

ACT NO. 7169

BILL NO. 28-0084

TWENTY-EIGHTH LEGISLATURE OF THE VIRGIN ISLANDS

Regular Session

2010

An Act amending title 32 Virgin Islands Code, chapter 21 relating to the establishment of racinos in the Virgin Islands

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Be it enacted by the Legislature of the Virgin Islands:

SECTION 1. This Act may be cited as “The Virgin Islands Horse Racing Industry Assistance Act of 2010”.

SECTION 2. The purpose of this Act is to provide for slot machines at licensed horse racetracks in St. Croix and Video Lottery Terminals at licensed racetracks in St. Thomas to increase and supplement pari-mutuel betting revenues to sustain and make viable the failing horse racing industry, and to raise additional revenues to operate the Government and promote the public welfare.

SECTION 3. Title 32 Virgin Islands Code, chapter 21, Article 1, section 402, is amended as follows:

(a) Paragraph (4) is amended after “slot machines” by inserting “Video Lottery Terminals (VLTs) only at the St. Thomas racetrack casino”; and

(b) Paragraph (6) is amended after “casino gaming” by inserting “including associated amenities, such as food and beverage and ATMs”.

SECTION 4. Title 32 Virgin Islands Code, chapter 21, Article VI, section 434 is amended in the following instances:

(a) The beginning of subsection (b) is amended by inserting before “Only” an exception clause that reads: “Except as provided in subsection (d)”.

(b) Subsections (d) and (e) are re-designated as (e) and (f) and a new subsection (d) is inserted that reads as follows:

“(d)(1) The holder of a valid a horseracing license granted by the Racing Commission under chapter 11 of this title and a Lease-Franchise Agreement under section 209 of this title may be issued a casino license to operate a casino at a horse racetrack under the conditions prescribed in this chapter; except gaming at a horse racetrack on St. Croix is limited to slot machines, and VLTs at a horse racetrack on St. Thomas.

(2)(A) The holder of a Casino License may be issued a license to operate a casino at a horse racetrack under the conditions prescribed in this chapter, if the Casino Licensee has entered into a lease or management agreement with the holder of a Lease-Franchise Agreement under section 209 of this title. The provisions of this paragraph are limited to St. Croix.

(B) No Casino License may be issued to operate slot machines or Video Lottery Terminals at any horse racetrack, unless a Lease Franchise Agreement under section 209 of this title is in effect”

SECTION 5. Title 32 Virgin Islands Code, chapter 21, Article VI, is amended in the following instances:

(a) Section 435a is added and reads as follows:

“§435a Limit on number of racetrack casino licenses

(a) The Commission may issue only one racetrack casino license on St. Croix and one racetrack casino license on St. Thomas.

(b) No horse racetrack may operate or be authorized to operate more than 200 slot machines or VLTs, as the case may be.

(c) No other type of gaming machine or casino gaming activity may take place at any horserace track in the Virgin Islands, except as provided in section 434 (d).”

(b) Section 436 is amended in the language preceding subsection (a) after ‘casino’ by inserting, ‘including an application for the operation of a casino at a racetrack’, “license”

(c) Section 439, subsections (g), (h) and (i) are amended by inserting after every occurrence of “casino hotel”, ‘racetrack casino’.

SECTION 6. Title 32 Virgin Islands Code, Chapter 21, Article VII is amended in the following instances:

(a) Section 453 is amended in the following instances:

(1) A sentence is added at the end of subsection (a) which reads as follows: “Notwithstanding the foregoing, a casino at a racetrack may not operate more than 14 hours within a 24-hour period; and

(2) Subsection (d) is amended by striking “hotel” and “licensed to operate in St. Croix”;

(b) Section 456 is amended by striking ‘hotel’ before ‘Casino’ in every place it appears and after every occurrence of ‘slot machines’ by inserting ‘VLTs’.

SECTION 7. Title 32 Virgin Islands Code, chapter 21 is amended by adding Articles XV and XVI to read as follows:

“ARTICLE XV Special requirements for operators of casinos at horse racetracks

§801. Number and location of gaming machines; security.

