

House Study Bill 753 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
ECONOMIC GROWTH AND
TECHNOLOGY BILL BY
CHAIRPERSON SORENSEN)

A BILL FOR

1 An Act regulating hemp and associated products, providing
2 penalties, and including effective date provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I
HEMP PRODUCTION

Section 1. Section 204A.2, Code 2026, is amended by adding the following new subsections:

NEW SUBSECTION. 9A. "Raw hemp" means an unprocessed hemp plant after harvested, including seeds, stalks, leaves, and flowers, in the harvested plant's natural state, and that includes a naturally occurring cannabinoid.

NEW SUBSECTION. 9B. "Semisynthetic cannabinoid" means a substance extracted or derived from raw hemp but that is chemically altered to create a compound that may be structurally similar to a naturally occurring cannabinoid, but does not occur naturally.

NEW SUBSECTION. 9C. "Synthetic cannabinoid" means a substance with a similar chemical structure and pharmacological activity as a naturally occurring cannabinoid, but that is not extracted or derived from raw hemp and is instead manufactured by chemical or biochemical synthesis.

Sec. 2. NEW SECTION. **204A.2B Applicability.**

This chapter does not apply to a synthetic cannabinoid or semisynthetic cannabinoid.

Sec. 3. NEW SECTION. **204A.8A Hemp as an agricultural commodity.**

1. a. Subject to paragraph "b", and except as otherwise expressly provided in another statute in this or another chapter, hemp shall be considered as an agricultural commodity that may be produced, stored, transferred, transported, or distributed in commercial channels.

b. In order to qualify as an agricultural commodity described in subsection 1, hemp must derive from a hemp plant that is produced, harvested, stored, transferred, transported, or distributed in compliance with this chapter, including the federal hemp law or any other applicable federal law.

2. Unless otherwise provided by the federal hemp law or any other applicable law, all of the following shall apply:

1 a. The lawful status of a hemp flower shall not be determined
2 solely by the quantity possessed, stored, transported, or
3 transferred, if the hemp flower complies with an acceptable hemp
4 THC level as determined by testing requirements provided in this
5 chapter and expressly provided in other state law or federal law.

6 b. When testing a hemp plant or raw hemp, compliance with an
7 acceptable hemp THC level as applicable shall be determined in
8 accordance with the federal and state law in effect at the time
9 that the hemp plant is produced.

10 3. Except as otherwise provided in federal law or expressly
11 provided in another state statute, a hemp plant or raw hemp
12 that complies with the requirements of this chapter shall not be
13 considered to be a controlled substance or drug solely due to
14 form, physical characteristics, method of production, method of
15 storage, or method of transport.

16 DIVISION II

17 HEMP PRODUCTS GENERALLY

18 Sec. 4. NEW SECTION. **204B.1 Findings.**

19 1. The general assembly finds and declares all of the
20 following:

21 a. Raw hemp lawfully produced under the Iowa hemp Act as
22 provided in chapter 204A, including the federal hemp law, is an
23 agricultural commodity.

24 b. Hemp is not an inherently intoxicating substance and not
25 regulated as a controlled substance, drug, or tobacco product
26 absent express statutory authorization.

27 2. The general assembly finds and declares that it is
28 necessary to do all of the following:

29 a. State permissible forms of hemp products.

30 b. Distinguish between naturally occurring cannabinoids from
31 synthetically derived substances or semisynthetically derived
32 substances.

33 c. Ensure uniform statewide regulation of hemp products.

34 d. Align regulatory enforcement of hemp products while
35 protecting public safety, agricultural producers, and lawful

1 commerce.

2 Sec. 5. NEW SECTION. **204B.2 Definitions.**

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

5 1. "Acceptable hemp THC level" means the same as defined in 7
6 C.F.R. §990.1.

7 2. "Advertise" means to present a commercial message in any
8 medium, including but not limited to print, radio, television,
9 sign, display, label, tag, or articulation.

