Medicinal Cannabis Costa Rica

Executive summary

Responding to our constitution, which emphasizes the primary role of government promotion and enforcement of regulations regarding the above, will the Health Ministry, in charge of observing the implementation of that around the medicinal use of cannabis. The audit and the previous goal will be pursued and executed by a Costa Rican Institute of Cannabis Research, which have the nature of an autonomous government institution. Institute to work under the principles that the time demands: transparency on the use of open digital platform, for government oversight among citizens, ensuring efficiency and effectiveness in the implementation of its spending. Also, should this, monitor compliance with the standard requirements set by the Ministry of Health, under the supervision of the Costa Rican Social Security, aimed at safeguarding the information issued in consumer choice, be truthful and explanatory to the full exercise of their free choice.

For existing mechanisms for procurement of services by the state, it will be allowed to access a competition for the production that will supply the Costa Rican health system. The productive sector to participate in its distribution to the private sector, must compete for a patent offered by the ICIC, under a digital mechanism, with the only requirement to make an offer of production to 150 plants, which can increase according to the demand. In the public sector it will also be made to compete, more strongly directed at the entrepreneurial sector of small and medium enterprises under a system of incentives. Anyone wishing to access the purchase of any product cannabis must request their respective prescription, through the digital portal of ICIC, along with a prescription certified by the Costa Rican health system. This to deliver a card with which you can choose to purchase their medicine, which have the following classification granted by ICIC and can change according to technical criteria doctors health area: those considered milder (Headache, muscle, stress, depression, pain, between common - green), those where it is necessary to specify the exact condition and prescription dose (skin cancer, rheumatism, arthritis, to name a few - heavenly) and those in which requires a higher dose for their condition (AIDS, cancer, multiple sclerosis and epilepsy in its later stages, to name a few - orange).

The dispensaries, social clubs and laboratories, three other modalities to be opened to competition by private sector, in addition to their respective production handled. The first, a pharmaceutical, who will be on sale, following the fulfillment of the specific legislation, along the edge of dispensing up to 40 grams of cannabis per user per month. The second, social clubs, be social meeting places (where the sale and consumption of alcohol or snuff will be forbidden) where consumption among those who are registered in the digital portal, they will as before be allowed to fulfill the respective requirements. Finally laboratories, they will be responsible for producing the oil and layers of cannabis to be supplied to the population through dispensaries.
Creation of ICIC

Article 1. Purpose and scope.

The purpose of this Act is to establish the scope and mechanisms of regulation of the activities of planting, cultivation, harvesting, production, processing, storage, distribution, processing, marketing, transportation, sale, use and consumption of manufactured products derived from plants cannabis (cannabis indica, cannabis sativa and cannabis ruderalis), in accordance with custom, ranges, presentations and authorized by this law purposes.

They are subject to this Law and the Costa Rican jurisdiction, the individuals or legal entities, public or private, national or foreign, that produce, market, used or consumed medicines, foods and industrial materials from the cannabis plant originated, finished or transiting through the country and even those that can be exported.

Article 3. Fines

The purposes of this Act are:

a) Promote research into the medicinal uses, and food for cannabis plants duly authorized.

b) Encourage research and development of agribusiness cannabis and its many industrial applications in the country.

c) Cooperate with the reduction of drug use, illegal trade, drug trafficking and organized crime.

d) To educate the public about the health, environmental and socio-economic benefits of the industry linked to cannabis plants covered by this Act.

e) Create new jobs and wealth for the country.

f) Provide alternative medicinal treatments cannabinoids from the cannabis plant derivatives for treating various diseases.

g) To improve the quality of life and the family environment of patients suffering from diagnosed diseases treatable with medical cannabis.

h) Strengthening health tourism in the country through the provision of medical services using medicinal cannabis products for treatment, cure and prevention of diseases.
Article 5. Governmental Regulation

a) The Government shall assume the control and regulation of the activities of seed import, export, planting, cultivation, seed breeding, crop production, acquisition in whatever capacity, storage, marketing, distribution, use and consumption of cannabis for purposes therapeutic, medicinal, food and industrial, according to the parameters and authorized by this Act ranges, through the Institute created by this Act, which is given the legal mandate, in accordance with the provisions of this Act and its regulations.

b) The measures to control and regulation of medical cannabis and its derivatives which exceed or transgress the parameters and allowed ranges are excluded from this law and will be regulated in the manner and by the competent authorities in accordance with the Organic Law of the Ministry of Health, Law No. 5412, the General Health Law No. 5395 and the Law on Narcotics, Psychotropic Substances, Drugs of Unauthorized Use, Related Activities, Money Laundering and Financing of Terrorism Act No. 8204.

