

**ACT NO. 7360**  
**BILL NO. 29-0304**

**TWENTY-NINTH LEGISLATURE OF THE VIRGIN ISLANDS**

**Regular Session**

**2012**

An Act amending title 33 Virgin Islands Code, chapter 5 relating to the imposition of tax

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**WHEREAS**, Act No. 3465, signed into law on July 13, 1973, imposed a tax of eight (8) cents on each gallon of gasoline and diesel fuel manufactured, sold, consumed or otherwise disposed of in the Virgin Islands; and

**WHEREAS**, Act No. 4877, signed into law on November 7, 1983, increased the tax from eight (8) cents to twelve (12) cents on each gallon of gasoline and diesel fuel manufactured, sold, consumed or otherwise disposed of in the Virgin Islands; and

**WHEREAS**, Act No. 5158, signed into law on May 14, 1986, increased the tax to fourteen (14) cents on each gallon of gasoline and diesel fuel manufactured, sold, consumed or otherwise disposed of in the Virgin Islands; and

**WHEREAS**, Act No. 6793 signed into law on October 17, 2005, decreased the tax from fourteen (14) cents to seven (7) cents on each gallon of gasoline and diesel fuel manufactured, sold, consumed or otherwise disposed of in the Virgin Islands; and

**WHEREAS**, the gasoline tax has increased steadily since its imposition with the exception of when it was essentially reduced by 50 percent in 2005; and

**WHEREAS**, the Territory is experiencing an unprecedented economic and energy crisis; and

**WHEREAS**, the recent announcement by HOVENSA to immediately cease oil production at its facility on St. Croix has created a high level of anxiety; and

**WHEREAS**, with the closure of HOVENSA, fuel suppliers will now have to obtain fuel outside of the Territory and will be subjected to paying a six percent custom duty tax in accordance with 33 VIC, section 525; and

**WHEREAS**, fuel production and availability in the Territory will no longer be a viable option to meet the fuel needs; and

**WHEREAS**, the Water and Power Authority has been dependent on fossil fuels for its power and water production; and

**WHEREAS**, it will take a major infusion of revenues to invest in acquiring new power production and/or energy efficient generating units for the Territory; Now, Therefore,

***Be it enacted by the Legislature of the Virgin Islands:***

**SECTION 1.** Title 33 Virgin Islands Code, Chapter 5, section 91, subsection (a) is amended by striking “seven” and inserting “fourteen” in its place.

**SECTION 2.** Title 33 Virgin Islands Code, Chapter 111 is amended by inserting section §3039a to read as follows:

**“§3039a.** Virgin Islands Water and Power Authority Generating and Infrastructure Fund

(a) There is established in the Treasury of the Virgin Islands a separate and distinct fund to be designated the “Virgin Islands Water and Power Authority Generating and Infrastructure Fund” (hereinafter, the “Fund”). The Commissioner of Finance shall provide for the administration of the Fund and no monies contained therein shall be available for expenditure or disbursement except as provided in this section.

(b) The Fund shall consist of all sums received under the fuel tax system established by Title 33 Virgin Islands Code, Chapter 5, Section 91, all sums appropriated thereto from time to time by the Legislature, funds raised by the issuance of bonds or other instruments, all gifts, grants, bequests or contributions, federal or local, as may be made to the Fund and which the Commissioner of Finance is authorized to accept and deposit therein. The funds shall remain available until expended.

(c) Monies shall be disbursed from the Fund by the Commissioner of Finance upon the authorization of the Virgin Islands Water and Power Authority for the exclusive purpose of:

(1) Funding new energy and power generating units and/or heat recovery steam generators which shall be energy efficient and have the ability to convert to natural gas for the St. Thomas/St. John District;

(2) Funding new energy and power generating units and/or heat recovery steam generators which shall be energy efficient and have the ability to convert to natural gas for the St. Croix District; and

(3) Assisting with the issuance of bonds for the Virgin Islands Water and Power Authority through the Public Finance Authority.

(d) The Commissioner of Finance shall maintain a record of all monies deposited into and disbursed from the Fund and shall submit semi-annual reports to the Legislature of the Virgin Islands on the status of the Fund.

**SECTION 3.** Title 33 Virgin Islands Code, Chapter 5, Section 91, subsection (a) is amended after, "gasoline", by inserting " , fossil fuel" and after, "consumed" by " , imported".

**SECTION 4.** Title 33 Virgin Islands Code, Subtitle 1, Part I, Chapter 12, Section 530 is amended by designating the existing paragraph as (a) and inserting a new paragraph (b) to read as follows:

'(b) Whenever permitted by federal law, gasoline, diesel and fossil fuel are permitted to be imported into the Virgin Islands free of custom duties provided they are used or consumed in the Virgin Islands.'

**SECTION 5.** Title 33 Virgin Islands Code Section 3003a, subsection (b) paragraph (1) is amended by deleting it in its entirety and renumbering the remaining paragraphs accordingly.

**SECTION 6.** This Act shall take effect 60 days after enactment.

Thus passed by the Legislature of the Virgin Islands on April 19, 2012.

Witness our Hands and Seal of the Legislature of the Virgin Islands this 20<sup>th</sup> Day of April, A.D., 2012.



*Ronald E. Russell*  
Ronald E. Russell  
President

*Sammuel Sanes*  
Sammuel Sanes  
Legislative Secretary



**Bill No.29-0304 is hereby approved.**

**Witness my hand and the Seal of the Government of the United States Virgin Islands at Charlotte Amalie, St. Thomas, this 14<sup>th</sup> day of May, A.D., 2012.**

*John P. de Jongh, Jr.*  
John P. de Jongh, Jr.  
Governor