VIPCA
Virgin Islands Professional Charter Association

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Overview:
The purpose of this document is to provide a summary for each proposed section that I included in the proposed Marine Charter Business Revitalization Act of 2025, including rationale and supporting data and/or experiences. This document was provided to the Government of the Virgin Islands in July 2025.

SECTION 2. Gross Receipts Tax Relief

Problem: USVI based yachts are at a significant financial disadvantage compared with BVI based yachts.

Solution: Reducing gross receipts to 0% for charter boats will make the USVI cost competitive with the BVI.

Solution: Dissuade the NPS from implementing its proposed gross receipts tax structure. Instead, a $2 environmental surcharge could be added to **non-resident** ferry tickets to St. John which would generate a substantial amount of revenue for NPS.[1]

Discussion: A yacht operating a full season of charters (20 charters) solely in the USVI would pay approximately $55,000 in operating costs compared to a yacht operating solely in the BVI which would pay $24,000.[2] Of that $55,000 in operating costs, 61% is from gross receipts alone (54% from USVI gross receipts and another 17% from the National Park Service's soon to be implemented gross receipts structure). Reducing gross receipts to 0% would put USVI only operating costs at $25,000. The disadvantage only grows more stark as charter price increases further pushing away high dollar yachts that would otherwise base in the USVI and contribute to the local economy.

The financial disadvantage is even more stark for USVI-based yachts operating in the USVI and in the BVI which face $97,000 in operating costs (again compared to $24,000 for yachts operating solely in the BVI). To make matters worse, of the $97,000, nearly 74% (73.77%) goes to the BVI Government.

SECTION 3. Income Tax Relief

Problem: Due to BVI tax laws, marine businesses and charter operators in the USVI are at a significant financial disadvantage.

[1] A $2 surcharge for an estimated 600,000 yearly visitors would yield $1.2M in revenue.
[2] Example based on 20 charters at 8 nights each with 8 guests each aboard a 56' yacht.

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Solution: Reduce income tax burdens on marine businesses[3] either through the Marine Charter Business Revitalization Act of 2025 or through the established VIEDA structure.

Discussion: The BVI has no corporate income tax, personal tax, or VAT (along with others). Companies only pay an annual trade license (business licence) fee. The USVI, by contrast, mirrors the IRS tax code and includes a ten-percent (10%) surcharge on the total Virgin Islands income tax liability of all corporations, both domestic and foreign. Proposed reductions in tax obligations for charter operators and the broader marine industry would position the USVI as the most business-friendly professional yachting destination in the Caribbean.

SECTION 4. Duty and Excise Tax Relief

Problem: Recent changes to customs regulations have generated enormous shipping delays for the USVI. Timely, reliable delivery of marine parts is crucial to sustaining a marine industry.

Solution: Exempting marine parts and other goods used in the broader marine industry (footnote 3) from duty and excise tax will expedite timely and reliable delivery.

Discussion: Charter companies and charter crew have expressed waiting anywhere from weeks to months for parts from the main-land that used to take a few days to arrive in the USVI. There are increasing instances where it is faster to ship parts from St. Maarten to Tortola vice shipping parts from Florida to St. Thomas. The USVI cannot support a thriving marine industry if we do not have timely, reliable shipping services for parts. One of the USVI's key strengths previously was fast and easy access to the extensive U.S. market for marine parts and supplies. Losing that is an enormous detriment to the industry.

SECTION 5. Incentivizing Investment in Marine Infrastructure, the Marine Industry and Marine Attractions

Problem: The USVI does not have a haul out, ship repair, and dry dock facility.[4] The BVI has two (Nanny Cay Boatyard and Virgin Gorda Yacht Harbor) which causes an

[3] Boat charters, commercial fishing, rental of watersports equipment, boat rental, yacht brokerage service, SCUBA diving school and related services, boat building and repair, naval architecture – marine engineering, marine help services, marine salvage and related underwater services, marine surveyor and consultant, and marine towing

[4] The Sub Base facility is limited to one or two boats and there are no land storage options.

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enormous loss of business that could otherwise remain in the territory and support dozens of well-paying jobs locally.

Solution: Construct a world-class haul out, ship repair, and dry dock facility at the former Cancryn School or in Havensite. Including "Marinas, Haul-out, Dry Dock, Boat Building and Repair Facilities" in Category II of established VIEDA statutes (Title 29 Virgin Islands Code Section 708 (a)) would provide a pathway to attract the estimated $10M investment needed for this transformative project. The project will also need full government support in obtaining necessary permitting and approvals.

Summary: Previous feasibility studies have identified ideal locations at either the former Cancryn School or in Havensite for a world-class ship yard in St Thomas. With an estimated cost of $10M, the "Virgin Islands Shipyard" would be the only shipyard in the Caribbean with a 300 ton lift that could service yachts up to 165ft in length and 45ft wide. The facility would also house over ten (10) Virgin Island marine service businesses from and have the potential to house over twenty-five (25) as the development progresses. The Shipyard will provide space for education and development of Virgin Islands youth as a core value. With such a large economic footprint, the Virgin Islands Ship Yard would become a key source of revenue, employment, and economic development for the USVI.

