

HOUSE BILL NO. 325

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-FOURTH LEGISLATURE - SECOND SESSION

BY REPRESENTATIVES MCCABE, Tomaszewski

Introduced: 2/23/26

Referred: Labor and Commerce, Judiciary

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to industrial hemp; and providing for an effective date."**

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

3 *** Section 1.** AS 03.05.010(a) is amended to read:

4 (a) The commissioner of natural resources shall

5 (1) direct, administer, and supervise promotional and experimental
6 work, extension services, and agricultural projects for the purpose of promoting and
7 developing commercial and noncommercial agricultural industry in the state,
8 including horticulture, dairying, cattle raising, fur farming, grain production, vegetable
9 production, and agricultural products;

10 (2) procure and preserve all information pertaining to developing the
11 agricultural industry in the state and disseminate that information to the public;

12 (3) assist prospective settlers and others to engage in the agricultural
13 industry in the state by providing information about activities and programs essential
14 to developing the agricultural industry and areas in the state that are suitable for
15 agriculture;

1 (4) review the marketing, financing, transportation, and development
 2 of agricultural products in the state, with special emphasis on local production, and
 3 negotiate for the marketing of agricultural products of the state with federal and state
 4 agencies operating in the state;

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

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

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

18 (A) specify approved sources or varieties of hemp seed or
 19 propagation material to be grown, sold, or offered for sale by an individual
 20 registered to produce industrial hemp, including material certified under a
 21 federally approved hemp program, federally certified seed scheme, or
 22 recognized third-party certifier, without requiring grow-out trials
 23 conducted by the department;

24 (B) require testing, paid for by the registrant, for delta-9-
 25 tetrahydrocannabinol concentration following harvest of the industrial hemp,
 26 allowing for independently accredited laboratories and samplers;

27 (C) provide for general production practices to avoid the
 28 unintended distribution of industrial hemp seeds by registrants into
 29 nonagricultural land;

30 (D) establish an isolation distance [DISTANCES] for the
 31 production of industrial hemp grown for certified or seed-purity production

1 **of at least 1,000 meters, and recommend isolation distances for the**
2 **production of other industrial hemp**; in this subparagraph, "isolation
3 distance" means the minimum separation required between two or more
4 varieties of the plant (genus) Cannabis for the purpose of keeping the seed
5 pure;

6 (E) permit manufacturing and retail sale of industrial hemp and
7 products made from industrial hemp;

8 (F) establish a registration and renewal procedure for a
9 participant in the industrial hemp program developed under AS 03.05.076;

10 **(G) establish a tiered testing frequency based on risk**
11 **categories developed in regulation that considers crop history and past**
12 **compliance**;

13 **(H) allow a harvest window of not more than 30 days after**
14 **sample collection, with permissible extensions for weather or other good**
15 **cause**;

16 **(I) establish tiered grower categories, including a micro-**
17 **grower category, with scaled reporting, inspection, testing, and fee**
18 **requirements**;

19 **(J) eliminate permits for in-state transportation of**
20 **industrial hemp between registered parties when a shipment is**
21 **accompanied by a certificate of analysis or other approved shipping**
22 **documentation**;

23 **(K) establish corrective-action-plan procedures to enforce**
24 **an industrial hemp violation that prioritize compliance, include a written**
25 **notice of the registrant's noncompliance, provide an opportunity for the**
26 **registrant to cure the noncompliance, and establish objective criteria for**
27 **escalation, including civil penalties, suspension, or revocation**;

28 (8) submit a list of individuals registered to produce industrial hemp
29 under AS 03.05.076 and the expiration dates of the registrations to the Marijuana
30 Control Board and the Department of Public Safety;

31 (9) regulate the labeling of seed that does not comply with the

1 requirements of AS 03.20.130.

