

USVI Economic Development Authority

2020 Fall Revenue Estimating Conference
December 2020

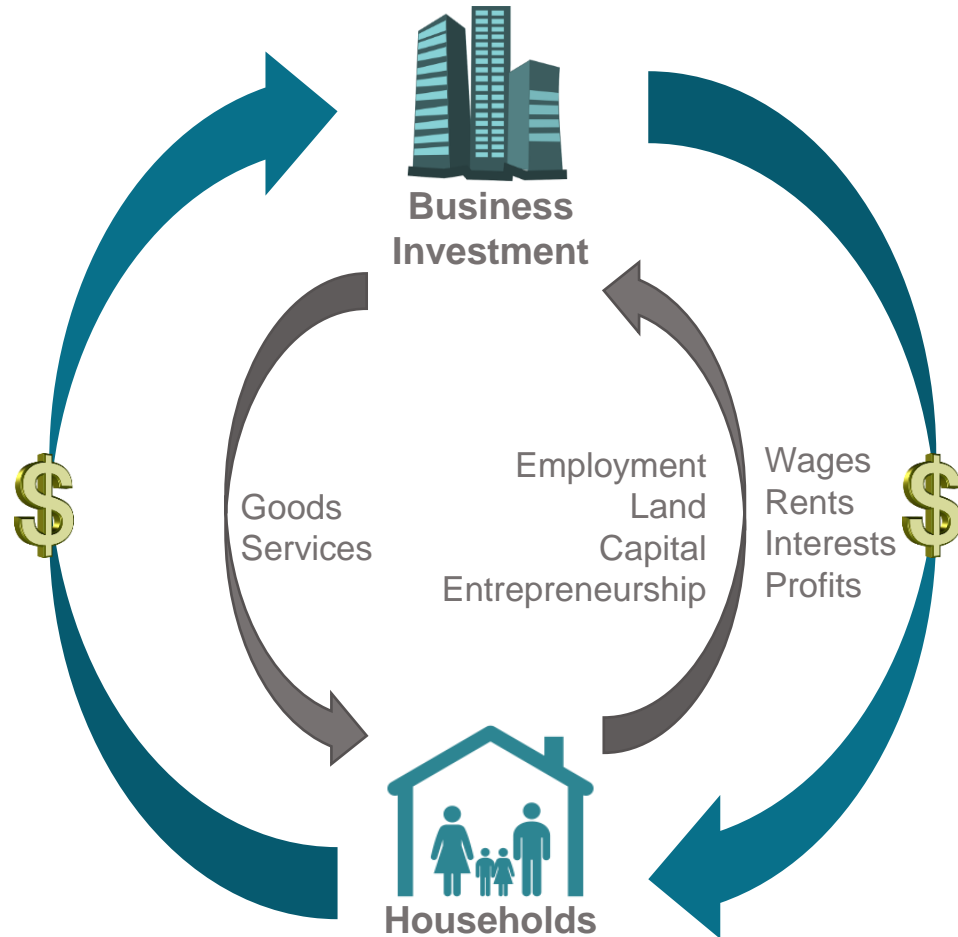




VI Economic Development Commission Program

Fiscal Years 2022-2026 Revenue Projections

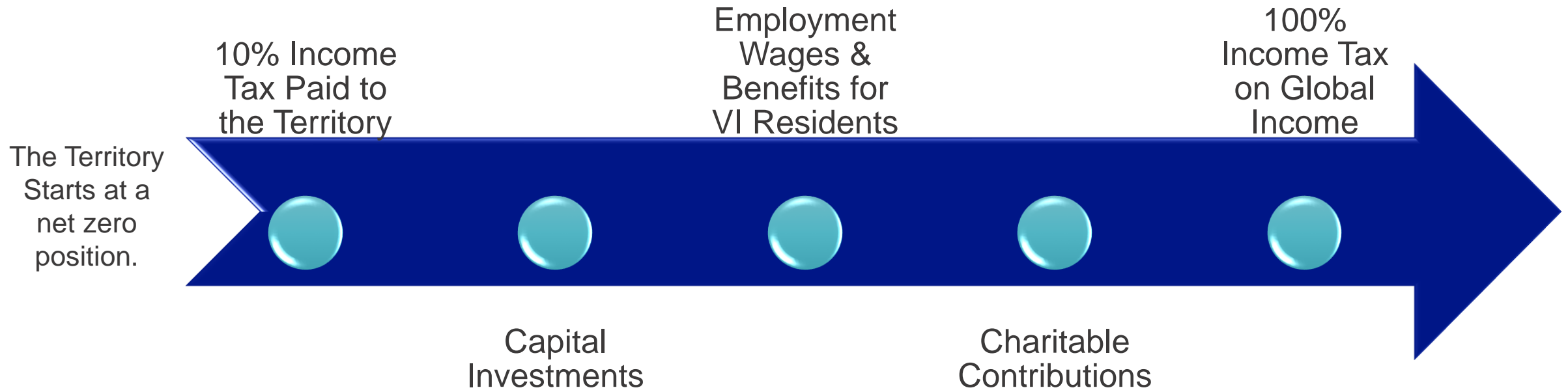
What is Economic Development?



