

Senate File 2398 - Reprinted

SENATE FILE 2398

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 329)

(As Amended and Passed by the Senate April 4, 2018)

A BILL FOR

1 An Act relating to industrial hemp, including the regulation
2 of its production as part of a research program, marketing
3 for purposes of manufacturing industrial hemp products,
4 providing for fees, making appropriations, providing for
5 enforcement and the confiscation and destruction of certain
6 property, and including penalties.

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

1 Section 1. Section 124.401, subsection 5, Code 2018, is
2 amended by adding the following new unnumbered paragraph:
3 NEW UNNUMBERED PARAGRAPH. Notwithstanding this subsection
4 or any other provision of this chapter to the contrary, a
5 person may produce, possess, deliver, transport, process,
6 and use industrial hemp in accordance with the provisions of
7 chapter 188.

8 Sec. 2. NEW SECTION. 188.1 Short title.

9 This chapter shall be known and may be cited as the "*Iowa*
10 *Industrial Hemp Act*".

11 Sec. 3. NEW SECTION. 188.2 Definitions.

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

14 1. "*Association*" means the Iowa crop improvement association
15 recognized pursuant to section 177.1.

16 2. "*Certified industrial hemp seed*" means industrial hemp
17 seed that has been certified pursuant to section 188.18.

18 3. "*Council*" means the industrial hemp council established
19 in section 188.11.

20 4. "*Department*" means the department of agriculture and land
21 stewardship.

22 5. "*Industrial hemp*" means any part of the Cannabis
23 sativa plant, whether growing or not, with a concentration of
24 delta-9 tetrahydrocannabinol that does not exceed the maximum
25 concentration for the plant as determined pursuant to section
26 188.8.

27 6. "*Industrial hemp plant*" means all nonseed parts of
28 industrial hemp, whether growing or not.

29 7. a. "*Industrial hemp product*" means any item manufactured
30 from industrial hemp, including but not limited to cloth,
31 cordage, fiber, food, fuel, paint, paper, particleboard,
32 plastic, industrial hemp seed, seed meal, or seed oil.

33 b. "*Industrial hemp product*" does not include industrial
34 hemp seed that is capable of germination.

35 8. "*Industrial hemp seed*" means seed produced by industrial

1 hemp regardless of whether the seed is capable of germination.

2 9. "*Iowa state university*" means Iowa state university of
3 science and technology.

4 10. "*Law enforcement agency*" means the department of public
5 safety, an office of county sheriff, or a city's police force.

6 11. "*Licensee*" means a person who obtains a license from
7 the department under section 188.15 to participate in the
8 industrial hemp commodity program established pursuant to
9 section 188.13 or the industrial hemp production program
10 established pursuant to section 188.14.

11 12. "*Production*" means any part of planting, cultivating,
12 or harvesting industrial hemp.

13 13. "*Regents institution*" means the university of Iowa, Iowa
14 state university of science and technology, or the university
15 of northern Iowa governed by the state board of regents under
16 section 262.7.

17 14. "*Registrant*" means a regents institution that registers
18 with the department to administer the industrial hemp
19 production program established in section 188.14.

20 Sec. 4. NEW SECTION. 188.3 Report.

21 1. The department shall prepare and submit an annual report
22 to the governor and general assembly not later than January 10.
23 The report shall evaluate the success of the industrial hemp
24 commodity program established pursuant to section 188.13 and
25 the industrial hemp production program established pursuant
26 to section 188.14. The department, in cooperation with any
27 registrant, may establish performance benchmarks and make
28 recommendations for consideration by the general assembly in
29 order to meet the purposes of the programs in compliance with
30 the requirements of 7 U.S.C. §5940.

31 2. a. In preparing the report, the department may require
32 that a select number of licensees complete and submit a brief
33 survey regarding the licensee's business operations including
34 the production, handling, transportation, or processing of
35 industrial hemp.

1 *b.* A registrant shall assist the department in preparing
2 and compiling the results of the survey. Until a regents
3 institution is registered under section 188.14, Iowa state
4 university shall act in lieu of the registrant.

5 3. The report may include the compilation of data, but
6 shall not disclose any information that is confidential under
7 section 188.9, including the identity of a licensee or the
8 location of any facility used by the licensee in the production
9 of industrial hemp. This subsection shall not preclude the
10 disclosure of information to the extent that the licensee
11 voluntarily agrees in writing that such information is to be
12 considered a public record under section 188.9.

13 Sec. 5. NEW SECTION. **188.4 Rules and forms.**

14 The department shall adopt all rules and prepare and publish
15 all forms required to administer this chapter and comply with
16 7 U.S.C. §5940. The department may require the mandatory use
17 of a form and refuse to accept a document that is not prepared
18 using a mandatory form.