2 * **Sec. 2.** AS 03.05.010(c) is amended to read:

3 (c) The commissioner of natural resources shall notify the Marijuana Control
4 Board and the Department of Public Safety **of a person's repeated or knowing**
5 **violations of state statutes or regulations relating to industrial hemp. Industrial**
6 **hemp shall be tested using a federally compliant testing method that accounts for**
7 **measurement uncertainty. Noncompliant industrial hemp is industrial hemp that**
8 **tests above 0.3 percent delta-9 tetrahydrocannabinol on a dry-weight basis**
9 [WHEN THE COMMISSIONER ISSUES A STOP ORDER]. The commissioner of
10 natural resources **shall**

11 (1) [SHALL] issue a stop order to a person

12 [(A) NOT REGISTERED UNDER AS 03.05.076 WHO IS
13 FOUND TO BE PRODUCING A PLANT WITH DELTA-9-
14 TETRAHYDROCANNABINOL; OR

15 (B)] registered under AS 03.05.076 who is found to be
16 producing a plant with delta-9-tetrahydrocannabinol over one percent; and

17 (2) **allow** [MAY ISSUE A STOP ORDER TO] a person registered
18 under AS 03.05.076 who is found to be producing a plant with delta-9-
19 tetrahydrocannabinol between 0.3 percent and one percent **to retain and recondition,**
20 **remediate, or convert the plant to a nonintoxicating industrial use before issuing**
21 **a stop order requiring destruction of the plant.**

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

23 (e) The commissioner of natural resources may issue enforcement actions for
24 an industrial hemp violation using the corrective-action plan developed under
25 (a)(7)(K) of this section.

26 * **Sec. 4.** AS 03.05.076(a) is amended to read:

27 (a) Industrial hemp is an agricultural crop in the state. An individual who
28 produces industrial hemp shall apply to the department for registration under this
29 section. Registration is valid for one year but may be renewed. An application for
30 registration or renewal must be on a form prescribed by the department that includes

31 (1) the name and address of the applicant;

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

3 (3) **the applicant's acreage or estimated plant count sufficient to**
4 **determine the applicant's tiered grower category under AS 03.05.010(a)(7)(I)** [A
5 SIGNED STATEMENT BY THE APPLICANT, MADE UNDER THE PENALTY
6 OF PERJURY, AFFIRMING THAT THE APPLICANT

7 (A) HAS NOT BEEN CONVICTED OF A FELONY
8 RELATED TO A CONTROLLED SUBSTANCE IN THIS OR ANOTHER
9 JURISDICTION WITHIN THE 10 YEARS IMMEDIATELY PRECEDING
10 THE DATE OF APPLICATION; OR

11 (B) WAS LAWFULLY GROWING HEMP BEFORE
12 DECEMBER 20, 2018, AND WAS NOT CONVICTED OF A FELONY
13 RELATED TO A CONTROLLED SUBSTANCE IN THIS OR ANOTHER
14 JURISDICTION AFTER THAT DATE].

15 * **Sec. 5.** AS 03.05.076(b) is amended to read:

16 (b) An individual registered under this section may

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

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

21 (3) retain industrial hemp seeds for the purpose of propagating
22 industrial hemp in future **growing seasons** [YEARS];

23 (4) retain and recondition, **remediate, or convert** any industrial hemp
24 that tests between 0.3 percent and one percent delta-9-tetrahydrocannabinol on a dry-
25 weight basis.

26 * **Sec. 6.** AS 03.05.076(c) is amended to read:

27 (c) An individual registered under this section shall

28 (1) comply with testing standards and procedures established by the
29 commissioner **of natural resources** by regulation;

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

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

3 (B) the amount of industrial hemp transferred;

4 (3) make the records required under (2) of this subsection available for
5 inspection by the department during normal business hours if the department provides
6 at least **10** [THREE] days' notice before inspecting the records.

7 * **Sec. 7.** AS 03.05.076(d) is amended to read:

8 (d) The department shall

9 (1) establish fee levels for application, registration, and renewal of
10 registration so that the total amount of fees collected under this section approximately
11 equals the regulatory costs for regulating the industrial hemp industry, **with reduced**
12 **or waived fees for micro-growers;**

13 (2) annually review each fee level to determine whether the regulatory
14 cost of industrial hemp is approximately equal to the fees collected;

15 (3) notify the Marijuana Control Board and the Department of Public
16 Safety when the department issues **a notice for a repeated or knowing** [A STOP-
17 SALE ORDER AND ISSUES A] violation [NOTICE] under this section;

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

23 **(5) issue a notice to an individual for a repeated or knowing**
24 **violation of state statutes or regulations relating to industrial hemp.**

25 * **Sec. 8.** AS 03.05.076(e) is amended to read:

26 (e) The department **may**

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

29 (2) [MAY] adopt regulations regarding approved shipping
30 documentation for the transportation of industrial hemp **and eliminate permits for in-**
31 **state transportation between registered parties;**

