

**House File 763 - Introduced**

HOUSE FILE 763

BY JACOBY

(COMPANION TO SF 279 BY  
SHIPLEY)

**A BILL FOR**

1 An Act relating to hemp, including the regulation of hemp,  
2 providing for enforcement and the confiscation and  
3 destruction or disposal of certain property, providing  
4 for fees, making appropriations, including penalties, and  
5 providing implementation and effective date provisions.  
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35

DIVISION I  
IOWA HEMP ACT

Section 1. Section 189.1, subsection 1, Code 2019, is amended to read as follows:

1. *“Article”* means food, commercial feed, agricultural seed, commercial fertilizer, drug, pesticide, hemp, and paint, in the sense in which they are defined in the various provisions of this subtitle.

Sec. 2. NEW SECTION. 204.1 Short title.

This chapter shall be known as the *“Iowa Hemp Act”*.

Sec. 3. NEW SECTION. 204.2 Definitions.

As used in this chapter, unless the context otherwise requires:

1. *“Controlled substance”* means the same as defined in 21 U.S.C. §§802 and 812, including as those sections are amended in §12619 of the federal hemp law or as that phrase is defined in Tit. IV, subtitle 1 of this Code.

2. *“Conviction”* means a conviction for an indictable offense and includes a guilty plea, deferred judgment from the time of entry of the deferred judgment until the time the defendant is discharged by the court without entry of judgment, or other finding of guilt by a court of competent jurisdiction.

3. *“Crop site”* or *“site”* means a single contiguous parcel of agricultural land suitable for the planting, growing, or harvesting of hemp, if the parcel does not exceed forty acres.

4. *“Department”* means the department of agriculture and land stewardship.

5. *“Federal hemp law”* means that part of Tit. X of the Agriculture Improvement Act of 2018, Pub. L. No. 115-334, that authorizes hemp production according to a state plan approved by the United States department of agriculture, as provided in §10113 of that Act, amending the Agricultural Marketing Act of 1946, 7 U.S.C. §1621 et seq., including by adding §§297A through 297E.

6. *“Hemp”* means a plant that may be produced under federal

1 hemp law, or another plant of the same genus to the extent  
2 allowed under federal hemp law, if any such plant is produced  
3 as part of a crop qualifying under section 204.8.

4 7. a. "*Hemp product*" means an item derived from or made by  
5 processing hemp or parts of hemp.

6 b. "*Hemp product*" does not include hemp seed that is capable  
7 of germination.

8 8. "*Law enforcement agency*" means the department of public  
9 safety, an office of county sheriff, or a municipal police  
10 department.

11 9. "*Licensee*" means a person who obtains a hemp license from  
12 the department under this chapter.

13 Sec. 4. NEW SECTION. **204.3 State plan.**

14 1. The department shall prepare a state plan to be  
15 submitted to the United States secretary of agriculture under  
16 the federal hemp law. Upon approval of the state plan, the  
17 department shall assume primary regulatory authority over the  
18 production of hemp in this state as provided in this chapter.  
19 The department may submit any number of amended state plans  
20 to the United States secretary of agriculture or any number  
21 of amendments to a state plan approved by the United States  
22 secretary of agriculture.

23 2. The department shall prepare the state plan, any amended  
24 state plan, or amendment to an approved state plan, by adopting  
25 rules pursuant to chapter 17A. The department may adopt the  
26 rules on an emergency basis as provided in section 17A.4,  
27 subsection 3, and section 17A.5, subsection 2, and the rules  
28 shall be effective immediately upon filing unless a later date  
29 is specified in the rules.

30 Sec. 5. NEW SECTION. **204.4 Hemp license — requirements.**

31 1. The department shall establish and administer a process  
32 to receive, evaluate, and approve or disapprove applications  
33 for a hemp license.