Article 7 allowed ranges

a) For the purposes of this Act, seeds and cannabis plants must have at least 0.05% (zero point zero five percent) of CBD and up to 32% (thirty two percent) of THC or Delta-9 Tetrahydrocannabinol to be considered approved for medicinal use.

b) The authorized medicinal use is based on cannabinoids and other active compounds with therapeutic effect.

c) For purposes of preparing extracts from cannabis, the active percentage in the plant of origin will not necessarily be the same for the final product, which will depend on the desired therapeutic effect. For this, the ICIC develop regulations for each therapeutic specialty.

d) Natural beneficial composition and non-psychoactive effects THCA limitations for containing the cannabis plant is established.

Article 9. Creation.

a) Create the Costa Rican Institute of Research Canábias (ICIC) as a part of the Ministry of Health with maximum concentration and instrumental legal personality to administer the funds, underwrite national or international contracts, cooperation agreements or transfer of resources, and - receive donations from public or private, national or foreign entities required to perform their duties in strict compliance with its material purpose and in accordance with this Law of its creation. Has jurisdiction throughout the national territory.
b) The ICIC will, responsible for conducting all investigations and the granting of licenses, certificates and permits for the use and marketing of cannabis plants, their uses and products authorized in this Act.

c) The Institute will administer its own funds through current accounts, strictly necessary, in any of the banks of the National Banking System; and it is authorized to borrow or trusts to finance their activities, in accordance with the provisions of the Financial Administration Act of the Republic and Public Budgets, No. 8131. All these activities will be subject to oversight and financial controls the corresponding internal audit, as well as other provisions that govern the matter.

CHAPTER IV
ENABLING OF TITLES

Article 25. Concessions

Concession for agricultural, industrial and commercial activities related to manufactured products derived from cannabis plants listed in Article 1 of this Act shall be granted. This concession entitle its holder for growing, gathering, harvesting, production, processing, transportation, distribution, marketing, sale and consumption of manufactured products derived from cannabis plants authorized in accordance with the uses and purposes provided in this Act. The concession was granted for an area of particular regional or national coverage, local, such so that the necessary and adequate production to ensure domestic demand, without excluding the possibility of exporting manufactured goods and derivatives of such plants.

Article 26 Concession proceedings

The grants will be awarded by the ICIC through tender procedure, in accordance with the Public Procurement Act and its regulations. It will also be the one to make the procedures for terminating the contract and the declaration of extinction and will establish all precautionary measures, including the provision of medicinal products derived from cannabis, if the contract is terminated or settled.

For a grant interested parties must demonstrate financial solvency, transparency in the origin of their capital, have a career and business philosophy consistent with the values and ethical principles of our country and comply with the provisions of the Law on narcotics, psychotropic substances, drugs of unauthorized use, related activities, money laundering and terrorism financing, Law No. 8402, of November 26, 2001.

ICIC made a call for expressions of interest to select natural and legal persons interested in obtaining a respective license to the fulfillment of the requirements stated in Law Research, Regulation and Control of plants Cannabis (Sativa, Indica and Ruderalis) for medicinal, food and industrial use.
In addition, bidders must agree to authorize and cover the expenses necessary to perform all kinds of research on the origin of their capital, including the lifting of bank veil at the request of ICIC, in accordance with the procedure laid down in Article 106b of the Law for compliance with the standard of fiscal transparency, Law No. 9068 of September 10, 2012, published on 28 September 2012. In the event that the funds do not have a verifiable legal source or are of dubious origin, will be sufficient cause to rule out the offer.

