

FISCAL YEAR 2026
2ND QUARTER
REVENUE &
EXPENDITURE
REPORT

TABLE OF CONTENTS

Executive Summary2
Real Property3
Individual Income3
Corporate Income.....4
Trade and Excise.....4
Gross Receipts5
Expenditures5
Salaries.....6
Fringe Benefits.....6
Other Services7
Capital Projects7
Summary8

EXECUTIVE SUMMARY

This Second Quarter Fiscal Year (FY) 2026 Revenue and Expenditure Report provides an overview of the Territory's actual General Fund revenue collections and expenditures for the second quarter of FY 2026, compared with the same period in FY 2025. The analysis highlights key trends across major revenue streams and expenditure categories and supports the Government's ongoing fiscal monitoring, transparency, and accountability efforts.

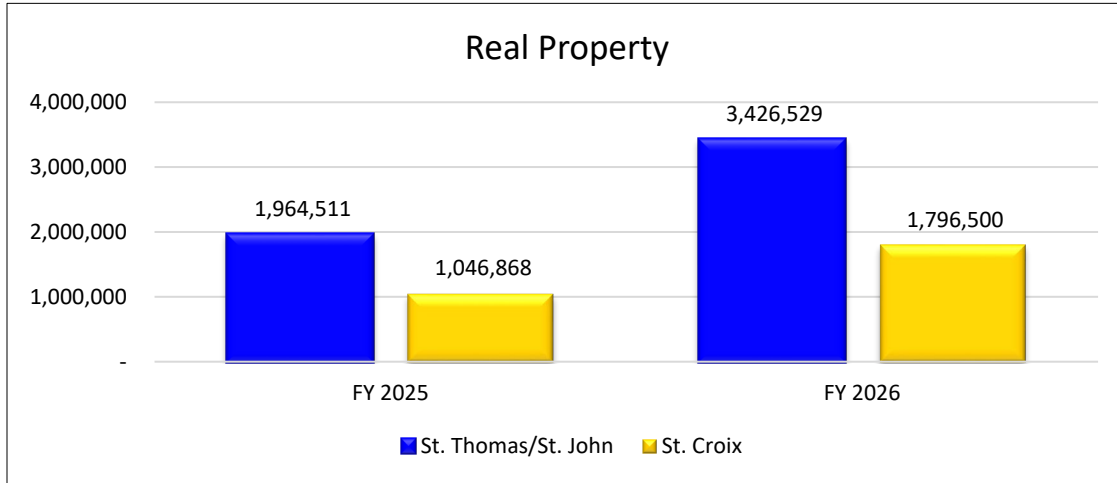
Overall, General Fund revenue performance in the second quarter of FY 2026 reflected mixed results across major revenue categories. While several revenue sources experienced growth, Individual Income Tax collections declined by approximately 16 percent compared with the second quarter of FY 2025. Real Property Tax collections increased by 22 percent, driven by gains in both districts, with particularly strong growth in St. Thomas. Corporate Income Tax and Trade and Excise Tax collections also increased modestly, reflecting a significant increase in St. Croix. Despite declines in certain revenue categories, Total Other Revenues increased substantially, contributing to an overall increase in total revenue collections when compared with the same fiscal-year-to-date period in the prior year. These results underscore the importance of continued monitoring as revenue trends evolve over the remainder of the fiscal year.

On the expenditure side, General Fund spending during the second quarter of FY 2026 reflected the cyclical nature of government expenditures. Total salary expenditures declined modestly compared with the second quarter of FY 2025, with notable reductions in General Government and Public Safety. Fringe benefit costs remained relatively stable, decreasing slightly overall, while Education expenditures increased modestly. Spending for Other Services increased during the quarter, driven largely by higher expenditures in Public Housing and Welfare. Capital outlays declined significantly, particularly within Education and General Government, reflecting the timing of capital project activity.

The data presented in this report are preliminary and unaudited and reflect the most accurate information available at the time of preparation. Final audited figures will be published by the Department of Finance in the annual Financial Audit Report. Nevertheless, this quarterly report serves as an important tool for enhancing fiscal transparency, supporting informed decision-making, and ensuring accountability in the management of public resources.