34 2. The department shall prepare and publish one or more  
35 hemp license application forms. A completed application form

- 1 submitted to the department shall contain all of the following:
- 2     *a.* The applicant's full name and residence address.
- 3     *b.* A legal description and map of each crop site where the
- 4 applicant proposes to produce the hemp.
- 5     *c.* The number of crop acres to be used for hemp production.
- 6     *d.* The name of the hemp variety.
- 7     *e.* Any other information required by the department in order
- 8 to administer and enforce the provisions of this chapter.
- 9     3. The department may do all of the following:
- 10    *a.* Require that all or some licenses expire on the same
- 11 date.
- 12    *b.* Provide a different application form and requirements
- 13 relating to the submission, evaluation, and approval or
- 14 disapproval of an application for a renewed license consistent
- 15 with federal law.
- 16     4. An applicant shall not be issued a hemp license unless
- 17 the applicant agrees to comply with all terms and conditions
- 18 relating to the department's regulation of a licensee.
- 19     5. A person may hold any number of licenses at the same
- 20 time. However, the person shall not hold a legal or equitable
- 21 interest in a licensed crop site, if the total number of acres
- 22 of all licensed crop sites in which the person holds all such
- 23 interests equals more than forty acres.
- 24     6. An initial license expires one year from the date of
- 25 issuance and may be issued on a renewal basis annually. The
- 26 department may require that a licensee apply for an amended or
- 27 new initial license if information contained in the existing
- 28 application is no longer accurate or is incomplete.
- 29     7. Information received on an application form shall be
- 30 maintained by the department for not less than three years.
- 31     8. The department shall disapprove the application of a
- 32 person for good cause, which shall include, but is not limited
- 33 to, any of the following:
- 34    *a.* The conviction of a felony within the prior ten years or
- 35 any conviction of a controlled substance offense within that

1 same period, regardless of whether either type of conviction is  
2 in this state or another state.

3 *b.* The revocation of a license under section 204.11, or  
4 the revocation of a license, permit, registration, or other  
5 authorization to produce hemp in any other state.

6 9. A license shall be suspended or revoked as provided in  
7 section 204.11.

8 **Sec. 6. NEW SECTION. 204.5 Hemp fees.**

9 1. The department shall impose, assess, and collect the  
10 following hemp fees:

11 *a.* A license fee which shall be paid by a person being  
12 issued a hemp production license as provided in section 204.4.

13 *b.* An inspection fee which shall be paid by a licensee for  
14 an inspection of a licensee's crop site as provided in section  
15 204.8.

16 2. *a.* For each license, the license fee shall be imposed  
17 on an interim basis until June 30, 2022. The amount of the  
18 license fee shall not be more than the following:

19 (1) Five hundred dollars plus five dollars per acre, for  
20 each site that is five acres or less.

21 (2) Seven hundred and fifty dollars, plus five dollars per  
22 acre, for each site that is more than five acres but less than  
23 ten acres.

24 (3) One thousand dollars plus five dollars per acre, for  
25 each site is more than ten acres.

26 *b.* For an annual inspection, an inspection fee shall be  
27 imposed on an interim basis until June 30, 2022. The amount  
28 of the inspection fee shall not be more than one thousand  
29 dollars. The department, during the interim period, may charge  
30 an additional inspection fee of not more than one thousand  
31 dollars for each inspection of a licensee's crop site, if the  
32 inspection is conducted upon the request of the licensee.

33 *c.* This subsection is repealed on July 1, 2022.

34 3. *a.* The department shall adopt rules to establish hemp  
35 fees for the issuance of a hemp production license pursuant to

1 section 204.4.

2     *b.* The department shall adopt rules to establish hemp fees  
3 for the annual inspection of a license pursuant to section  
4 204.8. The rules may provide that the department charge an  
5 additional inspection fee for each inspection of a licensee's  
6 crop site, if the inspection is conducted upon the request of  
7 the licensee.

8     *c.* The total amount of hemp fees collected by the  
9 department pursuant to this section shall not be more than the  
10 department's estimate of the total amount of revenues necessary  
11 to administer and enforce the provisions of this chapter based  
12 on the expected revenue collected from the hemp fees and the  
13 costs to be incurred by the department in administering and  
14 enforcing the provisions of this chapter for the succeeding  
15 twelve-month period.

