



**Government of the Virgin Islands of the United States of America
Department of Licensing and Consumer Affairs
Office of Cannabis Regulations**

ocr.vi.gov

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*Testimony before the 35th Legislature of the Virgin Islands'
Committee on Economic Development & Agriculture*

Javan E. James, Sr., Committee Chair

March 8, 2023

Good day Committee Chair Javan E. James, Sr., other Committee Members, Senators of the 35th Legislature of the Virgin Islands, and the people of the Virgin Islands of the United States. My name is Hannah Carty, and I am the Executive Director of the Office of Cannabis Regulations or the “OCR.”

I would first like to thank you all and the members of the 35th Legislature for your continued interest in promoting the Cannabis industry here in the Virgin Islands. Cannabis as an industry can become an economic powerhouse for the Virgin Islands if appropriately conducted. In 2004, Barack Obama said, “The War on Drugs has been an utter failure. We need to rethink and decriminalize our marijuana laws.” Today, we now have an opportunity to correct these wrongs for our people here in the Virgin Islands. This opportunity is not a charge I take lightly, and I appreciate the time we will spend here discussing our programming and concerns.

We were invited here today to discuss the implementation of Act 8680, a status update on the necessary personnel to carry out the duties of the Office of Cannabis Regulations, the path moving forward for the implementation of the medicinal and adult Cannabis industry, and a discussion on the licensing procedures for the Cannabis Industry.

Implementation of Act 8680 & the Path Moving Forward

We have been running a lean operation in anticipation of reserving funding for the program’s rollout. We have neither purchased cell phones, computers, or vehicles nor made any other large expenditures and have used existing infrastructure to establish the office. I am our administrative assistant, web developer, legal assistant, and everything tied together. Although no two days are

the same, my work typically involves administrative work including interviews for positions, creating Requests for Proposals, processing Personnel Requisition Forms and reimbursements, coordinating our technological needs, and following up on emails, phone calls, and inquiries; writing new job descriptions for submission to the Division of Personnel; scheduling and attending meetings; working with Government House and the Executive Branch to coordinate Cannabis programs through the development of the Cannabis Coordination Committee; the development of guidelines and applications for Cannabis programs and licenses; coordinating with the Cannabis Advisory Board (CAB); transcribing meeting minutes; reviewing the Rules and Regulations for concerns that we have and any loopholes that may be exploited; assisting in programmatic initiatives for Industrial Hemp; providing assistance in distinguishing between Cannabis and Hemp; developing, designing, and uploading information to the OCR website (ocr.vi.gov); creating and developing a budget; understanding and researching Cannabis laws territorially, nationally, and globally; answering questions; synthesizing Cannabis information into palatable bites of information; developing charts and graphs; researching Cannabis Technology programs including Seed to Sale Systems, Medicinal Patient Registries, Audit Services, and Applications; liaising with the National Cannabis Regulators Association (CANNRA) and the Council for Federal Cannabis Regulations (CFCR); understanding and coordinating established standards across the Cannabis industry (ie. Symbol for Identifying Consumer Products Containing Intoxicating Cannabinoids [Appendix E]); conducting informational interviews with other jurisdictions and industry members; and taking educational courses through Oaksterdam University (the world's first Cannabis College).

A great majority of the year was also spent preparing the Rules and Regulations for approval based on the Medical Cannabis Patient Care Act (MCPCA) of 2019. I am excited that this body proposed Act 8680, which has been enacted as the Cannabis Use Act (CUA) of 2023, an Act that substituted in its entirety the MCPCA. This radical change to our approach to Cannabis includes the first of its kind in the US, a program specifically for Sacramental Users; however, this has essentially caused us to go back to the drawing board, not to destroy what we've built, but to redraw our vision of the Cannabis landscape.

In anticipation of the new programming, the following must be reworked to match the current requirements:

- the Rules and Regulations;
- an OCR Strategic Plan to set the goals and vision for the agency;
- the OCR website (ocr.vi.gov);
- vetting various educational programs, including those for the Responsible Vendor Training Program;
- finalizing procurement with the Department of Property and Procurement and the Bureau of Information Technology for the Medicinal Cannabis Patient Registry (currently in the contract negotiation phase); and
- revamping the regulatory structure of the agency.