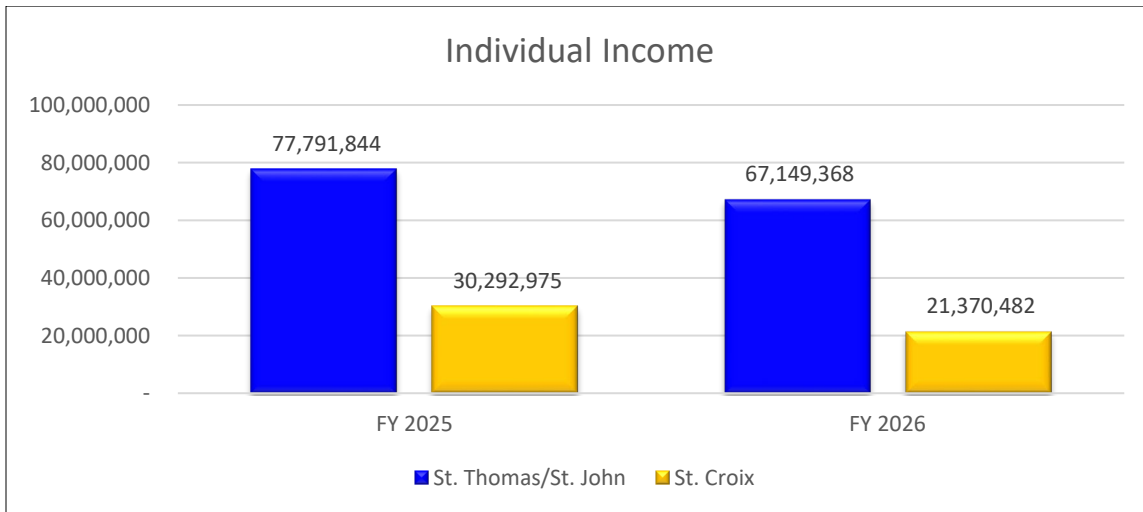
REAL PROPERTY

Compared with the second quarter of FY 2025, Real Property Tax collections in the second quarter of FY 2026 remained relatively stable overall. Collections in the St. Thomas/St. John district increased by 74 percent, while collections in the St. Croix district increased by approximately 72 percent.