1 (3) [MAY] conduct random tests and inspections of industrial hemp
2 for delta-9-tetrahydrocannabinol concentration produced by an individual registered
3 under this section; **random tests and inspections under this paragraph may use**
4 **risk-based tiers with reduced frequency for low-risk growers, products, or**
5 **production or testing methods approved by the department in regulation.**

6 * **Sec. 9.** AS 03.05.079 is amended to read:

7 **Sec. 03.05.079. Production in violation of delta-9-tetrahydrocannabinol**
8 **limit.** (a) Notwithstanding AS 11.71.040 - 11.71.060, an individual registered under
9 AS 03.05.076 to produce industrial hemp whose product has a delta-9-
10 tetrahydrocannabinol content between 0.3 percent and one percent may retain and
11 recondition, **remediate, or convert** the product as provided in AS 03.05.076(b)(4).

12 (b) An individual who retains but fails to recondition, **remediate, or convert**
13 an industrial hemp product described in (a) of this section is guilty of a violation.

14 * **Sec. 10.** AS 03.05.100 is amended by adding a new paragraph to read:

15 (6) "micro-grower" means an individual registered under AS 03.05.076
16 to produce industrial hemp whose product is cultivated on less than one-quarter of an
17 acre or who has fewer than 200 plants, including indoor or greenhouse production.

18 * **Sec. 11.** This Act takes effect July 1, 2026.

REPRESENTATIVE KEVIN J. McCABE

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HB 325/Ver. A (34-LS1302\N)

“An Act relating to industrial hemp; and providing for an effective date.”

SECTIONAL ANALYSIS

Section 1. Amends AS 03.05.010(a) to expand the Commissioner of Natural Resources’ authority to regulate industrial hemp. Authorizes the commissioner to adopt regulations governing hemp seed sources, testing standards, isolation distances, registration procedures, tiered grower categories (including micro-growers), labeling, transportation, enforcement procedures, and corrective-action plans. Permits regulation of manufacturing and retail sale of hemp products and requires notification to the Marijuana Control Board and the Department of Public Safety regarding registered growers and certain violations.

Section 2. Amends AS 03.05.010(c) to require federally compliant testing methods that account for measurement uncertainty. Clarifies enforcement thresholds for delta-9 THC content, requiring stop orders for hemp exceeding 1% THC, and allowing registrants with crops testing between 0.3% and 1% THC to recondition, remediate, or convert the crop prior to destruction.

Section 3. Adds a new subsection to AS 03.05.010 authorizing the commissioner to use corrective-action plans when addressing industrial hemp violations.

Section 4. Amends AS 03.05.076(a) to revise registration requirements for industrial hemp producers. Requires annual registration, applicant identification, and location information, including GPS coordinates. Removes prior felony-related eligibility language and incorporates tiered grower classifications based on acreage or plant count.

Section 5. Amends AS 03.05.076(b) to expand authorized activities for registered producers, including cultivation, processing, transport, sale, seed retention, and remediation of hemp testing between 0.3% and 1% THC.

Section 6. Amends AS 03.05.076(c) to require three-year record retention for hemp transactions and extends department inspection notice requirements from three days to ten days.

Section 7. Amends AS 03.05.076(d) to require that regulatory fees approximate program costs, with annual review. Authorizes reduced or waived fees for micro-growers and updates destruction and violation notification provisions.

Section 8. Amends AS 03.05.076(e) to authorize stop-sale orders for unregistered producers, permit regulations governing transportation documentation, eliminate certain in-state transport permits, and allow risk-based random testing and inspections.

Section 9. Amends AS 03.05.079 to clarify that registered producers may retain, recondition, remediate, or convert hemp testing between 0.3% and 1% THC. Failure to do so constitutes a violation.

Section 10. Adds a definition of “micro-grower” to AS 03.05.100, covering producers cultivating less than one-quarter acre or fewer than 200 plants, including indoor or greenhouse operations.

Section 11. Provides an effective date of July 1, 2026.