19 Sec. 6. NEW SECTION. **188.5 Compliance with federal law.**

20 1. The purpose of this chapter is to fully implement the
21 provisions of 7 U.S.C. §5940.

22 2. The programs established under this chapter and any
23 projects administered under those programs are for the
24 exclusive purpose of growing, cultivating, and marketing
25 industrial hemp in a manner that complies with the programs and
26 projects described in 7 U.S.C. §5940.

27 3. *a.* The department shall seek to obtain any necessary
28 approval by the drug enforcement administration of the United
29 States department of justice in order to obtain industrial hemp
30 seeds for certification pursuant to section 188.18 as part of
31 the industrial hemp commodity program as provided in section
32 188.13 or the industrial hemp production program as provided
33 in section 188.14.

34 *b.* A registrant may seek to obtain any necessary approval
35 by the drug enforcement administration of the United States

1 department of justice in order to obtain industrial hemp seeds
2 for certification pursuant to section 188.18 as part of the
3 industrial hemp production program as provided in section
4 188.14.

5 4. The department or a registrant may seek a waiver of a
6 federal regulation promulgated by the United States department
7 of agriculture or the drug enforcement administration of the
8 United States department of justice if necessary to fully
9 implement the provisions of this chapter.

10 Sec. 7. NEW SECTION. 188.6 **General prohibitions.**

11 1. A person shall not produce, handle, transport, market,
12 or process industrial hemp in this state unless the industrial
13 hemp has been produced pursuant to the industrial hemp
14 commodity program established pursuant to section 188.13 or
15 the industrial hemp production program established pursuant to
16 section 188.14.

17 2. Nothing in this chapter prevents a person from producing,
18 handling, transporting, marketing, or processing an industrial
19 hemp product.

20 Sec. 8. NEW SECTION. 188.7 **Cannabidiol production**
21 **prohibited — contingent repeal.**

22 1. Industrial hemp shall not be used to produce medical
23 cannabidiol as defined in section 124E.2.

24 2. Nothing in this chapter shall be construed to authorize
25 a person to recommend, possess, use, dispense, deliver,
26 transport, or administer medical cannabidiol.

27 Sec. 9. NEW SECTION. 188.8 **Maximum concentration of**
28 **tetrahydrocannabinol.**

29 1. A test of a Cannabis sativa plant under this chapter
30 shall be conducted by the department or a qualified public or
31 private laboratory approved by the department. The department
32 shall establish protocols for sampling and testing Cannabis
33 sativa plants produced pursuant to the provisions of this
34 chapter, including for obtaining test samples for delivery to
35 the laboratory, and the receipt of test results delivered to

1 the department, a registrant, or a licensee. The concentration
2 of delta-9 tetrahydrocannabinol present in a Cannabis sativa
3 plant shall be measured on a dry weight basis in the same
4 manner as provided under 7 U.S.C. §5940 unless subsequent
5 controlling federal law provides otherwise.

6 2. The maximum concentration of delta-9
7 tetrahydrocannabinol present in a Cannabis sativa plant in
8 order for the plant to qualify as industrial hemp shall be
9 established by the department. The department's established
10 maximum concentration shall be the same as the maximum
11 concentration allowed to be present to qualify as industrial
12 hemp under 7 U.S.C. §5940 or any subsequent controlling federal
13 law.

14 3. In testing Cannabis sativa plants which comprise a crop,
15 a composite test result that exceeds the maximum concentration
16 of delta-9 tetrahydrocannabinol as provided in subsections 1
17 and 2 is deemed conclusive that the crop exceeds the maximum
18 concentration for industrial hemp.

19 Sec. 10. NEW SECTION. 188.9 Confidential information —
20 exceptions.

21 1. a. All of the following information is confidential:

22 (1) A completed license application, or information which
23 is part of such application, acquired by the department,
24 a registrant, or a law enforcement agency under section
25 188.15. For purposes of this subparagraph, a completed license
26 application does not include the results of a national criminal
27 history record check acquired by the department from the
28 department of public safety pursuant to section 188.15.

29 (2) A license issued by the department to the applicant
30 under section 188.15.

31 (3) Any information acquired by the department or a
32 registrant from a licensee participating in or seeking to
33 participate in the industrial hemp commodity program under
34 section 188.13 or the industrial hemp production program under
35 section 188.14.

1 (4) A certification of industrial hemp seed issued by the
2 association to the department, a registrant, or a licensee
3 under section 188.18.

4 (5) A survey acquired by the department or by Iowa state
5 university from the department under section 188.3.

6 (6) Information relating to the inspection of a licensee
7 participating in the industrial hemp commodity program under
8 section 188.13 or the industrial hemp production program under
9 section 188.14.

