

BILL NO. 34-0345

Thirty-Fourth Legislature of the Virgin Islands

November 14, 2022

An Act amending title 19 Virgin Islands Code by adding chapter 34A to expand the legalization of Cannabis from medicinal use to include Adult Use Cannabis

PROPOSED BY: Senators Janelle K. Sarauw and Angel L. Bolques, Jr.

1 **WHEREAS**, the use of Cannabis for medicinal purposes was previously legalized by the
2 Legislature of the Virgin Islands and signed into law by the Governor;

3 **WHEREAS**, expanding the use of Cannabis provides an opportunity to generate tax
4 revenues to alleviate ongoing deficits in the General Fund;

5 **WHEREAS**, expansion of the Cannabis industry provides additional opportunities,
6 including, increasing business ownership and employment opportunities for Virgin Islands
7 residents;

8 **WHEREAS**, the legalization of Cannabis for adult use can alleviate social injustices
9 experienced by persons subjected to the criminal justice system for simple possession of
10 Cannabis; and

1 **WHEREAS**, the Government must ensure that bona fide residents of the Virgin Islands
2 have the ability to participate in the Cannabis industry and must actively protect the rights of
3 Virgin Islanders to participate in a meaningful way in the Cannabis industry; Now Therefore:

4 ***Be it enacted by the Legislature of the Virgin Islands:***

5 **SECTION 1.** Title 19 Virgin Islands Code, part III is amended by adding a chapter
6 34A that reads as follows:

7 **“CHAPTER 34A. THE VIRGIN ISLANDS ADULT USE CANNABIS ACT**

8 **§798.01 – Short Title.**

9 This chapter may be cited as “The Virgin Islands Adult Use Cannabis Act.”

10 **§798.02 – Purpose.**

11 The purpose of this chapter is to establish a regulated system for the cultivation,
12 manufacture, and distribution of Cannabis for adult use. By establishing a regulated system,
13 this chapter provides oversight of the cannabis industry to protect public safety and create
14 economic opportunities for the Virgin Islands and its bona fide residents.

15 The intent of this chapter is to establish control over the commercial cultivation,
16 manufacture, and distribution of Adult Use Cannabis as a business, which shall be maintained
17 by bona fide residents of the Virgin Islands pursuant to law and regulations.-Controlling and
18 regulating the manufacturing, distribution, and sales of cannabis will strengthen our ability to
19 keep it along with illegal marijuana away from minors.

20 In the interest of the economic development and revitalization of the Virgin Islands, the
21 Legislature of the Virgin Islands further determines that encouraging foreign and domestic
22 investment in the Virgin Islands for the purpose of research and development will serve the
23 interests of the people of the Virgin Islands.

1 **§798.03 – Definitions.**

2 As used in this chapter the following words, terms, and phrases have the following
3 meaning:

4 (a) **“Advertising”** or **“Advertisement”** means the act of providing consideration for
5 the publication, dissemination, solicitation, or circulation of visual, oral, or written
6 communications that induce any person to patronize a place of sale or purchase cannabis items.
7 The term does not include packaging and labeling, consumer education materials, or branding.
8 “Advertising” proposes a commercial transaction or otherwise constitutes commercial speech.

9 (b) means a space, determined by the Office of Cannabis Regulation pursuant to an
10 issued permit, wherein individuals over the age of eighteen may use Cannabis, commercial
11 Cannabis products, or commercial Cannabis accessories. The space may be public or private
12 and may be owned by an individual, corporation, partnership, association, trust, government or
13 entity, or any combination of them.

14 (c) **“Branding”** means the promotion of a business’s brand through publicizing a
15 Cannabis business by name, logo, or distinct design features of the brand.

16 (d) **“Business Entity”** means a legal entity incorporated pursuant to title 13 of the
17 Virgin Islands Code or formed under title 26 of the Virgin Islands Code, whose shareholders,
18 officers, directors, members, partners, or owners are each residents of the Virgin Islands as
19 required by this chapter and that is not publicly traded. A Business Entity and each of the
20 persons who are its shareholders, officers, directors, members, partners, or owners are Owners.

21 (e) **“Cannabis”** means all parts of the plant of the genus Cannabis whether growing or
22 not, the seeds thereof, the resin extracted from any part of the plant, and every compound,
23 manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or its resin,

1 including cannabis concentrate. The term does not include industrial hemp, nor does it include
2 fiber produced from the stalks, oil or cake made from the seeds of the plant, sterilized seed of
3 the plant which is incapable of germination, or the weight of any other ingredient combined
4 with cannabis to prepare topical or oral administrations, food, drink or other product. “The
5 term does not include “Hemp”, or “Industrial Hemp” as specifically defined by the United
6 States Department of Agriculture.

7 (f) **“Cannabis Business”** means a Cannabis Licensee or Permittee.

8 (g) **“Cannabis Business Representative”** means an Owner, employee, or agent of a
9 Cannabis Business, is a resident of the Virgin Islands but does not include a Contractor or a
10 Consultant.

11 (h) **“Cannabis Concentrate”** means a specific subset of Cannabis Items that were
12 produced by extracting cannabinoids, through a solvent or non-solvent manufacturing process,
13 from Cannabis or by combining extracted cannabinoids with Cannabis or other ingredients and
14 are intended for use by smoking or vaporizing.

15 (i) **“Cannabis Cultivation License”, “Cannabis Cultivation Licensee”** means a
16 person licensed under t to this chapter to operate a business as described in section 798.12 that
17 cultivates Cannabis for sale.

18 (j) **“Cannabis Infused Product”** means any product that is comprised of Cannabis
19 Concentrate or Cannabis Flower and other ingredients and is intended for use or consumption
20 other than by smoking or vaporizing, including edible Cannabis-Infused Products, Topical
21 Cannabis-Infused Products, Transdermal Cannabis-Infused Products, and Transmucosal
22 Cannabis-Infused Products. An extract of Cannabis that does not include any other non-

1 cannabis ingredients but includes activated cannabinoids intended for oral administration is
2 considered an Edible Cannabis-Infused Product.

3 (k) **“Cannabis Item”** means raw Cannabis plant material, Cannabis Concentrate, and
4 Cannabis Infused Product.

5 (l) **“Cannabis Manufacturing License”** means a license issued under this chapter to
6 operate a business as described in section 798.13 of this chapter that manufactures Cannabis
7 Items for sale to other Cannabis Licensees.

8 (m) **“Cannabis Paraphernalia”** means any equipment, product, or material of any
9 kind which is used, intended for use, or designed for use in planting, propagating, cultivating,
10 growing, harvesting, composting, manufacturing, compounding, converting, producing,
11 processing, preparing, testing, analyzing, packaging, repackaging, storing, vaporizing, or
12 containing Cannabis, or for ingesting, inhaling, or otherwise introducing Cannabis into the
13 human body.

14 (n) **“Cannabis Permit”, “Cannabis Permittee”, “Permit” or “Permittee”** means a
15 person permitted pursuant to this chapter to engage in a Cannabis related activity, unless
16 specific provision or context provides otherwise. Cannabis Permittees include Micro-
17 Cultivation Permittees, Cannabis Retail Use Permittee, Temporary Cannabis Retail Permittee,
18 or Onsite Consumption Permittee.

19 (o) **“Cannabis Product”** means concentrated cannabis products and cannabis
20 products that are comprised of cannabis and other ingredients and are intended for use or
21 consumption, such as, but not limited to, edible products, ointments, and tinctures.

22 (p) **“Cannabis Retail Permit” “Cannabis Retail Permittee”** means a person
23 permitted pursuant to this chapter to operate a business as described in section 798.07 *et seq.*

1 that allows for the consumption of Cannabis or that permits the retail sale of Cannabis Products.

2 (q) **“Cannabis Research and Development License”, “Cannabis Research and**
3 **Development Licensee”** means a person licensed under to this chapter to operate a business
4 as described in section 798-17, who engages in research and development around Cannabis
5 testing, genetics, seed manufacturing, plant tissue cultivation and manufacturing, with the
6 intention of developing new products and technologies.

7 (r) **“ Temporary Cannabis Retail Permit” , “Cannabis Retail Permittee”** means
8 a Person permitted pursuant to this chapter to operate a business as described in section
9 798.07that allows for the temporary consumption of Cannabis

10 (s) “Child- resistant packaging means special packaging that is:

11 (1) Designed or constructed to be significantly difficult for children under five
12 years of age to open and not difficult for normal adults to use properly as defined by 16
13 C.F.R. 1700.20, as amended from time to time;

14 (2) Opaque so that the packaging does not allow the product to be seen without
15 opening the packaging material; and

16 (3) Resealable for any product intended for more than a single-use or containing
17 multiple servings.

18 (t) **“Contractor”** means a Person other than a Cannabis Business Representative who
19 visits the Licensed Premises of the Cannabis Business on a temporary basis to perform a
20 service, maintenance, or repair in a manner that does not qualify the Person as a Consultant. A
21 contractor does not need to be a bona fide resident of the Virgin Islands.

22 (u) **“Crime of Violence”** has the same meaning as defined in 23V.I.C. § 451(g).

1 (v) **“Cultivation Facility”** means an entity engaged in the cultivation of cannabis
2 including growing, cloning, harvesting, drying, curing, grading, and trimming cannabis plants
3 for sale to certain other categories of cannabis license and permit holders.

4 (w) **“Designated Consumption Area”** means a designated area where users are
5 expressly permitted to consume Cannabis Items.

6 (x) **“Disqualifying Felony Offense”** means: (1) a crime that was classified as a felony
7 in the jurisdiction where the person was convicted; (2) a violation of a state, territorial, or
8 federal controlled substances law, that was classified as a felony in the jurisdiction where the
9 person was convicted, not including: (A) an offense for which the sentence was completed,
10 including any term of probation, or supervised release; or (B) an offense that consisted of
11 conduct for which this chapter would likely have prevented a conviction, but the conduct either
12 occurred prior to the enactment of this chapter or was prosecuted by an authority other than the
13 Virgin Islands Government.

14 (y) **“Edible Cannabis Product”** means a Cannabis-Infused Product that is intended to
15 be taken by mouth, swallowed, and is primarily absorbed through the gastrointestinal tract.
16 Edible cannabis-infused products may be psychoactive when used as intended. Without
17 limitation, edible cannabis-infused products may be in the form of food, beverage, capsule, or
18 tablet.

19 (z) **“Female-operated Bona Fide Virgin Islands Entity”** means a bona fide Virgin
20 Islands entity that is owned and controlled by females who are citizens of the United States and
21 permanent residents of the Virgin Islands, females constitute a majority ownership and the
22 management and daily business operations of which are controlled by one or more females, or,

1 in the case of a corporation that has issued stock, of which at least 51% of the capital stock is
2 owned by one or more females.

3 (aa) **“Financial Interest”** means any right or entitlement to any portion of revenue or
4 profit from the sales of a Cannabis Business, including a Reasonable Royalty or Permitted
5 Interest. The term does not include an Indirect Interest.

6 (bb) **“Financial Interest Holder”** means any person entitled to a Financial Interest
7 pursuant to this chapter including a Reasonable Royalty Holder and a Permitted Interest
8 Holder. A Financial Interest Holder is not an Unaffiliated Third Party.

9 (cc) **“Flowering Canopy”** means the total square feet of all Flowering Cannabis Plants
10 on the Licensed Premises of a Cannabis Cultivation Licensee.

11 (ff) **“Flowering Cannabis Plant”** means a Cannabis plant in a light cycle intended to
12 stimulate the production of flowers, trichomes, and cannabinoids characteristic of Cannabis.

13 (gg) **“Immature Cannabis Plant”** means a nonflowering cannabis plant that is no taller
14 than eight (8) inches and no wider than eight inches, is produced from a cutting, clipping, or
15 seedling, and is in a cultivating device.

16 (hh) **“Immediate family member”** means a spouse, parent, or child.

17 (ii) **“Indirect Interest”** means any interest in a Cannabis Business that does not rise to
18 the level of a Financial Interest. An Indirect Interest may include but is not limited to a Person’s
19 right to receive commercially reasonable rent payments on a fixed basis pursuant to a bona fide
20 lease agreement, secured or unsecured loans, or security interest in fixtures or equipment with
21 a direct nexus to the cultivation, manufacture, sale, transportation, or testing of Cannabis, a
22 consulting fee on a fixed basis for services that are allowed under this chapter, or a person
23 who receives a bonus as an employee if the employee is on a fixed wage or salary and the bonus

1 is based on a written incentive/bonus program that is standard and customary for the services
2 rendered.

3 (jj) **“Interest”** means any Financial Interest or Indirect Interest in a Cannabis Business.

4 (kk) **Inventory Tracking System”** means an electronic tracking system approved by
5 the OCR pursuant to section 798.11 that all Licensees are required to use that tracks Cannabis
6 Items from either the seed or immature plant stage until the Cannabis Item is sold to a retail
7 user.

