



GOBIERNO DE PUERTO RICO
DEPARTAMENTO DE AGRICULTURA
OFICINA PARA EL LICENCIAMIENTO E INSPECCIÓN DEL
CÁÑAMO DE PUERTO RICO (OLIC)



Puerto Rico

Department of Agriculture

Hemp Program

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II. ***Introduction:***

1. Written records throughout history show that humans have used Hemp in an industrial manner since the earliest of civilizations. More than 30,000 Hemp derived products can be made from this plant such as: clothing, food, furniture, nutritional oils, soap, shampoo, insulating bags, paints and varnishes, fuels, lubricants, geotextiles that prevent erosion, paper, high resistance ropes, car parts, food, forage for animals, material for housing construction and bioplastics, among others. Its seeds have medical and cosmetic applications. They contain Omega 3 and Omega 6 acids and are considered the plant-based food with one of the highest values of protein and essential fatty acids with up to thirty four (34%) of the same. It is considered one of the most complete plant-based foods.
2. Due to the island's privileged geographical position in a tropical region, Hemp could be grown and harvested in Puerto Rico up to three (3) times a year, unlike the world's largest producers that can currently only grow and harvest outdoors once or twice in a year.
3. The Department of Agriculture of Puerto Rico and the Department of Development and Commerce of Puerto Rico offer some of the most extensive and attractive incentives for growers and manufacturers in the United States.
4. Puerto Rico's vast agricultural and manufacturing experience, complemented by its existing agricultural and manufacturing infrastructure, provide it with the unique opportunity to position itself as the spearhead of the Hemp industry, and continue to be defined as the connector of the Americas.
5. During the year 2017, the Department of Agriculture of Puerto Rico began taking steps to develop and implement the Hemp Research Pilot Projects Program ("LPPIC" for its Spanish abbreviation) initiative, using the Agricultural Improvement Act of 2014¹, better as "Farm Bill 2014", as its legal framework.

¹ Agriculture Improvement Act of 2014 (P.L. 113-79)(Farm Bill 2014) (available at: https://d0707782-c346-41dc-b866-9320e3ea38c4.filesusr.com/ugd/54671d_7013bc65d9fd4ff2a8fb272bdc68d3bb.pdf) (last visited: April 1, 2020)

6. On December 28, 2018, eight days after the signing of the Agricultural Improvement Act of 2018² better known as the “Farm Bill 2018”, the Department of Agriculture of Puerto Rico created the Puerto Rico Hemp Licensing and Inspection Office (“OLIC” for its Spanish abbreviation) via Administrative Order OA-2018-29.³ The OLIC’s mission is the creation, development, promotion, and enforcement of the Hemp industry in Puerto Rico.
7. On February 12 of 2019, the Governor of Puerto Rico signed Executive Order OE-2019-006⁴, which ordered the following:

“TO CREATE THE COMMITTEE TO ATTEND THE DEVELOPMENT OF HEMP IN ACCORDANCE WITH THE FEDERAL AGRICULTURAL LAW OR “FARM BILL 2018 ”

This Committee, consisting of the Secretary of the Department of Public Security, the Secretary of the Department of Economic Development and Commerce, and chaired by the Secretary of Agriculture of Puerto Rico, has among its functions the provision of advice to the Governor of Puerto Rico regarding the creation and implementation of public policy related to Hemp growth and manufacture in Puerto Rico.

8. On July 1 of 2019, the Department of Agriculture of Puerto Rico issued Administrative Order OA-2019-16⁵ which reads as follows:

² Agriculture Improvement Act 2018 (P.L. 115-334) (Farm Bill 2018) (available at: https://d0707782-c346-41dc-b866-9320e3ea38c4.filesusr.com/ugd/54671d_18bf02817c654a1baa2376719b0af4ca.pdf) (last visited: April 1, 2020)

³ Puerto Rico. Department of Agriculture. (2018) *Para Crear en el Departamento de Agricultura la Oficina para el Licenciamiento e Inspección del Cáñamo de Puerto Rico, (OLIC) (OA-2018-29)* (available at: https://d0707782-c346-41dc-b866-9320e3ea38c4.filesusr.com/ugd/54671d_34c1b7f5cd2a42a380b06fcc48bdb442.pdf) (last visited: April 1, 2020)

⁴ Executive order from the Governor of Puerto Rico, Hon. Ricardo A. Rosselló Nevares. (2019). *Para Crear el Comité para Atender el Desarrollo del Cáñamo Conforme la Ley Agrícola Federal o “Farm Bill 2018” (OE-2019-006)* (available at: https://d0707782-c346-41dc-b866-9320e3ea38c4.filesusr.com/ugd/54671d_4987194aa1164ce8a0c0a608ce745654.pdf) (last visited: April 1, 2020)

⁵ Puerto Rico. Department of Agriculture. (2019) *Para Ordenar a la Oficina para el Licenciamiento e Inspección del Cáñamo de Puerto Rico (OLIC) la Creación, Implementación y Fiscalización de Licencias para Proyectos Piloto de Investigación del Cáñamo (LPPIC) (OA-2019-16)* (available at: https://d0707782-c346-41dc-b866-9320e3ea38c4.filesusr.com/ugd/54671d_0c954095a3994753a267b1e5ddcc89cb.pdf) (last visited: April 1, 2020)

“TO ORDER THE PUERTO RICO HEMP LICENSING AND INSPECTION OFFICE (OLIC) THE CREATION, IMPLEMENTATION AND AUDIT OF HEMP RESEARCH PILOT PROJECTS (LPPIC)”

As a result of the OLIC’s efforts, on July 1, 2019, the Secretary of Agriculture of Puerto Rico signed guidelines entitled “Licenses for Hemp Research Pilot Projects (LPPIC)”, which describes the creation, implementation, and oversight of the Hemp program for Puerto Rico.

9. On October 31, 2019, the United States Department of Agricultura (USDA), through the Agricultural Marketing Service (AMS), issued the interim final rules to establish a domestic program for the production of Hemp:

“Interim final rule with request for comments for the Establishment of a Domestic Hemp Production Program, 7 CFR Part 990 (Federal Register/Vol. 84, No. 211/Thursday, October 31, 2019/Rules and Regulations, pg. 58523 to 58563)”⁶

10. By March 1, 2020, the Puerto Rico Department of Agriculture, through the OLIC, had granted sixty five (65) Cultivation Licenses and thirteen (13) Manufacturing Licenses under the Hemp Research Pilot Projects program. The DA and the OLIC estimates that approximately 10,000 acres (“cuerdas”) can be planted and cultivated throughout the island once this State Plan is approved by the United States Department of Agricultura (USDA).
11. In compliance with the Farm Bill 2018 and the USDA-AMS interim final rules to establish a domestic Hemp production program, the DA and the OLIC therefore and hereby present the Puerto Rico State Plan entitled, Puerto Rico Department of Agricultura Hemp Program (PRDAHP) for review and approval by the Secretary of Agricultura of the United States, in order to obtain primary regulatory authority over the establishment of commercial Hemp production in the territory.

⁶ Available at: <https://www.govinfo.gov/content/pkg/FR-2019-10-31/pdf/2019-23749.pdf> (last visited: April 1, 2020)

III. **Definitions:**

1. **Acceptable Hemp THC Level:** when the application of the the measurement of uncertainty to the reported delta-9 tetrahydrocannabinol content concentration level on a dray weight basis produces a distribution or rage that includes 0.3% or less.
2. **Agricultural Business Development Administration (ADEA for its Spanish abbreviation):** public corporation of the DA. The Agricultural Regions and the OLIC are constituted as dependencies of ADEA.
3. **Agricultural Insurance Corporation (CCA for its Spanish abbreviation):** public corporation of the DA that is a co-insurer of the Federal Crop Insurance Corporation and is the only entity in Puerto Rico that offers crop insurance to farmers.
4. **Agricultural Region:** the seventy eight (78) municipalities of Puerto Rico are organized into eight (8) geographic Agricultural Regions for DA purposes. These are located in the municipalities of: Caguas, Ponce, San Germán, Mayagüez, Arecibo, Lares, Naranjito and Utuado. Each of them are administrated by Regional Directors that have the responsibility of approving incentives, such as the Bonafide Farmer Certification, for farmers in municipalities belonging to their Agricultural Region.
5. **Agrocomercial Integrity Auxiliary Secretary (SAIA for its Spanish abbreviation):** DA inspection and regulation office. The Agrological Laboratory and the Plant Health Office are part of the DA-SAIA.
6. **Agrological Laboratory:** DA laboratory with the ability to conduct THC concentration tests in compliance with the Farm Bill 2018, USDA regulations, and PRDAHP. It will be the regulatory laboratory for industry samples.
7. **Applicant:** legal person or entity that submitted an application for a Hemp license to the OLIC in compliance with the PRDAHP.

