



GOVERNMENT OF THE VIRGIN ISLANDS OF THE UNITED STATES

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DEPARTMENT OF PLANNING AND NATURAL RESOURCES

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Office of the Commissioner

Honorable Marise C. James, Esq.
Chair, Committee on Disaster Recovery, Infrastructure and Planning
36th Legislature of the United States Virgin Islands
3022 Estate Golden Rock
Christiansted, Virgin Islands 00820

Re: Bill No. 36-0211 – An Act Amending Title 29, Virign Islands Code, to Allow for Small-Scale Distilleries and Breweries in Certain Zones following Public Notice

Good day Honorable Marise C. James, other members of the 36th Legislature’s Committee on Disaster Recovery, Infrastructure, & Planning, non-committee members, all legislative staff present, and members of the public, both viewing and listening; my name is Jean-Pierre L. Oriol, Commissioner for the Department of Planning & Natural Resources (DPNR). Joining me is Ms. Leia LaPlace-Matthew, Territorial Planner. We appear before you today to testify regarding Bill No. 36-0211 which proposes allowing small-scale distilleries and breweries to be erected in certain zones upon public hearing and approval by the Department of Planning and Natural Resources. This legislation is not merely about alcohol production. It represents a broader policy discussion about the future of agriculture, rural land use, and value-added enterprise in the Virgin Islands.

The Department is in support of the proposed legislation which aligns with our vision for updating the Zoning Code, specifically our agricultural zones and their permitted uses to encourage old-fashioned farming, promote diversification of farm-related activities, pursue value-added uses to working farms, and incorporate high-tech farming. Boosting agriculture can be accomplished by clarifying agricultural terms used in our code e.g. the term “Agricultural Processing”, allowing complimentary educational, recreational, or retail uses to farming such as on-site manufacturing and sale of produce, and finally by creating rules and regulations that allow for community input.

This bill seeks to add clarity by defining terms like brewery, distillery, microbrewery, and micro distillery. It also aims to redefine and replace the currently used term “agriculture processing plant” with “agricultural processing”. This bill will further amend Section 228 by replacing the use “Alcohol & Alcoholic Beverages, Manufacture” with “Distillery/Brewery” in the I-1, I-2, and W-2 zones, thereby permitting the use “Microbreweries” and “Micro distilleries” within the A-1, A-2, R-1, and R-2 zones subject to promulgated rules and regulations. The Department emphasizes that any allowance of micro distilleries or microbreweries within agricultural or residential-adjacent zones must be subject to environmental performance standards, including but not limited to wastewater management, stormwater control, solid waste disposal, odor mitigation, noise attenuation, and energy use considerations.

The Department acknowledges the threats to agriculture including rising cost of land, climate change impacts, urbanization and development on and around prime farmland, as well as

social and economic disruptions that require the evolution of agricultural industries that embrace technological innovation and sustainability advancements. Evolution of our agricultural industries require the integration of local food production within mixed-use environments, monitoring emerging food technologies, and considering alternatives to outdoor agriculture in zoning and land use implications (e.g. indoor and urban agriculture). Agriculture evolution must also explore the adoption of zoning reforms that are farm friendly and support food production, access, security and economic development, promote diversification of farm-related activities, permit the pursuit of value-added, agriculturally-related accessory commercial uses; and incorporate future-focused food strategies into resilience and agricultural economic-development planning.

There is a myriad of opportunities to counteract the loss of farms and agricultural infrastructure through zoning and other local policy initiatives. Supporting the success of farms that contribute to local food security and agricultural heritage/tourism will require much needed zoning reform.

The purpose of the above referenced bill seeks the revitalization of agriculture and spirits production in the Virgin Islands, particularly on St. Croix, by offering meaningful opportunities for economic development, cultural preservation, and tourism growth. Agricultural ventures have sought to vertically integrate their operations through value-added processing, including distillation of cane and other local crops. The Government of the Virgin Islands recognizes the need to support this growth while maintaining proper land-use oversight, transparency, and environmental review; foster entrepreneurship and economic growth while simultaneously ensuring that any changes to land use is accompanied by opportunities for community input and appropriate oversight.

