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Written Testimony of Governor Albert Bryan Jr. of the United States Virgin Islands Before the Senate Committee on Energy and Natural Resources June 17, 2026

Good morning Chairman Lee, Ranking Member Heinrich, and members of the Committee:

On behalf of the people of the U.S. Virgin Islands, thank you all for the opportunity to appear before you today. The more than 87,000 American citizens I represent are full citizens of the United States—we serve in the military, pay Federal taxes, and pledge allegiance to the same flag—yet we are denied equal access to the healthcare, social programs, and economic opportunities guaranteed to our fellow Americans on the mainland. I come before you to discuss the state of the United States Virgin Islands, to outline the Territory's priorities in 2026, and to ask for your partnership in finally closing this gap. The relationship between the Territory and the Federal Government has always been one of collaboration and shared purpose, and I am here today to strengthen that bond. I thank this Committee broadly, along with Congress at large, for the support you have given the Territory over the years. In particular, I want to recognize the bipartisan leadership that has championed the cause of the Territories—Republicans and Democrats alike who understand that improving the lives of Americans in the Virgin Islands is not a partisan issue, but an American one. Your continued partnership means the world to the American citizens of the U.S. Virgin Islands, and we are committed to being responsible partners who honor the trust you place in us.

Over the past decade, the Territory has battled through extraordinary adversity. From back-to-back Category 5 hurricanes in 2017 to the devastating—but ultimately temporary—effects of the COVID-19 pandemic on our tourism economy, our people have demonstrated the resilience that defines the American spirit. We have made meaningful strides in rebuilding. Our overall revenues are up, and our debt burden is down. We have restructured our struggling government employee retirement system, which had been a drag on our fiscal situation for decades. We continue to rebuild our housing and infrastructure, and tourism in the Territory continues to rebound. I am proud to say that we are laying the foundation for a stable, sustainable prosperity for the people of the U.S. Virgin Islands.

But I must continue to ask for your support. Virgin Islanders deserve your support as fellow Americans. Until we are treated like every other American, I will advocate for equality—not as an adversary, but as a partner committed to working with Congress to find solutions that serve both the Territory and the Nation. I am going to keep coming back to this Committee, and I am going to keep asking—because Virgin Islanders are Americans, and as Governor I will continue to work alongside you until we achieve equal treatment. We stand ready to collaborate on the path forward.

The Need for Equity

Before I turn to specific policy issues, let me put the problem plainly. A disabled American who lives in a State is entitled to receive Supplemental Security Income; if she moves to the Virgin Islands, she loses that right. Medicaid funding for the Territories has for decades lagged funding for the poorest States, leaving our most vulnerable people without adequate medical care—a funding disparity that has cost the Territory hundreds of millions of dollars over the past two decades alone. Under the tax laws, investments in the Virgin Islands are treated as investments in a foreign country—meaning that rules designed to disincentivize investment in tax havens like the Cayman Islands apply equally to investments in our own American Territory. Residents of the Territories are neither fish nor fowl: we have neither the full benefit of being American nor the freedom of action afforded to an independent jurisdiction.

These are not accidents. They reflect a longstanding pattern in which Congress has treated the Americans living in the Insular Areas as foreign—as something less than what we are. The people of the U.S. Virgin Islands are American citizens, entitled to the same rights, privileges, and benefits as citizens who reside in Utah, New Mexico, or Idaho. Congress has the authority—and I would argue the moral obligation—to treat them that way. The privileges of American citizenship should not depend upon where in our great nation we call home.

We face enough challenges inherent to our islands—geographic isolation, lack of natural resources, and the prevalence of natural disasters—without also facing discriminatory Federal policies that Congress has the power to fix. I come before you not to assign blame, but to work together toward solutions. The Territory and the Federal Government share a common interest in the prosperity and well-being of all American citizens, and I am confident that through continued partnership, we can address these longstanding inequities.