10 (7) The results of any test sample of an industrial hemp
11 crop regardless of whether the test was conducted by the
12 department, a registrant, or a licensee participating in the
13 industrial hemp commodity program under section 188.13 or the
14 industrial hemp production program under section 188.14.

15 (8) Any other information that identifies the business
16 location, operations, management, practices, or finances of a
17 licensee participating in the industrial hemp commodity program
18 under section 188.13 or the industrial hemp production program
19 under section 188.14.

20 *b.* The confidential information may be in a printed or
21 electronic format as part of a document, other tangible medium,
22 or accessible by a computer or similar device.

23 2. The confidential information described in subsection
24 1 is not a public record and is not otherwise subject to
25 disclosure under chapter 22. Such information that is
26 subsequently disclosed to a person under this chapter retains
27 its confidentiality in the manner provided in this section.

28 3. The department shall establish requirements and
29 procedures for the disclosure of confidential information
30 described in subsection 1, including to any of the following:

31 *a.* To a person authorized to receive the confidential
32 information under this chapter.

33 *b.* A federal agency or another state's agency as part of
34 the process to evaluate the approval or renewal of a license
35 under section 188.15 or the licensee's participation in the

1 industrial hemp commodity program under section 188.13 or the
2 industrial hemp production program under section 188.14.

3 *c.* A law enforcement agency or a federal agency which
4 requests the confidential information in order to respond
5 to an emergency situation, a criminal complaint, or an
6 ongoing criminal investigation, subject to any applicable
7 confidentiality requirements for public records under section
8 22.7.

9 *d.* The department in conducting a disciplinary action
10 against a licensee under section 188.26.

11 *e.* A party in any judicial or administrative proceeding
12 involving discovery, so long as the disclosure is made upon
13 subpoena, or other means of legal compulsion for release.

14 *f.* Any person making a request to the custodian of the
15 confidential information in the same manner as provided in
16 section 22.2 to the extent that the licensee voluntarily agrees
17 in writing that such information is to be considered a public
18 record subject to chapter 22.

19 **Sec. 11. NEW SECTION. 188.10 Liability.**

20 The department or a registrant is not liable for the actions
21 of a licensee regardless of the department's or registrant's
22 legal relationship with the licensee, including but not limited
23 to any relationship as an agent, principal, fiduciary, or party
24 to a contract.

25 **Sec. 12. NEW SECTION. 188.11 Industrial hemp council —**
26 **establishment, membership, procedures.**

27 1. An industrial hemp council is established under the
28 purview of the department.

29 2. *a.* The council shall consist of the following voting
30 members:

31 (1) An individual who has experience in the regulation
32 of industrial hemp production, appointed by the secretary of
33 agriculture.

34 (2) An individual who is a member of an agricultural
35 cooperative association as defined in section 502.102,

1 appointed by the secretary of agriculture.

2 (3) Two employees of the department appointed by the
3 secretary of agriculture. The employees shall be knowledgeable
4 regarding the production of agricultural crops. One employee
5 may be the state entomologist. One employee may be an employee
6 knowledgeable about procedures and practices relating to the
7 import of agricultural seeds or inputs.

8 (4) One employee of the department of natural resources
9 appointed by the director of the department of natural
10 resources. The employee must be knowledgeable regarding
11 agricultural practices and environmental regulations.

12 (5) One employee of the department of public safety
13 appointed by the director of the department. The person must
14 be knowledgeable regarding federal and state drug enforcement
15 policies.

16 (6) One employee of a registrant appointed by the president
17 of the registrant's regents institution. The employee must
18 be knowledgeable regarding plant sciences. Until such a
19 registrant is appointed, one employee of Iowa state university
20 appointed by the president of the university shall serve as a
21 member. The employee must be knowledgeable regarding plant
22 sciences.

23 *b.* The council shall also include four members of the
24 general assembly appointed to serve in an ex officio, nonvoting
25 capacity. The legislative members shall be selected, one
26 member each, by the majority leader of the senate, the
27 minority leader of the senate, the speaker of the house of
28 representatives, and the minority leader of the house of
29 representatives.

30 3. A voting member who has not been appointed shall be
31 confirmed by the senate pursuant to section 2.32.

32 4. A public member is eligible to receive compensation as
33 provided in section 7E.6 and shall be reimbursed for actual and
34 necessary expenses incurred in the discharge of the member's
35 duties. The moneys used to pay expenses and compensation

1 shall be paid from moneys in the industrial hemp commodity
2 fund established in section 188.23. A legislative member is
3 eligible to receive a per diem and expenses as provided in
4 section 2.10.