Through the Cannabis Coordination Committee, we have been working with other members of the Executive Branch to prepare each impacted agency on what will be their expected contribution,

including the Department of Tourism, Department of Planning and Natural Resources, Department of Health, Office of Management and Budget, Department of Finance, Virgin Islands Police Department, Virgin Islands Fire Service, Department of Labor, Department of Justice, Virgin Islands Port Authority and the Department of Agriculture. We held our first joint meeting on June 27, 2022, and have been working to ensure that the affected agencies are prepared to join. I have attached a copy of our vision of the Cannabis Coordination Committee and how it will affect each agency (Appendix B) and I am confident that through our combined effort, we will be able to adapt to the current legislation.

The first step of our program is receiving a preliminary draft of the Rules and Regulations, which we got yesterday on March 7, 2023. After this, we will conduct an initial review of the document and then forward it to the CAB and the Department of Justice (DOJ) for discussion and deliberation before announcing them for public consumption. Once the CAB and DOJ are comfortable with the Rules, the CAB will meet to vote on the Proposed Rules, and a 30-day public comment period will commence. At the close of the comment period, we will compile comments, make any final changes to the Rules, and have them prepared for the CAB to vote on the terminal version. The CAB would then meet and vote on the Rules, which would be forwarded to the Governor for his signature and approval.

Once a small program, the CUA of 2023 has radically changed how the OCR will function within the Territory, which will be demonstrated in the Rules and Regulations. The most significant difference is the OCR being charged with its own Cannabis Enforcement team, which is tasked with enforcement of all civil, criminal, and regulatory violations related to Cannabis and Hemp

products in the Territory. In preparation, the OCR has been meeting with other enforcement agencies, including DLCA Enforcement, DOH Enforcement, the VIPD, Sergeant Jeffrey Masciangelo from the Denver Police Department's Marijuana Enforcement Division, US Customs and Border Patrol, the FBI, the DEA, and others to gather information, prepare equipment lists and strategies for enforcement and transportation of Cannabis, and to strengthen Hemp enforcement as we pave the way for Cannabis programs.

Outside of the OCR, substantive changes to the law include new programs for Adult and Sacramental Users, strength for the preferential treatment of resident Virgin Islanders, new permit types and expansion of acceptable practices under former licenses, a change in the tax structure, an increase in the upper limit of fees, and, most importantly, the auto-expungement of some Cannabis-related offense records as well as Social Equity Programs for those adversely affected by the War on Drugs or Sacramental Use, woman-owned businesses, and service-disabled veterans.

Since January 18, just over one short month ago, we have:

- Annotated and studied the CUA of 2023;
- Hosted two (2) -three-hour OCR Lunch & Learn meetings where legal counsel was consulted, and CAB members were present to train us on the language of the law (line by line) and gain a better understanding of the new law and its implications;
- Developed job organizational charts and job descriptions for the creation of new roles;
- Begun the interview process for an Office Assistant;

- Reviewed budgets and began preparing a prospectus on revenue;
- Developed tools for regulators looking to understand the CUA of 2023;
- Coordinated and collaborated with regulators across the US through the Cannabis Regulators Association (CANNRA); and
- Reviewed the timelines for the start of the program based on staffing levels, status of Requests for Proposals, and readiness of programs.

At this time, I would like to take this moment to remind the public that legal Cannabis cannot begin until the Rules and Regulations are completed, and the Cannabis programs and dispensaries are open. Additionally, under the CUA of 2023, consuming Cannabis in public remains an offense.

After meeting with several federal partners, it is unlikely that they would approve the mass shipment of Cannabis between islands if Cannabis as a plant remains federally illegal. For community members, please know that ports, airports, cargo facilities, post offices, and national parks are examples of properties under federal jurisdiction. If federal agents see an illegal act, they are empowered to act upon it. We will not be able to intervene.