Territorial Health Care

Over twenty percent of our population is senior. Our Territory is home to thousands of mothers with young children, elderly Americans with chronic illnesses, individuals living with disabilities, and low-income families—all of whom depend on Medicaid not as a matter of convenience, but as the only thing standing between them and catastrophic illness, financial ruin, or death. These are not abstractions. These are American citizens—veterans, essential workers, caregivers—who happen to live on islands rather than within State borders. Yet unlike their fellow citizens in the fifty States and the District of Columbia—where Medicaid operates as an entitlement with uncapped Federal matching funds that automatically adjust to meet actual need—the U.S. Virgin Islands remains shackled by a relic of discriminatory Federal policy: the Section 1108 allotment cap. The consequences of this two-tiered system are stark, unconscionable, and fundamentally un-American. While a Medicaid enrollee in Mississippi, West Virginia, or New Mexico—States with per capita incomes comparable to or higher than the Virgin Islands—receives the full range of covered services without interruption for the entire fiscal year, an equally vulnerable American in our Territory watches helplessly as Federal funding runs dry partway through the year—often by this point in the fiscal year. When that happens, our healthcare providers go unpaid, our hospitals teeter on the brink of insolvency, and our most vulnerable residents—the elderly, the disabled, pregnant women, and children—are left without access to essential medical care. This is not a policy disagreement. This is a moral failing.

The disparity between the Territories and the States is not merely procedural—it is a matter of life and death that no other American community is forced to endure. Consider the contrast: In the fifty States, when Medicaid enrollment surges due to an economic recession, a public health emergency, an opioid crisis, or an aging population, Federal funding automatically and indefinitely adjusts to meet the need. No State has ever been told that its Medicaid funding will simply stop in the middle of the fiscal year. No State has ever been forced to ration care for its poorest citizens because Congress imposed an arbitrary ceiling on compassion. Yet that is precisely what happens in the Virgin Islands—year after year. The cap remains in place regardless of circumstances, regardless of hurricanes, regardless of pandemics, regardless of how many American citizens fall ill or lose their jobs. This forces our Territorial Government—operating with a tax base smaller than many American counties and revenues already stretched thin by disaster recovery—to make an impossible choice: absorb healthcare costs it cannot afford, risking fiscal collapse, or allow care to lapse for the Americans who need it most. Neither option should be forced upon any American community. This policy does not reflect American values. It contradicts them.

We are grateful that the 2023 Consolidated Appropriations Act addressed the longstanding discrimination in the application of the Federal Medicaid Assistance Percentage (“FMAP”), providing the Territory a permanent fix at a rate more representative of what we would receive as a State. That reform was a meaningful acknowledgment that the prior FMAP disparity was unjust, and I thank the members of both parties who worked together to make it happen—proof that when Republicans and Democrats unite around the principle of equal treatment for all Americans, real progress is possible. However, this critical progress is being systematically undermined by the persistence of the Section 1108 cap. Without removing the funding ceiling, the increased FMAP perversely accelerates the exhaustion of our Federal allotment—meaning we now hit the cap *faster* and run out of Federal support *earlier* in the fiscal year than before. The very reform Congress enacted to help us has been rendered ineffective by a statutory vestige that treats American citizens in the Territories as second-class. Congress took an important step forward, but left in place the structural barrier that prevents that step from reaching its intended destination. We ask Congress to finish what it started.

We therefore urge Congress to take immediate and decisive action by amending Section 1108 of the Social Security Act to eliminate the statutory cap on Federal Medicaid funding for the Territories. Specifically, we request that Congress enact legislation to **strike subsection (g) of 42 U.S.C. § 1308** as applied to the U.S. Virgin Islands—or, at minimum, to insert language providing that “the limitations under this subsection shall not apply to any Territory that has been granted a Federal Medical Assistance Percentage under Section 1905(b) of this Act”—thereby treating the Territory’s Medicaid program as a true entitlement, with Federal matching funds available based on actual need, precisely as they are in every State. If full elimination of the cap is not immediately achievable, we urge Congress to enact, at minimum, the following interim measures: **(1)** substantially increase the annual allotment to a level commensurate with the Territory’s actual healthcare expenditures and enrollment; **(2)** index future allotment adjustments to the Consumer Price Index for Medical Care and to annual Medicaid enrollment growth in the Territory; **(3)** provide for automatic supplemental appropriations—without requiring separate Congressional action—when unforeseen circumstances such as a pandemic, natural disaster, or economic downturn drive enrollment or costs above projected levels; and **(4)** require the Secretary of Health and Human Services to submit an annual report to Congress comparing per capita Medicaid spending in the Territories to per capita spending in the lowest-income States, ensuring ongoing transparency and accountability. Virgin Islanders are Americans. They pay Federal taxes, serve in the Armed Forces at rates exceeding the national average, and have earned through their sacrifice and citizenship the same healthcare safety net enjoyed by every other American. We ask Congress to honor that truth by removing this cap and treating American citizens in the Territories as what they are: Americans.

