

ACT NO. 8206

BILL NO. 33-0104

THIRTY-THIRD LEGISLATURE OF THE VIRGIN ISLANDS

Regular Session

2019

An Act amending the Hotel Development Act, title 29, chapter 23, of the Virgin Islands Code by making technical amendments to sections 1302 through 1309 and inserting new sections 1312, 1313, 1314, and 1317, regarding the Economic Recovery Fee and matters related thereto

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WHEREAS, the Legislature of the Virgin Islands codified the Hotel Development Act, in title 29, chapter 23 of the Virgin Islands Code and declared that:

“(a) The tourist, hotel and resort industry constitute a major element of the Territorial economic structure;

(b) Additional hotel accommodations and tourist facilities and services are essential to the further development of the Territory's tourism industry;

(c) Additional hotel accommodations and tourist facilities have a direct impact on the local economy through construction, wages, and other benefits and will grow the economy of the Virgin Islands;

(d) The provision of such additional accommodations and facilities, particularly on the island of St. Croix, is declared for the purpose of assisting in the economic growth, restoration, and revitalization of certain underdeveloped areas;

(e) In order to promote the tourism industry of the Virgin Islands, it is essential to provide, for the planning, financing, acquisition, construction, improvement, maintenance and operation of new hotels in the Territory;

(f) The development of additional hotel accommodations and facilities is calculated to result in a significant contribution to the general public welfare and prosperity of the Virgin Islands; and

(g) Using future gains in taxes to assist in the development of areas which would not otherwise happen solely through private investment in the reasonably foreseeable future has been proven to have a positive economic impact in their areas of operation.”

WHEREAS, the Hotel Development Act did not include provisions addressing renovation and reconstruction of hotels and resorts in the Virgin Islands or economic recovery;

WHEREAS, the economic base and growth of the Virgin Islands were catastrophically impacted by being hit by two category five hurricanes, Irma and Maria, in September, 2017, which caused severe damage to the infrastructure of the Virgin Islands;

WHEREAS, the damage to the tourism sector has long-term consequences to the people of the Virgin Islands and those visiting the Virgin Islands;

WHEREAS, the Territory needs to restore revenue sources through renovation and reconstruction of existing hotels and resorts and to attract investment in new hotels and resorts to provide revenue to the Virgin Islands and to recapture a dominant position in tourism within the Caribbean region;

WHEREAS, new tools for attracting, financing, and implementing investment in hotel development now exist which can support the Hotel Development Act;

WHEREAS, the Hotel Development Act needs to be expanded to facilitate economic recovery and continue to promote new hotel and resort development in the Territory, as well as provide new incentives for rebuilding existing hotels and resorts in the Virgin Islands through substantial reconstruction and renovation; and

WHEREAS, adding the below proposed revisions, additions, and repeals will accomplish the goal of renewing the Hotel Development Act by expanding its provisions to promote investment in the Virgin Islands and to enhance economic development throughout the Territory; Now, Therefore,

Be it enacted by the Legislature of the Virgin Islands:

SECTION 1. Title 29, chapter 23 of the Virgin Islands Code is amended in the following instances:

(a) In section 1302(e), by striking the comma after “provide”, and by inserting “, and the planning, financing, reconstruction, renovation, maintenance, and operation of existing hotels” after “new hotels”.

(b) In section 1303:

(1) In subsection (e), by striking the semicolon after the word “chapter” and inserting a period in its place.

(2) In subsection (f), by striking the quotation mark at the end of the subsection.

(3) In subsection (h), by striking the word “a” after “including” and by inserting “, at” in its place, and by striking the quotation mark at the end of the subsection.

(4) In subsection (i), by striking “chapter 29” and inserting “chapter 15” in its place, and by striking the quotation mark at the end of the subsection.

(5) In subsection (k), by inserting “or reconstruction or renovation of a hotel” after “development project”.

(6) (A) By inserting the following definitions in the appropriately designated subsections:

“Economic Recovery Fee” means the Economic Recovery Fee pursuant to section 1312 of this chapter.