8 (ll) **“Licensee”, or “License”** means a Person Licensed pursuant to this chapter
9 Cannabis Licensees include Cannabis Cultivation Licensees (excluding micro-cultivation),
10 Cannabis Manufacturing Licensees, Cannabis Research and Development Licensees, and
11 Cannabis Testing Lab Licensees.

12 (mm) **“Licensed Premises”** means the premises specified in an application for a
13 License or Permit under this chapter which are owned or in possession of the Licensee or
14 Permittee and within which the Licensee or Permittee is authorized to cultivate, manufacture,
15 distribute, or sell Cannabis and other items for retail sale in accordance with this chapter

16 (nn) **“Majority Ownership” or “Majority Owner”** means a person or group of
17 persons who are Owners of, or control more than fifty-one percent (51%) of the equity interest,
18 voting rights, and profits interest in a Cannabis Business or Cannabis Business on a fully diluted
19 basis.

20 (oo) **“Manager”** means any person who is not an Owner or Holder of a Financial
21 Interest and to whom a licensed Cannabis Business has delegated discretionary authority to
22 organize, direct, carry on or supervise day to day operations.

23 (qq) **“Merit-Based Application Process”** means the process, as described in section

1 798.05 of this chapter, by which the OCR selects Cannabis Licensees.

2 (rr) **“Micro-Cultivation Permit”** or **“Micro-Cultivation Permittee”** means an
3 individual, or group of individuals, authorized pursuant to this chapter to operate a business at
4 a specific location as described in section 798.14 of this chapter that allows for the small-scale
5 cultivation of Cannabis for commercial sale to a Cannabis Licensee.

6 (ss) **“Micro-Cultivation Site”** means the specific location within an address, as
7 designated by a Micro-Cultivation Permittee, where the small-scale cultivation of Cannabis for
8 commercial sale to a Cannabis Licensee is permitted to occur.

9 (tt) **“Modification of Premises”** means the substantial change in the use or structure
10 of a Cannabis Licensee’s Licensed Premises as described in any approved application for
11 licensure for a cannabis licensee.

12 (uu) **“Office of Cannabis Regulation** or OCR means the government agency,
13 established in section 777(a) of chapter 34 of this title, charged with implementing this chapter
14 and administering its provisions and regulations.

15 (vv) **“Onsite Cannabis Consumption permit”** means a permit authorizing limited
16 onsite consumption of Cannabis at the Licensed Premises.

17 (ww) **“Owner”** means a natural Person or Business Entity that owns more than thirty
18 percent of stock or membership interest in a Cannabis License, including but not limited to, the
19 officers, directors, members, or partners of the Cannabis Licensee, and any person in receipt of
20 or who has the right to receive any share of the revenues or profits derived from the Cannabis
21 Business that is not a Financial Interest approved by the OCR. The term includes any and all
22 types of legal entities, individually or as a group, that may be formed as comingled or derivative

1 ownership structures for the purpose of being an Owner or participating, in any manner, in the
2 rights and privileges typically reserved for Owners.

3 (xx) **“Permitted Interest”** means a right to obtain an ownership interest, right to
4 control, or share of profits or revenues in a Cannabis License pursuant to a Permitted Interest
5 Agreement where the holder of such Permitted Interest is a Natural Person who is a lawful U.S.
6 citizen whose right to ownership in the Cannabis License is contingent on the Permitted Interest
7 Holder’s qualification, approval by the OCR, and licensure as an Owner. A “Permitted Interest”
8 is a Financial Interest.

9 (yy) **“Permitted Interest Agreement”** means the agreement between the Permitted
10 Interest Holder and Cannabis Licensee setting forth the terms and conditions upon which the
11 Permitted Interest Holder has a right to obtain ownership interest, right to control, or share of
12 profits or revenues in a Cannabis License. A Permitted Interest Agreement may be in the form
13 of a convertible debt option, option agreement, warrant or any other agreement as defined by
14 the OCR.

15 (zz) **“Permitted Interest Holder”** means a natural person who is a United States citizen
16 and holds a Financial Interest.

17 (aaa) **“Person”** means a Natural person, partnership, association, company, corporation,
18 limited liability company, organization, trust or similar entity, estate, joint venture, or a
19 manager, agent, owner, director, servant, officer, or employee thereof; but the term does not
20 include any governmental organization.

21 (bbb) **“Pesticide”** means a substance or mixture of substances intended for preventing,
22 destroying, repelling, or mitigating any pest, or any substance or mixture of substances
23 intended for use as a plant regulator, defoliant, or desiccant. The term includes herbicides

1 regulated under the Federal Insecticide, Fungicide, and Rodenticide Act (“FIFRA”).

2 (ccc) “**Reasonable Royalty**” means a right to a royalty payment for the use of licensed
3 Intellectual property in the form of technology, brands, trade secrets, trademarks, copyrights,
4 or other intellectual property approved by the OCR related to the production, sale, or
5 distribution of Cannabis or Cannabis Items based on the value of gross revenue generated from
6 the manufacturing or processing of Cannabis or Cannabis Products.

7 (ddd) “**Reasonable Royalty Holder**” means any Person who receives a Reasonable
8 Royalty in exchange for a Licensee’s use of the Reasonable Royalty Holder’s intellectual
9 property. A Reasonable Royalty Holder is a Financial Interest Holder.

10 (eee) “**Retail Sale**” means to solicit or receive an order for, to keep or expose for sale,
11 and to keep with the intent to sell, made by any licensed entity of any cannabis, cannabis infused
12 product, cannabis products, cannabis item, edible cannabis product, or cannabis paraphernalia.

13 (fff) “**Resealable**” means that the package continues to function within the effectiveness
14 specifications, as established by the OCR similar to the federal “Poison Prevention Packaging
15 Act of 1970”, 15 U.S.C. § 1471 *et seq.*, for the number of openings and closings customary for
16 its size and contents.

17 (ggg) “**Resident**”, except as otherwise provided in this chapter, for purposes of applying
18 for a license or permit under this chapter, means any natural Person who has resided in the
19 Territory for 10 of the last 15 years prior to applying for any license or permit, or who qualifies
20 under Title 29, Section 1003(9)(c) of the Virgin Islands Code; and remains a bona fide resident
21 of the Territory and who is subject to personal income tax in the Territory for the entire period
22 such person holds title to a license or permit.

23 (hhh) “**Resident-Owned Business**” means a business enterprise owned by an individual

1 who is, or by a majority number of individuals, who meet the definition of Resident.

2 (iii) **“Sacramental Use”** means lawful use and means of production, transport, and
3 location of use by persons over the age of eighteen of an organized religion or faith in the
4 sincere exercise of their religion as may be prescribed by the OCR.

5 (jjj) **“Sale”** or **“Sell”** means to exchange, barter, or traffic in, to solicit or receive, and
6 order through a Licensee licensed under this chapter to another licensed or permitted entity
7 under this Chapter

8 (kkk) **“School”** means a public or private preschool or a public or private elementary,
9 middle, junior high, or high school and, including child care centers and day care centers.

10 (lll) **“Service-Disabled Veteran”** means a veteran who is a citizen of the United States
11 and resident of the Virgin Islands with a service-connected disability as determined by the
12 United States Department of Veterans Affairs or who has been terminated from military service
13 by reason of disability by the United States Department of Defense.

14 (mmm) **“Service-Disabled Veteran-Operated Bona Fide Virgin Islands Entity”**
15 means a bona fide Virgin Islands entity that is owned and controlled by service-disabled
16 veterans in which at least 51% of the ownership interest is held by service-disabled veterans
17 and the management and daily business operations of which are controlled by one or more
18 service-disabled veterans, or, in the case of a corporation that has issued stock, of which at least
19 51% of the capital stock is owned by one or more service-disabled veteran, on a fully diluted
20 basis.

21 (nnn) **“Smoking”** means the burning of a lighted cigarette, cigar, pipe, or any other matter
22 or substance that contains cannabis. The term does not include vaporization, sublimation, or
23 any other chemical.

1 (ooo) **“Transportation Manifest”** means a document created by the Inventory Tracking
2 System that enables a Cannabis Licensee to transport Cannabis Items and designates the time,
3 the quantity of Cannabis Items, and receipt of Cannabis Items.

4 (ppp) **“Unaffiliated Third Party”** means, in the case of Cannabis Production Licensee,
5 a Person who has no ownership or financial interest, direct or indirect, in that Cannabis
6 Production Licensee. A Financial Interest Holder or a person who holds an Indirect Interest is
7 not an Unaffiliated Third Party. A contractor or consultant may be an unaffiliated third party.

8 (qqq) **“Unreasonably Impracticable”** means that the measures necessary to comply
9 with the regulations require such a high investment of risk, money, time, or any other resource
10 or asset that the operation of a Cannabis establishment is not worthy of being carried out in
11 practice by a reasonably prudent businessperson.

12 **§798.04 – Office of Cannabis Regulation**

13 (a) The Office of Cannabis Regulation established in section 777 of chapter 34 of this
14 title has the exclusive authority to implement this chapter and administer the provisions
15 including, but not limited to, rulemaking authority. In addition to the powers provided by
16 existing chapters of the Virgin Islands Code, the OCR shall exercise its powers and perform its
17 respective duties and functions and shall have full and exclusive authority to:

18 (1) Promulgate regulations related to the cultivation, manufacture, sale, testing,
19 licensing, and use of adult use Cannabis as provided for by this chapter being necessary
20 for efficient administration of its duties, as set forth in this chapter within 180 days after
21 enactment of this chapter; and may include any amendments to such regulations from
22 time to time. No regulation adopted by the OCR, may make it unreasonably impracticable
23 to operate or issue any Licenses or Permits;

1 (2) Establish reasonable production and flowering canopy limits governing the
2 cultivation of adult use Cannabis in the interest of preventing oversaturation within the
3 adult use market;

4 (3) Establish defined geographical zones within which adult use Cannabis
5 cultivation, manufacturing, production, dispensing, consumption, and related business
6 activities may occur as a means of facilitating control and enforcement;

7 (4) Grant or refuse Licenses for the commercial cultivation, manufacture,
8 distribution, and sale of adult use Cannabis, including any products eligible for retail sale
9 or related uses as provided by law;

10 (5) Establish the form and content of registration and renewal applications
11 submitted under this chapter and to establish license, permit and application fees;

12 (6) Grant or refuse Permits for the Micro-Cultivation, Retail Use of Cannabis;
13 Temporary Retail Cannabis, and Onsite Cannabis Consumption as provided by law;

14 (7) Establish procedures governing Cannabis Businesses with the goals of
15 ensuring the health and safety of all users and preventing diversion and theft from such
16 businesses without imposing an undue burden or compromising the confidentiality of
17 users, including:

18 (A) Oversight requirements;

19 (B) Record keeping requirements;

20 (C) Security requirements, including lighting, physical security, and alarm
21 requirements;

22 (D) Health and safety regulations, including restrictions on the use of pesticides
23 that are injurious to human health;

1 (E) Standards for the manufacture of Cannabis products, and both the indoor and
2 outdoor cultivation of Cannabis by cultivation facilities;

3 (F) Requirements for the transportation and storage of Cannabis-by-Cannabis
4 Businesses; including requirements that transportation manifests be kept for all
5 transportation of medicinal Cannabis;

6 (G) Requirements for banking and transportation of cash deposits;

7 (H) Employment and training requirements, including requiring that each
8 Cannabis establishment create an identification badge for each agent;

9 (I) Standards for the safe manufacture of Cannabis products, including extracts
10 and concentrates, at or above good manufacturing practices (GMP);

11 (J) Restrictions on the advertising, signage, and display of retail and temporary
12 retail permittees but the restrictions may not prevent appropriate signs on the property of
13 a retail or temporary retail permittee, listings in business directories, including phone
14 books, listings in Cannabis-related or medical publications, or the sponsorship of health
15 or not-for-profit charity or advocacy events;

16 (K) Requirements and procedures for safe, accurate and appropriately child-
17 resistant packaging and labeling;

18 (L) Requirements that packaging and labeling accurately display the total THC
19 of each product;

20 (M) Requirements for packaging and branding such that packages, labels, shapes,
21 and products are not made to be attractive to or target persons under the age of twenty-
22 one;

23 (N) Labeling requirements that include warnings to consumers of any potential

1 impact on human health resulting from the consumption of cannabis products which must
2 be affixed to those products when sold, if such labels are determined warranted by the
3 OCR; and

4 (O) Certification standards for testing facilities, including requirements for
5 independence from Cannabis Businesses whose products are tested by such testing
6 facilities, and equipment and qualifications for personnel;

7 (8) Establish licensing goals for service-disabled veterans and females, and
8 service-disabled veteran-operated bona fide Virgin Island entities and female operated
9 bona fide Virgin Islands entities;

10 (9) Establish labeling requirements for Cannabis and other items eligible for
11 retail sale, including requiring edible Cannabis Products to be clearly identifiable, when
12 practicable, with a standard symbol indicating that it contains cannabis, and requiring that
13 Cannabis Products' labels include the following, where applicable:

