On June 24, 2015, the Commission on Federal, Political and Economic Relations ("Commission") of the House of Representatives introduced the Senate Bill 340 titled *Law to Improve the Study, Development and Investigation of Cannabis to Innovate the Applicable Norms and Limits* ("Medicinal Law") with the purpose of creating a legal framework in Puerto Rico to allow people with certain medical conditions to be treated with medicinal cannabis. The Medicinal Law reaffirms the prohibition of marijuana for recreational use, sets forth the allowed medicinal and research uses of cannabis in conformity with federal regulations, and establishes a Regulatory Board of Medicinal Cannabis ("Board"), among others.

Specifically, the Medicinal Law provides that research regarding the health benefits of medical cannabis is authorized and encouraged, thus urging Puerto Rico to be a pioneer in the research and development of cannabis-derived drugs. Additionally, the law reaffirms the prohibition on recreational use and public consumption of cannabis. The law also adds several definitions to Article 2 including: Industrial Hemp, Advisory Bodies, Medical Advisory Body, Licensed Pharmacist, Flower, Identification of Companion, Occupational Identification, Research License, Medical Practitioner Licensed, Private Places, Authorized Doctor, Bona Fide Medical-Patient Relationship, and Vaporizer.

Further, Article 4 of the Medicinal Law establishes that the Board will be part of the Department of Health, as opposed to an independent body. The Board will be composed of nine (9) members including: the Secretary of Health, The Secretary of Agriculture, the Secretary of the Department of Economic Development and Commerce, the Secretary of Treasury, the Secretary of the Department of Consumer Affairs, the Superintendent of the Police and three members appointed by the Governor. The Board will approve the regulation to implement the requirements established in the Medicinal Law. Once the Board approves the new regulation, the Secretary of the Department of Health will repeal Regulation No. 8766 of 2016 of the Department of Health ("Regulation No. 8766").

The powers of the Board are set forth in Article 5, and include the following:
- Constituting a Medical Advisory Body composed of the Secretary of Health, two physicians, a pharmacist, and a member of the academy with research experience,
- Prohibiting the Board from designating the ignition or combustion of cannabis as a method of administering the substance,
- Authorizing the vaporization of the flower to a patient diagnosed with a terminal illness or in cases where there are no other viable alternatives, and
- Authorizing appointment of advisory bodies to submit recommendations to the Board.

Moreover, Article 6 states that the use of cannabis in dispensaries should be completely banned, thus eliminating the exception that would allow dispensary employees with medical authorization to use cannabis. The law also prohibits the entry of minors under twenty-one years to dispensaries, and advertisements that may attract the attention of minors. Essentially, the promotion or any type of advertisement of a cannabis dispensary within a 100 meter radius of a public/private school and/or a Child Care Center is prohibited. Article 12 provides that the required identification must be renewed...
It would limit sale of the cannabis flower to patients diagnosed with a terminal illness or with no other viable treatment alternatives.

every year. Also, non-resident patients must physically show the identification of the appropriate jurisdiction to enter a dispensary.

Importantly, the Medicinal Law establishes that in order to obtain a license for cultivation, manufacturing, laboratory, transportation or dispensing, the licensee must own 60% worth of capital in Puerto Rico. Lastly, Article 17 of the Medicinal Law prohibits the importation of cannabis and cannabis seeds to Puerto Rico and requires local growers to establish a seed bank to sell to any new licensed growers. Also, Article 17 establishes that cannabis industry funds may be deposited in a Savings and Loan Association of Puerto Rico certified by COSSEC, or in a financial institution not regulated by the Federal Deposit Insurance Corporation (as long as it complies with all applicable laws and regulations).

The Medicinal Law is pending approval from the Governor of Puerto Rico.

Note: Because of the general nature and informative purpose of this alert, nothing herein should be considered as legal advice or a legal opinion or that it establishes in any way whatsoever an attorney-client relation or engagement for legal services with any reader. In addition, there are relevant issues as to the applicability and interaction of the Medicinal Law with federal and state laws in Puerto Rico which are not addressed in this alert.