COMMITTEE ON FINANCE

BILL NO. 31-0375

Thirty-first Legislature of the Virgin Islands

May 31, 2016

An Act repealing Act No. 7730 relating to the appropriation of \$1,000,000 in connection with the litigation between the Government and Hess Oil V.I. Corp., HOVENSA, LLC, and, PDVSA V.I., Inc. and related entities and re-appropriating the \$1,000,000 to the Public Finance Authority for professional services, studies, project development and expenses relating to the St. Croix Brand Hotel Project

PROPOSED BY: Senator Neville James by Request of the Governor

1	WHEREAS, in 1989 Hurricane Hugo took a massive toll on what was left of St. Croix's
2	hotel industry; and
3	WHEREAS, St. Croix lost roughly half of its dated guestroom inventory that was in
4	place prior to Hurricane Hugo; and
5	WHEREAS, since Hurricane Hugo, St. Croix has had no major hotel brand name
6	development with the recognition and market base to draw demand to the island; and
7	WHEREAS, in 2003, the Government of the Virgin Islands commissioned a destination
8	study relating to the absence of and the viability of attracting branded, upscale or upper-upscale
9	hotel lodgings to St. Croix; and

WHEREAS, the 2003 study concluded that a branded, upscale or upper-upscale hotel in 1 St. Croix would be beneficial to the economy and tourism product of St. Croix; and 2 3 WHEREAS, St. Croix remains without the infrastructure of larger resort hotels necessary to provide the amount of rooms to support strong flight activity and an appropriate 4 5 base of tourism visitation; and 6 WHEREAS, there continues to be no significant meeting capability on St. Croix, and therefore regional demand and available conference business is generally not captured by St. 7 Croix; and 8 9 WHEREAS, while there has been some increase in hotel occupancy and airlift visitors to the island, the capacity for hotel rooms has not increased sufficient to grow the tourism industry; 10 11 and WHEREAS, in order to save the St. Croix tourism industry and begin a trend towards 12 recovery rather than decline, a first-class luxury, full-service branded hotel resort is necessary to 13 generate synergy on the island and attract an increased base to support increase flight activity 14 and accessibility to the island; and 15 **WHEREAS**, the Government of the Virgin islands while updating the study through the 16 17 Public Finance Authority desires to proceed with the planned development, construction and operation of a first class luxury, full-service, branded hotel resort of at least 250 rooms for the 18 island of St. Croix; and 19 WHEREAS, the 31st legislature of Virgin Islands appropriated \$1,000,000 in Act 7730 20 to provide for the payment of costs and legal fees in the Government's litigation involving Hess 21

22 Oil Corp., HOVENSA, LLVC and PDVSA; and

WHEREAS, the litigation between the Government of the Virgin Islands and Hess Oil
Corp., HOVENSA, LLC, and PDVSA has been fully resolved; and

WHEREAS, the Government of the Virgin Islands has been able to resolve the litigation
 without expending funds from the sum appropriated by the 31st Legislature under Act No. 7730,
 and therefore, \$1,000,000 remains unexpended; and

WHEREAS, using the funds appropriated in Act 7730 to provide for professional
services, studies, and expenses related to the planned development and financing of the project
called "The St. Croix Brand Hotel Project" is in the best interest of the people of the Virgin
Islands, and particularly the people of St Croix, by bringing much-needed jobs, visitors to
islands, and the new revenue into St. Croix's economy; Now, Therefore,

9 Be it enacted by the Legislature of the Virgin Islands:

SECTION 1. Act No. 7730 (Bill No. 31-0021), which appropriates \$1,000,000 for costs
and legal fees related to the litigation between the Government and Hess Oil V.I. Corp.,
HOVENSA, LLC, and, PDVSA V.I., Inc. and related entities, is repealed.

SECTION 2. The sum of \$1,000,000 made available by the repeal of Act No, 7730, as provided in Section 1 of this Act, is appropriated in the fiscal year ending September 30, 2016, from the General Fund of the Treasury of the Virgin Islands to the Virgin Islands Public Finance Authority for professional services, studies, and expenses related to the planned development and financing of The St. Croix Brand Hotel Project.

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BILL SUMMARY

SECTION 3. The sum appropriated in section 2 remains available until expended.

Section 1 of this bill repeals Act No. 7730, which appropriated \$1,000,000 to finance the litigation between the Government and the Hovensa parties. Section 2 appropriates the \$1,000,000 left unexpended by the repeal of Act 7730 to the Public Finance Authority for professional services, studies, project development and expenses relating to the St. Croix Brand Hotel Project.

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26 BR16-1221/February 8, 2016/Revised 4-21-16 by YLT

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