BILL NO. 36-_____

THIRTY-SIXTH LEGISLATURE OF THE VIRGIN ISLANDS OF THE UNITED STATES OF AMERICA

REGULAR SESSION 2025

The bill is to amend Title 33 of the Virgin Islands Code to reduce gross receipts and income taxes for marine charter operators and yacht sales companies; to exempt qualifying yacht sales from gross receipts tax; and to establish a ten-year incentive program to recapture the marine charter and yacht brokerage market in the U.S. Virgin Islands.

The bill is to amend Title 25 of the Virgin Islands Code to modernize and streamline boating laws, commercial registration, and general compliance in the U.S. Virgin Islands

The bill is to amend Title 29 of the Virgin Islands Code to extend Economic Development Commission (EDC) benefits to businesses classified as marine attractions, marine services, and boat building and repair facilities.

The bill is to amend Title 12 of the Virgin Islands Code to modernize the Costal Zone Management (CZM) process and expedite approvals of marine attractions, marine services, and boat building and repair facilities.

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PROPOSED BY THE GOVERNOR

WHEREAS, the United States Virgin Islands has historically been a world-class destination for charter yachts and yacht sales, contributing significantly to the Territory's economy through tourism, marine services, and local employment;

WHEREAS, excessive charter fees imposed by the British Virgin Islands on foreign based vessels, including United States Virgin Islands' home-based fleets, have driven a sharp decline in local charter business for the upcoming 2025-2026 Tourist Season and yacht sales activity in the Territory;

WHEREAS, there is an urgent need to implement competitive and long-term tax incentives to attract charter yacht operators, marine service businesses, marine attractions, and yacht brokerage firms to domicile their operations in the United States Virgin Islands and to base their fleets and sales infrastructure in the Territory;

WHEREAS, updating, modernizing, and streaming regulatory structures governing the CZM process and boating laws will increase private investment the Blue Economy and ensure adequate regulatory compliance without hindering needed development;

WHEREAS, constructing a world-class vessel haul out and repair facility is critical in positioning the U.S. Virgin Islands as a yachting hub;

WHEREAS, revitalizing the charter and yacht sales sectors will generate year-round economic impact through provisioning, maintenance, bookings, accommodations and other tourism-related activity, leading to increased employment and entrepreneurial opportunities for Virgin Islanders;

WHEREAS, these measures are essential for the Territory to recapture market share and reclaim its leadership in the Caribbean marine economy; Now, Therefore

Be it enacted by the Legislature of the Virgin Islands:

SECTION 1. Short Title

This Act shall be known as the "Marine Charter Business Revitalization Act of 2025".

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SECTION 2. Gross Receipts Tax Relief Title 33 Virgin Islands Code Section 43 is amended by adding a new subsection (g) to read:

"(g) Notwithstanding any other provision of this section, the gross receipts tax for any business primarily engaged in marine day sails, term charters or yacht sales originating in the United States Virgin Islands shall be:

(1) Two and one-half percent (2.5%) for marine related activities to include 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 for a period of ten (10) years from the effective date of this Act, with an option to renew for an additional ten (10) years upon recertification by the Virgin Islands Economic Development Authority; and

(2) Zero percent (0%) for all yacht sales conducted by licensed yacht sales company domiciled in the United States Virgin Islands.

(3) Zero percent (0%) for all boat charters conducted in the United States Virgin Islands."

SECTION 3. Income Tax Relief Title 33, Subtitle 1, Part 1 is amended by inserting "Chapter 8, Marine Charter & Yacht Sales Tax and adding a new section XXX to read as follows:

§ XXX. Reduced Income Tax for Marine Charter and Yacht Sales Operators

(a) A taxpayer whose primary business activity is marine charter services, including day sails and term charters originating in the United States Virgin Islands, shall receive a fifty percent (50%) reduction in income tax liability on all income derived from charter operations for a period of ten (10) years from the effective date of this Act.

