

SB

6

<TARGET><BILL>SB 6</BILL><SUBJECT>SB
6</SUBJECT><COMM>SJUD30</COMM></TARGET>

Alaska State Legislature

SESSION ADDRESS:

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Senator Shelley Hughes

Senate District F – Greater Palmer, Butte, Fairview Loop, Eklutna, Chugiak, Peters Creek, Lazy Mountain

SB 6 Alaska Grown Industrial Hemp Act

Sponsor Statement

Senate Bill 6 is an act defining hemp as an agricultural product in the state of Alaska, allowing for the commercial farming of hemp in the state of Alaska, instructing the Department of Resource's Division of Agriculture to develop a registry of hemp farming operations in Alaska and allowing for a pilot program on industrial hemp. This bill also removes industrial hemp from the state of Alaska's list of controlled substances.

Industrial hemp has been grown in the United States since the first European settlers arrived in the early 1600's. The Declaration of Independence was drafted on hemp paper and even founding fathers George Washington, Thomas Jefferson and John Adams grew hemp and advocated for its commercial productions. Industrial hemp was a staple crop of the 19th century American farmer. In Alaska, there are references to the growing of hemp in the early 20th century.

Industrial hemp is defined as the plant *Cannabis Sativa L*, the same plant as what is commonly referred to as marijuana, but with a THC (tetrahydrocannabinol) level of 0.3% or lower. THC is the intoxicant component of the *Cannabis Sativa L* plant, and numerous scientific studies have shown the intoxication threshold as 1%. Thus the definition of hemp in this bill is well below the levels needed to gain intoxication. This definition of hemp is in accordance with the definition given by the federal government in the 2014 Farm Bill. In 2016 a key provision of the Omnibus Appropriations Act of 2016 was added by Senator McConnell that now allows for the transportation, processing and sale of hemp from the Farm Bill 2014 compliant programs.

The commercial possibilities of hemp are numerous and versatile. Hemp can be used for fiber products such as clothing and paper. It can be used for building materials and insulation; farmers have used it for animal feed; and hemp oil continues to be researched for its medical possibilities including treatment for those suffering from epilepsy and other diseases.

Each year more states in our nation are opening up the possibilities to additional research and application of commercial hemp by legalizing its commercial growth. Currently there are thirty states that have passed legislation related to industrial hemp. I urge your support to add Alaska to this ever growing number and allow our farmers the ability to pursue hemp as a viable commercial product.

Staff contact: Buddy Whitt, (907) 465-5265

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SB 6 Alaska Grown Industrial Hemp Act

Sectional Analysis

“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’; and clarifying that adding industrial hemp to food does not create and adulterated food product.”

Sec. 1 – AS 03.05.078

- (a) Industrial Hemp will be classified as an agricultural crop in the state of Alaska.
- (b) An individual who is registered with the state of Alaska may produce industrial hemp.
- (c) Those wishing to produce industrial hemp must register with the Division of Agriculture with information that must include but is not limited to; name, address, and global positioning coordinates of the area to be used for production.
- (d) Registration is valid for one year and registrants may renew on an annual basis.
- (e) The Division of Agriculture may assign application, registration, or renewal fees necessary to regulate the industrial hemp industry and shall review those fee structures annually to ensure those fees collected cover regulatory costs.
- (f) The Division of Agriculture may issue a stop sale order or issue a violation notice if someone is producing industrial hemp without a current registration.
- (g) A person registered with the Division of Agriculture may use any propagation method needed to produce industrial hemp.
- (h) The Division of Agriculture, a registered producer, or any institution of higher education may import and/or sell industrial hemp seeds.
- (i) A person with a registration may retain hemp seeds for the purpose of growing hemp in the future.
- (j) A person registered with the Division of Agriculture to produce industrial hemp may retain and recondition hemp that tests between .3% and 1% THC on a dry weight basis, but industrial hemp intended for consumption in any form cannot exceed a .3% THC level.

(k) Division of Agriculture may create regulations for approved shipping documentation for transporting industrial hemp.

(l) Registered producers of industrial hemp must retain record of sale for three years, including the name and address of the person who received the industrial hemp and the amount sold.

(m) Records in section (l) are to be made available to the department during normal business hours and the department must give three days' notice of inspection.

Sec. 2 – AS 03.05.079

In keeping with federal law, this section adds language regarding a pilot program for industrial hemp, that the Division of Agriculture, institute of higher education or a registered grower may participate in the pilot program and the Division of Agriculture may adopt regulations for this section.

Sec. 3 – AS 03.05.100

The definition of industrial hemp, which meets the definition is federal statute, is the plant Cannabis Sativa L containing less than 0.3 percent delta-9 tetrahydrocannabinol (THC).

Sec. 4 – AS 11.71.900

Amendment in statute to remove industrial hemp as defined in AS 03.05.100 from the list of controlled substances.

Sec. 5 – AS 17.20.020

Food containing industrial hemp as defined in AS 03.05.100 is not considered adulterated.

Sec. 6 – AS 17.38.900

Amendment in statute to further remove industrial hemp as defined in AS 03.05.100 from marijuana definitions.

Staff contact: Buddy Whitt, (907) 465-5265

30-LS0173\U
Martin
2/7/17

CS FOR SENATE BILL NO. 6()
IN THE LEGISLATURE OF THE STATE OF ALASKA
THIRTIETH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): SENATOR HUGHES

A BILL

FOR AN ACT ENTITLED

1. REGULATORY AUTHORITY
FOR DNR? (WHAT?)
2. WAY TO GET BACK IN
COMPLIANCE.
3. → AFFIRMATIVE.

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

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

6 * **Section 1.** AS 03.05 is amended by adding new sections to read:

7 **Sec. 03.05.078. Industrial hemp.** (a) Industrial hemp is an agricultural crop in
8 the state.

9 (b) An individual registered under this section may produce industrial hemp,
10 including growing, harvesting, possessing, transporting, processing, selling, or buying
11 industrial hemp.

12 (c) An individual who produces industrial hemp shall apply to the department
13 for registration on a form prescribed by the department that includes

14 (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.

3 (d) Registration under this section is valid for one year. A registrant may
4 renew registration in the form and manner prescribed by the department.

