

CORAL BAY COMMUNITY COUNCIL, INC.

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February 11, 2009

Honorable John deJongh
Governor, US Virgin Islands
St. Thomas, VI (delivered via fax)

Dear Governor deJongh,

Thank you for your acknowledgement of the constructive role of community agencies, including the Coral Bay Community Council, in your State of the Territory speech.

Advisory Council

Guy Benjamin
Mary Blazine
Elvis Marsh

I would like to meet with you personally sometime soon to discuss a number of issues of concern to us in Coral Bay, in the hope that real progress can be made. This letter is focused on one important issue: Property Taxation.

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I was surprised to hear you say in your speech that the collection of property taxes was “hampered by lawsuits.” I’d be more inclined to say that it has been hampered by positions taken by your administration’s legal advisors -- Choices that seem contrary to the most basic understanding of Federal Court precedents and procedure – and that have more than a 95% probability of simply slowing down the process. Choosing to send out tax bills and provoking a contempt of court ruling has stopped all court action and progress toward tax collection for the last 6 months.

Meanwhile nothing significant has been done by the Tax Assessor’s office to correct the problems that are leading to the second suit by tax payers. This suit will prevail – if the fixes are not made to the system – just as they have in Florida and other states, where tax systems got skewed. Even if the new lawsuit goes to the Superior Court, rather than District Court initially, it will end up in Federal Court, if the valuations are not made more accurately. That is the root of the problem, and it is not a hard problem to fix, if diligence is applied.

If more work had been done to correct these disparities, rather than claiming everything was good enough, taxes would be collected by now.

Furthermore, given the repeal of the 1936 law and the positions of your attorneys, there is nothing standing in the way of creating with the Legislature a more sophisticated taxing structure that better protects those families with high-value property that want to hold on to their land undeveloped, rather than being forced to sell it off piece by piece to pay the high taxes. A one-time “circuit breaker” is not a lasting, fair tax policy for longtime landowners. This lack of good legislative

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thinking could alone keep property taxes tied up in the courts for years.

I have personally communicated with a number of people in the government (Lt. Governor Frances, Roy Martin, Simon Caines, Sally Powers and others) to encourage these fixes be made. I have met with very limited success.

In volatile and cyclical real estate markets, such as Florida, and certainly the VI with three islands and the vacation home market, legislatures have voted and courts have ruled that annual adjustments in valuations are necessary (along with annual adjustments in tax rates ---to keep revenues for public services at necessary stable levels, regardless of current market values.) Perhaps it would be better to plan for annual revaluations now – not every two years or five years, as new VI law seems to require, rather vaguely. Constant and excellent staff and computer work are needed to maintain the valuation base properly.

Frankly – it seems possible right now that these valuations might not be updated for the 2007, 2008 and 2009 tax years and beyond, given that it may not be in St. Croix's or St. Thomas' interests to do so, since their values have increased noticeably in the years since 2006, while St. John's peak values have declined. Thus you can expect that even if one court hurdle goes the Government's way, another is right behind – and will continue to be --until a proper annually updated valuation system, based on accurate property descriptions and base valuations is available.

For these reasons, I am troubled that it seems that you are being counseled to expect outcomes from the courts that are, at best, extremely unlikely. I have a lot more to say on this issue, based on actual data and knowledge. With my extensive experience and education in planning, land use law, legal and economic issues, including a Master's Degree in Regional Planning, I have always offered myself as an available resource. I would be happy to meet and discuss solutions to these issues with you and your staff.

Sincerely,

(signed)
Sharon Coldren,
President, CBCC