



Arizona Department of Agriculture

1688 W. Adams Street, Phoenix, Arizona 85007
(602) 542-3228 FAX (602) 542-1004

Industrial Hemp Program Rules Committee Meeting Minutes 3-1-19

Call to Order. Dwayne Alford, Chair called the meeting to order at 2:12 P.M.

Roll Call. Brian McGrew called roll. Committee members Dwayne Alford, Paco Ollerton, Sean Dugan, Colleen Lanier, and Michael Stoltz were present telephonically. Committee members J.L. Echeverria and Alex Holley were not present. A quorum was indicated.

Approval of February 22, 2019 Minutes. Mr. Alford called for discussion of the February 22, 2019 meeting minutes. Hearing none, Paco Ollerton made a motion to approve the minutes as written, Sean Dugan seconded the motion and all members present voted to approve the minutes as written.

Program Fees. Mr. Alford opened the agenda item discussion with an explanation of the result of the Committee meeting held on February 22, 2019. The group began discussions of the alternative fee schedules and the introduced fee schedule. Mr. Dugan provided an initial comment that, with the timing of implementation, the conceived number of actual planted acreage in the 2019 growing season based on the questionnaires and what has been seen in other states, and other factors, the introduced fee schedule would be more appropriate to carry the program into 2020. This is with the understanding that fees can be changed for the 2020. Mr. Alford wanted to include some additional background information as provided by the U.S. Department of Agriculture (USDA) on February 27th regarding the 2018 Farm Bill and how to interpret the statement. Ms. Lanier provided a statement as indicate in the information found on the USDA, Agricultural and Marketing Service website (<https://www.ams.usda.gov/content/hemp-production-program>). *"For the 2019 planting season, the 2018 Farm Bill provides that States, Tribes, and institutions of higher education can continue operating under authorities of the 2014 Farm Bill. USDA provided additional guidance to these programs in the August 2016 multi-agency Statement of Principles on Industrial Hemp (FR 53395). The 2018 Farm Bill extension of the 2014 authority expires 12 months after USDA has established the plan and regulations required under the 2018 Farm Bill."* Mr. Alford also commented that the previous paragraph in the statement of *"USDA is also required to establish a plan to monitor and regulate the production of hemp in those States or Indian tribes that do not have an approved State or Tribal plan. It is USDA's intention to issue regulations in the Fall of 2019 to accommodate the 2020 planting season. The rulemaking will provide for the publishing of a proposed rule, comment period, and a final rule."* Mr. Ollerton indicated that with this information and the additional information regarding Fingerprint clearance card requirements, this may have a big effect on how many licenses are issued and acres are planted in the 2019 season. Mr. Stoltz indicate that he is in agreement that, based on these issues and others, there may not be as many acres planted this year for a number of growers. Mr. Alford asked Ms. Lanier if she would clarify what the 2014 Farm Bill would continue to allow states to do. Ms. Lanier stated the only requirements under the 2014 Farm Bill were that departments of agriculture and institutes of higher education develop pilot programs. The 2014 Farm Bill also requires programs work with DEA on the importation of seed, but there has been a substantial change in the definition of hemp and is now considered an agricultural commodity. Ms. Lanier indicated that there is a need for additional clarification on these issues before interpreting what the statement from USDA-AMS means. Mr. Ollerton

indicated that, with the new information provided by USDA and the fingerprint clearance card process, he retracts his initial suggestion for a revised fee schedule for the 2019 growing season and recommended to retain the fee schedule provided to the Committee on February 22nd. Mr. Alford also indicated that the Industrial Hemp Council (Council) (once appointed) will have the opportunity to review the program fees and advise on an adjusted fee schedule for the 2020 growing season. Mr. Stoltz agreed with this assessment for leaving the fee structure as provide during the February 22nd Committee meeting. He also indicated that there needs to be a research permit in place. Mr. Ollerton indicated that, in light of so many unknown issues, setting this fee schedule as provided now, would allow the Department and the Council time to evaluate what the fees should be for the 2020 season. Mr. Alford asked Mr. McGrew what the next steps would be after approving the fees. Mr. McGrew indicated that the pre-application could be provided to the public, and once the May 31st date arrived, the Department could begin issuing licenses, once the fingerprint card and licensing fee was submitted to the Department. Mr. Alford asked when the Department could start processing fees. Mr. McGrew indicated that the Industrial Hemp trust fund is not established until May 31st and fees could not be processed until on or after that date. The Committee discussed the licensing of harvesters and transporters. It was asked if these are separate or if they would be combined for a person applying for both licenses. It was explained that they are intended to be individual licenses. However, they would be combined if a grower applicant was going to harvest and transport their own crop. There would be no need to apply for separate licenses in that case. Mr. Dugan made a motion to approve the fee schedule provided during the February 22nd meeting. Mr. Ollerton seconded the motion. During the comment to the motion Ms. Lanier indicated that these fees are quite high, but in light of the circumstances she is in agreement with Mr. Ollerton and Mr. Dugan and that she hopes that the Council will reduce the fees accordingly to better the program for this industry. With no additional comments all Committee members present voted in favor of the motion.

Next Meeting. The Committee tentatively agreed on the next meeting for March 15, 2019 at 10:00 A.M.

With on further business, Mr. Alford adjourned the meeting at 3:02 P.M.