10 3. "Agricultural commodity" means any unprocessed good,
11 including animals, agricultural crops, and forestry products
12 grown, raised, produced, or fed in Iowa for sale in commercial
13 channels as regulated under this subtitle.

14 4. "Cannabinoid" means a chemical compound that is unique to
15 and derived from cannabis.

16 5. "Cannabis" means the same as defined in 7 C.F.R. §990.1.

17 6. "Consumable hemp product" means the same as defined in
18 section 204C.1.

19 7. "Controlled substance" means the same as defined in
20 section 124.101.

21 8. "Department" means the department of agriculture and land
22 stewardship.

23 9. "Drug" means the same as defined in section 124.101.

24 10. "Federal hemp law" means the same as defined in section
25 204A.2.

26 11. "Hemp" means the same as defined in 7 C.F.R. §990.1.

27 12. "Hemp plant" means the Cannabis sativa L. plant,
28 including all derivatives, flowers, extracts, cannabinoids,
29 isomers, acids, and salts.

30 13. a. "Hemp product" means an item derived from or made by
31 processing hemp, including raw hemp or parts of raw hemp.

32 b. "Hemp product" does not include any of the following:

33 (1) (a) An item or part of an item that exceeds the maximum
34 total tetrahydrocannabinol concentration allowed for a hemp
35 product under section 124.204, subsection 7.

1 (b) An item or part of an item that is metabolized or is
2 otherwise subject to a biotransformative process when introduced
3 into the human body and that exceeds the maximum total
4 tetrahydrocannabinol concentration allowed for a consumable hemp
5 product.

6 (2) Hemp seed that is capable of germination.

7 14. "Local governmental entity" means any political
8 subdivision, including a county, a city, or any special purpose
9 district.

10 15. "Local legislation" means any ordinance, motion,
11 resolution, amendment, regulation, or rule adopted by a local
12 governmental entity.

13 16. "Naturally occurring cannabinoid" means a cannabinoid
14 present in hemp in its natural state and not created,
15 concentrated, or materially increased through chemical
16 conversion, acid treatment, solvent-based processing, or
17 synthetic alteration.

18 17. "On-farm minimally processed hemp product" means a hemp
19 product that is all of the following:

20 a. Derived from raw hemp originating from the harvest of a
21 hemp plant produced on the USDA licensee's plot that is part of a
22 farm in which the USDA licensee holds a legal interest.

23 b. In compliance with the requirements of section 204B.7.

24 18. "Raw hemp" means the same as defined in section 204A.2.

25 19. "Semisynthetic cannabinoid" means the same as defined in
26 section 204A.2.

27 20. "Synthetic cannabinoid" means the same as defined in
28 section 204A.2.

29 21. "USDA licensee" means the same as defined in section
30 204A.2.

31 Sec. 6. NEW SECTION. **204B.3 Applicability.**

32 This chapter does not apply to a synthetic cannabinoid or
33 semisynthetic cannabinoid.

34 Sec. 7. NEW SECTION. **204B.4 Rulemaking.**

35 1. The department of agriculture and land stewardship shall

1 adopt rules pursuant to chapter 17A as necessary to administer
2 and enforce this chapter. The department shall cooperate with
3 the department of inspections, appeals, and licensing and the
4 department of public safety in adopting the rules.

5 2. The rules described in subsection 1 may further define
6 the terms defined in section 204B.2 or define terms used in this
7 chapter that are not defined in section 204B.2.

8 Sec. 8. NEW SECTION. **204B.5 Hemp — testing requirements**
9 **and certificate of analysis.**

10 For purposes of this chapter, requirements for testing hemp
11 and the issuance of a certificate of analysis for hemp are
12 governed by chapter 204A.

13 Sec. 9. NEW SECTION. **204B.6 Hemp as an article.**

14 1. Except as otherwise expressly provided in another chapter,
15 a hemp product shall be considered as an article that may be
16 processed, stored, transferred, transported, or distributed in
17 commercial channels as provided in chapter 189.