Our hospitals also face disparate treatment under Medicare. Whereas hospitals on the mainland and in Puerto Rico are compensated under the modern Medicare Inpatient Prospective Payment System (“IPPS”), the Virgin Islands’ two hospitals—Governor Juan F. Luis Hospital on St. Croix and Schneider Regional Medical Center on St. Thomas—are reimbursed under the outdated Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”) methodology. The TEFRA payment system was intended to reimburse hospitals based on reasonable costs periodically rebased to reflect current expenditures. However, Schneider Regional Medical Center has not had its cost basis updated in over four decades, and Juan F. Luis Hospital has not had its costs rebased in nearly three decades. The failure to rebase means our hospitals are reimbursed at rates that bear no relation to today’s costs of providing care—forcing them to absorb millions of dollars in unreimbursed expenses each year and threatening their financial viability. Despite multiple requests to the Centers for Medicare & Medicaid Services (“CMS”) over the years, each request has been refused. We are geographically isolated, and our people need and deserve first-class local care. We therefore call on Congress to direct CMS to immediately rebase cost reports for both Virgin Islands hospitals and to require periodic rebasing going forward, or alternatively to transition the Territory’s hospitals to the IPPS methodology used on the mainland and in Puerto Rico.

The U.S. Supreme Court’s 2022 decision in *Vaello Madero* confirmed what we have long felt to be true: citizens of the Territories cannot invoke the Constitution’s promise of equal protection under the law to receive Supplemental Security Income (“SSI”) or other benefits guaranteed to Americans resident in the States. An American citizen who moves from Minnesota or Iowa to the Virgin Islands will lose these lifesaving benefits solely because of where in America they call home. Thousands of elderly and disabled Virgin Islanders who would qualify for SSI if they lived on the mainland—receiving average monthly benefits of over $700—are instead left without this critical safety net. We have no right to equal protection under the Constitution and no avenue for relief other than through Congress. We therefore urge Congress to do what is right: expand SSI to Americans residing in all the Territories, including the Virgin Islands, and take up a revision of the territorial organic acts with an eye toward the same fair treatment afforded by the Constitution to all other Americans.

The Refinery and Energy Security

The Territory continues to face headwinds to reopening our oil refinery on St. Croix. Nearly our entire industrial economy turns on the refinery. The refinery provided up to $70 million in annual tax revenues, and without it, the Territory suffers $633 million in reduced GDP. Additionally, the refinery was one of the largest employers in the Virgin Islands, providing skilled jobs, job training, and community development. Since the devastating hurricanes of 2017, nearly one in five Virgin Islanders has emigrated to the mainland, seeking opportunities not available in the Territory—opportunities that the refinery can provide.

After a two-billion-dollar private investment overhauling the refinery, the U.S. Environmental Protection Agency ("EPA") shut it down in 2021, and the refinery has remained closed for years—despite a U.S. Court of Appeals decision invalidating the EPA's position. We recognize and wholeheartedly agree with the EPA's commitment to reopening the refinery in an environmentally safe manner, and we are eager to work collaboratively with the Agency to achieve that shared goal. However, the goal post cannot keep moving. The Territory's elected government, acting on behalf of its citizens, stands ready to partner with Federal agencies to ensure that environmental protection and economic development go together and are not at odds. Environmental justice and economic justice can be achieved together through good-faith cooperation.

