

Congresswoman Stacey E. Plaskett’s Testimony
before the House Committee on Natural Resources
Subcommittee on Federal Lands hearing on H.R. 1992, H.R. 3008,
H.R. 4731 and H.R. 5005

February 28, 2018

Thank you Chairman Tipton/Bergman and Ranking Member Hanabussa for holding today’s hearing on H.R.4731, which I introduced to extend the retained use estate (RUE) for the Caneel Bay resort in St. John, U.S. Virgin Islands. This bill will pave the way for the timely rebuilding of Caneel Bay Resort, continuing a successful public –private partnership for the operation of this important economic resource for the U.S. Virgin Islands; and in particular, for our island of St. John. H.R. 4731 addresses the need for urgent action to sustain employment for a community affected by Hurricanes Irma and Maria.

St. John, the smallest of the islands comprising the Virgin Islands of the United States, was the first to receive the direct impact from Hurricane Irma last September. The island of about 4,000 residents was devastated

nearly rendered “uninhabitable” in the aftermath of Hurricanes Irma and Maria. It has been reported that the employment (jobs) in the Virgin Islands has dropped over 9%. There has been also an almost “10 per cent [net annual] population outflow through November of 2017.”¹ The hurricanes have exacerbated an already very troubled and stressed economy. The 2004 Jobs Act caused a loss of knowledge based businesses; we were severely hurt by the Great Recession; and in 2012 when our largest employer, the oil refinery Hovensa closed its doors, our unemployment rate skyrocketed to over 15%. We have been for the last 5 years heavily dependent on tourism. The hurricanes did us no favors, and St. John took the largest physical blow. Today, the people of St. John have been able to bring some sense of normalcy but there is a long way to recovery. Most of the islands’ properties have been severely impacted or destroyed. As have been the lives of thousands of St. John residents whose livelihood depends of the islands’ tourism economy. My

¹ Tim Craig, *Labor Market Improving in Puerto Rico, Virgin Islands, but hurricane recovery still hampered*, Washington Post (February 22 at 7 PM).

constituents need expedited job security in order to begin the process of rebuilding their lives.

Caneel Bay Resort is a top employer in the St. John and is an iconic and important flagship of the greater Virgin Islands tourism industry.

Covering 170 acres, it offers waterside rooms, restaurants, massage services, and many other opportunities to bring revenue to the Virgin

Islands, it “account[s] for approximately \$65 million in annual total spending on the island.”² The resort was forced to cancel its entire

November-to-August season and lay off approximately 300 employees.

After being in operation for more than 30 years, Caneel Bay is facing closure because of the uncertainty of a contract extension. It is projected

that most hotels in the Virgin Islands, especially on St. Thomas and St.

John, will not reopen for the next two years

² <https://www.nationalparkstraveler.org/2018/02/update-caneel-bay-resorts-future-virgin-islands-national-park-limbo>; CB White Paper 2017 05 08

To provide background on the lease renewal issue, the resort is located in St. John, U.S. Virgin Islands on National Park Service land. Caneel Bay “operates under a unique agreement with the National Park Service—a retained use estate— created by an Indenture dated September 30, 1983, under which the Grantor deeded the land to the Service.”³ This “retained use estate currently expires on September 30, 2023.”⁴

This issue requires an expeditious resolution. Representatives from Caneel Bay have expressed that “it is impossible to open through the end of 2018.”⁵ For a lease that expires in five years, Caneel Bay is unable to supply the \$100 million financing it is estimated to need in order to rebuild the resort.⁶ To restate this point that I cannot stress enough, nearly 500 people, who work on an island where the population was 4,197, according to the 2010 U.S. Census, are not working for at least a year, because the uncertainty of a public private partnership

³ Draft talking point

⁴ Draft talking point

⁵ <http://www.caneelbay.com/default-en.html>

⁶ Draft talking point

contract extension is hindering financing.⁷ A continuation of the fruitless concessions agreement negotiations that have been ongoing for six years will not provide those who are unemployed today with speedy relief.⁸

“This bill does not require any outlay of federal funds. In fact, it would result in the return additional funds to the federal government by creating a new revenue-based fee on operations of the resort.”⁹ “All that this bill requires is a long-term extension of an agreement that, for more than 30 years, has brought enormous benefits to Virgin Islands National Park, the public, and the people and economy of St. John and the greater U.S. Virgin Islands. This bill can be a catalyst for additional investment on the island and the USVI. We should get this done, and get this done quickly.”¹⁰ Having this agreement and the commitment of Caneel Bay will be a support in spurring other resorts that are hesitant to return to this American island. As the entire Caribbean begins rebuilding after this hurricane season, I have concern that the Virgin Islands of the United

⁷ <https://www.census.gov/census2000/pdf/usvifullprofile.pdf> (page 13)

⁸ See CB White Paper 2017 05 08

⁹ Draft talking point

¹⁰ Draft talking point

States will not keep up with the pace of rebuilding of our neighbor islands (who receive support from European nations along with IMF, World Bank, etc.) This is America's flagship in the Caribbean and America's paradise should be treated as such by America.

While the recent Disaster Supplemental will get the rebuilding started, it does not represent the total amount of funding for is required for this process. In addition to federal funding, it will take long-term private-public partnerships like the Caneel Bay project to supplement federal disaster funding. I hope to accomplish this with the passage of H.R. 4731. I thank the Committee for the opportunity to provide testimony on this bill and look forward to continue to work with to advance this bill through the Committee and, ultimately, for final passage in the House.