5 (e) The department shall establish fee levels for application, registration, and
6 renewal of registration so that the total amount of fees collected under this section
7 approximately equals the regulatory costs for regulating the industrial hemp industry.
8 The department shall annually review each fee level to determine whether the
9 regulatory cost of industrial hemp is approximately equal to the fees collected.

10 (f) The department may issue a stop-sale order or issue a violation notice to a
11 person who is producing industrial hemp without a current registration.

12 (g) A registrant may use any propagation method, including planting seeds or
13 starts or using clones or cuttings to produce industrial hemp.

14 (h) The department, a registrant, or any institution of higher education may
15 import into the state and resell industrial hemp seeds.

16 (i) A registrant may retain industrial hemp seeds for the purpose of
17 propagating industrial hemp in future years.

18 (j) A registrant may retain and recondition any industrial hemp that tests
19 between 0.3 percent and one percent delta-9 tetrahydrocannabinol on a dry-weight
20 basis. Industrial hemp products intended for human consumption may not exceed 0.3
21 percent delta-9 tetrahydrocannabinol.

22 (k) The department may adopt regulations regarding approved shipping
23 documentation for the transportation of industrial hemp.

24 (l) A registrant shall maintain for at least three years following the sale or
25 transfer of industrial hemp records showing

26 (1) the name and address of the person that received the industrial
27 hemp;

28 (2) the amount of industrial hemp transferred.

29 (m) A registrant shall make the records required under (l) of this section
30 available for inspection by the department during normal business hours. The
31 department shall provide at least three days' notice before inspecting the records.

1 **Sec. 03.05.079. Industrial hemp pilot program.** (a) The department or an
2 institution of higher education in the state may create and administer an agricultural
3 pilot program to study the growth, cultivation, or marketing of industrial hemp.

4 (b) An institution of higher education in the state, the division of the
5 department with responsibility for agriculture, or a person registered under
6 AS 03.05.078 may participate in an agricultural pilot program created under (a) of this
7 section or engage in industrial hemp research.

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

9 * **Sec. 2.** AS 03.05.100 is amended by adding a new paragraph to read:

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

12 * **Sec. 3.** AS 11.71.900(14) is amended to read:

13 (14) "marijuana" means the seeds, and leaves, buds, and flowers of the
14 plant (genus) Cannabis, whether growing or not; it does not include the resin or oil
15 extracted from any part of the plants, or any compound, manufacture, salt, derivative,
16 mixture, or preparation from the resin or oil, including hashish, hashish oil, and natural
17 or synthetic tetrahydrocannabinol; it does not include the stalks of the plant, fiber
18 produced from the stalks, oil or cake made from the seeds of the plant, any other
19 compound, manufacture, salt, derivative, mixture, or preparation of the stalks, fiber,
20 oil or cake, or the sterilized seed of the plant which is incapable of germination; **it**
21 **does not include industrial hemp as defined in AS 03.05.100;**

22 * **Sec. 4.** AS 17.20.020 is amended by adding a new subsection to read:

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

25 * **Sec. 5.** AS 17.38.900(10) is amended to read:

26 (10) "marijuana" means all parts of the plant of the genus cannabis
27 whether growing or not, the seeds thereof, the resin extracted from any part of the
28 plant, and every compound, manufacture, salt, derivative, mixture, or preparation of
29 the plant, its seeds, or its resin, including marijuana concentrate; "marijuana" does not
30 include fiber produced from the stalks, oil, or cake made from the seeds of the plant,
31 sterilized seed of the plant which is incapable of germination, [OR] the weight of any

1
2

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;

ALASKA STATE SENATE



Explanation of Changes in Committee Substitute for SB6

CS for Senate Bill 6 "Alaska Grown Industrial Hemp"

The committee substitute for SB6 makes significant changes in order to comply with federal law concerning the classification and regulation of industrial hemp in the state of Alaska. It also establishes regulatory authority of the Department of Natural Resources, Division of Agriculture concerning industrial hemp pilot programs and removes industrial hemp from the list of controlled substances.

Page 1, lines 1 through 4:

Bill title revised to more clearly defined intent and the subject matter addressed. The Act relates to regulation and production of industrial hemp, addresses the establishment of pilot programs, separates by definition and change in statute industrial hemp from marijuana and clarifies adding industrial hemp to food does not adulterate that food.

Page 1, lines 6 through 14 and page 2:

Adds industrial hemp as an agricultural product to Title 3. It further establishes the Division of Agriculture as the regulatory authority for industrial hemp, lays out minimum registration guidelines and establishes guidelines for seed, plant and record retention by registered growers.

Page 3, lines 1 through 8:

Adds language establishing industrial hemp growth as a pilot program that only those who have registered or an institution of higher learning may participate in. This additional language is added in order to be in line with Section 7606 of the Agricultural Act of 2014.

Page 3, lines 9 through 11:

Places the definition of industrial hemp under Title 3 instead of under Title 11 as it was in the original bill. The definition itself is unchanged and matches the definition in Section 7606 of the Agricultural Act of 2014.

Page 3, lines 12 through 21:

Language added to the bill, specifying that under AS 11.71.900, industrial hemp is not marijuana, thereby removing industrial hemp from the list of controlled substances.

Page 3, lines 22 through 24:

Language added to exclude food containing industrial hemp from adulterated foods under Title 17.

Page 3, lines 25 through 30 and Page 4, lines 1 and 2:

Language added to further exclude industrial hemp from marijuana definitions under Title 17.

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version: SB 6
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB006CS(RES)-LAW-CRIM-02-15-17
Title: INDUSTRIAL HEMP PRODUCTION
Sponsor: HUGHES
Requester: (S) RES

Department: Department of Law
Appropriation: Criminal Division
Allocation: Criminal Justice Litigation
OMB Component Number: 2202

Expenditures/Revenues

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

	FY2018 Appropriation Requested	Included in Governor's FY2018 Request	Out-Year Cost Estimates					
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	
OPERATING EXPENDITURES								
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	0.0

Fund Source (Operating Only)

None								
Total	0.0	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	0.0

Estimated SUPPLEMENTAL (FY2017) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) cost: 0.0 *(separate capital appropriation required)*
(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? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

This fiscal note addresses the committee substitute for SB 6 that was adopted. The committee substitute moves most of the bill under the Department of Natural Resources.