(a) Operational slot machines or VLTs may be located only on land upon which the horse racetrack is located or contiguous land, excluding public rights of way.

(b) The licensee shall display pari-mutuel races within the structure where the horse racetrack is located and offer patrons the ability to engage in pari-mutuel wagering on live and simulcast races conducted or offered to patrons of the racetrack.

(c) The licensee shall post signs warning of the risks and dangers of gambling, showing the odds of winning, and informing patrons of the toll-free telephone number available to provide information and referral services regarding compulsive or problem gambling.

(d) The licensee shall provide adequate office space at no cost to the Casino Control Commission for the oversight of the slot machine or VLT operations. The Commission shall adopt rules establishing the criteria for adequate space, configuration, and location and needed electronic technology and technological requirements for office space required by this subsection.

§802. A casino license for a horse racetrack becomes void when:

(1) The operator of the racetrack no longer holds an valid license to conduct pari-mutuel wagering; or

(2) The operator of the racetrack is in default of its Franchise Agreement with the Virgin Islands Horse Racing Commission.

§803. Racetrack Gaming Tax for St. Croix

(a) Sections 515 and 516 do not apply to any gross revenue derived from the operation of a casino at a horse racetrack. Gross revenues derived at a racetrack casino are not subject to gross receipts tax. Gross revenues received by the holder of a Lease-Franchise or Concession pursuant to 32 VIC, §209 and derived from a License Agreement with the operator of the racetrack casino are not subject to gross receipts tax.

(b) There is imposed on the racetrack casinos in the Virgin Islands an annual tax on gross revenues as defined in Section 402 of this Title as follows:

(1) 16 percent per annum on gross revenues from zero dollars to 12,000,000 dollars;

(2) 19-1/4 percent per annum on gross revenues from 12,000,001 dollars to 20,000,000 dollars.

(3) 22-1/2 percent per annum on gross revenues above 20,000,000 dollars.

(c) Monies derived through taxation of casino gaming at horse racetracks are separate and apart from any live racing agreement between the racetrack operator and the respective Horsemen Associations in the Virgin Islands.

ARTICLE XVI HORSE RACETRACK CASINO REVENUE FUNDS

§901.

(a) Two, separate and distinct special funds are established in the Treasury of the Virgin Islands known as the "St. Croix Horse Racetrack Casino Revenue Fund" and the "St. Thomas Horse Racetrack Casino Revenue Fund", respectively, into which all revenues derived from the tax imposed by section 803(b) must be deposited.

(b) Monies in the Funds may be distributed from each fund only for the purposes prescribed under this subsection as follows:

(1) Forty-five and one-half percent to the Treasury of the Virgin Islands pursuant to title 32 V.I.C., §517;

(2) Thirty-eight percent to the Association which represents a majority of all of the licensed horse owners and trainers on the respective island, and is so recognized by the respective District Commission of the Virgin Islands Horseracing Commission, for purses;

(3) Six percent to the Certified Thoroughbred Program which must be administered by Equine Training through the Department of Agriculture, Land Management for breeding programs and veterinarian assistant training certified by UVI ;

(4) Three percent to the respective island's Hospitality Training Fund;

(5) One and one half percent for capital improvement and maintenance of the respective racetrack;

(6) Two percent to the Virgin Islands Horse Racing Commission for administrative functions and duties of the Commission;

(7) Two percent to the Department of Housing, Parks and Recreation for development of youth sports in the Territory; and

(8) Two percent to the Virgin Islands Olympic Committee for funding of athletes and national teams to represent the Virgin Islands in national and regional competitions.

§902. (a) Two separate and distinct special funds are established in the Treasury of the Virgin Islands for promotion of Horse Racing in the Virgin Islands designated as the St. Croix Thoroughbred Fund and the St. Thomas Thoroughbred Fund, respectively. These funds are administered by the Virgin Islands Horse Racing Commission, through the Department of Finance.

(b) The Funds consist of monies distributed from the respective Horse Racetrack Casino Revenue Fund pursuant to section 901 (b) (3).

(c) Monies in the Funds must be used to stimulate the horse racing industry in the Virgin Islands through assistance with increased economic activity and vitality to enable the industry to improve its facilities and breeding stock, and cause increased employment.