“ERF Project” means ERF Project as defined in section 1312 of this chapter.

“Hotel” means every building or other structure or group of structures where sleeping accommodations are furnished by the day, week, or month for pay, to guests, whether with or without meals. The term “hotel” includes resorts.

“Reconstruction” means construction related to existing hotel properties and related facilities or infrastructure that have been substantially demolished or damaged by natural or manmade causes, including expansion or extensions of the properties and related facilities or infrastructure as provided by this chapter.

“Renovation” means construction in the nature of substantial repair, updating, enhancement, and refurbishment of existing hotel properties and related facilities or infrastructure as provided by this chapter.”

(B) By redesignating the affected subsections accordingly.

(c) In section 1304(b), by striking the word “and” after both instances of “development” and inserting a comma in its place, and by inserting “, reconstruction, and renovation” after both occurrences of “construction”.

(d) In section 1305(b), as follows:

(1) In paragraph (2), by striking “of hotels and resorts facilities” after “construction” and inserting “of new hotel facilities or the reconstruction or renovation of existing hotel facilities” in its place.

(2) In paragraph (5), by striking “hearing” and inserting “hearings” in its place.

(3) In paragraph (9), by inserting “and” after the first occurrence of the word “contracts”.

(e) In section 1306, as follows:

(1) In subsection (c), by striking all the language after “must be” and inserting “located in the U.S. Virgin Islands” in its place.

(2) By redesignating subsections (c) and (d) as subsections (d) and (e), respectively, and inserting a new subsection (c) to read as follows:

“(c) If a Developer is applying for authorization to impose an Economic Recovery Fee pursuant to section 1312(c)(1) of this chapter, the application shall, in addition to the requirements set forth in subsection (b) of this section, include the following:

(1) A statement of the intention to obtain authorization to assess an Economic Recovery Fee;

(2) The amount of the proposed fee, which shall not be greater than the amount set forth in section 1312(g);

(3) The expected uses of the proposed fee; and

(4) The time frame for expected imposition of such fee which shall not exceed the longer of the maturity of the Hotel Development Notes or thirty years.”

(f) In section 1307, in the following instances:

(1) In subsection (a), as follows:

(A) In paragraph (2), by striking “revenue and” after “occupancy tax” and inserting “revenues,” in its place, and by inserting “, and Economic Recovery Fee revenues” after “casino tax revenues”.

(B) In paragraph (4), by striking “and” after “hotel room tax incremental revenues” and inserting a comma in its place, by inserting “, and Economic Recovery Fee revenues” after “casino tax incremental revenues”, and by striking “thereof” and inserting “therefor” in its place.

(2) In subsection (b), by inserting the word “forth” after “agreement setting”, and by inserting the word “as” after “conditions”.

(3) In subsection (e), by inserting “, in the discretion of the Authority,” after “costs may be paid”.

(4) In subsection (f), by striking “and” after “Designated Casino Tax on Gross Revenue” and inserting a comma in its place, and by inserting “, and the Economic Recovery Fee” after “Designated Hotel Room Occupancy Tax”.

(g) In section 1308, in the following instances:

(1) In subsection (a), as follows:

(A) In the second sentence, by striking “and” after “hotel occupancy tax revenues” and inserting “, the” in its place, and by inserting “, and the Economic Recovery Fee revenues, if applicable,” after “casino tax revenues”.

(B) By striking the last sentence and inserting the following language in its place:

“Existing levels of Designated Hotel Room Occupancy Taxes and Designated Casino Taxes in the amount generated by a particular project in the 12 months prior to the submission of the application for the issuance of the Hotel Development Notes may not be used to fund the Hotel Development Trust Fund.”

