

**ALASKA STATE LEGISLATURE
HOUSE RESOURCES STANDING COMMITTEE**

April 12, 2021

1:01 p.m.

MEMBERS PRESENT

Representative Josiah Patkotak, Chair
Representative Grier Hopkins, Vice Chair
Representative Zack Fields
Representative Calvin Schrage
Representative Sara Hannan
Representative George Rauscher
Representative Mike Cronk
Representative Ronald Gillham
Representative Tom McKay

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

CS FOR SENATE JOINT RESOLUTION NO. 8 (RES)
Urging the Alaska delegation in Congress, the United States Department of the Interior, and the Governor to facilitate a land grant endowment to the University of Alaska; urging the Alaska delegation in Congress to reintroduce the University of Alaska Fiscal Foundation Act; and urging the Department of Natural Resources to work with the University of Alaska to identify lands suitable for the land endowment.

- MOVED CSSJR 8 (RES) OUT OF COMMITTEE

HOUSE BILL NO. 156

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

- MOVED CSHB 156 (RES) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: SJR 8

SHORT TITLE: COMPLETION OF UNIVERSITY LAND GRANT

SPONSOR(S): SENATOR(S) STEVENS

02/03/21 (S) READ THE FIRST TIME - REFERRALS

02/03/21 (S) EDC, RES
02/15/21 (S) EDC AT 9:00 AM BUTROVICH 205
02/15/21 (S) Moved SJR 8 Out of Committee
02/15/21 (S) MINUTE(EDC)
02/17/21 (S) EDC RPT 5DP
02/17/21 (S) DP: HOLLAND, HUGHES, STEVENS, MICCICHE,
BEGICH
03/12/21 (S) RES AT 3:30 PM BUTROVICH 205
03/12/21 (S) -- MEETING CANCELED --
03/15/21 (S) RES AT 3:30 PM BUTROVICH 205
03/15/21 (S) Moved CSSJR 8(RES) Out of Committee
03/15/21 (S) MINUTE(RES)
03/17/21 (S) RES RPT CS 6DP NEW TITLE
03/17/21 (S) DP: REVAK, STEVENS, MICCICHE, BISHOP,
VON IMHOF, KIEHL
03/22/21 (S) TRANSMITTED TO (H)
03/22/21 (S) VERSION: CSSJR 8(RES)
03/24/21 (H) READ THE FIRST TIME - REFERRALS
03/24/21 (H) RES
04/07/21 (H) RES AT 1:00 PM BARNES 124
04/07/21 (H) Heard & Held
04/07/21 (H) MINUTE(RES)
04/12/21 (H) RES AT 1:00 PM BARNES 124

BILL: HB 156

SHORT TITLE: INDUSTRIAL HEMP PROGRAM;MANUFACTURING
SPONSOR(S): REPRESENTATIVE(S) HOPKINS

03/29/21 (H) READ THE FIRST TIME - REFERRALS
03/29/21 (H) L&C, RES
03/31/21 (H) L&C REFERRAL REMOVED
03/31/21 (H) FIN REFERRAL ADDED AFTER RES
03/31/21 (H) BILL REPRINTED
04/07/21 (H) RES AT 1:00 PM BARNES 124
04/07/21 (H) Heard & Held
04/07/21 (H) MINUTE(RES)
04/12/21 (H) RES AT 1:00 PM BARNES 124

WITNESS REGISTER

SENATOR GARY STEVENS
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, provided information and answered questions during the hearing on SJR 8.

TIM LAMKIN, Staff

Senator Gary Stevens
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided information and answered questions during the hearing on SJR 8 on behalf of Senator Stevens, prime sponsor.

ED FOGELS, Partner
Jade North, LLC
Anchorage, Alaska

POSITION STATEMENT: Provided information and answered questions during the hearing on SJR 8.

REPRESENTATIVE GRIER HOPKINS
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: As prime sponsor, provided information and answered questions during the hearing on HB 156.

