

# ACT NO. 6726

BILL NO. 26-0005

## TWENTY-SIXTH LEGISLATURE OF THE VIRGIN ISLANDS OF THE UNITED STATES

Regular Session

2005

To amend title 17 Virgin Islands Code, chapter 43, to clarify the status of the Protected Cell Corporation and the Protected Cells established under the auspices of the University of the Virgin Islands Research and Technology Park, and for other purposes

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**BE IT ENACTED** by the Legislature of the Virgin Islands:

**SECTION 1.** This Act may be known as the Protected Cell Amendments Act of 2005.

**SECTION 2.** Title 17 Virgin Islands Code, chapter 43, section 801 is amended by striking all of the language after the word "chapter", and by inserting in lieu thereof, the following:

"'Protected Cell' means a separate legal entity created pursuant to section 802 of this chapter and affiliated with the Protected Cell Corporation in accordance with the provisions of this chapter."

**SECTION 3.** Title 17 Virgin Islands Code, chapter 43, section 802 is amended as follows:

(a) In subsection (b):

(1) In the first sentence, after the words "name or designation which shall", strike "commence with" and insert in lieu thereof, "contain"; and

(2) Beginning with the third sentence, strike all the remaining language in subsection (b).

(b) Strike subsections (c) through (g), and insert new subsections (c) and (d) to read:

“(c) Each Protected Cell is a legal entity separate from the Corporation and may be only created as a legal entity that under the laws of the Virgin Islands provides limited liability for at least some of its equity owners, including, but not limited to, a corporation, limited liability company or limited liability partnership.

(d) To be entitled to the benefits of this chapter, a Protected Cell must meet the following conditions at all times:

(1) The Protected Cell must be an “Electronic Commerce Business,” an “e-Commerce Business,” or a “Knowledge-Based Business” as defined in title 17 Virgin Islands Code chapter 34, section 482;

(2) The Protected Cell must be a tenant of the University of the Virgin Islands Research and Technology Park; and

(3) The Protected Cell must have the Corporation as a shareholder, partner, member, or other equity owner, to an agreed minimum percentage, of the total equity interests in the Protected Cell entity”.

(c) By re-designating subsections (h) and (i) as subsections (e) and (f).

**SECTION 4.** Title 17 Virgin Islands Code, chapter 43, section 803(a) is amended by:

(a) striking “Protected Cell Assets” and by inserting in lieu thereof “assets”;

(b) inserting “of” after the phrase “other business”; and

(c) striking all the remaining language in the subsection after the phrase “Protected Cell Corporation” and by inserting in lieu thereof “or any other Protected Cell.”.

**SECTION 5.** Title 17 Virgin Islands Code, chapter 43, section 803(b) is stricken in its entirety.

**SECTION 6.** Title 17 Virgin Islands Code, chapter 43, section 803(c) is re-designated 803(b) and is amended as follows:

(a) In the first sentence, after the word “from” strike the phrase “Protected Cell Assets and Protected Cell Liabilities” and insert in lieu thereof, “each Protected Cell”; and

(b) by striking all of the language of the subsection after the first sentence.

**SECTION 7.** Title 17 Virgin Islands Code, chapter 43, section 803(d) is re-designated 803(c) and is amended as follows:

(a) Strike “the Research and Technology Park Protected Cell Corporation” and insert the following, “the shareholders, members, partners, or other equity owners entitled to vote”;

(b) Strike the word “plan” and insert in lieu thereof “duly adopted plan which has also been”; and

(c) Insert after the word “Directors”, the following phrase “of the Corporation”.

**SECTION 8.** Title 17 Virgin Islands Code, chapter 43, section 804(a) is amended as follows:

(a) Strike the first sentence;

(b) In the second sentence, strike “Protected Cell Assets” and insert in lieu thereof “assets”, and

(c) strike “Corporation’s General Account” and insert in lieu thereof “Corporation.”.

**SECTION 9.** Title 17 Virgin Islands Code, chapter 43, section 804 is further amended by striking subsections (b) and (c), and re-designating subsection (d) as subsection (b).

**SECTION 10.** Title 17 Virgin Islands Code, chapter 43, section 805 is amended by striking “Protected Cell Assets and Protected Cell Liabilities,” after the word “including”, and by inserting in lieu thereof “the Corporation’s interest in each Protected Cell”.

**SECTION 11.** Title 17 Virgin Islands Code, chapter 43, section 806(a) is amended in the second sentence by striking out “Research and Technology Park Tenant” after the word, “Each” and by inserting in lieu thereof “Protected Cell”.

**SECTION 12.** Title 17 Virgin Islands Code, chapter 43, section 806(b)(1) is amended by changing “section” to “sections” and adding “and 937” after “934(b)”.

**SECTION 13.** Title 17 Virgin Islands Code, chapter 43, section 806(d)(1) is amended by:

(a) inserting “interest” after the words “payment of”;

(b) changing “royalty” wherever it appears to “royalties”;

(c) inserting “as applicable in the Virgin Islands” after “Code”; and

(d) inserting "or a Protected Cell" after the phrase "Research and Technology Park Protected Cell Corporation"

**SECTION 14.** Title 17 Virgin Islands Code, chapter 43, section 806, subsections (e) and (f) are amended by striking "801(b)" wherever it appears and inserting in lieu thereof "801(a)".

**SECTION 15.** Title 17 Virgin Islands Code, chapter 43, section 806(g) is amended by:

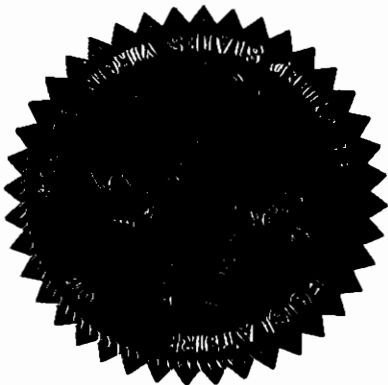
(a) striking the words "The Research and Technology Park Protected Cell Corporation" at the beginning of the subsection and inserting in lieu thereof "Each Protected Cell"; and

(b) by striking in the first sentence after the words "tax benefits" the phrase "for the benefit of each Protected Cell" and by inserting in lieu thereof "provided for in this section".

**SECTION 16.** Title 17 Virgin Islands Code, chapter 34, section 485(b) is amended by inserting "up to a maximum term of five (5) years" at the end of the first sentence.

Thus passed by the Legislature of the Virgin Islands on February 10, 2005.

Witness our Hands and the Seal of the Legislature of the Virgin Islands this 22<sup>nd</sup> Day of February, A.D., 2005.



*Lorraine L. Berry*  
Lorraine L. Berry  
President

*Liston A. Davis*  
Liston A. Davis  
Legislative Secretary



The above bill is hereby approved.

Witness my hand and the Seal of the  
Government of the United States  
Virgin Islands at Charlotte Amalie,  
St. Thomas, this 5<sup>th</sup> day of March,  
A.D., 2005.

*Charles W. Turnbull*  
Charles W. Turnbull  
Governor