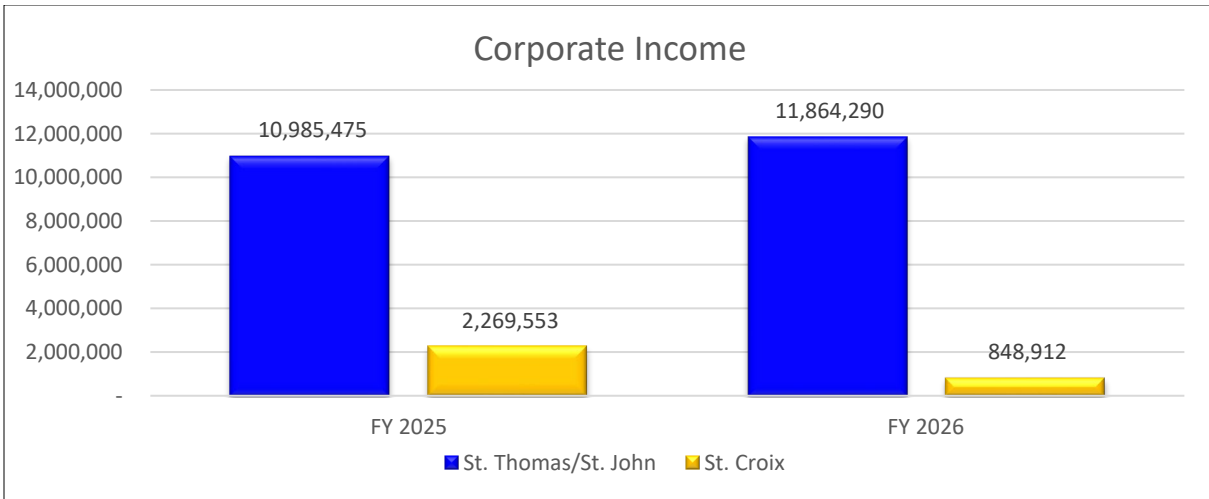
INDIVIDUAL INCOME

Overall, Individual Income Tax collections decreased by approximately 18 percent in the second quarter of FY 2026 compared with the second quarter of FY 2025. The St. Thomas/St. John district experienced a decline of approximately 14 percent, while collections in the St. Croix district declined by approximately 29 percent. The year-over-year decrease reflects lower withholding and non-withholding receipts during the quarter.



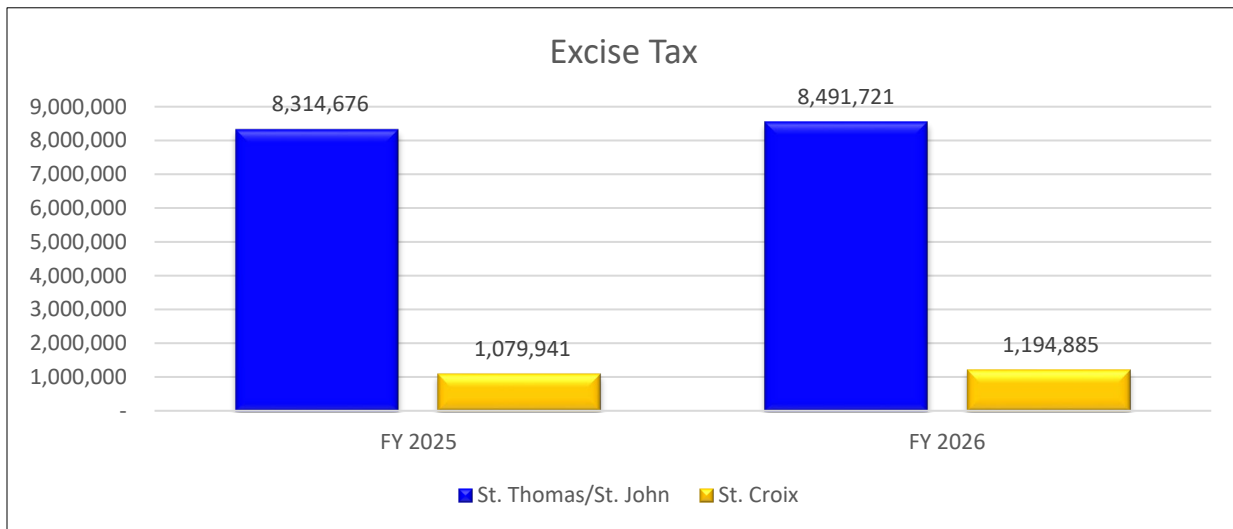
CORPORATE INCOME

Corporate Income Tax collections in the second quarter of FY 2026 decreased by approximately 4 percent compared with the same period in FY 2025. The St. Thomas/St. John district recorded an increase of approximately 8 percent, while the St. Croix district experienced a decrease of approximately 63 percent.