5 5. a. A public member shall serve a three-year staggered
6 term commencing and ending as provided in section 69.19. A
7 state employee member shall serve at the pleasure of the
8 appointing authority.

9 b. The voting members shall elect a chairperson and vice
10 chairperson annually from the voting membership. A majority of
11 the voting members constitutes a quorum. If the chairperson
12 and vice chairperson are unable to preside over the council, a
13 majority of the voting members present may elect a temporary
14 chairperson.

15 6. A vacancy on the council shall be filled in the same
16 manner as the original appointment. A member appointed to fill
17 a vacancy created other than by expiration of a term shall be
18 appointed for the remainder of the unexpired term.

19 7. The council shall be housed within the department and the
20 department, in cooperation with Iowa state university, shall
21 furnish the council with a meeting place and all articles,
22 supplies, and services necessary to enable the council to
23 perform its duties. Iowa state university or the office of
24 attorney general may provide any technical or legal assistance
25 requested by the council or department.

26 8. The appointments of the public members are subject to the
27 requirements of sections 69.16, 69.16A, and 69.19. A public
28 member is eligible for reappointment. The secretary may remove
29 a public member if the removal is based on the public member's
30 misfeasance, malfeasance, or willful neglect of duty or other
31 just cause, after notice and hearing, unless the notice and
32 hearing is expressly waived by the public member in writing.

33 Sec. 13. NEW SECTION. 188.12 Industrial hemp council —
34 powers and duties.

35 1. The council shall advise the department and each

1 registrant regarding all of the following:

2 *a.* All aspects relating to the administration of the
3 industrial hemp commodity program established pursuant to
4 section 188.13 and the industrial hemp production program
5 established pursuant to section 188.14.

6 *b.* The establishment of fees assessed, imposed, and
7 collected pursuant to sections 188.21 and 188.22.

8 *c.* The management of the industrial hemp commodity fund
9 established in section 188.23.

10 2. The council shall advise the department regarding all of
11 the following:

12 *a.* Disciplinary action taken against a licensee pursuant to
13 section 188.26.

14 *b.* The establishment of a range of civil penalties to be
15 imposed, assessed, and collected pursuant to section 188.27.

16 3. The council shall advise a registrant regarding the
17 terms and conditions of contracts entered into with a selected
18 licensee under section 188.17.

19 4. The council shall not control policy decisions or direct
20 the administration or enforcement of this chapter.

21 Sec. 14. NEW SECTION. **188.13 Industrial hemp commodity**
22 **program — department and licensees.**

23 1. The department shall establish and administer an
24 industrial hemp commodity program. The purpose of the
25 program is to determine the economic feasibility of producing
26 industrial hemp as a profitable commodity in this state and of
27 the effective handling, transporting, marketing, and processing
28 of the commodity in this state.

29 2. A person must be licensed pursuant to section 188.15 to
30 participate in the program. Under the program, a licensee may
31 produce all of the following:

32 *a.* Industrial hemp plants which shall to every extent
33 feasible be processed into industrial hemp products for
34 marketing in commercial channels.

35 *b.* Industrial hemp seeds which shall to every extent

1 feasible be processed into industrial hemp products or used to
2 produce a subsequent industrial hemp crop.

3 3. The department may establish standards for the labeling
4 or marketing of industrial hemp produced under this section.
5 The standards shall to every extent feasible be in accordance
6 with applicable standards in chapter 210.

7 4. A licensee must immediately report the loss of any
8 industrial hemp to the department.

9 5. A licensee shall retain industrial hemp or transfer
10 industrial hemp to another person only as authorized by the
11 department. The licensee may retain industrial hemp seeds
12 capable of germination only as authorized by the department.
13 The licensee shall only transfer industrial hemp seed that is
14 capable of germination to the department, a registrant, or
15 another licensee as approved by the department or any other
16 person authorized by law to receive the industrial hemp seed.

17 6. A licensee must regularly test the industrial hemp to
18 ensure that the industrial hemp does not exceed the maximum
19 concentration of delta-9 tetrahydrocannabinol as provided in
20 section 188.8.

21 7. The department shall conduct an inspection of the
22 licensee's facilities and business records as provided in
23 section 188.16.

24 Sec. 15. NEW SECTION. 188.14 Industrial hemp production
25 program — registrants and licensees.

26 1. A regents institution, or two or more regents
27 institutions acting jointly, may establish and administer
28 an industrial hemp production program. The purpose of the
29 program shall be to determine the feasibility of increasing
30 the production acreage and yield of industrial hemp as a
31 profitable crop and reducing the concentration of delta-9
32 tetrahydrocannabinol in the industrial hemp.

