

ACT NO. 9 0 7 7

BILL NO. 36-0259

THIRTY-SIXTH LEGISLATURE OF THE VIRGIN ISLANDS

Regular Session

2026

An act amending title 29 Virgin Islands Code, chapter 23, section 1313 by expanding benefits under the Hotel Development Program for hotel improvement and expansion projects on St. Croix

---0---

Be it enacted by the Legislature of the Virgin Islands:

SECTION 1. Title 29 Virgin Islands Code, chapter 23 is amended as follows:

(a) In section 1302, subsection (a), after “hotel” insert “,”;

(b) In section 1303:

(1) renumber subsections (k) through (r) as subsections (l) through (s) and insert a subsection (k) that reads:

“(k) “Hotel Improvement” or “Hotel Expansion Project” means a project involving substantial capital investment which exceeds twenty-five million, excluding regular or deferred maintenance.”

(2) in the new subsection (s), strike the language and insert:

“VIEDC” means the Virgin Islands Economic Development Commission pursuant to title 29 Virgin Islands Code, chapter 12.”.

(c) In section 1304, subsection (b), after the second occurrence of the word “construction” strike the duplicitous “,”.

(d) In section 1305, subsection (a), after “resorts” insert “,”.

(e) In section 1307, subsection (e):

(1) first sentence, strike “Upon approving a Project the” and insert “The”; and

(2) second sentence, strike “may” and insert “shall”.

(f) In section 1308:

(1) subsection (a), strike the first sentence and insert:

“Within 30 days of receipt by the Authority of a notification by the applicant of its intention to commence utilization of Designated Hotel Room Occupancy Taxes, Designated Casino Taxes and assessment of Economic Recovery Fee revenues, if applicable, PFA or its designee, as set forth in writing, shall establish for each approved project a separate interest-bearing Trust Fund at a financial institution selected by the PFA, which for the purposes of this chapter shall also be known as the “Project’s Hotel Development Trust Fund” or the “Project’s Fund”. Upon creation of the Trust Account, the PFA shall notify the Virgin Islands Economic Development Authority, Bureau of Internal Revenue, and the Department of Finance of the location of the account, the account number, and the identity of the applicant and the HDA Project with which the account is associated. The PFA shall maintain Trust Funds, and shall not expend, commit to expend, or pledge an interest in any of the revenues held in a Trust Fund, other than payment of expenses relating to the administration of that Trust Fund.

(2) subsection (b):

(A) strike “35%” and insert “35 percent”;

(B) strike “12%” and insert “12 percent”;

(C) paragraph (1):

(i) strike “80%” and insert “80 percent”

(ii) subparagraph (B), strike the first occurrence of “application” and insert “petition for employment waiver” and strike the second occurrence of “application and insert “petition”.

(iii) subparagraph (C), “Government” and insert “Virgin Islands Department of Labor” wherever it appears, and strike “application” and insert “petition” wherever it appears.

(D) paragraph (2), strike “Government” and insert “Virgin Islands Department of Labor”.

(E) paragraph (3), strike both instances of “Government” and insert “Virgin Islands Department of Labor”.

(F) strike the language in paragraph (4) and insert:

“The developer shall give preference in employment to residents of the Virgin Islands, as defined in 29 V.I.C., chapter 12, §7O3(h), to any applicable existing employment waiver granted to a VIEDC Beneficiary’s Hotel

Development Program application for the period specified in the approved VIEDC waiver in construction hotel facilities.”.

(G) paragraph (5), strike “10%” and insert “10 percent”.

(3) subsection (c), strike “Authority” and insert “PFA”.

(4) subsection (e), first sentence:

(A) strike “a Resolution by the Authority or the Notes Issuer, as applicable, following ratification of the Agreement by the Governor or the PFA” and insert “the Agreement first approved by the Governor then ratified by the Legislature of the Virgin Islands”; and

(B) after “Internal Revenue Bureau” insert “via the Department of Finance”.

(g) In section 1310, subsection (c), third sentence, strike “resolution,”.

(h) In section 1312:

(1) subsection (c):

(A) paragraph (1), after “Economic Recovery Fee” insert “and Designated Hotel Room Occupancy Tax”.

(B) paragraph (2):

(i) after “impose” insert “solely”; and

(ii) after “Economic Recovery Fee” insert “and Designated Hotel Room Occupancy Tax”.

(iii) subparagraph (A), after “impose” insert “solely”

(2) subsection (d), in the heading strike “economic recovery fee” and insert “Economic Recovery Fee”.

(3) subsection (g):

(A) strike “20%” and insert “20 percent”; and

(B) strike “7.5%” and insert “7-1/2 percent”.

(4) subsection (h), in the heading strike “economic recovery fee” and insert “Economic Recovery Fee”.

(5) subsection (j), in the heading strike “economic recovery fee” and insert “Economic Recovery Fee”.