**Article 27 Conditions and types of licenses.**

I. There will be four categories of licenses (A, B, C and D) are available to allow a wider range of beneficiaries and improve socio-economic conditions of local entrepreneurs.

II. For purposes of state control, 100 licenses will be available to farmers throughout the country, this in order to avoid the creation of any kind of monopoly. However, the ICIC is authorized to, in the fact that the licensed production of cannabis is not sufficient because of the demand for drugs, increase the number of authorized licenses and production.

III. For purposes of state control, 100 licenses will be available to clinics around the country, this in order to avoid the creation of any kind of monopoly. However, the ICIC is authorized to increase the number of licenses.

IV. For purposes of state control, 100 licenses are available for social clubs across the country, this in order to avoid the creation of any kind of monopoly. However, the ICIC is authorized to increase the number of licenses.

V. For purposes of state control, will be available 5 licenses of laboratories across the country, this in order to avoid the creation of any kind of monopoly.

VI. Each applicant and its employees shall comply with background checks established by ICIC.

VII. ICIC define specific areas of the country and the appropriate minimum size for each type of license.

VIII. A license is allowed only by natural or legal person. No license owner may assign to another the same.

IX. All licenses are subject to the rules and regulations established by ICIC.

X. All licenses are obliged to sell to the ICIC’s entire stock of raw or manufactured cannabis for medicinal purposes in case of shortage to supply the public health system at the price established in this Act, to meet the demand for drugs agreed the CCSS and presentations authorized. The ICIC, in coordination with the CCSS shall identify and maintain an inventory of medicines to meet the demand of patients who come to the CCSS to receive alternative treatments regulated by this Law.
Article 28. Categories of Licenses

The awards will be divided and classified into four categories.

A) Category A

Growers licenses:

I. 100 licenses for growers of medicinal cannabis is granted, each license shall be authorized to plant 150 plants.

II. The cost of each grant available for this category is US $ 100,000.00 (one hundred thousand US dollars) or its equivalent in colones. The concession period will be four years, renewable at the end of each period for the same period upon payment of the corresponding amount.

III. This license allows the grower to have a grower's license in their own facilities the cost of which would be included in the fare paid.

IV. A grower for this category is able to produce up to 150 plants of medicinal cannabis to supply the private sector with the farming system under controlled environment, with facilities for the emissions may not exceed thousand square meters, in accordance with the provisions regulations established in this Act and the regulations that must issue the ICIC. The production is subject to the demand of medicinal cannabis in the private sector.

V. Ensure under cannabis production quality standards to optimize the effect of medicinal cannabis, to be provided by the dispensaries and clinics.

VI. Send samples of cannabis produced by ICIC for by the national laboratory certifying that cannabis meets the optimal levels of THC and CBD in order to be distributed as a medicine in the private sector through clinics.

B) Category B

Dispensary licenses:

I. The cost of each license will be US $ 100,000.00 (US dollars) or its equivalent in colones.

II. Each license shall be valid for four years, renewable for the same period and must be renewed before the end of the previous period upon payment of the amount involved.

III. There will be 100 licenses to dispensaries across the country. This based on an average of 140,000 market, in which each business has the potential of 1400 patients.

IV. Each applicant must meet a criminal background check established by ICIC.
V. Licensees may establish their business anywhere in the country. (Theme distances to schools was removed on the recommendation of PANI, observation and other technical services).

VI. A license is allowed only by natural or legal person.

VII. All licenses are subject to the rules and regulations established by ICIC.

VIII. Each license enables to sell the fruit and manufactured products derived from cannabis plants for medicinal and food use.

C) Category C

Social Clubs licenses:

I. 100 licenses are granted for social clubs, these are the places where anyone with his identification card may be associated or to have a membership to access these clubs.

II. The cost of each license available for this category is $100,000.00 US (One hundred thousand US dollars) or its equivalent in colones, valid for a period of four years and may be renewed at the end of each period for a similar period and payment of the corresponding amount.