Prepared By: Valerie Rose, Budget Analyst
Division: Administrative Services
Approved By: Jahna Lindemuth, Attorney General
Agency: Department of Law

Phone: (907)465-3674
Date: 02/15/2017 10:40 AM
Date: 02/15/17

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

BILL NO. SB 06

Analysis

This legislation establishes industrial hemp as an agricultural crop regulated by the Department of Natural Resources. Industrial hemp is defined as all parts of the Cannabis sativa L. plant which contains not more than .3 percent delta-9 tetrahydrocannabinol. Under this legislation, industrial hemp is not marijuana and is not a controlled substance.

The Department of Law does not anticipate a fiscal impact at this time.

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version: SB 6
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB006CS(RES)-DNR-PMC-2-15-17
Title: INDUSTRIAL HEMP PRODUCTION
Sponsor: HUGHES
Requester: (S) RES

Department: Department of Natural Resources
Appropriation: Agriculture
Allocation: North Latitude Plant Material Center
OMB Component Number: 2204

Expenditures/Revenues

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

	FY2018 Appropriation Requested	Included in Governor's FY2018 Request	Out-Year Cost Estimates				
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2018	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
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 (FY2017) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) cost: 0.0 (separate capital appropriation required)
(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? 06/30/18

Why this fiscal note differs from previous version:

This fiscal note takes into account the committee substitute changes including adopting regulations and a registration process.

Prepared By: Arthur Keyes, Director	Phone: (907)745-7200
Division: Division of Agriculture	Date: 02/15/2017 11:00 AM
Approved By: Andrew T. Mack, Commissioner	Date: 02/15/17
Agency: Department of Natural Resources	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

BILL NO. CSSB 6

Analysis

This bill allows for the regulation and production of industrial hemp in Alaska.

The Department of Natural Resources (DNR), Division of Agriculture will adopt regulations and manage associated registrations through existing staff. The registration fee structure will be created that approximately equals the regulatory costs incurred by DNR.

The cost of administering the registration program will be determined after regulations are drafted. Those costs will be recovered by approximately 25 farms the department anticipates to register in the first year. Additionally, the department anticipates a 10 percent growth of interest from the Agricultural community each year after.

**THE ALASKA AGRICULTURAL
EXPERIMENT STATIONS.**

1916.

**UNDER THE SUPERVISION OF
STATES RELATIONS SERVICE,
Office of Experiment Stations,
U. S. DEPARTMENT OF AGRICULTURE.**

HEMP.

Plat No. 179, hemp No. 307-2.—A small plat of 4 drill rows seeded May 21 began to bloom June 30 and was harvested September 14. The best plants were 40 inches tall, the poorest 12 inches. The plants fruited abundantly, about 75 per cent of the crop ripening.



THE VERY USEFUL INDUSTRIAL HEMP

with over **50,000** different uses...

Hemp cultivation requires no chemicals, pesticides or herbicides.

HEMP SEEDS

HEMP STALKS

..... Harvest

HULLING

PRESSING / CRUSHING

..... Intermediate processing

DECORTICATING

..... Further processing

HEMP MEAT

Food



Dairy products



HEMP SHELL

Flour



Bakery Products



HEMP OIL

Personal Care Products



Cooking Oil



HEMP CAKE

Food Beer



Feed



HEMP is a RESOURCE

20 vs **4**
years for trees to mature vs months for hemp

Hemp can yield 3-8 dry tons of fiber per acre, **FOUR** times what an average forest can yield.



Paper, fertilizers, soil nutrients and animal bedding can be made from leftover waste when processing hemp.

This means all parts of the plant are being used, or put back into the earth.

HEMP FIBER



Hacking

PRIMARY (Line) Fiber

Fabric
Insulation
Carpeting
Paneling



Anything made out of cotton, timber or petroleum can be made out of hemp

Hacking

SECONDARY

Cordage
Pulp
Recycling
Additive

Scutching

TOW

Cordage
Bagging
Fiber Board



Hemp fiber is the **strongest** natural fiber in the world

HEMP HURDS



Scutching

Fiber board

Compost

Mortar

Paper filler

Absorbent bedding

Chemical feedstocks
- Plastics / Paint / Sealant



Hemp hurds can be cleanly **Converted** into **Gasoline!**



Through a Heat Process called **PYROLYSIS** Hemp Biomass can also make Ethanol, Methanol & Methane Gas

Hemp seeds contains nutritious, **Polyunsaturated Fatty Acids (PUFAs) 80%** the highest amount found within the plant kingdom. Highly nutritious of humans and animals.

Leadership to enhance, foster and promote economic development

February 2, 2017
Senator Shelley Hughes
State Capitol Room 125
Juneau AK, 99801

Dear Senator Hughes,

We are writing in support of SB6 commercialization of Industrial Hemp, (IH). Jack Bennett, the leader of Arctic Green Response Technologies, is building a model home using IH insulation material to present to rural Alaska as a solution to affordable housing and solving the rising cost of energy living in the rural villages of Alaska.

55% of the world energy consumption is construction waste related. IH as a construction material with a zero footprint. The high insulation value lowers heating costs up to 70%, annually. Lime-based hemp insulation replaces drywall, OSB plywood, house wrap, and fiberglass insulation that releases flame-retardants impacting both people and planet. The lifecycle of these homes is over a hundred years, and are fire, mildew, moisture, and termite resistant Jack will work to educate communities on how to build with this material.

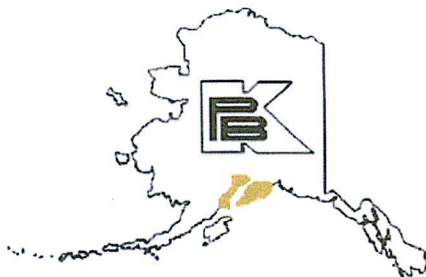
After studying the problems in rural Alaska, Jack has presented IH as a solution to affordable housing to 200 tribes represented at the Alaska Rural Energy Conference. He has also presented to venues such as, Prince William Sound Citizens Advisory in Cordova and the Regional Response Team in Nome discussing the green response technology used in oil spills and bioremediation. These plant fiber technologies replace polypropylene products and chemical dispersants used in oil spills. Hemp plastics are also 100% biodegradable. He was also able to present IH agriculture as an alternative cash crop to Governor Walker who invited him to meet with his senior advisor about specific business models for AK. US Senator Lisa Murkowski worked with Jack to set up the first workshop with the Oil Response Teams that was held at Kenai Economic Development District in Kenai.