The refinery's closure does not just affect the Territory's economy. One of the largest in the Western Hemisphere, the refinery is important for our national energy security. While we in the Territory are embracing renewable energy sources, this country still needs fossil fuel to keep the lights on reliably. The refinery on St. Croix can provide the nation, and northeastern States in particular, with much-needed energy security. The refinery also provides the U.S. Virgin Islands with local energy security and presents the opportunity for a local lifeline to Puerto Rico, which faces an energy crisis of its own. Notably, the Administration has recognized the critical importance of domestic energy infrastructure through its April 2026 Presidential Determination invoking Section 303 of the Defense Production Act to accelerate the development, manufacturing, and deployment of large-scale energy infrastructure. Reopening the St. Croix refinery is precisely the type of strategic energy investment that determination envisions—strengthening American energy independence while creating economic opportunity in an American Territory. We seek not only environmental justice, but also economic justice. We therefore ask for your help getting this essential facility back online for our Territory and for our Nation's energy security.

The Territory and Tax Policy

The perverse application of the Net CFC Tested Income ("NCTI") regime, formerly known as Global Intangible Low-Taxed Income or "GILTI," is another legislative oversight that harms the Territory. NCTI is meant to keep American companies from stashing profits in tax havens like the Cayman Islands, Ireland, and the Isle of Jersey. However, NCTI has been misapplied to the U.S. Virgin Islands as if it were a foreign country. We are not a foreign country. We are American. In fact, as a "mirror code" jurisdiction, the Territory is governed by the U.S. Internal Revenue Code and we have no power to change that.

We are grateful that Congress enacted Section 934 of the Internal Revenue Code with the express purpose of encouraging U.S. investment in the Territory. This important provision allows us to offer tax incentives for income earned within the Territory. However, the misapplication of NCTI takes away what Congress gave in Section 934. With NCTI, Congress takes away with one hand what it gives with the other. We understand that NCTI was not intended to punish the U.S. Virgin Islands, but nevertheless its treatment counteracts the Territory's established economic development programs. These programs have been successful in attracting much-needed investment to the U.S. Virgin Islands and are fully consistent with Congress's longstanding treatment of the Territory under the tax code. Therefore, we request that Congress amend NCTI to stop treating businesses in the Territory as "foreign" and give us a chance to lift ourselves up by promoting American investment in our beloved Virgin Islands.

The Territory also faces baseless discrimination at the hands of the European Union ("EU"). The EU placed the Territory on a "blacklist" of income tax havens as if it were a foreign country separate and apart from the United States. The blacklisting forces financial services firms, insurers in particular, to move out of the Territory to avoid European financial penalties, and it interferes with Virgin Islanders' ability to access financial services while in European countries. Unfortunately, there is nothing the Virgin Islands can do itself to change this because our income tax laws are established by Congress, our banking system is regulated by the Federal Government, and like a State we cannot negotiate directly with the European Union to change our situation. We request Congress's assistance in pushing the Administration to get the Territory removed from the EU's blacklist.

Hurricane Recovery and the Need for Skilled Labor

The 2017 hurricanes damaged more than half of all households, closed airports and seaports for weeks, destroyed schools and hospitals, and left 95% of the Territory without power. To expedite recovery, the Virgin Islands launched "Rebuild USVI," consolidating construction projects backed by Federal disaster recovery funds to address the many health and safety issues that persist from those storms. We have implemented rigorous project management and financial controls to ensure that every Federal dollar is spent efficiently, transparently, and in accordance with Federal requirements. Our recovery program is subject to regular audits and oversight, and we are committed to completing these projects on time and within budget.

I thank Congress for its action in appropriating funds for disaster recovery and COVID mitigation in the U.S. Virgin Islands. This partnership between the Federal Government and the Territory has been essential to our recovery, and we are deeply grateful. We have made great strides in our recovery efforts, and we are working hand-in-hand with Federal agencies toward restoring the Territory's infrastructure to be more reliable and resilient in the face of climate-driven catastrophes. This is all made possible by our reduced local cost-share waiver—a testament to what we can achieve when the Territory and the Federal Government work together toward common goals.

However, post-hurricane emigration and an aging population have produced a severe labor shortage that stands as a major roadblock to our rebuild efforts. Thousands of construction and skilled-trade positions remain unfilled, and hundreds of millions of dollars in Federally appropriated recovery funds stall because we lack the workforce to execute the projects. Federal law effectively bars the Territory from using the H-2B Temporary Nonimmigration Visa Program: 8 U.S.C. § 1184 restricts H-2B visas in the Virgin Islands to entertainers and athletes for periods not exceeding 45 days. *See* 8 C.F.R. § 214.2(h)(6)(iv)(C). That provision dates to the 1980s, when the Territory had an adequate domestic workforce—that is no longer our reality. We do not need entertainers and athletes. We need workers to fulfill the promise of the hurricane recovery funds President Trump authorized. We urge Congress to amend 8 U.S.C. § 1184 to extend full H-2B access to the U.S. Virgin Islands so we can recruit the workforce necessary to complete our Federally funded recovery projects.

