

After hurricanes strike, U.S. Virgin Islands pitches Florida investors to help rebuild

David Lyons

On the heels of the worst hurricanes in its history, economic development specialists from the U.S. Virgin Islands visited South Florida in search of investors, offering generous tax incentives.

The U.S. territory, which was hit by Hurricane Irma, Maria and even Jose, used the [Fort Lauderdale International Boat Show](#) as a platform to pitch professional service firms and light manufacturers that might want to locate in St. Thomas, St. Croix or St. John.

It appears to be a tough sell.

As with Puerto Rico, which lies to the west, the U.S. Virgin Islands is still trying to restore power to well over a half of its 103,000 residents and rebuild or repair damaged homes, schools, hospitals and airports after Irma and Maria struck the islands just 14 days apart.

Gov. Kenneth Mapp is reportedly headed for Washington to ask Congress for \$7 billion in aid. The territory carries a sizable per capita debt load, with bondholders owed more than \$2 billion. More than a week ago, the U.S. Department of the Interior advanced the islands nearly \$225 million in federal excise tax revenue from rum shipments to the U.S. mainland.

But the Virgin Islands Economic Development Authority knows it must think for the long term. During a visit to South Florida, representatives threw an

evening reception for 70 people aboard a chartered yacht at the boat show to make their case for investing in the heavily damaged islands. The guests were a mix of consultants, tax attorneys and IT and financial services firm executives.

In an interview earlier with the Sun Sentinel, Wayne Biggs Jr., the authority's acting chief executive officer and Andrew Clutz, a marketing consultant, said the USVI offers generous job-related tax incentives such as 90 percent reductions in corporate and personal income tax, 100 percent exemptions on excise, property and gross receipts taxes and property taxes of nearly 75 cents per \$1,000 or assessed value. There are no state, territory or sales taxes.

The men called their Florida discussions "very productive" as a number of visitors expressed strong strong interest in the tax incentives, which have been in place for 45 years. Clutz said the decision process for companies to proceed usually takes 6 to 18 months, or longer. "We're looking to attract 15 to 25 investments each year," he said.

Biggs said the storms and the damage they incurred did not stop the authority's recruiting work.

"It's a short-term issue," he said. "We hope to have the infrastructure back up and running by the end of the year."

Private sector firms in the islands are contributing to the relief effort. Cane Bay Partners, a financial services firm on St. Croix, set up a charitable group that has raised \$85,000, is seeking \$1 million and has distributed generators to community groups and water bottles to thousands of residents.

Richard J Stephenson, a St. Thomas resident and founder of International Capital & Management Co. and Boca Raton-based [Cancer Treatment Centers of America](#), pledged \$5 million in relief money, funding \$2 million

immediately.

No companies on the islands are showing any signs of leaving. “We understand we live in a hurricane zone, so any given year a storm could come and affect the island,” said David Johnson of Cane Bay Partners.

Cornel Williams, president and CEO of ICMC, said in a telephone interview from St. Thomas that a colleague recently obtained approval to locate his business on the island.

“He understands the devastation on the island and is still going to pursue the opportunity,” Williams said. “I have not heard of any companies that are pulling out.”

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