Licensing Procedures

Outside of the language created by Act 8680 under subsections 786 through 799, licensing procedures will be established under the Rules and Regulations. The OCR will provide more details about this through its newsletter once the Rules and Regulations are completed. Interested parties can register for the newsletter online at ocr.vi.gov.

We anticipate the license application will be a fully digital system, allowing us the best flexibility in receiving and processing applications. The approach will also be announced via the newsletter.

Necessary Personnel

Attached to this testimony is a preliminary Organizational Chart containing the positions we anticipate for the initial rollout of the Cannabis regulatory program (Appendix C). I have prepared a preliminary budget (Appendix D) based on comparing salaries for similar positions nationally and locally. The OCR will likely require a more considerable investment than the money allocated in the Act based on these introductory numbers over the program's first two years. We are looking at hiring, at minimum, sixteen (16) full-time employees, of which eleven (11) are for compliance and enforcement-related activity over the next two years. This structure is critical for our adult-use market. In speaking with other regulators, we must have the persons onboard our team to bring the illicit market into the legal market, particularly in the beginning.

As a preliminary draft, this may mold and change as our understanding of our local industry changes. We aim to convert the illicit or grey market and encourage all community members to join the legal industry! As such, enforcement activity will be critical, as well as persons to process license applications, coordinate training, ensure compliance, and operate our office locations, phones, etc. A significant component of our program is contingent on our request that our office maintains responsibility for exclusively regulating the legal market and that the VIPD and other relevant enforcement officers remain responsible for regulating the illicit market. This

differentiation will dramatically influence the total amount of personnel necessary to continue this program.

Finally, in preparation for the launch of our program, I have reviewed the language of the Act and developed a list of recommended amendments that we believe must be implemented for the program's success. These have been attached to this testimony as Appendix A. I would be happy to discuss these recommendations in further detail if they are in any way unclear.

Conclusion

Thank you for the opportunity to testify today about the Cannabis Industry and our plans and intentions for the Office of Cannabis Regulations here in the Virgin Islands. As the world-renowned astronomer and author Carl Sagan said, "The illegality of Cannabis is outrageous, an impediment to full utilization of a drug which helps produce the serenity and insight, sensitivity and fellowship so desperately needed in this increasingly mad and dangerous world." We appreciate your attention and are ready to receive any questions you may have. Our phone has not stopped ringing with persons interested in partaking in the market in some capacity! I am ready to implement the program and make this a reality for all Virgin Islanders, and I will continue work diligently. If any other persons have any questions, I am also available via email at info.ocr@ocr.vi.gov or phone at (340) 714-9755.