33 2. In order to administer a program, the regents institution
34 or regents institutions acting jointly must register with
35 the department according to requirements established by the

1 department. The registration shall include a research plan
2 that summarizes the quantifiable short-term and long-term goals
3 of the research. A copy of the registration shall also be
4 filed with the council, the governor, and the general assembly.

5 3. The department has all the same powers to regulate
6 a licensee under this program as the department does in
7 regulating a licensee under the industrial hemp commodity
8 program pursuant to section 188.13. A licensee participating
9 in this program shall comply with the same requirements as a
10 licensee participating in the industrial hemp commodity program
11 under section 188.13, unless the department provides otherwise.

12 4. Only a registrant, including a licensee acting under
13 the supervision of the registrant, may participate in the
14 program. Under the program, a registrant may produce any of
15 the following:

16 a. Industrial hemp plants which may be processed into
17 industrial hemp products.

18 b. Industrial hemp seeds which may be processed into
19 industrial hemp products. A registrant may retain industrial
20 hemp seeds capable of germination to produce the next crop of
21 industrial hemp or transfer the seeds to another person for
22 purposes of scientific research. The registrant shall retain
23 or transfer the seeds after consulting with the department.

24 5. A registrant must regularly test the industrial hemp to
25 ensure that the industrial hemp does not exceed the maximum
26 concentration of delta-9 tetrahydrocannabinol as provided in
27 section 188.8.

28 6. A registrant must immediately report the loss of any
29 industrial hemp produced by the registrant to the department.

30 7. A registrant must maintain records regarding production
31 and transfer of the industrial hemp by the registrant. The
32 records shall to every extent practicable contain the same type
33 of information contained in records maintained by licensees
34 under section 188.13.

35 8. A registrant's inspection of a licensee's facilities

1 may be conducted as provided in the industrial hemp production
2 contract entered into by the registrant and licensee under
3 section 188.17. The registrant may request that the department
4 assign an official or that a law enforcement agency assign an
5 officer to accompany the registrant during the inspection.

6 Sec. 16. NEW SECTION. 188.15 Industrial hemp commodity
7 license — requirements.

8 1. The department shall establish and administer a process
9 to receive, evaluate, and approve applications for industrial
10 hemp commodity licenses by persons seeking to participate in
11 the industrial hemp commodity program under section 188.13 or
12 the industrial hemp production program under section 188.14.
13 A license expires one year from the date of issuance. An
14 expired license may be renewed for three additional years. The
15 department may require that a licensee apply for an amended
16 or new license if information contained in the existing
17 application is no longer accurate or is incomplete.

18 2. An applicant shall not be issued a license unless the
19 applicant agrees to comply with all terms and conditions
20 relating to the department's regulation of the licensee.

21 3. The department shall disapprove the application of
22 a person for good cause, which shall include any of the
23 following:

24 a. The conviction of a felony within the prior ten years or
25 any drug offense within the same period, regardless of whether
26 the conviction is in this state or another state.

27 b. The revocation of a license under section 188.26, or
28 the revocation of a license, permit, registration, or other
29 authorization to produce industrial hemp in any other state.

30 4. The department shall not issue a license until the
31 applicant has furnished a surety bond to the department in
32 an amount of not more than ten thousand dollars. The surety
33 bond shall insure payment of any amount that the licensee is
34 legally obligated to pay for any costs associated with the
35 confiscation and destruction of the licensee's industrial hemp

1 crop under section 188.25. The surety bond shall be maintained
2 at all times during the period of licensure. The department
3 shall be notified ten days prior to any reduction in the amount
4 of the surety bond made at the request of the applicant or
5 cancellation of the surety bond by the surety. The total and
6 aggregate liability of the surety shall be limited to the face
7 amount of the surety bond.

8 5. The department may do all of the following:

9 a. Limit the number of applications that it accepts or
10 limit the period or periods when applications will be received,
11 evaluated, or accepted each year.

12 b. Establish criteria required to participate in a program
13 which may be based on the qualifications or good character
14 of the applicant, the applicant's proposed investment in
15 industrial hemp production, the applicant's experience in
16 commercial crop production, and the type and size of the
17 applicant's existing agricultural operation. The department
18 may prepare and publish guidelines to assist persons in
19 determining eligibility requirements.

20 c. Require the issuance of different types of licenses or
21 require an applicant to obtain more than one license based
22 on criteria established by the department, including but not
23 limited to whether the proposed industrial hemp production is
24 to occur on noncontiguous parcels of land, whether industrial
25 hemp plants or industrial hemp seeds are proposed to be
26 produced, or whether the applicant is proposing to participate
27 in the industrial hemp commodity program under section 188.13
28 or the industrial hemp production program under section 188.14.

29 d. Require that all or some licenses expire on the same
30 date.

