuals who are from the same exact persuasion. And sometimes we keep one person and the person say, oh, I have Democrats in the House, in my firm, and I also have Republicans in my firm. That don't work with number 47. You need a pure MAGA-based lobbyist to lobby on behalf of the Virgin Islands. Next question, Ms. Octolaine. There's some concerns about, with these federal contracts, you really want the money to be spread out. The major contractors, I mean, they definitely qualify for the job, but then the subcontractors are the important part, because the subcontractors are where the local individuals are able to get work. I'm getting some complaints that there are a number of the major contractors that are now bringing in heavy equipment and circumventing the local truckers, the local trucker drivers. Is there any protection that we can put in place to make sure that our local heavy equipment operators are utilized? I mean, if you've got those big contracts, you ain't got to go to every detail that you bring in. You've got to use as much as possible the individuals that are here. Is there anything that we could do that could protect the local heavy equipment operators?

2 : 43 : 49 Well, one of the first things that we're doing, of course, is to let them know that is the intention. And, of course, all of them say that we plan to use the local contractors. There is additional costs that, of course, if you're bringing in equipment, trying to make sure that it's advantageous for them to make sure they use everything that exists here locally before they bring in outside equipment or even outside individuals. So that is something that we are monitoring closely.

2 : 44 : 21 and from our perspective everything that has been committed to us from the major contractors is that they plan to use local all of the local resources first and then bring in the equipment so if you have anyone has additional information that counters that we would like to know so that we can enforce thank you so much we have laws that's coming to codify to make sure that our local businesses are protected and that we're fully exhausting our local availability of contractors equipment and everything else before we go outside is this we're not leaving it to chance it will be codified moving forward so why didn't you you're recognized good all right so that is something that we're we're working towards all right um real quickly before Real quickly, I saw that with your Washington team in reference to what Senator Veille was talking about with the Republican Party to address some of the issues.

2 : 45 : 23 I know the Washington team, you talked about in your testimony, you spoke about the RAM cover over program, the GILTI initiative, which is a global, intangible, low tax income, the blacklisting, the economic recovery initiatives, the tax litigation issues, health care reform. In particular, I wanted to ask you whether or not Tefri Basin, as well as SSI, two of the health care reform that you're looking at. Yes, Senator.

2 : 45 : 56 While I don't have the specifics, as I indicated earlier, you know, PFA, two-hour contracts fund these initiatives, but we're not directly involved in the day-to-day review of the activities that the departments and the Washington representative and the contractors handled at the end of it. But I do know that those are things that are on the agenda and things that they are working on, yes.

2 : 46 : 33 Very well. I see that we're paying \$600,000 or something now, so I want to make sure we're getting the best bang for our buck. Out of that, and Teferry Basin, SSI, is something we've been at for quite some time. Yes. And impact. We're right now, impact or reimbursement in terms of health care. and helps force us into the predicament that we're in with our health care system. So I want to make sure that... And we also coordinated with the delegate's office. Well, it's been coordinated with the delegate's office forever. And we still have not seen any movement in that area. So hence, we want to make sure that that happens. All right.

2 : 47 : 06 Senator... Baucus Jr., you recognize. Thank you, Mr. Chair. I wanted to ask the Commissioner of Finance, Commissioner McCurdy, You're responsible for administering many funds under the purview of the Department of Finance. One of them being the motorcycle fund, for instance. And what I've found is that fund is either not generating or underperforming. So I'm curious to know through the chair if you could provide us with a listing of all the funds that are underperforming farming or not generating revenues so that we can sort of get a good idea of what is prohibiting these funds from generating or if in fact they need to be dissolved.

2 : 47 : 57 Thank you for the time, Mr. Chair. Thank you. Thank you. Thank you. Real quickly, Commissioner McCurdy, in regards to technology and automation, what does that look like at the Department of Finance? Good afternoon, Carrie Henry, MIS Director, Department of Finance. We of course have the ERP system. We also have the time and attendance system that is, the time and attendance system is actually being upgraded. So we are in the process of implementation throughout the GVI.

2 : 48 : 34 Very well. any use of ai or anything like that is being contemplated to help help with your arm work um within the automation and technology field um outside of co-pilot not necessarily nothing else yeah and um i the issue of the default payment will that fall under your purview um we've been having some discussion in regards to a default payment

mechanism where if you go to the lieutenant governor's office motor vehicles or wherever and their system may be down for any given time that the department of finance will have a default payment mechanism to be able to accept that payment i'm always leery that once a person go to make a payment and then move away from that chances of them coming back um this could very well be at risk so we want to make sure that there's always a default that will be able to come to the department of finance to at least allow for those individuals to make their payment in a timely fashion we don't have anything going on right now in terms of that yeah that is a commission that does a conversation we've been having for quite some time now about you know trying to make that work correct that is that is true and we are we've identified a vendor we're just kind of working through the mechanics of it that should be uh i want to say within a month we should have something more concrete very well So I think that rounds out our discussion today.

2:50:04 I'll give you each a minute to just do a final comment, and then we'll close up and bring up BIR. We can start off with you, Commissioner. Thank you very much. Thank you for the time. Thank you for the discussion. Thank you to the team, those here and those back in the office working tirelessly to get the job done. appreciate you very much and i know that um you'll continue to to you know work hard and do right by the people of virgin islands thank you very much commissioner uh we go to director oakland i i always want to say thank you to all of the stakeholders spending what the remaining 20 billion dollars is not a small feat it requires a lot from all of the stakeholders and it is in our best interest to always work together to push these projects forward i always want to say thank you to my autobots to the office of disaster recovery you do a lot to move these projects forward and your continued commitment to rebuilding the virgin islands is not taken lightly so thank you mr chair and for the rest of this body for the opportunity to share on the progress remaining with with the recovery thank you director simmons good afternoon and thank you mr chairman thank you to you and your colleagues thank you all for the kind words it's been my pleasure to have appeared before you i can say that this is my last budget hearing so i appreciate all your courtesies and and the good wishes i'll see you again as part of the governor's financial team but that's to the extent of it is having served my first 16 years in government as an employee of this institution i have an appreciation for the work that you guys do i know how difficult it is and i really enjoy coming here and being able to present on behalf of the various initiatives that the administration or the public finance authority may wish to bring forward thank you all very much thank you very much director simmons

2:52:23 and i'll tell you that well before you hang up the mic because i want to talk about your succession planning um but i'll say that my over 30 years um in government you know you have always been around um you're the godfather uh around here and it'd be you'll be missed uh certainly but i know you're probably just a phone call away right um but we appreciate your government service we appreciate your frankness a lot of times um you know we don't always like your answer but it's going to be honest and it'll be forthright and we certainly appreciate the work that you have done here on behalf of the people of the version so thank you very much on behalf of my colleagues and i what's the succession plan and who are you training up now to take on this um herculean task that you have had uh for quite some time there they are right there all of those folks there all of them right there yeah all right good show um before we leave i really wanted to ask you commissioner mcurdy what keeps you up at night in regards to this budget i i um i would love to pick your brain be a fly on the wall in regards to uh i know omb blame you for keeping him up so i don't want you blaming him for for keeping you about what keeps you up about this budget um you You know, you have a situation where we have, you know, vendors not being paid.

2:53:38 You have the responsibility to make sure our revenues continue to grow and also to take charge of all of the CFOs of government. And, you know, that's the reason why in terms of succession, when the governor and lieutenant governor is out of the territory, you become the acting governor because of the responsibility that rests on your shoulders. What keeps you up at night? honestly I have a great team I have folks that I can rely on it I was so I hope that we were able to demonstrate that today where I have folks that I can turn to who you know I probably keep up at night asking them random questions it's funny sensible has asked about the motorcycle fund and part of the discussion that we had just yesterday was what are the some of the funds that are inactive that we need to discuss with the legislature about you know probably either consolidating or getting rid of so I have a team that I can depend on so sometimes I get some rest so oh very well thank you thank you your team I know that sometimes I text the the assistant commissioner to ask certain questions on behalf of my constituency with Chris you know again there you know and they have always been responsive certainly mr. assistant Commissioner Wells, as well, I've been responsive. I'm getting to know Ms. Carty a little better, and we fight sometimes, but I appreciate the work that she do as well.

2:55:05 All right, so thank you all, and the Committee of Budget Appropriations and Finance stands at recess for three minutes. Thank you. Thank you. Thank you. We'll be right back. Thank you. Thank you. Thank you. Thank you. Thank you. Thank you. We'll be right back. We'll be right back.

