



EMPLOYEES' RETIREMENT SYSTEM OF THE GOVERNMENT OF THE VIRGIN ISLANDS

March 2, 2015

Honorable Clifford F. Graham
Chairman
Committee on Finance
Legislature of the Virgin Islands
Capitol Building
St. Thomas, U.S., Virgin Islands 00804

Dear Senator Graham:

As discussed with you earlier today, because of a prior commitment, I asked to be excused from attending the Committee of Finance hearing on March 3, 2015 on St. Croix.

I respectfully request that my testimony be read into the record.

Regards,

Austin L. Nibbs, CPA, CGMA
Administrator/CEO

Attachment

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**GOVERNMENT EMPLOYEES RETIREMENT SYSTEM
OF
THE VIRGIN ISLANDS**

**PRESENTATION
TO
THE COMMITTEE ON FINANCE
OF
THE THIRTY-FIRST LEGISLATURE
OF
THE VIRGIN ISLANDS OF THE UNITED STATES**

**Frits E. Lawaetz Legislative Conference Room
March 3, 2015
1:00 p.m.**

**Austin L. Nibbs, CPA, CGMA
Administrator/CEO**

Good afternoon, Honorable Clifford F. Graham, Chairman, Committee on Finance of the 31st Legislature, other Committee members, and other distinguished Senators who are present in the chambers. Good day to all. My name is Austin L. Nibbs, Administrator/CEO of the Employees' Retirement System of the Government of the Virgin Islands (GERS).

Thank you Mr. Chairman for your invitation to offer GERS position on Bill No. 31-0012 (An Act providing for property tax benefits for retirees on the Government Employees' Retirement System who are owed retroactive wages). Because of a prior commitment, I cannot attend the hearing in person, and offer the GERS position in this writing.

It is my understanding that property taxes are a primary source of revenue to the General Fund of the Government of the Virgin Islands. Property taxes allow for the day to day operations of the Government of the Virgin Islands which includes education, libraries, government employees' salaries, parks and recreation, hospitals, public safety, fire service, and roads, etc. Although, the intent of the Bill may be an honorable thing to do to provide an offset for the retroactive wages owed to the retirees, unless there are new revenues that are identified to make up for the 25% tax credit, this will be taking away General Fund revenues that are necessary to operate the government as a whole, to include the government's estimated prior years contributions obligations to the GERS in the amount of \$44.3 million, and the approximately \$2.1 million that is due from the central government for employer contributions, so that the 210 retirees can receive their initial annuity payment. In addition to the 3% increase in the central government's employer's contribution rate from 17.5% to 20.5%, this is in excess of \$9 million annually.

Mr. Chairman, unless new revenues are identified to offset the 25% property tax credit, the GERS cannot support Bill No. 31-0012.