Jack will work with the Alaska farmer to collect the material, enabling jobs in Alaska. IH is a 600 million dollar industry, and will be an estimated 1 billion by 2020. Last year was America's first commercial hemp harvest along with the 30 states that passed their own rules and regulations, eliminating importing costs by 30%-40 We support the passage of SB6 commercialization of Industrial Hemp for the future of Alaska. Thank you for your time and consideration.

Respectfully,


Tim Dillon
Executive Director
Kenai Peninsula Economic Development Dist.





KENAI PENINSULA BOROUGH

144 North Binkley Street • Soldotna, Alaska 99669-7520
Toll-free within the Borough: 1-800-478-4441 Ext. 2150
PHONE: (907) 714-2150 • **FAX:** (907) 714-2377
www.mayor.kenai.ak.us

Mike Navarre
Borough Mayor

February 2, 2017

Senator Shelley Hughes
State Capitol Room 125
Juneau AK, 99801

RE: Alaska SB 6 Commercialization of Industrial Hemp

Dear Senator Hughes:

As the Mayor of the Kenai Peninsula Borough I am writing to express my support for Alaska SB6, the commercialization of Industrial Hemp (IH). Adopting legislation authorizing IH is consistent with the actions of the majority of state governments in the US. At least sixteen states have legalized commercial IH production, and 20 have authorized research and pilot programs. IH presents many potential benefits for the state of Alaska and I believe allowing its commercialization is in the best interests of the state and its residents.

Industrial Hemp insulation may help address problems with both affordable housing and the rising cost of energy in the state. The use of IH in home construction and insulation has the potential to significantly mitigate waste related energy consumption, lower heating costs substantially due to its high insulation value, and serve as a construction alternative for drywall, OSB plywood, house wrap, and fiberglass insulation. Additionally, these plant fiber technologies may be a viable alternative to polypropylene products and chemical dispersants used in oil spills and other bioremediation efforts. IH also has potential applications as a cash crop.

Jack Bennett, the leader of Arctic Green Response Technologies, has worked extensively to identify and communicate the potential economic and environmental benefits of IH production to communities and stakeholders throughout the Alaska. Jack is presently building a model home using IH insulation to present to rural Alaskan communities.

After studying the challenges facing rural Alaska and exploring the potential benefits of IH production, Jack presented IH as a strategy to improve housing affordability in Alaska to 200 tribes represented at the Alaska Rural Energy Conference. He has also met with the Prince William Sound Citizens Advisory Board in Cordova and the Regional Response Team in Nome to discuss the potential applications of IH as green response technology for bioremediation

efforts. Jack has also discussed the application of IH agriculture as a cash crop with Governor Walker, and worked with US Senator Lisa Murkowski to set up a workshop with Oil Response Teams at the Kenai Economic Development District.

I support the passage of SB6 allowing for commercialization of Industrial Hemp. Thank you for your time and consideration.

Sincerely,

A handwritten signature in blue ink that reads "Mike Navarre". The signature is written in a cursive, flowing style.

Mike Navarre
Mayor



Industrial Hemp Manufacturing, LLC

1436 Highway 581 North
Spring Hope, NC 27882
252-478-3646

February 14, 2017

To: Senate Resource Committee

Re: SB8

Dear Madam Chair,

This is Jack Bennett of Homer, Alaska with Industrial Hemp Manufacturing LLC. IHM has the largest IH commercial processing plant in North America, devoted to supply green technologies to the automotive industry and oil well companies throughout the world. Thank you Madam Chair for opening up the session to public testimony last week. I wanted to take advantage of writing further testimony to share with the Senate Resource Committee.

I've spoken at many town halls, industry and science venues throughout the state in the last year educating on the economic and ecological value of IH. When I was on my little brother's hemp fields in Oregon, Andy was 1 of 9 Oregon Hemp Farmers that specifically grew for the [CBD](#) markets. CBD is a non-psychoactive superfood that gives relief to children impacted by epilepsy seizures. There are case studies where children have 200 seizures per year, and now reports of seizures dropping to 1 or 2 per year using CBD. People impacted by Parkinson's take the oil orally to give relief and calm to the body within several minutes. [CDB](#) is used as an alternative to opiates and morphine that could lead to over sedation and abuse. This total plant product gives relief to pain, anxiety, sleeplessness, and after work fatigue without any psychoactive effects

Andy, was told by the state that he lost his crop and to stop harvesting for exceeding .3% Tetrahydrocannabinol levels. The testing came back .31%, a dot over. American Hemp Farmers crops were coming up .4%, .5% (still not enough for psychoactive effects) while the marijuana farmer has 20% THC and gets to keep their crop.

I brought this knowledge to ensure future Alaskan Hemp Farmers are not impacted this way. The 0.3% standard stems from a 1976 taxonomic report by Canadian plant scientists who did not intend for it to be used as a legal demarcation.

My aim was to shape the IHAK Bill to be in full compliance with Federal Regulations to help other states pass IH at the Federal Level and to completely remove it from

the controlled substance category. It has never been heard at the Federal Level. I am getting ready to set up introductions with my dear friend, Courtney Moran, an IH attorney specializing on the agriculture laws of IH with an Alaska US Senator to co-sponsor the [Hemp on The Hill](#).

IH in France has never been in prohibition. France is growing 2 million acres for their solution to netzero affordable housing. This plant fiber is a bridge to a greener world. The state is in a fiscal crisis and to me, it's an opportunity because we're the generation that get's to fix it. To me, this plant fiber is the tree of life that keeps on giving.

Our model [hemp home](#) in Homer is halfway completed. We used 350 yards of Rammed Earth (RE) to build the first floor walls, the glacier silt, aggregates, and clay found right beneath the surface of the land. The second floor will be framed and installed with lime-based hemp insulation material tailored for cold climate Alaska.

Hemp also replaces current technologies in the oil and gas industries, replacing chemical based mud additives for drilling operations and chemical dispersants for recovery and remediation of spills. I could use everyone's help in my efforts to reeducate on these new technologies. I am currently seeking introductions with oil well companies in Alaska to field test our technology. We can help fracking companies drill faster, lighter, and cheaper without compromising safety and production using a total plant product. This is a something that will help the fluids engineer, this is what they'll use from now on. It's a technology only available overseas and iHempman.com just changed the dynamic in the supply chain where no one else has been able to do that. We sell to BP, Nuparc, and Ultra Petroleum, the largest petroleum company in North America.