- 3:01:25 Thank you. We'll be right back. the committee of budget appropriation of finance is back in record and out of recess at this time madam clerk please call up the fourth and final items on today's agenda block three block three bureau of internal revenue invited testifier mr joel a lee director and this concludes the reading of today's agenda mr chair thank you very much madam clerk at this time we do have the bureau of economic the bureau of internal revenue uh here before us um director we will come to you to identify yourself check your mic and then introduce your staff and then we'll hear it get your testimony we'll start off you can go ahead and introduce yourself ma'am yes ophelia hector human resources director good afternoon good afternoon sharima hughes chief
- 3:03:40 financial officer good afternoon good afternoon tammy smalls chief counsel good afternoon you turn it on hello um director um from bir bureau of internal revenue joe lee good afternoon latishma smith deputy director good afternoon good afternoon Tavis DeWitt, Chief of Computer Operations.
- 3:04:08 Good afternoon. You may proceed with your testimony at this time, the Director of Lee. Greetings, Honorable Novell E. Francis, Jr., Chairman of the Committee of Budget, Appropriation, and Finance, and other Honorable Committee members. Greetings to the Honorable members of the 36th Legislature present, as well as the listening and viewing audience. My name is Joel A. Lee, and I am the Director of the Virgin Islands Bureau of Internal Revenue. Here with me today are the following members of my management team. Ms. Letishma Smith, CPA, Deputy Director of Operations. Ms. Sherema Hughes, Chief Financial Officer. Attorney Tamara Smalls, Chief Counsel. Ms. Ophelia Hector, Director of Human Resources. And Mr. Tavis DeWint, Chief of Information Technology. The Bureau's proposed fiscal year 2027 budget is \$14,410,950.
- 3:05:03 which is fully funded from the General Fund. The fiscal year 2027 budget shows no significant change from the fiscal year 2026 of \$14,410,535. The fiscal year 2027 budget request is comprised almost entirely of personnel costs totaling \$11,682,529. These personnel costs consist of \$7,484,955 for personnel and \$4,197,574 for related fringe benefits, which is 81% of the Bureau's total budget. Allocated supplies are budgeted at \$309,000. services and charges at \$2,025,809 and utilities at \$393,601. Personnel services.
- 3:06:10 Our fiscal 2027 budget funds a total of 133 positions. 89 of those positions are on St. Thomas, 43 on St. Croix and one on St. John. in the total funded positions were 26 vacancies. 21 of those vacancies were on St. Thomas and 5 on St. Croix. Supplies. The supplies amount of \$309,000 covers day-to-day office and operating supplies, repair and maintenance supplies, small tools and minor equipment, and data processing software. Other services and charges. Operational costs for fiscal year 2027 are budgeted at \$2,025,809. The major expenses in this category include repairs and maintenance of \$140,467, which will fund IT maintenance. Rental of land and buildings, also included within the other services are the rental obligations for four rentals on the island of St. Thomas and two rentals on the island of St. Croix. The fiscal year 2027 office rental budget line item is \$982,388. This amount covers rental costs for the main office in St. Thomas, which is located at East End Plaza in Red Hook. This office space of 21,800 square feet will cost the Bureau \$759,053.70. Our annual NISC center rent is \$53,762.43, which covers 2,300 square feet of space. \$152,720 covers the cost of the prime storage location, which is 9,200 square feet of offsite storage and \$4,852 is allocated for 250 square feet of off-site storage at Sun Self Storage on St. Croix. \$12,000 covers the cost of the excise tax office located at the Crown
- 3:08:23 Bay Sandville, which covers 418 square feet of space. We are relocating to the Satellite excise office at the St. Croix Container Port location once the renovations are complete. The cost for the rent of this space is also \$12,000 annually. It's important to note that while we have been enjoying living at 4008 Estate Diamond rent-free, we now must leave the premises in order for it to be refurbished with FEMA funds. In our efforts to find affordable housing for the St. Croix staff, we have found a potential location that meets the specific needs of our employees and our customers. The location is 14,466 square feet or more of space, ADA compliant along with a large parking lot to accommodate both taxpayers and employees. We look forward to your assistance in ensuring that our move, once it happens, can be as seamless as possible for the taxpaying public. We anticipate the need for build-out costs and annual rent for the St. Croix office in the future.
- 3:09:36 Machine rentals. Machine rentals of \$197,600 covers the cost for the leases of the Bureau's copiers and printers and the rental of the posters' machines. As a paper-intensive agency, these items are critical to the daily operations of the Bureau. Professional services. Professional services of \$207,065 include janitorial and extermination services, annual upgrades, and maintenance to the Bureau's income and excise tax system, which is the heart of our operations. It also includes the cost to cover the necessary upgrades for our newest additions of online tax filing platforms for gross receipts and income tax. Security services. The security services expenditures of \$150,000 covers armored transportation services and onsite security for the Bureau's properties. As we add the additional locations for excise tax, we will have a need for an increase in the security services for these two locations. Communications. Our communications expense of \$220,000 includes postage for mailing tax bills and other correspondence to taxpayers as well as payments for our dedicated computer and

telephone lines to include our internet services. Training, advertising, printing and travel. The expenses for training of the staff, travel and cash advances, advertising and printing of envelopes are as follows. Travel and cash advances are budgeted at \$37,000 and advertising is budgeted at \$15,300. To date, unfortunately we have not been successful in obtaining training for our staff due to IRS's personal constraints.

3:11:34 Service is not otherwise categorized, which is \$15,000, will cover various contingency costs associated with the new excise locations on St. Thomas and to retrofit the Niske Center Office. Utilities. The allocation to the Bureau for Utilities is \$393,601. This amount reflects last year's expenditures under the Single Payer Utility Fund. Our fiscal 2026 highlights.

3:12:10 Collections for fiscal 2025 total \$836 million, which represents \$767 million for the general fund and \$69 million for special funds. The comparison of the fiscal year 2025 and 2026 collections for the period of October in May is as follows. This time last year, fiscal year 2025, we collected 595 million and this fiscal year we've collected 610 million. The comparison shows an overall increase in revenues from fiscal year 2025. We expect to see this increase continue for the remainder of fiscal year 2026. As we continue the path forward to reaching our goal of being current with income tax refunds, we paid \$32.3 million in refunds so far this fiscal year.

3:13:04 Currently the Bureau has \$84.2 million in refunds processed and ready to be paid. Our current online platform, which includes both income and gross receipt tax returns, has proven successful as taxpayers utilize this option to file and pay their own convenience in the comfort of their homes. As a mirror code territory, we remind this body of the herculean task of copying a tax system and agency as vast as the IRS. We continue to do the best that we can as we update our tax systems to confirm with the new tax law changes. We successfully updated the system this year to capture the 2026 tax changes, including the highly publicized ones from the working families tax cuts to include no tax on overtime, no tax on tips, and an additional deduction for seniors. These tax changes will result in larger refunds owed to taxpayers for tax year 2025 to the tune of 11%. The Trump account, which gives \$1,000 for each child born in the U.S. and territories, applies to children born in the Virgin Islands. We wish to remind parents and guardians of those children to take advantage of this benefit by completing Form 4547, which is available online at IRS's website, www.irs.gov, and sending it to the IRS for processing. They will be funding the account for the children residing in the Virgin Islands. In the collection sections of the Bureau, we have initiated a collection effort that will target all of the super PMOs, contracts and subcontractors for full compliance within the Virgin Islands tax laws. We do recognize that there will be an influx of new taxpayers to the territory and we will ensure that they become familiar with the tax laws, rules and requirements in the Virgin Islands. Designated personnel have been and will continue to canvas construction sites on all three Islands regularly to ensure that returns are filed and that all of the workers are educated

3:15:21 about the tax filing laws in the Virgin Islands. I want to point out some of our challenges. Internal Revenue Service Training. Due to the obstacles outside of the Bureau's control, we have not been able to secure any training for the Revenue Agents and Revenue Officers for the last eight years. We will continue our efforts to seek any other non-traditional training to assist them in their professional development. This is important because we do not want to be subject to litigation if we break protocol and collect illegally. Recruitment of staff. We continue to rectify our vacancies with the Division of Personnel. We certify our vacancies with the division personnel and keep them on a continuous listing due to the difficulty in filling these positions. As you know, while some of the positions at the Bureau require accounting credits, our salaries are not competitive with that of the private sector for the same skill set. And if we are successful in recruitment, the delay in and lack of training results in resignation from those who are seeking upward mobility in their careers. Another challenge, digital upgrades. The IRS is fast-tracking the use of digital technology in all aspects of its workforce. They are poised to terminate paper refunds and pay only by direct deposit for refunds. They are increasing the online customer service options and developing strategic metrics to measure the efficiency of the use of AI tools in examining and processing returns. The Bureau must be able to participate in these upgrades in technology for more efficient tax processing and examination. Strengthen the IT platform.

3:17:15 In this age of cyber threats, identity theft and increased scams and phishing schemes, the Bureau must ensure that the IT safeguards are strong to secure and secure. We are charged with safeguarding taxpayer information as well as safeguarding the federal information that we receive. This mandate is the foundation of the Bureau's ability to receive federal tax information as well as federal reimbursement of tax credits paid to bona fide residents of the Virgin Islands. There is a physical security mandate as well which results in certain requirements and specifications that must be implemented and maintained at the physical facilities that the Bureau offices are housed in. And I also want to note that the IRS does audit us and these protocols and these security measures yearly. In conclusion, as I close, I would like to offer special appreciation to our St. Croix Employee of the Year Crystal Carr and St. Thomas St. John Employee of the Year Andy Britton for the recognition they received this year. These two employees have been recognized by their colleagues as team players, hard workers, and very pleasant persons. After eight years of service to the Bureau of Internal

Revenue, it gives me great pleasure to personally thank the employees of the Bureau for their dedication and professionalism in their daily duties, as well as the support that they have provided to me during my tenure. I have been fortunate to have met some of the most dedicated employees in the government at this agency. Chairman Francis, this concludes my testimony. My staff and I are available to respond to any questions that you and any other member of this body may have.

3:19:00 Thank you very much, Director Lee, for your testimony and presentation of your budget for the Bureau of Internal Revenue. I too join you in commending Ms. Crystal Carr and Andy Britton for being designated or identified as the Employee of the Year for the Bureau of Internal Revenue. Congratulations to both of them. So can we get the actuals for your personnel costs, fringe, supplies, other services, utilities and capital outlay? Yes, sir.

3:19:34 So far, my actuals of personnel is 3.8 million. Fringe benefits. We'd like to get that complete number. That complete number. I'll let you. Good afternoon. Good afternoon, Sharima Hughes, Chief Financial Officer. To date, for personnel services, a total of \$4,034,241.47. And that is up to June?

3:20:04 This is up to May 31st. May 31st. Yes. Let's get that number again, please. \$4,034,241.47. Okay, and French? \$2,051,251.80, supplies a total of \$167,327, other services and charges, \$1,454,435, Utility services, this includes WAPA, \$235,933.91, for a total of \$7,597,796.19.

3:21:09 Do you have any capital outlay? oh yes um twenty nine thousand four hundred and forty seven dollars twenty nine thousand four hundred and twenty forty seven very well and for your um your new location that you look at looking at Fort St. Croix, is that in a central location, public transportation access? Sunny Isles. It is Sunny Isles area?