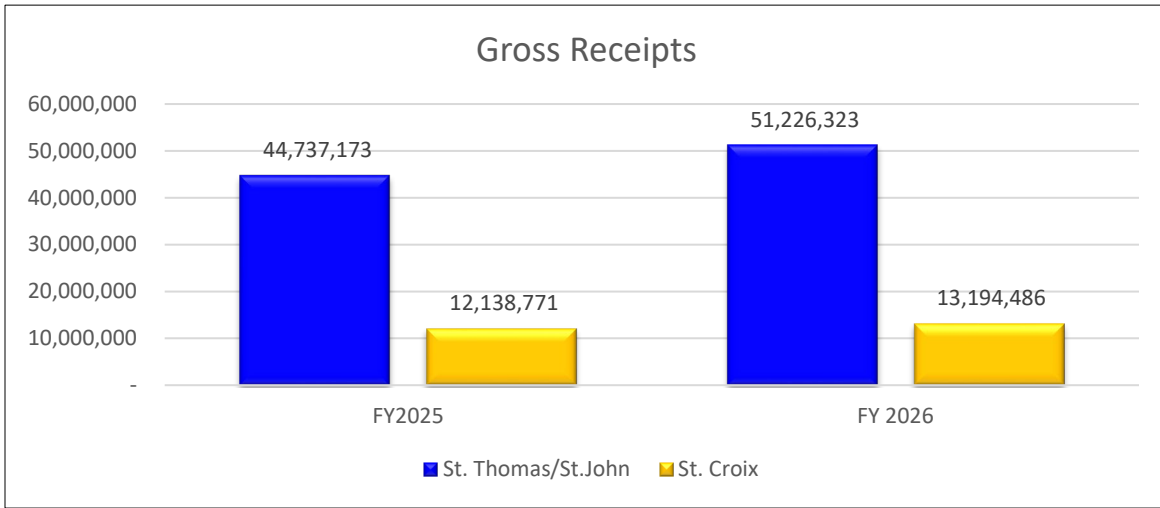
TRADE AND EXCISE

Trade and Excise Tax collections increased by approximately 3 percent in the second quarter of FY 2026 compared with the second quarter of FY 2025. Collections in the St. Thomas/St. John district increased by 2 percent, while collections in the St. Croix district increased by approximately 11 percent. District-level gains resulted in a modest net increase overall.



GROSS RECEIPTS

Gross Receipts Tax (GRT) collections increased by approximately 13 percent in the second quarter of FY 2026 compared with the second quarter of FY 2025. The St. Thomas/St. John district recorded an increase of approximately 15 percent, while collections in the St. Croix district increased by approximately 9 percent. Continued positive performance in Gross Receipts Tax collections is anticipated in the near term, reflecting ongoing economic activity.

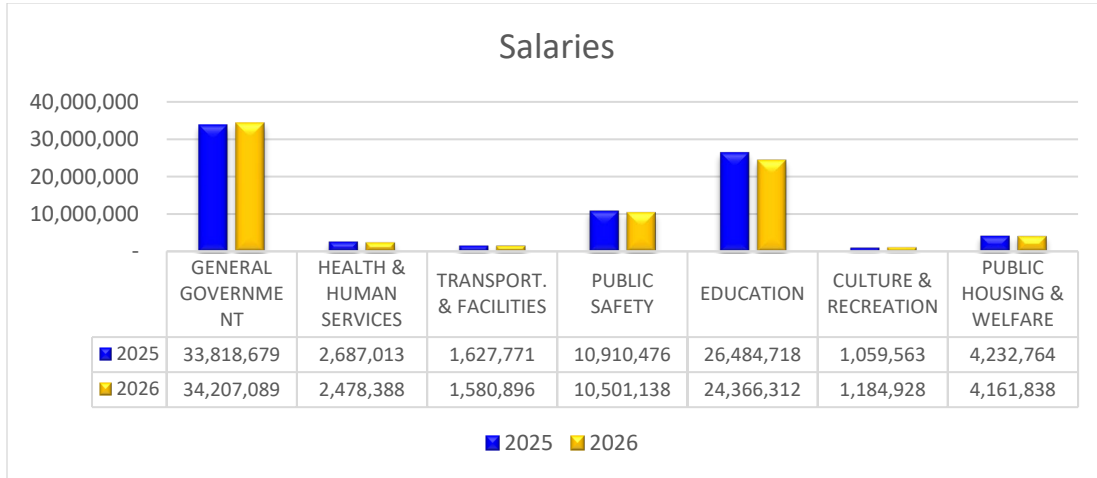


EXPENDITURES

Consistent with previous reports, the expenditures presented reflect amounts appropriated for the lapsing portion of the General Fund. Expenditures are analyzed by budget category in accordance with the applicable function of government. While trends can be observed based on the data presented, expenditures are cyclical in nature and therefore subject to fluctuation. Caution is advised when interpreting trends because the data are preliminary and unaudited.

