

ALASKA STATE LEGISLATURE
HOUSE COMMUNITY AND REGIONAL AFFAIRS STANDING COMMITTEE

April 18, 2019

8:03 a.m.

MEMBERS PRESENT

Representative Harriet Drummond, Co-Chair
Representative Sara Hannan, Co-Chair
Representative Jonathan Kreiss-Tomkins
Representative Steve Thompson

MEMBERS ABSENT

Representative Matt Claman
Representative Sharon Jackson
Representative Josh Revak

COMMITTEE CALENDAR

PRESENTATION(S): STATUS OF INDUSTRIAL HEMP IN ALASKA

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

ROB CARTER, Manager
Plant Materials Center
Division of Agriculture
Department of Natural Resources (DNR)
Palmer, Alaska

POSITION STATEMENT: Offered the first part of the presentation on the Status of Industrial Hemp in Alaska.

DAVID SCHADE, Acting Director
Division of Agriculture
Department of Natural Resources (DNR)
Palmer, Alaska

POSITION STATEMENT: Gave the second half of the presentation on the Status of Industrial Hemp in Alaska.

DAN SADDLER, Legislative Liaison/Communications Director
Office of the Commissioner

Department of Natural Resources (DNR)
Anchorage, Alaska

POSITION STATEMENT: Answered a question during the presentation on the Status of Industrial Hemp in Alaska.

JOAN WILSON, Assistant Attorney General
Commercial, Fair Business Section and Child Support Section
Civil Division (Anchorage)
Department of Law (DOL)
Anchorage, Alaska

POSITION STATEMENT: Provided information during the presentation on the Status of Industrial Hemp in Alaska.

AARON RALPH, Owner/Manufacturer
Alaska Cannabis Exchange (ACE) CBD Products
(No address provided)

POSITION STATEMENT: Testified during the presentation on the Status of Industrial Hemp in Alaska.

SHAWN MCDONOUGH
(No address provided)

POSITION STATEMENT: Testified during the presentation on the Status of Industrial Hemp in Alaska.

KERBY COMAN, Co-owner
Hempire Co.; Owner
Green Degree
Wasilla, Alaska

POSITION STATEMENT: Testified during the presentation on the Status of Industrial Hemp in Alaska.

ACTION NARRATIVE

[8:03:43 AM](#)

CO-CHAIR HARRIET DRUMMOND called the House Community and Regional Affairs Standing Committee meeting to order at 8:03 a.m. Representatives Kreiss-Tomkins, Thompson, Hannan, and Drummond were present at the call to order.

PRESENTATION(S): STATUS OF INDUSTRIAL HEMP IN ALASKA

[8:04:33 AM](#)

CO-CHAIR DRUMMOND announced that the only order of business would be a presentation on the Status of Industrial Hemp in Alaska.

8:06:39 AM

ROB CARTER, Manager, Plant Materials Center, Division of Agriculture, Department of Natural Resources (DNR), began the PowerPoint presentation on the Status of Industrial Hemp in Alaska. He directed attention to slide 2, "What is Hemp?" As shown on the slide, he noted that AS 03.05.100(5) defines industrial hemp as "all parts and varieties of the plant *Cannabis sativa* L. containing not more than 0.3 percent of delta-9-tetrahydrocannabinol (THC)." To slide 3 - "What is CBD?" - he explained that CBD is short for cannabidiol, which is one of the compounds found in Cannabis plants. It is used widely in "wellness applications." Recently the Federal Drug Administration (FDA) approved Epidiolex, the first medically approved CBD compound used to treat seizures. He said CBD can be added to food, water, tinctures, and salves for use in "what is believed as a wellness product." Turning to slide 4, "Division of Agriculture Authority," Mr. Carter said Senate Bill 6 was passed in 2018 [during the Thirtieth Alaska State Legislature] to create an industrial hemp pilot program to research the growth, cultivation, and marketing of industrial hemp and to promulgate regulations necessary to implement the program.

