

State of Emergency

by Dwane A. Callwood

Originally Published in the St. Thomas Source Nov 20, 2007

Dear St. Thomas Source:

The U.S. Virgin Islands is in State of Emergency. Anyone who would profess otherwise either is not in touch with the plight of the working class, or probably is a recipient of a lucrative tax-exemption deal. After decades of self-help backdoor deals, one-sided agreements, unfavorable deals, economic rape and plundering, the Virgin Islands working class can no longer sustain the territory's economy. These are difficult times, and to get us through requires difficult decisions. What steps do I think need to be taken?

The plan to make available \$45 million to be paid to government employees owed retroactive wages needs to be tabled, and the money should go to WAPA. To the best of my knowledge WAPA is owed in excess of \$20 million dollars by a number of government agencies, and is experiencing a cash flow problem as a result. Bring the Government's bill current and let the remaining balance go to WAPA as a subsidy or even a loan (that may become payable via future WAPA profits). This would stop the bleeding and result in a lowering of the LEAC, thereby reducing the cost of electricity. A reduction in monthly electricity bills has the same net effect of giving every WAPA customer, including the V.I. Government, an increase in pay. Lower utility bills should also mean lower cost of everything else, in which the cost of electricity is a factor. This move provides a benefit to the ENTIRE Virgin Islands community, as opposed to just those employees who are owed retro wages. Before anyone issues a death certificate for any political future I may have, hear me out. Our elected officials are elected to make decisions that are in the best interest of the ENTIRE community and not just particular segments. Leadership functioning to benefit specific portions of the community is what has brought us to this point. So we have to decide. Do we continue down this path to destruction, or do we demand that our elected officials get off their rumps and make the tough, as opposed to popular choices.

The payment to WAPA stops the bleeding and buys us time. Time to do what? Time to bring HOVENSA and the EDC beneficiaries to the table to renegotiate their relationships with the Virgin Islands. The HOVENSA agreement is a colossal failure of Government in itself, but I'll leave that for another editorial. The Berne ruling issued by the U.S. Court declared ALL property tax exemptions granted after 1936 ILLEGAL. Therefore, the HOVENSA agreement and all EDC Certificates that include exemption from property taxes are illegal. The Virgin Islands can no longer continue to give away the proverbial 'shirt off its back' and then some. No longer can HOVENSA be allowed to pay the St. Lucian government a bigger share of revenues generated by refining activities at HOVENSA's St. Croix refinery than it pays to the V.I. Government. Conditions set forth in the HOVENSA – VI Government agreement were done under the premise that HOVENSA (or 'Hess') was losing money. That is no longer the case. In the calendar year



Dwane A. Callwood

2006, Hess generated record profit, no revenues, of \$1.9 BILLION dollars. No longer should the price of HOVENSA's products sold in the Virgin Islands be affected by the New York Mercantile Exchange, when we have afforded HOVENSA lucrative tax benefits for decades. No longer should the likes of Frenchman's Reef, Bluebeard's Castle, Westin Resort, and Wyndham enjoy such a full compliment of benefits under a program implemented to attract NEW businesses to the territory. Correcting these practices would ensure new and sustainable revenues, and lower operating expenses for the Government. These revenues can then be applied towards improving the quality of life in the Virgin Islands. Who disagrees that more money could be spent improving our educational environment, our hospitals, our tourism product, infrastructure, agricultural pursuits, etc.

Unfortunately, I am not 100% convinced that we have in place enough leaders to make these tough choices. I would love to be proven wrong. Nothing that I said here is written in stone. This is just how I see it from where I stand. I am not a 'politically correct' person, nor will I ever be one. I call it as I see it, and my only motivation is my desire to ensure a better Virgin Islands for my children to call 'Home Sweet Home.'

Dwane A. Callwood
St. Thomas