16     *d.* The department may establish different rates for any  
17 category of hemp fees based on criteria determined relevant by  
18 the department, which may include the number of acres of the  
19 crop site and the type of license issued.

20     *e.* (1) The rules shall first take effect immediately after  
21 the repeal of subsection 2.

22     (2) This paragraph "e" is repealed immediately after the  
23 rules described in subparagraph (1) take effect.

24     4. The license fee and any annual inspection fee shall  
25 be collected by the department at the time the hemp license  
26 application is submitted.

27     5. Any hemp fee collected by the department under this  
28 section shall be deposited in the hemp fund established  
29 pursuant to section 204.6.

30     6. The department may refund all or any part of a hemp fee  
31 collected under this section.

32     Sec. 7. NEW SECTION. **204.6 Hemp fund.**

33     1. A hemp fund is established in the state treasury under  
34 the management and control of the department.

35     2. The hemp fund shall include moneys collected by the

1 department from hemp fees imposed and assessed under section  
2 204.5 and moneys appropriated by the general assembly for  
3 deposit in the hemp fund. The hemp fund may include other  
4 moneys available to and obtained or accepted by the department,  
5 including moneys from public or private sources.

6 3. Moneys in the hemp fund are appropriated to the  
7 department and shall be used exclusively to carry out the  
8 responsibilities conferred upon the department under this  
9 chapter as determined and directed by the department, and  
10 shall not require further special authorization by the general  
11 assembly.

12 4. a. Notwithstanding section 12C.7, interest or earnings  
13 on moneys in the hemp fund shall be credited to the hemp fund.

14 b. Notwithstanding section 8.33, moneys credited to the  
15 hemp fund that remain unexpended or unobligated at the end of a  
16 fiscal year shall not revert to any other fund.

17 Sec. 8. NEW SECTION. 204.7 Regulations.

18 1. The department may adopt rules regulating the  
19 production, handling, transporting, or marketing of hemp  
20 produced on a licensee's crop site. The rules may provide  
21 different requirements that apply to nonseed parts of hemp and  
22 hemp seed, including the certification of hemp seed.

23 2. Notwithstanding any other provision of law to the  
24 contrary, hemp is not a controlled substance if the hemp is or  
25 was produced on a licensee's crop site.

26 3. Nothing in this chapter prohibits a person from  
27 producing, handling, transporting, marketing, or processing a  
28 hemp product.

29 Sec. 9. NEW SECTION. 204.8 Annual inspection and official  
30 test.

31 1. The department shall conduct an annual inspection of  
32 a licensee's crop site to determine if the crop produced at  
33 the site qualifies as hemp under this section. The inspection  
34 shall include obtaining a sample of plants that are part of the  
35 crop and providing for an official test of that sample. The

1 inspection shall be conducted as provided in section 204.9.

2 2. A licensee shall deliver a notice to the department  
3 stating the expected harvest date for the crop produced at the  
4 licensee's crop site. The department must receive the notice  
5 at least thirty days prior to the expected harvest date. The  
6 department shall conduct an inspection of the site within  
7 thirty days prior to the actual harvest date. The licensee  
8 shall not harvest any portion of a crop produced at the site  
9 unless the department notifies the licensee that the crop  
10 qualifies as hemp pursuant to the results of an official test.

11 3. The official test shall be a composite test of the  
12 plants obtained by the department from the licensee's crop site  
13 during an inspection and shall be conducted by the laboratory  
14 designated by the department. The sample must have maximum  
15 concentration of delta-9 tetrahydrocannabinol that does not  
16 exceed three-tenths of one percent on a dry weight basis. The  
17 laboratory's official test results indicating that a sample  
18 exceeds that percentage shall be conclusive evidence that the  
19 crop produced at a site does not qualify as hemp.

20 Sec. 10. NEW SECTION. 204.9 **Right of access.**

21 1. The department, including an authorized inspector,  
22 employee, or agent of the department, may enter onto a crop  
23 site during reasonable hours to determine whether a licensee  
24 is acting in compliance with the provisions of this chapter.  
25 The department may also enter into any structure, other than a  
26 dwelling, if the structure is located on or in close proximity  
27 to the crop site, and the use of such structure is directly  
28 related to the planting, growing, or harvesting of hemp,  
29 including but not limited to a barn, machine shed, greenhouse,  
30 or storage crib.