3:21:49 Yes. Okay. Is Sunny Isles proper itself? Correct. In the shopping center. In the shopping center. Okay. And you said that renters? Well, Jolie, Director of Bureau of Internal Revenue, we are hoping to get funding, so the number we have in there is really for the build-out, but we are hopeful that we will be able to get some kind of funding from the IRS to cover that space. So the reality is we don't know when we're actually going to be moving, so I didn't want to you know secure that funding on paper and not move you know so that's have you requested the funding already it's in our budget no to IRS have you requested the funding for yeah we're in talks yes and we're confident that will you may get it outstanding vendors payment one hundred and seventy go ahead to date a A total of \$117,000 are outstanding.

3:23:07 What's the age on that? How long that's been? 30 days. Anything beyond 90 days? Not at the moment, no. Okay. Bungsek? So, we received, First year, 2026, about \$4 million in bounce checks, but we've recovered \$3 million. The nature of our bounce checks is, you know, we get a check, for example, one check was written in the amount of \$2 million that the bank rejected because the signature was off. But we were able to recover that within a short amount of time. But currently, our outstanding bounce checks to be recovered is under \$1 million. dollars and once again it's we get checks for like 200 500 that the bank rejects for signature so what's being done to recover the one the one that's under well we send them a notice and and they come right in because it's it's not that they don't have the funds it's just the bank just you know just being so how long has the little bit under a million dollars been outstanding for shortly i mean we don't have it for an extended period of time i mean tomorrow somebody may come in and write a check and you know we'll secure it. FY25, have you been able to recover all of the money that in bonus check for FY25? 99% yes. So what's outstanding for FY25? Oh I'd have to get that for you. I mean it's a rolling balance so yeah we don't separate it by year. But right now we have on our books um less than a million dollars that's not a million total

3:24:55 at this time i'll open up to my colleagues for a six minutes round and senator blight do you recognize for your six minutes thank you so much mr chair and good afternoon again to my colleagues and good afternoon director lee to you and your supporting team there thank you so much for your testimony director lee um let me ask you you said you have 133 employees correct yes sir and 26 vacancies correct how much of the vacancies are considered critical vacancies we're collection we're collecting all of them yes yes all of them okay how much money do we have have on the street collectible 140 million 140 million collectible yes and of these 26 employees can they have those positions of field could they assist in terms of you recouping some of those funds absolutely of course so what are we doing in that respect in terms of seeing how we can hire individuals to actually assist in collections they don't do you need expertise or do you need training in terms of us on yeah we do you know we have to follow IRS's guidelines as well and that's you know like all the agencies that come in for you it is a challenge to get financial professionals because we lose them to the private sector with that being said aren't we doing like are we like training them in-house and promoting others being creative in terms of actually getting some type of movement forward because i've been hearing it for some time and i've not seen any movement so what are we doing in that respect though yeah once again because we are overseen by the irs they have certain protocols of training that needs to happen before someone moves up unfortunately as i mentioned in my testimony irs has not been able to provide that training so folks move up so what ends up

- 3:27:02 happening folks end up leaving so the training have to have to come from the iris it can't come nowhere else yeah because in order to receive the benefits that receive the IRS we have to follow their protocol that's messed up to be honest with you because at the same time we are the ones I understand okay let me ask you though um in respect to on your rental of buildings etc I see you have here um for the office space on St Croix is um the other square footage of two thousand three hundred square foot um for Nisky Center I'm sorry and you have a square footage for the one of St Croix but you know what the square foot for the one in St Thomas St Thomas it's 21,800 That's a lot per square foot. When does the contract expire?
- 3:27:58 That contract ends at the end of this year. Do you know if you're looking for something else in the interim? We're always looking, but the build-out cost is what's going to be painful. So while we may be able to get something maybe reduced we're going to have to upfront a lot of money just to build it out to satisfy once again the IRS requirements of the price tag is painful though to be honest with you I understand so we need to find we really need to look for something in the interim before um we get to that deadline I would also assist in looking for a place because I think that's That's way too much we are paying. That's just my opinion.
- 3:28:45 Well, it balances out because we don't pay currently on St. Croix, but I understand your concern. Okay, very well. Let me ask you in respect to your security services. I know you stated that the security service expenditure is \$150,000, which covers a variety of areas. I know on the other page you spoke about cyber security. What's the price tag? What are we doing to assure that we are well protected from attacks on other infiltration? Well, I'll let our IT guru, Mr. Tavis DeWint, go into that. Be mindful. I have told him not to go into too much detail simply because we're in a public forum. Understood. General.
- 3:29:34 Good afternoon, Tavis DeWint, Chief of Computer Operations. So to make sure that we stick with protocol and, of course, go ahead with the Office of Safeguard requirements, we have implemented many cybersecurity measures to make sure that we secure taxpayer information as well as our systems on a whole in terms of backups, making sure that we have secure certificates in place, also making sure that we have multi-factor authentication in place as well to secure all of our information systems. We are a big target. We get attacked constantly, simply because of the information we have.
- 3:30:10 I appreciate what you do in terms of assuring that we are protected. I have two more quick questions. The Trump account that you spoke to, I thought it was fake, you know. But nonetheless, what the age range? I did. I thought it was fake, for real. What the age range? Tammy Smalls, Chief Counsel. Children born between 2025 to 2028. It is not fake I know, I know it will be funded by Treasury so they fill out the form, they submit it to Treasury and then they'll make contact to open up the accounts and then you elect to get the \$1,000 funded as a pilot program thank you for that and finally, in respect to page 8 of your testimony at the bottom you spoke to having designated personnel that will be canvassing construction sites on all three islands regularly to ensure that returns are filed and that all of the workers are educated about the tax filing laws of the Virgin Islands.
- 3:31:16 Director, are they doing that now? Yes, but keep in mind, a number of our processes end up in refunds. So we spend a lot of time analyzing returns that end up in refunds that we have to now pay back to the folks. I mean, clearly, it's just a balance. We don't look at it as projects. We look at income levels. That's really, and that's across the territory. We don't isolate it to a project, but we look at the higher earners.
- 3:31:47 The reason why I ask that question, because I'm sure if your people are out there now, they're going to get way more than what you're saying because people talk, especially many who are getting paid cash, cash from the subcontractors, and we, let me finish, we are not receiving anything so we really need to have our folks out there on the ground to assure that everyone is paying a fair share because many of them are not paying a fair share because I visited these sites on a normal basis and you hear a lot from the individuals and you will learn a lot if you are out there you're going to know what's going on because they tell you tell you everything so it's important that we really go out there and I'm here to go That's my ask and my recommendation.
- 3:32:32 Thank you so much. Thank you, Mr. Shea, for the time. Thank you very much, Senator Blyden. Directly, have you recognized over the last several months that we have seen a downturn in income tax collection? Yes. What do you attribute that to? As I mentioned in the budget overview, we have lost some very high net worth individuals. They have moved back to the States for whatever reason, and they were a significant part of our tax base, two individuals to be exact. And that's something I can't predict for whatever reason.
- 3:33:16 You think those two individuals account for all of that decline that we have seen, just those two? Yes, absolutely. We're talking to the tune of maybe up to \$35 million to \$40 million. And because of the timing, that would have been an extension payment. So who knows what we'd have gotten in October when they actually file, you know, whatever additional. So we miss not only a deposit that they normally pay, we're also going to miss out on their final, simply

because they are taxed on their worldwide income because they're a resident here.

- 3:33:51 is there any opportunity to tighten up in other areas outside of that i mean um that's already gone but in terms of the income is there an opportunity for us to tighten up on that to make sure that we're not bleeding additional funds yeah so so you know right now we're currently above what we did last year had those individuals stay in the territory we would have been very well so you know my team is doing what they do you know more than last year for sure But because of these high net worth, you know, my fear is more may leave and then, you know, then that's going to be a domino effect. In your testimony, you mentioned that you have \$84 million available to be pushed out for refunds. What's the communication with government house and or the Department of Finance in respect to paying down some of that?
- 3:34:45 that's a cash flow issue i don't see all the needs of the other agencies so you know i communicate i'm just asking what's what's your conversation with them or have they given you a timeline that they believe that they'll be able to you know once again as they told you we the finance team including myself we get a lot of surprise bills that are critical i i was trying my best to catch things up but then when you hear other agencies don't have supplies and you know so it's it's a you know i i i can only lobby for what i would like but there are other agencies that you know may have more critical needs than i do and i understand that my needs would be like paying refunds but they may have you know have we seen any return um on earned income as a result of the last payment? I know traditionally what we see is... Yeah, we always get our fair share back from the IRS as far as the credits. Are you on a liberty to share what our amount was? Yeah, let me get that for you. I can share for you. Okay. Senator DeGraff, you recognized for your... It's about 40% of whatever we paid out. That's right, yeah.
- 3:35:56 Yeah, about 40%. So we paid out so far about \$32 million, so 40% of that is 12-ish. That sounds like some good money to pay out I mean, if you got 12 million It helps, and I try to use that to pay out more But once again, there's other needs that trump mine I mean Senator DeGraff, you recognize for your six minutes Thank you, Mr. Chair, good afternoon, colleague Good afternoon, Tess of Fire Fires, all present Okay Director again to you and your team for all the work that you guys do on a yearly basis. Thank you. Job well done. But, you know, just have some questions in regards to how many eligible people you have to retire?
- 3:36:49 Retirement eligible. Yes? Only one? Yeah. We don't like to talk about that. But to give you a specific number, do we have a specific number? eligible retirees Ophelia Hector and let me just say that we have approximately I would about 15 15 employees eligible to retire okay have your department received any wage increases anyone we see wage increases yes our employees who were paid under \$35,000, they received an increase October.
- 3:37:34 You mean they were brought up to \$35,000? Yeah, brought up. Okay. So that's one entity. Any of them owed retro? No. All of them are taken care of. All of our unionized employees have received their taxes. Okay, so in addition to that, were there any wage increases by union negotiations? No. No, just that up to \$35,000. Okay, no retro owed. No. Okay, you know, now when you mention about the childcare program, it says \$1,000 per child from the year 25 to 28, and they file by treasury?
- 3:38:16 Directly with the IRS. Okay, so. We don't manage that fund, nothing comes out of. Does that pose a conflict? Because we're not supposed to file our taxes. This isn't taxes. This is just a form. But okay, so it isn't taxes, separate filing? Yes, a separate piece of paper that you give your child information. That you can go and request any time? One at a time, please. I apologize. Let the senator complete his thoughts on that. That you can go and file for any time? Or is it available during a certain time? Tammy Smalls, Chief Counsel.
- 3:38:47 Also, it is for children born from 2025 to 2028. The instructions say to attach it to the return. But because we are a mirror territory, we're not going to attach it to the return. We have to send it directly to Treasury because Treasury is going to fund the \$1,000 that starts the... Excuse me, and I got that. Yes. But I know it's for filing your taxes, so people might look to do it with their return.
- 3:39:18 So is there something in addition that you'll be putting out not to do that? Yes, we did. Is this where I'm getting at? So we did do a press release prior to the tax season to inform the taxpayers who have eligible children to file it. We provided the address. And so, yeah, we're also available to us. And if they come to us, we're mailing them to the address. Okay. No, we just passed a bill in regards to EDC companies receiving income taxes that was requested. Refunds. Refunds.
- 3:39:54 Now, is there any litigation by any of those companies presently right now that we have to pay? Yes, there is litigation. Okay, so we haven't lost anything yet that we have to pay. So is there an amount of money that we may have to pay as yet? Upwards of \$20 million. Okay, so that would be in the income taxes that you have collected? Or is it something that we may have to find money to pay out? It's included in the 84.