Problem: The BVI has dozens of marine attractions and beach bars with easy access (either by land/beach, dock, or both). The USVI has four - LimeOut, PizzaPie, Dinghys at Water Island, and Lovango.

Solution: Extending Category IV VIEDA benefits (lines 87-88) to new and existing marine attractions and marine services will drive critical private investment in this area to compete with BVI offerings.[5]

Summary: Simply put, visitors want to go to the BVI for their marine attractions. Expanding offerings in the USVI will keep more trips local which in turn will put more spending and revenue into the local economy. Category IV benefits with a minimum employment requirement of 5 VI residents are appropriate here vice the 10 employee minimum for Category II (more appropriate for larger infrastructure such as marina, the Virgin Islands Ship Yard, etc).

SECTION 6. Fuel Concessions

Problem: High fuel prices across the USVI (both on land and on the water) stifle businesses and economic growth.

[5] Or, tax relief as in Section 3.

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Solution: Utilize fuel concessions or other framework to bring down the cost of gasoline and diesel.

SECTION 7. Improving Marine Technical Training and Services

Problem: The USVI has a great need for qualified marine technicians across all disciplines (diesel mechanics, outboard mechanics, generator mechanics, HVAC repair and installation, electricians, plumbers, watermakers, machinists, welders, sail and canvas makers, etc).

Solution: Provide UVI Center for Excellence in Leadership and Learning (CELL) with a grant to implement ready-made certificate programs in the marine trades.

Opportunity: Position the USVI as the leading marine technical training hub in the Caribbean.

Summary: The USVI does not have a formal marine technical training program. There is an enormous need for local talent to either fill existing vacancies or start their own businesses. VIPCA and UVI CELL have developed a pilot program for marine technical training which has yet to be implemented due to lack of capacity (on VIPCA's part) and funding (on UVI CELL's part). UVI CELL has the expertise and experience necessary to start this badly-needed program.

SECTION 8. Streamlining Business Licenses and Vessel Registrations

Problem: The business license process is not designed for the unique nature of charter yachts. DLCA does not have the resources to conduct its inspections.

Solution: Streamline the license process by having the vessels USVI Commercial Registration serve as its business license. Increase USVI Commercial Registration fees to include existing DLCA fees in addition to funds for DPNR enforcement.

Problem: It is difficult for local and federal agencies to identify which vessels are properly licensed passenger for hire operations.

Solution: A single USVI Commercial Registration and database of registered vessels will enable local and federal authorities to easily identify which vessels are legally engaging in passenger-for-hire (Boat Charter) services.

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Summary: DLCA requires a separate fire inspection when such an inspection is already required and performed as part of the vessel's required annual safety inspection. This redundancy adds an unnecessary time cost and logistical burden where it is not needed.

Anchoring Permits (for all yachts) and Cruising Permits (for foreign yachts) add another level of paperwork and red-tape that is not necessary. These permits should also be streamlined into a single USVI Commercial Registration, which all vessels carrying passengers for hire in the USVI will be required to obtain. A single, streamlined registration process will increase GVI revenues while also ensuring that all vessels are in compliance with USVI law.

These revenues raised from USVI Commercial Registrations should go in part to DPNR Environmental Enforcement and in part to DLCA to recover the $100 per vessel they would have otherwise received through the traditional licensing process.[6] Overall, this new process will remove unnecessary red-tape and position the USVI as the most business friendly charter destination in the Caribbean.

> Legislative Text Notes:
> Lines 101-104 and 108 - 113 make it such that a USVI Commercial Registration serves as a vessel's business license.
> Lines 105-107 serve to remove the current license fee from DLCA's rate schedule.
> Lines 114-116 is the new fee schedule for a USVI Commercial Registration to replace the previous one.
> Lines 117-119 streamline the registration process by having DPNR accept valid USCG Certificates of Documentation and Flag State Registrations rather than a notarized bill of sale. Every vessel carries its current registration. Producing an original notarized bill of sale is an unnecessary burden as a vessel must have already produced that bill of sale to obtain its USCG Certificates of Documentation or Flag State Registration in the first place.
> Lines 149-160 strike existing anchoring permit laws that were implemented during COVID. Anchoring permits and fees within the proposed Section 8 of this legislation are rolled into a vessel's commercial registration.

SECTION 9. Streamlining and Expediting CZM Processes and Approvals for Marine Attractions and Marine Infrastructure

[6] The appropriate registration fee should vary by size of yacht and precise number is an open topic of discussion.