BUDDY WHITT, Staff
Senator Shelley Hughes
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided information and answered questions during the hearing on HB 156 on behalf of Senator Shelley Hughes, prime sponsor of SB 27.

DAVE SCHADE, Director
Division of Agriculture
Department of Natural Resources
Palmer, Alaska

POSITION STATEMENT: Provided information and answered questions during the hearing on HB 156.

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

POSITION STATEMENT: Provided information and answered questions during the hearing on HB 156.

ACTION NARRATIVE

[1:01:54 PM](#)

CHAIR JOSIAH PATKOTAK called the House Resources Standing Committee meeting to order at 1:01 p.m. Representatives McKay, Fields, Cronk, Hopkins, Schrage, Gillham, Hannan, Rauscher, and Patkotak were present at the call to order.

SJR 8-COMPLETION OF UNIVERSITY LAND GRANT

[1:02:34 PM](#)

CHAIR PATKOTAK announced that the first order of business would be CS FOR SENATE JOINT RESOLUTION NO. 8(RES) Urging the Alaska delegation in Congress, the United States Department of the Interior, and the Governor to facilitate a land grant endowment to the University of Alaska; urging the Alaska delegation in Congress to reintroduce the University of Alaska Fiscal Foundation Act; and urging the Department of Natural Resources to work with the University of Alaska to identify lands suitable for the land endowment.

[1:03:19 PM](#)

SENATOR GARY STEVENS, Alaska State Legislature, as prime sponsor, explained that the University of Alaska (UA) has been "land deficit" in its history, and SJR 8 would give UA greater fiscal stability, thereby resulting in the university's reduced reliance on state general fund money. He noted that SJR 8 is the response to the request from Alaska's congressional delegation for help in passing the University of Alaska Fiscal Foundation Act.

[1:04:39 PM](#)

REPRESENTATIVE RAUSCHER asked for clarification regarding the proposed legislation's effect on that which the federal government owes the State of Alaska.

SENATOR STEVENS replied that the acreage in question is part of the lands already owed to the State of Alaska by the federal government. In response to a follow-up question, he deferred to his staff.

[1:05:36 PM](#)

TIM LAMKIN, Staff, Senator Gary Stevens, Alaska State Legislature, on behalf of Senator Stevens, prime sponsor, explained that the available volume of land is "fixed," and this request from Alaska's congressional delegation is aimed at

finalizing the land conveyances. As further clarification, he explained that SJR 8 is a resolution intended to give Alaska's congressional delegation a tool to help finalize the process of land conveyances.

[1:07:00 PM](#)

CHAIR PATKOTAK opined that SJR 8 is like asking the federal government to pay an invoice instead of invoicing them again.

[1:07:15 PM](#)

ED FOGELS, Partner, Jade North, LLC, explained that this effort would not change the amount of land owed to the state by the federal government; rather, it "shaves off" some of the land owed and gives it to UA.

[1:08:21 PM](#)

REPRESENTATIVE HOPKINS moved to report SJR 8 out of committee with individual recommendations and the accompanying zero fiscal note. There being no objection, CSSJR 8 (RES) was moved out of the House Resources Standing Committee.

[1:08:41 PM](#)

The committee took a brief at-ease.

HB 156-INDUSTRIAL HEMP PROGRAM;MANUFACTURING

[1:12:25 PM](#)

CHAIR PATKOTAK announced that the final order of business would be HOUSE BILL NO. 156, "An Act relating to industrial hemp; and providing for an effective date."

