



# TESTIMONY BEFORE THE 36<sup>TH</sup> LEGISLATURE

Government of the Virgin Islands

**Department of Licensing and Consumer Affairs**

Serving Businesses & Assisting, Educating, and Protecting Consumers

**H. Nathalie Hodge**

Commissioner

**Hon. Clifford A. Joseph, Sr. (Chair)**

Committee on Homeland Security, Justice, and Public Safety

**December 4, 2025**

Good day Honorable Clifford A. Joseph, Sr., Chair of the Committee on Homeland Security, Justice, and Public Safety, and good day to the esteemed members of the 36th Legislature of the Virgin Islands. I am Horace Graham, Assistant Commissioner appearing on behalf of Commissioner H. Nathalie Hodge of the Department of Licensing and Consumer Affairs. Today I am accompanied by Wilbur Francis, Director of Enforcement. We appreciate the opportunity to appear before you today to offer testimony in continued support of Bill No. 36-0105, as amended by Amendment No. 36-565. This Bill seeks to regulate the licensing and sale of intoxicating and artificially derived hemp products within the Virgin Islands in order to protect consumers and prevent the proliferation of unregulated psychoactive substances in the local marketplace.

We commend the sponsor of this measure for the foresight and leadership demonstrated in prioritizing both consumer protection and public health. The rapid expansion of hemp-derived intoxicants (such as delta-8 THC, delta-10 THC, THCA flower, and other chemically converted cannabinoids) has created a market that is increasingly difficult for consumers to navigate. Many of these products are packaged in ways that resemble candies, sodas, and snack foods, which increases their appeal to minors while obscuring their potency and potential risks. These products frequently enter the market without sufficient testing, without proper age verification, and without accurate or transparent labeling. The result is a growing regulatory challenge that requires decisive action.

The regulatory landscape for hemp and hemp-derived cannabinoids is changing swiftly at the federal level. Two major developments in particular have deep implications for the Virgin Islands. First, the 2018 Agriculture Improvement Act, commonly referred to as the Farm Bill, legalized hemp by defining it as cannabis containing no more than 0.3 percent delta-9 THC on a

dry-weight basis. While this legislation opened the door for a national hemp industry, it also inadvertently created a loophole. Manufacturers soon discovered they could convert lawful hemp extracts such as CBD into more potent intoxicating cannabinoids like delta-8 and delta-10 THC, which could then be sold outside of established cannabis regulatory systems. This development created a vast gray market of psychoactive products that look like hemp, but function more like cannabis.

Second, and even more consequential, on November 13, 2025, Congress enacted a federal spending measure that significantly redefines “hemp” and tightens federal controls. This measure shifts the federal standard away from a simple delta-9 calculation toward a “total THC” model that incorporates THCA and other intoxicating potential. It also excludes synthetically derived or chemically converted cannabinoids from the federal definition of hemp and establishes a strict 0.4-milligram per-container limit on total THC in hemp-derived products. This new federal framework becomes fully effective at the end of a one-year transition period in November 2026. In practice, this means that many products currently marketed as hemp, including a substantial portion of delta-8 beverages, edibles, and vapes, will lose their federal hemp status next year.

Given these rapid federal developments and the one-year transition period mandated under the new congressional appropriations language, it is imperative that the Virgin Islands **act now**. Without timely territorial legislation, our jurisdiction will face growing regulatory gaps, an influx of non-compliant intoxicating hemp products, and increased difficulty enforcing youth protections and product standards. Acting proactively positions the Territory to align with the emerging federal framework, protect consumers, and prevent the Virgin Islands from becoming a refuge for products that are being banned or tightly controlled elsewhere.

If the Territory does not modernize our own framework in alignment with these national trends, we risk in short order becoming a dumping ground for products that will rapidly become illegal or unsellable in other jurisdictions. That would expose our residents to unnecessary risk and allow the marketplace to be shaped not by science or safety, but by the regulatory actions of other states. Bill No. 36-0105, as amended by the sponsor's proposal, is therefore both timely and essential. However, DLCA believes some refinements will strengthen the measure further, align it more fully with federal direction, and ensure effective enforcement.