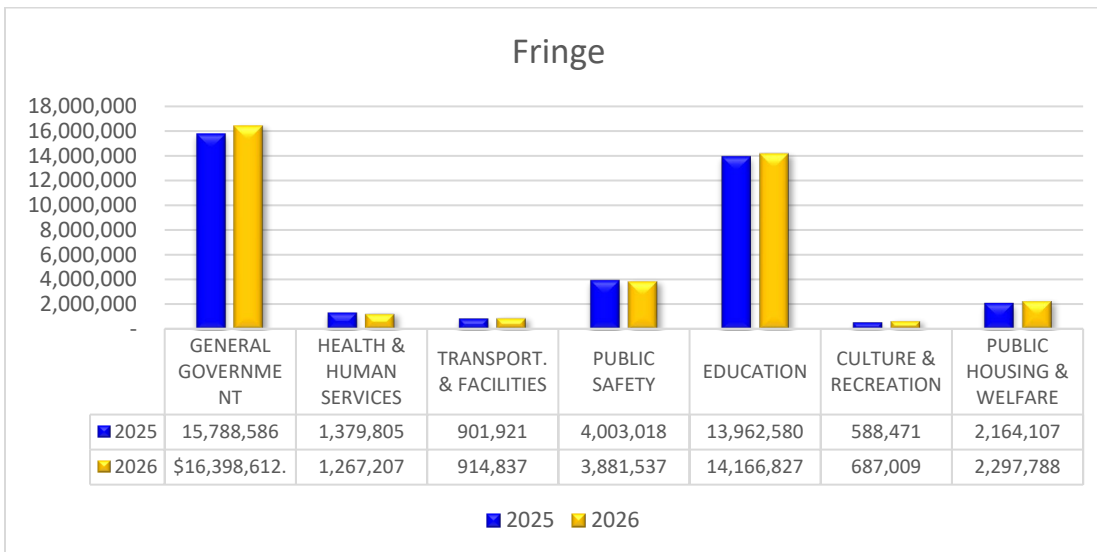
SALARIES

Actual salary expenditures across all functions of government decreased by approximately 2.9 percent in the second quarter of FY 2026 compared with the second quarter of FY 2025. Notable decreases occurred in Health and Human Services (7.8 percent) and Education (8 percent). Salary expenditures in other functional areas remained relatively stable during the quarter.