- 3:40:23 In the 84? What do you mean by the 84? So I was asked earlier how much refunds that we owe to the public. So it's 84. So that money is included in the 84. Okay, so that's a part of 84. So that would be covered. And then going forward, they won't be allowed to pay out. Okay, I just want to make sure we have that straight, COVID-1984, fire local. Now, I believe we'll do another insurance increase.
- 3:40:54 Do you have money in the 27 budget estimated for insurance increases? That's factored into our personnel costs. How much money you have set for estimation of insurance increases? It's included in our fringe benefits. We increased about, I think, maybe 10-11% from last year because of... Okay, because now I'm seeing in your fringe benefits for 27, your personnel and fringe are page 6 of the post-adult report. Your fringe is 56% based estimated on what we're looking at. So that's why the fringe is so high? You said you included it in the fringe? Yes. The increase of the fringe, which includes insurance, is included in the fringe. Oh, okay. Yeah. Okay, so that's why it's so high.
- 3:41:39 so then with your actuals for personnel at four million thirty four thousand two thirty four was your number four million zero thirty four two thirty four was the number you gave me where you said it was up to me your actual 30 seconds can you repeat the question please your actuals for personnel yes as of me is four million thirty four thousand four million thirty four thousand two hundred and forty one two and forty one yes I'm forty seven cents okay so based on the appropriation time or if I may wrap up message here even at your 25 expenditure at six million eight eighty one for personnel and our fringe benefits are \$3 million, \$385 million, \$4 million, we are in the third quarter now, so \$4 million, you should be getting your overall at least the lowest \$6 million. So you have one more quarter to make up the difference.
- 3:42:48 We're still in the second quarter. Okay, that's what you're in May. Yeah, well, fiscal year. So the last quarter would be July, August, and September. Right, so now we happen to be in June. So you haven't received anything in June. May was your third quarter, because your fourth is July. Right, so we're dividing the \$4 million by four, and then you get the difference would be the fourth quarter. It will still take you under \$6 million in terms of where you're actually getting.
- 3:43:29 So then the rest is, how much vacancies do you have? 26. 26 vacancies. And what are they funded at? 100%. 100%? Wow. That's probably why. Okay. Okay, my time being caught, I just was getting a train of thought in terms of looking at the numbers. so they're well under the amount that are recommended for personnel and fringe. Thank you for that. Thank you for the time, Mr. Chair. Thank you.
- 3:43:59 Thank you very much, Senator DeGraff. Director Lee, who monitors your KPIs, your key performance indicators? Our Deputy Director, Ms. Letitia Smith. Smith, can you speak to how you're doing with your KPIs? our kpis were determined based on our mission and vision so with the kpis what we do is i monitor the metrics quarterly and if i have any issues then the activities and the leads receive an email from me but right now based on our employment our employees on hand i think our kpis are okay Are you meeting the mandates of your established KPIs? Yes.
- 3:44:43 Directly, how would you grade your collection efforts? B plus, simply because if we have more staffing, that would always help, but I will acknowledge that it is very difficult to get the folks that we need certified to work with us. We may have somebody perfect in all aspects, then we find out they haven't filed here, they've been filing in estates, so that disqualifies them. So we may have good candidates, but because of our IRS requirements, one of the things you have to be in tax compliance you know they they we lose them because of that because that's that's a requirement on our end okay sir balkers uh junior you recognize for your six minutes thank you mr chair uh good afternoon mr chair colleagues listening and viewing audience central staff my staff and the testifying panel before us today uh director lee um your testimony stated and And of course, the previous senator from Savannah mentioned that you have 133 positions, 26 vacancies, and 15 of them are prime for retirement. And for whatever reason, if they decided to leave tomorrow, that would be about 30 percent of your workforce, almost one third of your workforce out the door. So what are the efforts to bring in new staff in addition to the vacancies that you have now? How many of them are involved in audits or collections?
- 3:46:32 Well, I mean, once again, our mandate is collections. So there are different pieces to the collection process, but all our employees fold up into that. Whatever the pieces are, it's to achieve more collections for the territory. As far as recruiting, once again, like all of the finance team that you've heard, it's just been a challenge to get finance professionals simply because they go to private. So we can't compete with them.
- 3:47:07 It's just a very, it is what it is. I'm a CP. I'm very active in the accounting community. And what I found is folks come to us, the government, get their training, and then it's time to, then private industry tries to sell them and we just can't compete. Understood. But I guess let's move on then to using technology to our benefit, right? Yep. And you mentioned or discussed in your testimony digital upgrades, online services, IRS modernization. So these technology projects that you have, which of them has the highest priority at this given point in time? Being able to file and pay online.

- 3:47:51 Now, we have been successful with our online ability to file, our online ability to file income taxes and gross receipts. Now we're trying to roll out the many other taxes, hotel tax, road tax. So there's a number of different taxes that folks file with us. That you want to put? Yes, so we're just rolling them out. So for me, the funding, whatever extra funding you can give us, is going to that aspect simply because we do have a problem with getting it. And I'm happy to hear that it's going well and it's successful.
- 3:48:25 Are you able to let us know what percentage of taxpayers are currently filed electronically this go-round? Is that information available? Yes, we can give you an account. I will refer that to our IT professional, Mr. Tavis DeWint. And while he's looking for that, I'm assuming that it reduced a lot of the processing time, manual processing time. And once again, you know, folks, you know, the more convenient you make it so they don't have to leave work to come before, you know, to get a fight. They could do it on the weekend. They could do it at night.
- 3:49:01 So what I found, the more easier you make it, the more easier it is for the folks to be in compliance. Yeah, well, I'm looking forward to getting those other taxes that you mentioned all digitized and available for payment on an online portal. While he continues to look for that, you testified that approximately \$84.2 million in refunds have already been processed and are ready to be paid. Ready to be paid, yes. What's preventing those refunds from being paid? Funding. Once again, I just prepare the file, and once finance tells me, hey, we have some funding to pay, whatever, then I send them the names down up to the amount, the dollar amount that they give me to pay out.
- 3:49:46 That's how that works. You. Prepare to show that. Yeah. Sorry. Good afternoon, Senator. Tavis DeWitt, Chief of Computer Operations. Today, we have, for grocery seats, we have 13,092 filers online. And for individual income tax, we have 568 filers. That's for the 2025 tax season. Only 568? 68.
- 3:50:12 Only 568? Yeah, this is new, so folks have to kind of warm up to the idea. You know, a lot of us are still old school. We want that stamp. We want that confirmation. A lot of folks aren't trusting the government with computer systems just yet. But I think as we make it more, as time progresses, it's going to become, you know. Also, bear in mind, I don't mean to cut the director off. It's also that we allow, like for example, CPAs that might file multiple people. So we don't have the breakdown right now of the amount of returns, but these are the registered filers that registered for the tax season.
- 3:50:48 I understand now. So the CPA can just go in and file? File multiple. Very well. Okay, noted. To the chair, if you could provide that information to the chairman of this committee. Also, how many, or how much I should say? One minute. Revenue was recovered through enforcement between fiscal year 25 and 26. Do you have that information? I don't have, I mean, that's all we do, really. So I'd have to, when you say enforcement, I mean, that's kind of everything we do. I mean, if you're saying what's the difference between walk-ins and enforcement, I'll have to get back to you. 30 seconds?
- 3:51:27 Which I don't mind, for sure. To the chair, just to sort of get a general idea of how that pans out. In relation to any unresolved collection cases, how many of those do you have currently? Well, as I mentioned, we have 140 million on the street that's collectible. A number of businesses have shut down for whatever reason, moved away. But we see \$140 million that we can grab.
- 3:52:04 And, you know, unfortunately, once we go after them, they may shut down because they just don't have it, and then we're kind of stuck because they leave. And, Mr. Chair, just one last. I appreciate it, Mr. Chair. What additional revenue do you expect from the Super PMO Contractor Compliance Initiative? Well, gross receipts. The good thing about gross receipts, we get it off the top, so that's easy, but once again getting the subs in line and getting the workers to file, but once again what I found, I did a preliminary deep dive and a number of the workers actually do refunds, so I don't want to spend my time or my team's time chasing refunds for folks, you know what I mean? So that's why we look at high-income earners, and so that's kind of where we're at. Okay. All right. Well, very well. Thank you for the responses, and thank you for the time, Mr. Chair.
- 3:53:06 Thank you very much, Senator Bulquez. Next, we'll recognize Senator Frederick. You recognize for your six minutes. Good afternoon. Thank you very much, Mr. Chair, colleagues, testifiers. Pleasant good afternoon, listening, viewing audience. my office and central staff pleasant good day um i always get excited when i speak to someone who is the best value for our government you guys are the best value one of the best value if not the best value for what for what we pay you guys for what you're asking 14 million dollars and you're nice enough to give me a return of 836 million dollars double it you know that's how i see so um it's a good value for the government to make sure that our b is fully staffed and functional um i apologize for the conditions of your workspace on st croix it's abominable it's embarrassing but hey the next piece I know it's gonna be nice in terms of the the bad debt that you have out there on the streets what collection efforts are being made even with a third-party vendor to know to try to collect it so at least you could discount it I guess something the problem we have a third party is, we are forbidden by federal law to disclose taxpayer information. And whereas the IRS does have some third parties, we have not been able to get the right third party here because once again,