We support the Bill's efforts to clearly distinguish hemp, intoxicating hemp products, and artificially derived cannabinoids. The amendment appropriately excludes chemically altered cannabinoids and any products containing quantifiable THCA or other psychoactive variants from the definition of hemp. To further strengthen this section and align with the emerging federal framework, we recommend that the Legislature expressly authorize the adoption a "total THC" calculation by regulation. This calculation should incorporate delta-9 THC, THCA on a decarboxylated basis, and any cannabinoid shown to have intoxicating effects or marketed as such. We further recommend acknowledging the federal 0.4-milligram per-container limit as a minimum standard, while authorizing the Territory to impose more restrictive limits where necessary. These steps will prevent future arguments that products with low dry-weight THC, but high overall intoxicating potential still qualify as "hemp."

The current draft assigns the Industrial Hemp Commission substantial authority over hemp permits, penalties, and enforcement, while simultaneously creating a new Intoxicating Hemp and Artificially Derived Cannabinoid Retailer License under Title 19, to be administered by the Office of Cannabis Regulation. While we respect the statutory role of the Hemp Commission, DLCA

shares the concerns expressed by the Office of Cannabis Regulation regarding the practicality of this divided model. National best practices demonstrate that intoxicating cannabinoid regulation is most effective when housed within a single, well-resourced cannabis authority. For this reason, DLCA recommends limiting the Hemp Commission's jurisdiction to agricultural and industrial hemp (cultivation, research, and non-intoxicating uses under Title 7) and vesting all intoxicating-product oversight, including permitting and enforcement, with the Office of Cannabis Regulation. DLCA would continue to serve as the business licensing authority and enforcement partner. We further recommend the inclusion of a clear interagency coordination framework, or the direction that OCR, DLCA, DOH, and VIPD execute memoranda of understanding, detailing joint inspections, data sharing, seizure protocols, and shared enforcement priorities.

DLCA strongly supports the amendment's requirements for rigorous product testing, packaging, and tracking standards. The requirement that all intoxicating hemp and artificially derived cannabinoid products be tested by ISO-certified laboratories, including those operated by the University of the Virgin Islands or accredited laboratories in Puerto Rico, will significantly improve safety and transparency. We also support the Bill's mandate for child-resistant and tamper-evident packaging and its prohibition on products that mimic candy or snack foods. Equally important are the provisions restricting sales to consumers aged 21 and older and requiring reliable age-verification protocols for both in-person and online transactions.

Given the complexity of harmonizing these rules with the existing cannabis regulatory structure and the new federal total-THC framework, DLCA supports OCR's request to extend the rulemaking period from 90 days to 120 days. This extension will allow for more comprehensive stakeholder consultation, ensure coherence with the federal model, and reduce the need for

frequent revisions.

Bill No. 36-0105, together with Amendment No. 36-565, is a vital step toward closing the regulatory gaps surrounding intoxicating hemp-derived products in the Virgin Islands. With the recommended refinements, especially the incorporation of a total-THC framework, a clarified oversight structure, a 120-day rulemaking window, and explicit import-control provisions, the Legislature will establish a strong, enforceable, and science-based regulatory framework that protects public safety, safeguards youth, and supports responsible businesses.

We extend our gratitude to the Honorable Governor Albert Bryan, Jr., the Honorable Lieutenant Governor Tregenza Roach, and the Bryan-Roach Administration for their steadfast support in advancing consumer protection. We also thank the committed men and women of the Department of Licensing and Consumer Affairs, along with our partners at the Department of Health and the Office of Cannabis Regulation, for their dedication and collaboration in this effort. We thank the Committee for the opportunity to present this testimony and respectfully urge the passage of Bill No. 36-0105 with the suggested amendments, as we believe they will help advance a balanced, enforceable, and science-based regulatory framework. Thank you for your continued support, and we welcome any questions the committee may have.