[1:12:45 PM](#)

REPRESENTATIVE HANNAN moved to adopt Amendment 1, labeled 32-LS0741\A.1, Radford, 4/9/21, which read as follows:

Page 3, lines 9 - 15:

Delete all material and insert:

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

(c) **The commissioner of natural resources shall notify the Marijuana Control Board and the Department**

of Public Safety when the commissioner issues a stop order. The commissioner of natural resources

(1) shall issue a stop order to a [ANY] person

(A) not registered under AS 03.05.076 who is found to be producing a plant [PRODUCT] with delta-9-tetrahydrocannabinol; or

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

(2) may issue a stop order to a person registered under AS 03.05.076 who is found to be producing a plant with delta-9-tetrahydrocannabinol between 0.3 percent and one percent [OVER 0.3 PERCENT, REGARDLESS OF WHETHER THE PERSON IS REGISTERED UNDER AS 03.05.076. THE COMMISSIONER OF NATURAL RESOURCES SHALL NOTIFY THE MARIJUANA CONTROL BOARD AND THE DEPARTMENT OF PUBLIC SAFETY WHEN THE COMMISSIONER ISSUES A STOP ORDER]."

Page 3, following line 31:

Insert a new bill section to read:

"* **Sec. 4.** AS 03.05.076(e) is amended to read:

(e) The department [MAY]

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

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

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

Re-number the following bill sections accordingly.

Page 4, line 26:

Delete "Section 8"

Insert "Section 9"

Page 5, line 1:

Delete "sec. 9(a)"

Insert "sec. 10(a)"

Delete "sec. 8"

Insert "sec. 9"

Page 5, line 3:
Delete "sec. 9(b) "
Insert "sec. 10(b) "

[1:12:58 PM](#)

REPRESENTATIVE SCHRAGE objected for purposes of discussion.

[1:13:12 PM](#)

REPRESENTATIVE GRIER HOPKINS, Alaska State Legislature, as prime sponsor of HB 156, explained that Amendment 1 is a friendly amendment intended to ensure that HB 156 and SB 27 move forward in similar form. He noted the importance of passing the proposed legislation by October in order to give the Department of Natural Resources (DNR) time to create regulations for the industrial hemp program in accordance with federal law. He outlined Amendment 1, stressing that it clarifies "stop orders" for growers of crops with tetrahydrocannabinol (THC) who are not registered with the State of Alaska or who are producing industrial hemp with a THC concentration over one percent. He noted that Amendment 1 clarifies that the DNR commissioner may issue a stop order to a registered grower with a crop containing THC concentrations of between .3 and 1 percent, depending on whether the grower is making a good faith effort to reduce the THC concentration in the final product. He also noted that Amendment 1 contains clarifying language for other parts of the bill.

[1:15:42 PM](#)

REPRESENTATIVE RAUSCHER asked whether Amendment 1 relieves possible penalties that could be imposed on growers by the DNR commissioner.

REPRESENTATIVE HOPKINS clarified those penalties would be in the form of stop orders; growers would lose the ability to produce industrial hemp.

REPRESENTATIVE RAUSCHER asked whether HB 156 contains parameters for any penalties other than stop orders.

REPRESENTATIVE HOPKINS deferred to Buddy Whitt, staff to Senator Hughes.

[1:18:04 PM](#)

BUDDY WHITT, Staff, Senator Shelley Hughes, Alaska State Legislature, explained that there are guidelines for civil penalties for growers who are found guilty of a violation if they have crops with THC concentrations of between .3 and 1 percent and fail to recondition their crop as allowed by the Division of Agriculture [within DNR]. Crops of industrial hemp with THC concentrations over 1 percent become a matter of criminal law.

REPRESENTATIVE RAUSCHER asked whether stop orders replace penalties, exist alongside penalties, or affect different areas.

REPRESENTATIVE HOPKINS noted that representatives from the Division of Agriculture are available for questions.

[1:20:12 PM](#)

DAVE SCHADE, Director, Division of Agriculture, Department of Natural Resources, explained that the stop order applies to any grower not registered and carries with it a civil penalty of \$500 per day. Any grower with a crop containing THC concentrations of over one percent is reported to the Marijuana Control Board, which then has jurisdiction. The Division of Agriculture retains the discretion to work with growers who have crops with THC concentrations of between .3 and 1 percent to recondition their crop to get the concentration below .3 percent; if a grower does not lower the THC levels to the legal concentration, the Division of Agriculture has the discretion to give the grower a stop order and/or a civil penalty.

