

USVI Economic Development Authority

Revenue Estimating Conference Presentation
May/June 2020





VI Economic Development Commission Program

Fiscal Years 2021-2025 Revenue Projections

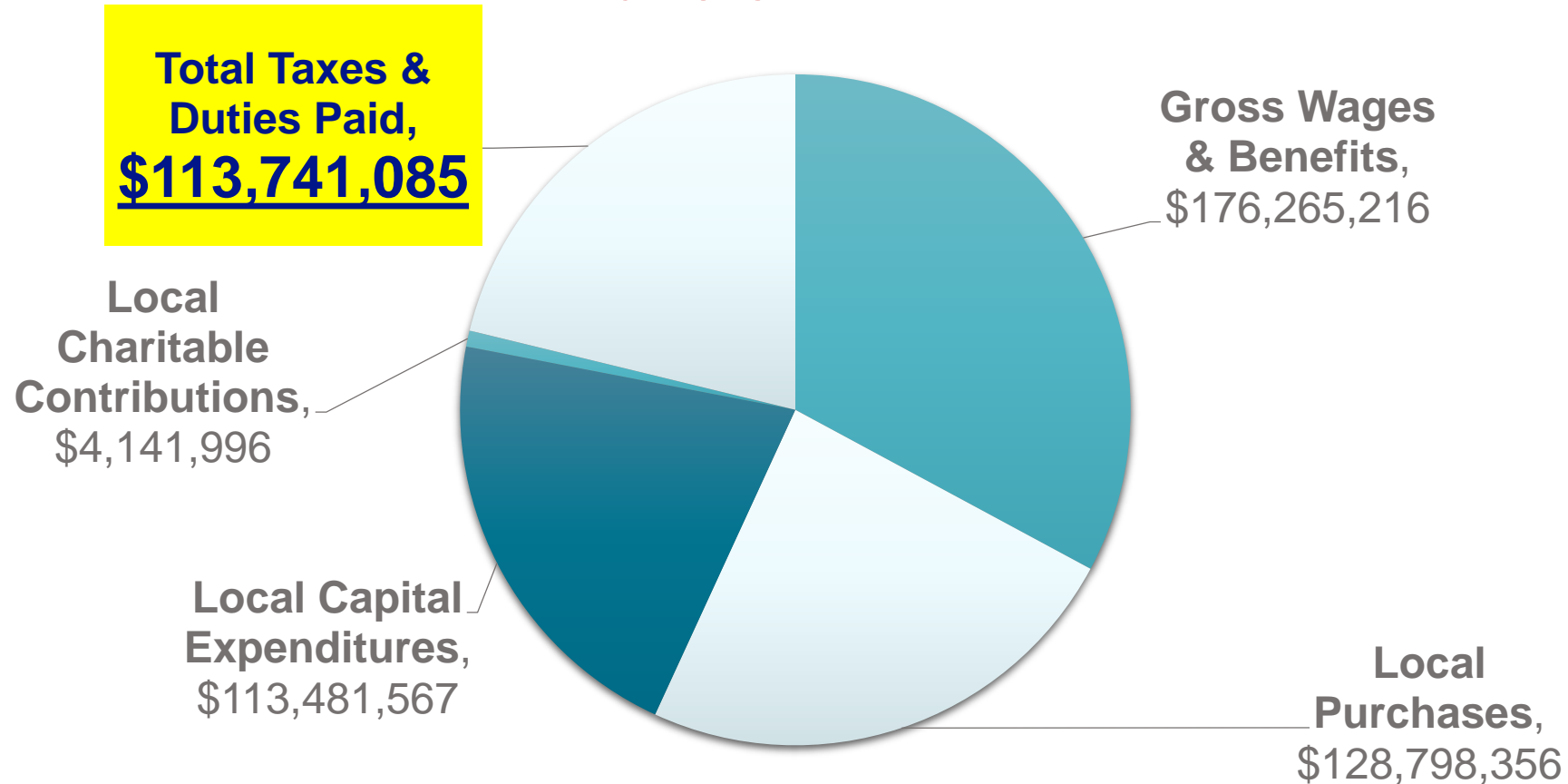
Economic Impact Analysis

- For the period 2013-2015, the impact of the beneficiaries of the EDC program is listed below:
 - 19,308 Full-Time Equivalent (FTE) jobs (6,436 jobs on avg./year)
 - \$9.7 million in charitable contributions (\$3.23M on avg./year)
 - **\$309 million in taxes and duties (\$103M on avg. / year)**
 - \$1 billion in wages and salaries (\$333M on avg./year)
 - \$1.5 billion in Territory-wide economic output (\$500M on avg./year)

Note: Statistics are taken from the Economic Analysis Impact Report, completed in June 2019, which was an independent study conducted by UVI's Institute for Leadership and Organizational Effectiveness (ILOE) in collaboration with Appleseed, Inc., a New York-based firm providing economic impact analyses and economic development studies.