18 2. A hemp product that complies with the requirements
19 of this chapter or chapter 204C shall not be considered
20 to be a controlled substance solely due to form, physical
21 characteristics, method of production, method of storage, or
22 method of transport.

23 Sec. 10. NEW SECTION. **204B.7 On-farm minimally processed**
24 **product.**

25 1. A USDA licensee acting in compliance with chapter 204A
26 may elect to produce, process, market, transfer, transport,
27 or distribute an on-farm minimally processed hemp product for
28 consumption, if all of the following apply:

29 a. The hemp product is not a drug.

30 b. The hemp product complies with packaging and labeling
31 requirements, that shall be established by rules adopted by the
32 department based on requirements in chapter 190.

33 c. The hemp product's use is limited to ingestion or
34 absorption, and not inhalation.

35 d. The hemp product's maximum total tetrahydrocannabinol

1 concentration is at a level established by rule adopted by
2 the department but must be less than the maximum total
3 tetrahydrocannabinol concentration allowed for a consumable hemp
4 product.

5 2. A hemp product that is intended or advertised for use
6 as described in subsection 1 that does not comply with the
7 requirements of that subsection shall be deemed to be a
8 consumable hemp product regulated under chapter 204C.

9 Sec. 11. NEW SECTION. **204B.8 Civil penalty.**

10 1. A person who violates a provision of this chapter is
11 subject to a civil penalty of not less than five hundred dollars
12 and not more than two thousand five hundred dollars. The
13 department shall impose, assess, and collect the civil penalty.
14 Each day that a continuing violation occurs may be considered a
15 separate offense.

16 2. All civil penalties collected under this section shall be
17 deposited into the general fund of the state.

18 Sec. 12. NEW SECTION. **204B.10 On-farm minimally processed
19 hemp product — persons under legal age — criminal penalty.**

20 1. A person shall not sell, give, or otherwise distribute
21 an on-farm minimally processed hemp product to a person under
22 twenty-one years of age.

23 2. A person who violates subsection 1 is guilty of a simple
24 misdemeanor.

25 Sec. 13. NEW SECTION. **204B.11 On-farm minimally processed
26 hemp product — persons under legal age — scheduled violation.**

27 1. A person under twenty-one years of age shall not consume,
28 possess, purchase, or attempt to purchase an on-farm minimally
29 processed hemp product.

30 2. A person who violates subsection 1 shall be subject to a
31 scheduled violation in the form of a civil penalty pursuant to
32 section 805.8C, subsection 3, paragraph "d".

33 Sec. 14. NEW SECTION. **204.12 Government action —
34 regulation.**

35 1. Except as expressly otherwise provided by statute, a state

1 agency shall not act to regulate the production, processing,
2 marketing, transfer, or distribution of a hemp product that
3 complies with the requirements of this chapter and chapter 204C.

4 2. Except as expressly otherwise provided by statute, the
5 provisions of this chapter and rules adopted by the department
6 pursuant to this chapter shall preempt local legislation adopted
7 by a local governmental entity regulating the production,
8 processing, marketing, transfer, or distribution of a hemp
9 product. Any regulation described in this subsection is void and
10 unenforceable.

11 Sec. 15. NEW SECTION. **204B.13 Statutory construction.**

12 1. This chapter shall be construed together with chapters
13 204A and 204C. If there is a conflict between chapter 204A and
14 either this chapter or chapter 204C, the provisions of chapter
15 204A shall prevail.

16 2. This chapter and chapter 204C shall not be construed or
17 applied to be any of the following:

18 a. Less stringent than required under the federal hemp law.

19 b. In conflict with applicable federal law and related
20 regulation.

21 c. To affect a regulation in effect or that may become
22 effective that applies to any of the following:

23 (1) Other articles under this subtitle.

