



Arizona Department of Agriculture

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Industrial Hemp Program Rules Committee Meeting Minutes 10-30-18

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

Roll Call. - Brian McGrew called roll. Committee Members present: Dwayne Alford, Paco Ollerton, Sean Dugan, Alex Holley and Colleen Lanier. Committee members absent: JL Echeverria and Michael Stoltz. A quorum was indicated.

Approval of September 21, 2018 Minutes. - Mr. Alford called for discussion of the August 31, 2018 meeting minutes. Hearing none, Mr. Ollerton made a motion to approve the minutes as written, Mr. Holley seconded and all members voted to approve the minutes as written.

A.R.S. § 3-311 Clarification. - Chris McCormack, informed the Committee that, after consulting with legal counsel, there is no prohibition on those hemp products that are not included in the "Hemp Products" definition under A.R.S. 3-311. However they do not fall within the regulation of this program. Ms. Lanier asked if Mr. McCormack could expand on the "Non-hemp products" meaning. Mr. McCormack stated that this would include "Products made to be ingested from parts other than sterile hemp seed or hemp seed oil". Mr. McCormack indicated that the Department would likely create a substantive policy to clarify this issue.

Program Update. - Mr. McGrew informed the Committee of the events during the September 29, 2018 Red Rock Hempfest held in Sedona, AZ. Mr. McGrew and Mr. Holley commented that it was very apparent that the general public still does not differentiate between marijuana and industrial hemp very well. Discussion occurred about ideas for outreach and public awareness. Mr. Dugan indicated that, from his perspective, it is more of an issue with the general public, but a number of farmers seem to be able to distinguish and are knowledgeable between the two. Mr. McGrew mentioned that the Department was developing an outreach piece to help address the issue that will be shared once completed. Later in the meeting, Chelsea McGuire, with the Arizona Farm Bureau, indicated that there is an outreach piece on their webpage that touches on the Hemp/Marijuana association to each other and that industrial hemp is a separate crop.

Overview of Arizona Industrial Hemp Program. - Mr. McGrew addressed the Committee and public by providing an overview of what the program will likely look like and summarized the various components of the program that have to be developed. This covered the topics of: General Steps, Important Statutes, Licensing process, Seed acquisition, Pre-harvest testing, Audits, and Reports. The items outlined in the presentation were for informational purposes only and do not represent established policy of the Department. The information provided is based on the preliminary review of the requirements and needs to manage the Industrial Hemp Program in Arizona and are subject to change based on the review and input of the Committee, Director and the other Departmental staff.

Fee Structures. - Mr. McGrew addressed the Committee and public by providing information regarding fee structures of thirteen other states and got to see how some states didn't charge enough to support program management operations. Fees included Application, ranging from \$40 to \$500; Registration, ranging from \$150 to \$2,000; Inspection, ranging from \$200 to \$3,000 and/or \$5 to \$25 per acre/ \$0.33 per 1000 sq./ft.; Compliance analysis, ranging from \$150 to \$250; License modification ranging from \$200 to \$750. Some states may also have a structure in place to recover the actual inspection and analytical costs that are invoices after the inspection process. States covered included Colorado, Kentucky, Oregon, North Dakota, Minnesota, New York, North Carolina, Tennessee, Vermont, Nevada, Arkansas, Pennsylvania, and Washington.

Administrative Rule Titles and Objectives. - Mr. McGrew reviewed and asked the Committee for input on the draft rule titles and objectives. The Committee was satisfied with the developed titles and objectives.

Federal Issues Impacting Hemp Programs. - Mr. McGrew provided information on six Federal policies that have impacted some industrial hemp programs, and updates some Federal and state policies that have either helped or hindered other state programs. These included information on the policies of the Bureau of Reclamation; Small Business Administration; Association of American Feed Control Officials; and U.S. Department of Agriculture -Organic Certification, Farms Service Administration, and National Institute of Food and Agriculture.

Future Agenda Items. - Mr. Alford asked for suggestions for future agenda items. Mr. Dugan suggested to include a discussion item for testing policies and corrective actions and options for crops testing above 0.3% total Delta-9 Tetrahydrocannabinol concentration. Mr. Holley suggested a discussion on the costs associated with program management.

Call to the Public. - Mr. Alford opened the floor for a call to the public. Lucas Johnson of Ascending Farms mentioned that in Colorado there is no charge for crops grown from seed provided by the Department of Agriculture, would this be the case in AZ; and if a person were to purchase seed from another state would that person be allowed to just go and pick that up? Mr. Johnson was informed that these details are still in the development process. Mr. Johnson also asked if there is another agricultural crop that requires a fingerprint card. Mr. Johnson was informed that the Pest Management Division of the Department requires the card for the issuance of a license.

An unidentified member of the audience asked about the references in Arizona's legislation and policy to the 2014 Farm Bill that expired on September 30th and that we are in a gray area. Mr. Ollerton responded that currently we are in a transition period until the new Farm Bill gets signed. The audience member indicated that he hopes this program can mirror what gets passed in the new farm bill (referring to the commercialization of industrial hemp). Mr. Ollerton also indicated there is hope that this new Farm Bill will provide some clarification on other issues with industrial hemp. Ms. Lanier explained that the language proposed in the 2018 Farm Bill will make a substantive change to the definition of industrial hemp and places it in the Agricultural Marketing Act of 1946. The proposal addresses issues with Tribal lands, the FDA Cosmetics Act, etc. It will be completely disassociated from marijuana and there will no longer be those Federal agency interpretation issues we are currently dealing with.

Call to the Public, Cont.

An unidentified member of the audience asked if a crop were to test above the 0.3% THC, i.e. 0.4%, would that no longer be an issue? Ms. Lanier indicated that would still make the classification as being marijuana. In the Federal definition it will still be 0.3% THC or less. The audience member asked if there would be a limitation on the number of applicants. It was indicated that there is no intent to limit the number of applicants. The audience member asked if there will be any allowances made for small growers? It was indicated that this will depend on what is developed in the fee structure.

John McGil stated that the Committee and Department should consider overarching themes for the program and that licensing in this Program should be a privilege. Not only should the applicant, but other responsible parties should be held to the same standard. What options does the Department have for the enforcement of the statutes and how would unlicensed practices and unethical conduct be addressed? Mr. McGrew indicated that under A.R.S. 3-319 subsection C, *A person who does not hold a license issued by the department or who is not a designee or agent of a person who holds a license issued by the department may not propagate, harvest, transport or process industrial hemp. A person who violates this subsection is subject to section 13-3405.*

A member of the audience indicated support for the provisions that seed for planting would be under the oversight of the Department to ensure that legitimate seed is distributed.

A member of the audience asked what would be the method of testing will be used to ensure seed is eligible for planting? Mr. McGrew replied that the seed must have originated from a plant that was tested and certified prior to harvest and proven to have less than 0.3% THC.

With no further agenda items, Mr. Alford adjourned the meeting at 2:07 P.M.