31 e. Provide a different application and requirements for
32 the submission, evaluation, and approval or disapproval of an
33 application for a renewed license. However, the department
34 shall require a check of the applicant's national criminal
35 history record to be conducted under this section each time a

1 license is issued or renewed.

2 6. The department shall prepare and publish license
3 application forms. A completed application form submitted to
4 the department shall contain all of the following:

5 a. The applicant's full name and residence address.

6 b. A legal description, global positioning system location,
7 and map of the site where the applicant proposes to produce the
8 industrial hemp.

9 c. Information required by the department to conduct a check
10 of the applicant's criminal history record. The department
11 shall require an applicant to submit pictures, fingerprints,
12 and descriptions of physical characteristics on forms required
13 by the department of public safety. The department of
14 agriculture and land stewardship shall submit the applicant's
15 fingerprints and other necessary information to the department
16 of public safety, division of criminal investigation, for the
17 purpose of conducting a national criminal history record check
18 through the federal bureau of investigation. The department
19 of public safety shall notify the department of agriculture
20 and land stewardship of the results of the national criminal
21 history record check. The results shall be considered a
22 confidential record under chapter 22 and shall not be released
23 without the consent of the department of public safety. The
24 department of agriculture and land stewardship shall reimburse
25 the department of public safety for costs associated with
26 conducting the national criminal history record check.

27 d. Any other information required by the department in order
28 to administer this chapter.

29 7. The department of agriculture and land stewardship shall
30 deliver a copy of an approved application for a license to
31 the department of public safety and the office of the county
32 sheriff in the county where the industrial hemp is approved
33 to be produced by the licensee in order to participate in the
34 industrial hemp commodity program under section 188.13 or the
35 industrial hemp production program under section 188.14.

1 8. A license shall be suspended or revoked as provided in
2 section 188.26.

3 Sec. 17. NEW SECTION. 188.16 Licensees — inspections by
4 department and law enforcement agencies.

5 1. The department may conduct an official inspection of
6 a licensee's facilities where industrial hemp is produced,
7 stored, handled, transported, marketed, or processed. The
8 department shall conduct an official inspection during regular
9 business hours. As part of an official inspection, the
10 department shall collect a sample of the crop for testing under
11 section 188.8 at least once and within thirty days prior to
12 harvest. The department may order or request that a licensee
13 independently collect and test one or more samples of the crop
14 during the growing period and notify the department of the
15 results.

16 2. A licensee shall immediately notify the department of
17 the results of any test that exceeds the maximum concentration
18 of delta-9 tetrahydrocannabinol as provided in section 188.8,
19 regardless of whether the department ordered, requested, or
20 knew of the test.

21 3. The department may request that a law enforcement
22 agency assign an officer to accompany the department during an
23 official inspection of the facilities of a licensee.

24 4. As part of its official inspection, the department
25 may examine the licensee's business records. However, a law
26 enforcement officer shall not accompany the department during
27 the examination.

28 Sec. 18. NEW SECTION. 188.17 Industrial hemp production
29 contract — requirements.

30 A registrant may enter into an industrial hemp production
31 contract with a licensee to produce industrial hemp under the
32 supervision of the registrant. The registrant shall supervise
33 the production of the industrial hemp in cooperation with the
34 department. The contract shall provide for the regulation of
35 the licensee and the industrial hemp produced by the licensee

1 in the same manner as provided in section 188.13, unless
2 otherwise provided by the department in consultation with the
3 registrant.

4 Sec. 19. NEW SECTION. 188.18 Industrial hemp seed capable
5 of germination — certification.

6 1. The Iowa crop improvement association shall certify
7 industrial hemp seed capable of germination for use by a
8 licensee as part of the industrial hemp commodity program
9 under section 188.13 or a registrant as part of the industrial
10 hemp production program under section 188.14. The association
11 may provide different certification processes, including for
12 industrial hemp seed produced or obtained by a registrant or
13 obtained from a qualified and reputable industrial hemp seed
14 source and supplier.

15 2. The association's certification protocols may be based
16 on standards promulgated by independent organizations including
17 but not limited to the association of official seed certifying
18 agencies and verifications offered by qualified and reliable
19 persons in the business of providing such seed.

20 3. The Iowa crop improvement association shall notify the
21 department and the registrant, as applicable, of the results of
22 a request for the certification of industrial hemp seed.

23 4. A licensee may import industrial hemp seed for
24 certification only if allowed by the department acting in
25 consultation with the association. A registrant may import
26 industrial seed for certification after consulting with the
27 department and the association.