(2) In subsection (b), as follows:

(A) By striking the first sentence at the beginning of the subsection and replacing it with the following language:

“(b) Notwithstanding the provisions of sections 33 V.I.C. § 54(e) and 32 V.I.C. § 517(c), and subject to the limitations set forth in section 1313 of this chapter, the hotel occupancy taxes, pursuant to 33 V.I.C. § 54(b), the casino revenue tax pursuant 32 V.I.C. § 515, and the Economic Recovery Fee, if applicable, pursuant to section 1312(c)(1) of this chapter, generated from the approved Project must be deposited into the Project's Hotel Development Trust Fund.”

(B) In paragraph (1), by striking the “or” after “hotel occupancy taxes” and inserting a comma in its place, and by inserting “, or Economic Recovery Fees, if applicable,” after “casino taxes”.

(C) In paragraph (5), in the first sentence by striking “be” after “shall”, and in the second sentence by striking “trust fund” and inserting “Trust Fund” in its place.

(3) In subsection (c), by inserting at the end of the subsection “, other than to the payment of a Hotel Development Note or expenses relating to the administration of the Project’s Hotel Development Trust Fund”.

(4) In subsection (d), by striking “and” after “hotel room tax” and inserting a comma in its place, and inserting “, and the Economic Recovery Fee revenues, if applicable,” after “casino tax revenues”.

(5) In subsection (e), by inserting “thereof” after “holders”, and by inserting “, and the Economic Recovery Fee revenues, if applicable, that are allocated to the Project’s Fund pursuant to section 1313 of this chapter,” after “all tax revenues”.

(6) In subsection (f), by inserting “and the Economic Recovery Fee, if applicable,” after “tax rates”, by inserting “, and the Economic Recovery Fee revenues, if

applicable,” after “tax revenues”, and by striking “of” after “Authority” and inserting “or” in its place.

(7) In subsection (g), by inserting “and the Economic Recovery Fee, if applicable,” after both occurrences of “tax revenues”, and by inserting the following language at the end of the subsection:

“Hotel Development Notes may be issued that are secured separately by any Designated Hotel Room Occupancy Taxes, any Designated Casino Taxes or any Economic Recovery Fees, or any combination thereof.”

(h) In section 1309, in the following instances:

(1) In subsection (c)(1), in the following instances:

(A) In the first sentence as follows:

(i) By inserting “for each Project” after the first occurrence of “Hotel Development Notes”;

(ii) By striking “must” and inserting “shall” in its place;

(iii) By inserting “upon issuance” after “be secured”; and

(iv) By striking all of the language after “Designated Casino Taxes on Gross Revenue” and inserting “and Economic Recovery Fees allocated to the Project’s Fund pursuant to section 1313 of this chapter” in its place.

(B) In the second sentence as follows:

(i) By striking “arises” and inserting “shall arise” in its place;

(ii) By inserting “shall” before “automatically”; and

(iii) By striking “attaches” and inserting “attach” in its place.

(C) In the third sentence as follows:

(i) By striking “is” before “valid” and inserting “shall be” in its place;

(ii) By striking the first occurrence of “Hotel Development Notes” and inserting “Designated Hotel Room Occupancy Tax and Designated Casino Tax on Gross Revenue and Economic Recovery Fees” in its place;

(iii) By inserting “allocated to the Project’s Fund pursuant to section 1313 of this chapter” after the first occurrence of the word “Government”;

(iv) By inserting “shall” after the second occurrence of “lien”;

(v) By striking “attaches” after “immediately” and inserting “attach” in its place;

(vi) By striking the second occurrence of “Hotel Development Notes” and inserting “Designated Hotel Room Occupancy Tax and Designated Casino Tax on Gross Revenue and Economic Recovery Fees allocated to the Project’s Fund pursuant to section 1313 of this chapter” in its place; and

(vii) By striking “becomes” before “effective” and inserting “be” in its place.

(2) In subsection (c)(2), by striking the first occurrence of “shall” and inserting “is hereby authorized and directed to” in its place.

(3) By redesignating subsections (b) and (c) as subsections (c) and (d), respectively, and by inserting a new subsection (b) to read as follows:

“(b) Hotel Development Notes for renovation or reconstruction Projects cannot include the amount received from insurance proceeds.”

