COMMITTEE ON FINANCE

BILL NO. 32-0137

Thirty-Second Legislature of the Virgin Islands

July 26, 2017

An Act amending Title 29 Virgin Islands Code, chapter 22 pertaining to Tax Incremental Financing and for other related purposes

PROPOSED BY: Senator Kurt A. Vialet

Be it enacted by the Legislature of the Virgin Islands:

SECTION 1. Title 29 Virgin Islands Code, chapter 22 is amended as follows:

(1) Section 1201(h)(3) is repealed and a new paragraph (3) is inserted to read as follows: "(3) Costs of construction, preservation, rehabilitation, reconstruction, repair or remodeling of new or existing public or private buildings, structures and fixtures, in each case within the TIF area, and costs of any public works or improvements undertaken by, or at the direction of the Government of the Virgin Islands or any other government unit;"

(2) Section 1201(m) is repealed and a new subsection (m) is inserted to read as follows:

"(m) 'Increment revenues' means gross receipts tax increment revenues and/or real property tax increment revenues, and, if applicable, Designated Casino Tax on Gross Revenues and Designated Hotel Room Occupancy Tax (as those terms are defined at 29

V.I.C. 1303(c) and (d) of the Hotel Development Act (Title 29, Chapter 23 of the Virgin Islands Code)."

(3) Section 1201(p) is amended by inserting the following after 'housing' or a 'Project' as defined in 29 V.I.C 1303(g)."

(4) Section 1206(d) is amended by inserting "or directly to the trustee of the TIF bonds for deposit into the funds and accounts held by the Trustee for the benefit of the holders thereof," after "trust fund," and by inserting "or such trustee after "certification by the PFA"

(5) Section 1206(j) is amended by inserting ", or its collecting agent" after "The trustee of each tax increment trust fund".

(6) Section 1209 is amended by adding subsections (f) & (g) that read as follows:

"(f) TIF bonds shall be secured by a statutory lien on the real property tax increment revenues and the gross receipts tax increment revenues that are declared to be dedicated pursuant to this chapter to the payment of debt service on TIF bonds. The lien shall automatically arise and attach, without the requirement of action or authorization by the Authority or any other governmental authority or officer. The lien shall be valid and binding from the time the TIF bonds are executed and delivered. The real property tax increment revenues and the gross receipts tax increment revenues that are declared to be dedicated pursuant to this chapter to the payment of debt service on TIF bonds securing such TIF bonds shall be immediately subject to the lien, and the lien shall automatically attach to those revenues and be effective, binding, and enforceable against the Project, the Authority, the Project's tax increment trust fund, their agents, successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any physical delivery, recordation, filing, or further act."

"(g) In the event that a development sponsor is financing a Project that could be financed with the proceeds of TIF bonds and the proceeds of bonds issued under the provisions of the Hotel Development Act (Title 29, Chapter 23 of the Virgin Islands Code), the PFA is hereby authorized, as the issuer of TIF bonds under this chapter, to additionally secure its TIF bonds with the Designated Casino Tax on Gross Revenue and the Designated Hotel Room Occupancy Tax that are authorized to be pledged to the payment of Hotel Development Notes thereunder as if the PFA was an authorized issuer of Hotel Development Notes under the Hotel Development Act. Conversely, any authorized issuer of Hotel Development Notes under the Hotel Development Act is hereby authorized to additionally secure its Hotel Development Notes with the real property tax increment revenues and the gross receipts tax increment revenues that are declared to be dedicated pursuant to this chapter to the payment of debt service on TIF bonds as if such issuer was the PFA hereunder."

(7) Section 1213(b) is amended in the last sentence by striking "property tax" and "gross receipts tax increment revenues"

BILL SUMMARY

This bill amends certain sections of title 29 Virgin Islands Code, chapter 22 pertaining to Tax Incremental Financing. In section 1201 certain terms are amended to reflect a change in the meaning. Section 1209 adds subsections (f) and (g) pertaining to TIF bonds as to how those bonds can be secured.

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