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(b) A taxpayer engaged in yacht sale, licensed and domiciled in the United States Virgin Islands, shall be entitled to:

(1) A ninety percent (90%) exemption on taxable income related to the sale of yachts in the United States Virgin Islands and

(2) A fifty percent (50%) reduction in income tax liability related to ancillary yacht sales operations."

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SECTION 4. Duty and Excise Tax Relief Title 33 Virgin Islands Code Section 42 is amended by adding a new subsection (14) within subsection (e) to read:

"(14) Notwithstanding any other provision of this section, the excise tax on all all articles, goods, merchandise or commodities manufactured in or brought into the Virgin Islands for the purposes of 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 shall be zero percent (0%).

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SECTION 5. Incentivizing Investment in the Marine Industry and Marine Attractions Title 29 Virgin Islands Code Section 708 (a) is amended by inserting "Marine Attractions, Marine Services, Boat Building and Repair Facilities" within "Category II"

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The Government of the U.S. Virgin Islands is committed to seeking a qualified developer and private investment to construct a a region-leading haul out and repair facility.

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SECTION 6. Fuel Concessions Title XX Virgin Islands Code is amended to provide a 50% fuel concession to fuel taken on at marine facilities in the U.S. Virgin Islands.

SECTION 7. Improving Marine Technical Training and Services The University of the Virgin Islands (UVI) is encouraged to develop a certificate level curriculum covering all aspects of marine maintenance and service. Supported by [xxx funds], this program will develop the local workforce needed to service our growing maritime industry.

SECTION 8. Streamlining Business Licenses and Vessel Registrations Title 27 Virgin Islands Code section 301(a)(2) is amended by inserting:

"Notwithstanding any other provision, "Boat Charter Services are considered properly licensed to conduct business in the U.S. Virgin Islands with a USVI Commercial Vessel Registration provided by the Department of Parks and Natural Resources (DPNR)."

Title 27 Virgin Islands Code section 302(a) is amended by inserting:

"Marine Attraction $100"

"Boat charter service per boat $0"

Title 27 Virgin Islands Code section 302 is amended by inserting:

"(i) Notwithstanding any other provision, Boat Charter Services are considered properly licensed to conduct business in the U.S. Virgin Islands with a USVI Commercial Vessel Registration provided by the Department of Parks and Natural Resources (DPNR). A business license from the Department of Consumer and Licensing Affairs (DLCA) is not required."

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Title 25 Virgin Islands Code chapter 15 is amended by striking Schedule II and replacing with the below schedule:

FEE SCHEDULE BY CLASS OF VESSEL				
CLASS	TYPE	LENGTH	Fee (Previous)	Fee (New)
CLASS A	Non-commercial	Less than 16'	25	25
CLASS A	Commercial	Less than 16'	37.5	45
CLASS I	Non-commercial	16' to less than 26'	50	50
CLASS I	Commercial	16' to less than 26'	75	175
CLASS II	Non-commercial	26' to less than 40'	100	100
CLASS II	Commercial	26' to less than 40'	150	300
CLASS III	Non-commercial	40' to less than 65'	150	150
CLASS III	Commercial	40' to less than 65'	225	500
CLASS IV	Non-commercial	65' to less than 80'	200	200
CLASS IV	Commercial	65' to less than 80'	300	600
CLASS V	Non-commercial	Greater than 80'	N/A	300
CLASS V	Commercial	Greater than 80'	N/A	700

The Department of Parks and Natural Resources (DPNR) is instructed to accept a current Flag State Registration (if foreign flagged) or USCG Documentation (if U.S. flagged) as proof of ownership in lieu of a notarized bill of sale.