Thank you for all your efforts in bringing this industry to Alaska and Alaskans.

Kind regards,
Jack Bennett, Homer, AK
(415) 990-7963
JackLeeBennettJr@gmail.com
iHempMan.com

30-LS0173\I
Martin
3/12/17

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

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

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

6 * **Section 1.** AS 03.05.010 is amended to read:

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

8 (a) The commissioner of natural resources shall

9 (1) direct, administer, and supervise promotional and experimental
10 work, extension services, and agricultural projects for the purpose of promoting and
11 developing the agricultural industry within the state including such fields as
12 horticulture, dairying, cattle raising, fur farming, grain production, vegetable
13 production, and development of other agricultural products;

14 (2) procure and preserve all information pertaining to the development

1 of the agricultural industry and disseminate that information to the public;

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

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

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

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

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

22 (A) specify approved sources or varieties of hemp seed to be
23 grown, sold, or offered for sale by a person registered to produce
24 industrial hemp;

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

28 (C) authorize the department to randomly test and inspect
29 registrants;

30 (D) provide for general production practices to avoid the
31 unintended distribution of industrial hemp seeds by registrants into

1 **nonagricultural land;**

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

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

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

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

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

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

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

18 (5) cooperation with federal and other state agencies; **and**

19 **(6) industrial hemp.**

20 * **Sec. 2.** AS 03.05.010 is amended by adding a new subsection to read:

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

27 * **Sec. 3.** AS 03.05 is amended by adding new sections to read:

28 **Sec. 03.05.076. Industrial hemp.** (a) Industrial hemp is an agricultural crop in
29 the state.

30 (b) An individual who produces industrial hemp shall apply to the department
31 for registration on a form prescribed by the department that includes

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

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

4 (c) An individual registered under this section may produce industrial hemp,
5 including growing, harvesting, possessing, transporting, processing, selling, or buying
6 industrial hemp. An individual who produces industrial hemp shall comply with
7 testing standards and procedures established by the commissioner by regulation.

8 (d) Registration under this section is valid for one year. A registrant may
9 renew registration in the form and manner prescribed by the department.

10 (e) The department shall establish fee levels for application, registration, and
11 renewal of registration so that the total amount of fees collected under this section
12 approximately equals the regulatory costs for regulating the industrial hemp industry.
13 The department shall annually review each fee level to determine whether the
14 regulatory cost of industrial hemp is approximately equal to the fees collected.

15 (f) The department may issue a stop-sale order and issue a violation notice to a
16 person who is producing industrial hemp without a current registration. The
17 department shall notify the Marijuana Control Board and the Department of Public
18 Safety when the department issues a stop-sale order and issues a violation notice.

19 (g) A registrant may use any propagation method, including planting seeds or
20 starts or using clones or cuttings to produce industrial hemp.

21 (h) The department, a registrant, or any institution of higher education may
22 import into the state and resell industrial hemp seeds.

23 (i) A registrant may retain industrial hemp seeds for the purpose of
24 propagating industrial hemp in future years.

25 (j) A registrant may retain and recondition any industrial hemp that tests
26 between 0.3 percent and one percent delta-9 tetrahydrocannabinol on a dry-weight
27 basis. Industrial hemp products intended for human consumption may not exceed 0.3
28 percent delta-9 tetrahydrocannabinol.

29 (k) The department shall require a registrant whose industrial hemp tests over
30 one percent delta-9 tetrahydrocannabinol to destroy the product so that it cannot be
31 used for the purpose of reconditioning other hemp crops or gifted or transferred to

1 another individual other than for the purpose of having the industrial hemp destroyed
2 in full form.

3 (l) The department may adopt regulations regarding approved shipping
4 documentation for the transportation of industrial hemp.

5 (m) A registrant shall maintain for at least three years following the sale or
6 transfer of industrial hemp records showing

7 (1) the name and address of the person that received the industrial
8 hemp;

9 (2) the amount of industrial hemp transferred.

10 (n) A registrant shall make the records required under (m) of this section
11 available for inspection by the department during normal business hours. The
12 department shall provide at least three days' notice before inspecting the records.

13 (o) Industrial hemp produced under a registration under this section may not
14 be used to produce hashish, hashish oil, or marijuana concentrates. In this subsection,
15 "hashish" and "hashish oil" have the meanings given in AS 11.71.900.

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

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

21 (b) An institution of higher education in the state, the division of the
22 department with responsibility for agriculture, or a person registered under
23 AS 03.05.078 may participate in an agricultural pilot program created under (a) of this
24 section or engage in industrial hemp research.

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

26 **Sec. 03.05.078. Transportation of industrial hemp.** (a) A registrant under
27 AS 03.05.076 shall have a copy of the individual's registration in immediate
28 possession at all times when transporting industrial hemp and shall present the copy of
29 the registration for inspection upon the demand of a peace officer or other authorized
30 representative of the department.

31 (b) A person who violates this section is guilty of a violation.

1 **Sec. 03.05.079. Production in violation of delta-9 tetrahydrocannabinol**
2 **limit.** Notwithstanding AS 11.71.040 - 11.71.060, a person registered under
3 AS 03.05.010 to produce industrial hemp whose product has a delta-9
4 tetrahydrocannabinol content between 0.3 percent and one percent is guilty of a
5 violation.