28 Sec. 20. NEW SECTION. 188.19 Industrial hemp seed capable
29 of germination — sale by the department.

30 1. The department shall offer certified industrial hemp
31 seed for sale to licensees participating in the industrial hemp
32 commodity program established pursuant to section 188.13. The
33 department may offer certified industrial hemp seed for sale to
34 a registrant participating in the industrial hemp production
35 program established pursuant to section 188.14.

1 2. Moneys collected by the department from the sale of
2 certified industrial hemp seed shall be deposited into the
3 industrial hemp commodity fund established in section 188.23.

4 Sec. 21. NEW SECTION. 188.20 Industrial hemp seed capable
5 of germination — sale by a registrant.

6 1. A registrant may offer certified industrial hemp seed
7 for sale to the department, or a licensee participating in the
8 industrial hemp production program established pursuant to
9 section 188.14.

10 2. All moneys received by a registrant under subsection 1
11 shall be handled in the same manner as repayment receipts as
12 defined in section 8.2, and shall be used by the registrant
13 exclusively for the registrant's administration of the
14 industrial hemp production program.

15 Sec. 22. NEW SECTION. 188.21 Fees assessed by department.

16 1. The department shall assess and collect all of the
17 following:

18 a. An application fee to be paid by a person seeking to
19 obtain an industrial hemp commodity license as provided in
20 section 188.15.

21 b. A license fee to be paid by a person being issued an
22 industrial hemp commodity license as provided in section
23 188.15.

24 c. An inspection fee to be paid by a licensee as part of
25 an inspection of the facilities where the industrial hemp is
26 produced as provided in section 188.16.

27 d. A laboratory fee to be paid by a licensee if the
28 department takes samples of industrial hemp for testing by a
29 laboratory as provided in section 188.8.

30 2. The fees described in subsection 1 are nonrefundable.

31 3. The total amount of fees collected pursuant to this
32 section shall not exceed the department's estimate of the total
33 amount of revenues necessary to administer and enforce the
34 provisions of this chapter. Prior to the beginning of a fiscal
35 year, the department shall establish an estimated total amount

1 based on the expected costs to be incurred by the department
2 in administering and enforcing the provisions of this chapter
3 during the subsequent fiscal year.

4 4. The department may establish different rates for any
5 category of fees described in subsection 1 based on criteria
6 determined relevant by the department, which may include the
7 type of license issued and the number of acres set aside for
8 industrial hemp production by a licensee.

9 5. All fees collected by the department under this section
10 shall be deposited into the industrial hemp commodity fund
11 established pursuant to section 188.23.

12 Sec. 23. NEW SECTION. **188.22 Fees assessed by registrants.**

13 1. A registrant may assess and collect fees from licensees
14 participating in the registrant's industrial hemp production
15 program as provided in section 188.14. The total amount
16 of fees paid shall not exceed the expenses incurred by the
17 registrant in selecting licensees to participate in the
18 program, conducting inspections of facilities where the
19 industrial hemp is produced, and taking samples of industrial
20 hemp to be tested by a laboratory as provided in section 188.8.

21 2. All moneys received by a registrant under this section
22 shall be handled in the same manner as repayment receipts as
23 defined in section 8.2, and shall be used by the registrant
24 exclusively for the registrant's administration of the
25 industrial hemp production program.

26 Sec. 24. NEW SECTION. **188.23 Industrial hemp commodity fund**
27 **— appropriation.**

28 1. An industrial hemp commodity fund is established in
29 the state treasury under the management and control of the
30 department.

31 2. The fund shall include moneys collected by the department
32 from the sale of certified seed under section 188.19, fees
33 collected under section 188.21, and moneys appropriated by the
34 general assembly for deposit in the fund. The fund may include
35 other moneys available to and obtained or accepted by the

1 department, including moneys from public or private sources.

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

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

9 b. Notwithstanding section 8.33, moneys credited to the fund
10 that remain unexpended or unobligated at the end of a fiscal
11 year shall not revert to any other fund.

12 Sec. 25. NEW SECTION. 188.24 Cooperation with department
13 of public safety.

14 1. The department of agriculture and land stewardship and a
15 registrant shall cooperate with the department of public safety
16 in order to administer this chapter.

17 2. The department of public safety shall assist the
18 department of agriculture and land stewardship in conducting
19 national criminal history record checks of applicants applying
20 for licenses under section 188.15.

21 3. The department of agriculture and land stewardship and
22 a registrant shall upon request or as part of routine process
23 provide the department of public safety with the following
24 information regarding the industrial hemp commodity program
25 under section 188.13 and the industrial hemp production program
26 under section 188.14:

27 a. The status of the production and the results of any test
28 of a crop produced by a licensee under this chapter.

29 b. The date and time of an inspection of a licensee's
30 facilities or business records.

31 c. The confiscation and destruction of a crop under section
32 188.25.