APPENDIX A

Legislative Recommendations

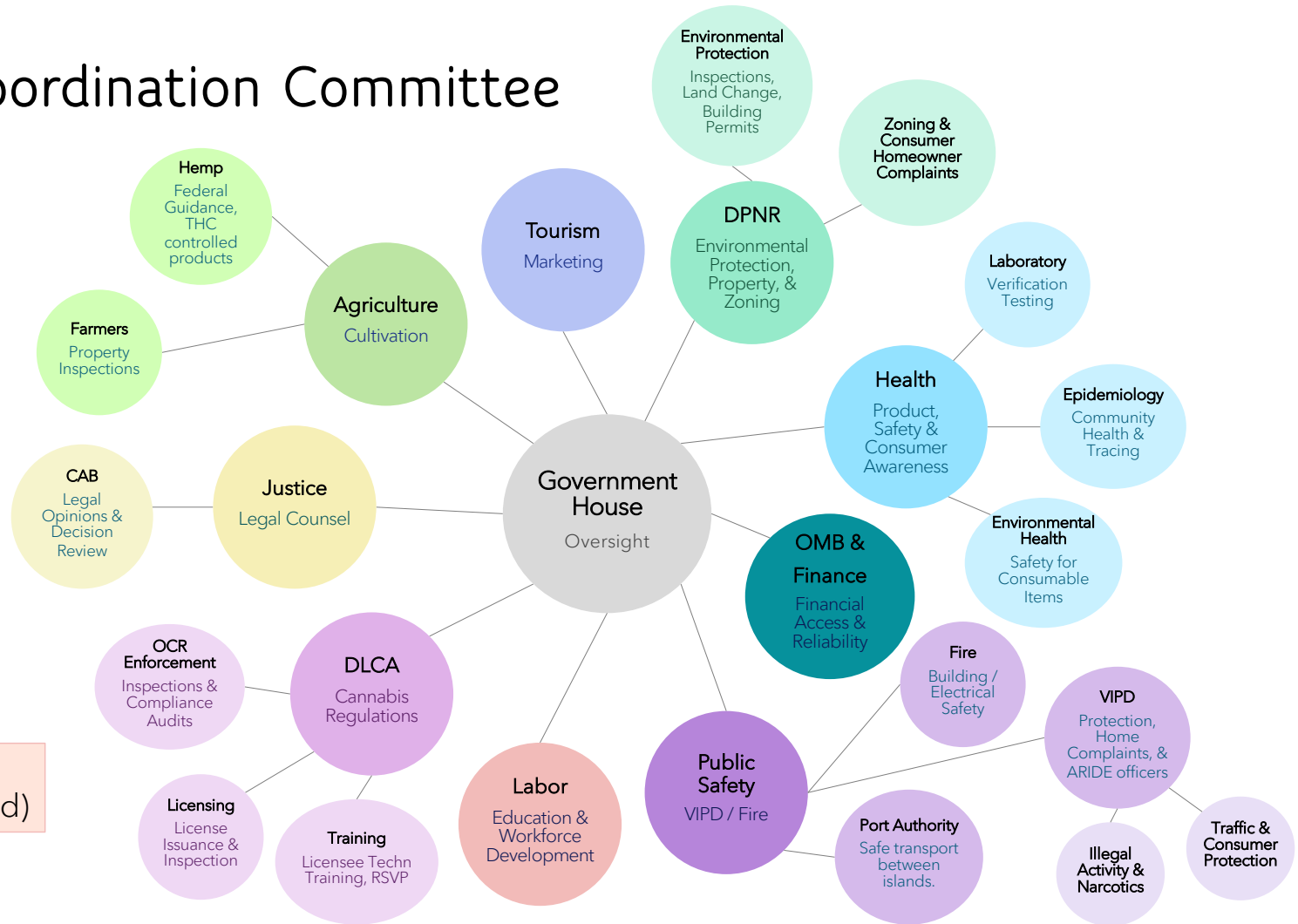
- **Practitioner:** Should include podiatrists.
- **Smoking:** Should include vaporization, sublimation, or general inhalation of gas; can have other implications in the law since these other methods are not included.
- **Board Indemnification, Protected Action, & Communication:** According to current law, the Board does not explicitly have the protections other Boards have, such as the Board of Medical Examiners (outlined in 27 VIC 1 § 13). Such items should include immunity and indemnity.
- **Testing Facility:** It may be a fiscal reality that we cannot sustain three labs on each island particularly on St. John. In many other jurisdictions, such as Hawaii, the lab is on one island and samples are flown to it for testing. In our opinion we would benefit from having one testing facility for licensees, with the OCR operating a second facility (a state-managed reference lab) for spot-checking and as backup.
- **Qualified Patient's Bill of Rights:** (section b) should be parent... under 21 years of age, not 18. Since 18-20 YO's still require someone to do the listing
- **Distance requirements for Licensees Inconsistent:** Standard language indicates not less than 500 or 1000 feet depending on type. Subsection 792 etc. says 250 feet.; Adult-Use Lounges say 500 ft.
- **Restricted Access Area:** Says only Owners, Consultants, and Patients are allowed, however, Adult-Use individuals, properly registered visitors, and law enforcement (OCR) will also need access.
- **R&D Facilities:** Research & Development producers should not be able to introduce Cannabis products to the industry for sale to a consumer. If the intent is for nurseries, a nursery license should be created under the Act. An R&D facility should not be allowed to buy or sell if also operating a testing facility.
- **Suspension, Revocation, and Fines:** clarification needed on what subsection e means;
 - No cash payments at all to OCR? Just fines? (Would be worth doing no cash)
 - Specificity may be needed on how these monies will get into the Cannabis fund.