8. ***Annual or Annually:*** for the purpose of licensee reporting deadlines means by every 31st of January, for the calendar year that ended on the preceding December 31st.
9. ***Bonafide Farmer Certificate:*** certification issued by the DA through its Regional Directors which allows a legal person or entity that generates fifty one percent (51%) or more of its income from the agricultural sector, to participate in aid and incentives programs offered by the DA and its dependencies. Agricultural operations of individual or legal entities that obtain a Bonafide Farmer Certificate will have, among other benefits, a ninety percent (90%) tax exemption.
10. ***Canabidiol (CBD):*** one of the Cannabinoids present in cannabis, which is generally the main component in Hemp varieties.
11. ***Cannabinoids:*** organic chemical compounds present in various plants or fruits but only in large quantities in the cannabis plant. There are one hundred and thirteen (113) currently identified Cannabinoids, mostly present in the Hemp flower.
12. ***Cultivation License:*** a license granted by OLIC which allows the holder to possess, germinate, grow, propagate, cultivate, dry, store, sell and export Hemp in Puerto Rico.
13. ***Decarboxylated:*** completion of a chemical reaction that converts THC acid to delta-9-THC, the psychoactive component of cannabis.
14. ***Delta-9-Tetrahydrocannabinol (THC):*** one of the Cannabinoids present in cannabis, known to be responsible for its psychoactive effects.
15. ***Department of Agriculture of Puerto Rico (DA):*** state agency with the power of law to enact rules and regulations, and regulate, promote, incentivize, and train the Agricultural Sector in Puerto Rico.

16. **Hemp:** the plant *Cannabis sativa* L. and all derivatives, extracts, Cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3% on a dry weight basis.
17. **Hemp Research Pilot Project Licenses (LPPIC for its Spanish abbreviation):** OLIC program that grants Licenses for Cultivation and Manufacturing of Hemp for experimental purposes.
18. **Innovation Fund for Agricultural Development (FIDA for its Spanish abbreviation):** dependency of the ATPR responsible for coordinating the "Next Level" courses. FIDA also offers financing, loan guarantees, resources for training and promotion of agricultural products.
19. **Key Participant(s):** a person or persons who have a direct or indirect financial interest in the entity producing hemp, such as an individual owner or partner in a partnership. A key participant also includes persons in a corporate entity at executive levels including chief executive officer, chief operating officer and chief financial officer. This does not include other management positions like farm, field or shift managers.
20. **Laboratory License:** license granted by the OLIC that allows a private laboratory to carry out different tests on samples of Hemp and its derived products according to the Farm Bill 2018 and the PRDAHP.
21. **Land Authority of Puerto Rico (ATPR for its Spanish abbreviation):** public corporation of the DA which owns and rents land for the development of agricultural projects.
22. **License for the Importation and Distribution of Hemp Products for Consumption:** a license granted by OLIC which allows the importation and/or distribution of derived products for human and/or animal consumption, including those containing CBD in any of its forms.

23. ***Manufacturing License***: license granted by the OLIC which allows the purchasing, processing, creation, sale and exportation of Hemp derived products in Puerto Rico.
24. ***Medicinal Cannabis***: the *Cannabis sativa* L. plant and any part of it that is produced under the Department of Health Medicinal Cannabis Program of Puerto Rico.
25. ***OLIC Inspectors (IO for its Spanish abbreviation)***: personnel assigned to the OLIC in order to inspect and ensure compliance with all the laws and regulations of the Hemp industry in Puerto Rico.
26. ***Phytosanitary Permit***: document that evidences the inspection of seeds by the regulatory entity of the jurisdiction from which seeds are imported.
27. ***Plant Health Office***: office that grants Special Hemp Seed Importation Permits for Hemp seeds.
28. ***Puerto Rico Department of Agriculture Hemp Program (PRDAHP)***: program implemented and supervised by the DA's OLIC for the regulation of the Hemp industry in Puerto Rico.
29. ***Puerto Rico Hemp Licensing and Inspection Office (OLIC for its Spanish abbreviation)***: DA office that regulates and oversees all aspects of the Hemp industry in Puerto Rico.
30. ***Quarterly***: for the purpose of licensee reporting deadlines means each quarter (every three months) of the calendar year.
31. ***Research License***: license granted by the OLIC that allows research into Hemp and Hemp derived products.

32. **Secretary:** Secretary of Agriculture of Puerto Rico.
33. **Seed Distributor License:** a license granted by the OLIC that allows the importation, distribution, and sale of Hemp seeds in Puerto Rico, as well as the export of Hemp seeds from Puerto Rico.
34. **Special Hemp Seed Importation Permit:** special permit that allows the importation of Hemp seeds into Puerto Rico.
35. **United States Department of Agriculture (USDA):** is the federal executive department responsible for developing and executing federal laws related to farming, forestry, rural economic development, and food production in the Unites States.

IV. **Content:**

1. **Legal Backgrounds:**

A. **Agriculture Improvement Act of 2014 (P.L. 113-79) (Farm Bill 2014):**

Defines the term industrial Hemp and provides legal authority for pilot Hemp agricultural programs. Furthermore, it sets forth the requirements to establish such programs in the states and authorizes the Departments of Agriculture of the states and territories to promulgate rules and regulations to carry them out.

B. **Agriculture Improvement Act 2018 (P.L. 115-334) (Farm Bill 2018):**

Farm Bill 2018 amends the Controlled Substances Act, 21 U.S.C. §801, *et seq.*, removing Hemp from the term "marijuana". The term "Hemp" is defined in Farm Bill 2018 as the *Cannabis sativa* L. plant and any of its parts, including the seeds and all its derivatives, extracts, Cannabinoids, isomers, acids, salts, and salts of isomers, growing

or not, with a delta-9-tetrahydrocannabinol concentration not higher than 0.3% in its dry state. Hemp is legal as long as it has a concentration of 0.3% THC in its dry state and complies with this law.

In addition, Farm Bill 2018 stipulates that the Departments of Agriculture will have primary authority over the Hemp industry in their respective states and territories. In order for a state or territory's Department of Agriculture to obtain primary authority over the Hemp industry, it must submit to the USDA Secretary of Agriculture, through USDA-AMS, a State Plan in accordance to which the state or territory shall monitor and regulate that production.

A State Plan shall include practices for maintaining relevant information on the land on which Hemp is produced in the state or territory, including a legal tenure of the land, for a period of not less than three (3) calendar years. It shall also include a procedure for the test, using the post-decarboxylation method or other similar reliable methods, of the concentration levels of Hemp delta-9-tetrahydrocannabinol produced in the state or territory. A procedure for the effective elimination of products that are produced in violation of this law and a procedure to comply with the execution of this law must also be established. Also, it may include any other practice or procedure established by a state to the extent that the practice or procedure is consistent with this law. After submitting the State Plan, the USDA will have sixty (60) days to approve, disapprove or request amendments to it.

C. Federal Insecticide, Fungicide, and Rodenticide Act of 1947 (FIFRA) (7 U.S.C. § 136, *et seq.*):⁷

Federal law administrated by the “Environmental Protection Agency” (EPA) that regulates all aspects related to the registration, management and use of pesticides in the United States in order to protect public health and the environment from the adverse effects of pesticides.

⁷ Available at: <http://www.agriculture.senate.gov/imo/media/doc/FIFRA.pdf> (last visited: April 1, 2020)

D. Interim Final Rule with Request for Comments for the Establishment of a Domestic Hemp Production Program, 7 CFR Part 990:

Provides the regulatory framework for establishing a domestic Hemp production program in the states and territories of the United States. In addition, it provides supplementary information such as regulatory impact analysis, benefits and costs of hemp production, projected growth in gross revenues, among others.

E. Puerto Rico Pesticide Act, Act Num. 49 of July 10, 1953 (5 L.P.R.A. § 1001 et seq):

Puerto Rico state law administrated by the DA that regulates all aspects related to the registration, management and use of pesticides in order to protect public health and the environment from the adverse effects of pesticides.

F. Administrative Order 2018-29, TO CREATE THE PUERTO RICO HEMP LICENSING AND INSPECTION OFFICE (OLIC) WITHIN THE DEPARTMENT OF AGRICULTURE:

This Administrative Order issued by the DA on December 28, 2018, creates the OLIC, which is the DA office responsible for providing oversight for Hemp growing and manufacturing operations, including the granting of licenses and performance of inspections. The OLIC is located in the central office of the DA.

G. Executive Order OE-2019-006, TO CREATE THE COMMITTEE TO ADRESS THE DEVELOPMENT OF HEMP IN COMPLIANCE WITH THE FEDERAL AGRICULTURE ACT OR FARM BILL 2018:

This Executive Order creates a committee, chaired by the Secretary, that evaluates and presents recommendations to the Governor of Puerto Rico regarding the development of the Hemp industry in Puerto Rico.

H. Administrative Order 2019-16, TO ORDER OLIC TO CREATE, IMPLEMENT, AND FISCALIZE HEMP RESEARCH PILOT PROJECT LICENSES (“LPPIC” for its Spanish abbreviation):

Through this administrative order and previous legal provisions, the OLIC is authorized to create the Hemp Research Pilot Projects Program. By March 1, 2020, the DA and OLIC had issued sixty five (65) Cultivation Licenses and thirteen (13) Manufacturing Licenses.