24 (2) Product development, product manufacturing, consumer
25 safety, or public health so long as the regulation is consistent
26 with other applicable federal and state law.

27 (3) Medical cannabidiol pursuant to chapter 124E.

28 3. This chapter and chapter 204C shall not be construed or
29 applied to infringe upon the ability of the department of public
30 safety or a local law enforcement agency to obtain a search
31 warrant issued by a court, or enter onto any premises in a manner
32 consistent with the laws of this state and the United States,
33 including Article I, section 8, of the Constitution of the State
34 of Iowa, or the fourth amendment to the Constitution of the
35 United States.

DIVISION III

CONSUMABLE HEMP PRODUCTS

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Sec. 16. Section 204.2, subsection 1, Code 2026, is amended to read as follows:

1. "Advertise" means ~~to present a commercial message in any medium, including but not limited to print, radio, television, sign, display, label, tag, or articulation~~ the same as defined in section 204B.2.

Sec. 17. Section 204.2, subsection 2, paragraph c, subparagraph (1), subparagraph division (a), Code 2026, is amended to read as follows:

(a) ~~Designed by the processor, including the manufacturer,~~ to be introduced into the human body.

Sec. 18. Section 204.2, subsection 2, paragraph d, subparagraph (2), Code 2026, is amended to read as follows:

(2) Hemp processed ~~or otherwise manufactured,~~ marketed, sold, or distributed as food, a food additive, a dietary supplement, or a drug.

Sec. 19. Section 204.2, subsection 2, paragraph e, Code 2026, is amended to read as follows:

e. "Consumable hemp product" does not include a any of the following:

(1) A hemp product if the intended use of the hemp product is introduction into the human body by any method of inhalation, as prohibited under section 204.14A.

(2) An on-farm minimally processed hemp product as provided in section 204B.7.

Sec. 20. Section 204.2, subsection 7, Code 2026, is amended to read as follows:

7. ~~"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~~

1 ~~297E~~ the same as defined in section 204A.2.

2 Sec. 21. Section 204.2, subsection 9, Code 2026, is amended
3 by striking the subsection and inserting in lieu thereof the
4 following:

5 9. "*Hemp product*" means the same as defined in section
6 204B.2.

7 Sec. 22. Section 204.2, subsection 10, Code 2026, is amended
8 by striking the subsection.

9 Sec. 23. NEW SECTION. 204.4 Rules.

10 The department of health and human services shall adopt
11 rules pursuant to chapter 17A to administer this chapter.
12 The department shall adopt the rules in cooperation with the
13 department of agriculture and land stewardship and the department
14 of public safety.

15 Sec. 24. Section 204.7, subsection 1, paragraph a, Code 2026,
16 is amended to read as follows:

17 a. The consumable hemp product is ~~manufactured~~ processed in
18 this state in compliance with this chapter.

19 Sec. 25. Section 204.7, subsections 3, 4, 5, 6, and 7, Code
20 2026, are amended to read as follows:

21 3. a. A person ~~manufacturing~~ processing a consumable hemp
22 product in this state shall register with the department of
23 ~~health and human services~~ on a form prescribed by the department
24 ~~of health and human services~~ by rule.

25 b. The department shall not prescribe a registration form for
26 a USDA licensee who sells an on-farm minimally processed hemp
27 product in conformation with section 204B.7.

28 ~~c. The department of health and human services~~ may impose a
29 fee, established by the department of ~~health and human services~~
30 by rule, on a registrant not to exceed the cost of processing the
31 registration.

32 ~~d. The department of health and human services~~ shall adopt
33 rules for the revocation of a registration issued to a
34 ~~manufacturer~~ processor who ~~manufactures~~ processes a consumable
35 hemp product not in compliance with this chapter.

1 4. a. A person selling a consumable hemp product in this
2 state shall register with the department of health and human
3 services on a form prescribed by the department of health and
4 human services by rule and shall keep on the premises of the
5 person's business a copy of the certificate of analysis issued
6 pursuant to section ~~204.8~~ 204B.5 for the hemp contained in the
7 consumable hemp products sold by the person.