8:09:47 AM

MR. CARTER directed attention to slide 5, "Agriculture Improvement Act of 2018 (Federal Farm Bill)," [also referred to as "the 2018 farm bill"], which he said "somewhat changed the process for the legality of industrial hemp cultivation in the United States, and will continue to change that as the [United States Department of Agriculture] (USDA) Agricultural Marketing Service begins to regulate or provide guidance to the states that are regulating industrial hemp." He said one of the most important parts of the 2018 farm bill is that it will remove industrial hemp and hemp parts from the federal schedule I drug listing, which would allow the USDA to set model law and regulation in collaboration with states that have the intent to produce industrial hemp. Prior to that, he explained, individual states created their own pilot programs under the limited guidance of [the Agricultural Improvement Act of 2014, also referred to as "the 2014 farm bill."] He indicated that the USDA may come out with guidance by the end of the year. Mr. Carter related that another important aspect of the 2018 farm bill is that although CBD will remain illegal "across the federal board," it will be up to each individual state to create

exceptions. As long as the products are derived from hemp grown in a "farm bill-compliant state" by a licensed cultivator/processor/marketer and meet production and state regulations, those products will be legal in the market.

[8:12:15 AM](#)

MR. CARTER turned to slide 6, "Pilot Program." He said as approved by the 2014 and 2018 farm bills, DNR's Division of Agriculture is the state agricultural agency that will conduct hemp-related research, including growth trials and THC testing. The plants shown in a photo on the slide are being grown by the division. He said without the regulations in place, producing, processing, and marketing industrial hemp and hemp parts is illegal.

[8:13:28 AM](#)

CO-CHAIR HANNAN asked how big the test production will be and how the hemp is grown.

MR. CARTER answered that seedlings were started in a controlled environment [a greenhouse], but there are plans to do in-field trials, as well. He noted that industrial hemp seeds are "much harder to come by than one would expect" and at significant cost. The plan is to propagate the plants to hold on to them after the THC testing is complete.

[8:15:15 AM](#)

DAVID SCHADE, Acting Director, Division of Agriculture, Department of Natural Resources (DNR), gave the second half of the presentation on the state of industrial hemp in Alaska. He directed attention to slide 7, "Regulations - Current Adoption Timeframe," and announced that the division has committed to have a regulations package ready for public notice by May 15, 2019. He said there is a high level of interest in the project. He estimated that by September or October, the final regulations will be in place. Turning to slide 8, titled "Program Challenges: Private Sector Lab Testing Is Limited," he explained that one challenge is in writing regulations that meet the current status of the 2014 farm bill while to the extent possible meeting the requirements of the 2018 farm bill. As shown on the slide, he said one challenge is in meeting the 0.3 percent delta-9 THC requirement. He mentioned other tests for which there would be additional requirements, such as ensuring pesticides are not being consumed by animals and humans.

[8:18:25 AM](#)

MR. SCHADE turned to slide 9, "Program Challenges - USDA Regulations," and said the USDA does not expect to have its hemp regulations in place for at least one year and is not accepting any state program proposals for approval. He explained that the Division of Agriculture will operate under its state pilot program but will have to wait until the USDA regulations are in place before the program is approved. He said the division will remain in its "experimental mode" while it waits.

[8:19:22 AM](#)

REPRESENTATIVE KREISS-TOMKINS referred to slide 8 and asked what percentage of THC exists in Cannabis.

MR. CARTER answered that most of the recreational Cannabis on the market is greater than 15 percent and up to about mid-20 percent "as a raw flower product."

[8:20:33 AM](#)

MR. SCHADE directed attention to slide 10, "Program Challenges - CBD Products." He said the division tried to figure out "where we are in relationship to the industry." Surveys by the division showed over 300 manufacturers using CBD and 1,000 retail establishments. He said CBD is still illegal for interstate commerce, yet these products are out there for animal and human consumption. The division takes seriously its role in getting these products into legal status to ensure that "anything hemp-related is being done by the law, properly, and protective of the public."

MR. SCHADE turned to slide 11, "Program Challenges - Resources." He said the division currently lacks adequate staff to meet all hemp program needs and would need additional direct services staff for PMC and regulatory work. The division estimates it will require approximately \$500,000 in receipt authority annually. He said Senate Bill 6 mandated that the industry pays for program-related services, which requires the division to have receipt authority. He said the program could start midway through the fiscal year and "ramp up." He said he is not aware of the receipt authority being in the budget for the division beyond the regulatory phase.

[8:24:13 AM](#)

REPRESENTATIVE THOMPSON asked what "GFPR" - shown on slide 11 - means.