6 * **Sec. 4.** AS 03.05.100 is amended by adding a new paragraph to read:

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

9 * **Sec. 5.** AS 11.71.900(14) is amended to read:

10 (14) "marijuana" means the seeds, and leaves, buds, and flowers of the
11 plant (genus) Cannabis, whether growing or not; it does not include the resin or oil
12 extracted from any part of the plants, or any compound, manufacture, salt, derivative,
13 mixture, or preparation from the resin or oil, including hashish, hashish oil, and natural
14 or synthetic tetrahydrocannabinol; it does not include the stalks of the plant, fiber
15 produced from the stalks, oil or cake made from the seeds of the plant, any other
16 compound, manufacture, salt, derivative, mixture, or preparation of the stalks, fiber,
17 oil or cake, or the sterilized seed of the plant which is incapable of germination; it
18 does not include industrial hemp as defined in AS 03.05.100;

19 * **Sec. 6.** AS 11.71.900(14), as amended by sec. 5 of this Act, is amended to read:

20 (14) "marijuana" means the seeds, and leaves, buds, and flowers of the
21 plant (genus) Cannabis, whether growing or not; it does not include the resin or oil
22 extracted from any part of the plants, or any compound, manufacture, salt, derivative,
23 mixture, or preparation from the resin or oil, including hashish, hashish oil, and natural
24 or synthetic tetrahydrocannabinol; it does not include the stalks of the plant, fiber
25 produced from the stalks, oil or cake made from the seeds of the plant, any other
26 compound, manufacture, salt, derivative, mixture, or preparation of the stalks, fiber,
27 oil or cake, or the sterilized seed of the plant which is incapable of germination [; IT
28 DOES NOT INCLUDE INDUSTRIAL HEMP AS DEFINED IN AS 03.05.100];

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

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

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

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

10 * **Sec. 9.** AS 17.38.900(10), as amended by sec. 8 of this Act, is amended to read:

11 (10) "marijuana" means all parts of the plant of the genus cannabis
12 whether growing or not, the seeds thereof, the resin extracted from any part of the
13 plant, and every compound, manufacture, salt, derivative, mixture, or preparation of
14 the plant, its seeds, or its resin, including marijuana concentrate; "marijuana" does not
15 include fiber produced from the stalks, oil, or cake made from the seeds of the plant,
16 sterilized seed of the plant which is incapable of germination, or the weight of any
17 other ingredient combined with marijuana to prepare topical or oral administrations,
18 food, drink, or other products [, OR INDUSTRIAL HEMP AS DEFINED IN
19 AS 03.05.100];

20 * **Sec. 10.** AS 03.05.010(a)(7), 03.05.010(a)(8), 03.05.010(b)(6), 03.05.010(c), 03.05.076,
21 03.05.077, 03.05.078, 03.05.079, 03.05.100(5); and AS 17.20.020(e) are repealed June 30,
22 2022.

23 * **Sec. 11.** Sections 6 and 9 of this Act take effect June 30, 2022.

ALASKA STATE SENATE



Explanation of Changes in Committee Substitute for SB6

CS for Senate Bill 6 Version I "Alaska Grown Industrial Hemp"

Page 1, Page 2 and Page 3, lines 1 through 8:

A new section is added to the bill under AS 03.05.010 regarding the powers and duties of the commissioner of natural resources. To this list of powers and duties is added, regulating industrial hemp. Under these duties, the commissioner will be required to specify approved sources and varieties of industrial hemp seed, require registered growers to test for THC content at the time of harvest, be authorized to conduct random testing of industrial hemp and provide information regarding general production practices including the establishment of isolation distances.

This section also requires that the department submit a list of registered growers of industrial hemp to the marijuana control board and the department of public safety.

Page 3, lines 20 through 26:

A stop sale order shall be issued for any plant with a THC level over .3% and the commissioner shall notify the marijuana control board and the department of public safety when a stop sale order is issued.

Page 5, lines 13 – 15

Industrial hemp produced under this section cannot be used to produce hashish, hashish oil or marijuana concentrates.

Page 5, lines 16 and 17

Producing Industrial Hemp without a registration is a violation with a penalty of \$500.

Page 5, lines 26 through 31:

Registrants must possess proof of industrial hemp registration while transporting.

Page 7, lines 20 through 23:

Establishes a sunset date for this bill of June 30, 2022

Alaska State Legislature

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Senate District F – Greater Palmer, Chugiak, Peters Creek, Eklutna, Fairview Loop, Gateway, Butte, Lazy Mountain

SB 6 Alaska Grown Industrial Hemp Act

Sectional Analysis

“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’; and clarifying that adding industrial hemp to food does not create and adulterated food product.”

Sec. 1 – AS 03.05.010 Pages 1, 2 and 3 lines 1 - 8

Section one of the bill amends Title 3 to give additional powers and duties to the Department of Natural Resources, Division of Agriculture, to adopt regulations relating to Industrial Hemp.

This section also stipulates that the prescribed regulations must include provisions for approved sources of hemp seed, testing requirements (paid for by the registrant), that the department may randomly test and inspect registrants and general production practices.

This section also stipulates that a list of registered hemp growers must be provided to the Marijuana Control Board and the Department of Public Safety.

Sec. 2 – AS 03.05.010 Page 3, lines 20-26

This section instructs the department to issue a stop sale order to any person growing a plant with a THC level over .3% and to notify the Marijuana Control Board and the Department of Public Safety when any stop sale order is issued.

Sec. 3 – AS 03.05.076 Page 3, lines 27-31, Page 4 and Page 5, lines 1-17

Title 3, Chapter 5 is amended by adding a new section. This section establishes that:

- (a) Industrial Hemp will be classified as an agricultural crop in the state of Alaska.
- (b) Those wishing to produce industrial hemp must register with the Division of Agriculture with information that must include but is not limited to; name, address, and global positioning coordinates of the area to be used for production.
- (c) An individual who is registered with the state of Alaska may produce industrial hemp.

- (d)Registration is valid for one year and registrants may renew on an annual basis.
- (e)The Division of Agriculture shall assign application, registration, and fees necessary to regulate the industrial hemp industry and shall review those fee structures annually to ensure those fees collected cover regulatory costs.
- (f)The Division of Agriculture may issue a stop sale order or issue a violation notice if someone is producing industrial hemp without a current registration.
- (g)A person registered with the Division of Agriculture may use any propagation method needed to produce industrial hemp.
- (h)The Division of Agriculture, a registered producer, or any institution of higher education may import and/or sell industrial hemp seeds.
- (i)A person with a registration may retain hemp seeds for the purpose of growing hemp in the future.
- (j)A person registered with the Division of Agriculture to produce industrial hemp may retain and recondition hemp that tests between .3% and 1% THC on a dry weight basis, but industrial hemp intended for consumption in any form cannot exceed a .3% THC level.
- (k)The department shall require destruction of crops testing at over 1% THC.
- (l)Division of Agriculture may create regulations for approved shipping documentation for transporting industrial hemp.
- (m)Registered producers of industrial hemp must retain record of sale for three years, including the name and address of the person who received the industrial hemp and the amount sold.
- (n)Records in section (n) are to be made available to the department during normal business hours and the department must give three days' notice of inspection.
- (o)Industrial hemp produced under this section may not be used to produce hashish, hashish oil, or marijuana concentrates.
- (p)Producing Industrial Hemp without a registration is a violation that carries a fine of \$500.