14 (A) the estimated length of time it typically takes for the product to take effect;

15 (B) warnings to limit additional consumption while waiting for edible cannabis
16 to enter the bloodstream and be fully absorbed;

17 (C) disclosure of ingredients and possible allergens;

18 (D) a nutritional or supplement fact panel;

19 (E) date of expiration; and

20 (F) the name and address of the manufacturer;

21 (10) Suspend, fine, restrict, or revoke such Licenses or Permits upon a violation
22 of this chapter or any regulation promulgated pursuant to this chapter ;

23 (11) Impose any penalty authorized by this chapter or any rule promulgated

1 pursuant to this chapter ;

2 (12) Establish an Advisory Board representative of the community, licensees, law
3 enforcement, the Rastafari population of the Virgin Islands, and retirees;

4 (13) In conjunction with the Department of Labor and the University of the Virgin
5 Islands, establish a Cannabis Industry Workforce Training Program to provide
6 information, resources and training to interested Virgin Islands residents;

7 (14) In conjunction with the Economic Development Authority, establish a
8 Cannabis Cultivation Micro-Lending Program for Micro-Cultivation Permittees;

9 (15) Promulgate regulations for advertising and marketing content, including but
10 not limited to rules prohibiting advertising that:

11 (A) is false, deceptive, or misleading;

12 (B) promotes overconsumption;

13 (C) depicts consumption;

14 (D) is designed in any way to appeal to children or other minors;

15 (E) is readily observed within the perimeter of a school, child care provider, or
16 other area likely to be frequented or inhabited by children;

17 (F) is in public transit vehicles and stations or publicly owned or operated
18 property;

19 (G) makes assertions about cannabis that promote its use for medical or wellness
20 purposes; or

21 (H) fails to meet any r regulations promulgated by OCR; and

22 (16) Create and maintain a website identifying information concerning public
23 safety with regard to Cannabis use, a list of authorized Licensee and third-party providers,

1 list of qualified sacramental use organization, and any and all other information relative
2 to the regulation of Cannabis cultivation, total flowering canopy, production, sale and use
3 in the Territory.

4 (b) The Director of the Office of Cannabis Regulation shall hire additional staff as may
5 be required to implement the adult use program, including consultants, but the program must
6 become self-sufficient from the taxes or fees generated through the program not more than two
7 years after the commencement of the program.

8 (c) The Director shall submit a bi-annual administrative report to the Commissioner of
9 the Department of Licensing and Consumer Affairs, briefly outlining the staff roles, any
10 changes to administrative policies, and any potential administrative issues or needs.

11 (d) The Director shall submit an annual report to the Governor, the Commissioner of
12 Department of Licensing and Consumer Affairs; the Legislature's Committee on Health,
13 Hospitals and Human Services; and the Advisory Board established in section 777 of chapter
14 34 of this title. The annual report outline comprehensively compiled data on the program,
15 accomplishments, challenges and recommended regulation changes, including:

16 (1) The number of applications for each type of License or Permit processed by the
17 OCR in the prior calendar year, the time between submission of a complete application, the
18 number of Licenses and Permits approved or denied by type, and the total number of active
19 Licenses and Permits by type that were valid on a monthly basis for the prior calendar year;

20 (2) An overview of the Medical Cannabis market, including but not limited to actual
21 cultivation and sales volumes for the prior year and anticipated demand and production levels;

22 (3) The amount of revenue generated by Medical Cannabis, including but not limited
23 to sales taxes, application and License fees, and any other fees paid to the OCR, as well as

1 expenses incurred by the OCR; and

2 (4) Enforcement measures imposed, and a list of persons against whom enforcement
3 measures were taken that possess a permit or license issued pursuant to this chapter .

4 (e) All inspectors and regulatory enforcement officials of the OCR may be considered
5 Peace Officers pursuant to 5 V.I.C. § 3561.

6 (f) The OCR may conduct or have conducted on its behalf, a market demand study in
7 order to manage production by Permittees and Licensees prior to the issuance of new Licenses
8 authorized by this chapter.

9 (g) The OCR is responsible for establishing and overseeing an OCR Enforcement
10 Division, which is tasked with enforcement of all civil, criminal and regulatory violations
11 related adult use Cannabis. This Enforcement Division, in collaboration with the Industrial
12 Hemp Commission under Title 7 Virgin Islands Code, chapter 13, subchapter III, section 207,
13 shall have all the powers of any peace officer to:

14 (1) Enforce the requirements of this chapter law of this Territory and make arrests if,
15 during an officer's exercise of powers or performance of duties pursuant to this chapter,
16 probable cause exists that a crime related to such laws has been or is being committed;

17 (2) Serve all warrants, summons, subpoenas, administrative citations, notices or other
18 processes relating to the enforcement of laws regulating Cannabis Items;

19 (3) Assist or aid any law enforcement officer in the performance of the officer's duties
20 upon the law enforcement officer's request or the request of other local officials having
21 jurisdiction;

1 (4) Inspect, examine, or investigate any premises where the Licensee's Cannabis Items
2 or products are grown, stored, cultivated, manufactured, tested, distributed, or sold, and any
3 books and records in any way connected with any licensed activity;

4 (5) Require any licensee, upon demand, to permit an inspection of a licensed
5 premises, during business hours or at any time of apparent operation, Cannabis equipment, and
6 Cannabis accessories, or books and records, and, to permit the testing or examination of all
7 Cannabis products on the premises;

8 (6) Conduct investigations into the character, criminal history, and all other relevant
9 factors related to suitability of all licensees and applicants for Cannabis Licenses and such other
10 Persons with a direct or indirect interest in an applicant or licensee, as the Department of
11 Licensing and Consumer Affairs may require; and

12 (7) Exercise any other powers or duties authorized by law.

13 (h) All private entities awarded contracts to serve as a neutral-testing lab shall hire 60%
14 of its entire workforce, full-time and part-time, as bona fide Virgin Islands residents, and may
15 not have, among its ownership interests or workforce, any conflicting ownership interest of any
16 form with a Cannabis Business establishment in the Territory that will be the subject of such
17 testing services. A bona-fide Virgin Islands resident for purposes of this subsection is a resident
18 who qualifies under, 29 V.I.C. §1003(9) (c).

19 (i) Nothing in this chapter prevents a cannabis cultivation facility from providing
20 appropriate space within the facility where users may consume cannabis or cannabis products,
21 provided that such facility has an onsite cannabis consumption permit.

22 **§798.05. Applications and Application Process**

23 (a) Ownership; Minimum Requirements for Cannabis License Applicants. An

1 applicant for a Cannabis License must be eighteen years of age or older and meet all suitability
2 requirements set forth herein. In the case of corporations and partnerships, this provision
3 applies to all Owners, principals, or members.

4 (1) An Applicant for a License that is a Business Entity must be organized under
5 Title 13 or Title 26 of the Virgin Islands Code.

6 (2) A Cannabis License, including any percentage interest, may not be held by
7 any individual that has been convicted of a Disqualifying Felony Offense.

8 (3) Only Owners may control or hold a partnership interest, limited or general, a
9 joint venture interest, or ownership of a share or shares in a corporation or limited liability
10 company which is licensed.

11 (4) An Applicant for a Cannabis Cultivation, Manufacturing, or Testing Lab
12 License must demonstrate that they possess available funds in their control and financial
13 capital as required by the OCR, which includes evidence in the form of bank statements,
14 irrevocable lines of credit, or the equivalent showing that the Applicant has sufficient
15 resources to operate.

16 (5) Residency Requirement. All partnerships, employee cooperatives,
17 associations, nonprofit corporations, corporations, and limited liability companies
18 applying for ownership of a Cannabis License must be formed under the laws of the
19 Virgin Islands with its principal place of business in the Virgin Islands. Majority Owners
20 must be bona fide Residents of the Virgin Islands. If a Cannabis Licensee does not have
21 a Majority Owner, then at least 50.1% of the entity holding the License, on a fully diluted
22 basis, must be owned by bona fide residents of the Virgin Islands as defined in this
23 chapter.

1 (6) Control. No Person other than an Owner may exercise control over a
2 Cannabis Licensee. It is unlawful and a violation of public safety for any Person who is
3 not an Owner to have control over the management or day-to-day operations of the
4 Cannabis Licensee. Authority given to a Manager under a lawful employment contract
5 approved by the OCR to manage day-to-day operations of the Cannabis Licensee under
6 the direction of the Owners does not constitute control for the purposes of this chapter .
7 Whether a Person exercises control is determined by whether the Person takes or is
8 authorized to take the following actions:

9 (A) Exercises final decision-making authority over operations of the
10 business;

11 (B) Directs the day to day operation of the business, except that Managers
12 may direct the day to day operations subject to oversight by Owners pursuant to a
13 lawful employment contract;

14 (C) Is liable for the taxes and fees or other obligations of the Cannabis
15 Licensee;

16 (D) Acknowledges liability for the Cannabis Licensee's taxes and fees;

17 (E) Has authority to disburse funds of the business other than the receipt of
18 regularly replaced items of stock;

19 (F) Makes final policy decisions relative to the operations of the business;

20 or

21 (G) Has voting rights or the right to obtain voting rights in the Cannabis
22 Licensee.

23 (b) Ongoing Suitability Requirements. An Applicant for a Cannabis License has an

1 affirmative duty to notify the OCR in writing of: (i) any Disqualifying Criminal Offense as
2 defined in sections 798.03(x) (a against an Owner within 10 days of the Person's arrest and
3 within 10 days of disposition; or (ii) any change in residency disqualifying any Owner pursuant
4 to subsection (a)(6) of this section, within 10 days of such change. Upon determination by the
5 OCR that an Owner associated with the Licensee is no longer suitable under this chapter, the
6 Cannabis Licensee shall have 90 days to remove the disqualified person from association with
7 the Cannabis License unless otherwise extended by the OCR for good cause. Failure to remove
8 the disqualified person in accordance with this subsection may be grounds for denial,
9 suspension, revocation, or administrative action. This subsection applies only to those owners
10 with a 30% or higher share in an applicant entity.

11 (1) Investigation and Disclosures.

12 (A) The OCR shall conduct a financial investigation as well as a criminal background
13 investigation of all Financial Interest Holders in order to determine whether the Financial
14 Interest Holder is qualified. After licensure, a Financial Interest Holder must continue to
15 disclose the source of funds for all money relating to the Financial Interest in the Cannabis
16 License. In no instance may the financial interest holder be a publicly traded company or consist
17 of any other multipart corporate structure that, in the discretion of the OCR, renders it
18 impracticable or impossible to conduct a background investigation on all relevant parties and
19 beneficiaries or that limits or prevents full and direct transparency to underlying direct or
20 indirect ownership. The OCR must approve these funds prior to the funds' being used in any
21 manner by the Cannabis Licensee.

22 (B) As a part of its application, a Cannabis Licensee seeking to obtain approval of a
23 Financial Interest shall provide evidence to establish that the Person seeking to become a

1 Financial Interest Holder, including all members of any Business Entity seeking to become a
2 Financial Interest Holder, are legal residents of the United States, and shall provide
3 documentation satisfactory to the OCR verifying and confirming the funds used for the
4 Financial Interest were lawfully earned or obtained.

5 (C) The OCR may deny an application for a Financial Interest Holder, or any Person
6 who may participate in such interest if its investigation of the Applicant results in a
7 determination that the holder is not suitable to hold a Financial Interest, is not of good moral
8 character, or has not fully disclosed its sources of funds or interest in the Cannabis License.

9 (2) Ongoing Suitability Requirement.

10 (A) The Financial Interest Holder and the Cannabis License is subject to an ongoing
11 duty to disclose in writing to the OCR any and all events which may reasonably disqualify the
12 Financial Interest Holder from having an interest in a Cannabis License, no later than 10 days
13 after receiving notice of the event.

14 (B) If at any time the OCR finds any Financial Interest Holder is not qualified, the OCR
15 may require the Cannabis Licensee to terminate its relationship, including but not limited to all
16 financial relations, with the Financial Interest Holder within a specified time period by
17 providing written notice to the Cannabis Business. Failure to terminate such a relationship and
18 financial ties within the specified time period may be a basis for administrative action against
19 the Cannabis Business.

20 (3) Requirements-Permitted Interest Holders.

21 (A) An application for a Permitted Interest must be initiated by the Cannabis Licensee
22 and must include a sworn affirmation from the Cannabis License Applicant and proposed
23 Permitted Interest Holder on forms prescribed by the OCR that the Permitted Interest Holder

1 will not exercise control, or have any right to control, over the Cannabis License, until such
2 time as the Permitted Interest Holder is licensed as an Owner.

3 (B) Conversion from a Permitted Interest may be converted to an Ownership shall occur
4 pursuant to regulation promulgated by the OCR and the terms of the Permitted Interest
5 Agreement between the Cannabis Licensee and Permitted Interest Holder, but in no event may
6 the conversion occur until such time as the Permitted Interest Holder meets all qualifications
7 for licensure and ownership pursuant to this chapter and any regulations promulgated pursuant
8 to this chapter.