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.”

FACT

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



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

Benefits to the Territory

LOCAL INVESTMENT

- *Minimum* Capital Investment of \$100,000
- Purchase Goods and Services Locally from Virgin Islands Businesses

Benefits to the Territory

EMPLOYMENT

- Hire a *Minimum* of 5 (Financial Services only) or 10 Full-time Employees
- 80% of Full-time Positions Filled by Virgin Islands Residents
- 20% Management / Supervisory / Technical Positions Filled by Virgin Islands Residents
- Pension Plan (401k or similar plan), Medical Insurance and Paid Time Off (Vacation, Sick & Donated Leave & Other Leave Required by Law)
- Management Training Programs
- Tuition Reimbursement

Benefits to the Territory

STATUTORY REQUIREMENTS & CHARITABLE CONTRIBUTIONS

- Contribution of \$3000 Annually to the Board of Education
- Contribution of \$2500 Annually to the Department of Labor
- Charitable Contributions Annually to Local Non-profits, 501(c)3 Entities and/or Government Programs.
- Education Assistance, Including Internship Opportunities and Scholarships

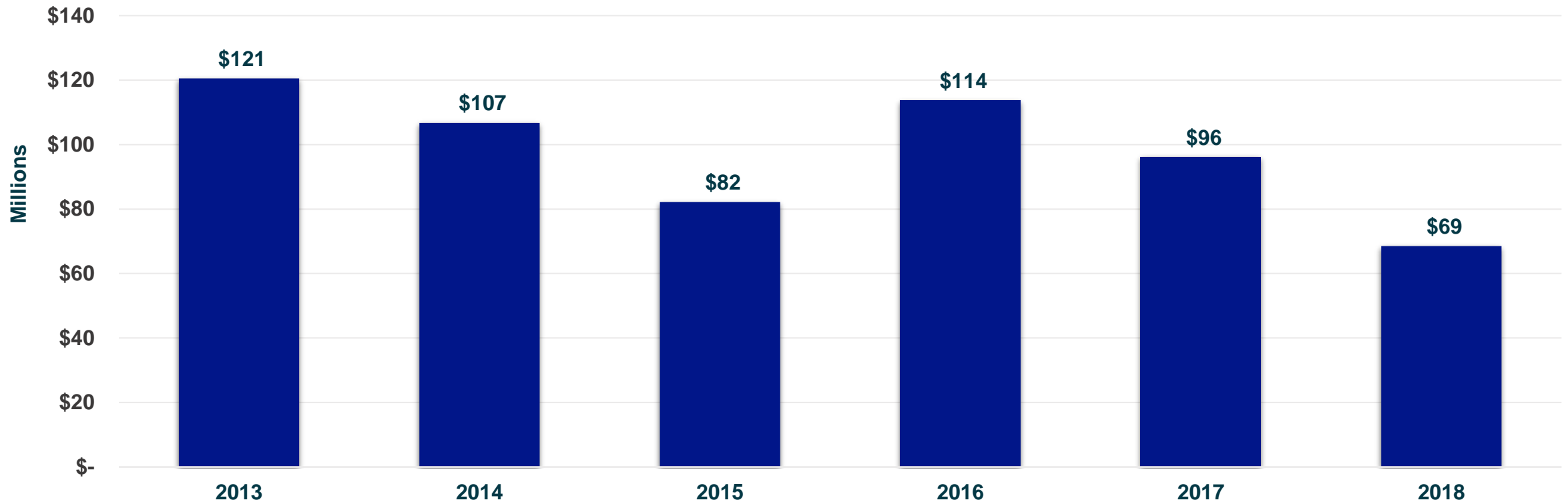
Economic Impact Analysis

- 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.

