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Bruce
3/17/17

CS FOR SENATE BILL NO. 6(JUD)

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTIETH LEGISLATURE - FIRST SESSION

BY THE SENATE JUDICIARY COMMITTEE

Offered:
Referred:

Sponsor(s): SENATOR HUGHES

A BILL

FOR AN ACT ENTITLED

"An Act relating to the regulation and production of industrial hemp; relating to industrial hemp pilot programs; providing that industrial hemp is not included in the definition of 'marijuana'; clarifying that adding industrial hemp to food does not create an adulterated food product; and providing for an effective date."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

* **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section to read:

LEGISLATIVE INTENT. It is the intent of the legislature that the legislature reevaluate the regulation of industrial hemp, as provided under this Act, in seven years.

* **Sec. 2.** AS 03.05.010 is amended to read:

Sec. 03.05.010. Powers and duties of commissioner of natural resources.

(a) The commissioner of natural resources shall

(1) direct, administer, and supervise promotional and experimental work, extension services, and agricultural projects for the purpose of promoting and

developing the agricultural industry within the state including such fields as horticulture, dairying, cattle raising, fur farming, grain production, vegetable production, and development of other agricultural products;

(2) procure and preserve all information pertaining to the development of the agricultural industry and disseminate that information to the public;

(3) assist prospective settlers and others desiring to engage in the agricultural industry in the state with information concerning areas suitable for agriculture and other activities and programs essential to the development of the agricultural industry in the state;

(4) review the marketing, financing, and development of agricultural products inside the state including transportation, with special emphasis upon local production, and negotiate for the marketing of agricultural products of the state with federal and state agencies operating in the state;

(5) regulate and control the entry into the state and the transportation, sale, or use inside the state of plants, seeds, vegetables, shell eggs, fruits and berries, nursery stock, animal feeds, remedies and mineral supplements, fertilizers, and agricultural chemicals in order to prevent the spread of pests, diseases, or toxic substances injurious to the public interest, and to protect the agricultural industry against fraud, deception, and misrepresentation; in this connection the commissioner may require registration, inspection, and testing, and establish procedures and fees;

(6) regulate the farming of elk in a manner similar to the manner in which the commissioner regulates domestic animals and livestock, to the extent that is appropriate;

(7) adopt regulations relating to industrial hemp, including regulations that

(A) specify approved sources or varieties of hemp seed to be grown, sold, or offered for sale by an individual registered to produce industrial hemp;

(B) require testing, paid for by the registrant, for delta-9 tetrahydrocannabinol concentration following harvest of the industrial hemp;

1 (C) provide for general production practices to avoid the
2 unintended distribution of industrial hemp seeds by registrants into
3 nonagricultural land;

4 (D) establish isolation distances for the production of
5 industrial hemp; in this subparagraph, "isolation distance" means the
6 minimum separation required between two or more varieties of the plant
7 (genus) cannabis for the purpose of keeping the seed pure;

8 (8) submit a list of individuals registered to produce industrial
9 hemp under AS 03.05.076 and the expiration dates of the registration to the
10 marijuana control board and the Department of Public Safety [REPEALED].

11 (b) To carry out the requirements of this title, the commissioner of natural
12 resources may issue orders, regulations, quarantines, and embargoes relating to

13 (1) examination and inspection of premises containing products,
14 articles, and commodities carrying pests;

15 (2) establishment of quarantines for eradication of pests;

16 (3) establishment of standards and labeling requirements pertaining to
17 the sale of agricultural and vegetable seeds;

18 (4) tests and analyses which may be made and hearings which may be
19 held to determine whether the commissioner will issue a stop order or quarantine;

20 (5) cooperation with federal and other state agencies; and

21 (6) industrial hemp.

22 * **Sec. 3.** AS 03.05.010 is amended by adding a new subsection to read:

23 (c) The commissioner of natural resources shall issue a stop order to any
24 person who is found to be producing a plant product with a delta-9
25 tetrahydrocannabinol over 0.3 percent, regardless of whether the person is registered
26 under AS 03.05.076. The commissioner of natural resources shall notify the Marijuana
27 Control Board and the Department of Public Safety when the commissioner issues a
28 stop order.

29 * **Sec. 4.** AS 03.05 is amended by adding new sections to read:

30 **Sec. 03.05.076. Industrial hemp.** (a) Industrial hemp is an agricultural crop in
31 the state. An individual who produces industrial hemp shall apply to the department

for registration under this section. Registration is valid for one year but may be renewed. An application for registration or renewal must be on a form prescribed by the department that includes

(1) the name and address of the applicant;

(2) the address and global positioning system coordinates of the area to be used for the production of industrial hemp.

(b) An individual registered under this section may

(1) produce industrial hemp, including growing, harvesting, possessing, transporting, processing, selling, or buying industrial hemp;

(2) use any propagation method, including planting seeds or starts or using clones or cuttings to produce industrial hemp;

(3) retain industrial hemp seeds for the purpose of propagating industrial hemp in future years;

(4) retain and recondition any industrial hemp that tests between 0.3 percent and one percent delta-9 tetrahydrocannabinol on a dry-weight basis.

(c) An individual registered under this section shall

(1) comply with testing standards and procedures established by the commissioner by regulation;

(2) maintain, for at least three years following the sale or transfer of industrial hemp, records showing

(A) the name and address of the person that received the industrial hemp;

(B) the amount of industrial hemp transferred;

(3) make the records required under (2) of this subsection available for inspection by the department during normal business hours if the department provides at least three days' notice before inspecting the records.

