logo Image not found or type unknown

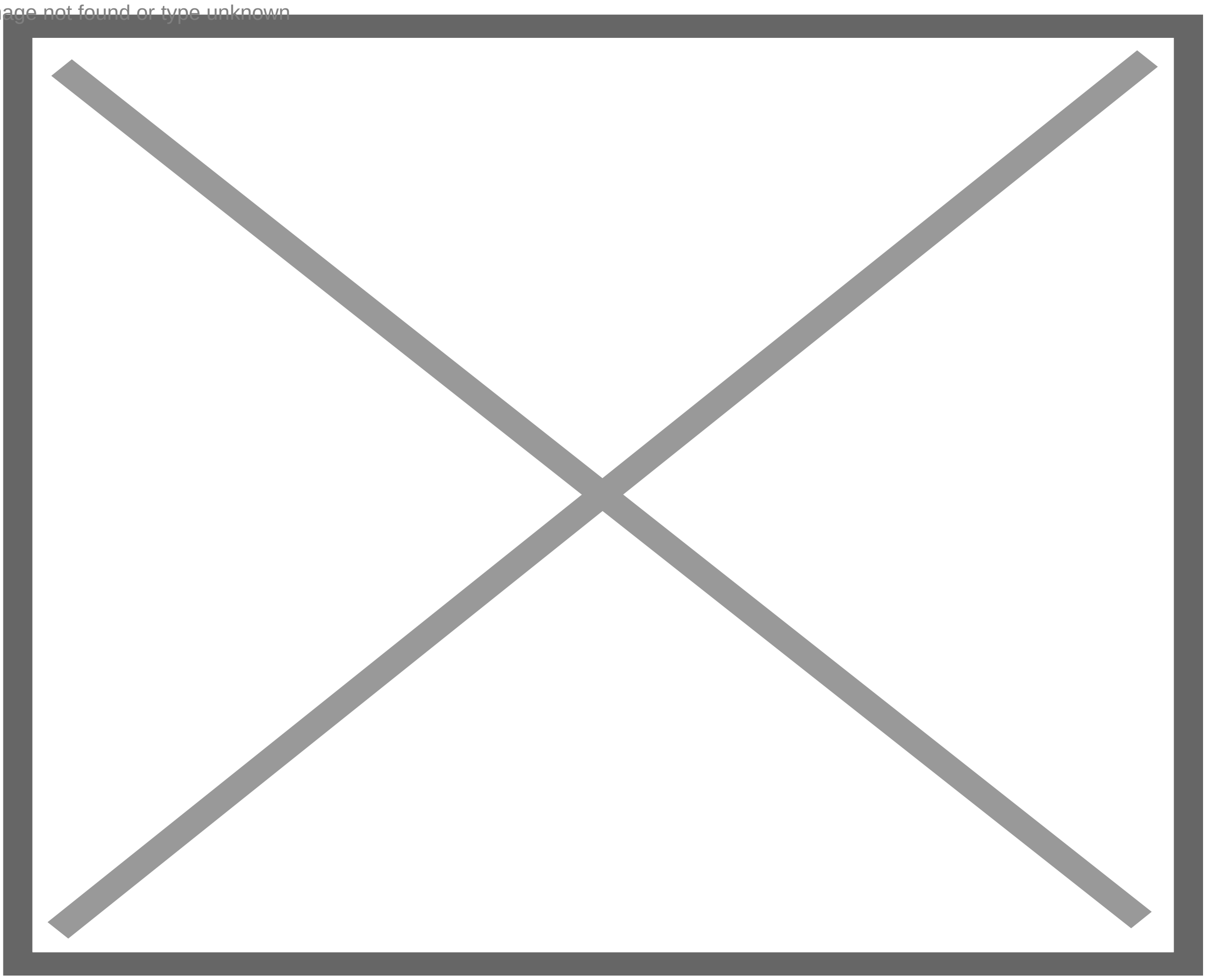
Tourism Reports 12% Air Arrival Growth, $47.8 Million in Hotel Taxes and 1.27 Million Cruise Passengers

Tourism reported 303,388 first-quarter arrivals, $47.8 million in hotel tax revenue through June and 1.27 million cruise passengers, while outlining new air service, hotel projects, festival spending and a $39 million FY2027 budget request for lawmakers.

Tourism / **Published On August 04, 2026 07:26 AM /**

Ernice Gilbert August 04, 2026

Image not found or type unknown



Royal Caribbean's Icon of the Seas and the Celebrity Apex docked at Crown Bay, St. Thomas on Jan. 31, 2024. **By. ERNICE GILBERT, V.I. CONSORTIUM.**

The Department of Tourism told lawmakers Monday that first-quarter air arrivals rose 12 percent from a year earlier, hotel tax collections reached $47.8 million through June and cruise traffic climbed above 1.26 million passengers, as the agency outlined new flights, resort developments and marketing initiatives while requesting $39 million for fiscal year 2027.