MR. SCHADE answered it means general fund program receipts.

MR. SCHADE continued to slide 12, "Program Challenges." He said the program needs to be coordinated with the Marijuana Control Board and law enforcement. He said his untrained eye cannot differentiate between a hemp plant and a marijuana plant. He talked about reporting requirements regarding registrants and ensuring all phases of the program are compliant with the law. He noted that law enforcement in some rural areas of the state is challenging and the division's jurisdiction is statewide. He said the division has determined there will be statutory changes to be made under the 2018 farm bill. He explained the division is currently working under the 2014 farm bill. In the future, there will be "tweaks" needed in statute so that the division can be compliant with federal regulations promulgated by the USDA.

[8:26:27 AM](#)

CO-CHAIR HANNAN said that Alaska's state law regarding marijuana conflicts with federal law. She stated her assumption that the interest in complying with federal law over hemp is for export to other states so that Alaska does not get into an interstate commerce problem. She asked if Alaska needs to be as concerned about federal regulations when creating regulations for production of CBD oil.

MR. SCHADE answered that Representative Hannan is right, and that is why the division is moving forward with its regulations under the 2014 farm bill. He said, "That allows us to do the in-state use of the industry." However, the concern is whether the federal government will change its enforcement in the future. He said the good news is that the federal government will be removing hemp [and hemp parts] from the list of drugs. He said both industries can be managed within Alaska. The difference between marijuana and hemp is that hemp will be legal in both state and federal law.

CO-CHAIR HANNAN asked if the Division of Agriculture asked for program receipt authority in order to get through the current fiscal year with its commercial operation.

[8:28:49 AM](#)

DAN SADDLER, Legislative Liaison/Communications Director, Office of the Commissioner, Department of Natural Resources (DNR), offered his understanding that receipt authority comes in the following budget year; therefore, the answer to Representative Hannan's question would be no. He allowed that he is not an expert in this area.

[8:29:33 AM](#)

REPRESENTATIVE THOMPSON deduced from the photos that hemp grows 10 feet or higher and he asked how that affects trying to grow it indoors. He also asked how long it takes to grow that big.

MR. CARTER answered that growth rate and height is related to the cultivar. Hemp varieties vary from 24 inches tall to over 12 feet. He explained that the taller variety would be grown for fiber production, whereas a smaller variety is grown for oil production.

[8:31:21 AM](#)

CO-CHAIR HANNAN surmised that the division could have three to four crop cycles grown within a year, each tested for CBD thresholds.

MR. CARTER confirmed that is correct. At this point the intent is not about yield but about identifying genetics that grow well in Alaska. He said the division has the ability to produce clones that maintain certain genetic material.

CO-CHAIR HANNAN asked if the intent is for the Plant Materials Center to be the source for the legal seed and clone stock that could produce CBD for commercial growth in Alaska.

MR. CLARK answered, "I believe that would actually be a decent function of the Plant Materials Center." He said the division currently maintains a significant amount of plant materials made available for the state: 61 grass varieties and 25 different grain species "known to do well as a vessel from grain production to reclamation statewide." He offered his understanding that it is not the intent of the division or the department to "forever maintain that," but rather it is the intent that the division identify which of the cultivars or species can be produced legally to meet the 3 parts per million threshold and then to maintain some of that genetic material to keep it in Alaska.

CO-CHAIR HANNAN asked if the division has already initiated conversations with state regulated labs to do the testing and whether multiple labs would be utilized in order to ensure consistent results.

MR. CLARK answered that the division has spoken to many of the private labs currently working with the recreational Cannabis industry. He mentioned getting good baseline data in order to protect the producers, processors, and consumers in Alaska. He indicated that multiple tests would be done "through any avenue that we can."

[8:35:05 AM](#)

REPRESENTATIVE THOMPSON asked about the distance necessary between plants to prevent crosspollination.

MR. CLARK answered that isolation distances can change. Pollen from Cannabis can travel long distances. In a controlled environment, the intent is to grow "floral material" and remove the male genetics that produce pollen. In grain production or "large-scale fiber biomass production," using feed that may be "both male and female genetic" requires consideration of isolation distances.

[8:36:40 AM](#)

MR. SADDLER, adding to his previous answer to Co-Chair Hannan, stated he just discovered that receipt authority has not been requested in the governor's fiscal year 2020 (FY 20) budget.