31 2. The department may obtain a sample of plants that are  
32 part of the crop and provide for an official test of that  
33 sample in the same manner as provided in section 204.8 even  
34 though the department is not conducting an annual inspection.  
35 The department shall not assess or collect a fee, other than a



1 hemp fee as provided in section 204.5.

2 3. A person shall not prevent the department from  
3 administering this section by any means, including but not  
4 limited to any act, including a refusal to allow entry,  
5 misrepresentation, omission, or concealment of facts.

6 4. The licensee shall not harvest any portion of a crop  
7 produced at the crop site if the department has been prevented  
8 from accessing the site under this section.

9 Sec. 11. NEW SECTION. 204.10 **Order of disposal.**

10 1. If a crop that is produced at a licensee's crop site  
11 does not qualify as hemp according to an official test  
12 conducted pursuant to section 204.8, the department shall order  
13 the disposal of the crop by destruction at the site or if  
14 necessary require the crop to be removed to another location  
15 for destruction.

16 2. The department may request assistance from a law  
17 enforcement agency necessary to carry out this section. The  
18 department upon request shall deliver any sample of the crop  
19 to the law enforcement agency.

20 3. The licensee shall pay for all actual and reasonable  
21 costs of the destruction. If the department assumes any of the  
22 amount of costs, it may charge that amount to the licensee.  
23 If the licensee fails to reimburse any of that amount to the  
24 department, the department may report the amount to the county  
25 treasurer. The amount shall be placed upon the tax books,  
26 and collected with interest and penalties after due, in the  
27 same manner as other unpaid property taxes. The county shall  
28 reimburse the department within thirty days from the collection  
29 of the property taxes.

30 4. To the extent allowed by applicable federal law, the  
31 department may provide for the disposal of the mature stalks  
32 of the crop confiscated by the department for the licensee's  
33 on-farm use and at the licensee's expense.

34 Sec. 12. NEW SECTION. 204.11 **Disciplinary action.**

35 1. The department may suspend or revoke the license obtained

1 under section 204.4 by a person who does any of the following:

2     *a.* Provides false or misleading information to the  
3 department under this chapter, including by submitting a false  
4 application.

5     *b.* Fails to comply with or violates any provision of this  
6 chapter, including a rule adopted by the department or a  
7 condition of an application for the issuance of a license.

8     *c.* Fails to comply with an order issued by the department  
9 under this chapter.

10     2. The suspension or revocation of a license is in addition  
11 to an order of disposal under section 204.10; the imposition of  
12 a civil penalty under section 204.12, subject to the provisions  
13 of section 204.14; or the imposition of any other civil or  
14 criminal penalty authorized under state law, subject to the  
15 provisions of section 204.14.

16     Sec. 13. NEW SECTION. **204.12 Civil penalties.**

17     1. A person who violates a provision of this chapter is  
18 subject to a civil penalty of not less than five hundred  
19 dollars and not more than two thousand five hundred dollars.  
20 The department shall assess and collect the civil penalty.  
21 Each day that a continuing violation occurs may be considered a  
22 separate offense.

23     2. Notwithstanding subsection 1, a civil penalty shall not  
24 be assessed against a licensee for a violation that results  
25 in the disposal of the licensee's crop under section 204.10,  
26 if the department obtains a sample of the crop produced on  
27 the licensee's crop site and the official test results of the  
28 sample conducted pursuant to section 204.8 indicates a maximum  
29 concentration of delta-9 tetrahydrocannabinol not in excess of  
30 two percent on a dry weight basis.

31     3. All civil penalties collected under this section shall be  
32 deposited into the general fund of the state.

