

Zieman
Bartz
Kibbie

SSB-1031

Agriculture
Succeeded By

SENATE FILE SE/HF 61
BY (PROPOSED COMMITTEE ON
AGRICULTURE BILL BY
CHAIRPERSON McLAREN)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to industrial hemp, by providing for its
2 production, harvesting, and marketing, and providing
3 penalties.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. FINDINGS. The general assembly finds that a
2 trend exists among states to consider the economic importance
3 of industrial hemp, which is a major crop in other nations.
4 Industrial hemp historically has contributed to the economic
5 welfare of this country, and is a renewable natural resource
6 manufactured for textiles, pulp, paper, oil, building
7 materials, and other products. The purpose of this Act is to
8 promote the economy of this state by promoting industrial hemp
9 as a viable crop.

10 Sec. 2. NEW SECTION. 159.41 INDUSTRIAL HEMP LICENSING
11 AND REGULATION.

12 1. As used in this section, "industrial hemp" means
13 cannabis sativa L. which has a percentage of
14 tetrahydrocannabinol of not more than one percent, as provided
15 by rules which shall be adopted by the department.

16 2. The department of agriculture and land stewardship, in
17 cooperation with the department of public safety, shall
18 administer this section. The department of agriculture and
19 land stewardship shall cooperate with other law enforcement
20 agencies. The department shall also collaborate with agencies
21 of the United States government, including but not limited to
22 the drug enforcement administration of the United States
23 department of justice, in order to provide for the production,
24 harvesting, storage, and marketing of industrial hemp
25 according to the terms and conditions required by the United
26 States government. The department may execute any memorandum
27 of understanding with a United States government agency in
28 order to administer this section.

29 3. To the extent permitted by the United States
30 government, the department shall issue licenses to persons for
31 the production, harvesting, storage, and marketing of
32 industrial hemp, notwithstanding any section of this chapter
33 to the contrary. A person must possess a license pursuant to
34 this section to produce, harvest, store, or market industrial
35 hemp. The department of agriculture and land stewardship

1 shall limit the number of licenses that it grants each year in
2 order to ensure that the department of agriculture and land
3 stewardship, in cooperation with the department of public
4 safety, may strictly enforce compliance with the requirements
5 of this section. A license shall expire not later than one
6 year following the date of issuance.

7 a. A person applying for a license shall file an
8 application on a form prescribed by the department of
9 agriculture and land stewardship according to procedures
10 required by the department. The department may charge an
11 application fee which shall not exceed five hundred dollars.
12 An applicant and each employee of the applicant must satisfy
13 eligibility requirements of the department, which shall
14 include but shall not be limited to all of the following:

15 (1) Be eighteen years of age or older.

16 (2) Never have been convicted of a felony, an aggravated
17 misdemeanor, or of any other offense related to the possession
18 of a controlled substance.

19 (3) Not be addicted to the use of alcohol or a controlled
20 substance.

21 (4) Be of good moral character and not have been judged
22 guilty of a crime involving moral turpitude.

23 b. The licensee shall maintain accurate records as
24 required by the department, which shall contain information
25 relating to the licensee's operation, including but not
26 limited to the production site, the time and manner of
27 harvest, and persons involved in the production, harvesting,
28 and marketing of the industrial hemp.

29 4. Notwithstanding chapter 124, the licensee may produce,
30 harvest, store, and market industrial hemp. However, the
31 licensee must act in strict conformance with this section.
32 The licensee shall raise industrial hemp upon demonstration
33 plots as approved by the department. The demonstration plots
34 must be used to develop optimal agricultural practices for
35 raising industrial hemp. All plant materials from industrial

1 hemp grown on demonstration plots, except plant materials
2 retained for breeding and propagation, must be used for
3 commercial uses approved by the department.

4 5. The department of agriculture and land stewardship or
5 the department of public safety may inspect a production,
6 storage, or marketing site of a licensee at any time, and may
7 inspect records required to be maintained as provided in this
8 section. The department of agriculture and land stewardship
9 shall assess and the licensee shall pay the actual costs of
10 the inspection. If the owner or occupant of any property used
11 by the licensee refuses admittance onto the property, or if
12 prior to such refusal the department of agriculture and land
13 stewardship or department of public safety demonstrates the
14 necessity for a warrant, the department of agriculture and
15 land stewardship may make application under oath or
16 affirmation to the district court of the county in which the
17 property is located for the issuance of a search warrant. If
18 the court is satisfied from examination of the applicant, of
19 other witnesses, if any, and of the allegations of the
20 application of the existence of the grounds of the
21 application, or that probable cause exists to believe such
22 grounds exist, the court may issue such search warrant.