2. Puerto Rico Department of Agricultura Hemp Program (PRDAHP):

A. General Provisions:

- i. Any person or legal entity interested in participating in Puerto Rico’s Hemp industry must comply with all the requirements set forth in this document.
- ii. The PRDAHP does not condone or permit interference with interstate Hemp trade.
- iii. A licensee that negligently violates this State Plan three (3) times in five (5) years may not participate in the PRDAHP for a period of five (5) years beginning from the date of the third violation.
- iv. If the OLIC determines that a Hemp producer of the PRDAHP has violated the State Plan with a culpable mental state greater than negligence, it will be immediately reported to the Head of the Puerto Rico Police Department as indicated in Section 297B, (D), (3), (ii), of the Farm Bill 2018.
- v. Federal law authorizes the DA to appropriate necessary amounts of Hemp or its derived products for the purpose of ensuring compliance with the PRDAHP.

- vi. Hemp batches that do not meet the Acceptable Hemp THC Level of 0.3% THC concentration in their dry state will have to be destroyed in accordance with DEA regulations, 21 CFR 1317.15 or any other reliable method accepted by the OLIC and the public security agencies of Puerto Rico.
- vii. An Applicant whose Key Participant has been or is convicted of a crime related to the federal or state Controlled Substances Act may not participate in the PRDAHP for a period of ten (10) years after the conviction. An exception applies to a person who was lawfully growing hemp under the 2014 Farm Bill and the conviction occurred before December 20, 2018.
- viii. Submitting any falsified document will be sufficient reason for the Applicant to be ineligible for the PRDAHP. In the case of a licensee, this action may result in the immediate revocation of the license and individuals or legal entities and their authorized representatives may not participate in the PRDAHP.
- ix. In the event that information provided in the license application including acreage (“cuerdaje”) location of crops or contact information, among others, requires modification or ceases to be correct, an Applicant or licensee must immediately notify OLIC in order to amend the information. Said notification must be made in writing through an explanatory letter signed by the Applicant, licensee, or an authorized representative delivered to the following email address: olicpr@agricultura.pr.gov.
- x. In the case of a Cultivation and Manufacturing License holders, making changes to the legal tenure (ownership or lease) of the land will have a fee of \$500.00.
- xi. The importation of vegetative Hemp material, including clones, is prohibited for phytosanitary reasons, except for those instances allowed under the law, regulations, protocols and /or phytosanitary procedures established by the DA-SAIA.

- xii. In the case of Hemp products imported for consumption, the origin and percentage of THC concentration, which shall be 0.3% or less, must be indicated.
- xiii. Once registered with the DEA, the OLIC may use the DA's Agrological Laboratory to perform required testing of Hemp plants and Hemp derived products. The Agrological Laboratory may also be used to corroborate the results of laboratory tests performed by licensed private laboratories. In the event of a discrepancy between results, the Agrological Laboratory's results shall be presumed accurate.
- xiv. Samples shall be performed by an IO and will be submitted by the IO to the authorized laboratory chosen by the licensee and/or the Agrological Laboratory as determined by the OLIC. The OLIC shall also determine the tests to be carried out according to the type of product.
- xv. OLIC reserves the right to re-submit samples taken to a private authorized laboratory to the Agrological Laboratory. OLIC will promptly report the results of the laboratory tests to the license holders via email or registered letter.
- xvi. PRDAHP licenses do not empower licensees to import seeds or grow, germinate, handle, cultivate, process, or sell plants or products derived from Medicinal Cannabis.
- xvii. Every holder of a cultivation and / or manufacturing LPPIC will have to coordinate with the OLIC the transition to a new PRDAHP cultivation license, in the case of cultivation, and / or manufacturing, in the case of manufacture, or investigation after the approval of the State Plan by USDA-AMS and the Secretary of Agriculture of the United States.
- xviii. Hemp cultivation is not allowed in public or private schools in Puerto Rico.

- xix. The OLIC may adjust the cost of licenses and amount of fines with a written authorization from the Secretary.

B. *Information that the OLIC will Collect, Maintain and Report to the USDA:*

- i. Contact information of all PRDAHP participants:
- a) Full name of the individual or legal entity. In the case of a legal entity, the full name of the person authorized to represent the legal entity via corporate resolution or other legally binding document must also be provided
 - b) Phone number
 - c) Email address
 - d) Legal Entity's Employer Identification Number (EIN)
 - e) The residential and postal address of the locality authorized under the PRDAHP licenses
 - f) Global Positioning System (GPS) location of each lot or structure where the Hemp will be produced
 - g) Number of acres ("cuerdas") or square feet that will be used for Hemp cultivation
 - h) PRDAHP license number granted by OLIC
- ii. Legal tenure of the land, greenhouses, or square feet dedicated to Hemp production.
- iii. The status and identification number of each license granted by the OLIC under the PRDAHP.
- iv. Reports required by OLIC from licensees.
- v. The information in this subsection (B) will be reported by the OLIC to the USDA through a report in compliance with USDA-AMS Interim Final Rules for the Establishment of a Domestic Hemp Production Program, 7 CFR 990.

- vi. The OLIC will maintain files of the information in this subsection (B) for a period of three (3) calendar years.

C. Licenses:

i. Requirements and Procedures to Obtain a Cultivation License:

- a) A Cultivation License granted by the OLIC permits the possession, germination, growing, propagation, cultivation, drying, storage, sale and exportation of Hemp in Puerto Rico. It also allows the sale, distribution and export of viable seeds for sowing so long as it complies with applicable laws and regulations.
- b) Any person or legal entity wishing to obtain a Cultivation License must fill out the application and pay the cost thereof. If the Applicant is a legal entity, the application must include both the name of the legal entity and the full name of the person authorized to represent the legal entity via corporate resolution or other legally binding document. The application must be signed by the individual Applicant or, in the event of a legal entity, the legal entity's authorized representative.
- c) The application will have a cost of fifty dollars (\$50.00), and will be available electronically on the DA's website, <https://www.agricultura.pr/olicpr>, or physically at the OLIC. The renewal application will have no cost.
- d) Photo identification (ID) of the Applicant must be provided. If the Applicant is a legal entity, ID of its authorized representative must be provided.
- e) All Applicants must submit the following government documents:

- 1) Copy of the Merchant Register issued by the Puerto Rico Treasury Department
 - 2) Negative Debt Certification issued by the Puerto Rico Department of Treasury
 - 3) The Key Participant must provide a fingerprint based Criminal Background Check issued by the Federal Bureau of Investigations (FBI)
 - 4) Negative Certificate of Criminal Record issued by the state or territory in which the Key Participant or its legal representative resides
- f) If the Applicant is a legal entity, the following documents must also be provided:
- 1) Certificate of Good Standing issued by the Puerto Rico State Department
 - 2) Corporate Resolution or applicable equivalent authorizing a representative to act on behalf of the legal entity
- g) Applications must include documentary evidence of the legal possession (ownership or lease) of the land and/or structures where Hemp is going to be produced. If the Applicant is a legal entity, the documents evidencing legal possession must be in the name of said legal entity. Legal entities that provide evidence of legal possession in the name of an individual rather than the Applicant legal entity will not be accepted.
- h) A diagram of the land or structure where Hemp will be produced is required. The diagram must be in a digital format and electronically present the coordinates or GPS location of the terrain and/or structures.
- i) A Cultivation License may be issued to Applicants whose land and/or structures are leased from the ATPR. The ATPR provides agricultural land lease contracts for any eligible agricultural activity in Puerto Rico, including

the production of Hemp and Hemp derived products. Further information is available at ATPR offices.

- j) A Bonafide Farmer Certificate issued by the DA Regional Director for the municipality where the land, structure or property where the Hemp will be produced is located. Further information is available at each of the DA’s Agricultural Regions.
- k) In substitution of the Bonafide Farmer Certificate, the Applicant may also present a certificate of completion of the course entitled Next Level coordinated by the DA’s FIDA.
- l) In substitution of the Bonafide Farmer Certificate or Next Level certificate, a certificate of completion of the Farm Administration Program (“PAF” for its Spanish abbreviation) offered by the Agricultural Extension Service (“SEA” for its Spanish abbreviation) of the University of Puerto Rico, Mayagüez University Campus, shall also be accepted. Further information is available at each of the five (5) SEA regions.
- m) The Next Level and PAF courses, or other certifications that the DA may in time determine fulfill this requirement, must have been completed from the year 2019 onwards to be accepted as a replacement for the Bonafide Farmer Certificate.
- n) The annual costs of a Cultivation License will be as follows:

Acres (“cuerdas”) for Outdoor Production	Annual Cost
1 to 3	\$500.00

4 to 25	\$1,500.00
26 or more	\$4,000.00
Square feet (<i>ft</i> ²) for Indoor Production	
1,000 or less	\$500.00
1,001 to 4,000	\$1,500.00
4,000 or more	\$3,000.00
Acres (“cuerdas”) for Outdoor Production (Producer that will only produce seeds)	
1 to 10	\$500.00
11 to 25	\$ 1,500.00
26 o more	\$ 3,000.00

- o) Payment of the license may be made electronically on the DA webpage, under the OLIC tab, or via check in the finance division of ADEA, located in the DA at Ave. Fernández Juncos in Santurce, Puerto Rico. The check must be issued in the name of ADEA, and the check description must indicate: OLIC - Puerto Rico Hemp License.
- p) If the Applicant wishes to grow Hemp on more than one (1) land, structure or facility and these are not under the same legal tenure or lease, the Applicant

will have to apply and pay a Cultivation License for each land, structure, or facility tenure or lease.

