



Arizona Department of Agriculture

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Arizona Department of Agriculture Industrial Hemp Program Rules Committee Meeting Minutes 3-22-19

Call to Order. - Dwayne Alford, Committee Chairperson, called the meeting to order at 10:16 A.M.

Roll Call. Brian McGrew called roll. All Committee members present. A quorum was indicated.

Director Update. - Director Killian addressed the Committee and audience indicating there was a lot of preparation occurring behind the scenes at the Department to ensure applications will be processed efficiently. However, there needs to be an understanding that there is a process that will require a review of the application and that licenses will not be issued the same day the application and payment are received by the Department. Director Killian also indicated that the Department will be utilizing third party laboratories for the analysis of hemp for compliance with the program. Laboratories will need to acquire certification with the Arizona State Agricultural Laboratory, first. Mr. McGrew provided some of the details on where to find the application and where to find the phone number for questions.

(<https://agriculture.az.gov/about-us/divisions/agricultural-laboratory/certified-laboratories>) Director Killian indicated that interested laboratories should start the certification process by submitting an application as soon as possible to the Arizona State Agricultural Laboratory.

Approval of March 1, 2019 Minutes. - Mr. Alford called for discussion of the March 1, 2019 meeting minutes. Hearing none, Paco Ollerton made a motion to approve the minutes as written, Colleen Lanier seconded the motion and all members voted to approve the minutes as written.

DPS Level I Fingerprint Clearance Card. Frank Griego with the Applicant Clearance Card Team (ACCT) of the Arizona Department of Public Safety (DPS) provided a presentation on the process to apply for a Level I Fingerprint Clearance Card. Mr. Griego's presentation also included information on how the process is completed within DPS-ACCT. Mr. Griego indicated that applications will be accepted at this time for the hemp program, however application cannot be processed until on or after June 1st, when they are given the authority to conduct the background checks for the industrial hemp program by statute. Mr. Griego indicated that information on precluding offences can be found on their website.

(<https://www.azdps.gov/services/public/fingerprint>) If a person had any follow-up questions, they could call 602-223-2279.

Updates to program rules approved by Committee. Mr. McGrew provided information regarding changes to the rule language for program eligibility (R3-4-602) and licensing, applications, renewals, etc. (R3-4-603) based on Department staff input. After the changes were presented Mr. Alford called for discussion or motion to approve the rule language. Sean Dugan made a motion to accept the changes made and the motion was seconded by Alex Holley. All members voted in favor of the changes.

Fee Rule Language. Mr. Alford provided an update on the Committee's approval of the fee schedule on March 1, 2019. Mr. McGrew provided information on the language for the Fee Rule and changes based on the

removal of the broker registration since this activity did not fall under any of the definitions in statute for a grower, harvester, transporter, or processor; and the change of a nursery registration to a nursery license. Mr. Alford called for discussion or motion to approve the rule language. Mr. Dugan made a motion to approve the Fee rule, JL Echeverria seconded the motion. All members approved the motion.

Research License Rule Language. - Mr. McGrew opened the discussion by asking for input from the Committee on suggestions for the qualification and criteria requirements for a research license. Mr. Stoltz indicated that (in addition to accredited colleges and universities) the qualified parties should extend to scientifically qualified parties. There should also be alternative platforms for research, i.e. GMO's, genetics. Mr. Holley asked the Committee, how would you determine a qualifying party, if not a University or College? Chris McCormack (AZDA), indicated that whoever is identified as a qualified individual that there is criteria in rule for making that selection and don't leave it to where the Department will decide these selections. Rule language was tabled until a later date. After discussion with the Committee it was indicated that Mr. Alford and Paco Ollerton will engage the University of Arizona and Mr. Holley and Michael Stoltz will investigate current language for USDA research under other programs to clarify some of these issues.

Authorized Propagative Material Rule Language. - Mr. McGrew reviewed the current version of the draft rule language. Mr. McGrew opened the discussion with the Committee and asked if there was any input on language for the eligibility and authorization of hemp seed and propagate materials. Mr. Stoltz indicated that seed certification standards should be applied to propagative materials too. Mr. Stoltz expressed concern that under the current draft language, marijuana seed could be authorized for use in the program. Mr. Holley and Ms. Lanier asked for clarification on how the current language could be interpreted in that way and if this in relation to unstable genetics currently on the market. Mr. Stoltz confirmed that, yes, this is the concern and that actual marijuana seeds (known to produce a plant above 0.3% THC) are being used in the hemp market. Mr. Stoltz indicated we should align our approved seed to the international seed lists. Ms. Lanier indicated that even some of the seeds on the international list ended up going high in THC in other state's programs, and we should not limit our program by using only the international list but rely on developing genetics as eligible sources for planting materials. Mr. Stoltz agreed with Ms. Lanier but indicated that we should still use those varieties approved by international standards to avoid the potential use of marijuana seeds. Mr. Ollerton indicated that the Arizona Crop Improvement Association (ACIA) has standards to certify and we shouldn't be limiting anyone's ability to utilize planting materials that are domestically available. Mr. Stoltz expressed that ACIA can only certify seed and not propagative material. He expressed that we should not be cutting corners and USDA is not going to approve these uncertified varieties. Mr. Ollerton indicated that what works in one place may not work in other areas, and we should leave this open so we can bring in seed or propagative materials [from anywhere] for a breeding program. Mr. Stoltz agreed about the seed, but believes propagative materials should not be allowed. Mr. Ollerton still believes there may be a process that we can ensure that good propagative materials can be brought into the state. Mr. Echeverria indicated we should evaluate the language in the exemption for a research license with respect to seed certification. There may be limiting language that may need to be corrected for companies that do seed research. Mr. McGrew indicated that that language would be reviewed. Mr. McGrew asked the Committee for input on eligibility and authorization language to meet our import requirements. Mr. Stoltz indicated that there was a concern with certifying propagative materials and that anyone could just make a claim that the material is certified. Mr. McGrew did indicate that those certifications must be issued by the origin regulatory body. Mr. Alford indicated that ACIA does have to have proof of parenting in the seed certification process and they will not certify unknown origin seed. ACIA can be more stringent than the National standards if needed. Mr. Dugan asked Mr. McGrew where the indication of the seed varieties used would be indicated, would this be on the

application? Mr. McGrew clarified that this would be indicated in the pre-planting notice that will need to be sent to the Department. This would be verified during the grower's inspection/audit.

