

Image not found or type unknown

Carambola Beach Resort Set to Close to Guests as \$50M Redevelopment Drives St. Croix Hotel Incentive Bill

Sources confirm a major international chain has deposited funds and is finalizing a deal to redevelop Carambola, with the hotel expected to cease guest operations by summer as lawmakers advance tax retention incentives to spur expansion.

Development / **Published On March 02, 2026 09:08 AM /**

Nelcia Charlemagne **March 02, 2026**

Image not found or type unknown



The Carambola Beach Resort on St. Croix

A proposal aimed at jump-starting hotel expansion on St. Croix advanced out of the Committee on Budget, Appropriations, and Finance, as lawmakers weighed new incentives designed to spur long-stalled development on the island.

The legislation, Bill 36-0259, would amend existing provisions of the Hotel Development Act to allow qualifying hotel developers on St. Croix to retain certain taxes that would otherwise be deposited into government funds. The measure comes amid concerns that, despite prior amendments offering more favorable terms to developers, St. Croix has not attracted new hotel construction or seen abandoned properties redeveloped.

Senator Kurt Vialet noted that while the Hotel Development Act had previously been revised to make conditions more appealing. "We have not been able yet to attract a new hotel coming to St. Croix or one of the abandoned properties to be revisited," he said.

Now, he added, a developer is "willing to expand one of the present hotel properties by investing more than \$50 million into the property." That development prompted lawmakers to consider how to "tweak" the current law "to be able to provide some additional incentive for the island of St. Croix."

The Consortium has learned that the facility referenced in Senator Vialet's remarks is The Carambola Beach Resort on St. Croix. According to individuals familiar with the transaction, the investor he described is a major international hotel chain with operations in Europe and Canada, which plans to redevelop the property through a \$50 million investment. The hotel is expected to close by summer to allow for renovations under an expedited timeline. Sources further indicated that the company has already made a deposit and was in the process of finalizing the deal.

Under the proposed amendment, a hotelier meeting certain investment thresholds would be allowed to retain the Designated Hotel Room Occupancy Tax, Designated Casino Tax on Gross Revenue, and the Economic Recovery Fee, instead of remitting those revenues to the applicable government fund.

To qualify under the amendment, a developer must make a "minimum investment of no less than \$25 million and expand the room capacity at that hotel by at least 25%," Senator Vialet explained.

If the investment is at a "minimum of \$10 million," the developer would be permitted to retain 70% — a provision previously extended to hoteliers building after the 2017 hurricanes.

"We think that this measure would be one in which we're able to jump-start St. Croix hotel development," Mr. Vialet declared. He stressed that "this is not literally giving anything away."

According to the senator, existing hotels on St. Croix already eligible for these benefits receive support through the Economic Development Authority. "We're not giving them any more EDA benefits. We just giving them access to the hotel occupancy tax, in order to get additional hotel rooms on St. Croix."

The bill also includes what Mr. Vialet described as "a bunch of safety mechanisms" to prevent abuse, including a five-year timeline within which the expansion must be completed.

The Economic Development Authority expressed support for the legislation. Wayne Benjamin, assistant chief executive officer, testified that allowing the hotel occupancy tax to be "rebated for improvement and or expansion project" would be a "game changer."

"This would be another tool in our toolbox to encourage the development of more rooms and or additional facilities at existing hotel properties on St. Croix, thereby increasing room inventory," Mr. Benjamin said.

He acknowledged that the measure could have a slight impact on the Tourism Advertising Revolving Fund because the taxes would be “rebated to liquidate the approved project’s debt.” However, Mr. Benjamin maintained that the long-term benefits would “outweigh the short-term cost.”

While most lawmakers expressed support, Senator Dwayne DeGraff questioned why the measure was specific to St. Croix. Mr. Benjamin responded that the changes would provide “greater flexibility to the territory to market itself.”

Violet defended the focus, stating, “if we're going to talk economic development, we got to provide some incentive to be able to promote economic development on the island of St. Croix.”

The Department of Tourism also weighed in. Alani Henneman, assistant commissioner, told lawmakers that St. Croix is at a “crossroads.”

“St. Thomas is at saturation in terms of airlift and hotel development,” she said. When the Department of Tourism attends the Routes Americas aviation conference beginning March 2, Ms. Henneman noted that they will be “solely pitching St. Croix, because that's where we have expansion and growth opportunities.”

Senator DeGraff ultimately voiced support for the broader objective, stating that he supported the “overall development and betterment of the territory as a whole.”

“I think it was a very good bill. It's a great opportunity,” said Senator Marvin Blyden. “Once you build it, they will come,” he added later.

“We have to help our bigger island, St. Croix. We know that anything that benefits St. Croix will also benefit St. Thomas,” Senator Ray Fonseca said.

“It's an opportunity that exists right now that we need to really pursue,” Senator Violet said in closing.

Bill 36-0259 now advances for further consideration.