

Horseracing Commission Debates Interim Off-Track Betting Licenses, Cites Risk Without Franchise Holders

With interest in new OTBs but no promoters at either track, officials warned interim licenses could be revoked once a franchise is awarded. The Commission opted to seek the Attorney General's opinion before making decisions.

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The joint Horseracing Commission will seek the attorney general's opinion on how exactly to move forward with granting permission to operate off-track betting (OTB) facilities.

Off-track betting facilities are state-regulated venues where wagers on horse races can be placed without being physically present at the racetrack. These establishments typically simulcast live

racetracks and allow patrons to bet on the outcomes as though they were at the track itself. Revenues from OTB operations are generally tied back to the racing industry, with laws in many jurisdictions ensuring that a portion benefits the track franchise holders, horsemen, and the state.

Currently, Virgin Islands law gives the right to operate such facilities to the franchise holders of the territory's two horse-racing tracks. "There had been some operated by VIGL," St. Thomas HRC chair Hugo Hodge Jr. pointed out, "but of course, they're no longer in that role or capacity."

"As a matter of fact," he continued, "we do not have anyone as an official franchise holder in either district right now." One OTB facility is currently doing business on St. Thomas, Mr. Hodge said, noting that its operations are being investigated to ensure that things are above board.

There is interest from some entities in establishing OTB facilities on St. Croix, commissioners learned. However, because of how the laws are written, Mr. Hodge says that there are a few questions to be answered beforehand, the first being "whether we are statutorily allowed to issue permission or grant permission for someone to open an OTB."

If the commission does have such authority and does grant permission to open an OTB to a non-franchise holder, the next question to be answered is "what happens to said business when we do have a franchise holder," Mr. Hodge, reminding that the benefit of operating such a facility is supposed to accrue to the franchise holder by law. Would an OTB run by a non-franchise holder have to close once a different company acquired the franchise for the race track.

"It's been nine years since the last franchise holder was here, which was VIGL," St. Croix HRC chair Dodson James pointed out. "Do we go to another nine years waiting for something to happen? I think we need to make a decision on what we're going to do on St. Croix." That decision was imminent, Mr. James said.

Commissioners mulled over the wording of Section 205 of Title 32 Chapter 11 of the Virgin Islands Code, which deals with off-track betting. They concurred that it seemed to grant the Commission authority to award either the holder of the horse racing franchise or any other duly licensed company the right to conduct off-track betting operations. "That gives the option in the case that there is no lease franchise agreement existing for whatever the reason may be, as it is in St. Thomas right now...and is in St. Croix as there's no track," pointed out commissioner Sheldon Turnbull.

With apparent interest in establishing OTB facilities from more than one company, Mr. Hodge advised a strategic approach by the joint commission. "We have to think about...how many we want to have out there," he said, especially as the ultimate goal is to attract a promoter for the race track for each district. "We have to be mindful as far as how we give them out," he said.

Mr. Turnbull pointed out that any permissions granted for off-track betting right now may well turn out to be temporary. "When there is a promoter in place, your business may no longer exist based on the promoter's desires...it's a risk that you're taking," he said. Of course, he and others pointed out, a franchise holder may find it beneficial to outsource off-track betting to a third party, and it was agreed that any interim licenses granted would include provisions to allow for that kind of negotiation to take place. The primary goal is to "put ourselves in a position to have some kind of entertainment with regards to horse racing, until we can figure out what's going on," said Mr. James.

Ultimately, commissioners decided to ensure that their understanding of the law was correct by seeking the advice of the Attorney General on the matter, so that the revitalization of horse racing in the territory can move forward.