[8:37:00 AM](#)

CO-CHAIR DRUMMOND remarked that that is "easy enough to fix." She then asked for confirmation that isolation distances don't apply to recreational Cannabis and hemp because of the way they are grown.

MR. CLARK answered that is correct.

CO-CHAIR DRUMMOND asked how many outdoor Cannabis growing operations there are in Alaska.

MR. CLARK responded that he does not know the total but does know of at least four.

CO-CHAIR DRUMMOND surmised that her question would be better asked of the Marijuana Control Board.

[8:38:26 AM](#)

CO-CHAIR HANNAN asked for more details regarding lab production and test growing.

MR. CLARK answered that currently the division is the only entity doing the production; however, once the [federal regulation] is in place, anyone will be able to pay an application fee and take part in whatever portion of the industrial hemp program is of interest. In response to a follow-up question from Co-Chair Hannan, he confirmed that this opportunity should be available by this fall, but he hopes it could be sooner.

[8:41:14 AM](#)

CO-CHAIR DRUMMOND noted that apparently the division needs receipt authority before it can issue any "test licenses."

MR. SCHADE confirmed that is correct.

CO-CHAIR DRUMMOND asked why the division has not asked the legislature for the receipt authority.

MR. SCHADE replied that the issue has been managed by the Office of Management & Budget; the division is not working the budget process. He requested Co-Chair Drummond work with Mr. Saddler to get an answer to that question.

CO-CHAIR DRUMMOND asked how many inquiries have been made since passage of Senate Bill 6 by people interested in growing industrial hemp.

MR. SCHADE answered that the division receives calls daily.

[8:43:01 AM](#)

MR. CARTER added that prior to passage of Senate Bill 6, people were unaware of "the social ramifications of Cannabis and the relationship of industrial hemp to that." Since passage of Senate Bill 6, approximately 1,400 people have expressed interest by giving him their contact information, and he receives 6-11 phone calls daily.

CO-CHAIR DRUMMOND responded that it sounds like it would be hard for the division to move forward without receipt authority, and she said she would like to help. She said it sounds like the [2018] farm bill "confused the issue," because the division was all "set to proceed" based on the interpretation under Senate Bill 6 of the 2014 farm bill.

MR. CLARK answered that's correct; there was a slow-down process that resulted from the 2018 farm bill. He said there are specific changes in the 2018 farm bill that are not in Senate Bill 6 that differ greatly from the 2014 farm bill. There is a transition "away from pilot programs to make this a valid commercial agricultural industry."

CO-CHAIR DRUMMOND said it sounds like the test phase is being skipped to go straight into production.

MR. CARTER told Co-Chair Drummond she is correct. He said there were four years of production done in other states; Kentucky was the leader. He indicated that [Kentucky] has about 25,000 acres registered for production. He stated, "So, they believe that through their program, through other state programs, they have identified the viability of growing Cannabis cultivars that meet that federal definition of hemp, and that it is a revenue generator to agricultural producers around the country."

CO-CHAIR DRUMMOND asked if the division is allowed to buy samples of those cultivars for the Alaska project directly from Kentucky.

MR. CARTER answered yes, but emphasized that this is a gray area, even on the federal level, regarding whether interstate commerce is "a viable feed." He said the division has procured some of its feed through other recognized industrial hemp programs in Oregon, Colorado, and Kentucky, as well as having feed shipped, donated, to the division "for trials with folks interested in Alaska."

CO-CHAIR DRUMMOND asked how the legislature could help the division by providing receipt authority.

[8:47:05 AM](#)

MR. SCHADE deferred to Joan Wilson.

[8:47:15 AM](#)

JOAN WILSON, Assistant Attorney General, Commercial, Fair Business Section and Child Support Section, Civil Division (Anchorage), Department of Law (DOL), stated that she would leave the issue of receipt authority to "the agency" but would discuss changes to Senate Bill 6 that could be made under HB 81. One change would be to the definition of industrial hemp to conform with the federal definition. She explained that the federal definition specifies the inclusion of extracts, particularly CBD oil, within the definition of industrial hemp, and while DOL interprets Alaska's definition, which includes "all parts and varieties of Cannabis sativa", to include extracts, that language could be made clearer "to reflect the federal definition."