Fiscal Note

State of Alaska
2026 Legislative Session

Bill Version: HB 325
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB325-DNR-DAG-4-17-26
Title: INDUSTRIAL HEMP
Sponsor: MCCABE
Requester: (H)Labor & Commerce

Department: Department of Agriculture
Appropriation: Agriculture
Allocation: North Latitude Plant Material Center
OMB Component Number: 3585

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2027	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2027 Request	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
OPERATING EXPENDITURES	FY 2027	FY 2027					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2026) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2027) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? **Yes**
If yes, by what date are the regulations to be adopted, amended or repealed? **1/1/2028**

Why this fiscal note differs from previous version/comments:

Not applicable, initial version

Prepared By: <u>Phil Czapla</u>	Phone: <u>(907)745-8747</u>
Division: <u>Agriculture</u>	Date: <u>04/17/2026</u>
Approved By: <u>Shannon Miller, Administrative Services Director</u>	Date: <u>04/17/2026</u>
Agency: <u>Natural Resources</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2026 LEGISLATIVE SESSION

BILL NO. HB 325

Analysis

This bill revises AS 03.05.010, AS 03.05.076, AS 03.05.079 and AS 03.05.100, the Alaska statutes that provide guidelines for the issuance of industrial hemp registrations in the state. The bill will take effect on July 1, 2026 if passed.

The legislation reaffirms the authority of the Commissioner of the Department of Natural Resources to oversee hemp production statewide, though certain flexibility or discretion in decision-making may be reduced. It provides new language for the commissioner to approve specific sources and varieties of hemp seed and propagation materials that are certified by globally-recognized seed certification programs for production of hempseed and grain, stalks and branches (fiber), or flowers and leaves (floral material) and to implement a risk-based, tiered sampling system. Consistent with the performance-based sampling framework outlined in 7 CFR 990, testing frequency may be adjusted based on crop type—such as fiber, grain, or microgreen/low-risk cultivars—and a producer’s compliance history. This approach allows regulators to focus oversight on higher-risk operations while reducing unnecessary testing burdens on compliant growers. All THC testing must be conducted by independently accredited laboratories and samplers to ensure accuracy and regulatory integrity.

To expand participation in the hemp industry, the bill introduces a tiered registration system for producers, including a new “micro-grower” category designed specifically for small-scale operators. This structure lowers barriers to entry, supports small agricultural businesses, and encourages broader participation in the hemp market.

It also streamlines in-state transportation requirements by eliminating certain permit requirements between registered parties, provided shipments are accompanied by a certificate of analysis or other approved documentation.

Enforcement provisions emphasize compliance and corrective action over punitive measures, particularly for minor or first-time violations. Producers will have the opportunity to address deficiencies through corrective-action plans before facing stronger penalties. However, repeated or knowing violations must be reported to the appropriate authorities, Marijuana Control Board and the Department of Public Safety.

The Department does not foresee any costs or changes in revenue associated with HB 325; therefore, no fiscal impact is noted.

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SPONSOR STATEMENT

HB 325 updates Alaska’s industrial hemp statutes to ensure our regulatory framework is clear, predictable, and aligned with federal law, while protecting small agricultural producers from unnecessary bureaucracy.

Industrial hemp is an agricultural crop, not marijuana, and it should be regulated accordingly. Since federal legalization under the 2018 Farm Bill, states have been responsible for implementing hemp programs that comply with federal standards. This bill ensures Alaska’s statutes reflect that framework in a structured and responsible way.

The bill requires federally compliant testing methodology, maintains the 0.3 percent THC standard, and preserves the one percent destruction threshold consistent with federal enforcement practices. For hemp testing between 0.3 percent and one percent, the bill prioritizes remediation and compliance rather than automatic punitive action. Enforcement remains firm, but fair and predictable.

HB 325 also establishes corrective-action procedures that require written notice, an opportunity to cure deficiencies, and objective criteria before civil penalties, suspension, or revocation occur. This protects producers from arbitrary enforcement while maintaining accountability.

To reduce unnecessary red tape, the bill:

- Eliminates duplicative in-state transport permits when proper documentation is present;
- Establishes tiered grower categories, including relief for micro-growers;
- Requires scaled reporting, inspection, testing, and fee structures proportionate to operation size; and
- Recognizes federally approved seed certification programs without requiring duplicative state grow-out trials.

This legislation does not expand THC limits, does not weaken enforcement authority, and does not reduce oversight for high-THC violations. It strengthens clarity, aligns Alaska with federal standards, and ensures hemp is regulated as agriculture, not as a controlled substance.

HB 325 promotes fairness, consistency, and responsible oversight while protecting Alaska farmers and reducing unnecessary state bureaucracy.

I respectfully ask for your support.