9 (C) The Cannabis Licensee or Permitted Interest Holder may initiate a conversion of a
10 Financial Interest to Owner pursuant to the terms of the Permitted Interest Agreement by
11 application to the OCR.

12 (D) The approval of the Permitted Interest Holder by the OCR is wholly discretionary,
13 and the OCR may, at any time, deny approval of the Permitted Interest or find that the Permitted
14 Interest is no longer qualified. The Permitted Interest must be terminable immediately upon
15 such determination.

16 (4) Requirements-Reasonable Royalty Holders.

17 (A) An application for a Reasonable Royalty must be initiated by the Cannabis Licensee
18 pursuant to regulations promulgated by the OCR and must include a sworn affirmation from
19 the Cannabis License Applicant and proposed Reasonable Royalty Holder on forms prescribed
20 by the OCR that the Reasonable Royalty Holder will not exercise control over, or have any
21 right to control, the Cannabis Licensee except as otherwise permitted by this chapter or the
22 regulations promulgated thereto. Provisions in licensing agreements whereby the Reasonable
23 Royalty Holder imposes reasonable requirements to protect its intellectual property, standard

1 and customary in such agreements, may not be considered evidence of control over a Cannabis
2 Business. Such provisions include, but are not limited to, quality controls and regulations
3 governing marketing and advertising. A Reasonable Royalty Holder is a Financial Interest
4 Holder. Any violation of this paragraph may be the basis for criminal or administrative action
5 against the Applicant for a Cannabis License or Financial Interest.

6 (B) While no specific percentage of such revenue with respect to Reasonable Royalties
7 may be deemed reasonable for purposes of this paragraph, whether a rate is reasonable is
8 subject to the discretion of the OCR pursuant to factors set forth by the OCR in accordance
9 with *Georgia-Pacific Corp. v. United States Plywood Corp.*, 318 F. Supp. 1116, 1119-20
10 (S.D.N.Y. 1970), or its progeny and in no event may the OCR approve an agreement for a
11 Reasonable Royalty where such agreements transfer more than 30% of the gross wholesale
12 revenue of the Cannabis Business derived from the use of the licensed intellectual property to
13 the Reasonable Royalty Holder.

14 (C) The approval of the Reasonable Royalty Holder by the OCR is wholly
15 discretionary, and the OCR may, at any time, deny approval of the Reasonable Royalty or find
16 that the Reasonable Royalty Holder is no longer qualified. The Reasonable Royalty must be
17 terminable immediately upon such determination.

18 (b) The OCR shall create and furnish forms for the application for a Cannabis License
19 and promulgate regulations governing the application, review, issuance, denial, and renewal of
20 a License to the extent permitted by this chapter.

21 (c) In accordance with the provisions set forth in section 798.04 , the OCR may issue
22 the following Cannabis Licenses on the island of St. Thomas:

23 (1) No more than 8 Cannabis Cultivation Licenses.

- 1 (2) No more than 30 Micro-Cultivation Permits.
- 2 (3) No more than 50 Temporary Cannabis Retail Permits at any one time.
- 3 (4) No more than 15 Cannabis Manufacturing Licenses.
- 4 (5) No more than 20 Cannabis Retail Licenses.
- 5 (6) No more than 100 Onsite Cannabis Consumption Permits at any one time.
- 6 (7) No more than 10 Cannabis Research and Development Licenses.
- 7 (8) No more than 5 Cannabis Testing Lab Licenses.
- 8 (d) In accordance with the provisions set forth in section 798.04 of this chapter, the

9 OCR may issue the following Cannabis Licenses on the Island of St. John:

- 10 (1) No more than 3 Cannabis Cultivation Licenses.
- 11 (2) No more than 10 Micro-Cultivation Permits.
- 12 (3) No more than 20 Temporary Cannabis Retail Permits at any one time.
- 13 (4) No more than 6 Cannabis Manufacturing Licenses.
- 14 (5) No more than 10 Cannabis Retail Licenses.
- 15 (6) No more than 50 Onsite Cannabis Consumption Permits at any one time.
- 16 (7) No more than 5 Cannabis Research Testing Lab Licenses.
- 17 (8) No more than 2 Cannabis Testing Lab Licenses.

18 (f) In accordance with the provisions set forth in section 798.04, the OCR may issue
19 the following Cannabis Licenses on the island of St. Croix:

- 20 (1) Up to 15 Cannabis Cultivation Licenses.
- 21 (2) No more than 30 Micro-Cultivation Permits.
- 22 (3) No more than 50 Temporary Cannabis Retail Permits at any one time.
- 23 (4) No more than 15 Cannabis manufacturing Licenses.

1 (5) No more than 20 Cannabis Retail Licenses.

2 (6) No more than one 100 Cannabis Consumption Permits at any one time.

3 (7) No more than 10 Cannabis Research and Development Licenses.

4 (8) No more than 5 Onsite Adult Use Cannabis Testing Lab Licenses.

5 (g) Notwithstanding subsection (f) , a Medical Cannabis License may be transferable
6 in accordance with this chapter with no requirement that a Cannabis Dispensary Licensee must
7 possess a Cannabis Cultivation License.

8 (h) The OCR may issue additional Cannabis Licenses after January 1, 2023, if it has
9 conducted a study demonstrating that demand for Cannabis Items and Cannabis Items,
10 generally, in the Virgin Islands exceeds, or is projected to exceed within 24 months, the current
11 supply of Cannabis Items and Cannabis Items being produced by all Cannabis Manufacturing
12 Licensees, Cannabis Cultivation Licensees, and Micro-Cultivation Permittees.

13 (i) Merit-Based Application Process. The OCR shall issue Cannabis Licenses only
14 pursuant to a formal Merit-Based Application Process, whereby Cannabis Licenses are awarded
15 to Persons with the highest application score for the specific License type and on the specific
16 island being sought based on certain criteria set forth by the OCR.

17 (1) The regulations governing a Merit-Based Application Process, including the
18 process for scoring and points allocated, must be adopted not later 60 days prior to the
19 application deadline. The criteria must include consideration of the following:

20 (A) Past VI taxes paid and evidence of compliant return filing and payment of taxes;

21 (B) Whether an applicant has had a license suspended or revoked for operating a
22 cannabis business;

23 (C) Odor filtration systems;

1 (D) Criminal background;

2 (E) Security measures;

3 (F) Operating plans;

4 (G) Staff training plans;

5 (H) Inventory tracking and illicit diversion prevention plans;

6 (I) Community engagement and cooperation plans including evidence of support
7 from community members;

8 (J) Evidence of adequate capital and liquidity;

9 ((K) Proof of community reinvestment or a plan for community reinvestment;

10 (L) Whether the applicant is a Minority-owned Business Enterprise, Female-
11 operated bona fide Virgin Islands entity, service-disabled veteran-operated bona fide
12 Virgin Islands entity, or participated in a business incubation, micro-lending services, job
13 training, or University of the Virgin Islands program as identified in section 798.21(c)
14 (3), (5) and (8).

15 (M) Certification that the applicant shall hire 60% of its entire workforce, full-
16 time and part-time, as bona-fide Virgin Islands residents as defined under 29 V.I.C. §
17 1003(9)(c); such certification must be issued upon renewal and six months after the initial
18 license is granted; and

19 (N) Certification that the applicant will not exclude from hire any potential
20 employees previously arrested, charged, and convicted of non-felony crimes.

21 (2) Other criteria subject to evaluation include establishing a system to evaluate
22 competing for onsite consumption permit applications, such as:

23 (A) an analysis of the geographical area in which the proposed onsite

1 consumption permit location would operate, including with respect to information on
2 criminal activity in the area;

3 (B) the proximity of the proposed onsite consumption permit location to any
4 existing or prospective commercial cannabis dispensaries or onsite consumption location;

5 (C) the proximity to a school or religious institution, and

6 (D) promotion and ensuring the safety and health of consumers.

7 (3) The OCR shall review all applications submitted to a Merit-Based application
8 process and publish a list of successful applicants, as well as the score for each applicant, no
9 later than 90 days after the application deadline.

10 (4)(A) The OCR shall promulgate regulations governing the requirements for a Cannabis
11 license application which must include, at a minimum:

12 (i) Applicant's fingerprints;

13 (ii) Personal history information concerning the applicant's qualifications for a
14 license based on forms prepared by the OCR, including at a minimum, the name, all
15 mailing addresses for the past 15 years, e-mail address, telephone number, and social
16 security number of each proposed Owner and Financial Interest Holder;

17 (iii) If the applicant for a Cannabis License or Financial Interest is a Business
18 Entity, the following information:

19 (iv) If the applicant is a partnership, including a limited partnership, the name and
20 percentage interest of each partner holding any interest in the partnership on both a
21 current and on a fully diluted basis, the partnership agreement, and certification of
22 residency for each partner;

23 (v) If the Applicant is a limited liability company, the name and percentage

1 interest each member holding any membership interest, the limited liability company
2 agreement, the name of each officer, and certification of residency for each member, on
3 both a current and on a fully diluted basis;

4 (vi) If the Applicant is a corporation, each owner of any of the corporation's stock,
5 the certificate of incorporation, a copy of its articles of incorporation or organization, the
6 name of each corporate officer, a list of all shareholders with a percentage of ownership,
7 and certification of residency for each shareholder, on both a current and on a fully diluted
8 basis;

9 (vii) A list of all officers with day-to-day operational control over the business.

10 (B) For each applicant Business Entity, Owner, and Financial Interest Holder, all
11 requested information concerning financial and controlling associations and interests of other
12 persons associated with the business, and classes of stock or membership interests, on both a
13 current and on a fully diluted basis;

14 (C) Evidence that the applicant is qualified to do business in the Virgin Islands;

15 (D) Supporting documentation to establish the following:

16 (i) That the applicant, including each owner, meets the residency requirements
17 in this chapter, including the dates when continuous legal residence in the Virgin Islands
18 began for each legal resident that has any ownership interest in the applicant;

19 (ii) That all owners and Cannabis Business Representatives of the applicant are
20 not less than 18 years of age; and

21 (iii) That the applicant and its Cannabis Business Representatives do not have any
22 disqualifying criminal convictions as set forth in Section 798.03 and Section 798.05 of
23 this chapter.

1 (E) Identify all civil litigation in the past ten years and all criminal convictions in
2 the person's history for any owner, Financial Interest Holder, Cannabis Business
3 Representative, executive officer, director, and principal employee of the applicant;

4 (F) A description of the corporate structure of the applicant, including any parent,
5 intermediary, or subsidiary of the applicant, and whether any parent or subsidiary is publicly
6 traded on a securities exchange and whether such Person bears any relationship to the Cannabis
7 Licensee on both a current and on a fully diluted basis;

8 (G) A description of all outstanding securities, including a clear diagram with
9 descriptions of corporate structure, capitalization, and ownership including voting rights, of the
10 applicant and its holding company's subsidiary and intermediary companies and a list of all
11 holders thereto on both a current and on a fully diluted basis;

12 (H) For each Cannabis License Applicant and Financial Interest Holder, documentation
13 verifying and confirming the lawful source of funds used for the operation of the proposed
14 business;

15 (I) The address and a detailed diagram of the proposed Licensed Premises showing all
16 areas of ingress, egress, placement of cameras, and boundaries of the premises;

17 (J) Proof of possession of the proposed Licensed Premises by applicant;

18 (K) Proof of filing an emergency response plan with the Virgin Islands Fire Services
19 and the Virgin Islands Police Department;

20 (L) An affidavit by each owner and Financial Interest Holder declaring, under penalty
21 of perjury, that the information contained in its application is accurate, true and complete in all
22 material aspects.

23 (M) Federal employer identification number of the applicant;

1 (N) Proof of application for a Business License; and

2 (O) Remittance of the required fees.

3 **§798.06. Fees**

4 (a) The OCR shall promulgate regulations establishing reasonable fees for adult use
5 cannabis applications, licenses, and permits. All fees must be based upon the actual costs
6 incurred by the OCR for reviewing an application or overseeing a License on an annual basis.
7 The revenue from all Fees must be deposited in the Cannabis Fund.

8 (b) The OCR shall establish reasonable, nonrefundable fees that must accompany an
9 initial application for a permit, license, or Medical Patient Registry Card. Application fees must
10 reflect the full costs associated with the OCR's review of applications. In regulations, the OCR
11 may render a partial amount of application fees refundable for declined applications.

12 (c) The OCR shall establish reasonable fees that must be paid by the holder of an adult
13 use permit or license on an annual basis. The OCR shall establish fees on a sliding scale so
14 as to account for varying levels of production,. The fees must not exceed:

15 (1) \$1,000 for a Micro-Cultivation Permit;

16 (2) \$1,000 for a Cannabis Retail License;

17 (3) \$500 for an Onsite Cannabis Consumption Permit;

18 (4) \$20,000 for a Cannabis Cultivation License; and

19 (5) \$10,000 for a Cannabis Manufacturing License.