(d) The department shall

(1) establish fee levels for application, registration, and renewal of registration so that the total amount of fees collected under this section approximately equals the regulatory costs for regulating the industrial hemp industry;

(2) annually review each fee level to determine whether the regulatory

cost of industrial hemp is approximately equal to the fees collected;

(3) notify the Marijuana Control Board and the Department of Public Safety when the department issues a stop-sale order and issues a violation notice under this section;

(4) require an individual registered under this section whose industrial hemp tests over one percent delta-9 tetrahydrocannabinol to destroy the product so that it cannot be used for the purpose of reconditioning other hemp crops or gifted or transferred to another individual other than for the purpose of having the industrial hemp destroyed in full form.

(e) The department may

(1) issue a stop-sale order and issue a violation notice to a person who is producing industrial hemp without a current registration;

(2) adopt regulations regarding approved shipping documentation for the transportation of industrial hemp;

(3) conduct random tests and inspections of industrial hemp for delta-9 tetrahydrocannabinol concentration produced by an individual registered under this section.

(f) The department, an individual registered under this section, or any institution of higher education may import into the state and resell industrial hemp seeds.

(g) Industrial hemp products intended for human consumption may not exceed 0.3 percent delta-9 tetrahydrocannabinol. Industrial hemp produced under a registration under this section may not be used to produce hashish, hashish oil, or marijuana concentrates. In this subsection, "hashish" and "hashish oil" have the meanings given in AS 11.71.900, but do not include cannabidiol oil.

(h) Producing industrial hemp without a registration issued under this section is a violation punishable by a fine of \$500.

Sec. 03.05.077. Industrial hemp pilot program. (a) The department or an institution of higher education in the state may create and administer an agricultural pilot program to study the growth, cultivation, or marketing of industrial hemp.

(b) An institution of higher education in the state, the division of the

department with responsibility for agriculture, or an individual registered under AS 03.05.076 may participate in an agricultural pilot program created under (a) of this section or engage in industrial hemp research.

(c) The department may adopt regulations to implement this section.

Sec. 03.05.078. Transportation of industrial hemp. (a) An individual registered under AS 03.05.076 shall have a copy of the individual's registration in immediate possession at all times when transporting industrial hemp and shall present the copy of the registration for inspection upon the demand of a peace officer or other authorized representative of the department. An individual may display a copy of the individual's registration on a mobile electronic device.

(b) Displaying proof of registration on a mobile electronic device under this section does not constitute consent for a peace officer or other authorized representative of the department to access other contents of the mobile electronic device.

(c) An individual who violates (a) of this section is guilty of a violation.

Sec. 03.05.079. Production in violation of delta-9 tetrahydrocannabinol limit. Notwithstanding AS 11.71.040 - 11.71.060, an individual registered under AS 03.05.076 to produce industrial hemp whose product has a delta-9 tetrahydrocannabinol content between 0.3 percent and one percent is guilty of a violation.

* **Sec. 5.** AS 03.05.100 is amended by adding a new paragraph to read:

(5) "industrial hemp" means all parts and varieties of the plant *Cannabis sativa* L. containing not more than 0.3 percent delta-9 tetrahydrocannabinol.

* **Sec. 6.** AS 11.71.900(14) is amended to read:

(14) "marijuana" means the seeds, and leaves, buds, and flowers of the plant (genus) *Cannabis*, whether growing or not; it does not include the resin or oil extracted from any part of the plants, or any compound, manufacture, salt, derivative, mixture, or preparation from the resin or oil, including hashish, hashish oil, and natural or synthetic tetrahydrocannabinol; it does not include the stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the stalks, fiber,

oil or cake, or the sterilized seed of the plant which is incapable of germination; **it does not include industrial hemp as defined in AS 03.05.100;**

* **Sec. 7.** AS 17.20.020 is amended by adding a new subsection to read:

(e) Food is not adulterated under this section solely because it contains industrial hemp, as defined in AS 03.05.100, or an industrial hemp product.

* **Sec. 8.** AS 17.38.900(10) is amended to read:

(10) "marijuana" means all parts of the plant of the genus cannabis whether growing or not, the seeds thereof, the resin extracted from any part of the plant, and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or its resin, including marijuana concentrate; "marijuana" does not include fiber produced from the stalks, oil, or cake made from the seeds of the plant, sterilized seed of the plant which is incapable of germination, [OR] the weight of any other ingredient combined with marijuana to prepare topical or oral administrations, food, drink, or other products, **or industrial hemp as defined in AS 03.05.100;**

* **Sec. 9.** The uncodified law of the State of Alaska is amended by adding a new section to read:

REPORT ON INDUSTRIAL HEMP. On or before December 1, 2024, the Department of Natural Resources shall provide a written report to the legislature on the regulation of industrial hemp. The department shall deliver the report to the senate secretary and the chief clerk of the house of representatives not later than December 1, 2024, and notify the legislature that the report is available. The report must include

(1) the total number, for each of the previous seven calendar years and the combined total for the previous seven years, of

(A) individuals registered in the state to produce industrial hemp;

(B) violations that occurred; and

(C) stop orders issued;

(2) the total amount of industrial hemp grown for each of the previous seven calendar years and the combined total for the previous seven years; and

(3) a summary of the economic effects of the regulation of industrial hemp for the state.