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Office of the Assistant Secretary for Insular Areas

\$165 Million Payment to the United States Virgin Islands for Excise Taxes

WASHINGTON, D.C. – Interior Assistant Secretary for Insular Areas Esther Kia'aina has approved payment of \$165 million to the Government of the U.S. Virgin Islands (USVI) for estimated fiscal year 2015 rum excise taxes.

This advance payment is for excise taxes estimated to be collected in or derived from the USVI and collected by the federal government under the Revised Organic Act of the Virgin Islands (48 USC 1541) during the next fiscal year. Under current law, any excise tax collected on USVI manufactured rum imported into the United States is transferred to or “covered-over” to the USVI. The USVI Government submits its advance estimate of the rum excise tax to the Department of the Interior’s Office of Insular Affairs on an annual basis so that payment can be made in September of each fiscal year.

"Taking the steps necessary to provide these funds to the local government in a timely manner represents the federal government’s commitment to the people of the U. S. Virgin Islands,” said Assistant Secretary Kia'aina. “We are pleased to support Governor John P. DeJongh and the USVI Office of Management and Budget in this revenue generating process.”

The Office of Insular Affairs accepted the Governor's estimate of the 2015 collections amount of \$166.95 million which was based upon a per proof gallon rate of \$10.50. The USVI owed an adjustment payment of \$1.7 million from a previous advance payment which was deducted from the total 2015 estimate.

The Office of Insular Affairs received the funds and final documents necessary to authorize the payment this month, and plans to process the payment without delay. Transfer of these federal taxes to the USVI provides a stable revenue stream that helps to support local government programs, projects and activities.

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