20 (d) The OCR shall establish reasonable fees that must be paid by the holder of a permit
21 or license when submitting a change of ownership, change of location, or modification of
22 licensed premises.

23 (e) All fees must be included in regulations to be promulgated by the OCR and may

1 be adjusted by the OCR from time to time by amendment to the regulations.

2 **§798.07. Licenses and Permits**

3 (a) The OCR may issue the following types of permits and licenses, which entitle the
4 holder of the permit or license to all the privileges and impose all the restrictions on the holder
5 of the permit or license as set forth in this chapter and any regulations adopted thereto:

6 (1) Micro-Cultivation Permit;

7 (2) Temporary Cannabis Retail Permit;

8 (3) Cannabis Cultivation License;

9 (4) Cannabis Manufacturing License;

10 (5) Cannabis Retail License;

11 (6) Onsite Cannabis Consumption Permit;

12 (7) Cannabis Research and Development License; and

13 (8) Cannabis Testing Lab License.

14 (b) All licenses and permits must be issued to a specific person or business entity at a
15 defined location, but this provision does not prevent a Person from applying for more than
16 one license or permit type identified in (a)(1) – (7) of this section that is intended to be operated
17 at the same defined location if co-location of the license or permit would not result in a violation
18 of this chapter . The Person and location associated with a Permit or License may be changed
19 only under the limited circumstances authorized by this chapter and requires approval from the
20 OCR.

21 (c) All licenses and permits are valid for one year, but a Temporary Cannabis Retail
22 Permit may be valid for no longer than 30 days, and an Onsite Consumption permit may be
23 valid for a time period to be approved by OCR on a case-by-case basis not to exceed one year.

1 (d) If a licensee elects to surrender a Cannabis License, written notice to surrender the
2 license must be submitted to the OCR not later than 30 days prior to the anticipated effective
3 date of surrender.

4 (e) The OCR shall determine the final number of Cultivation Licenses, Micro-
5 Cultivation Permits, Manufacturing Licenses, Cannabis Retail Licenses, Temporary Cannabis
6 Retail Permits, or Onsite Cannabis Consumption Permits that will be issued by the OCR based
7 on statistical analysis of supply and demand, public safety concerns, and market survey
8 analysis. The OCR shall take into account market and other circumstances in each island in
9 determining the final number of licenses and permits. In no event may the number of licenses
10 exceed the quantities set forth in §798.05 of this chapter. Two years after the issuance of the
11 first license, the OCR shall review the number of licenses and shall make written
12 recommendations to the Legislature on possible changes to the limits on numbers of Cultivation
13 Licenses.

14 (f) The application, annual, and renewal fees charged to all licensees and permittees
15 must be determined by the Advisory Board.

16 (g) Renewal fees are charged annually in an amount equal to the application fees or as
17 otherwise determined by the Advisory Board's regulations. The Advisory Board may adjust
18 all license fees annually.

19 (h) If the OCR revokes a license, a licensee elects to surrender a license, or the OCR
20 issues new or additional licenses, the OCR shall determine whether a new Cannabis License of
21 the same type should be issued based on the statistical analyses outlined in subsection (e) of
22 this section. If the license is a Cannabis Cultivation License, preference must be given to Micro-
23 Cultivation Permittees.

1 (i) A license authorized by this chapter and issued by the OCR may not be held by, or
2 issued, directly or indirectly, to any person or any immediate family member of any person
3 who, at any time within the 12 months prior to enactment, held office in, or was employed by
4 any agency of the Government of the Virgin Islands, or any of its political subdivisions . No
5 person may be precluded from owning stock in a publicly-traded corporation on the basis of
6 this provision alone, if so licensed and operating in the Territory.

7 **§798.08. Permit Application Process**

8 (a) The OCR shall create and furnish forms for the application for a Cannabis Permit
9 and promulgate regulations governing the application, review, issuance, denial, and renewal of
10 a permit.

11 (b) The OCR shall issue a Cannabis Permit only to an applicant that meets the
12 minimum criteria contained in this title and any regulations adopted thereto.

13 (1) A Micro-Cultivation Permit may be issued only to a single individual with a valid
14 farming license from the Department of Agriculture, at a specific location.

15 (2) Micro-Cultivation Permittees must be current residents of the Virgin Islands for at
16 least five years by the date of application. A Micro-Cultivation Permit immediately becomes
17 void if the Permittee ceases to be a Virgin Islands resident.

18 (3) A Temporary Cannabis Retail Use Permit may be issued to persons at a specific
19 location unless otherwise approved by the OCR.

20 (4) An Onsite Consumption Permit may be issued to persons that possess a valid
21 Cannabis Cultivation License and at the location where a Cannabis Cultivation License is
22 issued.

23 (c) For individuals associated with the application for a Cannabis Permit, the OCR

1 shall review the criminal history and history of compliance with this chapter and any
2 regulations adopted thereto prior to issuing a Cannabis License or Permit. A Cannabis License
3 or Permit may not be issued to an individual that has discharged the sentence for a conviction
4 for a Crime of Violence in the 10 years immediately preceding the individual or Person's
5 application date.

6 (d) The OCR shall review the location for which the Cannabis License or permit is
7 sought and, Temporary Cannabis Retail Use Permit Site, or any portion or all of an Onsite
8 Consumption Permit Site.

9 **§798.09. Renewals**

10 (a) The OCR shall create and furnish forms for the renewal of an existing license or
11 permit and promulgate regulations and governing procedures for the renewal of an existing
12 license or permit.

13 (b) A licensee or permittee shall apply for the renewal of an existing license or permit
14 to the OCR not less than 60 days prior to the date of expiration without being subject to penalty.

15 (c) The OCR shall adopt policies governing the administrative continuance of a license
16 that has expired pending review of a renewal application.

17 (d) A licensee or permittee may not exercise the privileges of its license or permit past
18 its expiration date unless the OCR has administratively continued the license or permit.

19 **§798.10. Other Applications to the OCR**

20 (a) A licensee or permittee may not make any changes to its location, ownership,
21 Licensed Premises, Micro-Cultivation Site, and Designated Consumption Area without
22 approval from the OCR.

23 (b) Change in Ownership.

24 (1) A licensee or Retail Use Permittee may not undergo any change in ownership,

1 whether adding or removing owners or adjusting equity amongst owners, without prior
2 approval from the OCR. A license granted under this chapter is not transferable except as
3 provided for in this section.

4 (2) A Micro-Cultivation Permit must be issued to a single individual and may not have
5 its ownership transferred.

6 (3) A licensee or permittee shall apply for a Change of Ownership on forms prepared
7 and furnished by the OCR, in accordance with all regulations adopted under this chapter. In
8 determining whether to approve or deny a transfer of ownership, the OCR shall consider the
9 requirements of this chapter and any regulations promulgated under this chapter.

10 (4) A change in ownership or business structure of any license or permit issued
11 pursuant to this chapter is prohibited unless all proposed owners of the license or permit meet
12 criminal background and suitability requirements as required by this chapter.

13 (5) A change in majority ownership of any license issued pursuant to this chapter is
14 prohibited for one year after the date the license is issued unless the licensee can demonstrate
15 that a transfer of ownership is made necessary by death or disability of the licensee, substantial
16 financial hardship, or other reasons as determined by the OCR in accordance with criteria
17 established in regulations.

18 (6) No application for transfer of ownership or change in the business structure of any
19 license or permit may be approved by the OCR until all taxes, sales taxes, any fines, penalties,
20 and interest assessed against or imposed upon such licensee or permittee in relation to the
21 licensed business are paid in full.

22 (c) Change of Location

23 (1) A licensee or permittee may not undergo any change in a location without prior

1 approval from the OCR.

2 (2) A licensee or permittee shall apply for approval to change its location on forms
3 prepared and furnished by OCR. In determining whether to approve or deny a transfer of
4 ownership, the OCR shall consider the requirements of this chapter and any rules promulgated
5 hereto.

6 (3) A licensee or permittee may not change the location of the Licensed Premises to
7 a different island within the Virgin Islands or any location outside of the Virgin Islands.

8 (4) A licensee or permittee may move the permanent location of its Licensed Premises
9 to any other place within the island where the license was issued once permission to do so is
10 granted by the OCR as provided for in this chapter, subject to the other applicable restrictions
11 of this chapter. In permitting a change of location, the OCR shall consider all reasonable
12 restrictions that are or may be placed upon the new location.

13 (d) Modification of Premises

14 (1) A licensee or permittee may not materially modify its Licensed Premises, Micro-
15 Cultivation Site, or Designated Consumption area without prior approval from the OCR.

16 (2) A licensee or permittee shall apply for a modification of premises on forms
17 prepared and furnished by the OCR. In determining whether to approve or deny a modification
18 of premises, the OCR shall consider the requirements of the chapter and any rules promulgated
19 hereto.

20 (3) The OCR shall adopt regulations governing when a licensee or permittee is
21 required to submit a modification of premises.

22 **§798.11. Requirements For All License Types**

23 (a) The OCR shall establish an Inventory Tracking System to monitor and track

1 remotely all cannabis from the acquisition of seeds or clones through sale or delivery of a
2 finished product to a retail user.

3 (1) The system must provide for real-time access by the OCR, licensees, and law
4 enforcement personnel, to the extent that they are authorized to receive or submit the
5 information to comply with, enforce, or administer this chapter.

6 (2) The Inventory Tracking System used by the OCR must support interoperability
7 with third-party cannabis software applications, including seed-to-sale tracking systems, and
8 allow all licensee-facing system activities to be performed through a secure application
9 programming interface (“API”) or comparable technology, which is well documented, bi-
10 directional, and accessible to any third-party application that has been validated and has
11 appropriate credentials. The API or comparable technology must have version control and
12 provide adequate notice of updates to third-party applications. The system must provide a test
13 environment for third-party applications to access, which mirrors the production environment.

14 (b) Cannabis Licensees must be permitted to transport cannabis between Licensed
15 Premises, if the transportation is conducted in accordance with regulations adopted by the
16 OCR.

17 (c) An individual who performs work on behalf of a Cannabis Licensee must qualify
18 as an owner, Cannabis Business Representative, consultant, or contractor.

19 (1) A Cannabis licensee may not hire an employee, nor hire any consultant or
20 contractor under the age of eighteen.

21 (2) A Cannabis Business Representative must be a resident of the Virgin Islands on the
22 date of hire and for the duration of the performance of work on behalf of the Cannabis Licensee.
23 At least 50% of all Cannabis Business Representatives from each Licensee must be residents

1 who have legally resided in the Virgin Islands for at least two years prior to the date of hire.

2 (3) A Cannabis Licensee shall conduct a criminal background check on all Cannabis
3 Business Representatives prior to the date of hire.

4 (4) A Cannabis Licensee may not permit individuals whose criminal history includes
5 a conviction for a crime of violence for which the sentence has not been discharged within the
6 preceding five years to act as a Cannabis Business Representative.

7 (5) A Cannabis Licensee shall maintain a current list of all Cannabis Business
8 Representatives at its Licensed Premises.

9 (6) A Cannabis Licensee shall maintain documentation evidencing that all Cannabis
10 Business Representatives were a qualified resident of the Virgin Islands and over the age of
11 eighteen upon the date of hire and have had an annual criminal background check for every
12 year since the date of hire.

13 (7) A Cannabis Licensee shall maintain documentation evidencing that all consultants
14 are over the age of eighteen upon the date of hire and show that they have had an annual
15 criminal background check for every year since the date of hire.

16 (8) A Cannabis Licensee shall maintain documentation evidencing a written policy that
17 requires all Cannabis Business Representatives to sign an attestation to disclose all criminal
18 convictions.

19 (9) All individuals that enter a Licensed Premises who are not an owner or Cannabis
20 Business Representative, of a Cannabis Licensee may be admitted only as a visitor and subject
21 to the regulations adopted by the OCR which must include, but need not be limited to, age
22 requirements, monitoring requirements, and visitor identification badges requirements. All
23 visitors must be at least eighteen years of age. Visitors may include contractors engaged for the

1 purposes of service, repair, or maintenance.

2 (d) All Cannabis Licensees shall develop and implement an on-site training curriculum
3 or enter into contractual relationships with outside resources capable of meeting Cannabis
4 Business Representative training needs. Training must include but not be limited to
5 professional conduct, ethics, and territorial and federal laws regarding patient confidentiality;
6 informational developments in the field of medical use of cannabis; the proper use of security
7 measures and controls that have been adopted; and specific procedural instructions for
8 responding to an emergency, including robbery or violent accident.

9 (e) Cannabis Licensees shall secure its Licensed Premises in accordance with the
10 regulations promulgated by the OCR, which must include but need not be limited to standards
11 for lighting, physical security, video surveillance, alarm systems, and waste disposal.