33     Sec. 14. NEW SECTION. **204.13 Injunctive relief.**

34     The department or the attorney general acting on behalf of  
35 the department may apply to the district court for injunctive

1 relief in order to restrain a person from acting in violation  
2 of this chapter. In order to obtain injunctive relief, the  
3 department shall not be required to post a bond or prove the  
4 absence of an adequate remedy at law unless the court for  
5 good cause otherwise orders. The court may order any form  
6 of prohibitory or mandatory relief that is appropriate under  
7 principles of equity, including but not limited to issuing a  
8 temporary or permanent restraining order.

9 Sec. 15. NEW SECTION. 204.14 **Negligent violations.**

10 1. *a.* The department may find that a licensee has  
11 negligently violated a provision of this chapter by doing any  
12 of the following:

13 (1) Completing an application for a license without  
14 providing a legal description of the crop site pursuant to  
15 section 204.4.

16 (2) Failing to renew a license or obtain a license for a new  
17 crop site pursuant to section 204.4.

18 (3) Producing a crop on the licensee's crop site with a  
19 maximum concentration of delta-9 tetrahydrocannabinol in excess  
20 of three-tenths of one percent according to the results of an  
21 official test conducted of a sample obtained from the crop site  
22 pursuant to section 204.8.

23 *b.* In making its finding under paragraph "a", the  
24 department must determine that the licensee acted with a  
25 culpable mental state of negligence. It is conclusively  
26 presumed that a licensee acted with a culpable mental state  
27 greater than negligence, if the department obtains a sample  
28 of a crop produced on the licensee's crop site and the  
29 official test results of the sample conducted pursuant to  
30 section 204.8 indicates a maximum concentration of delta-9  
31 tetrahydrocannabinol in excess of two percent on a dry weight  
32 basis.

33 *c.* If the department determines a licensee violated this  
34 chapter with a culpable mental state greater than negligence,  
35 the department shall immediately report the licensee to the

1 county attorney and the attorney general, who shall take action  
2 as the facts and circumstances warrant. The department shall  
3 also report the licensee to the United States attorney general  
4 to the extent required by the federal hemp law.

5 2. The department may establish a negligent violation  
6 program. The purpose of the program is to allow a  
7 participating licensee who has negligently violated a provision  
8 of this chapter as described in subsection 1 to comply with a  
9 corrective plan established by the department to correct each  
10 negligent violation, including by providing for all of the  
11 following:

12 a. A reasonable date, established by the department, for the  
13 licensee to correct any cause for the violation.

14 b. That the licensee periodically report to the department  
15 evidence that the licensee is complying with the requirements  
16 of this chapter. The licensee shall submit a report to the  
17 department for at least two years from the date that the  
18 licensee first participated in the program.

19 3. A licensee who is participating in the negligent  
20 violation program shall not be subject to criminal enforcement  
21 action by the state, or the imposition of criminal or civil  
22 penalties, including as provided in section 204.12.

23 4. A licensee who negligently violates a provision of this  
24 chapter more than three times in any five-year period shall be  
25 ineligible to be issued a license pursuant to section 204.4  
26 for a period of five years beginning on the date of the third  
27 violation.

28 5. A licensee convicted of a felony relating to a controlled  
29 substance before, on, or after the implementation date of this  
30 chapter shall be ineligible to produce hemp under this chapter  
31 for a ten-year period following the date of conviction.

32 6. Any person who materially falsifies any information  
33 contained in an application to participate in the negligent  
34 violation program shall be ineligible to participate in the  
35 program.

1     Sec. 16. NEW SECTION.   **204.15 Statutory construction.**

2     Nothing in this chapter shall be construed or applied to be  
3 less stringent than required under the federal hemp law.

4     Sec. 17. CONTINGENT IMPLEMENTATION.

5     1. Except as provided in subsection 2, the provisions of  
6 chapter 204, as enacted in this division of this Act, shall  
7 only be implemented, including administered and enforced, by  
8 the department of agriculture and land stewardship beginning on  
9 the publication date of the edition of the Iowa administrative  
10 bulletin that includes a statement by the secretary of  
11 agriculture of the department of agriculture and land  
12 stewardship certifying that the United States department of  
13 agriculture has approved a state plan as described in section  
14 204.3, as enacted in this division of this Act. The department  
15 shall forward a copy of the statement to the Iowa Code editor  
16 prior to publication.