Location Requirement Rule Language. - Mr. McGrew provided an update to changes made for the location requirements rule (R3-4-607) by striking subsections (A)(2) and (3) relating to zoning requirements. These changes were made since the Department would not have the authority or resources to enforce zoning requirements and there is no laws in the hemp laws to impose these requirements. Mr. Alford called for a motion to approve the language if there was no further discussion. Mr. Holley made a motion to approve the language as provided and Mr. Echeverria seconded the motion. All member voted to approve the motion.

Compliance Rule Language. - Mr. McGrew reviewed the latest version of the language for program compliance (R3-4-608) Mr. Alford called for discussion or motion to approve the rule language. Ms. Lanier asked about the provisions in subsection (C)(4)(d) regarding official sample storage and destruction. It was advised to look into common practices in other states for consistency. Rule language was tabled until clarification of this issue was determined.

Administrative Rule Language. - Mr. McGrew continued with the review of administrative rule language. Seed certification rule language was tabled. It was indicated to the Committee that more information will be provided by the Arizona Crop Improvement in the near future and an update will be provided at the next meeting. Domestic transportation was also tabled for another date. Mr. McGrew began discussion on the language for notifications and reports (R3-4-611). The Committee suggested notifications for processors should include more specific information instead of the broader language that would be left up for interpretation. It was suggested a certificate of inspection and chain of custody issued by the origin regulatory official. Mr. Dugan also suggested alternative language be drafted for nurseries that would need to notify the Department within 72 hours of receiving planting material. There could be an influx of these notifications that could burden the licensee and the State.

Unauthorized activity and violations were reviewed. As suggested by the Committee, whole hemp buds and ground hemp material were struck from the restricted products language since these would be processed materials. Mr. McGrew indicated that he would make changes accordingly to the rules discussed today and have a revision for the next meeting.

Call to the Public.

Mr. Alford opened the call to the public began calling on individuals that had submitted a speaker card prior to the meeting. Kemper Burt asked about the propagative material certification and what was decided on today on that process. Mr. McGrew responded that the Committee will need to review today's comments and look at potential language changes. Once the Committee is satisfied we can move forward. Mr. Burt asked if we are waiting for a list of certified sellers that could impact their ability to plant this year. Mr. McGrew clarified that it would be by variety type, not specific sellers. Mr. Alford called on Jeff Andrzejewski asked if this is going to be a garden crop. Mr. Alford indicated that it is not for a personal garden. You would need a license to grow this crop. Mr. Andrzejewski asked if there would be an issue if he had a one acre lot in Scottsdale compared to someone with five acres in Wilcox. Mr. Alford said that zoning issues are not addressed in these rules but the person would need to comply with any zoning requirements. Mr. Alford called on Taliseen Jahring. Mr. Jahring asked if a person would need a license to possess hemp seed? Mr. Alford indicated they would. Mr. Jahring was concerned about the timing and how quickly being able to get a license. Mr. Alford and Mr. Ollerton indicated that with everything that is required by law, a license could be issued within week. Mr. Alford called on Joseph Keterer. Mr. Keterer asked if, once everything is submitted and if an application is approved, would a person be able to come pick up the license instead of waiting to

have it mailed? Mr. McGrew indicated that the Department is currently working through the plan on how application processing will function. Information would be provided when available. Mr. McCormack added that the Department is aware of this issues and will do what is needed to make this process as efficient as possible. Mr. Alford called on Bo Lerer. Mr. Lerer asked how many samples per acre would be collected per acre/field and why is the Department not allowing third party labs to produce a certificate of analysis. Otherwise the state agricultural lab would be choked with samples. Mr. McGrew did clarify that the Department will be using third party labs that get certified for this program. Mr. McCormack also included that a hemp producer can use any lab of their choosing for their own use. The procedures for how many samples will be collected are still in development. In relation to the fees for samples those only relate to samples collected for a resample or for export certification purposes. Mr. Alford opened the floor for questions on the agenda. One audience member asked for a general position on zoning restrictions and what would be allowed. Mr. Alford indicated that this Committee can't comment on what a specific county or municipality can or cannot do. Mr. Alford indicated that it is not the intent of the law for this Committee to have an influence a county or municipality regarding zoning. A member of the audience asked how the Department would verify certified seed as being eligible for use. Mr. McGrew indicated that in order for a shipment of seed to come into the state, the origin department of agriculture would have to issue official documentation indicating it meets the eligibility requirements. The Arizona Department of Agriculture would then validate the required documentation during the compliance inspection. A member of the audience asked if a person is subject to having a license if they are purchasing extracted hemp CBD for producing a retail product. He was informed that it would not be necessary to have license for that type of processing. Mr. McCormack added that if a person questions they are subject to needing a license that they should go directly to the statute and look at the definition to make that determination.

Mr. Alford indicated that the next meeting will be determined at a different time.

Mr. Alford called for a motion to adjourn. Mr. Ollerton so motioned, Ms. Lanier seconded the motion. Meeting was adjourned at 1:30 PM