§903 (a) Two separate and distinct special funds are established in the Treasury of the Virgin Islands for hospitality training in the Virgin Islands designated the "St. Croix Hospitality Training Fund" and the "St. Thomas Hospitality Training Fund, respectively".

(b) The Funds are administered by the Commissioner of Department of Finance.

(c) Monies in the Funds may be used solely for hospitality training on the respective island.

(d) The Funds consist of monies distributed from the respective Horse Racetrack Casino Revenue Fund pursuant to section 901 (b) (4).

(e) The Department of Tourism shall coordinate the training programs to be implemented under the Fund"; and

SECTION 7. Title 32 Virgin Islands Code, Chapter 21 is amended by adding Article XVII to read as follows:

"ARTICLE XVII

§1001.

It is unlawful for any holder of a license to operate a casino at a racetrack to enter into any agreement after the effective date of this section which would pay to any of the entities listed in this section a fee, license payment, rent or remuneration of any kind based upon money gambled at the racetrack casino or upon racetrack casino gaming activity or revenues or profits of the racetrack casino or numbers of gaming devices located at the racetrack casino:

(1) the holder of a Lease-Franchise or Concession Agreement as provided for in section 209 of this title;

(2) the Virgin Islands Horse Racing Commission or its respective District Commissions;

(3) any association representing the interests of horse owners and trainers who race at either of the horse racetracks, including the "Horseman's Group" as defined in section 3002 (12) of the Interstate Horseracing Act found at 15 U.S.C. Section 3002; or

(4) the owner or any person or entity claiming an interest in and to any property upon which a racetrack casino is or may be located.

SECTION 8. Title 29 Virgin Islands Code chapter 3 is amended in the following instances:

(a) Section 228 is amended in A-1 Agricultural Zone and P-1 Public Zone, in the paragraph captioned "Uses permitted subject to the conditions set forth in sections 231 and 232 of this subchapter" by adding item 7 to read as follows:

"7. Slot machines at the St. Croix horse racetrack and Video Lottery Terminals (VLTs) at St. Thomas horse racetrack pursuant to title 32 V.I.C. chapter 21; and

(b) Section 231 is amended by adding item 32 to read as follows:

"32. Slot machines are permitted uses in the A-1 and P-1, St. Croix district and Video Lottery Terminals (VLTs) are permitted uses in A-1 and P-1, St. Thomas district under the following conditions"

(A) Slot machines may be operated at only one horse racetrack on St. Croix and Video Lottery Terminals (VLTs) may be operated at only one horse racetrack in St. Thomas pursuant to title 32 V.I.C., chapter 21; and

(B) No structure may exceed a height of three stories.

SECTION 9. (a) Four and one half percent (4.5%) of the proceeds derived from all lottery Games under contract between the Virgin Islands Lottery and any private contractor of lottery games, as authorized under title 32, Virgin Islands Code, chapter 13, section 246(a), paragraph 1, in the district of St. Thomas-St. John shall be deposited into the St. Thomas Horse Racing Improvement Fund for horse racing supplement purses at the Clinton Phipps Racetrack. The Virgin Islands lottery shall convey these proceeds to the Department of Finance.

(b) Six percent (6%) of the revenues derived from video lottery terminals located at the Clinton Phillips Racetrack in the St. Thomas-St. John district shall be divided between the Horse Racing Commission, Department of Housing Parks and Recreation and the Virgin Islands Olympic Committee equally.

Thus passed by the Legislature of the Virgin Islands on April 15, 2010.

Witnessed our Hands and Seal of the Legislature of the Virgin Islands this
27 Day of April, A.D., 2010.



Louis Patrick Hill
Louis Patrick Hill
President

Sammuel Sanes
Sammuel Sanes
Legislative Secretary



Bill No. 28-0084 is hereby approved.

Witness my hand and the Seal of the
Government of the United States
Virgin Islands at Charlotte Amalie,
St. Thomas, this 10th day of May,
A.D., 2010.

John P. de Jongh, Jr.
John P. de Jongh, Jr.
Governor