(i) In section 1311, by designating the existing language as subsection (a) and adding a new subsection (b) to read as follows:

“(b) A default with respect to one Hotel Development Note shall not constitute a default with respect to any other Hotel Development Note unless the Hotel Development Notes by their specific terms provide for such a cross-default to occur.”

SECTION 2. Title 29, chapter 23 of the Virgin Islands Code is amended by inserting new sections 1312, 1313, 1314 and 1317 to read as follows:

“§1312. Economic Recovery Fee

(a) Purpose

The purpose of the Economic Recovery Fee is to encourage and promote the recovery and improvement, and expansion of the Territory’s hotel sector.

(b) Fee

Developers of hotels located or to be located in the U.S. Virgin Islands may apply for authorization to impose and collect an Economic Recovery Fee to finance, fund, or cover the costs incurred for renovation or reconstruction, construction, improvement, and development of hotel properties and related facilities or infrastructure (“ERF Projects”), subject to the provisions of this chapter. The scope of the facilities and infrastructure that may be financed, funded or covered and authorized pursuant to this section, includes the scope of the facilities and infrastructure described in the definition of Project pursuant to section 1303 of this chapter.

(c) Application and Approval

(1) A Developer seeking authorization to impose an Economic Recovery Fee which is being used to secure Hotel Development Notes shall submit an application in accordance with the requirements set forth in section 1306 of this chapter and shall be considered for approval in accordance with section 1307 of this chapter.

(2) A Developer seeking authorization to impose an Economic Recovery Fee which is not being used to secure Hotel Development Notes shall submit an application in accordance with the requirements set forth in subparagraph (A) of this paragraph and shall be considered for approval or disapproval in accordance with the procedures set forth in subsection (d), paragraphs (2) through (4) of this section.

(A) Any application submitted by a Developer seeking to impose an Economic Recovery Fee which is not being used to secure Hotel Development Notes shall include the following:

(i) A statement of the intention to obtain authorization to assess an Economic Recovery Fee;

(ii) The amount of the proposed fee which shall not be greater than the amount set forth in section 1312(g) of this chapter;

(ii) Information identifying the applicant, its ownership and corporate structure, and demonstrating its ownership or possessory interest in a hotel property;

(iii) The applicant's most recent audited financial statements if the applicant is a new applicant or an applicant that is not a beneficiary in good standing with the Economic Development Program, as set out in title 29, chapter 12, subchapter I of the Virgin Islands Code, at the time of its application;

(iv) A description in reasonable detail of the plans for the proposed ERF Project including, as applicable: the number of rooms to be constructed or renovated; the approximate square footage of the area(s) to be constructed, reconstructed or renovated; the nature, size, and scope of any amenities or infrastructure to be constructed reconstructed, or renovated; the general standard of finish sought to be achieved by the construction, reconstruction, or renovation; and a schedule of the timing and phasing of the ERF Project(s); and

(v) the time frame in which the imposition of the Economic Recovery Fee is sought to be imposed, not to exceed thirty (30) years.

(d) Economic Recovery Fee Committee and Approval Process

(1) An Economic Recovery Fee Committee ("ERF Committee") is hereby established to review any application submitted pursuant to subsection (c)(2) of this

section for approval of the Economic Recovery Fee, and to recommend approval or disapproval of the application to the Authority. The ERF Committee shall consist of the Commissioner of the Department of Tourism; the Commissioner of the Department of Finance; and a member of the Authority's Governing Board or an appropriate designee, which member or designee shall be selected by the Authority's Governing Board.

(2)(A) In reviewing an application, the ERF Committee shall:

(i) Determine whether the application contains the information required pursuant to paragraph (2) of subsection (c) of this section;

(ii) Consider the creditworthiness, financial history, and financial stability of the applicant; and

(iii) Review the application and recommend approval or disapproval of the application to the Authority no later than thirty (30) days after receipt of the application.