8 b. The department shall not prescribe a registration form for
9 a USDA licensee who sells an on-farm minimally processed hemp
10 product in conformation with section 204B.7.

11 c. The department of health and human services may impose a
12 fee, established by the department of health and human services
13 by rule, on a registrant not to exceed the cost of processing the
14 registration.

15 d. The department of health and human services shall adopt
16 rules for the revocation of a registration issued to a person
17 who sells a consumable hemp product not in compliance with this
18 section.

19 ~~5. Except as otherwise provided in this section, a political~~
20 ~~subdivision of the state shall not adopt any ordinance, rule, or~~
21 ~~regulation regarding the manufacture, sale, or consumption of a~~
22 ~~consumable hemp product.~~

23 ~~6.~~ 5. A consumable hemp product manufactured processed in
24 another jurisdiction pursuant to a state or tribal plan approved
25 by the United States department of agriculture pursuant to the
26 federal hemp law may be imported for use by a consumer or sale by
27 a retailer to a consumer if the state has substantially similar
28 testing requirements as those provided in section ~~204.8~~ 204B.5.

29 ~~7.~~ 6. A consumable hemp product manufactured, sold, or
30 consumed in compliance with this section is not a controlled
31 substance under chapter 124 or 453B regardless of whether the
32 consumable hemp product has been approved by the United States
33 food and drug administration.

34 Sec. 26. Section 204.14A, subsection 1, unnumbered paragraph
35 1, Code 2026, is amended to read as follows:

1 A person shall not possess, use, manufacture process, market,
2 transport, deliver, or distribute harvested hemp or a hemp
3 product if the intended use of the harvested hemp or hemp product
4 is introduction into the body of a human by any method of
5 inhalation, including any of the following:

6 Sec. 27. Section 204.14A, subsection 3, Code 2026, is amended
7 to read as follows:

8 3. A person required to be registered to manufacture process
9 or sell a consumable hemp product under section 204.7 shall not
10 manufacture, produce, distribute, market, or sell a synthetic
11 ~~consumable hemp product, as defined by rules adopted by the~~
12 ~~department of health and human services~~ or a semisynthetic hemp
13 product.

14 Sec. 28. Section 204.15A, subsection 1, unnumbered paragraph
15 1, Code 2026, is amended to read as follows:

16 The department ~~of health and human services~~ may order the
17 confiscation and disposal of a consumable hemp product based on
18 any of the following:

19 Sec. 29. Section 204.15A, subsection 1, paragraph c, Code
20 2026, is amended to read as follows:

21 c. It is a consumable hemp product manufactured processed,
22 sold, or distributed by a person who is not registered with the
23 department of health and human services as is required in section
24 204.7.

25 Sec. 30. Section 204.17, subsection 1, paragraphs b and c,
26 Code 2026, are amended to read as follows:

27 b. Other laws of this state, including any administrative
28 rules, relating to product development, product ~~manufacturing~~
29 processing, consumer safety, or public health so long as the
30 state law is compatible with applicable federal law.

31 c. Local law relating to product development, product
32 manufacturing processing, consumer safety, or public health so
33 long as the local law is consistent with federal and state law,
34 except as provided in section 204.7.

35 Sec. 31. Section 204.17, Code 2026, is amended by striking

1 the section and inserting in lieu thereof the following:

2 **204.17 Statutory construction.**

3 This chapter shall be construed as provided in section
4 204B.12.

5 Sec. 32. REPEAL. Section 204.8, Code 2026, is repealed.

6 Sec. 33. CODE EDITOR DIRECTIVE.

7 1. The Code editor is directed to make the following
8 transfers:

- 9 a. Section 204.2 to section 204C.1.
- 10 b. Section 204.4 to section 204C.2.
- 11 c. Section 204.7 to section 204C.3.
- 12 d. Section 204.12 to section 204C.5.
- 13 e. Section 204.14A to section 204B.9.
- 14 f. Section 204.14B to section 204C.7.
- 15 g. Section 204.14C to section 204C.8.
- 16 h. Section 204.14D to section 204C.9.
- 17 i. Section 204.14E to section 204C.10.
- 18 j. Section 204.14F to section 204C.11.
- 19 k. Section 204.15A to section 204C.12.
- 20 l. Section 204.17 to section 204C.15.