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Problem: The CZM code has not been updated since 1979. As noted in the USVI Comprehensive Plan (pg. 16), "the most frequently discussed topic in all forms of engagement related to how decisions are made regarding land and water use. [...] The current system often suffers from too many layers of permit review and the need for coordination that is either too complicated or under-resourced."

Solution: Direct CZM to facilitate and expedite permits and approvals of marine attractions, marine infrastructure, and marine-related businesses. Require CZM to adhere to its own timelines or a proposed project defaults to approved.

Legislative Text Notes:
Lines 129-132 direct CZM to facilitate and expedite permits and approvals of marine attractions, marine infrastructure, and marine-related businesses.
Lines 122-136 will facilitate transparency and expeditious review by requiring CZM to adhere to its own timelines.

Problem: The USVI lacks marine attractions and marine infrastructure (such as marina space and dinghy docks). The dollar amounts listed in the Code that govern triggering a Major CZM - improvements to an existing structure ($52,000), development of one or more structures ($75,000), and any other development[7] ($66,000) have not been adjusted for inflation since 1979.

Solution: At a minimum, adjust dollar figures for inflation: improvements to an existing structure ($231,035), development of one or more structures ($333,224), and any other development ($293,237). Even more appropriate would be to further increase these numbers to reflect not only inflation, but the overall added higher cost of goods and services in the USVI (suggested $500,000 across the board). Raising the threshold whereby a new marine attractions or infrastructure project can be reviewed as a Minor CZM will greatly facilitate investment and development.

Legislative Text Notes:
These changes are reflected in lines 122-128.

Summary: There is no dispute that proper permitting and review is a necessary process to protect natural resources. However, in order to attract investment, the permitting process and government agencies must be clear, efficient, accountable, and predictable. Instructing CZM to facilitate and expedite review and permitting of marine

[7] Not including extraction of minerals

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attractions and marine infrastructure will incentive private investment that is otherwise dissuaded by an opaque and unaccountable permitting process.

For example, VIPCA has received the following feedback regarding obstacles present in the CZM process:

“We formed our business 3 years ago and submitted our final application to CZM two and a half years ago. After initial submission, CZM said they would provide a ruling within 90 days - then took a year to approve. For a subsequent approval needed within the same project, CZM provided a 3 week time line - then took three months to approve.”

“It’s impossible to get anything permitted.”

“It’s not worth the hassle if a project is going to sit in CZM purgatory forever.”

“Myself and a partner have tried to open 3 different water based businesses to keep charter boats on our side giving more lunch/bar options. All 3 of our business proposals were shut down and they would be no different than existing businesses.”

SECTION 10. Modernizing Boating Laws in the U.S. Virgin Islands

Problem: Overlapping jurisdictions and layers of at times contradictory laws make it extremely difficult for responsible vessel operators to know which set of laws and regulations they should follow.

Solution: Modernize conflicting boating laws to ensure operators are in compliance and the regulations themselves are easily referenced on DPNR or other authority’s website.

> Note: The full text of V.I. Code tit. 25, § Chapter 15 VIRR 297 can only be found through a link on the Coral Bay Community Council’s website.[8]

Problem: V.I. Code tit. 25, § Chapter 15 VIRR 297-7(m) prohibits beaching a motorboat, which theoretically makes it illegal to get to shore from a boat in any capacity but swimming, kayaking, or paddleboarding - which of course is entirely impractical.

Solution: Strike V.I. Code tit. 25, § Chapter 15 VIRR 297-7(m).

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8 https://coralbaycommunitycouncil.org/wp-content/uploads/2020/12/Motorboat-VI-Rules-and-Regs-highlighted-for-St.-John.pdf

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Problem: V.I. Code tit. 25, § Chapter 15 VIRR 297-4's list of "Designation of restricted areas" effectively covers every bay in the U.S. Virgin Islands which in practice makes any sort of watersport (water skiing, wakeboarding, e-foiling, tubing) illegal in any otherwise practical area that would be suited for them. By contrast, in BVI waters there are practically no restricted areas for watersports. Yachts need areas where their guests can engage in water sports.

Solution: Striking the existing list of restricted areas (lines 146-147) found in V.I. Code tit. 25, § Chapter 15 VIRR 297-4 until such time as DPNR produces a revised water use plan balancing recreational needs with environmental needs.

Problem: The existing web of laws in addition lack of clear guidance has led to disputes over where a vessel is legally allowed to anchor. With the influx of yachts during COVID, this issue was most pronounced in Round Bay, St. John, as chronicled in a 6 part series in 2022 by the St. Thomas Source.

Solution: Clearly define The provisions proposed in Section 9 Lines 139-144 would clarify these discrepancies.

Problem: Jetskis, in particular, and other vessels, at times, operate at unnecessarily fast speeds close to anchored vessels, structures, docks, and the shore line.

Solution: Amend 25 Virgin Islands Code Chapter 15 section 297 as noted in lines 162-165 simplify and clarify speed restrictions for all vessels ensuring safety of guests and vessels themselves.