12 (f) Cannabis Licensees may not advertise in a manner that has a high likelihood of
13 reaching persons under eighteen years of age in violation of regulations promulgated by the
14 OCR, which must include but are not limited to restrictions on:

- 15 (1) Mass media advertising on television, radio, and the internet;
- 16 (2) Outdoor advertising;
- 17 (3) Event sponsorship, except with the express approval of the OCR;
- 18 (4) False, deceptive, or misleading advertisements; and
- 19 (5) Advertisements depicting consumption

20 (g) The consumption of Cannabis Items is not permitted upon the Licensed Premises
21 of a Cannabis Licensee unless authorized by an appropriate permit.

22 (1) A Cannabis Cultivation Licensee that has been issued an Onsite Consumption
23 Permit may permit the consumption of Cannabis Items within its Licensed Premises in a

1 Designated Consumption area and in accordance with all requirements of its permit.

2 (h) A Cannabis Licensee may not sell any Cannabis Items, nor transfer them from one
3 Licensed Premises to another, without having had completed all mandatory quality assurance
4 tests. All mandatory quality assurance tests must be conducted by the Department of
5 Agriculture unless the OCR approves other entities to conduct quality assurance tests.

6 (i) A Cannabis Licensee may not sell any cannabis items, nor transfer them from one
7 Licensed Premises to another, without having paid all required sales taxes.

8 (j) A Cannabis Licensee shall cultivate, cure, process, store, manufacture, display and
9 sell cannabis items only within its Licensed Premises, unless a sale is conducted in accordance
10 with regulations governing the delivery of cannabis items.

11 (k) A Cannabis Licensee shall ensure its facility is kept, and operations conducted, in
12 a sanitary manner and in accordance with regulations promulgated by the OCR designed to
13 reduce the potential for contamination during cultivation, manufacturing, transporting, and
14 dispensing.

15 (l) The OCR shall establish a cannabis quality assurance program as advised by the VI
16 Department of Agriculture, VI Department of Health and other territorial agencies, as
17 requested. The quality assurance program must, at a minimum, establish standards for the safety
18 and potency of Cannabis Items prior to sale.

19 (1) The quality assurance Program must require Cannabis Items to be submitted for
20 contaminant and potency testing by the VI Department of Agriculture or another qualified
21 entity approved by the OCR.

22 (2) The Quality Assurance Program must establish permissible levels of contaminants
23 for Cannabis Items and require the destruction of products deemed unsafe for human

1 consumption due to impermissible levels of contaminants.

2 (3) The Quality Assurance Program must establish standards and procedures for the
3 potency testing of Cannabis Items to ensure the labeling of potency information is accurate and
4 within a defined acceptable variance.

5 (m) An individual who holds an Interest in a Medical Cannabis Licensee may not hold
6 a Micro-Cultivation Permit.

7 (n) All support service providers to all Cannabis Licensees must be residents of the
8 Territory.

9 **§798.12. Cannabis Cultivation License**

10 (a) The OCR shall authorize a Cannabis Cultivation Licensee to purchase Cannabis
11 Items from Cannabis Research and Development Licensees, other Cannabis Cultivation
12 Licensees; Micro-Cultivation Permittees; cultivate, cure, process, internally-test, store,
13 package, and label cannabis; store, sell, purchase, receive, transfer, and transport Cannabis
14 Items to and from other Cannabis Licensees in accordance with the limitations in this chapter
15 and regulations promulgated by the OCR.

16 (b) A Cannabis Cultivation Licensee may not locate a Licensed Premises within 1000
17 feet of a school or house of worship but

18 (1) A Cannabis Cultivation Licensee is not required to relocate if its premises was not
19 located within 1000 feet of a school or house of worship on the date the Cannabis Cultivation
20 Licensee filed its application for licensure or change of location to its current address.

21 (2) The OCR may adopt regulations for Cannabis Cultivation Licensees located in the
22 historic districts of Charlotte Amalie, Christiansted, and Frederiksted and the town of Cruz Bay
23 which impose additional requirements on licensees, such as security, odor control, and

1 community engagement, including but not limited to signage and fencing. If the regulations are
2 adopted, the OCR may waive or reduce the distance requirements in this section for Cannabis
3 Cultivation Licenses located in the Charlotte Amalie, Christiansted, and Frederiksted and the
4 town of Cruz Bay.

5 (3) A Cannabis Cultivation License may not be issue for cultivation within one 1000
6 feet of the Havensight or Crown Bay cruise ship docks in St. Thomas and within 500 feet of a
7 primary cruise ship dock in Frederiksted and within 500 feet of a primary ship tender pier in
8 Cruz Bay.

9 (c) A Cannabis Cultivation Licensee shall cultivate cannabis only in accordance with
10 its authorized production limits established by the OCR in regulations.

11 (d) Cannabis may be cultivated outdoors if it meets the same or similar security
12 requirements set forth by the OCR.

13 (e) Cannabis may be cultivated using pesticides only on an approved list maintained
14 by the OCR developed in coordination with the VI Department of Agriculture.

15 (f) A Cannabis Cultivation Licensee may obtain seeds or Immature Cannabis Plants
16 from individuals not in possession of a Cannabis License or permit for the first 30 days after
17 its facility is operational, as determined by the OCR. Thereafter, a Cannabis Cultivation
18 Licensee may obtain seeds or immature plants only from other Cannabis Cultivation Licensees
19 or Micro-Cultivation Permittees or Cannabis Research and Development Licensees, unless the
20 OCR, upon its discretion and good cause, provides prior written approval due to commercially
21 reasonable needs of the Licensee.

22 (g) The OCR shall set production limits on the numbers of plants Cultivation Licensees
23 may cultivate, based on market data on Cannabis sales in the Territory to prevent over-

1 saturation, and using a sliding scale of annual fees based on number of plants grown. In the
2 interest of assuring market balance, the OCR shall set production limits at its discretion at no
3 less than 500 and no more than 1,000 Flowering Cannabis plants at a single time. On an
4 annual basis, the OCR shall assess and, if needed, revise its production limits for Cultivation
5 Licensees.

6 (h) The OCR, on an annual basis, shall assess the Territory's total flowering canopy
7 and adjust accordingly via limits or additional licenses.

8 **§798.13. Cannabis Manufacturing License**

9 (a) The OCR shall authorize a Cannabis Manufacturing Licensee to purchase
10 Cannabis from Cannabis Licensees, Cannabis Research and Development Licensees, or Micro-
11 Cultivation Permittees or from all of them within the Territory; manufacture, process, internally
12 test, package, and label Medical Cannabis Concentrates and Medical Cannabis Products and
13 adult use Cannabis Concentrates and Cannabis Products; store, sell, purchase, receive, transfer,
14 and transport Cannabis Items to and from other Cannabis Licensees in accordance with the
15 limitations in this chapter and regulations promulgated by the OCR.

16 (b) A Cannabis Manufacturing Licensee may not locate a licensed premises within
17 one hundred (100) 100 feet of a school or house of worship, but :

18 (1) A Cannabis Manufacturing Licensee is required to relocate if its premises were not
19 located within 100 feet of a school or house of worship on the date the Cannabis Manufacturing
20 Licensee filed its application for licensure or change of location to its current address.

21 (2) The OCR may adopt regulations for Cannabis Manufacturing Licenses located in
22 the Charlotte Amalie, Christiansted, and Frederiksted Historic Districts and the town of Cruz
23 Bay which impose additional requirements on licensees, such as security, odor control, and

1 community engagement. If the regulations are adopted, the OCR may waive or reduce the
2 distance requirements in this section for Cannabis Manufacturing Licenses located in the
3 Charlotte Amalie, Christiansted, and Frederiksted Historic Districts and the town of Cruz Bay.

4 (3) A Cannabis Manufacturing Licensee may not be located within 1,000 feet of the
5 cruise ship docks in Havensight or Crown Bay in St. Thomas and within 500 feet of the
6 primary cruise ship dock in Frederiksted and within 500 feet of a primary cruise ship tender
7 pier in Cruz Bay on the date the Cannabis Manufacturing Licensee filed its application for
8 licensure or change of location to its current address.

9 (c) The manufacturing of cannabis concentrates and cannabis products may be
10 conducted only in strict accordance with all safety regulations promulgated by the OCR, which
11 must include but need not be limited to facility requirements, solvent purity, and food-handling.

12 (d) A Cannabis Manufacturing Licensee may not intentionally or knowingly
13 manufacture, or design a cannabis product that has an appearance, label, or package that would
14 cause a reasonable consumer confusion as to whether the cannabis product is a trademarked
15 food product.

16 (e) Edible non-medical and medical cannabis products must contain no more than 100
17 milligrams of THC per unit of sale.

18 (f) Edible Cannabis Products must be separated or easily separable into single
19 servings, with no more than 10 milligrams of THC in a single serving.

20 (g) A Cannabis Manufacturing Licensee shall package and label all cannabis
21 concentrates and cannabis products, including accurate potency information, in accordance
22 with this chapter and all regulations promulgated under this chapter.

23 (h) A Cannabis Manufacturing Licensee must purchase or acquire a portion of its

1 cannabis flower from Micro-Cultivation Permittees.

2 (1) The OCR shall, at its discretion, set this percentage between 10% and 50% of all
3 Cannabis purchased or acquired by a Cannabis Manufacturing Licensees.

4 (2) The OCR shall determine the sourcing requirement based on factors that include,
5 but need not be limited to, the projected demand for Medical and non-medical cannabis items
6 in the VI and projected amount of cannabis produced by Cannabis Licensee and Micro-
7 Cultivation Permittees.

8 (i) Notwithstanding anything to the contrary in this chapter, Cannabis Manufacturing
9 licensees shall source at least s 70% of the cannabis used for retail sales or production from
10 unaffiliated third parties. Any actual or attempted structuring or configuration of a transaction,
11 including through use of intermediaries or agents, for the purpose of circumventing or
12 attempting to circumvent the requirements of this subsection by obtaining or attempting to
13 obtain cannabis from sources other than unaffiliated third parties in excess of the amount or
14 percentage permitted, constitutes a violation of this subsection and grounds for suspension or
15 revocation of a license and the imposition of a fine on the licensee, in the discretion of the OCR.

16 (j) The OCR may suspend or amend the Cannabis Licensee and Micro-Cultivation
17 sourcing requirement if it finds that there will be insufficient or inferior production by Cannabis
18 Licensee and Micro-Cultivation Permittees for Cannabis Production Licensees to meet the
19 established percentage requirement.

20 **§798.14. Micro-Cultivation Permit**

21 (a) A Micro-Cultivation Permittee may cultivate, cure, process, and store Cannabis and
22 sell, transfer, and transport Cannabis to Cannabis Licensees.

23 (b) A Micro-Cultivation Permit may be issued only to a person who is a farmer

1 licensed with the Department of Agriculture and the Department of Licensing and Consumer
2 Affairs.

3 (c) An individual may not possess more than one Micro-Cultivation Permit, and no
4 more than one Micro-Cultivation Permit may be issued for a single address.

5 (d) A Micro-Cultivation Permittee must be at least 21 years of age.

6 (e) A Micro-Cultivation Permittee may not cultivate cannabis plants for commercial
7 use outside of its designated Micro-Cultivation Site. A Micro-Cultivation Permittee may sell
8 only cannabis that was harvested from cannabis plants cultivated within its Micro-Cultivation
9 Site and in accordance with all applicable laws and regulations.

10 (f) A Micro-Cultivation Permittee may not hold an interest in any other Cannabis
11 Manufacturer License. An Owner of a Cannabis Manufacturer License may not hold a Micro-
12 Cultivation Permit.

13 (g) A Micro-Cultivation Permittee may cultivate no more than 50 Flowering Cannabis
14 Plants and no more than 75 Immature Cannabis Plants at a single time.

15 (h) A Micro-Cultivation Permit may not be possessed by an individual who:

16 (1) has discharged the sentence for a conviction for a crime of violence in the 10 years
17 immediately preceding the individual's application date or is convicted of a crime of violence
18 or drug felony while in possession of a Micro-Cultivation Permit; or

19 (2) has been convicted of selling Cannabis to a Person other than a Cannabis
20 Cultivation Licensee while in possession of a Micro-Cultivation Permit, without a Cannabis
21 Retail or Temporary Retail License.

22 (i) As part of its books and records, a Micro-Cultivation Permittee shall track all
23 cannabis cultivated for commercial use pursuant to its Micro-Cultivation Permit from seed or

1 immature plant through sale to a Cannabis Licensee via the Territory's Inventory Tracking
2 System. The records must include the total number of vegetative plants, flowering plants, the
3 harvest date of Flowering Cannabis Plants, and any other record keeping requirements as
4 determined by the OCR, necessary to prevent diversion and protect public safety, that would
5 not make operations unreasonably impracticable for a Micro-Cultivation Permittee.

