COMMITTEE OF THE WHOLE/FLOOR

BILL NO. 36-0313

Thirty-Sixth Legislature of the Virgin Islands

July 21, 2026

An act approving lease and franchise agreements for the development and operation of the Randall "Doc" James Racetrack on St. Croix and the Clinton E. Phipps Racetrack on St. Thomas and amending titles 32 and 33 Virgin Islands Code

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PROPOSED BY: Senator Milton E. Potter, by Request of the Governor

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WHEREAS, on September 6 and September 20, 2017, Hurricanes Irma and Maria struck the U.S. Virgin Islands, causing devastation throughout the islands, and the two horse racetracks, the Clinton E. Phipps Racetrack on St. Thomas and the Randall "Doc" James Racetrack on St. Croix, were extensively damaged and rendered unusable; and

WHEREAS, in an effort to restart horse racing on St. Thomas, the 34th Legislature enacted Bill 34-0224 (Act 8577) on April 7, 2022, inter alia, authorizing SGVI, Inc., the video lottery contractor to the Virgin Islands Lottery, to rebuild and develop the Clinton E. Phipps Racetrack at its own expense and ratifying the extension of the Video Lottery Services Agreement through the Second Amendment entered into by the Parties on February 24, 2022; and

WHEREAS, SGVI, Inc. successfully completed the reconstruction of the Clinton E. Phipps Racetrack well before the required time and voluntarily, at its own expense,

WHEREAS, The Carnival Races were the first since before the Hurricanes in September 2017, and having rebuilt the Clinton E. Phipps Racetrack, SGVI has voluntarily, at its own expense, promoted ten successful Race Days there; and

WHEREAS, no horse races have been held at the Randall "Doc" James Racetrack on St. Croix since before the September 2017 hurricanes and reconstruction of the racetrack has not begun; and

WHEREAS, at its own investment cost of approximately twenty-seven million dollars, SGVI, Inc. has proposed to build and develop the Randall "Doc" James Racetrack on St. Croix, add new improvements to the Clinton E. Phipps Racetrack on St. Thomas, and open two additional gaming Entertainment Centers on St Thomas in the Havensight and Red Hook communities to draw on additional tourism dollars; and

WHEREAS, SGVI, Inc. has also agreed to act as the events and race promoter at the Randall "Doc" James Racetrack and the Clinton E. Phipps Racetrack, and to work to make operating the track a profitable business that will be attractive to the international horse racing industry; and

WHEREAS, in return, the Government of the U.S. Virgin Islands has agreed to extend and to amend the terms of the Video Lottery Agreement dated July 29, 2003, as amended by the First Amendment to Video Lottery Services Agreement dated November 6, 2013, and the Second Amendment to Video Lottery Services Agreement dated April 5, 2022; Now therefore,

Be it enacted by the Legislature of the Virgin Islands:

SECTION 1. (a) Under title 31 Virgin Islands Code, chapter 21, section 205, subsection (c) the Legislature ratifies the following lease agreements:

(b) The Lease Agreement regarding the Clinton E. Phipps Racetrack between the Government of the United States Virgin Islands and SGVI, Inc. entered into on April 28, 2026.

(c) The Sub-Lease regarding the Randall "Doc" James Racetrack between the Government of the United States Virgin Islands and SGVI, Inc. entered into on April 28, 2026.

(d) The Legislature acknowledges the approval of the following agreements under title 32 Virgin Islands Code, chapter 11, section 209:

(1) The Franchise Agreement regarding the Clinton E. Phipps Racetrack between the Government of the United States Virgin Islands and SGVI, Inc. entered into on April 28, 2026.

(2) The Franchise Agreement regarding the Randall "Doc" James Racetrack between the Government of the United States Virgin Islands and SGVI, Inc. entered into on April 28, 2026.

(3) The Third Amendment to the Video Lottery Services Agreement between the Government of the United States Virgin Island and SGVI, Inc. entered into on April 28, 2026.

SECTION 2. Title 32 Virgin Islands Code, chapter 11, section 214 is amended by inserting "and St. Croix" after "Thomas" and inserting an "s" after "racetrack".

SECTION 3. Title 32, Virgin Islands Code, chapter 13, is amended as follows:

(a) in section 246 (a)(11)(i) by striking the word "Transfer" and inserting "After deducting transfer of funds pursuant to subsections 246(a)(11)(v) and 246 (a)(11(vi) below, transfer".

(b) in section 246 (a)(11)(iv) by striking the word "Transfer" and inserting "After deducting transfer of funds pursuant to subsections 246 (a)(11)(vi) below, transfer".

(c) in section 246 (a)(11)(v) is amended by striking "Six percent(6%)" and inserting "10 percent"; and striking all of the language after the words "shall be" and inserting "distributed to the Association which represents a majority of all of the licensed horse owners and trainers in the St. Thomas and St John District, and is so recognized by the St. Thomas and St John Horseracing Commission for operating expenses on race days, for scholarships for training in disciplines deemed by the Horse Racing Commission to be beneficial to the horse racing industry, and supplementing of purses; provided, that the amounts allocated under this paragraph shall be disbursed in quarterly payments not later than 30 days after the close each fiscal quarter, based on revenues deposited into the Fund during the preceding quarter. Additionally, prior to receiving its quarterly disbursements, the Horsemen Association shall submit to the Commission quarterly financial statements and detailed reports of all expenditures, certified by the Horsemen Association President, within 21 days after the end of each quarter and shall also comply with the requirements of title 2 Virgin Islands Code, chapter 2, section 29;" and

(d) in section 246 (a)(11)(vi) is renumbered to subsection 246 (a) (11) (vii) and the following new subsection (vi) is added:

