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Bureau of Economic Research Releases Report Detailing Financial Fallout of Limetree Bay Refinery Closure

Loss of 800 jobs, $1.8 billion in economic activity,
$633 million reduction in Gross Domestic Product and $25 million in tax revenue

U.S. VIRGIN ISLANDS – The Bureau of Economic Research has issued a report detailing the annual losses the Territory will suffer with the closure of the Limetree Bay Refinery (LBR) on St. Croix, which include a $632 million reduction in the U.S. Virgin Islands Gross Domestic Product, almost $2 billion in lost economic activity and 800 jobs, with the more significant impact on St. Croix.

The closure also would result in a $25 million loss in annual tax revenue to the Government of the Virgin Islands.

"The LBR creates economic impact well beyond the refinery, as it supports additional jobs through local revenue and supply-chain activity associated with its operations," the report states. "As those employed directly by LBF and in the supply chain spend their wages, jobs are supported in the broader economy in industries such as construction, retail and business service establishments. The ripple effects of the closure likely will result in additional employment, income and tax revenue losses in those sectors."

Governor Bryan, upon release of the information in the impact study, called the closure of the refinery an economic setback for the territory. However, the governor noted the steady increase of tourism, and the many capital improvement and recovery projects ongoing across the Territory should more than offset the effects of the closure.

The financial impact of the refinery's closure would result in losses of:

- 800 jobs (direct and indirect).
- $112 million in wages.
- $1.8 billion in sales.
- $632 million reduction in Gross Domestic Product.
- $19.7 million in individual income tax.
- $4.6 million in Gross Receipts taxes.
- $800,000 in trade and excise taxes.
- $300,000 in donations to charitable organizations.
- $237,000 in scholarships.

“LBR closure will impact many industries, including transportation, maintenance and repair, construction, engineering services, retail and wholesale trade, manufacturing, real estate and business services,” the report states. “The more significant of these impacts will be on St. Croix, where most workers and some suppliers reside. However, these are transitory impacts, wherein in the long run, the interaction of economic productivity of the workforce, capital investments and policy will determine the overall health of the U.S. Virgin islands’ economy.”

Bureau of Economic Research Director Allison DeGazon said her department worked swiftly but diligently to produce this analysis less than a month following the closure of the refinery, with the official suspension of plans to restart the refinery being September 19, 2021.

“Initial news of the refinery’s closure elicited strong reactions from the community, but our team used only data and statistics to drive the production of this report, keeping in line with the Bryan-Roach Administration’s commitment to transparency,” Director DeGazon said. “While we acknowledge the short-term impact of the refinery's halt, we remain cautiously optimistic that our economy will rebound as it did following the closure of HOVENSA.”

The Bryan-Roach Administration continues to be committed to transparency, stabilizing the economy, restoring trust in government and ensuring the disaster recovery is completed as quickly as possible.

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