6 (j) A Micro-Cultivation Permittee shall cultivate cannabis only in an enclosed and
7 locked space, which may be outdoors and does not need a roof. The OCR may impose
8 additional security requirements upon Micro-Cultivation Permittees which are necessary to
9 prevent diversion and protect public safety but would not make it unreasonably impracticable
10 to operate a Micro-Cultivation Permit.

11 (k) A Micro-Cultivation Permittee may not cultivate cannabis within 15 feet of a
12 property line.

13 (l) A Micro-Cultivation Permittee may transport cannabis in accordance with
14 regulations promulgated by the OCR. The regulations include but are not limited to,
15 requirements for storage, documentation, and contacting the OCR or other governmental
16 authority prior to commencing transportation.

17 (m) The OCR shall consider the feasibility, demand, and public safety concerns for
18 Micro-Cultivation Permits to be authorized to produce edible and topical medical cannabis
19 products.

20 (1) The OCR shall publish a report on whether such Micro-Cultivation Permits should
21 be issued no later than three years after the effective date of this chapter.

22 (2) Notwithstanding any other law or regulation, a Micro-Cultivation permittee may
23 not manufacture Medical Cannabis Concentrates using solvents or in a manner that poses harm

1 to others.

2 (n) The OCR may consider the feasibility and demand for Micro-Cultivation Permits
3 authorized to cultivate up to 100 flowering cannabis plants in non-residential areas. The OCR
4 shall publish a report on whether such Micro-Cultivation Permits should be issued no later than
5 six months after the OCR report is published, if the report determines that Micro-Cultivation
6 Permits will be issued.

7 **§798.15. Cannabis Retail License**

8 (a) The OCR shall authorize a Cannabis Retail Licensee to acquire, possess, and sell
9 cannabis directly to cannabis users in accordance with the limitations in this chapter and
10 regulations promulgated by the OCR.

11 (b) A Cannabis Retail Licensee may not locate a Licensed Premises within 100 feet of
12 a school or house of worship but:

13 (1) A Cannabis Retail Licensee is required to relocate if its premises were not located
14 within 100 feet of a school or house of worship on the date the Cannabis Retail Licensee filed
15 its application for licensure or change of location to its current address.

16 (2) The OCR may adopt regulations for Cannabis Retail Licensees located in the
17 Charlotte Amalie, Christiansted, and Frederiksted Historic Districts and the town of Cruz Bay
18 which impose additional requirements on licensees, such as security, odor control, and
19 community engagement. If the regulations are adopted, the OCR may waive or reduce the
20 distance requirements in this section for Cannabis Retail Licensees located in Charlotte Amalie,
21 Christiansted, and Frederiksted Historic Districts and the town of Cruz Bay.

22 (3) A Cannabis Retail Licensee may not be located within one thousand 1,000 feet of
23 the Havensight or Crown Bay cruise ship docks in St. Thomas and within 500 feet of the

1 primary cruise ship dock in Frederiksted and within 500 feet of a primary cruise ship tender
2 pier in Cruz Bay on the date the Cannabis Retail Licensee filed its application for licensure or
3 change of location to its current address.

4 (c) The sale of Cannabis Concentrates and Cannabis Products may be conducted only
5 in strict accordance with all safety regulations promulgated by the OCR.

6 (d) A Cannabis Retail Licensee may not intentionally or knowingly advertise or sell a
7 Cannabis Product that has an appearance, label, or package that would cause a reasonable
8 consumer confusion as to whether the Cannabis Product is a trademarked food product.

9 (e) A Cannabis Retail Licensee shall sell edible cannabis products that contain no more
10 than 100 milligrams of THC per unit of sale.

11 (f) Edible Cannabis Products must be separated or easily separable into single
12 servings, with no more than 10 milligrams of THC in a single serving.

13 (g) A Cannabis Retail Licensee shall purchase or acquire a portion of its Cannabis
14 Products from social equity brands. The OCR may set this percentage between 10% and 50%
15 of all Cannabis products purchased or acquired by a Cannabis Retail Licensees.

16 **§798.16. Sacramental Use Exemption**

17 (a) The OCR shall promulgate regulations and guidance to apply to the cultivation and
18 use of cannabis by individuals practicing an organized religion or faith that includes a sincerely
19 held belief that cannabis must be used for religious or sacramental purposes.

20 (b) OCR regulations and guidance related to sacramental use of cannabis must include,
21 but not be limited to:

22 (1) An exemption from the requirement to file an application or be issued any license
23 or permit set forth in this chapter; and

1 (2) An attestation, kept on record, from any individual wishing to cultivate or use
2 cannabis pursuant to a sacramental use exemption. Such The attestation must be sworn to under
3 penalty of perjury.

4 (c) In no instance may sacramental use of cannabis be done in any area where smoking
5 tobacco is prohibited.

6 **§798.17. Cannabis Research and Development License**

7 (a) The OCR shall authorize Cannabis Research and Development Licensees to
8 purchase Cannabis Items from Cannabis Licensees or Micro-Cultivation Permittees; internally
9 test, package and label cannabis items; store, sell, purchase, transfer, and transport cannabis
10 items to and from other Cannabis Licensees in accordance with the limitations in this chapter
11 and regulations promulgated by the OCR.

12 (b) OCR shall promulgate regulations related to allowing a Cannabis Research and
13 Development Licensee to purchase cannabis from distressed farmers, including incentives to
14 encourage purchase from these farmers.

15 (c) A Cannabis Research and Development Licensee may not locate a Licensed
16 Premises within 1,000 feet of a school and within 100 feet house of worship, but:

17 (1) A Cannabis Research and Development Licensee is required to relocate if its
18 premises was not located within 1,000 feet of a school or house of worship on the date the
19 Cannabis Cultivation Licensee filed its application for licensure or change of location to its
20 current address.

21 (2) The OCR may adopt regulations for Cannabis Research and Development
22 Licensees located in the historic districts of Charlotte Amalie, Christiansted, and Frederiksted
23 and the town of Cruz Bay that impose additional requirements on licensees, such as security,

1 odor control, and community engagement including, but not limited to signage and fencing. If
2 such regulations are adopted, the OCR can waive or reduce the distance requirements in this
3 section for Cannabis Research and Development Licenses located in the historic districts of
4 Charlotte Amalie, Christiansted, and Frederiksted Historic Districts and the town of Cruz Bay.

5 (3) A Cannabis Research and Development Licensed premises may not be located
6 within one thousand 1,000 feet of the cruise ship docks in Havensight or Crown Bay St. Thomas
7 and within 500 feet of primary cruise ship dock in Frederiksted and within 500 feet of a
8 primary cruise ship tender pier in Cruz Bay.

9 (d) A Cannabis Research and Development Licensee may also operate as a Cannabis
10 testing facility as defined in section 777(f) of this title .

11 (e) A Cannabis Research and Development Licensee may conduct experiments and
12 testing on every form and derivative of cannabis, including live plants, fresh and dried plant
13 material, seeds, wax, oil and edible manufactured items.

14 (f) A Cannabis Research and Development Licensee must submit a detailed plan and
15 receive the explicit written permission from the Commissioner or Assistant Commissioner of
16 the Department of Health before any animal or human trial is undertaken.

17 (g) A Cannabis Research and Development Licensee may cultivate Immature Cannabis
18 Plants and flowering cannabis plants within production limits set by the OCR.

19 (h) A Cannabis Research and Development Licensee may sell seeds and Immature
20 Cannabis Plants to Cannabis, Cannabis Cultivation Licensees, and Micro-Cultivation
21 Permittees. Information on all sales transactions and quantities of seeds and Immature
22 Cannabis Plants to Cannabis Licensees must be transmitted to the OCR for inclusion in the
23 Inventory Tracking System utilized by the Territory.

1 (i) A Cannabis Research and Development Licensee may not sell Flowering Cannabis
2 Plants or any Cannabis items to other Cannabis Licensees other than seeds and Immature
3 Cannabis Plants. Any other plant material, including cannabis flower, in excess of what is
4 needed for research and testing, must be destroyed by a method approved by the OCR. Medical
5 grade cannabis oils and other cannabis items may be donated and delivered to the Department
6 of Health, upon favorable response to a donation request.

7 (j) A Cannabis Research and Development Licensee that operates a cannabis testing
8 facility may not hold any other cannabis business license or permit. Nothing in this chapter
9 precludes a Cannabis Research and Development Licensee that does not operate a cannabis
10 testing facility from holding a different cannabis license or permit.

11 **§798.18. Promotion of Cannabis Research and Development**

12 (a) The Advisory Board, in conjunction with the University of the Virgin Islands, shall
13 promote the research and development within the Virgin Islands of cannabis and related
14 products and technology. The Advisory Board shall work cooperatively with research programs
15 established by the University of the Virgin Islands and other universities that conduct similar
16 research programs.

17 (b) The University of the Virgin Islands, and other selected universities in their
18 Cannabis research programs shall; undertake research of cannabis production, cannabis items
19 and other related products and technology in the Virgin Islands, including but not limited to
20 cannabis cultivation, manufacture, distribution, and use. The Advisory Board shall assist the
21 cannabis research program in obtaining the necessary federal permits from the United States
22 Drug Enforcement Agency or appropriate federal agency. In undertaking the cannabis research
23 program, the universities may:

1 (1) Grow cannabis to conduct agronomy research and analysis of required soils,
2 growing conditions, and harvest methods relating to the production of cannabis for commercial
3 products, including but not limited to cannabis seed or strains of cannabis, cannabis items,
4 edibles, and oils;

5 (2) Conduct seed research on various types of cannabis which are best suited for
6 growing in the Virgin Islands, including but not limited to, seed availability, creation of Virgin
7 Islands hybrid types, in-the-ground variety trials, and seed production. The THC levels of such
8 research product may exceed 0.3 percent;

9 (3) Study the economic feasibility of developing a cannabis market in various types of
10 cannabis which can be grown in the Virgin Islands;

11 (4) Report on the estimated value-added benefits, including environmental benefits that
12 the Virgin Islands and state-side businesses would reap by having a cannabis market of Virgin
13 Islands-grown cannabis varieties in the Territory;

14 (5) Study the agronomy research being conducted worldwide relating to industrial
15 cannabis varieties, production, and utilization;

16 (6) Research and promote Virgin Islands Cannabis and cannabis seed on the world
17 market, which can be grown on farms in the Territory; and

18 (7) Study the feasibility of attracting private funding for the Virgin Islands cannabis
19 research program.

20 (c) The authorization granted in this section does not subject the cannabis research
21 program or the selected universities to any criminal liability under the controlled substances
22 laws of the Virgin Islands. This exemption from criminal liability is a limited exemption to be

1 strictly construed and does not apply to any of the activities of the cannabis research program
2 or the selected universities which are not expressly permitted in the authorization.

3 (d) The authorization granted in this section does not alter, amend, or repeal by
4 implication any provision of the laws of the Virgin Islands relating to controlled substances.

5 (e) The University of the Virgin Islands and the Advisory Board shall notify the Virgin
6 Islands Police Department and all other local law enforcement agencies of the duration, size,
7 and location of all cannabis plots.

8 **§798.19. Social Equity Cannabis Requirements**

9 (a) The OCR, in consultation with the Advisory Board, shall create develop and
10 implement a social equity plan and actively promote applicants disproportionately impacted by
11 the enforcement of cannabis prohibition.

12 (b) The social equity plan must promote diversity in commerce, ownership and
13 employment, and opportunities for social and economic equity in the adult-use cannabis
14 industry.

15 (c) The plan must also promote racial, ethnic, economic, and gender diversity when
16 issuing licenses for adult use cannabis activities, including but not limited to mentoring
17 potential applicants, prioritizing consideration of applications from applicants from
18 communities disproportionately impacted by the enforcement of cannabis prohibition or who
19 qualify as a minority, a bona fide women-owned business, a distressed farmer, or a service-
20 disabled veteran.

21 (d) A goal must be established to award fifty-one percent of adult-use cannabis licenses
22 to social and economic equity applicants and ensure inclusion of:

1 (1) Individuals from communities disproportionately impacted by the
2 enforcement of cannabis prohibition;

3 (2) Individuals who resided in the Territory during the “War on Drugs” era;

4 (3) Bona Fide service-disabled or veteran-operated Virgin Islands entities; and

5 (4) Bone Fide Female operated Virgin Islands entities, and (5) (Distressed
6 farmers, as determined by OCR.

7 (e) The social and economic equity plan must require the consideration of additional
8 criteria in its licensing determinations so that prioritization is given to applications that
9 demonstrate an applicant is a member of a community disproportionately impacted by the
10 enforcement of cannabis prohibition, has an income equal to or lower than the median income
11 of the Territory; or was convicted of a cannabis-related offense prior to the effective date of
12 this law or had a parent, guardian, child, spouse, or dependent or was a dependent of an
13 individual who, prior to the effective date of this law, was convicted of a cannabis-related
14 offense.