Benefit to the Territory

2016 Statistics

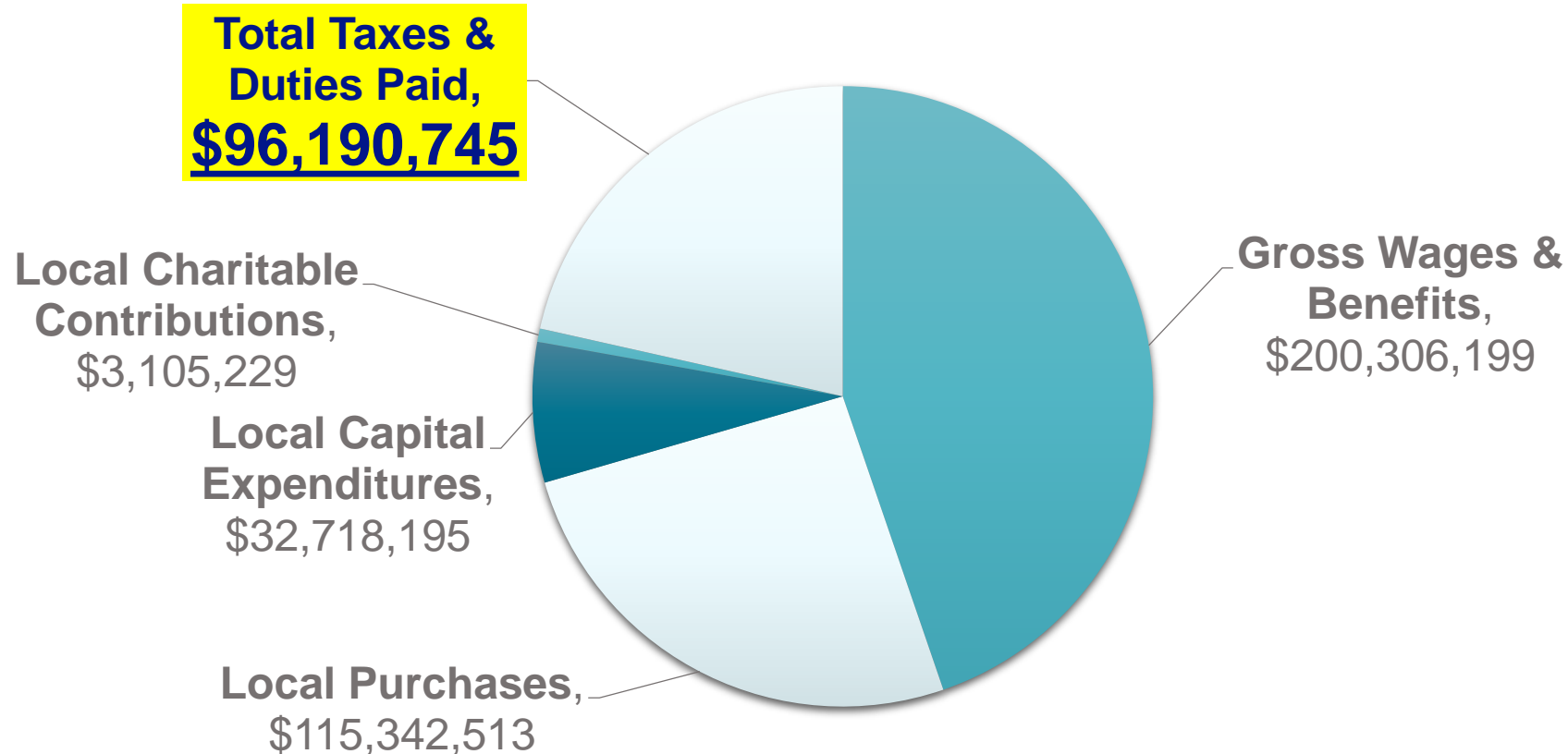


Total Benefit to the Territory = \$536,428,221

Total benefit to the territory includes the sum of all taxes and duties, expenditures, employment, purchases and contributions made by EDC beneficiaries. Data are based on direct contributions only.