- q) Any person or legal entity that obtains a Cultivation License and wishes to import Hemp seed into Puerto Rico must visit the Plant Health Office ascribed to the DA-SAIA to obtain a Special Hemp Seed Importation Permit.
- r) Only when obtaining the Cultivation License and the Special Hemp Seed Importation Permit can Hemp seed be imported into Puerto Rico. The seeds must arrive with a Phytosanitary Permit and laboratory tests that certify that the mother plants (or seed donors) were Hemp, with a concentration of 0.3% THC or less. The seeds must arrive at the OLIC's physical address, as further detailed in section (IV)(2)(D)(iii). Further information is available at the DA-SAIA office.
- s) Each farm, structure, or facility with Cultivation License must have a visible sign, 3'x 3', indicating the following in Spanish:
 - 1) Hemp farm approved by the DA and OLIC ("Finca de Cáñamo Aprobada por la DA y la OLIC")
 - 2) Does Not Contain THC ("No Contiene THC")
 - 3) No Psychoactive Effects ("No Causa Efecto Psicoactivo")
 - 4) License number ("Número de Licencia: XXXX-XX-XXXX")
 - 5) OLIC Phone Number ("Número de Teléfono OLIC: (787) 331-0737")
- t) Any person or legal entity that obtains a license under the PRDAHP must allow OLIC personnel access to its facilities. Said personnel shall have the duty to inspect and ensure proper compliance with regulations established by the office. OLIC personnel may collect vegetative material or samples of Hemp derived products in order to carry out tests in authorized laboratories for these purposes. Failure to allow access to OLIC personnel may result in the immediate

revocation of the license, and individuals or legal entities and their authorized representatives may not participate in the PRDAHP.

- u) A Cultivation License holder must pay for the laboratory tests required by the PRDAHP.
- v) The cost of destruction of Hemp plants or Hemp derived products due to non-compliance with the PRDAHP will be the responsibility of the Cultivation License holder.
- w) Transporting live Hemp plants or their vegetative material to an unauthorized location such as fairs, educational events, recreational events or any other event without OLIC prior approval is prohibited.
- x) Unsupervised visits by the general public to production areas are prohibited.
- y) All Cultivation License holders must comply with the FIFRA and the Puerto Rico Pesticide Law.
- z) Every holder of a Cultivation License must submit Quarterly reports to the OLIC regarding the buying, pre-sowing, sowing, cultivation, destruction and sale of Hemp or its derivatives.
- aa) Any change to the information provided in the Cultivation License application must be reported immediately to the OLIC.
- bb) Any other document requested by the IO or OLIC must be provided as requested.
- cc) The issued licenses will be valid for one (1) year and can be renewed thirty (30) days before their expiration.

ii. ***Requirements and Procedures to Obtain a Seed Distributor License:***

- a) A Seed Distributor License granted by the OLIC allows importing, distributing, selling and exporting viable Hemp seeds for sowing in compliance with applicable laws and regulations.
- b) Any person or legal entity wishing to obtain a Seed Distributor License must fill out the application and pay the cost thereof. If the Applicant is a legal entity, the application must include both the name of the legal entity and the full name of the person authorized to represent the legal entity via corporate resolution or other legally binding document. The application must be signed by the individual Applicant, or in the event of a legal entity, the legal entity's authorized representative.
- c) The application will have a cost of fifty dollars (\$50.00), and will be available electronically on the DA's website, <https://www.agricultura.pr/olicpr>, or physically at the OLIC. The renewal application will have no cost.
- d) Photo identification (ID) of the Applicant must be provided. If the Applicant is a legal entity, ID of its authorized representative must be provided.
- e) All Applicants must submit the following government documents:
 - 1) Copy of the Merchant Register issued by the Puerto Rico Treasury Department
 - 2) Negative Debt Certification issued by the Puerto Rico Department of Treasury
 - 3) The Key Participant must provide a fingerprint based Criminal Background Check issued by the Federal Bureau of Investigations (FBI)

- 4) Negative Certificate of Criminal Record issued by the state or territory in which the Key Participant or its legal representative resides
- f) If the Applicant is a legal entity, the following documents must also be provided:
 - 1) Certificate of Good Standing issued by the Puerto Rico State Department
 - 2) Corporate Resolution or applicable equivalent authorizing a representative to act on behalf of the legal entity
- g) Applications must include documentary evidence of the legal possession (ownership or lease) of the structure where Hemp seed are going to be stored, if applicable. If the Applicant is a legal entity, the documents evidencing legal possession must be in the name of said legal entity. Legal entities that provide evidence of legal possession in the name of an individual rather than the Applicant legal entity will not be accepted.
- h) The annual cost of the a Seed Distributor License will be as follows:

Seed Distributor	Annual Cost
Person or Legal Entity	\$1,000.00

- i) Payment of the license may be made electronically on the DA webpage under the OLIC tab or via check in the finance division of ADEA in the DA located at Ave. Fernández Juncos in Santurce, Puerto Rico. The check must be issued in the name of ADEA and the check description must indicate: OLIC - Puerto Rico Hemp License.

- j) Any person or legal entity that obtains a Seed Distributor License and wishes to import seeds into Puerto Rico must visit the DA-SAIA's Plant Health Office to obtain a Special Hemp Seed Importation Permit.
- k) Only when obtaining the Seed Distributor License and the Special Hemp Seed Importation Permit can Hemp seed be imported to Puerto Rico. The seeds must arrive with a Phytosanitary Permit and laboratory tests that certify that the mother plants (or seed donors) were Hemp, with a concentration of 0.3% THC or less. The seeds must arrive at the OLIC's physical address, as further detailed in section (IV)(2)(D). Further information is available at the DA-SAIA office.
- l) Any person or legal entity that obtains a license under the PRDAHP must allow OLIC personnel access to its facilities. Said personnel shall have the duty to inspect and ensure proper compliance with regulations established by the office. OLIC personnel may collect vegetative material or samples of Hemp derived products in order to carry out tests in authorized laboratories for these purposes. Failure to allow access to OLIC personnel may result in the immediate revocation of the license, and individuals or legal entities and their authorized representatives may not participate in the PRDAHP.
- m) The cost of destruction of Hemp seed due to non-compliance with the PRDAHP will be the responsibility of the Seed Distributor License holder.
- n) Every holder of a Seed Distributor License must submit an Annual report to the OLIC regarding the buying, selling and destruction of Hemp seeds.
- o) Any change to the information provided in the Seed Distributor License application must be reported immediately to the OLIC.
- p) Any other document requested by an IO or the OLIC must be provided as requested.

- q) The issued licenses will be valid for one (1) year and can be renewed thirty (30) days before their expiration.

iii. ***Requirements and Procedures to Obtain a Manufacturing License:***

- a) A Manufacturing License granted by the OLIC allows for the purchasing, processing, creation, sale, and importation of Hemp derived products into Puerto Rico and the exportation thereof.
- b) Any person or legal entity wishing to obtain a Manufacturing License must fill out the application and pay the cost thereof. If the Applicant is a legal entity, the application must include both the name of the legal entity and the full name of the person authorized to represent the legal entity via corporate resolution or other legally binding document. The application must be signed by the individual Applicant, or in the event of a legal entity, the legal entity's authorized representative.
- c) The application will have a cost of fifty dollars (\$50.00), and will be available electronically on the DA's website, <https://www.agricultura.pr/olicpr>, or physically at the OLIC. The renewal application will have no cost.
- d) Photo identification (ID) of the Applicant must be provided. If the Applicant is a legal entity, ID of its authorized representative must be provided.
- e) All Applicants must submit the following government documents:
 - 1) Copy of the Merchant Register issued by the Puerto Rico Treasury Department
 - 2) Negative Debt Certification issued by the Puerto Rico Department of Treasury

- 3) The Key Participant must provide a fingerprint based Criminal Background Check issued by the Federal Bureau of Investigations (FBI)
 - 4) Negative Certificate of Criminal Record issued by the state or territory in which the Key Participant or its legal representative resides
- f) If the Applicant is a legal entity, the following documents must also be provided:
- 1) Certificate of Good Standing issued by the Puerto Rico State Department
 - 2) Corporate Resolution or applicable equivalent authorizing a representative to act on behalf of the legal entity
- g) Applications must include documentary evidence of the legal possession (ownership or lease) of the structure where Hemp or Hemp derived products will be processed. If the Applicant is a legal entity, the documents evidencing legal possession must be in the name of said legal entity. Legal entities that provide evidence of legal possession in the name of an individual rather than the Applicant legal entity will not be accepted.
- h) A diagram of the land or structure where the Hemp or Hemp derived products will be processed is required. The diagram must be in a digital format and electronically present the coordinates or GPS location of the terrain structures.
- i) Structures leased under contract with the Department of Economic Development and Commerce (“DDEC” for its Spanish abbreviation) are eligible for purposes of obtaining a Manufacturing License. Further information is available at DDEC offices or the following link: <https://www.ddec.pr.gov>.
- j) Annual cost of a Manufacturing License will be as follows:

