

Virgin Islands Casino Control Commission
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**Virgin Islands Casino Control Commission
before**

**Committee of the Whole
Thirty-Sixth Legislature of the Virgin Islands**

**Frits E. Lawaetz Legislative Conference Room
St. Croix, U.S. Virgin Islands**

**August 24, 2026
10:00 A.M.**

**Carolyn P. Hermon-Percell
Acting Chairman/Chief Executive Officer**

GOOD MORNING, SENATOR MILTON E. POTTER, CHAIRMAN OF THE COMMITTEE OF THE WHOLE, SENATORS OF THE 36TH LEGISLATURE, LEGISLATIVE STAFF, AND ALL OTHERS PRESENT IN THE HEARING ROOM OR LISTENING OR VIEWING THIS PROCEEDING VIA ELECTRONIC MEANS.

THE VIRGIN ISLANDS CASINO CONTROL COMMISSION, AS THE LICENSING AND REGULATORY AUTHORITY FOR THE CASINO INDUSTRY OF THE U.S. VIRGIN ISLANDS, PURSUANT TO V.I. CODE ANN. TIT. 32, § 401 *ET SEQ.*, THE VIRGIN ISLANDS CASINO AND RESORT CONTROL ACT OF 1995, AS AMENDED (“CRCA”), AND OTHER APPLICABLE LAWS, THANKS YOU FOR THIS OPPORTUNITY TO SUBMIT ITS COMMENTS ON BILL NO. 36-0313, AN ACT APPROVING LEASE AGREEMENTS FOR THE DEVELOPMENT AND OPERATION OF THE RANDALL “DOC” JAMES RACETRACK ON ST. CROIX AND THE CLINTON E. PHIPPS RACETRACK ON ST. THOMAS AND AMENDING TITLES 32 AND 33 VIRGIN ISLANDS CODE. FOR THE RECORD, I AM CAROLYN P. HERMON-PERCELL, ACTING CHAIR AND CHIEF EXECUTIVE OFFICER OF THE COMMISSION.

BILL NO. 36-0313 PERTAINS TO THE APPROVAL OF LEASES AND OTHER AGREEMENTS, SPECIFICALLY AN AGREEMENT THAT WOULD ALLOW FOR THE OPERATION OF VIDEO LOTTERY TERMINALS (“VLTS”) ON ST. CROIX. THE COMMISSION TAKES THIS OPPORTUNITY TO SHARE COMMENTS MADE IN A LETTER DATED JUNE 3, 2026, SENT BY THE COMMISSION TO GOVERNOR ALBERT BRYAN JR, CONCERNING VLTS THAT WOULD NOT BE SUBJECT TO THE JURISDICTION OF THE COMMISSION. AT THE OUTSET, THE COMMISSION WISHES TO MAKE CLEAR THAT IT SUPPORTS THE RETURN OF HORSE RACING TO ST. CROIX. THE COMMISSION ACKNOWLEDGES THAT, GIVEN THE

ECONOMIES OF “THE SPORT OF KINGS,” HORSE RACING REQUIRES A STEADY FUNDING STREAM THAT IS USUALLY ACHIEVED BY ALLOWING GAMING AT A RACETRACK. UNDER THE AUTHORITY OF THE COMMISSION, TRAXCO, INC. OPERATED A RACINO AT THE RANDALL “DOC” JAMES RACETRACK UNTIL DISPLACEMENT FOLLOWING THE HURRICANES OF SEPTEMBER 2017. THE COMMISSION THEN ISSUED A LICENSE TO VIGL OPERATIONS, LLC IN APRIL 2024 TO OPERATE A RACINO AT THE RANDALL “DOC” JAMES RACETRACK. VIGL CHOSE NOT TO PROCEED WITH THE PROJECT.

UNDER THE CRCA, OPERATORS, EMPLOYEES, AND VENDORS ARE FULLY VETTED BY THE COMMISSION THROUGH SUCH MEANS AS BACKGROUND INVESTIGATIONS, REGULAR REPORTING, AND THE USE OF ON-SITE INSPECTORS. THE CRCA ALSO HAS MANDATES DESIGNED FOR PLAYER PROTECTION, A CRUCIAL ASPECT OF RESPONSIBLE GAMING. SUCH A LICENSING AND REGULATORY SCHEME IS IMPORTANT ESPECIALLY GIVEN THE DECISION IN *SOUTHLAND GAMING OF THE V.I., INC. V. GOV'T OF THE V.I.*, WHERE THE DISTRICT COURT OF THE VIRGIN ISLANDS DETERMINED THAT SLOT MACHINES AND VLTS ARE BASICALLY THE SAME (NO. 2018-107, 2020 U.S. DIST. LEXIS 63869, *14 (D.V.I. APR. 10, 2020) (HOLDING THAT “SLOT MACHINES CONTEMPLATED IN VIRGIN ISLANDS ACT NO. 7952 AND VIRGIN ISLANDS ACT NO. 7953 ARE THE FUNCTIONAL EQUIVALENT OF THE VLTS CONTEMPLATED IN THE VLT CONTRACT BETWEEN THE GVI AND SOUTHLAND”).