MS. WILSON said Section 297(b) of the Agricultural Improvement Act [of 2018] states there will be eight requirements of state plans, and one is that a state plan must maintain relevant information regarding the land upon which hemp is produced for at least three years. There also must be state procedures for testing, disposal of plant, compliance with enforcement provisions, annual inspection of random samples of producers, submittal of information to USDA, and - more important - certification that the state has the resources to carry out all of the above.

MS. WILSON noted that the federal law provides that "any person convicted of a felony related to controlled substances on or before the effective date of the subtitle shall be ineligible to participate in a state or federal plan for 10 years." She said Alaska does not currently have such a provision from Senate Bill 6. The legislature would need to add "a federal bar for participation" under Title XII. She noted that under Senate Bill 6, the definition of production includes "growing, harvesting, possessing, transporting, processing, selling, or buying industrial hemp." She said she does not think the intent was to make any person who purchases CBD oil a producer of industrial hemp. Ms. Wilson next pointed out an inconsistency regarding "what penalties are a violation." She said under AS 03.05.076(h), the only punishable fine is \$500; however, under AS 03.05.090, people can be charged with class A misdemeanors.

[8:50:52 AM](#)

MS. WILSON stated that beyond receipt authority, the legislature could take steps to "move our state toward compliance with the federal requirements." She highlighted that the 2018 Act states that the 2014 Act will be repealed one year after the secretary

of agriculture establishes a federal plan; therefore, "the pilot programs will remain in place to one year after we have federal regulations." She offered her understanding that the intent of that is "to allow for a seamless transition from pilot program to state and federal plan."

[8:51:38 AM](#)

MR. SCHADE stated that if receipt authority is not addressed under HB 81, the plan is to make a request of the Legislative Budget and Audit Committee during Interim.

[8:52:14 AM](#)

CO-CHAIR DRUMMOND pointed out that the statutory definitions mentioned by Ms. Wilson would need to be made through legislation during session.

MR. SCHADE confirmed that is correct; however, he said he is not concerned with them being done this session, because the division has one year beyond the final regulations from the FDA. He emphasized the intent to make all the right changes. He concluded, "We're in good position right now to move forward with the law we have on the books."

[8:53:30 AM](#)

CO-CHAIR HANNAN indicated to Ms. Wilson that the goal in compliance with the 2018 farm bill would be to ensure that any industrial hemp industry developed in Alaska would be able to use federally regulated banking and export to other states.

MS. WILSON replied that that is part of [the intent]. She said the other part is ensuring state plans for regulation are compliant with the federal standard. That will, in turn, permit the large, interstate market to which Co-Chair Hannan referred.

CO-CHAIR HANNAN observed that even if Alaska law does not comply with federal law, the state would still be able "to operate industrial hemp within Alaska for Alaskan consumption." Complying with the changes would allow Alaska to export its product.

MS. WILSON acknowledged Co-Chair Hannan's comments. She explained that a federal Act - the 2014 farm bill - gave Alaska permission to operate a state industrial hemp pilot program. That authority under the 2014 Act goes away under the 2018 farm

bill. She said she does not believe Alaska can have a state plan absent a federal plan. She reiterated that the major change that would be made under the 2018 farm bill, would be to remove industrial hemp from schedule I controlled substances. She indicated there is benefit in aligning state and federal regulation, because under federal regulation, hemp is not in the same class as Cannabis sativa.

CO-CHAIR HANNAN said she is perplexed that the legislature passed a state law that does not give the authority "to operate" unless the state complies with the federal law.

MS. WILSON responded that every state's industrial hemp pilot program can exist only because of the 2014 farm bill, so federal law is giving the states authority to regulate the industry, even in the pilot status.

[8:58:39 AM](#)

CO-CHAIR DRUMMOND observed that slide 5 states there is currently no effective date in removing industrial hemp and hemp parts from the federal schedule I [controlled substances]. She asked for confirmation that Ms. Wilson had said "that is effective now."

MS. WILSON suggested that that would have been a good question to have asked the Division of Agriculture when the 2018 farm bill came out, except that the government was in shutdown at that point. She offered her understanding that industrial hemp is no longer regulated as a schedule I controlled substance, so long as it is industrial hemp from a regulated pilot program.