Manufacturing	Annual Cost
Structure	\$3,000.00

- k) Payment of the license may be made electronically on the DA webpage under the OLIC tab or via check in the finance division of ADEA in the DA located at Ave. Fernández Juncos in Santurce, Puerto Rico. The check must be issued in the name of ADEA and the check description must indicate: OLIC - Puerto Rico Hemp License.
- l) If the Applicant wishes to carry out Hemp manufacturing processes in more than one (1) structure or facility and these are not under the same legal tenure or lease, the Applicant will have to apply and pay a Manufacturing License for each land, structure, or facility tenure or lease.
- m) The Manufacturing License holder may not import and/or distribute seeds or germinate, grow or cultivate Hemp in its facilities without the corresponding license that authorizes the same.
- n) Any legal entity that obtains a license under the PRDAHP must allow OLIC personnel access to its facilities. Said personnel shall have the duty to inspect and ensure proper compliance with regulations established by the office. OLIC personnel may collect vegetative material or samples of Hemp derived products in order to carry out tests in authorized laboratories for these purposes. Failure to allow access to OLIC personnel may result in the immediate revocation of the license and individuals or legal entities and their authorized representatives may not participate in the PRDAHP.

- o) The Manufacturing License holder must pay for the laboratory tests required by the PRDAHP.
- p) The cost of destruction of Hemp derived products due to non-compliance with the PRDAHP will be the responsibility of the Cultivation License holder.
- q) Every holder of a Manufacturing License must submit Annually reports to the OLIC regarding the purchase, sale and destruction of Hemp derived products.
- r) Any change to the information provided in the Manufacturing License application must be reported immediately to the OLIC.
- s) Any other document requested by the IO or OLIC must be provided as requested.
- t) The issued licenses will be valid for one (1) year and can be renewed thirty (30) days before their expiration.

iv. ***Requirements and Procedures for Obtaining a License for the Importation and Distribution of Hemp Products for Consumption:***

- a) A License for the Importation and Distribution of Hemp Products for Consumption granted by the OLIC allows for the importation and/or distribution of Hemp derived products for human or animal consumption. This includes Hemp derived products for human or animal consumption containing CBD in any form.
- b) Distributors of Hemp derived products for human and/or animal consumption must comply with the requirements of this license regardless of whether the products to be distributed are imported or locally produced.
- c) The following distributors are exempted from the requirements of this section:

- 1) Manufacturing License holders
 - 2) Importers and distributors of Hemp seeds for human and/or animal consumption. The importation and distribution of viable Hemp seeds for sowing requires an OLIC license.
 - 3) Importers and distributors of Hemp derived products that are not for human or animal consumption
- d) Any person or legal entity wishing to obtain a License for the Importation and Distribution of Hemp Products for Consumption must fill out an application and pay the cost thereof. If the Applicant is a legal entity, the application must include both the name of the legal entity and the full name of the person authorized to represent the legal entity via corporate resolution or other legally binding document. The application must be signed by the individual Applicant or, in the event of a legal entity, the legal entity's authorized representative.
- e) The license will have no cost, only an application fee of fifty dollars (\$50.00). The application will be available electronically on the DA's website, <https://www.agricultura.pr/olicpr>, or physically at the OLIC. The renewal application will have no fee.
- f) Photo identification (ID) of the Applicant must be provided. If the Applicant is a legal entity, ID of its authorized representative must be provided.
- g) All Applicants must submit the following government documents:
- 1) Copy of the Merchant Register issued by the Puerto Rico Treasury Department
 - 2) Negative Debt Certification issued by the Puerto Rico Department of Treasury

- 3) The Key Participant must provide a fingerprint based Criminal Background Check issued by the Federal Bureau of Investigations (FBI)
 - 4) Negative Certificate of Criminal Record issued by the state or territory in which the Key Participant or its legal representative resides
- h) If the Applicant is a legal entity, the following documents must also be provided:
- 1) Certificate of Good Standing issued by the Puerto Rico State Department
 - 2) Corporate Resolution or applicable equivalent authorizing a representative to act on behalf of the legal entity
- i) Applications must include documentary evidence of the legal possession (ownership or lease) of the structure where Hemp derived products are going to be stored, if applicable. If the Applicant is a legal entity, the documents evidencing legal possession must be in the name of said legal entity. Legal entities that provide evidence of legal possession in the name of an individual rather than the Applicant legal entity will not be accepted.
- j) Any person or corporation that obtains a license under the PRDAHP must allow OLIC personnel access to its facilities. OLIC personnel will have the duty to inspect and ensure proper compliance with regulations established by the office. OLIC personnel may collect vegetative material or samples of Hemp derived products in order to carry out tests in authorized laboratories for these purposes. Failure to allow access to OLIC personnel may result in the immediate revocation of the license, and individuals or legal entities and their authorized representatives may not participate in the PRDAHP.
- k) The OLIC may sample and perform laboratory testing of products distributed for human or animal consumption, regardless of whether they are imported or

locally produced, in authorized laboratories. A License for the Importation and Distribution of Hemp Products for Consumption holder must pay for the laboratory tests required under the PRDAHP.

- l) The cost of destruction of Hemp derived products due to non-compliance with the PRDAHP will be the responsibility of the license holder.
 - m) Every holder of a License for the Importation and Distribution of Hemp Products for Consumption must submit Annually reports to the OLIC regarding the purchase, sale and destruction of Hemp derived products.
 - n) Any change to the information provided in the application for a License for the Importation and Distribution of Hemp Products for Consumption must be reported immediately to the OLIC.
 - o) Any other document requested by the IO or OLIC must be provided as requested.
 - p) Issued licenses will be valid for one (1) year and can be renewed thirty (30) days before their expiration.
- v. ***Requirements and Procedures to Obtain a Research License:***
- a) A Research License granted by the OLIC allows the importation of seeds, as well as their germination, growth, cultivation, propagation, storage, processing and investigation of Hemp and/or Hemp derived products in Puerto Rico.
 - b) Any person or legal entity wishing to obtain a Research License must fill out the application and pay the cost thereof. If the Applicant is performing the research or investigation as a member of an institution of higher learning (college or university), the application must include both the name of the institution and that of the principal investigator that will carry out the research

or investigation. If the Applicant is a legal entity that is not an institution of higher learning, the application must include both the name of the legal entity and the full name of the person authorized to represent the legal entity via corporate resolution or other legally binding document. The application must be signed by the individual Applicant or, in the event of an institution of higher learning or legal entity, the principal investigator or legal entity's authorized representative, as applicable.

- c) The license will have no cost, only an application fee of fifty dollars (\$50.00). The application will be available electronically on the DA's website, <https://www.agricultura.pr/olicpr>, or physically at the OLIC. The renewal application will have no fee.
- d) Photo identification (ID) of the individual Applicant, principal investigator, or legal entity's authorized representative, as applicable, must be provided.
- e) Individual Applicants and legal entities that are not institutions for higher learning must submit the following government documents:
 - 1) Copy of the Merchant Register issued by the Puerto Rico Treasury Department, if applicable
 - 2) Negative Debt Certification issued by the Puerto Rico Department of Treasury
 - 3) The Key Participant must provide a fingerprint based Criminal Background Check issued by the Federal Bureau of Investigations (FBI)
 - 4) Negative Certificate of Criminal Record issued by the state or territory in which the Key Participant or its legal representative resides
- f) If the Applicant is a legal entity, the following documents must also be provided:

- 1) Certificate of Good Standing issued by the Puerto Rico State Department
 - 2) Corporate Resolution or applicable equivalent authorizing a representative to act on behalf of the legal entity
- g) In the event that the Applicant is performing the research or investigation as a member of an institution of higher learning, the principal investigator must present a fingerprint based Criminal Background Check issued by the Federal Bureau of Investigations (FBI) and a letter of support from the Dean or Director of the Faculty or Department in which the principal investigator works.
- h) A Research Proposal including, at a minimum, purpose, research design and methods, research schedule, implications, and contribution to knowledge must be included with the application.
- i) Diagram of the terrain or structure where Hemp and/or Hemp derived products will be produced and/or processed is required. The diagram must be in digital format and electronically present the coordinates or GPS location of the terrain or structures.
- j) Hemp and/or Hemp derived products produced under this license cannot be sold, and must be used for research purposes only. Upon completion of the research all Hemp plants and/or Hemp derived products must be destroyed in accordance with DEA regulations as set forth at 21 CFR 1317.15, or any other reliable method approved by OLIC.
- k) In the event that a licensee wishes to sell Hemp or any of its derived products produced under this license, it must obtain and comply with the requirements of the Cultivation and/or Manufacturing Licenses.

- l) Any person or legal entity that obtains a Research License and wishes to import seeds into Puerto Rico must visit the DA-SAIA's Plant Health Office to obtain a Special Hemp Seed Importation Permit.