The Blue Economy of the USVI

The U.S. Virgin Islands' marine tourism sector is a vital component of our economy, valued at over $166 million annually. However, this sector now faces an acute threat from discriminatory foreign regulation. In June 2025, the British Virgin Islands enacted amendments to its Commercial Recreational Vessels Licensing Act of 1992 that imposed dramatic fee increases on foreign charter vessels entering its waters. The new charter-fee regime is exclusionary and economically coercive, raising annual licensing fees for overnight charters from $800 to $7,500 per year for up to seven entries, plus $2,100 per additional entry, or a $24,000 fee for unlimited access. Day-charter fees have soared from $200 to $8,500 annually. These drastic increases create deliberate barriers for USVI-based operators and threaten the viability of local businesses.

This discriminatory and anti-American regime targets USVI-based operators who rely on seamless cross-border access to the tightly intertwined waters of the USVI and BVI. Vessels often cross jurisdictions multiple times in a single day's itinerary. Imposing prohibitively high fees on these operators effectively cuts off that access—eliminating the economic viability of long-established reciprocal routes and practices. The consequences are dire. The BVI's marine tourism industry is valued at $1.75 billion, dwarfing the Territory's $166 million sector. As such, the Territory lacks the market leverage to engage in reciprocal regulation or retaliatory trade action. Many of our operators are locally owned and serve as the backbone of economic activity in communities that have few alternative industries. The BVI's legislative scheme amounts to an exclusionary barrier that disproportionately harms American interests and undermines both economic stability and regional comity as enshrined in customary international law and treaties between the United States and the United Kingdom.

These measures represent a significant disruption of long-standing regional maritime practices, are highly protectionist in nature, implicate sovereign treaty obligations between the United States and the United Kingdom, and subvert international law. We have respectfully requested that the Department of State view this matter not as an isolated territorial dispute but as one requiring formal intergovernmental consultation—a measure explicitly provided via treaty—or resolution at the sovereign level. We ask this Committee to support our request and to urge the Administration to take diplomatic action to protect American businesses and American workers in the U.S. Virgin Islands from this predatory foreign regulatory scheme.

Beyond defending our existing maritime economy, we must also seize the opportunity to grow it. The U.S. Virgin Islands is uniquely positioned to anchor a revitalized American maritime strategy. As the eastern-most point of the United States, the Territory occupies a commanding geographic position in the Caribbean—a gateway between the Atlantic and the Americas. As an organized, unincorporated U.S. Territory exempt from the Jones Act, the USVI can serve as the home of a new open international U.S.-flag registry—providing responsible, transparent oversight of commercial vessels while dramatically expanding U.S.-flagged tonnage on the world's oceans, without putting at risk our existing U.S.-flag fleet. The Territory is also the ideal location for a secure, technologically advanced Caribbean transshipment hub that would strengthen our national supply chain, enhance cargo security before goods enter the continental United States, and create thousands of skilled jobs in our communities. These initiatives align with the priorities outlined in the Administration's *Restoring America's Maritime Dominance* action plan and would modernize our maritime workforce, attract private investment through a Maritime Venture Capital Fund, and position the United States as a global leader in green shipping and sustainable maritime commerce.

We ask the Committee to support these efforts and to work with us to advance the legislative framework necessary to bring them to fruition—transforming the USVI from a Territory struggling with economic adversity into a strategic American maritime hub that strengthens our national security, creates American jobs, and reasserts U.S. leadership on the high seas.