17    2. Section 204.3 and this subsection shall be implemented on  
18 the effective date of this Act.

19     Sec. 18. EFFECTIVE DATES.

20    1. Except as provided in subsection 2, this division of this  
21 Act, being deemed of immediate importance, takes effect upon  
22 enactment.

23    2. The amendment to section 189.1, as enacted in this  
24 division of this Act, shall become effective upon the date of  
25 implementation of chapter 204 as described in subsection 1 of  
26 the section providing for contingent implementation of that  
27 chapter, as enacted in this division of this Act.

28                                   DIVISION II

29                                   COORDINATING AMENDMENTS

30     Sec. 19. NEW SECTION.   **317.1D Hemp production.**

31     This chapter does not apply to a plant or any part of the  
32 plant qualifying as hemp, if the hemp is produced on a crop  
33 site regulated by the department of agriculture and land  
34 stewardship under chapter 204.

35     Sec. 20. NEW SECTION.   **453B.17 Exception — hemp.**

1 This chapter does not apply to a plant or any part of  
2 the plant qualifying as hemp, if the hemp is produced or  
3 was produced on a crop site regulated by the department of  
4 agriculture and land stewardship under chapter 204. Nothing  
5 in this chapter applies to a person producing, handling,  
6 transporting, marketing, or processing a hemp product as  
7 defined in section 204.2.

8 Sec. 21. CONTINGENT EFFECTIVE DATE. Sections 317.1D  
9 and 453B.17, as enacted in this division of this Act, shall  
10 become effective upon the date of implementation of chapter  
11 204 as described in subsection 1 of the section providing for  
12 the contingent implementation of that chapter, as enacted in  
13 division I of this Act.

14 DIVISION III  
15 APPROPRIATIONS

16 Sec. 22. HEMP FUND — 2019-2020. There is appropriated from  
17 the general fund of the state to the department of agriculture  
18 and land stewardship for the fiscal year beginning July 1,  
19 2019, and ending June 30, 2020, the following amount, or so  
20 much thereof as is necessary, to be used for the purposes  
21 designated:

22 1. For deposit in the hemp fund created in section 204.6 to  
23 be used as provided in that section:

24 ..... \$ 303,750

25 2. Notwithstanding subsection 1 of the section providing  
26 for the contingent implementation of division I, as enacted  
27 in this Act, moneys in the hemp fund are appropriated to the  
28 department to take all administrative actions, including the  
29 purchase of equipment, as deemed necessary or desirable by the  
30 department to prepare for the implementation of chapter 204 as  
31 enacted in division I of this Act. After the implementation  
32 date as provided in that subsection, the department may expend  
33 moneys in the hemp fund as provided in section 204.6.

34 Sec. 23. HEMP FUND — 2020-2021. There is appropriated from  
35 the general fund of the state to the department of agriculture

1 and land stewardship for the fiscal year beginning July 1,  
2 2020, and ending June 30, 2021, the following amount, or so  
3 much thereof as is necessary, to be used for the purposes  
4 designated:

5 1. For deposit in the hemp fund created in section 204.6 to  
6 be used as provided in that section:  
7 ..... \$ 208,500

8 2. Notwithstanding subsection 1 of the section providing  
9 for the contingent implementation of division I, as enacted  
10 in this Act, moneys in the hemp fund are appropriated to the  
11 department to take all administrative actions, including the  
12 purchase of equipment, as deemed necessary or desirable by the  
13 department to prepare for the implementation of chapter 204 as  
14 enacted in division I of this Act. After the implementation  
15 date as provided in that subsection, the department may expend  
16 moneys in the hemp fund as provided in section 204.6.

17 EXPLANATION

18 The inclusion of this explanation does not constitute agreement with  
19 the explanation's substance by the members of the general assembly.