AS 03.05.077 Page 5, Lines 18-25

In keeping with federal law, this section adds language regarding a pilot program for industrial hemp, that the Division of Agriculture, institute of higher education or a registered grower may participate in the pilot program and the Division of Agriculture may adopt regulations for this section.

AS 03.05.078 Page 5, lines 26-31

Authorized copy of a current hemp registration is required when transporting industrial hemp and a copy of the registration must be presented upon request of a law enforcement officer.

AS 03.05.079 Page 6, lines 1-5

A registered grower of industrial hemp is guilty of a violation when they produce industrial hemp with a THC content of between .3% and 1%.

Sec. 4 – AS 03.05.100 Page 6, Lines 6-8

The definition of industrial hemp, which meets the definition in federal statute, is the plant Cannabis Sativa L containing less than 0.3 percent delta-9 tetrahydrocannabinol (THC).

Sec. 5 & 6 – AS 11.71.900 Page 6, Lines 9-28

Amendment in statute to remove industrial hemp as defined in AS 03.05.100 from the list of controlled substances.

Sec. 7 – AS 17.20.020 Page 6, Line 29-31

Food containing industrial hemp as defined in AS 03.05.100 is not considered adulterated.

Sec. 8 & 9 – AS 17.38.900 Page 7, Lines 1-19

Amendment in statute to further remove industrial hemp as defined in AS 03.05.100 from marijuana definitions.

Sec. 10 & 11, Page 7, Lines 20-23 – Creates a sunset date for the Industrial Hemp Pilot program and all provisions in this act for June 30, 2022

Staff contact: Buddy Whitt, (907) 465-5265

ANCHORAGE BAR ASSOCIATION

Resolution No. 2017-1

**A RESOLUTION SUPPORTING PASSAGE OF HB 104 AND SB 67, REPEALING
CIVIL CASE REPORTING REQUIREMENTS**

WHEREAS, AS 09.68.130, Alaska Civil Rule 41(a)(3) and Appellate Rule 511(e) presently require the submission of information about the resolution of Civil Cases to the Alaska Judicial Council upon the completion of many civil cases on a form prepared by the Alaska Judicial Council,

WHEREAS, the preparation and filing of these forms is a burden on many attorneys and a financial burden on their clients without any corresponding public benefit,

WHEREAS, there is no apparent effective sanction imposed for non-compliance,

WHEREAS, the Alaska Judicial Council does not have adequate funding and resources to do anything meaningful with this information, and nothing is presently being done with it, and supports HB 104 and SB 67, and the repeal of these requirements,

WHEREAS, whatever purpose the collection of this information was originally supposed to fulfill has been fulfilled by the published report of the Alaska Judicial Council dated February 2000, for data collected from September 1997 to May 1999,

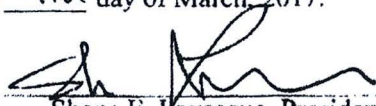
WHEREAS, repeal of AS 09.68.130, Alaska Civil Rule 41(a)(3) and Appellate Rule 511(e) will allow the State, the members of the Alaska Bar Association, and their clients to save substantial amounts of time and money which are now spent to prepare these reports,

WHEREAS, HB 104 has passed the House of Representatives unanimously and has been forwarded to the Senate,

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF
THE ANCHORAGE BAR ASSOCIATION**, that:

HB 104 and SB 67 should be enacted by the Legislature of the State of Alaska, and the Civil Case Reporting requirements repealed.

Dated this 4th day of March, 2017.



Shane E. Levesque, President
Anchorage Bar Association.

Alaska State Legislature

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Senator Shelley Hughes

Senate District F—Greater Palmer, Chugiak, Peters Creek, Eklutna, Fairview Loop, Gateway, Butte, Lazy Mountain

SB 6 Alaska Grown Industrial Hemp Act

Sectional Analysis

“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’; and clarifying that adding industrial hemp to food does not create and adulterated food product.”

Sec. 1 – Page 1, Lines 6-9

Intent language that the legislature will reevaluate the regulation of industrial hemp in seven years.

Sec. 2 – AS 03.05.010 Pages 1, 2 and 3 lines 1 - 10

Section one of the bill amends Title 3 to give additional powers and duties to the Department of Natural Resources, Division of Agriculture, to adopt regulations relating to Industrial Hemp. This section also stipulates that the prescribed regulations must include provisions for approved sources of hemp seed and testing requirements (paid for by the registrant).

This section also stipulates that a list of registered hemp growers must be provided to the Marijuana Control Board and the Department of Public Safety.

Sec. 3 – AS 03.05.010 Page 3, lines 22-28

This section instructs the department to issue a stop order to any person growing a plant with a THC level over .3% and to notify the Marijuana Control Board and the Department of Public Safety when any stop sale order is issued.

Sec. 4 – AS 03.05.076 Page 3, lines 29-31, Page 4 and Page 5, lines 1-27

Title 3, Chapter 5 is amended by adding a new section for Industrial Hemp and guidelines for registered producers and the department. This section establishes that:

(a) Industrial Hemp will be classified as an agricultural crop in the state of Alaska. Those wishing to produce industrial hemp must register with the Division of Agriculture with information that must include but is not limited to; name, address, and global positioning coordinates of the area to be used for production.

(b) An individual who is registered with the state of Alaska may

1. Produce industrial hemp
2. Use any propagation method needed to produce industrial hemp.
3. Retain hemp seeds for the purpose of growing hemp in the future.
4. Retain and recondition hemp that tests between .3% and 1% THC on a dry weight basis, but industrial hemp intended for consumption in any form cannot exceed a .3% THC level.

(c) An individual who is registered with the state of Alaska shall

1. Comply with testing standards and procedures as established in regulation
2. Retain record of sale for three years, including the name and address of the person who received the industrial hemp and the amount sold or transferred.
3. Make records available to the department during normal business hours and the department must give three days' notice of inspection.