Commissioner Jennifer Matarangas-King presented the figures during the department's budget hearing before the Senate Committee on Budget, Appropriations and Finance.

The territory recorded 303,388 arrivals during the first quarter of 2026, representing a 12 percent year-over-year increase and a 6 percent rise compared with 2024. Most of those arrivals were recorded on St. Thomas, which had received 464,289 visitors by June.

Tourism officials also outlined planned expansions in air service and accommodations. The department is "excited" about the launch of daily Fly The Whale service between Puerto Rico and St. Thomas and United Airlines' upcoming route between Newark and St. Croix.

Regional travel is expected to expand through Contour Airlines' planned daily nonstop service between St. Thomas and St. Maarten.

On St. Thomas, The Botany at Botany Bay is expected to add 20 luxury villas and suites. On St. Croix, Club Med plans to invest $75 million in redeveloping the Carambola property to include approximately 150 rooms and suites, Matarangas-King said.

Lodging Performance Drives Hotel Tax Growth

Hotel occupancy reached 73.8 percent from January through May 2026. Revenue per available room totaled $415, "outperforming the regional average of $302," the commissioner said.

The average daily rate in the vacation rental market reached $455.37.

Matarangas-King said the territory's "strong lodging performance" was reflected in collections supporting the Tourism Advertising Revolving Fund.

Through June 2026, "hotel tax revenues totaled $47.8 million, representing a 25.6% increase compared with the same period in 2025," she testified.

Based on current trends, the territory is "on pace to surpass the record-setting $52.8 million collected last fiscal year," she said.

The financial position of the Tourism Advertising Revolving Fund has remained under scrutiny, however.

Sen. Avery Lewis recalled that the Department of Finance wanted to reconcile the fund's balance and had previously expressed reservations about the Legislature treating it as a reliable funding source.

"How you functioning if Finance have a different funding balance, OMG have a different funding balance, and you have a different funding balance?" he asked.

Tourism Chief Financial Officer Kenneth Milligan said the fund is controlled by the Department of Finance and rejected the suggestion that Tourism maintains its own separate accounting of the balance.

According to Milligan, Tourism "spends based on what we were budgeted." He told Lewis that Finance is the only department able to provide an accurate accounting of the fund.

Cruise Passengers Increase 40.2 Percent

Cruise arrivals totaled 1,265,527 passengers through June, a 40.2 percent increase compared with the same period in 2025. Most of the cruise passengers arrived on St. Thomas.

As visitor preferences continue to “evolve,” Matarangas-King said Tourism is working with local stakeholders to “expand authentic cultural, culinary, retail, and experiential offerings.”

The department intends to strengthen destination marketing through sports, entertainment and lifestyle partnerships, along with “targeted market initiatives.”

Tourism’s partnership with the Boston Red Sox was cited as one example. Matarangas-King described Boston as an important feeder market that has “experienced significant growth, with year-to-date arrivals reaching 32,444…”

Sen. Marvin Blyden welcomed the return reported from an $800,000 Tourism sponsorship provided to Basketball Travellers/Paradise Gem.

Assistant Commissioner Alani Henneman said the sponsorship produced a “minimum 16-to-one on the dollar amount” in return on investment.

Sports tourism is expected to remain a significant part of the department’s fiscal year 2027 marketing strategy.

Henneman said the Virgin Islands will serve as a host village for the Clipper Race in 2028. The around-the-world yacht race is expected to bring an influx of vessels to the territory, with both districts positioned to benefit.

Festival Spending and Local Participation

Matarangas-King also reported on the territory’s festivals and the level of local participation.

In fiscal year 2026, “more than $3.2 million was paid directly to local participants,” she said.

Tourism reported that $6.5 million in festival-related spending generated an “estimated $234.4 million in economic impact, representing a 3,607% return on investment…”

The Festival Microloan Program provided $149,515 to 11 small businesses during the 2025-2026 festival season, as the department continued efforts to increase opportunities for local entrepreneurs.

Sen. Kurt Vialet, however, urged Tourism to pay local performers as quickly as international entertainers.

“You can’t pay an outside entertainer $25,000, $30,000, $40,000 within five days, and the local entertainer that’s owed $5,000 takes six months.”

Vialet also questioned whether the territory’s festivals needed as many international performers.

“Can’t you still have the international entertainers…and just let them perform for a longer period of time and then make sure that there’s a local performance on that night?” he asked.

Ian Turnbull, director of the Division of Festivals, appeared receptive to the suggestion.

Tourism Requests $39 Million for FY2027

The Department of Tourism is requesting $39 million for fiscal year 2027 to maintain its programs and activities.

The request includes $2,602,727 for personnel, $1,134,774 for fringe benefits, $522,000 for supplies and $245,000 for utilities.

Another $33,530,499 is allocated for other operating expenses, while $1 million is proposed for the Greeters Program.

The budget would support sponsorships, public relations, advertising, social media, collateral development, destination marketing and strategic promotional initiatives.

It would also fund specialized activities within divisions including Offshore Sales, Film and Visitor Experience.