we have to not violate federal law because all of us who work for IRB, we have a separate standard of law that we have to follow. So you know, you guys will hear me say I can't disclose that so likewise if I disclose it to a third

3:55:06 party and taxpayer get a we could get sued and I have no defense it's more so not that they're gonna take the full charge but that they will be the one who brings together the debt even disclosing a name of somebody who owes is a is breaking the law okay because I when I lived in the States they did it all the time so for some reason the water makes a difference right okay so it's on the street it's probably just by debt now right yes all right so when what are you gonna take it off the books you just can't keep carrying it no no and that's an excellent question as an accountant I agree with you but you can't just write it off in the government world. I hear you, but in IRS, we have to keep stuff on the books, which we have to mirror.

3:56:01 But what you're doing, when you carry debt like that on anybody's financial statement. We're inflating our receivables. Exactly. I get it. I get it. So it's really, you know. That's above my pay grade. You know, okay. I really wish we had a clean set of books as a government, because even when we dig into the property taxes we have the same issue i don't understand why we keep this debt under as if it's going to be collectible it will probably never no amnesty is going to help us it's just bad accounting i'll say this perhaps um whoever is out there in the universe still sees it as a value Well, maybe it's us, maybe we need to be the ones who, okay, fine, because this doesn't make any sense. You know, we're just doing it just to talk about it every year and nothing happens.

3:56:55 In reference to the training that the revenue agents go through, I started off out of college, I'm an accounting major. I started off as a trainer, a revenue trainer, and I was just I was just wondering what your program is like. So I'll let our... Is it a standard training program or just one-on-one? I'll let our deputy discuss because she has actually been through that process. Okay. A trainee?

3:57:22 Well, I started at the Bureau as a Revenue Agent training. But it is not a standard training. It is a training by IRS professionals and you go through the income tax, corporate partnership and any other credits and deductions. So it's specific to IRS and IRS employees. And how long does it take to complete? Individual is about six to eight weeks. Partnership was, I think, about two months, and corporation was the same two months. That's not bad, I mean, that's a- But it is a vigorous training.

3:57:57 Is there any way you guys could pay a bonus, at least to entice? Well, it's an IRS-designed program. We can't just go out and find somebody. They have to approve it. Thank you. I'm not getting any of the goodies I want to hear, but I'll settle for the restrictions that you guys have to work with. I get it. But if we could help, I mean, I'm pretty sure my colleagues would not have a problem trying to help. Because last year when you testified, you mentioned those two high net worth individuals that left. So are these the same two guys or two persons?

3:58:40 Yeah, I mean, I mentioned them, you know, at my last. So you can't afford, again, bad debt now, right? See, because you mentioned it last year. No, no, no, they're good. They just, we're not receiving anything from them anymore. 30 seconds. Make sure you can't mention that again, although. Yeah, yeah, no, no. Okay, so we got that story. Two people left high net worth, so it's gonna hurt us in terms of the revenue collection. So the next thing was, I'm proud of you guys for never having a breach. Thank God, thank you. Because your neighbor to the north of you had a big breach last year. So the fact that you guys, under the conditions you guys have over there, I'm so happy that that never happened. And I hope you're taking the additional steps now that we know there's a malicious person or a thing out there.

3:59:30 Well, we appreciate the extra funding that this body gave us last year for that, because that helped. Mr. Chair, if I could just wrap. Okay, last but not least, so you spent \$250,000 last year, is it \$150,000 we gave you? \$250,000, if I'm not mistaken. \$250,000, right? And then this year, you're asking for what? \$150,000? Is it on top of your expanding the platform or you're just... It's included.

4:00:02 Is modules one of those where you keep, you know, they keep ripping you off and you pay more for the modules? No. What did you guys purchase? Well, it's more expanding the security and the online platform. You know, there's a contractor who helped us develop, and that's a part of their fee. And now we're trying to grow to add more returns, so that's going to be a part of it. But the initial base was covered, and now, you know, it's not as significant going forward.

4:00:35 Okay, and last, through the chair, if you would, can you submit your payables that you currently have? I need the age payables. 30 days, \$117,000. We'll get that to you. Thank you very much. Mr. Chair, appreciate the time. Thank you. Thank you very much, Senator Frederick. What do you believe your cost savings is going to be at the end of the fiscal year? Any projection? any forecasting um really our vacancies i mean you know we're probably not going to be able to fill them like i said it's close to a million dollars a little bit over a million dollars in cost savings vacancy savings about 560 000 560 000 approximately what would you say is your accomplishment so far in FY 2026 the online that's huge I mean in the IRS and the federal 95% of people file electronically we're like so opposite yeah at the VLA you

recognize for your six minutes thank you Mr. Chair so if you're using one of those tax apps whether it's TaxArc or one of those, you could directly?

4:01:52 No, the problem is we reached out to a number of those guys, but we're not big enough for them to include us in their package. That's the problem. We're just too small. Okay, so the app that you're using isn't as user-friendly as TurboTax? No, it's a simple, so if you use TurboTax, you can generate a PDF. So we allow you to upload your PDF, but it's not a direct link from a software that sends, that transmits directly to us.

4:02:27 Yeah, but that's good. If you go upload a PDF, it makes it a lot easier. And we can electronically sign, yeah. And you can electronically pay? Yes. Okay. I was looking at your numbers for fiscal year 25, and then you estimate for the appropriation for Act 9035 for 26, and in fiscal year 25, you spent almost \$6.9 million dollars on personnel. This year, you're presently to that \$4,034,000 level. And if you estimate that, if you divide that by eight to get your monthly and then multiply times four, you're coming out to like \$6,051,000. So you actually have less employees now in 26 than you had 725. Correct. You have lost a number of employees.

4:03:26 Yes. And have not been able to fill those positions. We recently, as of within the last three weeks, were able to gain like four more. Okay. Okay. So that four more would be at about 30% of what was budgeted for that position because you only have the rest of the fiscal year. Correct. So you're going to have over a million dollars in savings. We also lost like one or two. And then back to where I was. Yes, yes, yes. People have close to \$1.4 million in savings.

4:03:57 You believe that you're going to be able to get employees for fiscal year 27? I'm trying. I mean, like I said, we get them qualified and then they come in and then there's something that pops up that disqualifies them. And your positions for 27 is funded at 100%? Yes. Okay. Well, this body, I know that the chair, the last time we did it in the last couple of years, we have been funding positions at a percentage. It doesn't make sense to fund it at 100% because you can't get everybody on October 1st. Understood.

4:04:35 So we've been funding some positions at 75%, some at 50%, and I think we're going to do that again. And then you estimated the increase in the last health insurance package, so that's included now. That's included, yes. Okay, now in reference to repair and maintenance, in 25, fiscal year 25, you spent \$513,336. Your budget for this year is \$461,476, but your projection for 27 is \$140,000. You're going to be able to survive after you're spending an average of almost \$400 and something thousand dollars? How are you going to survive with over \$300,000 cut?

4:05:21 No, we won't be able to survive with that, but because of the budget constraints, we were forced to budget at that amount. Okay. So then what you need to say is we need to take some of the car savings from the vacancy one, we cut it to 75% and backfill that area. So what is the amount that you would need to prepare to have that repair and maintain What's the amount? Probably the same as last year.

4:05:47 Okay. Because it wouldn't really affect your budget overall. Understood. If we look at how we're going to do the vacancy. And the same thing, I guess professional services is pretty close. What are you spending on professional services this year so far? You have \$299,000 budgeted. So our main professional services, I mean, we rely on an outside coder, computer coder. And that's key because when you hear on the news IRS is doing all of these changes, he's the guy that helps. If we don't have him, because our software is so old, there's nobody that can do what he does.

4:06:30 When you were speaking about the possibility of moving to the property and St. Croix, you said that there's a possibility that the IRS would pay some of the rent? Correct. We are in talks and they understand our need. I've been able to develop a good relationship with them. So that has helped the conversation. I used to live in D.C. and it's like, hey. You can't develop that relationship for Red Hook. They could pay half a Red Hook, then \$700,000 contract. I'm on St. Croix. Sorry. No, I'm kidding.

4:07:05 You have the good attorney beside you. Listen, Thomas, I mean, see if they can. The IRS have a lot of money, man. Everybody's getting tax break now in this administration. One minute. Maybe they'll be willing to put some. Now, I hear your argument about some high-worth individuals leaving the island. Yes. It's only a one-way flight. Ain't got nobody coming. And what I ask that is, when we, and colleagues, those of us who've been here five terms ago, The number of EDC beneficiaries have grown exponentially. 30 seconds? It was like 40-something. It's now up to 90-something individuals. None of those coming were not worth what we have. All broke EDC beneficiaries.