23 6. The department may suspend or revoke a license if the
24 licensee or an employee of the licensee is determined to have
25 committed any of the following:

26 a. Fraud in applying for or obtaining a license.

27 b. A violation of this section or rules adopted by the
28 department pursuant to this section, including failing to
29 comply with a requirement of this section.

30 c. An offense involving moral turpitude, a felony, an
31 aggravated misdemeanor, or any other offense related to the
32 possession of a controlled substance.

33 7. a. Except as provided in paragraph "b", an applicant
34 for a license or a licensee who knowingly violates a
35 requirement of this section or a rule adopted by the

1 department pursuant to this section is subject to a civil
2 penalty of not more than fifty thousand dollars.

3 b. A person who makes a false statement on the application
4 for a license regarding the conviction of a felony, aggravated
5 misdemeanor, or any other offense related to the possession of
6 a controlled substance is guilty of an aggravated misdemeanor.

7 Sec. 3. Section 317.1A, Code 2001, is amended by adding
8 the following new unnumbered paragraph:

9 NEW UNNUMBERED PARAGRAPH. "Industrial hemp" which is
10 produced as provided in section 159.41 is not a noxious weed.

11 EXPLANATION

12 This bill provides for the production of industrial hemp
13 which has a percentage of tetrahydrocannabinol of not more
14 than 1 percent.

15 The bill requires the department of agriculture and land
16 stewardship, in cooperation with the department of public
17 safety, to administer a program to license persons involved in
18 industrial hemp production. The bill requires the department
19 to collaborate with agencies of the United States government,
20 including but not limited to the drug enforcement
21 administration in order to provide for the production,
22 harvesting, storage, and marketing of industrial hemp
23 according to the terms and conditions required by the United
24 States government. The bill provides that to the extent
25 permitted by the United States government, the department
26 shall issue licenses to persons for the production,
27 harvesting, storage, and marketing of industrial hemp,
28 notwithstanding any other provision of the Code chapter 124
29 regulating controlled substances. The bill provides
30 requirements for applicants and persons involved in the
31 production, harvesting, storage, and marketing of industrial
32 hemp. The bill provides for the inspection of the premises
33 and records of licensees. The bill provides for the
34 suspension or revocation of a license.

35 The bill provides that licensees who violate the provisions

1 of the bill are subject to a civil penalty of up to \$50,000.
2 The bill provides that a person who makes a false statement on
3 the application for a license regarding a conviction of a
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8 fine of at least \$500 but not more than \$5,000.

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4/15/01 Referred to: Agriculture

FILED JAN 23 '01

SENATE FILE 61
BY COMMITTEE ON AGRICULTURE

(SUCCESSOR TO SSB 1031)

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SF 61

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**SENATE FILE 61
FISCAL NOTE**

The estimate for **Senate File 61** is hereby submitted as a fiscal note pursuant to Joint Rule 17 and as a correctional impact statement pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

SUMMARY

Senate File 61 allows the Department of Agriculture and Land Stewardship to issue a license for the production, harvest, storage, and marketing of industrial hemp in demonstration plots. The Department will approve license applications in conjunction with the federal government and with the cooperation of the Department of Public Safety.

ASSUMPTIONS

1. Currently, there are two facilities approved by the federal government for the production of industrial hemp in the United States.
2. The average cost for salary and benefits for three full-time Criminalists is \$200,000 per year for FY 2002 and subsequent years.
3. The average cost for equipment is \$170,000 for FY 2002.
4. The average cost for supplies is \$3,000 for FY 2002 and subsequent years.
5. The average cost for salary and benefits for a full-time Administrative Assistant is \$50,000 per year for FY 2003 and subsequent years.

FISCAL IMPACT

The estimated fiscal impact of Senate File 61 is an increase in General Fund expenditures of \$373,000 and 3.00 FTE positions for FY 2002. The fiscal impact for FY 2003 will be \$253,000 and 4.00 FTE position.

SOURCES

Department of Agriculture and Land Stewardship
Department of Public Safety

(LSB 1975SV, DFK)

FILED FEBRUARY 7, 2001

BY DENNIS PROUTY, FISCAL DIRECTOR