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Two Boutique Hotels on St. Croix and St. Thomas Win Full Tax Breaks; One to Hire 150 Employees in First Year

The VIEDC Board approved 100% tax incentives for a \$12M hotel project on St. Thomas hiring 150 people and an \$11M boutique hotel on St. Croix creating 20 jobs, alongside new approvals for St. John Brewers, WWTS, and a management firm ownership change.

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Interior of a boutique hotel, not affiliated with current USVI developments.

Two boutique hotel developments—one on St. Croix and another on St. Thomas—were approved for generous tax benefits during the most recent decision meeting of the Virgin Islands Economic Development Commission (VIEDC) on Thursday, alongside amendments for a local brewing

company and other business applications.

At its July 10 meeting, the VIEDC Governing Board voted unanimously to grant full tax exemptions to Historic Heritage Holdings, LLP, which plans to construct and operate a boutique hotel on St. Croix, and DV USVI Investment LLLP, which will develop a similar hotel project on St. Thomas. The approvals were part of five applications reviewed during the session.

Historic Heritage Holdings, LLP will develop a hotel under Category III of the VIEDC tax incentive program. In addition to the hospitality operation, the company will run a designated Category IV service business that provides venture capital management, investment services, and family office support. Though headquartered on St. Croix, its clientele will be based outside the U.S. Virgin Islands, according to the meeting's summary document.

To support the venture, Historic Heritage has already formed several wholly owned entities—Z Property VI LLC, Z Hospitality I LLC, Z Hospitality II LLC, and 3 Hospital Street LLC—to hold title to the hotel property. The hotel will be operated by another of its subsidiaries, Stay At Uptown LLC. Additional subsidiaries may be created to manage different aspects of the business.

The company has committed to investing a minimum of \$11 million in the project and hiring 15 full-time employees within one year of receiving either a Certificate of Occupancy or the signed VIEDC Certificate, whichever comes later. An additional five employees will be hired for its service business under similar timelines. Employees will have access to training opportunities through job-based instruction, online courses, employer-sponsored learning, and programs at the University of the Virgin Islands.

The board voted to grant Historic Heritage 100% of the tax incentives allowed by law for 30 years, excluding revenues from retail sales, concessions, or room rentals not subject to the hotel room tax. Income from services to non-eligible clients, such as certain family office customers within the U.S. Virgin Islands, will also be excluded from the benefits.

On St. Thomas, DV USVI Investment LLLP received VIEDC approval to own and operate its boutique hotel under the same Category III designation. Like its counterpart on St. Croix, DV USVI will also engage in Category IV services, offering venture capital and investment services through family office structures. That business will also be targeted at clients outside of the territory.

DV USVI has pledged to hire 150 full-time employees by the end of the first year of hotel operations or within one year of the signing of the VIEDC Certificate, whichever occurs later. The project carries a \$12 million minimum investment and includes commitments to provide on-the-job training to staff. The company was granted 100% tax incentives for 20 years, with similar exclusions on non-qualifying revenues.

Also on the agenda was KCV Associates, Inc., d/b/a St. John Brewers, which sought a revised certificate of tax benefits to better reflect the full scope of its operations. The amendment confirms that the company will own and operate a food processing, bottling, and packaging business producing its line of alcoholic and non-alcoholic beverages, sauces, seasonings, and food products. The board approved the amended grant, with all previous terms remaining in effect.

Meanwhile, Global Associates Management, LLC, based on St. Croix, received approval for a change in ownership. Michael D. Dunham has retired and transferred his 50% ownership to Dr. Steven H. Hardee, who now holds full ownership of the business. GAM was originally granted VIEDC benefits in 2019 to operate a Category IV service business offering business management

and financial consulting. The ownership change was formally recognized and approved by the board, with the existing terms of the certificate remaining unchanged.

Lastly, WWTS, LLC d/b/a Worldwide Tap and Still, a management consulting and distribution company, was granted an extension of time to commence its tax incentives. Initially awarded benefits in July 2023, the company cited the need to finalize logistics and staffing. The VIEDC board gave the company until January 1, 2025, to activate its benefits. If WWTS fails to meet that deadline, its incentives will be voided, and it will be required to submit a new application. All other terms of the original approval remain in place.

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