21 2. The Code editor shall correct internal references in the
22 Code and in any enacted legislation as necessary due to the
23 enactment of this section.

24 DIVISION IV

25 CORRESPONDING CHANGES

26 Sec. 34. Section 80.5, subsection 7, paragraph b, Code 2026,
27 is amended to read as follows:

28 b. Notwithstanding paragraph "a", the department is not
29 required to provide such assistance if the marijuana plants are
30 hemp produced in accordance with the provisions of chapter ~~204~~
31 204A.

32 Sec. 35. Section 124.204, subsection 7, paragraph b, Code
33 2026, is amended to read as follows:

34 b. A hemp product as provided in ~~chapter 204~~ chapters 204B
35 and 204C with a maximum tetrahydrocannabinol concentration,

1 inclusive of any isomers, derivatives, and analogs, whether
2 naturally occurring or synthesized, that does not exceed
3 three-tenths of one percent on a dry weight basis.

4 Sec. 36. Section 124.401, subsection 6, paragraph c, Code
5 2026, is amended to read as follows:

6 c. A hemp product as provided in ~~chapter 204~~ chapters 204B
7 and 204C.

8 Sec. 37. Section 453B.17, subsection 3, Code 2026, is amended
9 to read as follows:

10 3. A hemp product as provided in ~~chapter 204~~ chapters 204B
11 and 204C.

12 Sec. 38. Section 805.8C, subsection 3, paragraph d,
13 subparagraph (1), unnumbered paragraph 1, Code 2026, is amended
14 to read as follows:

15 For ~~violations~~ a violation of section ~~204.14E~~ 204B.11 or
16 204C.10, the scheduled fine is as follows:

17 Sec. 39. Section 805.10, subsection 1, paragraph e, Code
18 2026, is amended to read as follows:

19 e. When a violation charged involves the consumption,
20 possession, purchase, or attempt to purchase of a consumable hemp
21 product as provided in section ~~204.14E~~ 204C.10, for which there
22 is a community service sentence.

23 DIVISION V

24 EFFECTIVE DATE

25 Sec. 40. EFFECTIVE DATE. This Act, being deemed of immediate
26 importance, takes effect upon enactment.

27 EXPLANATION

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

30 BACKGROUND — CANNABIS. Current federal law describes hemp as
31 a species of cannabis (*sativa* L.) having a maximum concentration
32 of delta-9 tetrahydrocannabinol (THC) that does not exceed 0.3
33 percent on a dry weight basis (7 C.F.R. §990.1 and Code section
34 204A.2, citing to Code section 124.204(7)). A cannabis plant
35 exceeding that concentration is no longer classified as hemp and

1 is regulated as a controlled substance under Code chapters 124
2 and 453B (Code section 204A.4). The applicable criminal penalty
3 for an offense under Code chapters 124 and 453B ranges from
4 imprisonment in a county jail for not more than six months or
5 a fine of not more than \$1,000 to 50 years imprisonment and a
6 fine of not more than \$1 million (see Code sections 124.401 and
7 453B.12).