(B) An applicant who is an EDC Beneficiary in good standing shall be presumed to have sufficient creditworthiness, financial history, and financial stability.

(C) If the ERF Committee is unable to reach a consensus on a recommendation, the Committee shall vote, and the majority vote will control.

(D) The ERF Committee shall return the application to the Authority along with the ERF Committee's written recommendation of approval or disapproval.

(3) (A) Within 30 days following the Authority's receipt of the application and the ERF Committee's recommendation of approval or disapproval pursuant to paragraph (2) of this subsection, the Authority's Board, by majority vote, with a quorum being present, shall vote to approve or disapprove the application.

(B) If the Board fails to vote within the 30-day period set forth in subparagraph (A) of this paragraph, the application shall be deemed approved as of the date the 30-day period expires; except that in a force majeure event that prevents the Board from voting during the 30-day period, the Board shall have up to 60 days to vote to approve or disapprove the application.

(e) **Contractual Agreement**

Upon approval of an application pursuant to subsection (d), paragraph (3) of this section, the applicant shall be deemed to have entered into a contractual agreement with the Authority to impose an Economic Recovery Fee in the amount set forth in its application, and to perform the ERF Project as described in the application which may be modified from time to time pursuant to subsection (f) of this section. The Authority and the applicant shall use their good faith efforts to prepare the terms of a written agreement for execution within a reasonable period of time following the Board's approval.

(f) Modification

Following approval of an application pursuant to the provisions of section 1312(c)(2) of this chapter, the applicant may modify the Economic Recovery Fee and/or the ERF Project described in the application only as provided in this subsection.

(1) To increase or decrease the amount of an Economic Recovery Fee, the applicant shall notify the Authority in writing of the change in the amount of the fee, which change shall be consistent with subsection (g) of this section, and which change shall take effect 30 days following the Authority's receipt of the notification.

(2) To modify an approved ERF Project, the applicant shall submit to the Authority a written request to modify the ERF Project, describing in reasonable detail the nature of the modification and the justification for the modification.

(A) Upon receipt of a request to modify the ERF project, the Authority shall forward the modification request to the ERF Committee to determine whether the modification is consistent with the purposes for which the ERF Project was originally approved. The ERF Committee shall recommend approval or disapproval of the modification to the Authority no later than thirty (30) days after receipt of the modification request.

(B) Within 30 days of the Authority's receipt of the ERF Committee's recommendation pursuant to paragraph (2)(A) of this subsection, the Authority's Board, by majority vote, with a quorum being present, shall vote to approve or disapprove the modification request.

(C) If the Board fails to vote within the 30-day period set forth in subparagraph (B) of this paragraph, the modification request shall be deemed approved. However, in the event of a force majeure occurrence, this thirty (30) day period shall be extended to sixty (60) days.

(g) Amount of Fee

The amount of the Economic Recovery Fee for any ERF Project shall be ^{the} difference between (1) a percentage rate of the Designated Hotel Room Occupancy Tax to be selected by the applicant, which rate, notwithstanding provisions 33 V.I.C. § 54 (b)(1), may be increased up to 20%, and (2) the percentage rate of Designated Hotel Room Occupancy Tax established by 33 V.I.C. §54(b)(1) applicable at the time of the application, provided that such difference may never be greater than 7.5%.

(h) Initiation and Cancellation of Economic Recovery Fee

(1) Prior to assessing or collecting an approved Economic Recovery Fee the applicant shall notify the Authority of the date on which it intends to begin assessing and collecting the Fee, which date shall not be fewer than 60 days following the notification.

(2) (A) If an applicant requests to stop collecting the Economic Recovery Fee,

approved pursuant to section 1312(c)(2) of this chapter on a date sooner than what was approved in the application, the applicant must notify the Authority. The applicant's ability to assess an Economic Recovery Fee will cease 30 days following the notification.