- m) Only when obtaining the Research License and the Special Hemp Seed Importation Permit can Hemp seed be imported into Puerto Rico. The seeds must arrive with a Phytosanitary Permit and laboratory tests that certify that the mother plants (or seed donors) were Hemp, with a concentration of 0.3% THC or less. The seeds must arrive at the OLIC's physical address, as further detailed in section (IV)(2)(D). Further information is available at the DA-SAIA office.

- n) Any person or corporation that obtains a license under the PRDAHP must allow OLIC personnel access to its facilities. OLIC personnel will have the duty to inspect and ensure proper compliance with regulations established by the office. OLIC personnel may collect vegetative material or samples of Hemp derived products in order to carry out tests in authorized laboratories for these purposes. Failure to allow access to OLIC personnel may result in the immediate revocation of the license and individuals or legal entities and their authorized representatives may not participate in the PRDAHP.

- o) Every Research License holder must submit an Annual report to the OLIC regarding the purchase, sowing and destruction of Hemp and/or its derived products.

- p) Every holder of a Research License must submit to OLIC copies of publications arising from the research processes carried out under this license.

- q) Any change to the information provided in the application for Research License must be reported immediately to the OLIC.

- r) Any other document requested by the IO or OLIC must be provided as requested.
- s) The issued licenses will be valid for one (1) year and can be renewed thirty (30) days before their expiration.

vi. ***Requirements and Procedures to Obtain a Laboratory License:***

- a) A Laboratory License granted by the OLIC allows a private laboratory to receive samples of Hemp vegetative material or Hemp derived products to perform laboratory tests.
- b) Private laboratories must be registered with the DEA and accredited in compliance with state and federal laws and regulations.
- c) OLIC and/or USDA may require in the future that authorized laboratories have ISO 17025 accreditation.
- d) Authorized laboratories shall comply with the requirements described in the USDA-AMS interim final rules at 7 CFR Part 990, available at <https://www.govinfo.gov/content/pkg/FR-2019-10-31/pdf/2019-23749.pdf>.
- e) Samples will be submitted to the authorized private laboratory chosen by the licensee and/or the Agrological Laboratory as determined by the OLIC. In addition to the total THC concentration test, the OLIC may request additional testing such as detection of contaminants, microbial counts, concentration of heavy metals, presence of herbicides or pesticides, among others. OLIC reserves the right to re-submit samples taken to a private authorized laboratory to the Agrological Laboratory.

- f) The cost of the tests will be set by the private laboratory or by the Agrological Laboratory as the case may be.
- g) Any legal entity wishing to obtain a Laboratory License must fill out the application and pay the cost thereof. The application must include both the name of the legal entity and the full name and signature of the person authorized to represent the legal entity via corporate resolution or other legally binding document.
- h) The application will have a cost of fifty dollars (\$50.00), and will be available electronically on the DA's website, <https://www.agricultura.pr/olicpr>, or physically at the OLIC. The renewal application will have no cost.
- i) Photo identification (ID) of the Applicant's legally authorized representative must be provided.
- j) All Applicants must submit the following government documents:
 - 1) Copy of the Merchant Register issued by the Puerto Rico Treasury Department
 - 2) Negative Debt Certification issued by the Puerto Rico Department of Treasury
 - 3) The Key Participant must provide a fingerprint based Criminal Background Check issued by the Federal Bureau of Investigations (FBI)
 - 4) Negative Certificate of Criminal Record issued by the state or territory in which the Key Participant or its legal representative resides
 - 5) Certificate of Good Standing issued by the Puerto Rico State Department
 - 6) Corporate Resolution or applicable equivalent authorizing a representative to act on behalf of the legal entity

- k) Applications must include documentary evidence of the legal possession (ownership or lease) of the structures where the laboratory is located. The documents evidencing legal possession must be in the name of said legal entity. Legal entities that provide evidence of legal tenure in the name of an individual rather than the Applicant legal entity will not be accepted.
- l) The annual cost of a Laboratory License will be as follows:

Laboratory	Annual Cost
Structure	\$3,000.00

- m) Payment of the license may be made electronically on the DA webpage under the OLIC tab or via check in the finance division of ADEA in the DA located at Ave. Fernández Juncos in Santurce, Puerto Rico. The check must be issued in the name of ADEA and the check description must indicate: OLIC - Puerto Rico Hemp License.
- n) Any person or corporation that obtains a license under the PRDAHP, must allow OLIC personnel access to its facilities. OLIC personnel will have the duty to inspect and ensure proper compliance with regulations established by the office. OLIC personnel may collect vegetative material or samples of Hemp derived products in order to carry out tests in authorized laboratories for these purposes. Failure to allow access to OLIC personnel may result in the immediate revocation of the license and individuals or legal entities and their authorized representatives may not participate in the PRDAHP.
- o) Authorized laboratories must submit test results to the OLIC no later than five (5) days after receiving the samples from an IO.

- p) Any change to the information provided in the Laboratory License application must be reported immediately to the OLIC.
- q) Any other document requested by the IO or OLIC must be provided as requested.
- r) The issued licenses will be valid for one (1) year and can be renewed thirty (30) days before their expiration.

D. *Acquisition of Hemp Seeds:*

- i. Any individual or legal entity that wishes to import, buy, germinate or sell Hemp seeds in Puerto Rico must obtain a license from the OLIC and comply with all the requirements set forth in this document.
- ii. Individuals or legal entities that already have a Cultivation, Seed Distribution or Research License, may visit the DA-SAIA's Plant Health Office to obtain a Special Hemp Seed Importation Permit in order to import Hemp seeds.
- iii. The seeds must arrive at the physical address of the OLIC, and must be identified with the name of the licensee that purchased the seed. In addition, they must be accompanied by a Phytosanitary Permit and laboratory tests that indicate that the mother plants (or seed donors) are Hemp, 0.3% THC in its dry state. Both documents must be provided by the seed seller. The seeds must be delivered at the following address:

OLIC

Office 203, Building 1309, Ave. Fernández Juncos, Parada 19 ½,
Santurce, Puerto Rico 00908-1163

- iv. Upon receiving the seeds, OLIC will coordinate the inspection and delivery of the seeds with the DA-SAIA, Plant Health Office, and the license holder that made the purchase.
- v. The DA has the legal authority to confiscate seeds or vegetative material which have been imported without following due process. Importing hemp seeds illegally will be considered a violation of the State Plan. The license of the participant who violates the State Plan with a guilty mental state greater than that of negligence may be immediately revoked.

E. **Reports:**

- i. The reports required by the OLIC will be used for statistical purposes and to prepare Quarterly reports that will be submitted to USDA.
- ii. Cultivation Reports:
 - a) Every holder of a Cultivation License must submit a Quarterly report to the OLIC.
 - b) The report must include the following information:
 - 1) Purchase:
 - a. Name of the varieties and quantities of Hemp seeds and/or seedlings purchased
 - b. Evidence of the seeds and/or seedlings purchase
 - c. Copy of the Special Hemp Seed Importation Permit and the Phytosanitary Permit, if applicable
 - 2) Pre-sowing:

- a. Names of the varieties and quantities of germinated seeds
- b. Number of developed seedlings and/or clones of mother plants
- c. GPS location of germination area

3) Sowing:

- a. Names of the varieties and quantities of seeds and/or plants planted
- b. GPS location of sowing area
- c. Measurements of sowing areas (acres, “cuerdas”, or square feet)
- d. Results of THC concentration tests carried out in private authorized laboratories or the Agrological Laboratory

4) Harvest:

- a. Name of varieties and quantities of plants harvested
- b. The date and area (acres, “cuerdas”, or square feet) harvested

5) Destruction (if applicable):

- a. Names and quantities of Hemp derived products and/or the name of the varieties and quantities of destroyed seeds, clones, and plants
- b. Results of THC concentration tests performed on Hemp in private authorized laboratories or the Agrological Laboratory
- c. Description of destruction protocol (must include the previous location of the destroyed product)
- d. A Cultivation License holder may exercise discretion regarding the protocol of destruction for male plants, and their destruction does not have to be reported.

6) Sales:

- a. Description and quantities of the products sold
- c) OLIC may request additional documents or information relevant to the reports if necessary.
- d) Every holder of a Cultivation License must report to USDA-Farm Service Agency (FSA) the following information:
 - 1) Street address and geospatial location for each lot or greenhouse where hemp will be produced, including all production sites from the producer that operates in more than one location
 - 2) If an applicant has production sites licensed under a USDA-approved State Plan, those sites will be covered under the respective plan and will not need to be included under the producer's application to become licensed under the USDA plan
 - 3) Acreage dedicated to the production of hemp, or greenhouse or indoor square footage dedicated to the production of hemp
 - 4) License or authorization identifier

iii. Seed Distributor Report:

- a) Every Seed Distributor License holder must submit an Annual report to OLIC.
- b) The report must include the following information:
 - 1) Purchase:
 - a. Names of the varieties and quantities of Hemp seeds purchased
 - b. Evidence of the seeds' and/or seedlings' purchase

- c. Copy of the Special Hemp Seed Importation Permits and Phytosanitary Permit, if applicable

2) Destruction (if applicable):

- a. Names of the varieties and quantities of seeds destroyed
- b. Description of destruction protocol

3) Sale:

- b. Names of varieties and quantities of seeds sold

- c) OLIC may request additional documents or information relevant to the reports if necessary.

iv. Manufacturing Report:

- a) Every Manufacturing License holder must submit an Annual report to OLIC.

