



HOUSE BILL 992: Amend Industrial Hemp Program.

2015-2016 General Assembly

Committee:		Date:	July 26, 2016
Introduced by:		Prepared by:	Chris Saunders Staff Attorney
Analysis of:	S.L. 2016-93		

OVERVIEW: *S.L. 2016-93 expands the membership of the Industrial Hemp Commission (Commission) from five members to nine, (ii) clarifies the powers and duties of the Commission, including granting rulemaking authority to the Commission and providing that the industrial hemp research program must be managed and coordinated by State land grant universities, (iii) sets out specific responsibilities of licensees and authorized research purposes for the industrial hemp program, including the commercial sale and marketing of industrial hemp, (iv) creates civil and criminal penalties for various violations of the industrial hemp program, and (v) amends the definition of marijuana to allow for the production of industrial hemp when the Commission adopts temporary rules to implement the industrial hemp program.*

The civil and criminal penalties become effective December 1, 2016, and apply to offenses committed on or after that date. The remainder of the act became effective July 11, 2016.

BACKGROUND: The Industrial Hemp Commission was established as a five-member commission by S.L. 2015-299 (S313) 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.

S.L. 2015-299 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.

BILL ANALYSIS:

Section 1 creates new definitions for "industrial hemp research program" and "State land grant university."

Section 2 increases the number of members of the Commission from five members to nine members. The four additional members of the Commission are:

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

Karen Cochrane-Brown
Director



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

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

- Clarifies 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.
- Specifies that the Commission may only issue licenses for growth and cultivation of industrial hemp for research purposes.
- Authorizes 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.
- Authorizes the Commission to adopt rules necessary to implement the program.
- Requires 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 adds 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 are:

- 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 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 authorizes the Commissioner to assess a civil penalty of up to \$2,500 for any of the following:

- 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.

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- 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 also creates the following three criminal penalties:

- 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, is a Class I felony.
- Providing false or misleading information in relation to a license application, inspection, or investigation is a Class 1 misdemeanor.
- Tampering with or adulterating a lawfully planted industrial hemp crop is a Class 1 misdemeanor.

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

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

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

EFFECTIVE DATE: Section 5 of this act becomes effective December 1, 2016, and applies to offenses committed on or after that date. The remainder of this act became effective July 26, 2016.