III. A requirement for the licensing of this category is to ensure that their members have their respective license, in accordance with the regulatory provisions of this Act and the regulations that must issue the ICIC. The production is subject to the requirements of ICIC.

IV. The license in this category may not have a laboratory, plant or sell medical products.

D) D) Category D

Licenses Laboratory

I. Laboratory 5 licenses were granted, they will be responsible for producing the oil and layers of cannabis to be supplied to the population through clinics.

II. The cost of each license available for this category is $100,000.00 US (One hundred thousand US dollars) or its equivalent in colones, valid for a period of four years and may be renewed at the end of each period for a similar period and payment of the corresponding amount.

III. A requirement for licenses in this category is, produce oils and other extracts of medicinal cannabis, in accordance with the regulatory provisions of this Act and the regulations that must issue the ICIC. The production is subject to the requirements of ICIC.
IV, licenses this category can not grow for sell or exercise some business mode like dispensaries.

**Article 29- Poster Contest**

The poster contest shall establish at least the following:

a) The date, time and place for submission of tenders and the requirements that must be met by suppliers and other records to be delivered.

b) The types of activities under a license, use patterns and coverage area.

c) The obligations of each license under each licensed activity, as appropriate.

d) The deadlines for consultations and clarifications to the poster.

e) The amount of the annual fee and the financial, technical and legal requirements that are valued in the qualification of tenders and the methodology used.

f) The term of the license.

g) The conditions and timing of payment of the consideration, as appropriate.

h) Guarantees of participation and compliance available to the ICIC.

i) Fines and penalties for breach of the concession agreement.

j) The draft contract to be signed with the dealer.

**Article 31. Submission of tenders**

Tenders must be submitted to the ICIC, in accordance with the terms of the cartel. The presentation of the offer involves the complete submission of the offeror, both Costa Rican law and the general rules and particular contest.

**Article 32. Selection and award Dealer**

The licensee will be selected from among the bids according to the rules of the cartel and according to the system set out in the contest.

Eligible offers will be evaluated by the ICIC, which will have to decide whether or not to award.

The award agreement shall be published in the Official Gaceta within ten (10) business days.
Article 33. Appeal of award

Against the award process may be appealed, within the publication of the agreement in the Official Gaceta ten working days. The appeal, duly substantiated, shall be submitted to the Comptroller General of the Republic.

You may lodge an appeal any party with a legitimate, current, own and direct interest. It shall also be entitled to appeal who submitted offer, by any representation on behalf of third parties.

The appeal must be resolved within forty working days of the initial order of removal. This period may be extended by a reasoned decision up to twenty working days in very special cases, when you need to collect especially important to solve the resource expert evidence, and that complexity can not be rendered within the normal period for withdrawal.

The reallocation also may be challenged when the causes of discontent have emerged of the subject based the award process.

The final resolution or order to put an end to the resource will be exhausted administrative remedies. Within three after the communication business days, the applicant may challenge the final act without suspensive effect in accordance with the provisions of the administrative law.

If the contract whose award is challenged has been served or is currently being implemented, the judgment favorable to plaintiff may only recognize the damages caused.

Article 34. Contract award

Sign the award process, and having the agreement to authorize the Board of Directors of ICIC, the executive director of the institution will sign the respective dealer contract, which shall specify the conditions and obligations that the licensee shall, in accordance with this Act, the regulations, the rules of the competition, supply and award process. The contract must be approved by the Comptroller General of the Republic.

CHAPTER V

RECORDS

Article 39. Registration of drugs.

For registration of cannabis-based medicines apply the provisions of the General Health Law, Law No. 5395. It is indispensable technical-scientific compliance with CBD and THC ranges specified in this Act testing.
TITLE V
TAX
CHAPTER I
CREATION OF CANNABIS TAX

Article 48. Creation of cannabis tax.

A tax on profits of enterprises and individuals to develop lucrative activities associated with each of the regulated by this law established licenses and permits.

Article 50. Tax Rate

A flat tax of 20% on all licenses and permits, excluding collection at the same rate imposed on taxable income contained in Article 15 of the Law on Income Tax, Law No. 7092 was applied.