CO-CHAIR DRUMMOND concluded, "So, the ... test project at the plant materials center is not in trouble with the schedule I drug listing, because it ... has been withdrawn from the listing."

MS. WILSON replied, "That is my belief." She suggested that Mr. Carter may have another take on that.

MR. CARTER added he has heard "a multitude of other things" from other states related to the lack of an effective date. He said, "We do believe that each individual state programming, including ours, are free from any federal prosecution; we're not breaking the law for what we are doing." That would not apply to an individual producing without being registered in the pilot program. He indicated that the attorneys from many states,

including Alaska, are "trying to rectify with the federal government to better understand the legal avenues for ... our state and our producers and our ... retail outlets."

[9:01:25 AM](#)

REPRESENTATIVE THOMPSON remarked that it sounds like he could grow marijuana in his backyard, but not hemp.

MS. WILSON responded, "Yes."

[9:01:56 AM](#)

CO-CHAIR DRUMMOND said she thinks the limit for growing recreational marijuana is up to 12 plants per household, but no hemp. She said this is a conundrum, but Mr. Carter is working through these issues and testing the hemp cultivars that will work in Alaska.

[9:02:12 AM](#)

CO-CHAIR DRUMMOND announced that the committee would hear invited testimony.

[9:02:41 AM](#)

AARON RALPH, Owner/Manufacturer, Alaska Cannabis Exchange (ACE) CBD Products, stated that the intent of Congress is to label naturally occurring CBD from the hemp plant as a dietary supplement and food product; however, the FDA does not have a regulatory process "to have a feasibly new drug go into the mainstream market and ... constituents of it be herbal products and food items." He said the FDA will have to "make a special category for this to occur." He noted that Scott Gottlieb, before leaving the FDA, set up CBD as a priority, and the FDA is taking public testimony on May 30, 2019, to start the process of regulating hemp like any other herbal food or product. He noted that Mr. Gottlieb has stated that "it would be quicker to have legislative directive via a bill." Mr. Ralph said the industry is working on creating a "coal-type memo" with the FDA. There is an understanding that these products will be regulated like any other dietary herbal product. He said the American Herbal Product Association, Vote Hemp, and several other groups are working towards a bill or memo with the FDA. He noted concerns, including that the product is not adulterate and that it be labeled in accordance with food and dietary supplement requirements. In response to Co-Chair Drummond, he said

Congress is telling [the FDA] to figure out a framework that "allows for this wording to be added." He said never before has a pharmaceutical product gone into trials at the same time that products are being marketed mainstream.

[9:06:35 AM](#)

SHAWN MCDONOUGH said he owns a couple small businesses that distribute CBD products in Alaska. He offered his belief that those products are "a great benefit to the community." He opined that hemp provides an opportunity for farmers in Alaska to have another crop to grow. He said he has purchased properties in the Homer and Anchor Point areas of the state, with the intent to grow hemp under the pilot program. He observed the industry seemed to be moving forward but then slowed down. He said his background is in the aerospace manufacturing industry, where he has seen products made by hemp that can replace petroleum-based plastics. He said he would love farmers in Alaska to be given the same opportunity others in the rest of the world have been given.

[9:08:45 AM](#)

CO-CHAIR HANNAN asked Mr. McDonough for examples of the products that can be made with industrial hemp.

MR. MCDONOUGH listed dashboards of vehicles and mentioned airplane parts, and he reiterated that many products currently made with plastic could be made with hemp.

CO-CHAIR HANNAN noted most available research focuses on hemp used for fibers and CBD oils, but Mr. McDonough has mentioned a new area of hemp use she had not previously thought much about. She asked if his interest in growing hemp was in producing products to replace plastics.

MR. MCDONOUGH responded that that is just one avenue he has considered. He said the first avenue is CBD extraction. He related that he also has a company, called "Alaska Grown Hemp," which is a clothing line based on hemp products he currently must source from outside Alaska.

CO-CHAIR HANNAN asked about the source of hemp-based plastic alternatives.

MR. MCDONOUGH indicated that the biofuel from the hemp plant is used. He deferred to Mr. Carter.