IN TESTIMONY BEFORE THE COMMITTEE OF THE WHOLE OF THE 34TH LEGISLATURE ON MARCH 22, 2022, PERTAINING TO A MEASURE TO INTRODUCE VLTS AT THE CLINTON E. PHIPPS RACETRACK ON ST. THOMAS, THE COMMISSION, THROUGH THEN-CHAIRMAN/CHIEF EXECUTIVE OFFICER

MARVIN L. PICKERING, CAUTIONED AGAINST ANY GAMING OUTSIDE THE JURISDICTION OF THE COMMISSION, BECAUSE:

WHEN THE CRCA BECAME LAW, THE IMPORTANCE OF HAVING A GAMING INDUSTRY WITH INTEGRITY AND WHERE THOSE INVOLVED IN GAMING COULD TRUST THE MATTER IN WHICH GAMING IS REGULATED WAS OF CRITICAL IMPORTANCE. *HEARING BEFORE THE COMM. OF THE WHOLE, 34TH LEGIS. 5 (2022).*

CHAIRMAN PICKERING ALSO QUESTIONED HOW WOULD IT BE EXPLAINED THAT GAMING AT THE RACETRACK WAS NOT SUBJECT TO THE SAME INVESTIGATION AND SCRUTINY BY THE COMMISSION AS AN ENTITY PROVIDING GAMING OUTSIDE OF THE RACETRACK. THE SAME HOLDS TRUE TODAY, AND EVEN MORE SO, WHEN THE DUALITY IS TO BE PLACED ON ENTITIES PROVIDING GAMING IN THE DISTRICT OF ST. CROIX WITH CASINO HOTELS OPERATING SLOT MACHINES SUBJECT TO LICENSURE AND REGULATION BY THE COMMISSION WHILE VLTS AT THE RACETRACK ARE NOT.

THE COMMISSION ALSO NOTES THE FINANCIAL REQUIREMENTS PLACED ON THE CASINO INDUSTRY IN THE U.S. VIRGIN ISLANDS NOT SHARED BY VLTS AND THE MANY ECONOMIC BENEFITS DERIVED TO THE LOCAL COMMUNITY FROM THE CASINO INDUSTRY:

- 1. A CASINO CANNOT OPERATE WITHOUT A HOTEL. PURSUANT TO 32 V.I.C. § 435, THE COMMISSION ISSUES A LICENSE TO OPERATE A CASINO BASED ON THE NUMBER OF QUALIFIED SLEEPING UNITS (ROOMS) AND OTHER CONDITIONS, SUCH AS BANQUET SPACE. THEREFORE, THERE MUST BE A FUNCTIONING HOTEL BEFORE A CASINO CAN OPEN AND OPERATE. A CASINO HOTEL IS REQUIRED TO MAINTAIN THOSE ROOMS AND OTHER CONDITIONS, WHETHER OCCUPIED OR NOT, TO RETAIN ITS LICENSE TO**

OPERATE A CASINO. AS SUCH, THE CASINO HOTEL HAS A GREATER OVERHEAD THAT WILL NOT BE FACED BY A GAMING ENTITY AT THE RACETRACK. CURRENTLY, THERE ARE A MINIMUM OF 275 HOTEL ROOMS TIED TO THE OPERATING CASINOS. THESE ROOMS COULD BE AT RISK IN AN UNBALANCED GAMING FRAMEWORK. ALSO, GIVEN THAT THE VLTS, AS PROPOSED, WOULD NOT BE SUBJECT TO THE COMMISSION'S REGULATORY AUTHORITY, THERE IS THE ADDED ADVANTAGE OF NO APPLICABLE LICENSE FEES, NO INVESTIGATION COSTS, AND NONE OF THE OTHER EXPENSES ASSOCIATED WITH OBTAINING AND MAINTAINING LICENSURE.

- 2. CASINO HOTELS EMPLOY 300 PERSONS. CASINO HOTELS CONSISTENTLY PROVIDE EMPLOYMENT ON AVERAGE TO 300 PERSONS IN ALL ASPECTS OF HOTEL AND CASINO OPERATIONS. IN THE QUARTER ENDED JUNE 30, 2026, THE COMBINED EMPLOYEE NUMBER WAS 294 PERSONS WITH A COMBINED PAYROLL OF \$2,644,486.78. THE TOTAL COMBINED PAYROLL PAID BY THE CASINOS FOR 2026, THROUGH JUNE, IS \$8,072,983.40. THESE PERSONS IN TURN STIMULATE THE LOCAL ECONOMY BY PAYING WITHHOLDING TAXES AND PURCHASING GOODS AND SERVICES, WHICH, IN TURN, GENERATE GROSS RECEIPTS AND EXCISE TAXES TO THE GENERAL FUND. THESE JOBS COULD BE REDUCED OR ELIMINATED IN DIRECT COMPETITION WITH A GAMING ENTITY THAT DOES NOT HAVE THE OVERHEAD OF A CASINO HOTEL. IT IS ALSO IMPORTANT TO NOTE THAT THE CASINO HOTELS ALSO SPEND SIGNIFICANT SUMS ON GOODS AND SERVICES. THE COMBINED TOTAL SPENT BY THE CASINOS THROUGH JUNE 30, 2026, IS \$16,160,309.23.**