8 BACKGROUND — HEMP PRODUCTION. Code chapter 204A is codified
9 as part of Title V, subtitle 4, which provides for the regulation
10 of agricultural commodities and products by the department of
11 agriculture and land stewardship (DALSS). The Code chapter
12 recognizes the regulation of hemp production and transportation
13 under a program administered by the United States department of
14 agriculture (USDA). A person producing a hemp plant on a lot
15 as regulated by USDA is referred to as a USDA licensee (Code
16 section 204A.2). One federal requirement provides that a person
17 who delivers or is delivered hemp must possess a certificate
18 of analysis (COA) prepared by an independent laboratory (Code
19 section 204A.6). A COA verifies that the hemp or hemp product
20 complies with THC potency levels and the presence of any
21 contaminants.

22 BACKGROUND — CONSUMABLE HEMP PRODUCTS. Code chapter 204
23 regulates the manufacture and distribution (e.g., sale) of
24 hemp products, which must comply with the maximum total THC
25 concentration limit (Code sections 124.7 and 204.2(9)). This
26 includes a consumable hemp product. A hemp product is deemed to
27 be a consumable hemp product if it is designed to be introduced
28 into the human body, is advertised as an item to be introduced
29 into the human body, or is distributed (e.g., offered for sale)
30 to be introduced into the human body (Code section 204.2(2)). A
31 consumable hemp product may be digested, such as food, internally
32 absorbed, or absorbed through the skin. Finally, the consumable
33 hemp product must meet a maximum quantity limit not to exceed 4
34 milligrams per serving and 10 milligrams per container measured
35 on a dry weight basis. A person is prohibited from selling a

1 hemp product that may be inhaled (Code section 204.14A).

2 BACKGROUND — CONSUMABLE HEMP PRODUCTS REGULATION. A
3 consumable hemp product is regulated by the department of health
4 and human services (HHS), which provides for the registration of
5 persons engaged in the product's manufacture and retail sale and
6 provides for product labeling requirements (Code section 204.7
7 and 641 IAC ch. 156). A person engaged in the retail sale
8 of a consumable hemp product without being registered with HHS
9 is subject to a civil penalty of not more than \$10,000 (Code
10 section 204.14B) and commits a serious misdemeanor (Code section
11 204.14C). A serious misdemeanor is punishable by confinement for
12 no more than one year and a fine of at least \$430 but not more
13 than \$2,560.

14 BACKGROUND — CHANGES IN FEDERAL LAW. Congress enacted
15 Pub. L. No. 119-37, Division B, which revised provisions
16 regulating hemp first enacted in the federal Agricultural
17 Improvement Act of 2018. The new federal law changes the
18 standard of a maximum 0.3 percent delta-9 THC on a dry weight
19 basis to a total THC standard that includes delta-9 THC,
20 tetrahydrocannabinolic acid (THCA), delta-8 THC, and all other
21 tetrahydrocannabinols. The new federal law excludes from the
22 definition of "hemp" a cannabinoid that is not naturally produced
23 by the cannabis plant. For a hemp product, the per-container
24 limit cannot exceed 0.4 milligrams of total THC. The effective
25 date of the new federal law is November 12, 2026.

26 BILL'S PROVISIONS — ORGANIZATION. The bill includes three
27 Code chapters regulating hemp and hemp products. The bill
28 amends Code chapter 204A by recognizing the production and
29 transportation of raw hemp under federal license (a hemp plant
30 produced and harvested and raw hemp stored and transported by a
31 USDA licensee). The bill creates new Code chapter 204B, which
32 provides for the general regulation of a hemp product by DALS as
33 an article under Code chapter 189. The bill amends Code chapter
34 204 by providing that regulation by HHS is limited to a consumer
35 hemp product. The provisions in Code chapter 204 are transferred

1 to Code chapter 204C.

2 BILL'S PROVISIONS — CHANGES IN FEDERAL LAW (CODE CHAPTER
3 204A, NEW CODE CHAPTER 204B, AND TRANSFERRED CODE CHAPTER
4 204C). The bill does not refer to changes in federal law.

