CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

September 28, 1999

H.R. 2841

An act to amend the Revised Organic Act of the Virgin Islands to provide for greater fiscal autonomy consistent with other United States jurisdictions, and for other purposes

As passed by the House on September 27, 1999

H.R. 2841 would provide the government of the Virgin Islands, a territory of the United States, more flexibility in issuing general obligation debt (that is, debt that the Virgin Islands secures by pledging its full faith and credit). Specifically, the legislation would allow the Virgin Islands to issue general obligation debt for any public purpose authorized by its legislature. It also would remove certain types of debt from the territory's limit on aggregate debt and would allow its government to pay bondholders on a monthly or quarterly basis. The Joint Committee on Taxation estimates that enacting H.R. 2841 would decrease governmental receipts by about $2 million over the 2000-2004 period, with the amount of forgone receipts totaling less than $500,000 for each year. The estimated loss of receipts would occur as a result of the government of the Virgin Islands increasing its amount of tax-exempt debt. Because the legislation would affect governmental receipts, pay-as-you-go procedures would apply.

In addition, the legislation would authorize the Secretary of the Interior to enter into an agreement with the Governor of the Virgin Islands to establish financial controls and performance standards for the territory. Subject to the availability of appropriated funds, CBO estimates that providing the technical assistance would not significantly increase costs at the Department of the Interior.

H.R. 2841 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments. The legislation would provide significant benefits to the government of the Virgin Islands.

The CBO staff contact is John R. Righter. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.