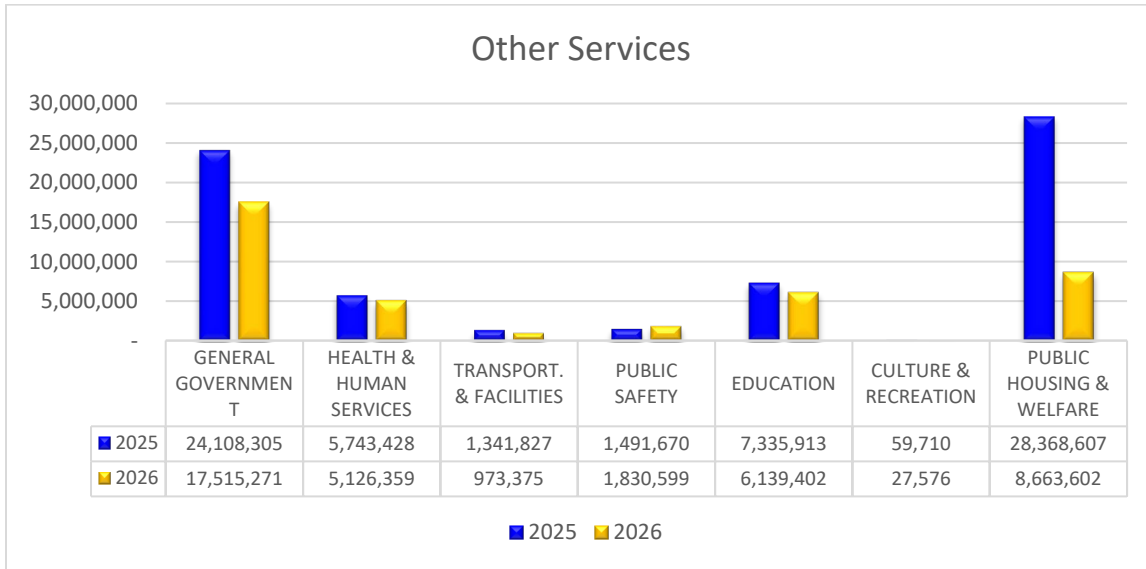
FRINGE BENEFITS

Fringe benefit expenditures increased by approximately 2 percent in the second quarter of FY 2026 compared with the same period in FY 2025. Most functional categories experienced slight increases; however, Culture and Recreation recorded an increase of approximately 16.7 percent. Overall, fringe benefit spending remained relatively stable during the quarter.



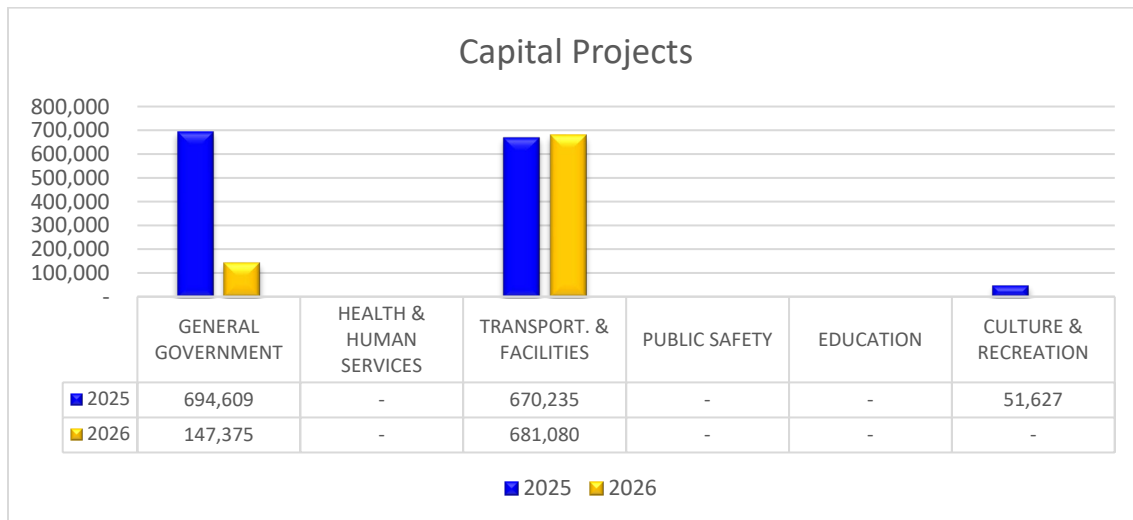
OTHER SERVICES

Expenditures for Other Services decreased by approximately 41.2 percent in the second quarter of FY 2026 compared with the second quarter of FY 2025. The most notable increase occurred in Public Safety, which rose by approximately 22.7 percent; however, this increase was outweighed by reductions in other functional areas.



CAPITAL PROJECTS

Capital project expenditures decreased by approximately 46 percent in the second quarter of FY 2026 compared with the second quarter of FY 2025. Significant decreases were observed in General Government, reflecting the timing of capital project activity.



SUMMARY

In summary, the Territory's total operating revenues for the second quarter of FY 2026 exhibited mixed performance across major revenue categories. Increases were recorded in Gross Receipts Tax, Corporate Income Tax, and Trade and Excise Tax, while Individual Income Tax collections declined. Total Other Revenues increased substantially, resulting in an overall increase in total revenue collections compared with the same fiscal-year-to-date period in FY 2025.

On the expenditure side, salary costs, Other Services and Capital Projects decreased overall, while Fringe Benefits recorded an increase. Collectively, these results highlight the importance of continued monitoring of revenue and expenditure trends throughout the remainder of FY 2026.