

Legislature Approves Bill to Limit Tax Refunds for EDC Beneficiaries, Citing \$40 Million in Obligations

Bill 36-0283 seeks to stop EDC beneficiaries from receiving reduced tax liabilities while also pursuing refunds tied to incentivized income, with lawmakers saying the measure protects the government without ending the program.

Senate / **Published On May 29, 2026 05:33 AM /**

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Lawmakers on Thursday approved legislation aimed at limiting income tax refunds for Economic Development Commission beneficiaries, citing more than \$40 million in government tax refund obligations tied to companies that are already receiving substantial tax reductions through the EDC program.

Bill No. 36-0283 was special ordered to the legislative floor by Senator Avery Lewis. The measure amends Title 29, Chapter 12, Subchapter One of the Virgin Islands Code by adding a new section to limit income tax refunds for Economic Development Program beneficiaries.

“At present, the government of the Virgin Islands faces more than \$40 million in tax refund obligations tied to companies already receiving substantial reductions in their tax liabilities to EDC benefits,” Senator Lewis said.

He told colleagues the bill is intended to stop that practice from continuing “because they're receiving all our benefits.”

Mr. Lewis stressed that the legislation is not designed to dismantle the EDC program.

He assured that “we're not abolishing the program, we're not destroying the program, but we just have to be fair about this.”

According to Senator Lewis, the bill preserves EDC benefits while preventing the government from both reducing tax obligations and issuing refund checks on the same incentivized income.

“but the government should not be reducing taxes on one hand while writing refund checks on the other hand for the same incentivized income,” he said.

Senator Kurt Vialet said the measure was timely, pointing to prior lawsuits in which EDC beneficiaries successfully pursued claims against the government.

He said companies have sued the GVI and “won cases to the tune of \$17 to \$20 million in which the government has been obligated to pay those companies after they receive tax benefits for a number of years.”

Mr. Vialet said he was confident the bill would “stop the bleeding in reference to the EDC program.”

“You can't give somebody benefit, benefit, benefit, and then they're able to utilize the financial skills to say that they're suffering a loss, and they're going to pursue recouping the money from the government,” Senator Vialet stated.

Other lawmakers also supported the measure. Senator Alma Francis Heyliger called Bill No. 36-0283 “a good piece of legislation,” while Senator Marvin Blyden described it as “disrespectful” for beneficiaries to take legal action against the government while receiving EDC incentives.

“Imagine that you give these folks all of these incentives to come here, and when they're done, they say, well, you know what, you owe me some tax money, too. It can't work both ways like that,” Senator Franklin Johnson declared.

Senator Carla Joseph also backed the bill, describing the issue as one of fairness.

“Imagine that they are already getting a whole heap, multitude of tax benefits, being an EDC beneficiary, and still...[the] level of greed...,” she lamented.

A later amendment to the measure was adopted to address situations involving EDC businesses with related entities or operations that are not covered by EDC benefits. Attorney Nandi Sekou explained that the amendment ensures that “EDC businesses that may have other businesses that are non-EDC businesses or subsidiaries of that business to be able to have the offset of income

taxes.”

With legislative approval secured, Bill No. 36-0283 now awaits the signature of Governor Albert Bryan Jr.

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