5 BILL'S PROVISIONS — HEMP (CODE CHAPTER 204A). The bill
6 specifically excludes from the definition of hemp a synthetic
7 cannabinoid (not derived from a raw naturally occurring
8 cannabinoid) and a semisynthetic cannabinoid (extracted or
9 derived from raw hemp but chemically altered). The bill
10 provides that the lawful status of a hemp flower cannot be
11 determined solely by the quantity possessed, stored, transported,
12 or transferred, if the hemp flower complies with an acceptable
13 hemp THC level. The bill also provides that when testing a hemp
14 plant or raw hemp, compliance with an acceptable hemp THC level
15 as applicable is determined in accordance with the federal and
16 state law in effect at the time that the hemp plant is produced.

17 BILL'S PROVISIONS — HEMP PRODUCTS GENERALLY. The bill
18 provides that the provisions in new Code chapter 204B do not
19 apply to a synthetic cannabinoid or semisynthetic cannabinoid.
20 The bill provides that a hemp product is considered to be an
21 article that may be processed, stored, transferred, transported,
22 or distributed in commercial channels as provided in Code chapter
23 189. Current law recognizes that same status for hemp and hemp
24 products (Code section 189.1).

25 The bill provides that a USDA licensee acting in compliance
26 with new Code chapter 204B may elect to produce, process, market,
27 transfer, transport, or distribute an on-farm minimally processed
28 hemp product, subject to a number of conditions: (1) the hemp
29 product cannot be a drug, (2) the hemp product must comply with
30 packaging and labeling requirements established by DALs, (3) the
31 hemp product must have a use limited to ingestion or absorption,
32 and (4) the hemp product must have a total THC concentration
33 established by DALs by rule that is less than the maximum allowed
34 for a consumable hemp product. The bill does not specify a
35 specific milligrams per serving or per container limit.

1 A person who violates a provision of new Code chapter 204B
2 is subject to a civil penalty of not less than \$500 and not
3 more than \$2,500. A person who distributes an on-farm minimally
4 processed hemp product to a person under 21 years of age
5 is guilty of a simple misdemeanor. A simple misdemeanor is
6 punishable by confinement for no more than 30 days and a fine
7 of at least \$105 but not more than \$855. An underage person who
8 consumes an on-farm minimally processed hemp product is subject
9 to a scheduled fine ranging from \$70 to \$325.

10 The bill provides that a state agency cannot act to regulate
11 the production, processing, marketing, transfer, or distribution
12 of a hemp product that complies with the requirements of new Code
13 chapter 204B and transferred Code chapter 204C. The provisions
14 of new Code chapter 204B and transferred Code chapter 204C
15 preempt local legislation adopted by a local governmental entity
16 regulating the production, processing, marketing, transfer, or
17 distribution of a hemp product.

18 The bill provides that new Code chapter 204B and transferred
19 Code chapter 204C are subject to a number of provisions governing
20 statutory construction. The bill provides that provisions cannot
21 be (1) less stringent than required under the federal hemp
22 law; (2) read in conflict with applicable federal law; (3)
23 affect a regulation in effect or that may become effective that
24 applies to other articles generally, product development, product
25 manufacturing, consumer safety, or public health so long as the
26 regulation is consistent with other applicable federal and state
27 law, and (4) medical cannabidiol pursuant to chapter 124E. The
28 provisions cannot be construed to infringe upon the ability of
29 the department of public safety or a local law enforcement agency
30 to conduct lawful searches.

31 BILL'S PROVISIONS — CONSUMABLE HEMP PRODUCTS (TRANSFERRED
32 CODE CHAPTER 204C). The bill amends a number of provisions in
33 Code chapter 204 that are transferred to Code chapter 204B or
34 204C. The bill changes the term "manufacturing" to "processing".
35 The bill provides that an on-farm minimally processed hemp

1 product is not subject to registration by HHS.

2 BILL'S PROVISIONS — CORRESPONDING CHANGES. The bill makes
3 corresponding changes to provisions in other Code chapters.

4 BILL'S PROVISIONS — EFFECTIVE DATE. The bill takes effect
5 upon enactment.

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