"(vi) Of the proceeds received from Video Lottery games at the Randall "Doc" James Racetrack, the Lottery shall transfer:

(A) 50 percent to the Franchise Holder at the Randall "Doc" James Racetrack for purses,

(B) 12 percent to the Horse Racing Improvement Fund as established in title 33 Virgin Islands Code, section 3044 for use as authorized therein by the St. Croix Commission of the Virgin Islands Horse Racing Commission;

(C) 10 percent to the Association which represents a majority of all of the licensed horse owners and trainers in the St. Croix District, and is so recognized by the St. Croix Horseracing Commission for operating expenses on race days, for scholarships for training in disciplines deemed by the Horse Racing Commission to be beneficial to the horse racing industry, and supplementing of purses; provided, that the amounts allocated under this paragraph shall be disbursed in quarterly payments not later than 30 days after the close of each fiscal quarter, based on revenues deposited into the fund during the preceding quarter. Additionally, prior to the receiving its quarterly disbursements, the Horsemen Association shall submit to the Commission quarterly financial statements and detailed reports of all expenditures, certified by the Chair, within 21 days after the end of quarter and shall also comply with the requirements of title 2 Virgin Islands Code, chapter 2, section 29;" and

(D) 6 percent to the Department of Agriculture to place in a special Horse Treatment Fund for the treatment of horses who are injured or cannot continue to race, to assist the Horsemen Associations on both St. Croix and St. Thomas in taking care of the medical needs of the horses, as well as their euthanasia if needed."

SECTION 4. Title 32 Virgin Islands Code, chapter 21 is amended by deleting title 32 Virgin Islands Code, chapter 21, section (c)(9) in its entirety and (c) 10 is renumbered as (c)(9).

SECTION 5. Act No. 8651 as amended by Act No. 8690 and Act No. 9052 is further amended as follows:

(a) in subsection (a), by adding the following sentence at the end of the paragraph to state "30 days after the effective date of the Franchise Agreement for the Development and Operation of the Randall "Doc" James Racetrack, the Department of Sports, Parks and Recreation shall grant all remaining funds not yet expended from this appropriation to SGVI, Inc., to fund the resurfacing of the racetrack surface, and the renovation of existing barns, followed by additional work toward the completion of the Randall "Doc" James Racetrack project by SGVI. Inc.".

(b) by adding the following new subsection (c): "SGVI, Inc. shall comply with the financial disclosure requirements of title 2 Virgin Islands Code, section 29 upon expending the funds appropriated by this act."

SECTION 6. Title 33 Virgin Islands Code, chapter 3 is amended as follows:

(a) section 42B by adding the following language "Notwithstanding section 42 (a)-(i), the franchise holder at the Clinton E. Phipps Racetrack and the Randall "Doc" James Racetrack shall not be subject to excise and trade taxes on articles, goods, merchandise, materials and commodities brought in by the Franchise Holder for the construction, development, and maintenance of the racetrack facilities at the Racetracks. The Franchise Holder at the Racetracks is exempt from subsections (h) and (i) of section 42 above." after "taxes".

(b) by adding the following new section 43m:

"**43m. Exemption of franchise holders at the racetracks from gross receipts taxes**. The franchise holder at the Clinton E. Phipps and Randall "Doc" James Racetracks are exempt from gross receipts taxation from operations authorized under the franchise agreements, including gaming revenue."

(c) section 47 by adding the following subsection (c):

"(c) The franchise holder at the Clinton E. Phipps and the Randall "Doc" James Racetracks are exempt from gross receipts taxation on performances and entertainments contemplated under this section 47.".

SECTION 7. Act No. 8722 is amended by striking section 6 in its entirety and inserting the following new section 6:

"**SECTION 6.** (a) The applicability and enforceability of title 32 Virgin Islands Code, chapter 11, subchapter II shall be reinstated no later than one year after the effective date of the franchise agreement between the Government of the United States Virgin Islands and SGVI, Inc. for horse racing conducted on the Clinton E. Phipps Racetrack on St. Thomas.

(b) The applicability and enforceability of title 32 Virgin Islands Code, chapter 11, subchapter II shall be reinstated immediately upon completion of the rebuild of the Racetrack or the Turnover Date under the franchise agreement between the Government of the United States Virgin Islands and SGVI, Inc. for horse racing conducted on the Randall "Doc" James Racetrack on St. Croix.

(c) The Virgin Islands Horse Racing Commission shall provide written notification to the President of the Legislature, the Governor, and the applicable franchise holder of the date on which reinstatement of the applicability and enforceability of title 32 Virgin Islands Code, chapter 11, subchapter II occurs for the Clinton E. Phipps Racetrack on St. Thomas and the Randall "Doc" James Racetrack on St. Croix, respectively.

(d) Nothing in this section shall be construed to delay reinstatement of the applicability and enforceability of title 32 Virgin Islands Code, chapter 11, subchapter II for horse races at the Clinton E. Phipps Racetrack on St. Thomas pending completion of the Randall "Doc" James Racetrack on St. Croix."

SECTION 8. Upon the effective date of the act, the Bureau of Economic Research shall conduct an impact study on financial projections and economic and fiscal impact of the franchise agreement regarding the Randall "Doc" James Racetrack and the Franchise Agreement regarding the Clinton E. Phipps Racetrack as ratified.

BILL SUMMARY

This bill approves agreements for the development and operation of the Randall "Doc" James Racetrack on St. Croix and the Clinton E. Phipps Racetrack on St. Thomas between the Government of the United States Virgin Islands and SGVI, Inc., and amend title 32 and 33 Virgin Islands Code, as set forth above.

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