General Bond Guarantee

We continue to request that Congress update and expand the Federal guarantee of certain debt obligations of the Territory. This concept has firm precedent under 48 U.S.C. §§ 1574a and 1574b, which provide for a Federal guarantee of U.S. Virgin Islands bonds subject to terms and conditions set by the Departments of Treasury and Interior. Our proposal would expand and update the existing statutory authority, streamlining and facilitating our access to capital markets while providing robust Federal oversight under the supervision of Treasury. We recognize that any expansion of this guarantee must be accompanied by strong accountability measures, and we commit to full compliance with Treasury-established fiscal benchmarks, annual independent audits, and transparent reporting of all guaranteed obligations. This would enable the Territory to make cost-effective capital and infrastructure improvements, facilitate our continued recovery, reduce debt service costs, and reduce the need for additional Federal aid—all while ensuring prudent financial management under Treasury's oversight. We do not seek a blank check; we seek a partnership grounded in mutual accountability that serves both the Territory's needs and the Federal Government's fiduciary responsibilities.

Rum Cover-Over

Since we last met, the Virgin Islands have made great progress toward securing crucial victories that assist us in taking care of our American islands and their people. First and foremost, I begin by thanking everyone in Congress and the Trump Administration that played a part in securing the rum cover-over permanently at $13.25 per proof gallon. This achievement reflects the best of what bipartisan cooperation can accomplish—leaders on both sides of the aisle recognized that a stable rum cover-over benefits not only the Territory but the broader American economy, and they worked together to make it permanent. Thankfully, with the passage of the OBBA, we are now permanently able to recover nearly all the excise tax on rums produced in our Territory. This secures a critical source of revenue for the Territory and, crucially, achieves the financial stability envisioned when the original rum cover-over agreement was made. We have utilized these funds responsibly—directing them toward essential government operations, pension fund stabilization, infrastructure improvements, and debt reduction—and we remain committed to transparent accounting of all cover-over revenues.

In closing, the U.S. Virgin Islands is my home, and I am proud to be an American. But pride is not enough when our people are denied the equal treatment they deserve. The Supreme Court has held that we must look to Congress—not the Constitution—for equal treatment, and so I am looking to you.

- Remove the Section 1108 cap on Federal Medicaid funding for the Territories, or at minimum substantially increase and index it to actual healthcare needs;

- Direct CMS to rebase Medicare cost reports for our hospitals or transition them to the IPPS methodology;
- Extend Supplemental Security Income to Americans residing in the Territories;
- Amend 8 U.S.C. § 1184 to extend full H-2B visa access to the Virgin Islands;
- Amend 48 U.S.C. § 1469a to require Federal agencies to waive local match requirements for the Territories;
- Exempt the U.S. Virgin Islands from NCTI treatment and assist in removing the Territory from the EU's tax blacklist;
- Support diplomatic action to address the BVI's discriminatory charter-fee regime and advance legislation to establish the USVI as a strategic American maritime hub;
- Facilitate the reopening of the St. Croix refinery consistent with the Administration's Defense Production Act priorities for large-scale energy infrastructure; and
- Expand and update the Federal guarantee of Virgin Islands bonds under 48 U.S.C. §§ 1574a and 1574b.

These are not partisan issues. They are about treating American citizens as Americans—no matter where in our Nation they call home. I am grateful that leaders on both sides of the aisle have recognized this truth, and I call on Republicans and Democrats alike to continue working together on behalf of the Americans who call the Territory home.

I call upon this Committee and upon Congress to work with us to broadly rebalance the relationship with the Territories, with the goal of equal treatment for all Americans regardless of where they call home. This is not about the Territory asking for special treatment—it is about building a true partnership in which Virgin Islanders receive the same benefits and protections their fellow citizens enjoy. Virgin Islanders should not have to move to the mainland to access those benefits. Our brightest minds should be able to build a life at home. Together, we can make that possible.

Finally, I extend a personal invitation to each member of this Committee: come visit the U.S. Virgin Islands. Come see for yourselves the beauty of our islands, the warmth of our people, and the challenges we face. Walk through our communities, meet our families, and witness firsthand both what we have accomplished and what remains to be done. I would be honored to welcome you to our beautiful home, to show you the America that exists beyond the continental shores, and to discuss how we can work together to build a brighter future for all Virgin Islanders. My door is always open, and our islands are always ready to receive you.

Thank you for your time, your partnership, and your continued commitment to working with the American citizens of the U.S. Virgin Islands. We look forward to our continued collaboration—and to welcoming you to our shores.