15 (f) For purposes of this section, a determination of a community disproportionately
16 impacted must consider a history of arrests, convictions, and other law enforcement practices
17 in a certain geographic area, such as neighborhoods or areas reflecting a disparate enforcement
18 of cannabis prohibition during a certain time period when compared to the rest of the Territory.
19 The OCR shall, in consultation with the Advisory Board, issue an opinion or guidelines to
20 determine how to make the assessment that a community has been disproportionately impacted
21 and how to determine that an individual is a member of a community disproportionately
22 impacted.

1 (g) Within the first two years of being granted, a license issued pursuant to the social
2 equity plan may not be transferred or sold except to another social equity applicant and with
3 approval of OCR. Where a sale or transfer is to a person or entity that does not qualify as a
4 social equity applicant, the agreement to transfer the license must be approved by OCR, and
5 OCR may attach certain conditions to the transfer or sale, including but not limited to a fee
6 above the limits set forth in section 798.06

7 **§798.20. Tax Incentives for Cannabis Licensees and Businesses**

8 (a) Unless otherwise prohibited by law, it is the intent of the Legislature of the Virgin
9 Islands that any Cannabis Research and Development Licensee is eligible for the tax and other
10 benefits provided under the University of the Virgin Islands Research and Technology Park
11 Corporation Act, 17 V.I.C. § 480 *et. seq* if such business or enterprise would otherwise qualify
12 for the benefits under the provisions of the University of the Virgin Islands Research and
13 Technology Park Corporation Act.

14 (b) Unless otherwise prohibited by law, it is the intent of the Legislature of the Virgin
15 Islands that any Cannabis Business or other business enterprise related to Cannabis or to a
16 Cannabis Business is eligible for the tax and other benefits provided under the Enterprise Zone
17 Program Act, 29 V.I.C. Chapter 19 if the business or enterprise would otherwise qualify for
18 the benefits under the provisions of the Enterprise Zone Program Act, and any regulations
19 promulgated thereunder for research and development and technology development and other
20 knowledge-based purposes and uses or uses or activities within an Enterprise Zone.

21 **§798.21. Cannabis Fund**

22 (a) There is established within the Treasury of the Virgin Islands a special fund known
23 as the “Cannabis Fund” (“the Fund”).

1 (b) All funds collected by the OCR must be deposited into the Fund. The Fund also consists
2 of appropriations made by the Legislature from time to time.

3 (c) The Fund must be used for the following purposes:

4 (1) To ensure the continuing and effective operation of the OCR;

5 (2) In collaboration with the University of the Virgin Islands and the Department of
6 Agriculture, to establish a testing facility for cannabis and industrial Hemp on each of the three
7 island districts, to replace the interim third-party testing facility contracted by the OCR or the
8 Industrial Hemp Commission;

9 (3) To create a grant program to provide business incubation and micro-lending
10 services to Micro-Cultivation Permittees;

11 (4) To create a low and no-interest loan program for social equity applicants;

12 (5) To establish a job training program for residents of the Territory interested in
13 pursuing work or careers in the cannabis industry;

14 (6) To establish programs designed to educate and prevent substance abuse and support
15 individuals afflicted with substance abuse issues;

16 (7) To establish sponsored research on the potential medical efficacy of cannabis and
17 the potential negative consequences associated with cannabis use; and

18 (8) To fund a program through the University of the Virgin Islands in the cultivation,
19 manufacturing, sales and retail, research, development and education on Cannabis in the Virgin
20 Islands. The program must include training related to soil preparation, pest control, cultivation,
21 and safe disposal of unusable cannabis.

22 (d) Monies in the Fund must be disbursed pursuant to appropriations made by of the
23 Legislature.

1 §798.22. Taxes

2 (1) The OCR may recommend adjustments to the special sales tax rate to the
3 Legislature from time to time.

4 (b) A Cannabis Cultivation Licensee shall pay a \$.50 sales tax per gram of cannabis
5 cultivated on their licensed premises that is transferred to another Licensee.

6 (1) Seventy-five percent of the revenues collected pursuant to the transfer tax must be
7 deposited into the General Fund...

8 (2) Twenty percent of the revenues collected pursuant to the transfer sales must be
9 deposited into the Cannabis Fund to to fund the operations required by this chapter; and

10 (3) Five percent of the revenues collected pursuant to the sales tax must be disbursed
11 from the Cannabis Fund to the Department of Human Services to administer such funds for
12 youth-related and/or senior citizen projects.

13 (c) The OCR may recommend adjustments to the transfer tax rate to the Legislature
14 from time to time.

15 (d) Unless otherwise prohibited by law, in computing net income for Cannabis
16 Businesses pursuant to Virgin Islands law, as a deduction must be allowed from all the ordinary
17 and necessary expenses paid or incurred during the taxable year in carrying on a trade or
18 business as a cannabis establishment, including reasonable allowance for salaries or other
19 compensation for personal services actually rendered, against such cannabis business' income
20 tax return payable to the government.

21 §798.23. Inspection Procedures

22 (a) Each licensee and permittee shall keep a complete set of all records necessary to
23 show all business transactions of the licensee or permittee, all of which must be open for the

1 inspection and examination by the OCR or its authorized representatives. The OCR may
2 require any licensee or permittee to furnish such information as it considers necessary for the
3 proper administration of the chapter.

4 (b) The Licensed Premises are subject to inspection by the OCR during all business
5 hours and other times of apparent activity for inspection or investigation. For examination of
6 any inventory or books and records required to be kept by the licensees, access is required
7 during business hours. Where any part of the licensed premises consists of a locked area, upon
8 demand to the licensee, the area must be made available for inspection without delay.

9 (c) Each licensee shall retain all books and records necessary to show fully the business
10 transactions of the licensee for a period of the current tax year and the immediately prior seven
11 tax years.

12 **§798.24. Suspension, Revocations, and Fines**

13 (a) In addition to any other sanctions prescribed by this chapter, or regulations
14 promulgated pursuant to this chapter, the OCR may on its own motion, or on complaint, after
15 investigation and opportunity for a public hearing at which the licensee must be afforded an
16 opportunity to be heard, to suspend or revoke a license issued by the OCR for a violation by
17 the Licensee or by any of the agents or employees of the Licensee of the provisions of this
18 chapter, or any of the regulations promulgated pursuant to this chapter, or of any of the terms,
19 conditions, or provisions of the license issued by the OCR. The OCR may administer oaths and
20 issue subpoenas to require the presence of Persons and the production of papers, books, and
21 records necessary to the determination of a hearing that the OCR may conduct.

22 (b) The OCR shall provide notice of suspension, revocation, fine, or other sanction by
23 mailing the notice to the Licensee at the address contained in the license. A suspension may

1 not be for a longer period than six months. If a license is suspended or revoked, no part of the
2 fees paid for the license e may be returned to the licensee.

3 (c) Any license or permit may be suspended summarily by the OCR without notice
4 pending any prosecution, investigation, or public hearing for public safety , and the licensee is
5 entitled to due process subsequent to the suspension.

6 (d) The OCR may enter into a stipulated settlement with a licensee in lieu of going to
7 a public hearing. The stipulated settlement may contain any of the following: admission by the
8 licensee of violation of regulations or statutory provisions, the suspension of a license, that a
9 suspension be held in abeyance pending no further violation, as specified and agreed to by the
10 parties, a fine imposed against the licensee, or any other terms agreed to by the OCR and
11 licensee.

12 (e) Cash payments of fines may not be accepted by the OCR. The fines collected must
13 be paid into the Cannabis Fund.

14 **§798.25. Unlawful Acts and Violations**

15 (a) It is unlawful for any person to engage in any form of business or commerce
16 involving the cultivation, processing, manufacturing, storage, sale, transport, or consumption
17 of cannabis other than those forms of businesses and commerce that are expressly authorized
18 by this chapter .

19 (b) It is unlawful for a licensee to buy, sell, transfer, give away, or acquire non-medical
20 cannabis except as authorized pursuant to this chapter.

21 (c) In addition to any other penalty applicable in law, a Cannabis Business or an agent
22 of a Cannabis Business who intentionally sells or otherwise transfers cannabis in exchange for
23 anything of value to a person legally authorized business or user or agent is guilty of a felony

1 punishable by imprisonment for not more than two years or by payment of a fine of not more
2 than \$3,000, or both. A person convicted under this subsection may not continue to be affiliated
3 with the Cannabis Business and is disqualified from further participation under this chapter.

4 (d) A person who intentionally makes a false statement to a law enforcement official
5 about any fact or circumstance relating to the medical or non-medical use of cannabis to avoid
6 arrest or prosecution is guilty of a misdemeanor punishable by imprisonment for not more than
7 90 days or by payment of a fine of not more than \$1,000, or both. This penalty is in addition to
8 any other penalties that may apply for making a false statement or for the possession,
9 cultivation, or sale of cannabis not protected by this chapter.

10 (e) A person who knowingly submits false records or documentation required by the
11 OCR to certify a Cannabis Business under this chapter is guilty of a felony and may be
12 sentenced to imprisonment for not more than two years or by payment of a fine of not more
13 than \$3,000, or both.

14 (f) It is a misdemeanor punishable by up to 180 days in jail and a \$1,000 fine for any
15 person, including any employee or official of the OCR or another territorial agency, to breach
16 the confidentiality of information obtained pursuant to this chapter.

17 (g) A cannabis business shall be fined up to \$1,000 for any violation of this chapter, or
18 the regulations issued pursuant to this chapter where no penalty has been specified. This penalty
19 is in addition to any other penalties applicable in law. Further, the OCR may require a person
20 convicted for unlawful acts pursuant to this section to become unaffiliated with the relevant
21 cannabis business and the person from further participation under this chapter.

22 (h) It is an independent violation of this chapter and grounds for an independent
23 enforcement action or imposition of other enforcement measures, in the discretion of the OCR,

1 for any person or licensee to attempt to avoid or circumvent any of the requirements or
2 limitations contained in this chapter.

3 **§798.26. Limitations**

4 (a) This chapter does not authorize any person to engage in, and does not prevent the
5 imposition of any civil, criminal, or other penalties for engaging in, the following conduct:

6 (1) Undertaking any task under the influence of cannabis, when doing so would
7 constitute negligence or professional malpractice;

8 (2) Possessing cannabis or otherwise engaging in the use of cannabis in any
9 correctional facility;

10 (3) Consuming Cannabis while operating any form of public transportation or in any
11 public place or any place that is open to public use, unless the location possesses a valid non-
12 certified use permit, and the consumption occurs in accordance with applicable laws and
13 regulations; or

14 (4) Operating, navigating, or being in actual physical control of any motor vehicle,
15 aircraft, train, or motorboat while under the influence of cannabis, except that a registered
16 qualified patient or nonresident cardholder may not be considered to be under the influence of
17 cannabis solely because of the presence of metabolites or components of cannabis that appear
18 in insufficient concentration to cause impairment.

19 **§798.27. Severability**

20 Any section of this chapter held invalid as to any person or circumstance does not affect
21 the application of any other section of this chapter that can be given full effect without the
22 invalid section or application.”

23 **SECTION 2.** Title 5, subtitle 3, part I, chapter 305, section 3561 of the Virgin Islands

1 Code is amended by inserting “inspectors and regulatory enforcement officials of the Office of
2 Cannabis Regulation” after “health inspectors of the Virgin Islands Department of Health”.

3 **SECTION 3.** (a) The sum of \$1,000,000.00 is appropriated in the fiscal year ending
4 September 30, 2022, from the Internal Revenue Matching Fund to the Office of Cannabis
5 Regulation for the startup and operations of the Office of Cannabis Regulation for its first two
6 years of operation.

7 (b) The sum appropriated in subsection (a) remains available until expended.

8 **SECTION 4.** Title 19, part III, chapter 29, section 607a is amended by inserting a
9 subsection (i) to read as follows:

10 “(i) Notwithstanding any other provision of this chapter, possession of cannabis or a
11 commercial cannabis product, or operation of a commercial cannabis establishment, or any
12 other act pursuant to and compliant with chapter 34 of title 19 of the Virgin Islands Code, does
13 not constitute a violation of this chapter.”

14 **SECTION 5.** Sections 1, 2, 4 and 5 of this act take effect one year after Office of
15 Cannabis Regulation’s issuance of the first license under 19 V.I.C., chapter 34, but section 3
16 takes effect upon enactment.

17 **BILL SUMMARY**

18 This bill amends title 19 of the Virgin Islands Code by adding a chapter 34A, which
19 provides for the establishment and regulation of Adult Cannabis Use. The bill empowers the
20 Advisory Board to provide a comprehensive adult use cannabis program while protecting the
21 people of the Virgin Islands and their rights. The bill also provides for additional sources of
22 taxes and fees to the Government of the Virgin Islands to strengthen the program and the VI
23 economy.

1 This act is intended to strengthen the support intended to local farmers, small business
2 owners, medicinal and sacramental users, and the tourism industry by recognizing cultural and
3 sacramental uses, creating business ownership and financial opportunities for local Virgin
4 Islanders, increasing revenue to the Government of the VI by enabling sales to tourists.

5 **BR21-0160/September 2, 2022/**