Benefit to the Territory

2017 Statistics

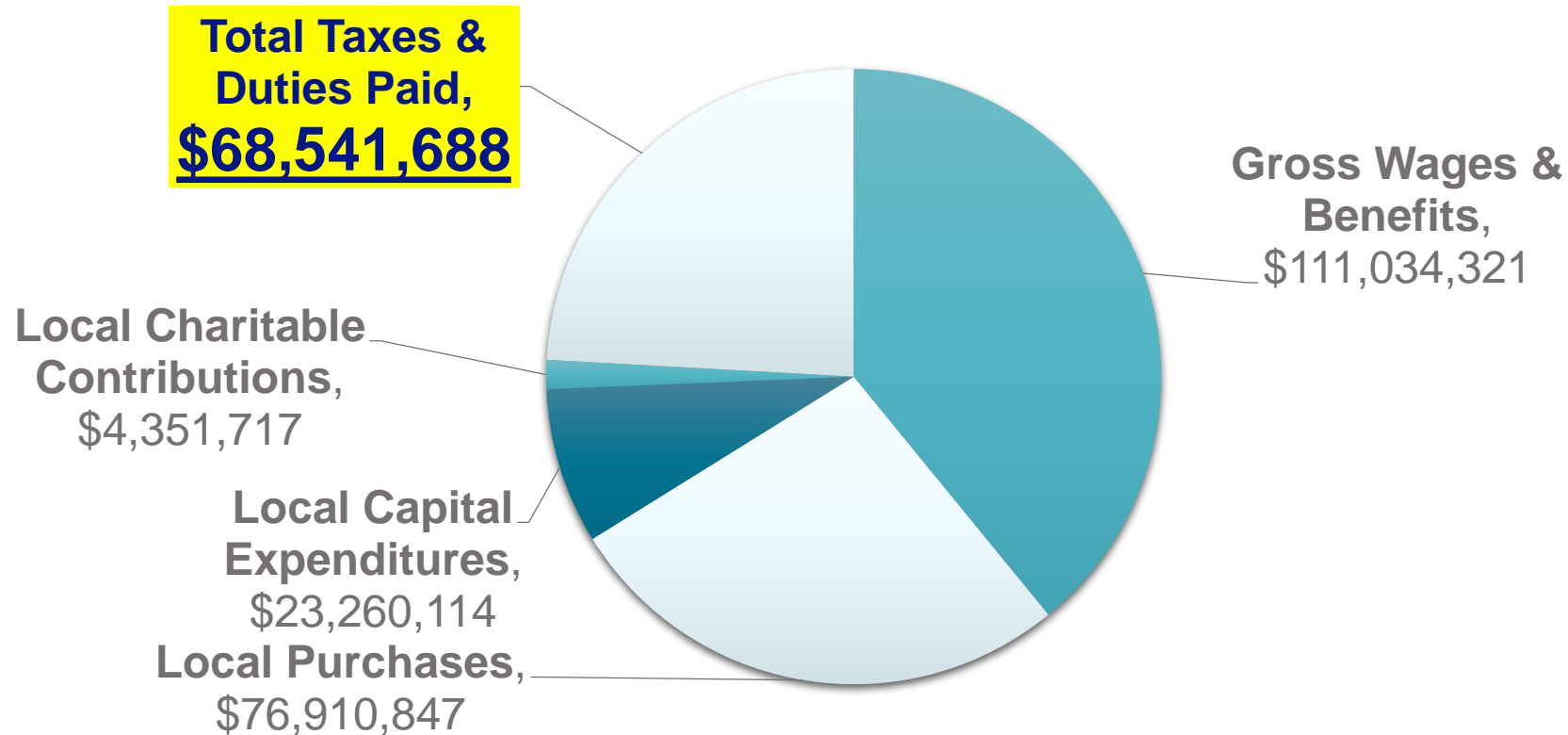


Total Benefit to the Territory = \$447,662,880

Total benefit to the territory includes the sum of all taxes and duties, expenditures, employment, purchases and contributions made by EDC beneficiaries. Data are based on direct contributions only.