- b) The report must include the following information:

1) Purchase:

- a. Description and quantity of Hemp and/or Hemp derived products purchased for processing
- b. Evidence of the purchase of Hemp or its derived products

2) Destruction: (if applicable):

- a. Description and quantity of destroyed Hemp derived products

- b. Results of THC concentration tests performed on Hemp derived products in private authorized laboratories or the Agrological Laboratory
 - c. Description of destruction protocol (must include the previous location of the destroyed product)
 - 3) Sale:
 - a. Description and quantity of Hemp and/or Hemp derived products sold
 - c) OLIC may request additional documents or information relevant to the reports if necessary.
- v. Importation and Distribution of Hemp Products for Consumption Report:
 - a) Every Importation and Distribution of Hemp Products for Consumption Report license holder must submit an Annual report to OLIC.
 - b) The report must include the following information:
 - 1) Purchase:
 - a. Description and quantities of Hemp derived products purchased for distribution
 - b. Evidence of the purchase of Hemp Derived Products
 - 2) Destruction (if applicable)
 - a. Description and quantity of destroyed Hemp derived products
 - b. Results of THC concentration tests performed on Hemp derived products in private authorized laboratories or the Agrological Laboratory

- c. Description of destruction protocol (must include the previous location of the destroyed product)
 - 3) Sale:
 - a. Description and quantity of Hemp derived products sold
 - c) OLIC may request additional documents or information relevant to the reports if necessary.
- vi. Research Report:
 - a) Every Research License holder must submit an Annual report to OL.
 - b) The report will include the following information:
 - 1) Purchase:
 - a. Names and quantities of Hemp seeds and/or seedlings purchased for distribution
 - b. Evidence of the purchase of Hemp seeds and/or seedlings
 - c. Copy of the Special Hemp Seed Importation Permits and Phytosanitary Permit, if applicable
 - 2) Sowing
 - a. Names of the varieties and quantities of seeds and/or seedlings
 - b. GPS location of the cultivation area
 - 3) Destruction:

- a. Description and quantity of destroyed Hemp derived products and/or name of the varieties and quantities of destroyed seeds, clones, and plants
 - b. Description of destruction protocol (must include the previous location of the destroyed product)
- c) OLIC may request additional documents or information relevant to the reports if necessary.
- vii. Laboratory Reports
 - a) Authorized laboratories must report test data to the USDA-AMS in accordance with 7 CFR 990, using reporting templates provided by the USDA-AMS, available at the following website: https://www.ams.usda.gov/sites/default/files/media/LaboratoryTestResultsReportAMS_22.pdf

F. *Inspections, Sampling, and Testing:*

- i. Each licensee will be subject to inspections and sampling of vegetative material and/or Hemp derived product by OLIC personnel.
- ii. OLIC personnel will conduct annual inspections of, at a minimum, a random sample of licensed producers to verify that hemp is not produced in violation of the PRDAHP.
- iii. The Department of Agriculture may appropriate as much Hemp plant material or Hemp derived product material as reasonably necessary to carry out its responsibilities under this section (F).

iv. Hemp plants or Hemp derived products that do not comply with this section may not be further handled, processed or enter the stream of commerce, including being sold to other license holders or to the general public in Puerto Rico.

v. Cultivation License:

- a) Cultivation License holders must request and coordinate necessary inspections with the IO to carry out samplings.
- b) The license holder or an authorized representative must be present during the visit and provide the IO with any information required to carry out necessary inspections.
- c) The IO will perform at least two (2) samples of the flower material of the cannabis plant:
 - 1) The first sampling must be performed during the vegetative growth phase of the plants, preferably the third week of growth.
 - 2) The second sampling must be performed fifteen (15) days before harvesting the plants.
- d) The method used for sampling from the flower material of the cannabis plant must be sufficient at a confidence level of ninety five percent (95%) that no more than one percent (1%) of the plants in the lot would exceed the Acceptable Hemp THC Level. The method used for sampling must ensure that a representative sample is collected that represents a homogeneous composition of the lot.
- e) The sampling methods to be used by IOs shall be those included in the Sampling Guidelines for Hemp Growing Facilities and Hemp Sampling Training

available at the USDA-AMS website, <https://www.ams.usda.gov/rules-regulations/hemp/information-sampling>, and any other methodology approved by USDA-AMS.

- f) During the sampling, the license holder or an authorized representative must be present.
- g) The samples will be taken by the IO to the authorized laboratory selected by the licensee and/or the Agrological Laboratory, as ordered by the OLIC, to carry out pertinent tests.
- h) The OLIC will determine the type of tests to be carried out on the samples according to the individual case of each license holder.
- i) Payment for test results will be coordinated between the license holder and the authorized laboratory and/or the Agrological Laboratory.
- j) Authorized laboratories must deliver test results to the OLIC via email at olicpr@agricultura.pr.gov, with the subject heading: “TEST RESULTS For (name of individual or legal entity)”.
- k) Laboratory results will be reported to the license holder within the next two (2) business days after the OLIC receives the same.
- l) License holders will have fifteen (15) days from the date on which the flower material sample was collected to harvest the plant .
- m) If the harvest cannot be carried out within these fifteen (15) days, samplings will have to be carried out again since the THC concentration of the plants may have varied.

- n) A producer shall not harvest the crop prior to samples being collected.
- o) Hemp batches with laboratory test results of total THC concentration that do not meet the definition of Acceptable Hemp THC Level must be destroyed in accordance with DEA regulations as set forth at 21 CFR 1317.15, or any other reliable method approved by the OLIC and USDA-AMS such as those included in the Hemp Disposal Activities guidance issued by USDA-AMS, available at the following website: <https://www.ams.usda.gov/rules-regulations/hemp/disposal-activities>.
- p) Additional inspections and sampling will be conducted if there is reason for the OLIC to understand that violations, noncompliance or discrepancies occur with the reports required by PRDAHP.

vi. Seed Distributor License:

- a) An IO may request meetings with the holders of this license at the OLIC offices.
- b) An IO may inspect facilities that store Hemp seeds.
- c) The license holder or an authorized representative must be present at the meetings and inspections in order to provide the IO with the information necessary to carry out required inspections.
- d) IOs may request any document in order to ensure compliance with the PRDAHP.
- e) Additional inspections may be carried out if the OLIC reasonably understands that violations, noncompliance or discrepancies with the reports required by PRDAHP have occurred.

vii. Manufacturing License:

- a) An IO may request meetings with the holders of this license at the OLIC offices.
- b) An IO may inspect facilities where Hemp is processed.
- c) The license holder or an authorized representative must be present during the meetings and inspections to provide the IO with information necessary to carry out required inspections.
- d) An IO may sample any Hemp plants and/or Hemp derived products.
- e) The license holder or an authorized representative must be present during the sampling.
- f) The samples will be delivered by the IO to an authorized laboratory to carry out the applicable tests.
- g) The OLIC will determine the type of tests to be carried out on the samples according to the individual case of each license holder.
- h) Payment for test results will be coordinated between the license holder and the authorized laboratory and/or the Agrological Laboratory.
- i) Authorized laboratories must deliver test results to the OLIC via email at olicpr@agricultura.pr.gov, with the subject heading “TEST RESULTS For (name of individual or legal entity)”.
- j) Laboratory results will be reported to the license holder within the next two (2) business days after the OLIC receives the same.

- k) Additional inspections and samplings may be carried out if the OLIC reasonably understands that violations, noncompliance or discrepancies with the reports required by PRDAHP have occurred.

viii. Importation and Distribution License for Hemp Consumption Products:

- a) An IO may request meetings with the holders of this license at the OLIC offices.
- b) An IO may inspect facilities that store Hemp derived products.
- c) The license holder or an authorized representative must be present during the meeting and inspections to provide the IO with any information required to carry out necessary inspections.
- d) An IO may sample any Hemp derived product.
- e) The license holder or an authorized representative must be present during the sampling.
- f) The samples will be taken by the IO to an authorized laboratory to carry out applicable tests.
- g) The OLIC will determine the type of tests to be carried out on the samples according to the individual case of each license holder.
- h) Payment for test results will be coordinated between the license holder and the authorized laboratory and/or the Agrological Laboratory.

- i) Authorized laboratories must deliver test results to the OLIC via email at olicpr@agricultura.pr.gov, with the subject heading “TEST RESULTS For (name of individual or legal entity)”.
- j) After receiving the test results, OLIC will notify the licensee of the results within two (2) business days after receipt of the same.
- k) Additional inspections and sampling will be conducted if there is reason for the OLIC to understand that violations, noncompliance or discrepancies with the reports required by PRDAHP occur.

ix. Research License:

- a) An IO may request meetings with the holders of this license at the OLIC offices.
- b) An IO may inspect facilities where the research takes place.
- c) The license holder or an authorized representative must be present during the meeting and inspections to provide the IO with any information necessary to carry out required inspections.
- d) Mandatory testing is not required for Hemp and/or Hemp derived products produced under this license as they cannot be sold or otherwise enter the stream of commerce. Upon completion of the licensed research, all Hemp and/or its derived products must be destroyed pursuant to 21 CFR 1317.15, or other AMS and OLIC approved methods. OLIC may perform samples and tests at its discretion to ensure compliance with the PRDAHP.