4:07:50 None of them are going to worldwide. I didn't say there were EDC people that were leaving. Okay. But I'm asking the question now. Of those EDC individuals coming, So, I'm an accountant. There are expenses at our disposal that we may be able to take advantage of, especially if we're using EDC. A lot of EDC folks, I presume, have opportunities to minimize their taxes because a lot of their income is in the stock market.

- 4:08:31 Those who may have left may be contractors that have huge activities in the V.I. that are no longer here. Okay. And do we have any contractors that now have huge activity in the Virgin Islands that live here? But they may not live here. The ones that left came down and lived here. So while you see big projects going on, those owners may not choose to live here. Let me ask a question to your legal counsel.
- 4:09:03 We recently passed legislation to attempt to close the tax loophole for EDC companies being able to claw back taxes. We have had a number of cases in which the government of the Virgin Islands have not been successful and have been mandated to pay monies back. In your estimation, is the legislation totally legal. Totally legal, according to the tax laws. Let me jump on that.
- 4:09:39 It satisfies what we need. Does it legally satisfy what you need? Yes. That's what I wanted to have on the record. It may need some tweaking, but we never got into the tweaking discussion. Okay, because we felt that it was such a need that we didn't want to lose any other case or any other case we filed against the government of the Virgin Islands. So are you going to be submitting to us the tweaks necessary to make sure that the bill cannot legally be challenged?
- 4:10:12 Well, we suspect if it does get challenged, they're going to have to cite IRS, which may not be entertaining it simply because they are EDC beneficiaries. Okay. Are you going to provide us with any additional changes? We can. Okay. Thank you, Mr. Chair. We don't see it being a problem, just FYI. I think we're good. Do you have a Mr. Chair?
- 4:10:41 No. We've got complaints, but we don't expect them to go anywhere. Okay, just verbal complaints, not written? Yeah, as expected. Okay, thank you so much. Yeah, my question is whether or not we're just talking about the EDC campaigns, but what about the other individuals out of state? I think that's the. Please recognize the mic, Senator Viale. When it was, when the legislation was passed, that was the next, I got that concern, and the Dispenser, the secretary is not here right now, should the language for that particular bill that was passed include the RTPOC and the possible South Shore, should it include all entities that receive tax benefits not being able to come back and claw back those benefits that they received before?
- 4:11:33 It should, because they're all in the same beneficiary pool. Okay, so with that, I think we need to reach out to the same tax attorneys that's under the PFE and get them to submit some additional language. We're supposed to be neutral is why I'm answering. Okay, well, be neutral for the Virgin Islands so we could capture more money.
- 4:12:02 But Anderson, so we'll have that discussion. Thank you so much, Mr. Chair. Thank you, Senator Viola. Point of information, Senator DeGraff. To be neutral, the tax we're talking about is, what kind of tax is we talking about? Well, we're talking about in Senator Viola's question that the ability for an EDC beneficiary to get a refund after they have gotten a 90% benefit for not paying, that's what we're talking, they should not be able to get that and get a refund on monies that they are claiming to do.
- 4:12:45 It's what kind of taxes, property taxes? Income taxes, yes. Right, so I think the direction we're going is what we need to look at versus the individuals we're talking about. Well, we're talking about individual and corporate. I mean, it's all the same. Income taxes. Yeah, income taxes. That's an issue. Thank you. Thank you for the time, Mr. Chair. Thank you very much, Senator DeGraph. The Chair will now recognize Senator Ray Fonseca. You recognize the fee of six minutes. Yes, thank you, Mr. Chair.
- 4:13:17 And welcome, IRB staff, Director Lee. Okay, so October through May, the collections was 6, 10, 3, 39. What are you projecting for the whole fiscal year? We are projecting, let's see. Can you hold my time, Mr. Chair? Yep.
- 4:13:49 I'll let you answer. Last year it was \$836 million. Are you projecting more or less than that?
- 4:14:26 More. More. Okay. \$84.2 million in refunds ready to be paid. Those are down at finance or still in the IRB? No, no. We keep them until finance calls for them. yeah okay um i'm i'm kind of concerned i i don't think i think you can do more as far as um the salaries um i don't i don't see the commitment most many of the other departments have a training budget i was looking for your training budget in the 14 million what what do you have for training I don't see a specific 15,000 15,000 for training and that's in which the other services and charges yes Okay, um I think the needs to be a larger commitment if you're collecting around 900 million dollars for the government um They have to be a bigger commitment to training the employees because um And this agency, the IRB, collects most of the government revenues, and we have to do more.
- 4:15:41 We have to bring those IRB employees up to par. But I want you to explain to the public the Trump account, because from my understanding, any U.S. born child under 18 with a social security number that don't have an account, the IRS will give them \$1,000 once they file. Explain that so that the people can understand what it is they can get here.
- 4:16:15 The Trump account. No, no, no. You can explain on the chair's time because I got some other accounts here. I got some other stuff here. Sorry, Mr. J. Okay, so the training and the revenue agent officers, none in the past eight years. Have you

approached finance or OMB and tell them that you want to put money into training and they've denied it? It's not the funding.

- 4:16:46 It has to be trained by an IRS sanctioned program. We have not been able to get IRS to sanction. So have you written letters? Yes, we're in constant communication. Absolutely none. They just haven't been able to provide it for us. OK, well, maybe what you could do then is require or enforce or suggest recommend your employees on their own. Get them, you know, how someone needs to be an IRS program. It has to be an IRS program. okay i can understand you with the training but i can't side with you with um the salaries not being competitive um um and you know that's a that's a complaint that i get all the time the irs employees um they always tell me seriously more than any used to be human services now it's irs that the salaries need to increase so we have to do something you're collecting 900 million dollars I don't think any of the senators here would disagree that we have to bring those salaries out. I was doing a review of your salaries, and actually a lot of your employees benefited with the \$35,000 minimum government thing, because a lot of them are like \$35,000, \$1,000, \$23,000. So, Mr. Director Lee, do a little more to give your employees a little bit more.
- 4:18:11 Well, those salaries are negotiated by union. I know, but I'm sure the union wouldn't have a problem if you recognize that the salary is low and you sit and negotiate and say, listen, we want to go across the board and give our agents. The problem that you have, as I've been here now, is that someone with the same classification in my shop, if I increase that salary, someone in another shop is supposed to get that same salary because their classifications are the same. So that's the conundrum that I'm coming in.
- 4:18:45 Yes, except I would say to the contrary, your person probably, even though they're in the same shop, I probably paid less than the other one. So what you'd be doing is bringing them up. You know, I don't want to hear reasons why it cannot be done. This has to be done. Find reasons why the IRB employees get a more competitive salary. I see where the turnaround is going. I have my best friend used to be an IRB agent. He rose to the vice president of a bank, and he left for that same reason. This is a couple years ago.
- 4:19:17 I did that. I attempted that. Okay, well, find a reason, because IRB is like one of the most important agency, and you have good employees. You have real skilled employees. I agree. They're good with numbers. Okay, so now, what's the time call? Was it my time call? No? Okay, good. So, the gross receipt taxes, we had a discussion with the subcontractors. You know, I know ODR is taking that 5% off. What are your plans? What is the plans that you have to get that 5% gross receipt for the subcontractors?
- 4:19:54 So, ODR is going to provide us an updated list of all of the subs that their contracts pay, and then we will simply, you know, give them a call, and if they're deficient and require them to pay, or we will recommend to DLCA to pull their licenses, which then make them ineligible to be a sub. Yeah, let's do that, because the majority chair and I had that discussion. 30 seconds. It's projected that, you know, with the \$2.2 billion that we're going to have to spend, the 5% is going to be like a little bit over \$100 million in the gross receipts for the general. And I don't know what you collect for the sub because after 2035, that money is gone. We don't collect that.
- 4:20:39 So let's take advantage of that gross receipts for the sub because, you know, in reality, it needs it. So, okay, now give us an explanation for the people of the Virgin Islands to understand what is this Trump account and how it can benefit, you know, the parents, the guardians, et cetera, by establishing a Trump account. And that's an area where the Trump name is mentioned in a good thing. Tammy Smalls, Chief Counsel.
- 4:21:17 The Trump account is a \$1,000 IRA that is set up for children born between 2025 through 2028. You must have a social security number, be a U.S. resident, U.S. citizen. You submit the form to the IRS. Treasury will reach out to the parent, the guardian, the adult sibling, the authorized person that's setting up the account on behalf of this newborn child. Treasury will fund the IRA account at \$1,000, and then they have requirements where the Parents and employers can add money to the fund so that by the time the child turns 18 years old, they'll have this Trump account in their name.
- 4:22:04 Awesome parents and guardians. So for all of the young Americans, the Trump account will give your children a head start in the financial area. So let's get them Trump account accounts for our children. Thank you, Mr. Chair for the time. Thank you very much. Senator Fonseca, just real quickly before we go to the next senator, which will be Senator Maurice James. I had a situation yesterday, right? A package came in for me from American Airlines. I went down to retrieve it. I was told I have to go to customs, I have to go to excise tax. So I picked up the package, I picked up the documents, went up to excise tax up in Diamond. But then when I got there, of course, the clerk informed me that I could done this online and then go back down what are you doing in terms of marketing that type of information to individuals so that it'll be better customer service friendly so you don't have that situation where they have to drive from one end to the island to the next end and then go back down how are we handling that you know that program has been in place probably even before i took this seat so that's always been out there now if you're saying maybe we need to put it out there some more but folks

who like yourself who probably don't use it that was my first time experience you wouldn't know but my wife usually handle that kind of stuff yeah well yeah so folks who yeah folks who are in that world knows and they could do it 24 hours at their convenience so that's already out there yeah so we need to do marketing because we we're no expected we have a We have a lot of new people in Ireland, we have seniors that may go there to retrieve that item, a cargo that may come in, you know, or maybe even establish a kiosk that will

4:23:55 be available for us, for those individuals then to be able to access a website and get it done there, you know, so they don't have to go back and forth. So this is our move to Containerport, I mean, St. Croix and then Sandfield, Crown Bay, so are moving towards that but i still wouldn't address the cargo that's coming into the airport right yes you know that's not as frequent right and most folks may not want to go through their online you said seniors they are not hip to getting registered online they just kind of used to air stamp the stuff and paying i'm just trying to find a way that we minimize individuals having to do that that double drive or maybe we'll put a sign up by the airport yeah i guess yeah all right Tammy Smalls, that actually has been in place since I want to say 2013, 2012, sorry.

