The Virgin Islands Consortium

Mapp Submits Bill Aimed At Attracting Financial Services Industry To USVI

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ST. CROIX -- During a press conference held at Government House on St. Croix on Wednesday morning, Governor Kenneth Mapp announced that he has officially submitted for legislative approval The Virgin Islands Financial Services Improvement and Corporate Modernization Act of 2017 (F.I.S.A.), which he'd previously partially detailed during a St. Croix Chamber of Commerce breakfast meeting at Palms at Pelican Cove.

In a letter to Senate President Myron Jackson, Mr. Mapp wrote that the Act will “modernize Virgin Islands corporation law, based on best practices in the States and authorizes the creation of new statutory trusts, based on Delaware law, which are increasingly utilized by U.S. and international businesses to structure large and sophisticated financial transactions."

In urging the Legislature's approval, the territory's leader said that F.I.S.A. will position the Virgin Islands as a center for international investment, and as a hub for economic activity on par with other states and foreign jurisdictions. It will also create new government revenue streams, more contributions to charitable causes, higher paying jobs in the financial services sector and more spending in the Virgin Islands' economy, according to the governor.

At the press event, Mr. Mapp said that the new regulations would replace the existing general corporation laws of the Virgin Islands with a modern corporate code based on successful stateside models. Many states and foreign jurisdictions, he noted, have also modernized their trust laws to meet the evolving needs of U.S. and international businesses and investors.

The proposed new General Corporation Law, which is part of F.I.S.A., would eliminate many of the specific requirements for the number of officers and directors and offer a degree of protection against liability lawsuits. While some of these provisions already apply to limited liability companies under Virgin Islands' law, the proposed changes would be the first time that such provisions would apply to corporations formed in a United States jurisdiction. Franchise and other corporate filing fees would be increased substantially under the bill for entities seeking the advantages of operating in the territory through its EDC program, Mr. Mapp said.

A section of F.I.S.A. would provide liability protection for Series Limited Liability Companies, which are firms with several classes of ownership interest. It would limit the extent to which the assets among the various series could be used to satisfy the debt liability of one series class. F.I.S.A. also includes a chapter entitled "The Virgin Islands Statutory Trust Act", which would exclude certain entities from certain financial reporting requirements normally applied to corporate subsidiaries. In the transmittal letter, the governor wrote that the Virgin Islands has a built-in advantage in attracting these entities since it can offer full or partial exemptions from federal tax on many transactions, a benefit no American state can offer. Other sections of the proposed act would allow the establishment of trusts for purposes other than the sole benefit of a particular person or beneficiary.

Mr. Mapp said the legislation is the latest component of his administration's five-year economic growth plan to restore economic stability to the V.I. Government.