- e) All Research License Holders will have to destroy the Hemp plants or Hemp derived products used in the research project, unless the license holder has obtained a Cultivation or Manufacturing License.

x. Laboratory License:

- a) An IO may request meetings with the holders of this license at the OLIC offices.
- b) The license holder or an authorized representative must be present during the meeting to provide the IO with any information necessary to carry out required inspections.
- c) A post-decarboxylation method or other equally reliable method approved by OLIC and USDA- AMS must be used to measure total THC concentration levels to ensure compliance with Acceptable Hemp THC Levels.
- d) The testing methodology used by the Agrolological Laboratory and private authorized laboratories must consider the potential conversion of delta-9tetrahydrocannabinolic acid (THC-A) in hemp into THC and the test result measures total available THC derived from the sum of the THC and THC-A content. Gas or liquid chromatography testing meets this methodology requirement.
- e) The total THC concentration level shall be determined and reported on a dry weight basis.
- f) Authorized laboratories including the Agrolological Laboratory must calculate and include the measurement of uncertainty on the results of each delta-9-tetrahydrocannabinol content concentration level samples test made to comply with the Acceptable Hemp THC Level definition.

- g) Hemp samples from one lot must not be mixed with vegetative material from other lots.
- h) Laboratories may also carry out any other test requested by the OLIC.

G. *Violations, Sanctions, Notifications, and Appeals:*

i. Violations:

- a) OLIC may determine that a negligent violation of the PRDAHP has occurred, such as, but not limited to, the following:
 - 1) Failure to provide legal description of land
 - 2) Failure to obtain a license
 - 3) Performing regulated activities without a license or activities not permitted under the issued license(s)
 - 4) Production of *Cannabis sativa* L. with a concentration of delta-9 tetrahydrocannabinol exceeding the Acceptable Hemp THC Level
 - 5) Failure to provide required reports
 - 6) Any other breach of the PRDAHP
- b) Hemp producers do not commit a negligent violation under this section (i)(a) if they make reasonable efforts to grow hemp and the cannabid (marijuana) does not have a delta-9-tetrahydrocannabinol concentration of more than 0.5 percent on a dry weight basis
- c) The OLIC may request a Corrective Action Plan from a licensee to address a negligent violation of the PRDAHP. The licensee must strictly comply with the Corrective Action Plan as approved by the OLIC.

- d) A Corrective Action Plan must include:
 - 1) Deadline by which the licensee must correct the violation
 - 2) Detailed description of the steps that will be taken to correct the violation and ensure compliance with the PRDAHP
 - 3) Schedule for the delivery of reports of compliance with the Corrective Action Plan spanning the next two (2) calendar years
- e) The OLIC will carry out inspections to ensure compliance with the Corrective Action Plan.
- f) A Hemp producer or licensee that negligently violates the PRDAHP shall not be subject to any criminal or civil enforcement action by the federal or state government other than the enforcement action authorized by the PRDAHP.
- g) A licensee that negligently violates this State Plan three (3) times in five (5) years may not participate in the PRDAHP for a period of five (5) years beginning from the date of the third violation.
- h) If the DA determines that a producer or license holder has violated the State Plan with a culpable mental state greater than that of negligence, it will be immediately reported to the Head of the Puerto Rico Police Department and the U.S. Attorney General.
- i) The license of the participant who violates the State Plan with a guilty mental state greater than that of negligence may be immediately revoked.
- j) The license of a participant that violates the FIFRA or the Puerto Rico Pesticide Act may be immediately revoked.

ii. Sanctions:

- a) Any person without an OLIC license that buys, germinates, grows, processes or sells Hemp in any of its states will be subject to a \$5,000.00 fine and will be referred to the Puerto Rico Police Department.
- b) Any participant that continues to operate with an expired license will be subject to a fine of up to \$4,000.00 per day.
- c) A license holder that interferes with or does not permit an IO entry will be subject to fines of \$500.00 for the first violation, \$1,000.00 for the second violation and \$2,000.00 for the third and each future violation.
- d) If a licensee does not submit required reports in a timely manner, the licensee will be subject to a fine of \$100.00 for the first violation, \$200.00 for the second violation and \$300.00 for the third and each future violation. OLIC reserves the right to revoke the license of a licensee that fails to timely submit reports on three (3) or more occasions, or fails to submit a requested report after receiving notice that the same has not been submitted.
- e) Failure to respond to an official communication from OLIC that expressly states the need for a response within a specific timeframe may result in a fine of \$100.00 for the first violation, \$200.00 for the second violation, and \$300.00 for the third and future violations. OLIC reserves the right to revoke the license of a licensee that fails to timely submit a requested response to a communication after receiving three (3) or more written requests. Such communications include, but are not limited to, notices for site inspections, requests for documentation, follow up to reports, etc.
- f) Other violations not mentioned above are subject to license revocation, fines and/or sanctions up to a maximum of \$5,000.00 per occurrence depending on the severity of the action, at the OLIC's and the Secretary's discretion.

iii. Notifications:

a) Official OLIC notifications will be sent to the email address provided in the license application and/or certified mail to the postal address included in the application. Said notifications may include, but are not limited to:

- 1) Certificates of approved licenses
- 2) Laboratory test results
- 3) IO reports
- 4) Follow-up for required reports
- 5) License renovations
- 6) License revocations
- 7) Appeal decisions
- 8) Information regarding educational or networking events for the development of the Hemp industry in Puerto Rico

b) If a violation or event of non-compliance is identified, OLIC will notify the licensee via email and certified mail, indicating the following:

- 1) The nature of the violation
- 2) The law, regulation, rule, or procedure violated
- 3) Administrative action to be taken as a result of the violation
- 4) Information regarding how to appeal the administrative decision
- 5) Any additional relevant information at the OLIC's discretion

iv. Appeals:

a) An Appeal may be requested by means of a letter signed and submitted to the OLIC by the license holder that committed the violation.

- b) The letter must explain in detail the reason for the appeal and the requested remedy.
- c) Appeals must be submitted within fifteen (15) business days after the OLIC sends the notification.
- d) Appeals will be evaluated by the Hemp Appeals Evaluation Committee, composed of three agronomists appointed by the Secretary.
- e) The Committee will meet once a month to evaluate all appeals.
- f) The Committee will be guided by state and local laws, regulations, rules and procedures and will use its professional discretion to evaluate each appeal.
- g) If the OLIC does not receive a notice of intent to appeal within the specified timeframe, the notification will become a final order.

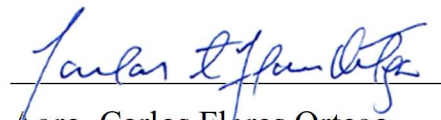
3. ***Resources and Personnel:***

- A. The estimated operational costs of the PRDAHP, including implementation and oversight of the PRDAHP by the OLIC, is approximately \$280,000.00 annually.
- B. The OLIC is attached to ADEA, a public corporation belonging to the DA that provides the necessary resources for the operation of the office and the implementation of the PRDAHP.
- C. The OLIC will have an estimated self-generated income, when issuing licenses, renewals and fines, of approximately \$300,000.00 annually.

V. ***Conclusion:***

1. This document and the PRDAHP will be amended to include any changes in state or federal law that occur after its approval.
2. The DA and OLIC will comply with the requirements of this document.
3. Information required by the USDA will be collected, maintained, and reported by the DA and OLIC.
4. Accurate and adequate sampling will be conducted to meet state and federal requirements.
5. Laboratory testing procedures will be performed to properly identify the percentage of THC concentration using the methodology and standards required at both the state and federal levels.
6. OLIC will ensure compliance of the PRDAHP.
7. An IO will conduct the necessary inspections of Hemp license holders.
8. The DA and OLIC have the necessary resources to implement and monitor the PRDAHP.
9. The DA and OLIC will create a mechanism to share required information with the USDA in the supported formats.
10. The DA and OLIC will inform the Hemp “cuerdas” or acres produced and will require producers to register farms and report the production area to the USDA - FSA.
11. The DA and the OLIC will provide a numbered license to each Hemp producer.

12. The DA and OLIC will report to USDA-AMS the total number of acres or “cuerdas” planted, harvested and confiscated or destroyed, as applicable.
13. OLIC will publish this document to the general public through the webpage of the Puerto Rico Department of Agriculture, <https://www.agricultura.pr/olicpr>.
14. All aspects of the Hemp industry in Puerto Rico will be governed by the State Plan, after its approval, and regulations issued by the DA.



Agro. Carlos Flores Ortega
Secretary
Department of Agriculture



Agro. Irving Y. Rodríguez Torres
Director - OLIC

Date: June 29, 2020