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Chief of Staff Karl Knight, Governor Bryan and OMB Director Jenifer O'Neal watch a presentation at the 2023 Spring Revenue Estimating Conference.

OMB's Spring Revenue Estimating Conference Forecasts Continued Fiscal Stability With Slight Increase in Capital

U.S. VIRGIN ISLANDS — The Government of the Virgin Islands' (GVI) financial outlook for Fiscal Year 2024 is expected to continue the upward trend of increasing revenues according to the GVI agencies and departments that gave presentations at the 2023 Spring Revenue Estimating Conference held by the Office of Management and Budget (OMB).

The conference on March 14 at the University of the Virgin Islands' St. Thomas campus was one of two such conferences mandated by law to take place every year to present a more accurate and realistic financial outlook so the GVI can sustain and maintain a stable economy even as the Territory's growth continues.

According to OMB, government revenues should remain steady for FY 2024, with a slight increase of about $10 million over revenue collected for FY 2023.

OMB said the U.S. economy appears to remain resilient in 2023 despite tighter financial conditions and economic expansion remains fragile as risk factors may cause a potential downside to the country' financial situation.

Video of the 2023 Revenue Estimating Conference can be found on the Government House page at facebook.com/GovernmentHouseUSVI, and the presentations are available on the OMB website at omb.vi.gov.



Although the revenue estimates for FY 2024 look promising, Governor Albert Bryan Jr. opened the conference expressing cautious optimism about the revenue projections and said we must have a responsible fiscal approach to secure the Territory's future.

"This year, we're talking about what can be done. That's why we want to keep it close with the numbers, because the revenues look good. They looked good last year. They looked good the year before, and they looked good the year before that," the Governor said. "But as we move through this place of prosperity, we have to be guarded.

"We have to be careful about how we move fixed costs and how we're going to manage that in the future," Governor Bryan said. "So, when we're moving costs along – how big we're building the building, how much it costs to maintain, what it costs to insure, what employees' salaries are – we have to remember that there will come a day when we will be struggling to meet that."

Tourism Commissioner Joe Boschulte began the day's presentations with a forecast of continued growth in the tourism sector and projections of even bigger gains as some of the Territory's hotels come back online this year and next after the devastating hurricanes of 2017.

"We've had a very, very strong last three years. The U.S. Virgin Islands has done extremely well in the pandemic and now post-pandemic," Commissioner Boschulte said.

For the last three years, the U.S. Virgin Islands has seen a significant increase in airlift to the Territory, and St. Thomas and St. Croix are projected to have significant more seats filled in 2023, according to Commissioner Boschulte. Tourism airlift from the continental United States has increased more than 21 percent to St. Thomas and more than 23 percent to St. Croix.

While airlift is increasing, growth of the Tourism industry is being somewhat hampered by a lack of accommodations; however, another 500 rooms is expected on St. Thomas this summer with the reopening of the Westin Frenchman's Reef and the former Morning Star Beach accommodations, the Commissioner said.

Another area of growth is the Airbnb/VRBO sector, which has seen large increases in the revenue they generate, increasing more than $5 million in 2023 over 2022, and more than $25 million since 2019, before the COVID pandemic. There has been a 5.5 percent increase in the number of those accommodations from 2022 to 2023, according to the Department of Tourism.

In the cruise sector, the number of passengers territory-wide is expected to increase by 640,000 in 2023, and St. Croix is expected to see the number of passengers increase by 80 percent this year compared with 2022.

Commissioner Boschulte said his department expects to see the Tourism industry in the USVI to increase by 3.5 percent for FY 2023 and by 6 percent in FY 2024. He also projected Hotel Room Tax revenue of $36,790,731 for FY 2023 and $38,998,175 for FY 2024.

One underlying theme of the agencies' projections was how revenues have increased through improved government processes – such as the Department of Licensing and Consumer Affairs' streamlined licensing process, the Bureau of Motor Vehicles' online registration system and the Office of the Lieutenant Governor's online portal for collections of property taxes and related fees.

DLCA Commissioner Richard Evangelista said the Division of Licensing has annually increased the amount of revenue projected for the last four years because of the streamlined system the department has in place to speed up the licensing process for businesses.

Last year, the division issued 13,251 business licenses in 22,054 categories, and 4,653 business licenses in 7,799 categories through February 28, 2023.

"What the team is doing is we're striving to stick to the issuance of licenses in 10 days or less, and I'm proud to tell that for new licenses filed as of the second week of January… we have actually achieved that mark," Commissioner Evangelista said. "So, we're on our way to becoming a more efficient, leaner machine."

Governor Bryan closed out the conference, once again underscoring the need to look toward the future when collecting the revenues today.

"We're making a lot of money, but we still have a lot of unpaid bills. Not to be doom and gloom, but I always like to manage expectations," the Governor said.

The Bryan-Roach Administration is investing in the Territory's people, infrastructure and future through transparency, stabilizing the economy, restoring trust in the government and ensuring that recovery projects are completed as quickly as possible. Visit transparency.vi.gov

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