SECTION 9. Streamlining and Expediting CZM Processes and Approvals for Marine Attractions and Marine Infrastructure Title 12 Virgin Islands Code section 910 (c)(2)(C) is

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amended by striking "less than seventy-five thousand dollars ($75,000)" and inserting "less than five hundred thousand dollars ($500,000)

Title 12 Virgin Islands Code section 910 (c)(2)(D) is amended by striking "less than sixty-six thousand dollars ($66,000)" and inserting "less than five hundred thousand dollars ($500,000)

Title 12 Virgin Islands Code section 910 (c)(2)(B) is amended by striking "less than fifty-two thousand ($52,000)" and inserting "less than five hundred thousand dollars ($500,000)

Title 12 Virgin Islands Code section 910 is amended by insterting:

"(h) Notwithstanding any other provision of this chapter, CZM is instructed to facilitate and expedite permits and approvals of marine attractions, marine infrastructure, and marine-related businesses.

SECTION 9. Modernizing Boating Laws in the U.S. Virgin Islands Title 25 Virgin Islands Code chapter 16 section 405 is amended by inserting:

"(j) Notwithstanding any other provision of this chapter, it is legal to anchor in territorial waters EXCEPT:

(1) In a zone outlined by GPS coordinates designated by the Comissioner

(2) On a coral reef

(3) Any zone so designated by the U.S. Coast Guard

Title 25 Virgin Islands Code Chapter 15 VIRR 297-4 is stricken pending a revised study and water use plan by DPNR

Title 25 Virgin Islands Code Chapter 15 VIRR 297-7(m) is stricken.

Title 25 Virgin Islands Code section 405(a) is amended to read:

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"(a) The owner of each vessel or houseboat using a mooring or intending to install a mooring in a designated mooring area shall file an application for a mooring permit with the Department. In accordance with the procedures and form prescribed by the Department, the owner or owner's resident agent shall sign the application, include the owner's mailing address, and submit the annual permit fee as provided in the regulations promulgated under this chapter. All owners of vessels shall pay a fee per foot of vessel, based upon the deck length, to the Department for the use of the mooring. The fee for the use of the mooring is an annual fee. A non-resident owner shall include in the application, the name and mailing address of his designated resident agent. An affidavit executed by the applicant setting forth the facts in support of the applicant's claim of ownership is required for every initial application.

Title 25 Virgin Islands Code section 405(e) SCHEDULE II is stricken.

SECTION 10. Eligibility and Conditions

To qualify for the incentive provided under this Act, a business must:

(a) Be registered with the Division of Corporations and Trademarks within the Office of the Lieutenant Governor and licensed with the Department of Licensing and Consumer Affairs;

(b) Maintain its principal of business in the United States Virgin Islands;

(c) For charter operators, conduct operations for at least one hundred eighty (180) days per calendar year from a United States Virgin Islands Port;

(d) Enter into a ten (10) year pledge agreement with the Virgin Islands Economic Development Authority; and

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(e) Remain in full compliance with all United States Virgin Island tax, licensing and reporting obligations.

SECTION 11. Implementation

The Virgin Islands Bureau of Internal Revenue, in consultation with the Virgin Islands Economic Development Authority and the Department of Licensing and Consumer Affairs, shall promulgate rules and regulations necessary to implement this Act within ninety (90) days of its effective date.

SECTION 12. Severability

If any provision of this Act or its application to any person or circumstance is held to be invalid, the invalidity does not affect other provisions or applications of the Act which can be given effect with the invalid provision or application.

SECTION 13. Effective Date

This Act shall take effect thirty (30) days after enactment.

BILL SUMMARY

By allowing long-term, performance-based tax relief, modernizing business regulations, and reducing regulatory burdens, the program aims at resuscitating and expanding the blue economy in the United States Virgin Islands. The Act creates an environment where new investment can be attracted and support existing fleet growth, investment in marine services, and expanded offerings of marine attractinos. This strategy will make the United States Virgin Islands once again a desirable charter destination in the Caribbean as well as its largest center for yacht sales and

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brokerage. In addition, the initiative is expected to bring an increase in economic activity for local businesses. To ensure that the initiative brings concrete and lasting benefits for the people of the Virgin Islands, a formal agreement structure will be set up to maintain any accounts-including sustainability, and economic results which can be measured.