

HB 2038 -- INDUSTRIAL HEMP

SPONSOR: Curtman

This bill defines "industrial hemp" as all non-seed parts and varieties of the cannabis sativa plant that contain a crop-wide average tetrahydrocannabinol (THC) concentration that does not exceed .3% on a dry weight basis or any cannabis sativa seed that is part of a growing crop, retained by a grower for future planting or used for processing into or use as agricultural hemp seed but must not include industrial hemp commodities and products. Industrial hemp is excluded from the definition of marijuana.

It must be legal for any person who has a valid industrial hemp license to grow and cultivate industrial hemp.

The bill specifies that industrial hemp production, possession, and commerce in industrial hemp commodities and products must be permitted in the state and must be an agricultural product that is subject to regulation by the Department of Agriculture, including compliance with an industrial hemp plant monitoring system. Any grower and handler of industrial hemp must obtain a license from the department, and growers and handlers engaged in the production of agricultural hemp seed also must have an agricultural hemp seed production permit.

The department must issue a license or permit to any applicant who meets the license requirements and satisfactorily completes a fingerprint criminal history background check. A license or permit will not be issued to a person who received a suspended imposition of sentence for a felony offense in the five years before the application date or a person who at any time has been found guilty of a felony offense regarding the possession, distribution, manufacturing, cultivation, or use of a controlled substance; except that, the department may grant a license or permit if the person received a suspended imposition of sentence for a felony offense under state law based on possession or use of a controlled substance if the offense would not be considered a felony offense in the state on the date he or she applied for a license or permit. An industrial hemp license or agricultural hemp seed production permit is non-transferable, except under specific circumstances, and valid for a three-year term unless revoked by the department and may be renewed as determined by the department.

The department must make information that identifies sellers of agricultural hemp seed available to growers, and any seller of agricultural hemp seed must ensure that the seed complies with any standards established by the department. A grower may retain seed from each industrial hemp crop to ensure a sufficient supply of

seed for that grower for the following year. He or she cannot be required to obtain a permit in order to retain seed for future planting. Any seed retained by a grower for future planting cannot be sold or transferred and does not have to meet standards established by the department. Every grower or handler is subject to an industrial hemp plant monitoring system and must keep records as required by the department. Upon three days' notice, the department may require an inspection or audit during any normal business hours for the purpose of ensuring compliance. The department may also inspect any industrial hemp crop during the crop's growth phase and take a representative composite sample for field analysis. If a crop contains an average THC concentration exceeding .3% on a dry weight basis, the department may detain, seize, or embargo the crop.

The department may charge growers and handlers reasonable fees for the purpose of carrying out the duties of the department under the provisions of the bill.

The department may revoke or refuse to issue or renew an industrial hemp license or agricultural hemp seed production permit and may impose a civil penalty, of at least \$2,500 but not more than \$50,000, for violation of a license or permit requirement, terms or conditions, department rules relating to growing or handling industrial hemp, any industrial hemp plant monitoring system or a final order of the department that is specifically directed to the grower's or handler's industrial hemp operations or activities. The department may revoke or refuse to issue or renew an industrial hemp license or an agricultural hemp seed production permit for violation of any rule of the department that pertains to agricultural operations or activities other than industrial hemp growing or handling.

Any person growing industrial hemp without a valid industrial hemp license is subject to an administrative fine of \$500 and must obtain a valid license within 30 days. If the person applies for and receives a license within the 30-day period, the amount of the fine will be refunded in full. If the person fails to obtain a valid license within the 30-day period, the person will be fined \$1,000 per day until he or she obtains a license or the hemp crop is destroyed.

This bill is similar to HCS HB 830 (2015).