4:24:53 And when we started, we did have the kiosks in the offices to assist the taxpayers when they came. So I guess we've been doing it so long that we probably feel like everybody knows, but we can always do more marketing and... Absolutely. Yeah, we just want to turn our situation into better customer service so that people could be a little bit more um available to assist them and support them in our endeavor uh senator maurice james you recognize for your six minutes thank you mr chair good afternoon uh virgin islands good afternoon colleagues testifiers everyone in and outside the room i wanted to go back to a statement um that the irb director made about when when you fill positions and you train people You said sometimes something pops up that disqualifies them. Can you give me an example of what that would be?

4:25:50 They never filed in the Virgin Islands. They filed in the States. So that disqualified a person from working for the IRB? Yes, because you're not supposed to file outside of the jurisdiction that you're in. A lot of folks file in the States simply to get a refund a lot quicker because unfortunately we're behind but you're not supposed to file outside your jurisdiction simply because your withholdings are in irb when you file in the states you may get a refund quicker but then at some point irs is gonna is gonna knock on your door and said hey you you were never a part of there's no withholdings for from you we want our money back so that that is wrong So that may have been unintentional and so I'm foreclosed from working for IRB?

4:26:45 Once we could look after, but three or four or five times, yes, that is a problem. Because you're supposed to be in compliance with IRB if you're going to work at IRB. I understand. I'm just focusing more on that you went through the process of training them and and then something pops up, and if it's something like that, why wouldn't you have known before? Why didn't you then vet them to make sure that before you hired and trained them, that you would not have wasted time and money for someone who has that type of a disqualification?

4:27:23 That's why it's just a waste of time and money. They wouldn't have gone to the training point. That would have been a part of the interview process before they got onboarded. Okay, I wanted to, I was not here when there was a discussion regarding the refund on the non-exempt income for the EDC beneficiaries. So I was sitting here thinking, clearly if I, and maybe you can, you know, since I'm catching up in a sense, if you, if I have exempt income that's shielded clearly from taxation, but then if I have non-exempt income and during that year I would have overpaid my taxes on that income.

4:28:16 income, and then I file my tax return, you're saying that I'm not entitled to a refund on my non-exempt income. But a refund is, isn't a refund, the definition of a refund, that I have overpaid, and therefore, based on my tax bracket and liability, that money is my money. I'm just trying to, I know I'm playing catch up on this one, it has already passed, but I was trying to just process it in my mind sitting here. Because then I would find, I would find as a, like a regular person, and don't even think about an EDC beneficiary, a regular person, if you said that to me, then I would find a way not to overpay you during a year on my non-exempt income. You understand what I'm saying? I was just sitting here thinking that I would find a way not to overpay.

4:29:21 I would find a way to underpay, quite frankly. I just wanted to get you, you know, if my thought process is, I'm not thinking this thing through, right, you know, correctly and i know it's already i wasn't here for the vote it's already went through just wanted to get your opinion and and the way that i was thinking about it i would find a way not to pay you as a government people find ways all the time not to not to to overpay because you you take so long to give them refunds anyway it's like okay i'll make sure i don't overpay the government any thoughts on that tammy smalls chief counsel uh senator section uh 713 c h actually uh deals with the situation you just mentioned and it says that the section shall not apply to an original income tax return timely filed for taxable year that reflects an overpayment solely because the tax shown is doing such return is less than the payments made for one minute so you know that was a lot of words because um i have to stop you i have to stop you i'm only going to stop you for one reason when you respond like that the public is listening and i am also part of the public and i didn't understand a word because i don't understand taxes so that's why i

said it in simple layman's terms and can you respond to me in layman's terms also please i would appreciate it okay so i just wanted to read you this section as an attorney i thought you would um well that's my fault so no the section actually says that the example you gave you overpaid your income taxes and now your payments are more than your tax so you're entitled

4:31:08 to a refund this section says that that all of the language and the discussions we've been having will not apply to you so the year that you file the return and you're entitled to a refund because you paid more than your taxes you will get your refund so your thought process is correct it will not affect you okay all right thank you and by the way not tax law please not marie i know i i will hire an accountant and that you know that's why i don't do criminal law either i'll hire a criminal defense attorney thank you thank you but thanks for the explanation i appreciate it thanks uh thank you very much senator maurice james uh next we'll recognize senator milton potter you recognize for your six minutes uh senator can i get in no senator clifford joseph you recognize for your six minutes thank you mr chair good afternoon to the testifiers um first question well through the chair i would like for for the director to be able to submit to us i don't expect to get the checks because they have our names but we'd like to have a number count submitted through the chair on the bounce checks.

4:32:40 That's what I'd like to know. So we have a quantified amount. When you give us a number amount, we want to have a quantified amount in checks that represent the number that you were saying that's bounce checks. I have that number, Senator. 4.3 million. What? And we've recovered 3 million. The amount of checks. The amount of checks that total. The amount of checks. Like how much? Okay, we'll get that to you, Senator.

4:33:12 Thank you. And I didn't hear clear what you said about the 84 million as far as at what point in this year do you plan to reign on the individuals in the community? That is a decision by finance and OMB. OMB. I do not see what the cash needs are across the board. I just have those names ready to go down once they tell me they have funds for a refund batch, and I'll send the names down. But I just am not a part of that discussion as far as... I would love to pay everything, me personally, but there are cash constraints to achieve that, and finance and OMB. When I saw it in your testimony, I was smiling for the people at the board now, but you just take the smile off my face because, I mean, like, so you're saying that these checks are prepared. They're not prepared. The names are ready because once I get notice, I have to calculate interest on these checks. So we just have the names ready and the amounts of the refunds ready to go once we get the okay, then we at that time we calculate whatever interest is owed and then we send the file down to finance and then they cut the check.

4:34:36 I mean I have to say this because when I look at my tax I do not receive I actually have to pay taxes. But when I look at the amount of tax I pay, individuals, you know how much I hope that they're able to pay these monies before school starts. There's a lot of single parents out there that really need their money. So I hope. Like I said, I have on green. So when rain's falling, everything will turn green.

4:35:13 That's what I wait for. It's budget time, so I've been wearing green. But I want to be clear that try and do all your best. Speak to the folks. Again, I don't want to get in, but I still want others who deserve, especially a single parent. And I say single parent because they have men that are single parent. I'm not saying women single parent, just single parent in whole. These folks already pay their taxes, try our best to pay these people their money. This is money that I took from them. This is not money that we have to make any other way. these are money that government collect withhold withhold from your money every single week thank you mr chair i don't have any more for the director uh thank you very much thank you thank you very much senator christopher joseph director did i ask you what's your outstanding vendors payment 117 000 117 under 30 days under 30 days i did actually right yeah um any thought about having uh your own home here in st thomas i mean obviously i know if you calculate for the last eight years of paying 900 and something thousand dollars in brent you know that that almost close to over seven million dollars that's there if we have to do this for any extended period of time and i know you have been over at red hook um since my days here um within the police department when i was here because i had a we had a space next door our bicycle unit right next door there as well so we have probably spent well over 15 close to 20 million dollars over the years by being there is there any thought about having your own home i would love to but once again that upfront cost once again it's a cash flow dilemma

4:37:04 Build-out, purchase, you know, we can kind of spread the purchase out over a mortgage, but the build-out is going to be a little painful simply because we have the bulk of our employees here. And once again, we have to have that building super secure to satisfy IRS. We just can't get a warehouse and just say, we're going to move here. You know, they are very protected of taxpayer information. Am I sure you're a mic?

4:37:32 Amidia, let's double-check that mic, please. Try again? Testing, testing. Go ahead. Yeah, so, you know, we just can't simply move into any empty space. It has to be fortified and billed out simply because it's taxpayers' information. If we violate or somebody breaks in, IRS will simply cut us off from refunds, I mean, for tax credit reimbursements, et cetera.

They've done it with other territories, so, for different reasons. Very well.