(B) An applicant may not request to cease collecting the Economic Recovery Fee approved pursuant to section 1312(c)(1) of this chapter until all Hotel Development Notes secured by the Economic Recovery Fee are paid in full.

(i) Notification

Within 30 days of receipt by the Authority of (1) a notification by the applicant pursuant to subsection (h)(1) of this section of its intention to commence assessment of an Economic Recovery Fee, or (2) a notification by the applicant pursuant to subsection (f)(1) of this section of a change in the amount of an Economic Recovery Fee, the Authority shall notify the Virgin Islands Bureau of Internal Revenue of the identity of the applicant, the amount of the Economic Recovery Fee, and the date on which the new or modified Economic Recovery Fee will go into effect.

(j) Collection, Calculation and Deposit of the Economic Recovery Fee

(1) Each hotel that is the subject of an approved ERF Project shall include on each guest invoice a separate line item for the Economic Recovery Fee.

(2) The amount of Economic Recovery Fee charged to any hotel guest shall be calculated in the same manner as the amount of Hotel Room Occupancy Tax charged to a guest pursuant to 33 V.I.C. § 54(b)(1).

(3) All Economic Recovery Fee revenues approved pursuant to section 1312(c)(2) of this chapter collected by a hotel shall, upon collection, be separated from Designated Hotel Room Occupancy Tax and the Casino Tax revenues and deposited in the ERF Trust Account established for the Project pursuant to subsection (k) of this section. Economic Recovery Fee revenues, approved pursuant to section 1312(c)(1) of this chapter collected by a hotel shall be applied in accordance with the provisions of section 1308 of this chapter.

(k) Creation of Economic Recovery Fee Trust Account

(1) Within 30 days of receipt by the Authority of a notification by the applicant pursuant to subsection (h) of this section of the applicant's intention to commence assessment of an Economic Recovery Fee approved pursuant to section 1312(c)(2) of this chapter, the Authority shall coordinate with the Executive Director of the Virgin Islands Public Finance Authority ("VIPFA"), who shall establish for each approved ERF Project a separate, interest-bearing Economic Recovery Fee Trust Account ("ERF Trust Account") at a financial institution selected by the VIPFA, for the purpose of receiving, holding, and distributing the revenues generated by the ERF Project's Economic Recovery Fee 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. Upon creation of an ERF Trust Account, the VIPFA shall notify the Virgin Islands Bureau

of Internal Revenue 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 VIPFA 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.

(2) Monies in an ERF Trust Account, upon request by the applicant, may be withdrawn, pledged, encumbered, or otherwise utilized by the applicant solely for purposes directly related to the associated ERF Project including, but not limited to, direct funding of Project expenses, any reconstruction or renovation related expenses, payment of interest and other expenses associated with any financing of the Project, and reimbursement for expenses previously incurred in executing the Project.

(3) If, upon expiration of the Economic Recovery Fee for a particular Project, that Project's ERF Trust Account contains unused Economic Recovery Fee funds, the funds may be used by the applicant solely for other expenditures for improving or enhancing the completed ERF Project, and any such expenditure must be approved in advance by the Authority using the procedure for modifying ERF Projects set forth in subsection (f) of this section.

(l) Reporting

On or before March 31 of each year while an Economic Recovery Fee is in effect, each applicant that is a beneficiary of an Economic Recovery Fee shall deliver a report to the Authority describing, in reasonable detail, for the prior calendar year the following information:

(1) The progress made on any ERF Project or whether the ERF Project has been completed;

(2) Any material modifications to any ERF Projects or the amount of the Economic Recovery Fee;

(3) The amount of Economic Recovery Fees charged and collected; and

(4) The amount of Economic Recovery Fees used to cover costs incurred for the ERF Projects.

(m) Violations

An applicant who is determined by the Authority to be in material violation of its Agreement or of the requirements of this section may be subject to a fine not to exceed \$30,000 for each violation, or imprisonment for a period not to exceed 90 days, or both a fine and imprisonment.