Total Taxes and Duties Paid

2014-2018 Statistics



The average annual taxes and duties paid from 2014-2018 was \$98.2 million.

FY 2022 - 2026 Anticipated Revenues

Projected Taxes Per Year Post Hurricane & COVID-19 Impact



**Total Taxes Paid by
VIEDC Beneficiary**



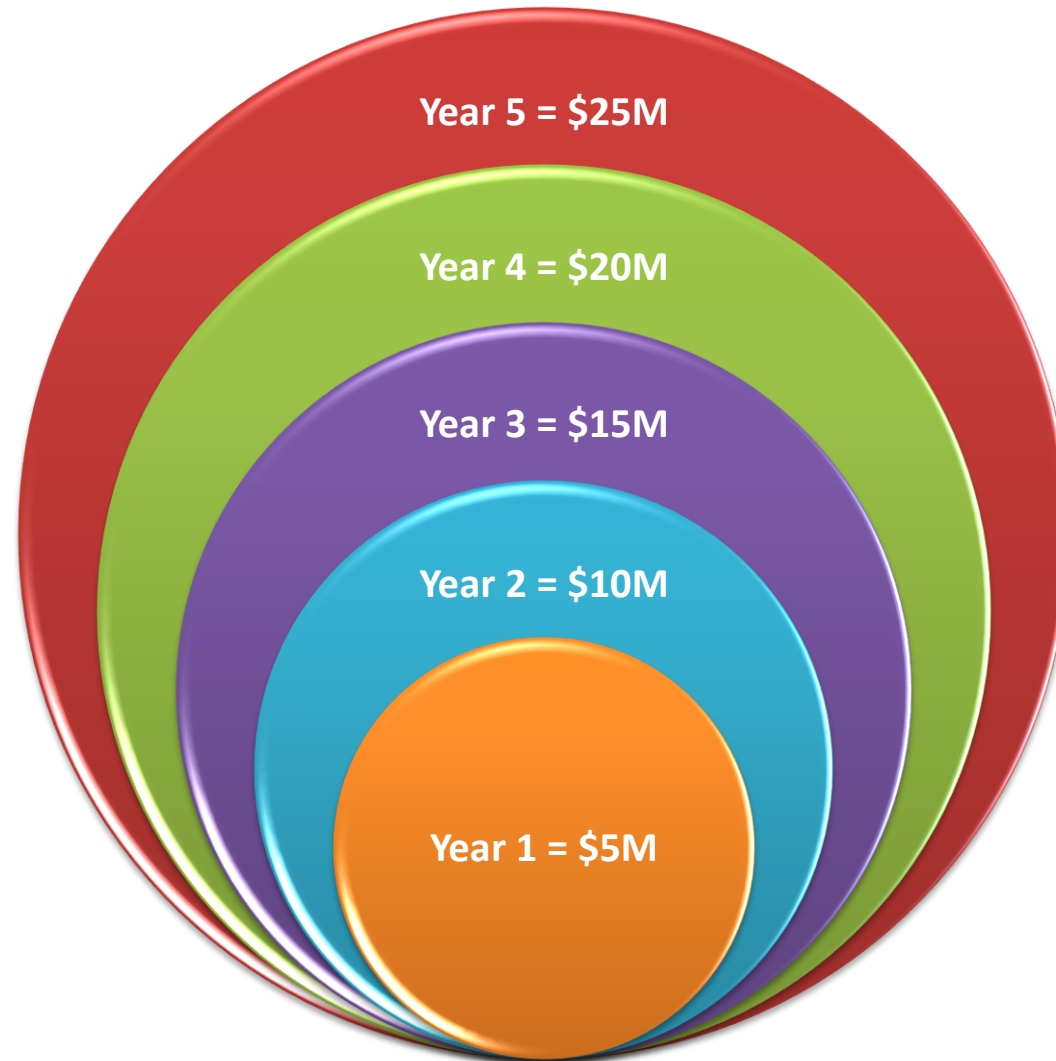
**Taxes Paid on
Global Income by
Principals**



USVI Economy

Anticipated Revenues

Over Next Five Years





Questions/Comments

www.usvieda.org