- **Medical Recommendations:** For Cannabis use under the age of 21; patients should receive two recommendations, one from a pediatrician or other general practice doctor.
- **Fees:** Revenue from the application fees should be directly given to OCR.
- **Enforcement:** OCR should be responsible for regulating the legal market and the VIPD and other relevant entities should regulate the illicit market (remove criminal from the Act).
- **Taxes:** Should be specific on what is for the OCR and what remains with the general government for other uses; the OCR should be funded first to ensure operational needs are met.
- **Taxes:** Subsection 802 d5 should be e; e becomes f

APPENDIX A

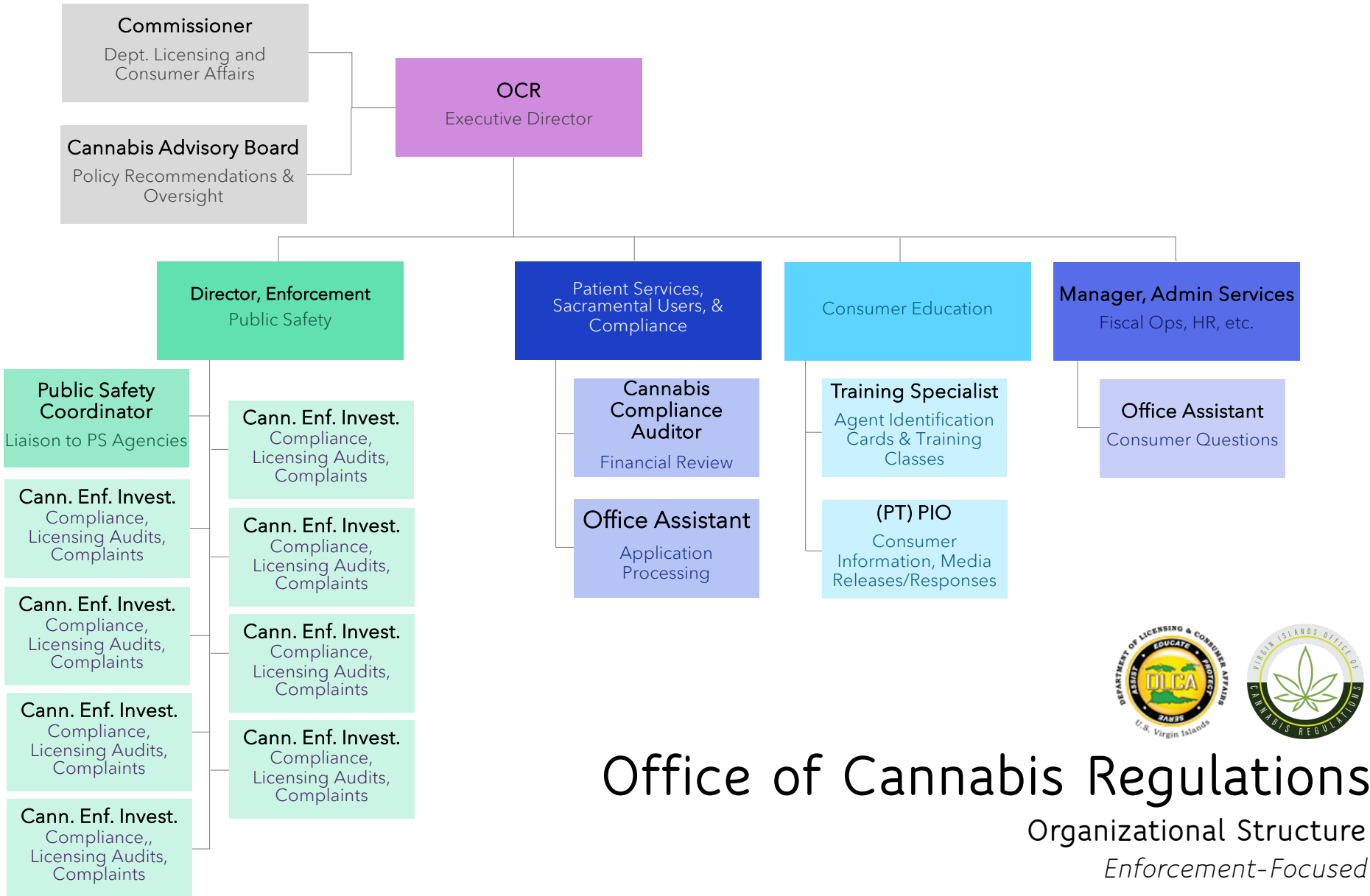
Cannabis Coordination Committee

Appendix B



Other Executive Branches (as needed)

Appendix C



Office of Cannabis Regulations
 Organizational Structure
Enforcement-Focused

2-Year Budget Projection

THIS IS A DRAFT FILE AND FOR DISCUSSION PURPOSES ONLY.

Appendix D

This document has been designed to provide an estimation of the amount of funds OCR will generate and require for the successful implementation of the Cannabis program in the Virgin Islands of the United States. It includes several assumptions, both aggressive and conservative, based on data collected from across the US on how cannabis is used. Where possible, the references are included. As this would be the first year of the program, there is no historical data that can be used to generate future reference points. Finally, it does not include all possible operating expenses that may be required for the use of the Office of Cannabis Regulations.

