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EDC beneficiaries ask for waivers in wake of hurricanes

By BRIAN O'CONNOR Daily News Staff Jun 6, 2018



Attorney Erika Kellerhalls, left, and American Yacht Harbor General Manager Beth DiDomenico testify before the Economic Development Authority Governing Board. The Red Hook marina and shopping are a half-dozen businesses seeking modifications or waivers to EDC benefit requirements as a result of the

Daily News photo by BRIAN O'CONNOR

St. THOMAS — The Economic Development Authority governing board heard testimony from a variety of businesses at a public hearing Tuesday but took no action.

The all-day hearing focused on testimony from a variety of local businesses, ranging from a new application for Economic Development Corporation benefits for tourism-focused Tree Limin' Extreme to modifications to EDC requirements for existing companies.

Tuesday's testimony represented the third time around for Tree Limin', a zipline tour company on St. Thomas, and the first time following legislative changes to the process removing Gov. Kenneth Mapp from the approval process.

EDC beneficiaries receive full or partial exemptions from gross receipts, excise, income, dividend and property taxes.

Attorney Marjorie Roberts joined Julie Eaton-Bryan and Lisa Wisehart in presenting testimony for the business.

"Tree Limin' has twice applied for EDC benefits and twice received a favorable recommendation from the EDC, but ultimately those applications were disapproved by the governor," Roberts said.

Mapp last rejected an application by Tree Limin' in 2016 on the grounds that the business already paid taxes.

Tree Limin' stands out for that reason, Roberts said.

"Tree Limin' falls squarely in a sector that has historically been approved for the EDC," she said. "I personally am not aware of another tourism-related business that has not received EDC benefits."

Eaton-Bryan said her business had not been exempt from economic difficulties associated with the hurricanes. The major sources of customers for the business are hotels and air passengers.

“The statistics from the Bureau of Economic Research are showing significant drops in air visit and cruise ship arrivals from 2017 to 2018,” she said. “Not only are we facing lower volume from the cruise lines, but traditionally the majority of hotel business has come from the three largest hotel properties on St. Thomas, all of which are currently closed or open on a limited basis to house relief workers.”

“In order to reopen the zipline under these circumstances, we will need to restructure our entire business model,” Eaton-Bryan added.

EDC benefits would allow the business to expand — to the tune of \$125,000 in capital investment — even in the absence of hotel visitors, Eaton-Bryan said.

The impact to the tourism industry led board member Philip Payne to ask a tough question.

“Without the approval of the benefits, can you open?” he asked Eaton-Bryan.

“No,” she said.

The family has relocated to Miami, and would consider moving into real estate if the benefits were not granted, Eaton-Bryan said. The business will employ at least 10 full-time employees with health-insurance benefits in order to meet requirements for the benefits, representatives said.

American Yacht Harbor, located in Red Hook, sought a modification to its application. Attorney Erika Kellerhalls and General Manager Beth DiDomenico and Vice President of Business Affairs Jan Cole testified that the multiproperty Red Hook marina and shopping area had lost almost all of its security personnel as a result of the storms. Even with the reductions, the business still has 17 full-time employees.

Beyond simply making repairs, the business is using the opportunity to remodel, Kellerhalls said.

“Supporting this business with an extension of benefits right now is critical not just for the property itself, but for the territory,” she said.

The business has also been hit by the storms, DiDomenico said. At this time of year, the marina typically has about 90 percent of its slips filled, but in May, the marina only had 41 percent of its slips filled.

The decline in visitors is likely to linger, DiDomenico said, in response to a question from board member Eugene Farrell.

“I do see next year indeed being slow for us, not a good year is how I see 2019,” she said. “I think a lot of it depends on when our tourism comes back. That’s what drives the marina.”

Other current beneficiaries testifying Tuesday include:

- Carambola Northwest LLC, seeking an employment requirement waiver
- Kazi Management St. Croix LLC, seeking an employment waiver
- STR Management LLC, seeking an employment waiver
- Sterisil International LLC, seeking a waiver of charitable contributions requirement
- Tuthill Corporation, seeking an employment waiver
- International Capital Management Company, seeking an employment waiver.

— Contact Brian O’Connor at 340-714-9130 or email boconnor@dailynews.vi.

Brian O'Connor