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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.