NOTE: THIS FILE IS ALMOST FULLY AUTOMATED. ONE CHANGE IN A SECTION OF THE DOCUMENT, MAY IMPACT SEVERAL AT A TIME. PLEASE USE CAUTION WHEN MAKING EDITS.

All data contained within this file is confidential and is subject to change.



2-Year Budget Projection

Budget Area	Summary	Adjustment for Program Start	Lag Time Differential
Year 1 Personnel	\$ 915,002.19	\$ 915,002.19	0.00
Year 2 Personnel	\$ 1,604,818.65	\$ 1,604,818.65	0.00
Annual Expenditures (2-Years)	\$ 1,359,250.00	\$ 1,359,250.00	0.00
One Time Expenditures	\$ 519,200.00	\$ 519,200.00	0.00
Average Total Expenditures	\$ 2,199,135.42	\$ 2,199,135.42	
Total Expenditures	\$ 4,398,270.84	\$ 4,398,270.84	

Estimated Program Start Date	10/1/23
End of Year	9/30/24
% of Time Operational (Lag Time)	100%

Virgin Islands Office of Cannabis Regulations

Year 1

Personnel

Position Name	Hourly Base Wage	Annual Hours	Salary
Executive Director	\$ 48.08	2,080.00	\$ 100,006.40
Manager, Admin Services	\$ 34.62	2,080.00	\$ 72,000.00
Director, Enforcement	\$ 33.65	2,080.00	\$ 70,000.00
Training Specialist	\$ 26.44	2,080.00	\$ 55,000.00
Office Assistant	\$ 24.04	2,080.00	\$ 50,000.00
Cannabis Investigator (STT)	\$ 29.81	2,080.00	\$ 62,000.00
Cannabis Investigator (STT)	\$ 29.81	2,080.00	\$ 62,000.00
Cannabis Investigator (STX)	\$ 29.81	2,080.00	\$ 62,000.00
Cannabis Investigator (STX)	\$ 29.81	2,080.00	\$ 62,000.00
Total Personnel	\$ 286.06	18,720.00	\$ 595,006.40

9	Number of Full-Time Employees
0	Number of Part-Time Employees

Fringe Benefits

TYPE	COST	TOTAL
GERS	26.5%	\$ 157,676.70
Health Insurance	\$ 8,539.44	\$ 76,854.96
Insurance Supplemental	\$ 517.92	\$ 4,661.28
Workers Compensation	\$ 3,920.54	\$ 35,284.86
FICA	6.2%	\$ 36,890.40
Medicare	1.45%	\$ 8,627.59
Total Personnel		\$ 319,995.79

