Bryan Says Legislature Effectively Killed Southland Deal; Sept. 6 Race Day Now in Doubt

Governor Bryan says sending Bill 36-0313 back to committee rejected private investment and threatens horse racing’s return. Ten senators backed the referral, citing concerns over gaming exclusivity, financial analysis and the live racing agreement.

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Governor Albert Bryan Jr. declared Wednesday that the Legislature has “effectively killed” the proposed Southland Gaming horse-racing agreement by sending Bill 36-0313 to the Budget Committee rather than taking a final vote, and said Southland now lacks the license needed to promote the planned September 6 race day.

“I am deeply disappointed by the Legislature’s action today, but there should be no confusion about what happened. The Legislature, led by Senate Majority Leader Kurt Vialet, has spoken,” Mr. Bryan said in a statement issued Wednesday.

“By moving Bill No. 36-0313 to the Committee on Budget, Appropriations and Finance rather than voting on the agreement, the Legislature has effectively killed it and rejected a substantial private investment in the future of horse racing in the Virgin Islands.”

The governor’s characterization came after 10 senators backed Sen. Vialet’s motion Wednesday to send the measure to the Committee on Budget, Appropriations and Finance, halting the final vote that had been expected following Monday’s roughly 10-hour Committee of the Whole hearing. Senators supporting the referral cited unresolved concerns involving electronic-gaming exclusivity, the absence of sufficient financial analysis, revenue sharing and the proposed live racing agreement between Southland Gaming and the horsemen. No new committee hearing date was announced.

Sen. Vialet rejected the suggestion that the vote was intended to defeat the proposal.

“The bill is not dead, and the members had no intention of killing this particular measure because we understand the importance of horse racing and the importance of the industry,” he told his colleagues Wednesday.

“This wasn’t a vote ‘no’ to horse racing. This is a vote ‘yes’ to horse racing, but let’s get the bill right,” Sen. Vialet said.

Mr. Bryan, however, argued that sending the package back to committee creates a practical problem that the Legislature cannot resolve on its own because negotiations with Southland are an executive-branch function.

He said the agreement was initially transmitted to lawmakers in April and that his administration subsequently invited senators, horsemen and other stakeholders to submit concerns and recommended changes. Those concerns were taken back to Southland, revisions were negotiated and a new agreement was submitted, according to the governor.

“The Legislature’s role is to review the agreement, ask questions and vote. The authority to negotiate with a private investor rests with the Executive Branch. Moving the bill to committee cannot rewrite the agreement or compel Southland Gaming to accept new terms,” Mr. Bryan said.

That point surfaced during Wednesday’s Senate proceedings as well. Senator Marise James asked legislative counsel whether the Legislature could “unilaterally” change provisions in an agreement negotiated between the executive branch and Southland Gaming. The attorney answered no.

The administration and several senators nevertheless differ sharply over whether the outstanding issues justify delaying approval.

Monday’s hearing exposed extensive disagreement over the value of the rights Southland would receive in return for its investment. As VIC previously reported, Bill 36-0313 would require SGVI to invest at least $27 million, including approximately $25 million in direct facility construction, while granting racetrack franchise rights, tax concessions, expanded VLT authority on St. Croix and significant electronic-gaming exclusivity in the St. Thomas-St. John District.

Lawmakers repeatedly questioned whether the government had adequately valued that exclusivity. Sen. Vialet also sought additional financial analysis, clearer performance standards and changes involving the relationship between the franchise and exclusivity provisions. The proposed 75/25 revenue arrangement and the absence of a completed live racing agreement incorporated into the franchise package also drew scrutiny.

Horsemen themselves offered competing views during Monday’s hearing. Representatives of the St. Thomas-St. John Horsemen Association and Flamboyant Park Horsemen Association largely urged lawmakers to approve the Southland package, warning that another opportunity to restart racing could disappear. However, Intra Caribbean Thoroughbred Equine Association Chairman Jay Watson argued that “this proposal is a gaming bill being spun as a horse racing bill” and questioned whether the arrangement adequately reforms an industry whose previous operating models have failed.

Sen. Vialet also expressed surprise Monday that Southland and the horsemen still had no signed live racing agreement, despite horsemen saying the company had accepted their proposed terms.

Wednesday marked the latest delay for an agreement that has been before lawmakers for months. In July, a special session called by Mr. Bryan also ended without an up-or-down vote after eight senators instead moved the proposal to a Committee of the Whole hearing for further examination of its gaming, regulatory and tax provisions.

Government House now argues that further delay could cause Southland to walk away.

“Today, the Legislature made its decision,” Mr. Bryan said. “Time matters in a deal of this size. Costs rise. Circumstances change. Investors move on. Time kills deals.”

The most immediate consequence identified by the governor involves the next scheduled race.

“In light of today’s action, Southland Gaming does not have a license to promote the September 6 race day, and I cannot reasonably consider moving forward with a temporary arrangement that would be inconsistent with the position the Legislature has now taken on the broader agreement,” Mr. Bryan said.

The statement does not announce that the September 6 races have formally been canceled, but it leaves the event without the Southland promotional authorization the administration says would be required.

Mr. Bryan thanked SGVI for negotiating with the government and said the company remained prepared to make a significant investment in rebuilding the Randall “Doc” James Racetrack. He also thanked horsemen from both districts and other participants in the negotiations.

“We pursued this agreement because it offered a path to restore horse racing without placing the financial burden on Virgin Islands taxpayers,” the governor said. “That opportunity was placed before the Legislature. The Legislature has spoken. The consequences of that decision are now theirs to own.”

For now, however, Bill 36-0313 remains formally assigned to the Committee on Budget, Appropriations and Finance. Whether that referral ultimately produces a revised agreement capable of returning to the floor — as Sen. Vialet maintains — or causes Southland to abandon the transaction, as Mr. Bryan is warning, remains unresolved.