20 OVERVIEW. This bill creates the "Iowa Hemp Act" under Title  
21 V, subtitle 4, of the Code regulating persons operating under  
22 licenses issued by the department of agriculture and land  
23 stewardship (DALs). The bill creates Code chapter 204 and  
24 authorizes the production of hemp under the DALs' regulatory  
25 supervision when acting under the provisions of the Agriculture  
26 Improvement Act of 2018, Pub. L. No. 115-334 (2018 Farm Bill).  
27 The 2018 Farm Bill defines hemp as a species of Cannabis having  
28 a maximum concentration of delta-9 tetrahydrocannabinol (THC)  
29 that does not exceed three-tenths of 1 percent. The 2018 Farm  
30 Bill authorizes states to assume primary regulatory authority  
31 over the production of hemp by submitting a state plan (plan)  
32 for approval by the United States department of agriculture  
33 (USDA) which has 60 days to approve, disapprove, or amend the  
34 plan. The 2018 Farm Bill provides that state regulations may  
35 be more but not less stringent than the federal regulations.

1 HEMP LICENSES AND FEES. DALS is required to accept and  
2 approve or disapprove applications for the issuance of a hemp  
3 license (license) on a one-year basis subject to renewal. A  
4 license covers a crop site which cannot exceed 40 contiguous  
5 acres. DALS may issue any number of licenses to a single  
6 applicant. However, a person is prohibited from holding more  
7 than 40 crop sites under all current licenses issued to the  
8 person. DALS must assess and collect hemp fees (fees) for the  
9 issuance of a license and for an annual fall inspection until  
10 June 30, 2022. After that date, fees are to be established by  
11 rule based on the amount required to administer and enforce the  
12 provisions of the bill. Moneys collected from the fees are to  
13 be deposited into a hemp fund (fund) which are appropriated  
14 to DALS for purposes of administering and enforcing these  
15 provisions.

16 REGULATIONS. DALS may adopt rules regulating the  
17 production, handling, transporting, or marketing of hemp which  
18 was produced on a licensee's crop site. In addition, such hemp  
19 is not considered to be a controlled substance. Generally,  
20 production, possession, or distribution of a controlled  
21 substance is a criminal offense. The bill provides that new  
22 Code chapter 204 does not prohibit a person from producing,  
23 handling, transporting, marketing, or processing a hemp  
24 product. DALS is required to conduct an annual inspection of a  
25 licensee's crop site and obtain a sample for official testing  
26 by a laboratory designated by DALS. In addition to an annual  
27 inspection, DALS may enter onto a crop site during reasonable  
28 hours to determine whether a licensee is acting in compliance  
29 with the bill's requirements and may obtain a sample of the  
30 crop for official testing.

31 ENFORCEMENT AND PENALTIES. DALS may order the disposal of  
32 a crop produced on a licensee's crop site if official test  
33 results indicate that a crop does not qualify as hemp. The  
34 disposal, including the crop's destruction, must be at the  
35 licensee's expense. DALS may also suspend or revoke a license



1 if the licensee fails to comply with a requirement of the bill.  
2 A person who violates a provision of the bill is subject to a  
3 civil penalty of not less than \$500 and not more than \$2,500.  
4 DALs or the attorney general may apply to district court to  
5 obtain an injunction to enforce the bill's provisions. DALs  
6 may establish a program to correct certain violations committed  
7 negligently by a licensee including producing a crop having a  
8 maximum THC concentration that does not exceed 2 percent.

9       CONTINGENT IMPLEMENTATION AND EFFECTIVE DATE. Generally,  
10 the bill's provisions are to be implemented when DALs certifies  
11 USDA has approved DALs' state plan.

12       APPROPRIATIONS. The bill appropriates moneys from the  
13 general fund of the state to DALs for deposit in the fund  
14 to take administrative actions, including the purchase of  
15 equipment, as deemed necessary or desirable by the department  
16 to carry out the bill's provisions, including by preparing for  
17 the implementation of the bill.

18       EFFECTIVE DATES. The bill takes effect upon enactment  
19 except for those provisions which make enactment contingent  
20 upon implementation of Code chapter 204 and those appropriating  
21 moneys to the fund which take effect on July 1, 2019.