SALARY TOTAL (WAGE & FRINGE)	\$ 915,002.19
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TOTAL EMPLOYEES	9.00
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Virgin Islands Office of Cannabis Regulations

Year 2

Personnel

Position Name	Hourly Base Wage	Annual Hours	Salary
Executive Director	\$ 48.08	2,080.00	\$ 100,000.00
Manager, Admin Services	\$ 34.62	2,080.00	\$ 72,000.00
Director, Enforcement	\$ 33.65	2,080.00	\$ 70,000.00
Cannabis Compliance Auditor	\$ 31.25	2,080.00	\$ 65,000.00
Public Safety Coordinator	\$ 28.85	2,080.00	\$ 60,000.00
Training Specialist	\$ 26.44	2,080.00	\$ 55,000.00
Office Assistant	\$ 24.04	2,080.00	\$ 50,000.00
Office Assistant	\$ 24.04	2,080.00	\$ 50,000.00
Cannabis Investigator (STJ)	\$ 29.81	2,080.00	\$ 62,000.00
Cannabis Investigator (STJ)	\$ 29.81	2,080.00	\$ 62,000.00
Cannabis Investigator (STT)	\$ 29.81	2,080.00	\$ 62,000.00
Cannabis Investigator (STT)	\$ 29.81	2,080.00	\$ 62,000.00
Cannabis Investigator (STT)	\$ 29.81	2,080.00	\$ 62,000.00
Cannabis Investigator (STX)	\$ 29.81	2,080.00	\$ 62,000.00
Cannabis Investigator (STX)	\$ 29.81	2,080.00	\$ 62,000.00
Cannabis Investigator (STX)	\$ 29.81	2,080.00	\$ 62,000.00
Public Information Officer PT	\$ 22.60	1,040.00	\$ 23,500.00
Total Personnel	\$ 512.02	34,320.00	\$ 1,041,500.00

16
1

Number of Full-Time Employees
 Number of Part-Time Employees

Fringe Benefits

TYPE	COST	TOTAL
GERS	26.5%	\$ 275,997.50
Health Insurance	\$ 8,539.44	\$ 136,631.04
Insurance Supplemental	\$ 517.92	\$ 8,286.72
Workers Compensation	\$ 3,920.54	\$ 62,728.64
FICA	6.2%	\$ 64,573.00
Medicare	1.45%	\$ 15,101.75
Total Personnel		\$ 563,318.65

SALARY TOTAL (WAGE & FRINGE)	\$ 1,604,818.65
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TOTAL EMPLOYEES	17.00
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2-Year Budget Projection

YEAR 1

Operating Expenses	Budget	Multiplier	Total
Seed to Sale System	\$ 125,000.00	1.00	\$ 125,000.00
Medicinal Registry	\$ 250,000.00	1.00	\$ 250,000.00
Personnel Training/Education	\$ 1,500.00	9.00	\$ 13,500.00
Gas Usage (per vehicle)	\$ 4,550.00	5.00	\$ 22,750.00
Interisland Travel	\$ 850.00	12.00	\$ 10,200.00
National Travel	\$ 2,000.00	6.00	\$ 12,000.00
Office Supplies	\$ 10,000.00	1.00	\$ 10,000.00
Consultants	\$ 25,000.00	3.00	\$ 75,000.00
Maintenance and Repairs	\$ 10,000.00	1.00	\$ 10,000.00
Postage	\$ 200.00	1.00	\$ 200.00
Advertising	\$ 25,000.00	1.00	\$ 25,000.00
Legal and auditing	\$ 50,000.00	1.00	\$ 50,000.00
Cell Phones	\$ 50.00	9.00	\$ 450.00
Rent or mortgage		12.00	\$ -
Catering	\$ 15,000.00	1.00	\$ 15,000.00
Residual (Unanticipated Expenses)	\$ 20,000.00	1.00	\$ 20,000.00
Total Operating Expenses	\$ 539,150.00	65.00	\$ 639,100.00

YEAR 2

Operating Expenses	Budget	Multiplier	Total
Seed to Sale System	\$ 125,000.00	1.00	\$ 125,000.00

