



Legislative Bulletin.....January 17, 2007

H.R. 57 — To repeal outdated federal law limiting the Virgin Islands’ authority to assess and collect its property taxes— *as introduced (Christensen, D-VI)*

Order of Business: The bill is scheduled for consideration on Wednesday, January 17, 2007, under a motion to suspend the rules and pass the bill.

Summary: H.R. 57 would repeal specific provisions pertaining to real property taxation in the U.S. Virgin Islands, and deems this amendment to have taken effect on July 22, 1954. Specifically, it would repeal Sections 1 through 6 of the Act of May 26, 1936 (Chapter 450; 49 Stat. 1372-1373; 48 U.S.C. 1401-1401e).

Additional Background: According to various sources, the 1936 statute was enacted to address the tax policies of the Danish-era municipal councils in the Virgin Islands. The 1936 statute was repealed in 1954, but reinstated two years ago by the Third Circuit Federal Court of Appeals, requiring that all real property be taxed at the same rate without regard to classification or use. In effect, this decision struck down a local statute limiting the amount of increase in the assessment of residential real property in any assessment period (and therefore any increase in the property tax owed).

According to Vargrave Richards, the Lieutenant Governor of the United States Virgin Islands, speaking before the Senate Committee on Energy and Natural Resources in 2005, the “1936 Statute” (as it is referred to in the Virgin Islands) is an outdated policy that should be repealed. In his testimony, Mr. Richards state, “I strongly support the Bill for three reasons: One, a recent court ruling held that the 1936 Statute prohibits the Territory from setting its own real property tax policy; Two, the 69 year old statute, which was designed to assist the Virgin Islands, now hinders it from performing a basic governmental function; and Three, this is a purely local issue with no federal impact.”

For additional information and to view Senate Committee testimony from 2006, visit: http://www.energy.senate.gov/public/index.cfm?FuseAction=Hearings.Testimony&Hearing_ID=1506&Witness_ID=4300.

Committee Action: H.R. 57 was introduced on January 4, 2007, and referred to the Committee on Natural Resources, which took no official action.

Cost to Taxpayers: A CBO score of H.R. 57 is unavailable, but the bill does not authorize new expenditures.

Does the Bill Expand the Size and Scope of the Federal Government?: No.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: No.

Constitutional Authority: A committee report citing constitutional authority is unavailable.

House Rule XIII, Section 3(d)(1), requires that all committee reports contain “a statement citing the *specific* powers granted to Congress in the Constitution to enact the law proposed by the bill or joint resolution.” *[emphasis added]*

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