[1:21:31 PM](#)

REPRESENTATIVE SCHRAGE asked whether the program already requires growers to register.

REPRESENTATIVE HOPKINS responded that, as the pilot program is ending, growers would have to re-register.

REPRESENTATIVE SCHRAGE asked whether the pilot program required registration.

[1:22:12 PM](#)

MR. SCHADE explained that under federal law, all producers of industrial hemp are required to be registered in either a state program or the U.S. Department of Agriculture (USDA) program. He stated his belief that no grower in Alaska has registered

with the USDA, and added that manufacturers and retail stores must also be registered. He said that the language transitioning from the pilot program to the permanent program will include "rolling over" the currently registered growers into the permanent program.

REPRESENTATIVE SCHRAGE withdrew his objection to the motion to adopt Amendment 1.

[1:23:29 PM](#)

CHAIR PATKOTAK objected for discussion purposes.

[1:23:31 PM](#)

REPRESENTATIVE GILLHAM referred to language in HB 156 that discusses regulating the farming of elk.

REPRESENTATIVE HOPKINS reminded Representative Cronk that legislative drafting style requires amending the entire section of the statute to include new language.

[1:24:45 PM](#)

REPRESENTATIVE RAUSCHER referred to the earlier discussion of a civil penalty of \$500 per day and asked how quickly those penalties could be expected to add up.

REPRESENTATIVE HOPKINS replied that the language of HB 156 gives the DNR commissioner leeway to work with growers who are determined to be acting in good faith instead of imposing mandatory penalties; civil penalties would not come into effect until, and if, a grower is determined to be attempting to skirt the law and grow marijuana instead of industrial hemp.

[1:25:50 PM](#)

CHAIR PATKOTAK removed his objection. There being no further objection, Amendment 1 was adopted.

[1:26:05 PM](#)

REPRESENTATIVE HANNAN noted her support for HB 156 [as amended], and asked whether individual growers who want to grow hemp for personal use would be allowed to do so.

MR. SCHADE explained that, under federal law, there is no personal exemption for growing industrial hemp; anyone who wants to grow, use, manufacture, or sell the product must be registered with the program, which is the reason why the registration fee is only \$400.

REPRESENTATIVE HANNAN asked for the dollar amount of the testing fee.

MR. SCHADE replied that testing products intended for animal or human consumption comes with fees in the hundreds of dollars, but industrial hemp for non-consumption uses such as textiles requires much simpler testing to determine only THC content.

[1:30:09 PM](#)

REPRESENTATIVE RAUSCHER said, "I had heard that if you had a large pot crop ... and you were to plant a hemp crop next door, the bees would cross-pollinate and basically turn the cannabis into hemp. ... Do you know whether that's true?"

[1:30:54 PM](#)

ROB CARTER, Manager, Plant Materials Center, Division of Agriculture, Department of Natural Resources, explained that, insofar as cannabis is generally wind-pollinated, there are isolation distances required to protect one cannabis producer from another. Pollen transfer from an industrial hemp crop to a recreational cannabis operation could result in lower quality cannabinoids, including THC concentration, thereby affecting the market for that crop. He stressed that this activity has been accounted for in the regulations. In response to a follow-up question, he said that the size of the cannabis pollen is what determines the distance.

[1:33:20 PM](#)

REPRESENTATIVE HOPKINS moved to report HB 156, as amended, out of committee with individual recommendations and the accompanying fiscal notes.

[1:33:32 PM](#)

CHAIR PATKOTAK objected to allow Representative Hopkins the opportunity to provide any closing comments. After ascertaining that Representative Hopkins had no closing comments, he removed

his objection. There being no further objection, CSHB 156 (RES) was reported out of the House Resources Standing Committee.

[1:35:01 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Resources Standing Committee meeting was adjourned at 1:35 p.m.