- 4:38:01 So I hope that you're not going to be in a perpetual rental for the rest of the existence of BIR. I think at some point, with the amount of government facilities that we have, we should be making some effort to at least try to, even if it's, say, take another three years to do the necessary build-out, put this rental money towards a loan. I think that that is something that you could certainly create. I'm very proud of the fact of the St. Croix office, you know, where we were able to build out a permanent for the first time on St. Croix. You know, that took some time, but I would suggest that at some point you want to do that. I know that we talk a little bit in terms of your modernization, digital modernization initiatives, and you talk about the improve in your ability to have online filing. Any other creativity in terms of innovation and creativity with uh technology and um improving that area that's the main thing online filing online payment that's it that's that's the main thing because you know we all may purchase amazon we're in our bed and our phones we pull it up we look for something in my vision i want to make it that easy um now clearly you're not going to get something in the mail but um at least it'll be it'll be that easy to facilitate okay you also spoke about the fact that um you know you indicated that a super a pmo contractor compliance initiative may be warranted you know due to the potential impact of revenue collection and tax compliance what specific challenges is this initiative intended to address well the problem is these folks a lot there's no secret our labor pool in the VI may not satisfy a lot of these projects. So folks are going to come in and end up filing returns out of state. I mean, on the mainland. The good thing is we would have recovered their withholdings because their employer, whoever the contractor is, would have submitted to us. Now, if they do a refund, then fine, filing estates, that's on you. We've already captured
- 4:40:14 your money, but then if you owe money, then that's where we want to make sure you file that additional money is due here. And additionally, there is a fact that you actually allow for online payment, right? You could make online payments to BIR? You could do online payments to BIR? Yes, but our attorney wants to chime in. Go ahead, Attorney Smalls. Tammy Smalls, Chief Counsel.
- 4:40:42 So many of us know that there are hard workers who may not have social security numbers. They are still eligible to work. They can get a temporary number. Or if they don't have a temporary number, the employer must withhold at 30% and pay that to us. That's called backup withholding. So even if you see workers on a job site who may not have, may not be legal and they don't have a social security number, the employers have, they are responsible for withholding the 30% on their behalf and submitting that to us. So, we've also done a press release about that. It's called Backup with Holden, but, you know, just want to remind the employers, and that's something that we'll be telling them when we go to the job site. What benefits will be eligible? They'll be eligible for as a result of that? Absolutely none. None. So, until they become U.S. citizens and have a valid social security number, they're not entitled to any benefits, but it's a start, because when they do go to apply to become a citizen, they'll be able to show a history of paying taxes, which is one of the things that, you know, they need to show that they can take care of themselves.
- 4:41:47 How often do you put out that information? Well, whenever we run into a situation where we're being told about the issue, we actually send letters to the employer, but we also can do that, you know, once a year we do our tax thing, but we can continue to do it regularly. Any burning questions from my colleagues? You have one, Mr. Frederick, you're recognized for your money question? Please recognize the mic of Senator Frederick.
- 4:42:15 Thank you very much, Mr. Chair. Real quick question, Director Lee. When you're submitting your revenues that you estimate your agency will be generating for the year, is it the ones that we talked about at the revenue estimation conference, just the general overall, or does it include bad debt that you think is collectible? Yeah, it includes all of the above. I will, to be frank, one of the things that I found has been a little difficult, while we all appreciate these developments of projects coming to territory, they quite haven't started when they're supposed to, for whatever reason.
- 4:42:59 So I will tell you, I have taken a super, super conservative approach that have saved the government in the sense we don't overbudget. So while we have a number of projects moving, and that's no fault on ODR. It's just getting contractors approved, getting bids out, and then this shows up. So we've just always been super conservative in our numbers. If we get extra, then we get extra, but it's just, it is what it is. And this year, how close did we get from your number last year to the actual?
- 4:43:33 Well, I've always been happy that we've been almost right on target. Spot on? Yeah. So we've never estimated expenses. Now, as you guys heard earlier, we get these surprise invoices from agencies of prior years that I couldn't account for. So on the expense side is where we're off because that cuts into our conservative monies for now. Well, that's you being conservative, your agency being conservative. I'm fearful that the other agency might be a little bit more too optimistic, and so we end up in the same spot that we're in. But thanks for that information. Thank you very much, Mr. Chair.

- 4:44:17 Thank you very much, Senator Frederick. Senator Viale, you recognize? Nothing else? I'll give you a minute to close out. All right. Well, I'm thankful always for the opportunity to explain what we do. Very appreciative for our staff of workers. You know, we may not be the sexiest agency simply because we are tax collectors. But I will tell you, you know, I can't imagine anybody who works at IRB does not get approached. When you're sending out refunds, we get that all the time. I'm at a stoplight and people knocking on my window. So I appreciate everyone in any capacity that they do from IRB. It's been a wonderful journey. It's been eight years and I very appreciate all my wonderful staff I mean I get to each one personally so I want to just put it out there I am very grateful for allowing you guys to help the bureau and me do my thing very well thank you any plans what is it in the FY 2027 what do you intend to accomplish? What do you set now to do? For IRB? BIR. IRB? You know, so, so, you know, once again, you know, we, we, we, this is a transition year for, for us. And, you know, we, we just want to make sure things are in place so that whoever, you know, comes after me, us, is able to have a smooth transition and be able to you know build on what we've created very well oh thank you very much thank you for all that you do and certainly you're responsible for collecting a lot of our revenues that really transcended to us being able to provide services to this community so we appreciate the work that we do you know the only um criticism is that you know good work always asks for more good work um so you know I just continue to ask you to do your best to ensure we're doing our revenue collection and take care of your employees and certainly um you know try to maximize our ability to be able to collect all these revenues um for the people of the Virgin Islands thank you um I want to say thank you to my colleagues thank you for all participating in today's uh budget appropriations and finance day one and we look forward to the
- 4:46:35 rest of the week I want to remind those individuals that may be traveling from St. Croix pack a bag because, you know, we're not rushing here, we're going to do our due diligence to make sure that we're, you know, asking the probative and provocative questions so that we can be able to get all of the information. We gave opportunity for individuals to submit a lot of the information to our post audit division. We're still, you know, waiting for some of that information to come in, you know, so that we can finalize our post audit report. So we ask you to please submit those reports but those of you that's on the afternoon shift pack a bag because you may have to overnight uh again thank you to central staff uh thank you to everyone uh for assistance we look forward to tomorrow at nine o'clock nine tomorrow as well ten ten tomorrow at ten o'clock tomorrow and where we'll be having the office of veterans affairs and and the Office of the Adjutant General as well, OTAC. The Committee of Budget, Appropriations, and Finance is hereby adjourned.
- 4:47:40 God bless. We'll be right back.

People named in this transcript

SUSPECTED, and a finding aid only. Names were matched by machine against the spellings used across all 426 of our transcripts, and the title is the one used in the room. Being named here is NOT evidence that a person attended or spoke · only that the name was said. Speech recognition mishears names, so a spelling may be wrong even where no alternative is offered.

- 8x **Senator Ray Fonseca**
heard in this transcript as: Fonseca, Fonseki, Ray Fonseki
- 7x **Senator Dwayne DeGraff**
heard in this transcript as: DeGraff, DeGraph
- 5x **Senator Hubert Frederick**
heard in this transcript as: Frederick
- 3x **Senator Kenneth L. Gittens**
heard in this transcript as: Gittins
- 3x **Senator Kurt Viale**
heard in this transcript as: Viale
- 3x **Senator Milton E. Potter**
heard in this transcript as: Potter
- 2x **Senator Angel L. Bolques, Jr.**
heard in this transcript as: Angel L. Bolques Jr., Bulquez
- 2x **Senator Angel L. Borges Jr**
heard in this transcript as: Borges Jr.
- 2x **Senator Angel L. Bulkes Jr**

heard in this transcript as: Bulkas Jr.

2x **Senator Carla Joseph**
the surname alone also matches: Clifford Joseph; Karla J. Joseph
heard in this transcript as: Joseph

2x **Senator Kurt A. Vele**
heard in this transcript as: Vele

2x **Senator Kurt VLA**
heard in this transcript as: VLA

2x **Senator Kurt Veilley**
heard in this transcript as: Veille

2x **Senator Kurt Viola**
heard in this transcript as: Viola

2x **Senator Marise C. James**
heard in this transcript as: Maurice James

2x **Senator Marvin Blyden**
heard in this transcript as: Blyden

2x **Senator Novelle Francis**
the surname alone also matches: Novel E. Francis Jr.; Navelle Francis Jr.
heard in this transcript as: Francis

Bills and acts referred to

Matched by number against our own acts corpus. The number is what the recognition heard, so it may be wrong; where it resolved, the title is the one the Legislature gave the act.

Act 7806 · An Act ratifying the Agreement titled Operating Agreement By and Among The Government of the U.S. Virgin Islands and Limetree Bay Terminals, LLC, dated December 1, 2015

Act 8991 · June 4, 2025 · An act amending title 33 Virgin Islands Code, subtitle 1, chapter 3, sections 41, 42(a), and 43(a) and (c) to clarify that gross receipts taxes must be paid by all contractors doing business in the Virgin Islands regardless of physical location; amending an appropriation in section 1 of Act No. 8915; amending appropriation amounts and appropriation recipients in Acts No. 8870 and 8916; amending title 33 Virgin Islands Code, chapter 111, section 3051, relating to the Crime Prevention/Prosecution Fund; amending title 12 Virgin Islands Code, chapter 21, section 910, relating to coastal zone permits; amending titles 3 Virgin Islands Code, chapter 1 sections 8a and 8b and title 33 Virgin Islands

Act 9035 · September 17, 2025 · An act providing an appropriation from the General Fund of the Treasury of the Government of the Virgin Islands for the operation of the Government of the Virgin Islands during the fiscal year October 1, 2025 through September 30, 2026; amending title 3 Virgin Islands Code, chapter 27 requiring legislative approval for increased employer or employee contribution amounts to the Government Employees Retirement System; appropriating funds for the outstanding payment for the Paul E. Joseph Stadium project; extending the maturity date on the Line of Credit authorized by Act No. 8701 and for other purposes

Act 8915 · September 27, 2024 · An Act amending Act No. 8701 by removing the use restrictions on the line of credit; by directing the Commissioner of the Virgin Islands Department of Finance, the Director of the Virgin Islands Bureau of Internal Revenue, and the Virgin Islands Tax Assessor to collect outstanding taxes, directing the respective agencies to request the Attorney General of the Virgin Islands to prosecute delinquent taxpayers, and other related matters ---0

Act 8701 · An Act authorizing the Governor to utilize monies from public funds of the Virgin Islands to create working capital, to engage in a line of credit in the maximum amount of \$100,000,000 to provide for the disbursement of funds needed to advance disaster-related recovery projects that are reimbursable through federal flinding and other disaster-related projects and provide funding to advance payment of the \$45,000,000 towards the buyout of the infrastructure agreement between the Virgin Islands Water and Power Authority and VITOL and the acquisition of the LPG facilities and to issue the Series 2023 Notes ---0