(d) The Department shall

1. Establish fee levels.
2. Annually review fee levels.
3. Notify the MCB and DPS when they have issued a stop sale order.
4. Require a person producing industrial hemp over 1% to destroy their crop.

(e) The Department may

1. Issue a stop sale order or violation for those growing industrial hemp without a registration.
2. Adopt regulations for approved shipping documents for industrial hemp.
3. Conduct random tests and inspections.

(f) The Division of Agriculture, a registered producer, or any institution of higher education may import and/or sell industrial hemp seeds.

(g) Industrial hemp intended for human consumption cannot exceed .3% THC, cannot be used for hashish or hashish oil and CBD oil is not considered hashish or hashish oil for the purposes of this section.

(h) Producing Industrial Hemp without a registration is a violation that carries a fine of \$500.

AS 03.05.077 Page 5, Lines 28-31 and Page 6, Lines 1-4

In keeping with federal law, this section adds language regarding a pilot program for industrial hemp, that the Division of Agriculture, institute of higher education or a registered grower may participate in the pilot program and the Division of Agriculture may adopt regulations for this section.

AS 03.05.078 Page 6, lines 5-15

Authorized copy of a current hemp registration is required when transporting industrial hemp and a copy of the registration must be presented upon request of a law enforcement officer. Using a mobile electronic device to store proof of registration is acceptable and displaying proof is such a way is not consent for a peace officer to access any other information on a person's personal mobile electronic device.

AS 03.05.079 Page 6, lines 16-20

A registered grower of industrial hemp is guilty of a violation when they produce industrial hemp with a THC content of between .3% and 1%.

Sec. 5 – AS 03.05.100 Page 6, Lines 21-23

The definition of industrial hemp, which meets the definition is federal statute, is the plant Cannabis Sativa L containing less than 0.3 percent delta-9 tetrahydrocannabinol (THC).

Sec. 6 – AS 11.71.900 Page 6, Lines 24-31 and Page 7, Lines 1&2

Amendment in statute to remove industrial hemp as defined in AS 03.05.100 from the list of controlled substances.

Sec. 7 – AS 17.20.020 Page 7, Line 3-5

Food containing industrial hemp as defined in AS 03.05.100 is not considered adulterated.

Sec. 8 – AS 17.38.900 Page 7, Lines 6-14

Amendment is statute to further remove industrial hemp as defined in AS 03.05.100 from marijuana definitions.

Sec. 9, Page 7, Lines 15-30

By December 1, 2024 the Department of Natural Resources will issue a report to the legislature on the regulation of industrial hemp in the state of Alaska.

Staff contact: Buddy Whitt, (907) 465-5265

ALASKA STATE SENATE



Explanation of Changes in Committee Substitute for SB6

CS for Senate Bill 6 Version M "Alaska Grown Industrial Hemp"

Page 1, Lines 8 & 9:

Intent language added in section one of the bill. The intention is for the legislature to reevaluate the regulation of industrial hemp in seven years.

The sunset dates on the previous version have been removed with the addition of this section.

Page 5, lines 24 & 25:

CBD oils are not included in the definitions of hashish or hashish oil in this subsection.

Page 6, lines 9-14:

Language added to allowing the display of registration on a mobile electronic device as a valid form of registration for transportation of industrial hemp under this section. Also, displaying proof of registration on a mobile electronic device does not constitute consent for a peace officer's access to other contents on the device.

Page 7, lines 17-30:

Requires the Department of Natural Resources to submit a report by December 1, 2024 on the regulation of industrial hemp in the state.

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

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

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

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

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

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

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

12 (a) The commissioner of natural resources shall

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

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

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

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

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

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

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

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

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

29 **(B) require testing, paid for by the registrant, for delta-9**
30 **tetrahydrocannabinol concentration following harvest of the industrial**
31 **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

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

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

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

7 (b) An individual registered under this section may

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

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

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

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

16 (c) An individual registered under this section shall

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

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

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

23 (B) the amount of industrial hemp transferred;

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

27 (d) The department shall

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

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

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

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

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

10 (e) The department may

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

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

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

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

21 (g) Industrial hemp products intended for human consumption may not exceed
22 0.3 percent delta-9 tetrahydrocannabinol. Industrial hemp produced under a
23 registration under this section may not be used to produce hashish, hashish oil, or
24 marijuana concentrates. In this subsection, "hashish" and "hashish oil" have the
25 meanings given in AS 11.71.900, but do not include cannabidiol oil.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 (B) violations that occurred; and

26 (C) stop orders issued;

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

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

Fiscal Note

State of Alaska
2017 Legislative Session

Bill Version: SB 6
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB006CS(JUD)-DNR-PMC-03-14-17
Title: INDUSTRIAL HEMP PRODUCTION
Sponsor: HUGHES
Requester: Senate Resources

Department: Department of Natural Resources
Appropriation: Agriculture
Allocation: North Latitude Plant Material Center
OMB Component Number: 2204

Expenditures/Revenues

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

	FY2018 Appropriation Requested	Included in Governor's FY2018 Request	Out-Year Cost Estimates				
			FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
OPERATING EXPENDITURES	FY 2018	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Personal Services							
Travel							
Services	25.0						
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	25.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1004 Gen Fund (UGF)	25.0						
Total	25.0	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 (FY2017) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2018) cost: 0.0 (separate capital appropriation required)
(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? 06/30/18

Why this fiscal note differs from previous version:

This fiscal note takes into account the committee substitute changes including adopting regulations, generating testing requirements, approving seed sources, providing general production practices, defining isolation distances, creating a registration process and sun setting at the end of FY2022.

Prepared By: Arthur Keyes, Director
Division: Division of Agriculture
Approved By: Andrew T. Mack, Commissioner
Agency: Department of Natural Resources

Phone: (907)745-7200
Date: 03/14/2017 11:00 AM
Date: 03/14/17

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2017 LEGISLATIVE SESSION

BILL NO. CSSB 6

Analysis

This bill requires the commissioner of Department of Natural Resources to adopt regulations and conduct oversight of industrial hemp in Alaska.

DNR would enter into a RSA with the Department of Law (DOL) to assist in drafting regulations at a cost of approximately \$25 thousand.

The cost of administering the registration program will be determined after regulations are drafted. Those costs will be recovered via revenue from approximately 25 farms the department anticipates to register in the first year.