Benefit to the Territory

2018 Statistics



Total Benefit to the Territory = \$284,098,687

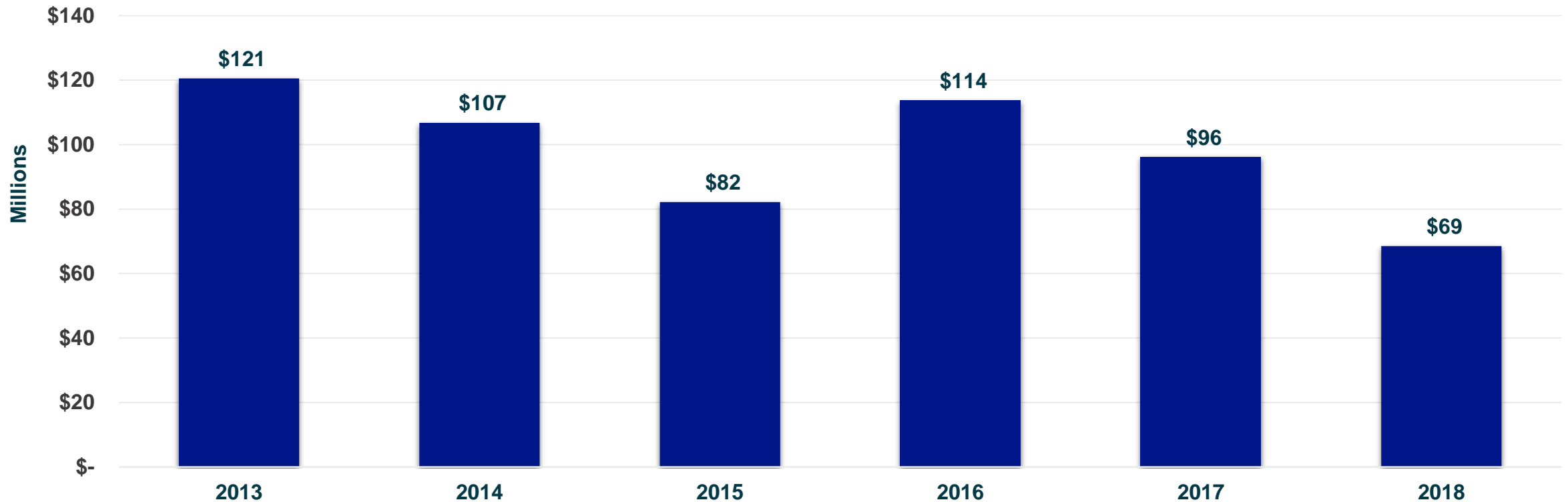
This information is subject to change. At the time of reporting 11 companies were pending submission of information and 1 company was pending other action.