3. CASINO HOTELS PAY 12% TAX ON GROSS CASINO REVENUE. PURSUANT TO 32 V.I.C. § 515, CASINO LICENSEES PAY UP TO 12% TAX ON THEIR GROSS CASINO REVENUE, AS DEFINED AT 32 V.I.C. § 402(36). THE COMBINED TOTAL PAID BY THE CASINOS, THROUGH JUNE 30, 2026, IS \$14,632,561.34. THE LOCAL CASINO INDUSTRY IS ROBUST, BUT THIS ECONOMIC WELLBEING WOULD BE HARD-PRESSED AGAINST VLTS THAT ARE NOT SUBJECT TO THE 12% TAX ON GROSS REVENUES.

4. CASINO HOTELS CONTRIBUTE TO GOVERNMENT AGENCIES. PURSUANT TO 32 V.I.C. § 517, 76% OF THE 12% TAX ON CASINO GROSS REVENUE IS DISTRIBUTED TO THE VIRGIN ISLANDS DEPARTMENT OF HEALTH, THE VIRGIN ISLANDS DEPARTMENT OF EDUCATION, THE VIRGIN ISLANDS POLICE DEPARTMENT, THE VIRGIN ISLANDS GOVERNMENT HOSPITALS AND HEALTH FACILITIES CORPORATION, AND OTHER AGENCIES PROVIDING CRITICAL SERVICES TO THE PEOPLE OF THIS TERRITORY. IN FISCAL YEAR 2026, TO THE QUARTER ENDING MARCH 31, 2026, THE FUND COLLECTED \$1,106,704.38 FOR DISTRIBUTIONS. SUCH DISTRIBUTIONS COULD BE GREATLY REDUCED IF THE CASINO HOTELS LOST REVENUES, THEREBY PLACING NEW STRAINS ON THE GENERAL FUND.

THE COMMISSION'S USE OF DATA TO SHOW THE ECONOMIC REACH OF THE CASINOS CAN BE EASILY OBTAINED AND VERIFIED AS THE CASINOS REPORT REGULARLY TO THE VIRGIN ISLANDS BUREAU OF INTERNAL REVENUE AND THE COMMISSION, AND THE COMMISSION POSTS THE REPORTS ON OUR WEBSITE, CASINOCONTROLCOMMISSION.VI. HOWEVER, AS NOTED BY THE INNOVATIVE GROUP IN ITS ECONOMIC IMPACT STUDY FOR INTERNET GAMING DATED MAY 2025, LIMITED DATA IS AVAILABLE FOR THE VLTS.

IN CONCLUSION, BASED ON ITS 30-YEAR RECORD AS THE LICENSING AND REGULATORY AUTHORITY FOR THE CASINO INDUSTRY OF THE U.S. VIRGIN ISLANDS, THE COMMISSION RESPECTFULLY REQUESTS THAT FULL AND THOUGHTFUL CONSIDERATION BE GIVEN TO THE IMPLEMENTATION OF ANY LEGISLATION THAT EXCLUDES THE COMMISSION FROM GAMING LICENSING AND REGULATION, BECAUSE:

...[T]HE COMMISSION, IN CARRYING OUT THE MANDATES OF THE CRCA, HAS WORKED DILIGENTLY TO ESTABLISH RULES AND REGULATIONS AND TO CREATE A RESPECTED AND PROPERLY REGULATED GAMING INDUSTRY IN THE TERRITORY....THE CRCA GRANTS THE AUTHORITY TO REGULATE THE GAMING INDUSTRY IN THE U.S. VIRGIN ISLANDS TO THE COMMISSION AND ANY AMENDMENT OR LEGISLATION DESIGNED TO EXCLUDE ENTITIES OR PERSONS FROM THE COMMISSION'S REGULATORY AUTHORITY WOULD UNDERMINE DECADES OF WORK TO ESTABLISH AND MAINTAIN A GAMING INDUSTRY WITH INTEGRITY AND THE REQUIRED RESPECT THAT THE PEOPLE OF THE VIRGIN ISLANDS DESERVE. *HEARING BEFORE THE COMM. OF THE WHOLE, 34TH LEGIS. 7-8 (2022).*