The Virgin Islands Consortium

Bill To Raise Profile Of Film, Music Industry In Territory Reluctantly Signed Into Law By Mapp

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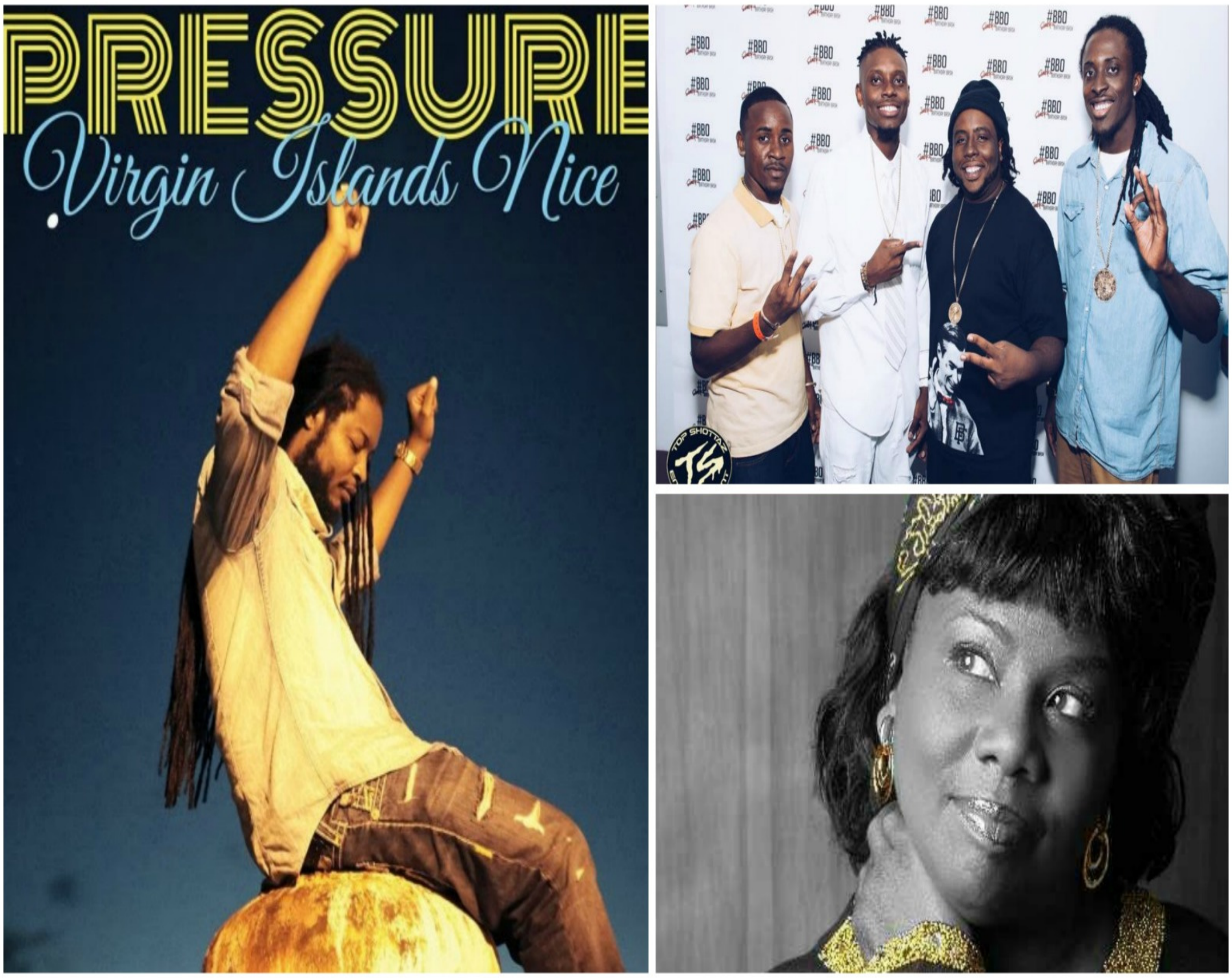

A bill intended to amend portions of the existing Sustainable Tourism through Arts-based Revenue Streams, STARS Act, has been signed into law by Gov. Kenneth Mapp, albeit reluctantly, as the governor says there are many discrepancies with it that needs to be sorted before he can genuinely promote its benefits.

Of Bill No. 31-0009, sponsored by Sen. Clifford Graham, Gov. Kenneth Mapp said: “I approve this bill notwithstanding the many technical and drafting errors contained therein after reviewing the history of this proposal. It is apparent that several senators and legislators took great time to craft this bill, held hearings to receive comments from the public and other stakeholders, which resulted in certain amendments thereafter.”

Go here for *VI Consortium's* interview with the existing STARS Act co-author, Laurent "Tippy" Alfred, who testified in February against Bill No. 31-0009, which sought to shut out incentives for professionals involved in the local music and audio recording industries. The bill had since been amended and received Alfred's and other stakeholders' support before being voted on in the Senate and heading to Gov. Mapp's desk.

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The governor said he signed the bill into law because doing the opposite "would not advance the ball and may signal to investors that we are not prepared to move forward in this area," he said.

Mapp then pointed out his concerns with the new legislation:

1: The bill refers to tax credits and tax rebates applicable to a participant's tax liabilities. This is flawed language as such a definition would include payroll taxes, which a tax credit against FICA, unemployment, workmen's compensation and such other taxes is not legal nor permissible.

2: The bill also adds a new sub chapter IV, which offers additional tax credits and tax rebates for the film industry on top of what is already in place. Is it the Senate's intent to double down on tax credits and tax rebates? Could the government find itself in a position of having to provide a 100% subsidy of the cost of producing a filming event, television program or music video?

3: The bill creates an additional office within the Virgin Islands Economic Development Authority ("VIEDA") where the STARS Act already creates one, and further, the two created offices have primarily identical functions.

4: The bill also addresses caps on incentives, it appears that a cap would only apply to resident production companies and not to non-resident production companies. "I strongly urge you to apply the cap to all 'Production Companies,' Mapp said. "The Legislature would not want to be disincentivizing Resident Production Companies and view the

I Grade Records' Laurent "Tippy" Alfred

5: This bill, as constructed, also creates a conflict in the applicability of the hotel waiver tax. In the current STARS Act, such waivers only apply to Non-Resident Production Companies, while in the bill before me such hotel tax waivers apply to both Resident and Non-Resident Production Companies. This could create significant legal issues and spur unnecessary litigation challenging what is applicable and what the value of each incentive awarded under this section should be.

The governor went on to say that despite “these concerns, and in light of the aforementioned, I am with great reluctance approving the measure so the territory can proceed with the STARS program. But I cannot implement or promote this program and the community cannot receive the intended benefits without further amendments from the Legislature.”

Mapp added that his legal team and members of his cabinet are ready to work with senators “to make final and necessary adjustments to the law.”

Feature Image: L to R: Pressure Busspipe, Kylo and Stylee Band, and Harrella Goodwin