

COMMITTEE ON FINANCE

12/15/2016-REPORTED OUT TO THE FLOOR

11/17/2016-AMENDED AND REPORTED OUT TO COMMITTEE ON RULES AND JUDICIARY

11/15/2016-HELD IN COMMITTEE

BILL NO. 31-0398

Thirty-first Legislature of the Virgin Islands

August 18, 2016

An Act amending title 33 Virgin Islands Code, chapter 12, section 525 relating to the rate of duty on articles shipped from within the U.S. Customs Zone to provide for duty-free imports Zone; repealing 29 V.I.C. §§713c, 713e(c) (3), 713f (c) (3), and 806 (c); and 33 V.I.C. §42b (d) (2); and for other related purposes

PROPOSED BY: Senators Nereida Rivera O'Reilly, Justin Harrigan, Sr.,
Sammuel Sanes, Marvin A. Blyden, Clifford F. Graham and
Kurt A. Violet
Co-Sponsor: Novelle Francis, Jr.

Be it enacted by the Legislature of the Virgin Islands:

SECTION 1. Title 33 Virgin Islands Code, subtitle 1, part I, chapter 12, section 525 is amended by striking all the language and inserting “Notwithstanding any other law to the contrary, any article may be imported into the Virgin Islands free of the payment of customs duties.

SECTION 2. No later than 90 days after the effective date of this act, the Bureau of Internal Revenue shall prepare and deliver to the Legislature a report that proposes appropriate changes to excise taxes on imports for evaluating alternatives to customs duties as a revenue source.

SECTION 3. The following provisions are repealed: 17 VIC §806 (c), 29 VIC §§713c, 713e(c) (3), 713f (c) (3); and 806 (c); and 33 V.I.C. §42b (d) (2).

SECTION 4. Sections 1 and 3 take effect on the same date the termination of the 2014 Memorandum of Agreement between the Virgin Islands and U.S. Customs and Border Protection takes effect, but only if by that date federal legislation has not been enacted that either:

- (1) permits the Virgin Islands to collect its own customs duties directly, or;
- (2) permits U.S. Customs to continue collecting, but limits the amounts that U.S. Customs may charge for collecting the Virgin Islands' customs duties to no more than 20% of the customs duties collected.

BILL SUMMARY

This bill in section 1 amends title 33 Virgin Islands Code, section 525 to abolish custom duties on articles imported into the Virgin Islands. Under 48 U.S.C. §1574 (f)(1), the Legislature of the Virgin Islands may impose on the importation of any article into the Virgin Islands for consumption in the V.I. a customs duty. Under subsection (f) (2), the Legislature has discretion to allow for duty-free importation.

Section 2 mandates the IRB to submit a report to the Legislature which proposes changes to excise taxes on imports for evaluating alternatives to customs duties as a revenue source.

Section 3 repeals provisions that are in direct conflict with duty-free imports. Section 4 sets an effective date for the discontinuance of customs duties to take effect on the termination of the customs agreement, if favorable federal legislation as not been enacted.

BR16-1426/November 17, 2016/GC

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