33 Sec. 26. NEW SECTION. 188.25 Confiscation and destruction.

34 1. A Cannabis sativa plant exceeding the maximum
35 concentration of delta-9 tetrahydrocannabinol as provided in

1 section 188.8 and that is produced under the industrial hemp
2 commodity program established pursuant to section 188.13 shall
3 be confiscated by the department.

4 2. A Cannabis sativa plant exceeding the maximum
5 concentration of delta-9 tetrahydrocannabinol as provided in
6 section 188.8 and that is produced under the industrial hemp
7 production program established pursuant to section 188.14
8 shall be confiscated by the registrant in cooperation with the
9 department.

10 3. The department shall provide for the destruction,
11 including any accompanying disposal, of a confiscated Cannabis
12 sativa plant produced under the industrial hemp commodity
13 program under section 188.13 or the industrial hemp production
14 program under section 188.14. A registrant may provide for the
15 destruction of a confiscated Cannabis sativa plant produced
16 under the industrial hemp production program under section
17 188.14 in cooperation with the department. The department
18 or a registrant shall not confiscate or destroy a Cannabis
19 sativa plant unless the results of an official test conducted
20 by the department indicate that a sample exceeds the maximum
21 concentration of delta-9 tetrahydrocannabinol as provided in
22 section 188.8. The department, or a registrant acting in
23 cooperation with the department, may require that a confiscated
24 Cannabis sativa plant be kept on the premises where the plant
25 was confiscated, including where it is produced, handled,
26 transported, marketed, or processed, until arrangements are
27 made for the plant's removal and destruction. The destruction
28 may also occur on the premises where the plant was confiscated
29 if such premises may be reasonably used for that purpose
30 as determined by the department or by the registrant in
31 cooperation with the department. The destruction shall be
32 accomplished in a manner that complies with requirements of the
33 department and shall be in accordance with applicable federal
34 law.

35 4. The department or registrant may request assistance from

1 a law enforcement agency necessary to carry out this section.
2 The department or registrant upon request shall deliver any
3 sample of the plant to the law enforcement agency.

4 Sec. 27. NEW SECTION. **188.26 Disciplinary action.**

5 1. The department may suspend or revoke the license obtained
6 under section 188.15 by a person who does any of the following:

7 a. Provides false or misleading information on an
8 application for an industrial hemp commodity license as
9 provided in section 188.15.

10 b. Provides false or misleading information to the
11 department as part of the industrial hemp commodity program
12 under section 188.13 or to a registrant or the department as
13 part of the industrial hemp production program under section
14 188.14.

15 c. Fails to comply with or violates any provision of this
16 chapter, including a rule adopted by the department under
17 section 188.4, a condition of an application for the issuance
18 of a license under section 188.15, or a condition of a contract
19 entered into with a registrant under section 188.17.

20 d. Fails to comply with an order issued by the department or
21 a registrant under this chapter.

22 2. The suspension or revocation of a license is in addition
23 to the confiscation and destruction of a Cannabis sativa plant
24 under section 188.25, a civil penalty under section 188.27, or
25 any other civil or criminal penalty that may be imposed on the
26 person under state or federal law.

27 Sec. 28. NEW SECTION. **188.27 Civil penalties.**

28 1. A person who violates a provision of this chapter is
29 subject to a civil penalty of not less than five hundred
30 dollars and not more than two thousand five hundred dollars.
31 The department may assess and collect the civil penalty. Each
32 day that a continuing violation occurs shall be considered a
33 separate offense.

34 2. The department shall establish a schedule of civil
35 penalties for violations of this chapter.

1 3. A civil penalty shall not be assessed against a
2 licensee for a violation that results in the confiscation and
3 destruction of the licensee's crop under section 188.25, unless
4 the composite test result is greater than two percent delta-9
5 tetrahydrocannabinol as determined in section 188.8.

6 4. All civil penalties collected under this section shall be
7 deposited into the general fund of the state.

8 Sec. 29. NEW SECTION. **188.28 Criminal penalties.**

9 A person who knowingly or intentionally produces the
10 Cannabis sativa plant and who is not the department, a
11 registrant, or a licensee participating in the industrial hemp
12 commodity program established pursuant to section 188.13 or
13 the industrial hemp production program established pursuant to
14 section 188.14 is subject to the provisions in chapters 124 and
15 453B.

16 Sec. 30. NEW SECTION. **262.80 Industrial hemp production**
17 **program.**

18 The board of regents may consult with Iowa state university
19 of science and technology, the university of Iowa, and the
20 university of northern Iowa to provide for the participation
21 of those universities in administering an industrial hemp
22 production program in cooperation with the department of
23 agriculture and land stewardship as provided in chapter 188.