(6) subsection (k):

(A) in the heading strike “economic recovery fee trust account” and insert “Economic Recovery Fee Trust Account”;

(B) paragraph (1):

(i) strike each instance of “VIPFA” and insert “PFA”;

(ii) at the end of the first sentence strike “and any Designated Hotel Room Occupancy Taxes and any Designated Casino Tax on Gross Revenue directed by the applicant pursuant to section 1313(b) of this chapter”; and

(iii) strike the second and third sentences and insert:

“Upon creation of an ERF Trust Account, the PFA shall notify the Virgin Economic Development Authority, the Bureau of Internal Revenue, and the Department of Finance of the location of the account, the account number, and the identity of the applicant and the ERF Project with which the account is associated. The PFA shall maintain the account, and shall not expend, commit to expend, or pledge an interest in any of the revenues held in an ERF Project’s Trust Account, other than payment of expenses relating to the administration of that ERF Project’s Trust Account.”.

(7) strike the language in subsection (n) and insert “[Reserved]”.

(i) section 1313:

(1) subsection (a):

(A) strike paragraphs (1) and (2) in their entirety and insert new paragraphs (1) and (2):

“(1) (A) For new hotel development projects where all non-appealable permits for development have not been finalized prior to the effective date of this act; or

(B) for hotel facility improvement or expansion projects which: (i) are located on the island of St. Croix; (ii) commit to a capital investment in excess of \$25 million; and (iii) result in the expansion of an existing hotel property room inventory by at least 25 percent, 100 percent of the revenues generated from the Designated Hotel Room Occupancy Tax, Designated

Casino Tax on Gross Revenue, and the Economic Recovery Fee, if applicable, shall be allocated to and deposited into the Project's Fund;

(2) (A) For hotel projects where not less than 70 percent of the units have not been able to be occupied due to natural events and related effects, or (B) for hotel facility improvement or expansion projects which:

(i) are located on the island of St. Croix; and

(ii) commit to a capital investment in excess of \$10 million, 50 percent of the revenues generated from the Designated Hotel Room Occupancy Tax and the Designated Casino Tax on Gross Revenue, and 100 percent of the revenues generated from the Economic Recovery Fee, if applicable, shall be allocated to and deposited into the Project's Fund; and".

(B) in paragraph (3):

(i) strike all the language before "100% of the revenues" and insert the following new language:

"For hotel facility improvement or expansion projects not satisfying the requirements in paragraphs (1) or (2),"

(ii) strike "Project's Fund" and insert "ERF Trust Account".

(2) In subsection (b), strike ", at the election of the applicant, one hundred percent (100%)" and insert "100 percent".

(3) Re-designate subsection (b) as subsection (d) and insert the following new subsections (b) and (c):

"(b) To qualify for the revenue allocation in subsection (a)(1)(B), the applicant shall, as part of the applicant's original application for benefits under the Program, submit a detailed plan of the proposed hotel facility improvement or expansion project which includes:

(1) a detailed scope of work that demonstrates a projected capital investment that exceeds \$25 million; and

(2) an anticipated schedule for completion which reflects substantial completion within five years following execution of the Program agreement. Failure to substantially complete the project within the time results in the project being eligible only for the revenue allocation applicable under subsection (a)(2)

beginning on the first day of the sixth year following execution of the Program agreement.

(c) To qualify for the revenue allocation in subsection (a)(2)(B), the applicant shall, as part of the applicant's original application for benefits under the Program, submit a detailed plan of the proposed hotel facility improvement or expansion project which includes:

(1) a detailed scope of work that demonstrates a projected capital investment that exceeds \$10 million; and

(2) an anticipated schedule for completion which reflects substantial completion within two years following execution of the Program agreement."

(4) Add subsection (e):

"(e) (1) The term "hotel facility improvement or expansion project" as used in this section includes the construction of additional hotel rooms, event spaces, business centers, dining venues, fitness gyms, wellness spas, and other recreation areas.

(2) The term "room inventory" as used in this section includes additional guest rooms as compared to the property room inventory at time of filing the application for benefits under the Program."

(j) in section 1314:

(A) subsection (a):

(i) strike "1.5%" and insert "1-1/2 percent";

(ii) strike "projected" and insert "prior calendar year's";

(iii) after service strike "payable that year" and insert ", within 30 days of invoice from the Authority".

(B) subsection (b), after "Tourism" insert "within 30 calendar days from the date of receipt".

(k) Strike the language in section 1317 and insert "[Reserved]".

Thus passed by the Legislature of the Virgin Islands on March 18, 2026.

Witness our Hands and Seal of the Legislature of the Virgin Islands this 20th day of March, A.D., 2026.



A handwritten signature in blue ink, appearing to read "Milton E. Potter".

Milton E. Potter
President

A handwritten signature in blue ink, appearing to read "Avery L. Lewis".

Avery L. Lewis
Secretary



Bill No. 36- 0259 is hereby approved.

Witness my hand and the Seal of the Government of the United States Virgin Islands at Charlotte Amalie, St. Thomas, This 24th day of March, 2026 A.D.

A handwritten signature in blue ink, appearing to read "Albert Bryan Jr.".

Albert Bryan Jr.
Governor