(n) Sunset

The Economic Recovery Fee shall be available to new applicants whose applications are received prior to December 31, 2028.

§1313. Use of Revenues

(a) The revenues generated from the Designated Hotel Room Occupancy Tax, Designated Casino Tax on Gross Revenue, and the Economic Recovery Fee, approved in accordance with section 1312(c)(1) of this chapter, are to be allocated to and deposited into the Project's Fund as follows:

(1) For new hotel development projects where all non-appealable permits for development have not been finalized prior to the effective date of this Act, 100% 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) For hotel projects where not less than 70% of the units that have not been able to be occupied due to natural events and related effects, or otherwise, 50% of the revenues generated from the Designated Hotel Room Occupancy Tax and the Designated Casino Tax on Gross Revenue, and 100% of the revenues generated from the Economic Recovery Fee, if applicable, shall be allocated to and deposited into the Project's Fund; and

(3) For hotel projects that are reconstruction and renovation of existing hotel sites not satisfying the requirements of paragraph (2) of this subsection, 100% of the revenues generated from the Economic Recovery Fee, and no revenues generated from the Designated Hotel Room Occupancy Tax and the Designated Casino Tax on Gross Revenue shall be allocated to and deposited into the Project's Fund;

(b) The revenues generated from the Economic Recovery Fee approved in accordance with section 1312(c)(2) of this chapter are to be allocated to and deposited into the ERF Trust Account established under section 1312(k) of this chapter and, at the election of the applicant, one hundred percent (100%) of the revenue generated from the Designated Hotel Room Occupancy Tax and the Designated Casino Tax on Gross Revenue for projects pursuant to section 1313(a)(1) of this chapter and also fifty percent (50%) of the revenue generated from the Designated Hotel Room Occupancy Tax and the Designated Casino Tax on Gross Revenue for projects under section 1313(a)(2) of this chapter.

§1314. Annual Payments and Pledges

(a) Any hotel project that is a beneficiary of the Hotel Development Program shall pay to the Authority an annual fee to be determined by the Authority; provided that the annual fee shall be either (1) 1.5% of the projected debt service payable that year, or (2) \$100,000 per Project, whichever is less.

(b) Any hotel receiving financial assistance or any other incentives under the Hotel Development Program must include, as a part of its self-funded marketing plan, a component to market the Territory, which component must be approved by the Commissioner of Tourism.

§1317. Expiration

(a) The provisions of this chapter, except any provisions pertaining to the Economic Recovery Fee for which the expiration is governed by the provisions of section 1312(n) of this chapter, expire on December 31, 2028, with an automatic two-year extension if substantial permitting by an applicant is completed by December 2028.


(b) Notwithstanding subsection (a) of this section, nothing herein shall adversely affect the continuing applicability of the provisions of this chapter for the benefit of the Developer, or the holders of the Hotel Development Notes, or any other person with respect to approved Projects including, without limitation, the continuing deposits of the Designated Casino Tax on Gross Revenue, and/or the Designated Hotel Room Occupancy Tax, and/or the Economic Recovery Fee into the applicable Trust Funds.”

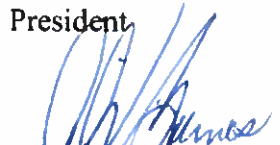
SECTION 3. Sections 2 and 3 of Act No. 7301, as amended by Act No. 7641, are hereby repealed.

Thus passed by the Legislature of the Virgin Islands on September 16, 2019.

Witness our Hands and Seal of the Legislature of the Virgin Islands this 25th day of September, A.D., 2019.




Novelle E. Francis, Jr.
President


Alicia V. Barnes
Legislative Secretary



Bill No. 33-0104 is hereby approved.

**Witness my hand and the seal of the Government of
the United States Virgin Islands at Charlotte Amalie,
St. Thomas, this 7th day of October, 2019 A.D.**

A handwritten signature in blue ink, consisting of several loops and flourishes, positioned above the printed name of the Governor.

**Albert Bryan, Jr.
Governor**