

BILL NO. 28-_____

**TWENTY-EIGHTH LEGISLATURE OF THE VIRGIN ISLANDS
OF THE UNITED STATES**

Special Session

2010

An Act to authorize the Tax Assessor of the Virgin Islands to issue Real Property Tax bills and for related purposes

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RECOMMENDED BY THE GOVERNOR
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WHEREAS The Government of the Virgin Islands real property taxation system remains subject to continuing litigation in the matter captioned as *Berne Corp., et al. v. Government of the Virgin Islands, et al.*, District Court of the Virgin Islands, Division of St. Thomas and St. John, Civil No. 2000-141 ("*Berne case*"); and

WHEREAS The Tax Assessor has been unable to successfully issue Real Property tax bills and collect Real Property taxes since the issuance of the 2005 tax bills, which represents a Forty-Five (45) million dollar loss in annual revenue for the Government of the Virgin Islands; and

WHEREAS The collection of these taxes correlates to the Territorial Government's ability to provide much needed services to its residents and meet its payroll requirements as the largest employer in the Virgin Islands; and

WHEREAS On May 12, 2003, in the *Berne case* the District Court enjoined the Government of the Virgin Islands from assessing and collecting property taxes until the property tax system has been revamped and the requisite conditions certified by a Special Master; and

WHEREAS As a consequence of the injunction, the Legislature subsequently passed Act No. 6586 which allowed the Government to issue tax bills and collect taxes at the 1998 assessment level for all classes of real property for tax years 1999 through 2004; and

WHEREAS As a result of the passage of Act No. 6586 and on motion of the Government requesting a modification of the May 12, 2003 Decree, the District Court on

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August 13, 2003, modified its injunction to allow the Government to collect property taxes from all property owners except the plaintiffs in the *Berne* case based on the 1998 assessments level; and

WHEREAS On June 26, 2009, the Government filed a motion to modify or vacate the non-vacated portion of the May 12, 2003 Injunction and subsequently notified the Court that as of December 14, 2009, the Board of Tax Review has no pending appeals.

WHEREAS The District Court on February 17, 2010, denied the Government's June 26, 2009 motion to modify or vacate the injunction to allow it to assess and collect real property taxes at a rate other than the 1998 rate; and

WHEREAS The Government is in a severe financial crisis and has not collected property taxes for 2006, 2007 and 2008, the total value of which is approximately One Hundred Thirty-Five million dollars (\$135,000,000) in revenue; and

WHEREAS Government wishes to alleviate the potential tax burden on taxpayers due to the accumulation of several years property taxes which may all become due over a short period of time, if property tax bills are not issued;

NOW, THEREFORE,

BE IT ENACTED by the Legislature of the Virgin Islands:

SECTION 1. Notwithstanding Title 33, Chapters 85 and 89, Virgin Islands Code, the Twenty Eighth Legislature of the Virgin Islands hereby authorizes the Tax Assessor to issue tax bills and collect taxes at the 1998 rate and assessment level as prescribed in the Court's August 13, 2003 Order which modified the May 12, 2003 Decree, for all classes of real property, including, but not limited to, commercial and non-commercial real property, for tax years 2006, 2007, 2008, 2009 and for future tax years, or until such time as the District Court vacates the May 12, 2003, Injunction or permit the Tax Assessor to collect property taxes at a rate other than that set forth in the Court's August 13, 2003 Order.