

BILL NO. 33-

THIRTY-THIRD LEGISLATURE OF THE VIRGIN ISLANDS

2020

An Act authorizing the Governor to utilize monies from any available public funds of the Virgin Islands, and for the Government of the Virgin Islands (the “Government”), acting through the Virgin Islands Public Finance Authority (the “VIPFA”), to issue revenue anticipation notes, bonds, or other evidences of indebtedness, as may be necessary in Fiscal Year 2020 and 2021, for working capital purposes of the Government.

PROPOSED BY THE GOVERNOR

WHEREAS, the Coronavirus (COVID-19) has impacted the global, national, and local economies substantially; and

WHEREAS, the Virgin Islands has, as a consequence, experienced, and expects to continue to experience, among other economic factors, significant disruption to the travel and cruise tourism industry; and

WHEREAS, hotel reservations have presently decreased to at least 50%; and

WHEREAS, revenues for at least the next 6 months are projected to decrease dramatically, inhibiting the Government from paying its mandatory obligations, including, but not limited to, payroll ,vendor and pension obligations; and

WHEREAS, the money in the General Fund of the Government is expected to be, presently and in the near future, insufficient to cover operating expenses and other important financial obligations of the Government; and

WHEREAS, financial flexibility afforded by a borrowing in anticipation of future revenues would enable the Governor to manage the current limited revenues and Government financial obligations more effectively; and

WHEREAS, it is desirable for the Government, acting with and through the VIPFA, to enter into a borrowing and to secure and repay such borrowing with Government revenues or accounts of the Government in respect of any loans, notes, or other evidence of indebtedness from banks or other financial institutions in connection therewith; and

WHEREAS, the monies utilized from public funds and/or proceeds of any borrowing by the Government, through the VIPFA, will be applied for any purpose for which the Government is authorized to use and expend monies, including but not limited to, current expenses, capital expenditures and discharge of any obligations of the Government;

NOW THEREFORE,

Be it enacted by the Legislature of the Virgin Islands:

SECTION 1. (a) The Governor of the Virgin Islands, acting through the Commissioner of Finance or the Director of the Office of Management & Budget (OMB), may utilize funds from any public fund of the Virgin Islands, or, the Government, acting through the VIPFA, may issue revenue anticipation notes, bonds or other evidences of indebtedness, in Fiscal Year 2020 and Fiscal Year 2021, in anticipation of the receipt of taxes, rates, charges and other revenues to be received within such fiscal year, not inconsistent with Section 8 of the Revised Organic Act of the Virgin Islands. The proceeds of any loans or notes, bonds or other evidences of indebtedness issued pursuant to this section may be

loaned by the VIPFA to the Government and applied to provide funds for any purpose for which the Government is authorized to use and expend monies, including, but not limited to, payment current expenses, capital expenditures and discharge of any obligations of the Government.

(b) The loans, revenue anticipation notes, bonds or other evidences of indebtedness authorized under subsection (a) may be secured by and paid from any of the following sources, or a combination thereof:

- (1) The General Fund, as a general obligation of the Government;
- (2) Property taxes to be collected by the Government of the Virgin Islands pursuant to the Revised Organic Act of the Virgin Islands;
- (3) Gross Receipts Taxes, including any penalties and interest charges, paid to the Virgin Islands Bureau of Internal Revenue for deposit into the General Fund of the Government, pursuant to 33 Virgin Islands Code, chapter 3 section 43, excluding the first \$250,000 of the tax collected during each fiscal year required to be deposited into the Moderate Income Housing Fund, pursuant to title 33 Virgin Islands Code, chapter 111, section 3027(a)(3), in excess of the amount of such revenues required to be remitted as security for the payment of bonds or notes, issued or to be issued under the Senior Indenture and the Tax Increment Revenue Bond Indenture of the VIPFA that are secured by such Gross Receipts Taxes; and
- (4) Matching Fund Revenues to be collected by the Government of the Virgin Islands pursuant to section 28(b) of the Revised Organic Act of the Virgin

Islands, subject to the prior lien of the bonds and notes issued pursuant to the Indenture of Trust, dated as of May 2, 1998, as amended and supplemented.

(c) The interest rate on any revenue anticipation notes, bonds or other evidences of indebtedness authorized hereunder may not exceed a maximum interest rate of 6%.

(d) The maximum principal amount that may be borrowed under this act in a fiscal year may not exceed \$60,000,000, plus the costs of issuance, capitalized interest, and associated fees, charges, and carrying costs associated with the issuance of any such debt or required reserves. The notes, bonds or other evidences of indebtedness must mature no later than the last day of the fiscal year in which they were issued.

(e) The Governor of the Virgin Islands, acting through the VIPFA, is further authorized to:

(1) Negotiate the final terms and conditions of any borrowing authorized pursuant to this section as the Governor and the VIPFA deem necessary or appropriate and are not inconsistent with this section and the Revised Organic Act of the Virgin, which borrowing may be in the form of a multi-year credit facility;

(2) Execute and deliver all documents and agreements necessary or advisable in connection with the borrowing authorized herein; and

(3) Pay all expenses associated with the issuance of any borrowing authorized in this section.

SECTION 2. The Department of Finance shall report to the Committee on Finance no later than fifteen (15) business days following any draw of principal borrowed pursuant

to this Act, and shall provide information regarding the purpose for which the proceeds thereof was used, together with a description of the source of repayment.

Thus passed by the Legislature of the Virgin Islands on March __, 2020.

Witness our Hands and Seal of the Legislature of the Virgin Islands this __ day of March, 2020.

BILL SUMMARY

The measure authorizes the Governor to utilize monies from available source of public funds of the Virgin Islands or from financial institutions and for the Government of the Virgin Islands, through the VIPFA, to issue revenue anticipation notes, bonds or other evidences of indebtedness, as may be necessary in Fiscal Year 2020 and 2021, for working capital purposes in response to the COVID-19 State of Emergency and the economic impact relating thereto.