After the 2017 hurricanes, the following actions affected 2018 statistics: 6 companies requested suspension of benefits, 1 company requested termination of benefits, and 4 companies' benefits expired.

Total benefit to the territory includes the sum of all taxes and duties, expenditures, employment, purchases and contributions made by EDC beneficiaries.

Total Taxes and Duties Paid

2013-2018 Statistics



The average annual taxes and duties paid from 2013-2018 was \$98.2 million.



Future Projections?

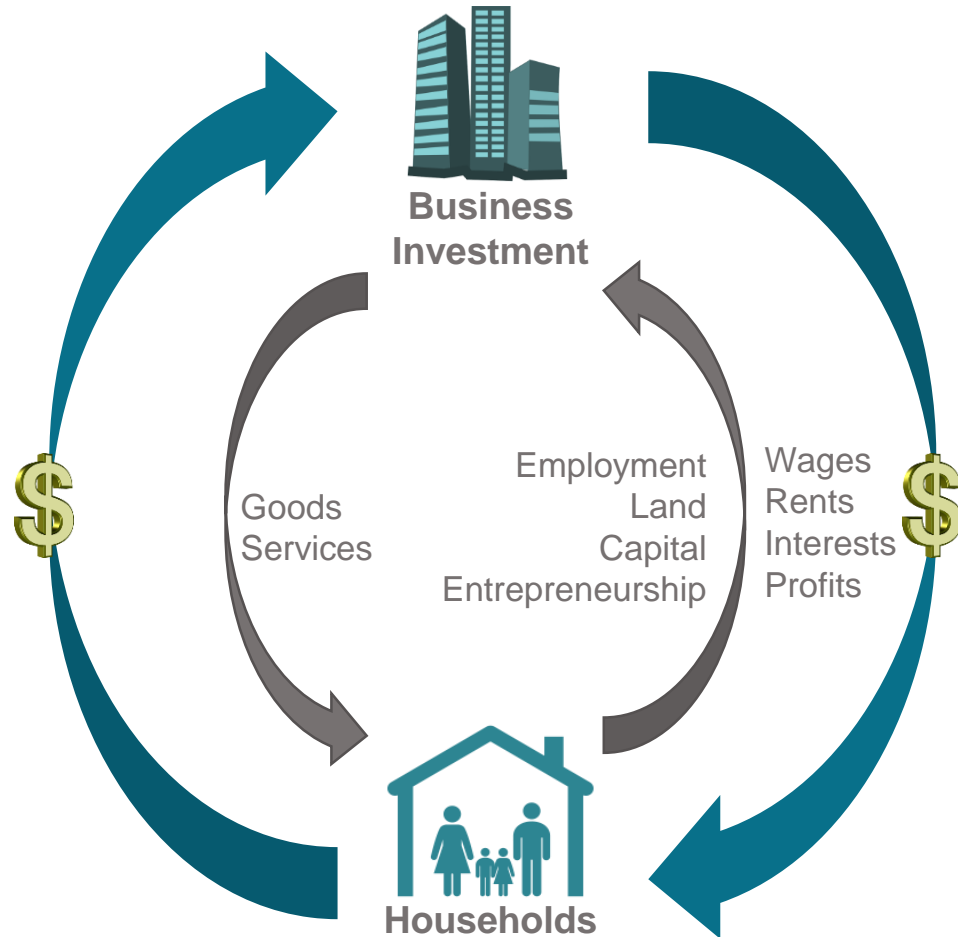
APPENDIX

EDC Beneficiary Statistics

2013-2019

YEAR	NO. OF NEW BENEFICIARIES	TOTAL NO. OF BENEFICIARIES
2013	11	81
2014	8	78
2015	7	77
2016	5	80
2017	10	78
2018	2	66
2019	5	73

What is Economic Development?



