

ACT NO. 7864

BILL NO. 31-0301

THIRTY-FIRST LEGISLATURE OF THE VIRGIN ISLANDS

Regular Session

2016

An Act authorizing the Virgin Islands Public Finance Authority to receive, hold and manage the shares of Lonesome Dove Petroleum Company and to provide for the disposition of any income realized from the shares including causing the corporation to make payments to satisfy the corporation's obligation for taxes and interest owed to the Government of the Virgin Islands; establishing the Lonesome Dove Petroleum Co. Special Revolving Fund; amending 33 V.I.C. § 3100n establishing the Senior Citizens' Center Revolving Fund and for other purposes

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WHEREAS, California residents, William and Marianthi Lansdale, located a portion of their business into a "28 (a) corporation" in the Virgin Islands in the 1980s in order to attempt to avoid paying taxes on the income therefrom, using a series of wholly owned corporations including, Lonesome Dove Petroleum Co., a Texas corporation ("Lonesome Dove"), as a part of this effort; and

WHEREAS, the United States Court of Appeals for the Third Circuit determined in 1987 that such "28 (a) Corporation" efforts to avoid taxes were invalid. Following this, the corporations were assessed over \$21,000,000 for unpaid taxes by the Virgin Islands Bureau of Internal Revenue in 1991. Despite this ruling, the Lansdales continued a vigorous legal contest of their tax obligations. Nevertheless, in *Edward E. Thomas v. Lonesome Dove Petroleum Co., et al. DCVI 1992-0079*, their corporations, Lonesome Dove and its predecessor corporations, were ordered by the District Court of the Virgin Islands into federal Receivership for the benefit of the Government of the Virgin Islands in satisfaction of the tax obligation owed; and

WHEREAS, in the ensuing years a succession of Receivers appointed by the court marshaled and managed the assets of the corporation. The purpose of the Receivership is now nearing completion. As part of the process of concluding the Receivership, it is necessary for the Government to prepare to receive the stock of Lonesome Dove and to provide for the continued payment of the outstanding tax liability to the Virgin Islands Bureau of Internal Revenue therefrom; and

WHEREAS, the Government and the Fourth Successor Receiver are preparing to file a joint motion to the court seeking the termination of the Receivership and transfer of the stock of Lonesome Dove to an entity designated by the Government of the Virgin Islands and for distribution of taxes to be paid by Lonesome Dove to be applied in a manner beneficial to the People of the Virgin Islands; and

WHEREAS, the Virgin Islands Public Finance Authority has the authority and ability to acquire real or personal property by grant, gift, purchase, devise or bequest, and to hold, lease, mortgage and otherwise exercise the rights of ownership of such property; and

WHEREAS, the Virgin Islands Public Finance Authority is an appropriate entity to be designated for the purpose of receiving and managing the stock of Lonesome Dove upon termination of the federal receivership and the establishment of certain terms regarding the distribution and application of taxes paid by Lonesome Dove, after such a transfer of stock ownership, is determined appropriate; Now, Therefore,

Be it enacted by the Legislature of the Virgin Islands:

SECTION 1. Authorization for Transfer of Stock of Lonesome Dove Petroleum Co.

The Governor and the Virgin Islands Public Finance Authority may execute all documents necessary and appropriate to effect the transfer and acceptance of all stock in the Lonesome Dove Petroleum Co. to the Virgin Islands Public Finance Authority, from the Receivership, if authorized by the court in *Edward E. Thomas v. Lonesome Dove Petroleum Co. et al., DCVI 1992-0079* to do so. Upon the Stock transfer, the Public Finance Authority shall operate and manage the Lonesome Dove Petroleum Co. and cause the corporation to make payments in accordance with this Act, to satisfy the corporation's obligation for taxes and interest owed to the Virgin Islands, and to further and advance the public purposes described in this Act.

SECTION 2. Creation of Lonesome Dove Petroleum Co. Special Revolving Fund

(a) There is established a separate, distinct, and non-lapsing fund in the Treasury of the Virgin Islands known as the Lonesome Dove Petroleum Co. Special Revolving Fund ("the Fund"). The Commissioner of Finance shall provide for the administration of the Fund for as long as any part of the Lonesome Dove Petroleum Company's income tax obligations, including the accrued interest thereon, remains outstanding.

(b) The Fund consists of all sums collected by the Virgin Islands Internal Revenue Bureau from the Lonesome Dove Petroleum Co. for its outstanding income tax obligations and accrued interest thereon, and no monies in the Fund may be expended except as provided in this section.

(c) The first \$500,000 deposited into the Fund annually must be used to assist the Senior Citizens' Center Fund for the upkeep, maintenance and operation of senior citizens' centers under the jurisdiction of the Department of Human Services and to acquire vehicles for the transportation of senior citizens throughout the territory, as approved by the Governor. All sums received in any fiscal year in excess of \$500,000 must be used to finance central government, missing employer contributions to GERS or to abate and assist the GERS in reducing its unfunded liability.

(d) The Commissioner of Finance shall submit annually to the Legislature, a detailed accounting of the receipts to the Fund, disbursements from the Fund, and the unencumbered remaining balance.

SECTION 3. Income and Tax Obligations. Notwithstanding any law to the contrary, the Virgin Islands Public Finance Authority, as sole stockholder of Lonesome Dove, shall operate and manage Lonesome Dove Co. so as to cause Lonesome Dove to continue to pay its existing tax

obligations, including interest owed to the Virgin Islands Bureau of Internal Revenue, from the corporation's revenues until such taxes and interests are fully satisfied.

SECTION 4. Report to the Legislature

Upon the transfer of the stock of the Lonesome Dove Petroleum Co. to the Virgin Islands Public Finance Authority, the Authority shall, by May 1 of each year, submit an annual report to the Legislature including the financial statements of Lonesome Dove Petroleum Co.

SECTION 5. Title 33 Virgin Islands Code, chapter 111, section 3100n is amended in the following instances:

- (a) The title is revised to read "Senior Citizens' Center Fund".
- (b) The term "Elderly Victim Fund" is stricken wherever it appears and replaced with the "Senior Citizens' Center Revolving Fund".
- (c) Subsection (b) is amended by adding paragraph (3) to read: "(3) annual deposits of the first \$500,000 received from the Lonesome Dove Petroleum Co.. Special Revolving Fund."

Thus passed by the Legislature of the Virgin Islands on March 30, 2015.

Witness our Hands and Seal of the Legislature of the Virgin Islands this 9th Day of April, AD., 2016.



Neville James
Neville James
President

Myron D. Jackson
Myron D. Jackson
Legislative Secretary

Bill No. 31-0301 is hereby approved.

**Witness my hand and the Seal of the
Government of the United States
Virgin Islands at Charlotte Amalie,
St. Thomas, this 22nd day of April, 2016 A.D.**



Kenneth E. Mapp
Kenneth E. Mapp
Governor