The Department is presently revising portions of the Zoning Code, along with the Table of Permitted Uses, thereby proposing an expansion of the zones that agricultural activities would be allowed to occur in. The revision aims to diversify farm income streams and allow them to maximize use of their land while creating a value-added agricultural enterprise which will potentially increase revenue and aid in their continued success. Other methods for ensuring a farm's success that should be considered are the reduction of startup costs, boosting local agritourism, and enhancing a farm's brand. It is important to note that the 29th Legislature contemplated this when they passed Act No. 7333 expanding the definition of agricultural activities under 7 VIC Section 192; however, [where](#) tasting rooms, tours, retail sales, or event programming are proposed, additional review should be required to evaluate parking, public assembly capacity, and traffic circulation, particularly in rural or low-density zones.

Distilleries and Breweries must be differentiated from micro distilleries and microbreweries. Distilleries and Breweries are industrial/manufacturing uses; therefore, they are more appropriately located in the heavy industrial zones (I-1, I-2, and W-2). However, micro distilleries and microbreweries are considered lighter manufacturing or artisan-industrial, thereby permitting them to operate in commercial, mixed-use, or light industrial zones.

All zoning districts in the USVI are mixed use: The A-1 zone has 63 uses in total; 7 of which are agricultural. The A-2 zone has 46 uses in total; 6 of which are agricultural uses. The R-1 zone has 34 uses in total; 2 of which are agricultural and 9 are residential. The R-2 zone has 38 uses in total; 2 of which are agricultural and 11 are residential. Therefore, the Department recommends that micro distilleries and microbreweries in the A-1, A-2, R-1, and R-2 zones be permitted through rules and regulations where public hearings are held. This ensures community input and allows the Department to evaluate site-specific impacts and assess

production volume restrictions, location, parking, wastewater handling, traffic, odor, noise, and compatibility with neighborhood.

As previously mentioned, the Department is in the process of updating the Table of Permitted Uses to allow it to compare favorably to best practices found in most codes throughout the U.S. In hopes of departing from an exhaustive 118-page permitted use list dating back to the mid-Twentieth Century and earlier, the goal, therefore, is to reorganize the Table of Permitted Uses into groups with narrowly tailored categories. Use categories would include all uses within a group that function similarly to each other. This proposal would replace the current 21-page use table, with a concise 5-page use table.

The Department has begun drafting rules and regulations, draft attached for reference. Should Bill No. 36-0211 be signed into law, DPNR will begin the public hearing process, which begins with dialogue with the public.

The Department makes the following recommendations to the bill:

- Page 3, Line 1: insert I-1 HEAVY INDUSTRY before “I-2”.
- Page 3, Line 7: insert R-2 RESIDENTIAL LOW DENSITY ONE AND TWO FAMILY after “R-1 RESIDENTIAL LOW DENSITY”.
- Page 3, Line 10: insert “within two years of adoption” between “regulations” and “to”, OR CHANGE WORDING TO “This Act shall take effect two years after enactment to allow the Department to promulgate implementing rules and regulations, conduct public hearings, establish production thresholds, adopt environmental performance standards, and coordinate with other relevant agencies.”
- To eliminate conflict with the Zoning Code’s “agricultural use” definition, amendment needed to 29 V.I.C. § 225 (5) Agricultural use. Change definition to: The production of agricultural products, including but not limited to the cultivating of any fruits, vegetables, herbs, honey, forage, ornamentals, aquaculture, trees, poultry, eggs, meat, and dairy products, and aquatic; the production, manufacture or processing of any food products or edible food byproducts or other activities as mentioned in 7 V.I.C. 192.
- To address current conflict with livestock in residential areas, deletion of “Agriculture” needed to 29 V.I.C. §228 and R-1 and R-2 zones use category changed to “Crops, Fruits & Vegetables.”

In conclusion, the Department supports innovation and diversification of our agricultural industry, but such innovation must be paired with clear regulatory frameworks to ensure environmental protection, neighborhood compatibility, and long-term agricultural preservation. DPNR is in support of the bill’s intent and appreciates the invitation. The Department recommends that any approvals issued pursuant to this Act be reviewed for consistency with the Comprehensive Land and Water Use Plan and any adopted agricultural preservation strategies. The Department is available for further discussions.