MR. CARTER replied that a multitude of products can be made from hemp. At this point, he noted, plastics used in manufacturing are being reinforced with hemp fibers. He said 100 percent hemp plastic is deemed a bioplastic, which is a combination of oil expelled from the seed as well as the internal fibers of the plant. In response to Co-Chair Drummond, he confirmed that all those products must have less than 0.3 percent of THC to be approved for production. He noted that the hemp seed contains almost zero THC. He said that is why a person can shop at a grocery store for hemp seed oil for culinary use.

[9:13:45 AM](#)

CO-CHAIR HANNAN asked Mr. Carter if it would be possible that Alaska could find itself with a hemp industry that is primarily seed production, because enough oil could be produced from the seeds to produce bioplastics.

MR. CARTER answered that he does not think it would be a "one-item industry." He listed parts used: roots, seed, cannabinoids, and terpenes. He said CBD is just one of the extractions that people are using for wellness benefits. He noted that terpenes are used in flavor additives. He said many products are made from the hurd, which is the interior part of the hemp stalk. He related there is consideration of producing hemp in large scale for biomass, for biofuel, as well as for reclamation services to spray on unstable slopes. He noted that hemp plants are being used to remove heavy metals from contaminated sites. For these reasons he said he does not think it could be said that industrial hemp in Alaska will focus on primarily one part of the plant over another but instead will be "a very well-rounded industry." He added, "We have such geographical spread, I believe that we're going to get ... vastly different production, methodologies, and final products from industrial hemp being grown around the state."

CO-CHAIR HANNAN explained that she had just been reasoning that seeds could, in and of themselves, be turned into products.

MR. CARTER answered that is correct: a product and byproduct. He gave further examples.

[9:17:24 AM](#)

KERBY COMAN, Co-owner, Hempire Co.; Owner, Green Degree, said Hempire Co. is a statewide manufacturer and producer of

industrial hemp products and [Green Degree] is a retailer of recreational marijuana. He expressed appreciation for the efforts of the legislature to make industrial hemp a viable industry in Alaska. He shared his experience in the industrial hemp industry. He mentioned AMCO [Manufacturing, Inc.] and law enforcement, and emphasized the importance of cooperation. He said industrial hemp produced in Alaska would be a boost for the economic growth of the state; it has proven itself to be a viable crop in states that are being proactive in their pilot programs. Mr. Coman opined that now is the time for Alaska to "follow suit." He said it has been over two years since Senate Bill 6 was introduced and over a year since it was passed. He advised that legislation had "some great language" and "most of the foundational work needed" for the promotion and development of the industrial hemp industry.

MR. COMAN referred to Section 10.114 of the 2018 farm bill, regarding interstate commerce. He offered his understanding that interstate commerce is legal irrespective of whether the FDA or USDA have come up with regulations. He said he has heard that manufacturing or transportation or anything to do with industrial hemp products within Alaska is illegal; however, he said "it says here" that "no state or Indian tribe shall prohibit the transportation or shipment of hemp or hemp products produced in accordance with ... the Martin Act of 1946." He said "we" see hemp as "a limitless product." He predicted that hemp would replace "over 80 percent of the pharmaceuticals that are on the market today killing people." He emphasized the need to work together to figure out the steps that need to be taken moving forward. He opined that if "we" have the ability to operate under "the 2014 pilot program," then the state should be proactive in laying the foundation to grow the hemp industry and align the state's standards with federal regulation once those regulations are made. He advised against "playing a waiting game" when other states "are being proactive and having huge success with this product." He opined that it does not make sense to wait when Alaska could be operating under the 2014 farm bill and Senate Bill 6.

[9:22:31 AM](#)

MR. COMAN stated, "It's kind of misconceived that there's no effective date on the 2018 farm bill." He said the website of Congress states that it was put into law. Regarding prior testimony related to the difference between a hemp plant and marijuana plant, he proffered that they are both from the Cannabis family; the only difference is how much THC there is.

He stated that ignorance and misunderstanding have attributed to "where we are at." He offered to do anything to help "bring this to fruition" and "make this a viable source here in Alaska." He recapped his key points.

[9:24:40 AM](#)

CO-CHAIR DRUMMOND thanked the presenters. She said the committee would see what could be done to get the receipt authority underway.

[9:25:17 AM](#)

ADJOURNMENT

There being no further business before the committee, the House Community and Regional Affairs Standing Committee meeting was adjourned at 9:25 a.m.