



HOUSE BILL 992: Amend Industrial Hemp Program.

**This Bill Analysis
reflects the
contents of the bill
as it was presented
in committee.**

2016-2017 General Assembly

Committee:	House Agriculture	Date:	June 9, 2016
Introduced by:	Reps. Brody, Dixon, Langdon, Steinburg	Prepared by:	Chris Saunders Committee Counsel
Analysis of:	PCS to First Edition H992-CSTQ-43 [v.2]		

SUMMARY: *The Proposed Committee Substitute (PCS) for H992 would (i) expand the membership of the Industrial Hemp Commission (Commission), (ii) clarify the powers and duties of the Commission, including granting rulemaking authority to the Commission, and provide that the industrial hemp research program must be managed and coordinated by State land grant universities, (iii) set out specific responsibilities of licensees and authorized research purposes for the industrial hemp program, (iv) create civil and criminal penalties for various violations of the industrial hemp program, and (v) amend the definition of marijuana to allow for the production of industrial hemp when the Commission adopts temporary rules to implement the program.*

This PCS is the same as was discussed in this Committee on Tuesday, June 7.

[As introduced, this bill was identical to S771, as introduced by Sens. B. Jackson, Cook, Wade, which is currently in Senate Agriculture/Environment/Natural Resources.]

BACKGROUND: The Industrial Hemp Commission was established as a five-member commission by S313 (2015) to implement an industrial hemp program in North Carolina. Section 7606 of the federal Agricultural Act of 2014 (Pub. L. 113-79) allows states to implement an agricultural pilot program to study the growth, cultivation, or marketing of industrial hemp, provided that state law allows the growth or cultivation of industrial hemp and the pilot program is conducted by an institution of higher education or a state department of agriculture.

S313 required the Commission to obtain funding of at least \$200,000 from non-State sources to support its operations prior to meeting or undertaking any of its powers and duties. The Commission has obtained the required funding to begin its operations.

CURRENT LAW AND BILL ANALYSIS:

Section 1 of the PCS would create new definitions for "industrial hemp research program" and "State land grant university."

Section 2 would increase the number of members of the Commission from five members to nine members. The four additional members of the Commission would be:

- One appointed by the Governor, who is a full-time faculty member of a State land grant university who regularly works in the field of agricultural science or research.
- One appointed by the Commissioner of Agriculture (Commissioner), who is a full-time farmer with at least 10 years of experience in agricultural production in North Carolina.

Karen Cochrane-Brown
Director



Legislative Analysis
Division
919-733-2578

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- One appointed by the Commissioner, who is a professional agricultural consultant.
- One appointed by the Commissioner, who is an agribusiness professional.

Section 3 would make the following changes to the powers and duties of the Commission:

- Clarify that the industrial hemp research program is to be directly managed and coordinated by State land grant universities, and that the program must consist primarily of demonstration plots planted and cultivated in the State by selected licensed growers.
- Specify that the Commission may only issue licenses for growth and cultivation of industrial hemp for research purposes.
- Authorize the Department of Agriculture to collect and manage fees charged by the Commission, provided that the Department remits all funds to the Commission at least monthly. The Department may retain its actual expenses associated with the issuance of licenses from the amount to be remitted to the Commission.
- Authorize the Commission to adopt rules necessary to implement the program.
- Require the Commission to notify the State Bureau of Investigation (SBI) and all local law enforcement agencies of the duration, size, and location of all industrial hemp plots authorized under the program.

Section 4 would add two new sections to provide the responsibilities of licensees and to set out authorized research purposes under the industrial hemp program.

The responsibilities of licensees would be:

- To maintain records demonstrating compliance with the program.
- To retain all industrial hemp production records for at least three years.
- To allow all industrial hemp crops to be inspected by and at the discretion of the Commission, the SBI, and local law enforcement.
- To maintain a written agreement verifying that the grower is a participant in an industrial hemp research program managed by a State land grant university.

The authorized research purposes would include, among other things:

- Studying marketplace opportunities for hemp products.
- Studying methods of industrial hemp cultivation that are best suited to soil conservation and restoration.
- Overseeing the growth of industrial hemp for agronomy research and analysis of required soils, growing conditions, and harvest methods.
- Conducting seed research on various types of industrial hemp and creating North Carolina hybrid types.
- Studying the economic feasibility of developing an industrial hemp market for various types of industrial hemp that can be grown in the State, including by the commercial marketing and sale of industrial hemp.

Section 5 would authorize the Commissioner to assess a civil penalty of up to \$2,500 for any of the following:

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- Violating any provision of the Industrial Hemp Article or a rule adopted by the Commission, or violating the terms of a license or order issued by the Commission.
- Manufacturing, distributing, or delivering marijuana on property authorized for industrial hemp production, or in a manner intended to disguise the marijuana due to its proximity to industrial hemp, or attempting to do the same.
- Providing false or misleading information in relation to a license application, inspection, or investigation.
- Tampering with or adulterating a lawfully planted industrial hemp crop.

This section would also make the previous three acts a Class 2 misdemeanor.

Section 6 would make a conforming change to reflect the rulemaking authority of the Commission.

Section 7 would authorize the Commission to adopt temporary rules to implement the industrial hemp research program.

Section 8 would provide that the change to the definition of "marijuana" to exclude lawfully grown industrial hemp would become effective following the adoption of temporary rules by the Commission.

EFFECTIVE DATE: Section 5 of this act would become effective December 1, 2016, and would apply to offenses committed on or after that date. The remainder of this act would be effective when it becomes law.