The International Economic Development Council (IEDC) defines economic development “as a program, group of policies, or activity that seeks to improve the economic well-being and quality of life for a community, by creating and/or retaining jobs that facilitate growth, enhance wealth and provide a stable tax base.”

Benefits to the Territory

EMPLOYMENT

- Hire a minimum of 5 (Financial Services only) or 10 full-time employees
- 80% of Positions filled by V.I. Residents
- 20% Management/ Supervisory / Technical Positions filled by V.I. residents
- Pension Plan, Medical Insurance, Paid Time Off, Vacation, Sick, Donated Leave and other leave required by law
- Management training programs
- Tuition Reimbursement

Benefits to the Territory

STATUTORY REQUIREMENTS & CHARITABLE CONTRIBUTIONS

- Contribution of \$3000 to the Board of Education
- Contribution of \$2500 to the Department of Labor
- Charitable contributions to local non-profits, and/or 501(c)3 entities, government programs.
- Education Assistance to include internship opportunities and scholarships

Benefits to the Territory

LOCAL INVESTMENT

- Minimum capital investment of \$100,000
- Purchase goods/services locally from VI businesses

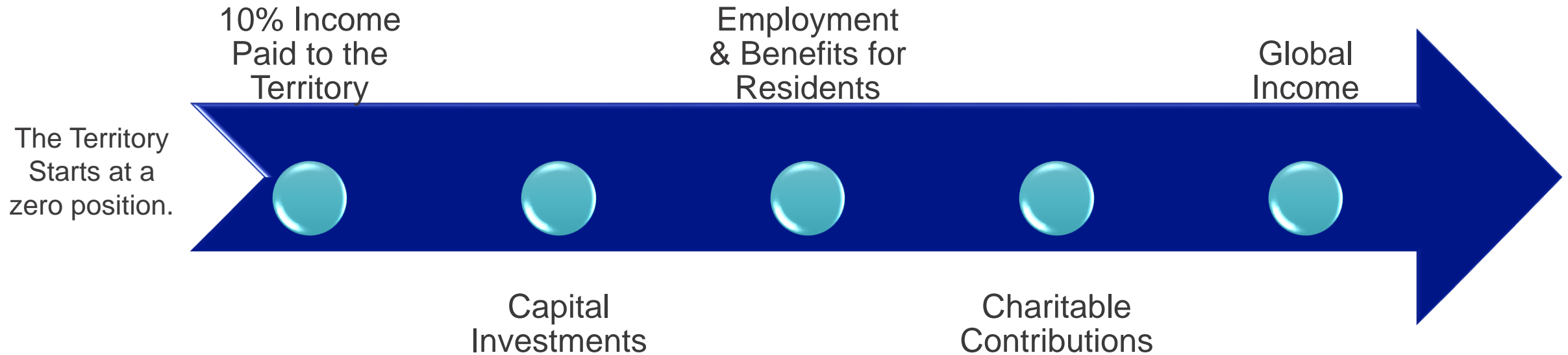
Benefits to the Territory

BENEFICIARIES MUST PAY:

- Income Tax
 - 10% on VIEDC Corporate Income
 - Effective Tax Rate: 2.3% (based on tax rate of 21% and 10% surcharge)
 - 10% on VIEDC Personal Income
 - Effective Tax Rate: 3.7% (based on exemption and partial exemption as provided in 29 V.I.C. § 713d on Distributions, Dividends and/or Interest Withholding)
 - Full Tax Rate on Global Non-VIEDC Personal Income
 - No tax-incentive/benefits are taken on income derived from services provided in the USVI (Designated Services)
- Payroll Tax
- Stamp Tax
- Property Tax

FACT

Tax incentives are intended to spur economic growth that would not have otherwise occurred.





Questions/Comments