



THE UNITED STATES VIRGIN ISLANDS

OFFICE OF THE GOVERNOR
GOVERNMENT HOUSE

Charlotte Amalie, V.I. 00802
340-774-0001

December 15, 2016

Hon. Neville James
Senate President
31st Legislature of the Virgin Islands
Legislature of the Virgin Islands
Capitol Building
St. Thomas, U.S. Virgin Islands 00802

Re: Governor's Action of Bill Nos. 31-0484 and 31-0485

Dear Mr. President:

I write to advise you that, pursuant to Section 9(d) of the Revised Organic Act of the Virgin Islands of 1954 as amended, I have today acted on Bill Nos. 31-0484 and 31-0485.

I have approved Bill No. 31-0484, an Act amending Title 32, Virgin Islands Code, chapters 11 and 21 relating to horse racing and the establishment of racinos in the Virgin Islands, and amending Title 29, Virgin Islands Code, chapter 3 relating to the zoning of racinos in the Virgin Islands. This measure is referred to as "The Virgin Islands Horse Racing Industry Assistance Act of 2016."

As I stated in my transmittal letter, horse racing has had a storied history in the U.S. Virgin Islands. Unfortunately, the horse racing industry has fallen on hard times across the country, including the U.S. Virgin Islands. In order to rebuild our industry, my administration submitted to the 31st Legislature a comprehensive bill to modernize the horse racing industry in the Virgin Islands and help jump-start sports tourism in the Territory, especially on the island of St. Croix.

First, let me thank the Members of the Senate for the hard work and long hours each of you put in on these measures. This dedication only underscores your commitment to serve the needs of the people of our community. I thank each of you for your service.

During its deliberations, the Senate made a series of amendments to the proposed bill that will hamper our ability to move forward and achieve the benefits this partnership is to produce.

Some key and very important provisions that were removed from the bill needs to be revisited by the Legislature.

The Legislature removed sections 216-223 which banned illegal doping of horses, and authorized mandatory random testing to insure that prohibited drugs and substances are not used in horseracing at our facilities. In addition, the responsibility for such testing and the final say in whether a particular horse is fit to participate in racing is done by a licensed Veterinarian. Currently, there is no anti-doping policy statutes existing in the Territory. Anti-doping policies level the playing field for everyone invested and interested in horse racing. It is essential if we truly want to promote horseracing as sports tourism in the Virgin Islands. Why would we support an investment where the people of the Virgin Islands could make a return of over \$200 million and expose such an investment to contamination or harm by a few miscreants by not outlawing doping and abuse of horses?

In fact, there is a ground swell of support by jockeys, trainers, horseracing fans, and owners for drug and medication reforms in the industry. Uniform testing and basic minimum standards for testing in the industry, across state, territorial, and international lines, will make our efforts to transform this sport into part of our economy a reality. I need, and I'm asking for your help, to have the Senate reinstate the anti-doping provision that it removed.

Also removed from the measure, but of significant importance, were proposed sections 208 and 209. These sections consolidated the two existing District Horse Racing Commissions into one (1) Territorial Commission, called the Virgin Islands Horse Racing Commission ("Commission"). Having a single commission regulating a single promoter and operator only makes sense. With the removal of the sections, a single promoter will be regulated by two (2) different entities who may establish contravening regulations from one island to the next. How would outside participants understand the conflicting rules and regulations when they plan to participate in Virgin Islands horse racing? How would local horse owners participate under separate and different district regulations? Allowing the two district commissions to remain is analogous to having two district Public Services Commissions regulating the Water & Power Authority. This would create confusion, more cost and impede our objective to revitalize this industry. The newly created single Commission would solve this problem.

Finally, my proposed bill increased the casino fees from 19 ¼% to 25% — which would be paid into a separate and distinct special fund called the "Horse Racetrack Casino Revenue Fund." This nearly 30% increase in casino fees would have been distributed from the fund as follows:

- 50% to the General Fund of the Virgin Islands Treasury;
- 30% to the respective horsemen's associations in both island districts, evenly divided;

- 3% to a newly established Thoroughbred Fund for use in the Certified Thoroughbred Program to improve facilities and breeding stock in the horse racing industry;
- 3% to a newly established Hospitality Fund for hospitality training in the tourism industry;
- 4% to the Agriculture Revolving Fund established and administered pursuant to 33 V.I.C. §3018, for the purchase and cultivation of fresh fruits and vegetables for consumption within the Territory;
- 2% to the Virgin Islands Horse Racing Commission for administrative functions and expenses;
- 5% to the Department of Sports, Parks and Recreation for the development of youth sports activities in the Territory; and,
- 3% to the Virgin Islands Olympic Committee for the funding of athletes and national teams to represent the Virgin Islands in national and regional competitions.

The Legislature opted to maintain the current fee structure, which only provide fees to be the St. Croix District Horsemen Association. However, the bill in its current form establishes racinos in both districts at both tracks but only provide funds to a single district Horsemen Association on St. Croix, leaving the St. Thomas Horsemen Association out of the loop as well as denying funds to entities that have codified responsibility under the law; i.e the Department of Agriculture and the Department of Tourism.

Again, I ask the Members of the Legislature to revisit this section and amend the legislation to restore the fee distribution structure that we originally proposed. Under this new law and with the distribution we proposed, the St. Croix Horsemen Association will receive much more funds at 25% than they received at 38%.

I have also approved Bill No. 31-0485, an Act approving the Franchise Agreement between the Government of the Virgin Islands and the Lease and Sublease Agreements between the Government of the Virgin Islands and VIGL Operations, LLC.

The Clinton Phipps Racetrack on St. Thomas and the Randall "Doc" James Racetrack on St. Croix are both in a state of serious disrepair. Our tracks need significant new capital investment, a minimum number of race days, and larger purses for our horsemen. With the approval of this measure, we now have an operator with nationally recognized experience in the horse racing industry who will invest nearly \$30 million in private capital to build modern state-of-the-art racetracks and related facilities on both St. Thomas and St. Croix.

If the senate make the suggested corrects by adopting an anti-doping law, creating a single territorial racing commission and distributing the anticipated revenues to regulate and manage the

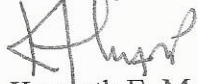
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industry, care for retired horses, provide funds for hospitality training and support programs for our youth; we will be off to a new vibrant segment in our economy. Mr. President, the Legislature has done the greater share of the work by ratifying the agreement and passing much of the needed legislation to make this work, but I need you to do a bit more; remove the impediments from making this partnership a success.

As always, thank you for your continued work on behalf of the people of the Virgin Islands.

Sincerely,

A handwritten signature in dark ink, appearing to read "K. Mapp", written over the printed name.

Kenneth E. Mapp
Governor