Operating Expenses	Budget	Multiplier	Total
Medicinal Registry	\$ 250,000.00	1.00	\$ 250,000.00
Personnel Training/Education	\$ 1,500.00	17.00	\$ 25,500.00
Gas Usage (per vehicle)	\$ 4,550.00	5.00	\$ 22,750.00
Interisland Travel	\$ 850.00	48.00	\$ 40,800.00
National Travel	\$ 2,000.00	16.00	\$ 32,000.00
Office Supplies	\$ 8,000.00	1.00	\$ 8,000.00
Consultants	\$ 25,000.00	3.00	\$ 75,000.00
Maintenance and Repairs	\$ 10,000.00	1.00	\$ 10,000.00
Postage	\$ 250.00	1.00	\$ 250.00
Advertising	\$ 30,000.00	1.00	\$ 30,000.00
Legal and auditing	\$ 50,000.00	1.00	\$ 50,000.00
Cell Phones	\$ 50.00	17.00	\$ 850.00
Rent or mortgage		12.00	\$ -
Catering	\$ 10,000.00	1.00	\$ 10,000.00
Residual (Unanticipated Expenses)	\$ 40,000.00	1.00	\$ 40,000.00
Total Operating Expenses	\$ 557,200.00	127.00	\$ 720,150.00

TOTAL OPERATING EXPENSES (2-YEAR)	\$ 1,359,250.00
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One Time Expenditures

YEAR 1

Operating Expenses	Budget	Multiplier	Total
Vehicles	\$ 45,000.00	5.00	\$ 225,000.00
Furniture	\$ 750.00	9.00	\$ 6,750.00
Computers	\$ 1,850.00	9.00	\$ 16,650.00
Total Operating Expenses	\$ 47,600.00	23.00	\$ 248,400.00

YEAR 2

Operating Expenses	Budget	Multiplier	Total
Vehicles	\$ 50,000.00	5.00	\$ 250,000.00
Furniture	\$ 750.00	8.00	\$ 6,000.00
Computers	\$ 1,850.00	8.00	\$ 14,800.00
Total Operating Expenses	\$ 52,600.00	21.00	\$ 270,800.00

TOTAL OPERATING EXPENSES (2-YEAR)	\$ 519,200.00
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APPENDIX E

The International Intoxicating Cannabinoids Symbols (IICPS)



ASTM INTERNATIONAL
Cannabis Standards and Services

The International Intoxicating Cannabinoids Symbol (IICPS)

What You Need to Know

Developed by ASTM International Committee D37 on Cannabis, the Specification for International Symbol for Identifying Consumer Products Containing Intoxicating Cannabinoids (ASTM D8441) establishes a standardized and harmonized international intoxicating cannabinoid product symbol (IICPS).

For more information on when and how to use the IICPS, visit go.astm.org/d8441symbol



The Symbol...

... was designed in collaboration with Doctors for Cannabis Regulation (DFCR) to communicate to adults and children the need for caution with products containing intoxicating cannabinoids.

... applies to any product containing intoxicating cannabinoids, including those for topical use, ingestion, inhalation, and any/all other methods of adsorption.

... shall be used to identify any cannabinoid that may cause intoxication (that is, producing mind or consciousness altering effects).

... is intended to be used by marketplaces that have yet to establish a symbol and has already been adopted for use by several states.

... does not contain text and cannot be modified



A consumer impact study conducted by HCD Research confirmed that consumers and non-consumers perceive the symbol to be associated with intoxication, potency, and caution.



When and how to use the symbol and on which products should be directed by the Authority Having Jurisdiction (AHJ).



Text such as state/country codes, THC, or any AHJ specific identifiers may be printed below or next to the symbol, as long as the symbol itself is not modified.

Learn more about ASTM Cannabis Standards and Services
www.astmcannabis.org

ASTM International is a not-for-profit, non-governmental organization that develops voluntary consensus standards and defers to appropriate government authorities to determine the legal and regulatory framework regarding the control and use of cannabis.