

AN ACT relating to industrial hemp.

*Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

SECTION 1. A NEW SECTION OF KRS CHAPTER 260 IS CREATED TO READ AS FOLLOWS:

*As used in Sections 1 to 9 of this Act unless the context requires otherwise:*

- (1) "Commission" means the Industrial Hemp Commission created by Section 4 of this Act;*
- (2) "Commissioner" means the Commissioner of the Department of Agriculture, or the Commissioner's designee;*
- (3) "Department" means the Kentucky Department of Agriculture;*
- (4) "Hemp products" means all products made from industrial hemp, including, but not limited to, cloth, cordage, fiber, food, fuel, paint, paper, particleboard, plastics, seed, seed meal and seed oil for consumption, and certified seed for cultivation if the seeds originate from industrial hemp varieties;*
- (5) "Industrial hemp" means all parts and varieties of the plant cannabis sativa, cultivated or possessed by a licensed grower, whether growing or not, that contain a tetrahydrocannabinol concentration of one percent (1%) or less by weight, except that the THC concentration limit of one percent (1%) may be exceeded for licensed industrial hemp seed research. Industrial hemp, as defined and applied for the purposes of Sections 1 to 9 of this Act, shall be excluded from the definition of marijuana, as defined in KRS 218A.010;*
- (6) "Seed research" means research conducted to develop or recreate better strains of industrial hemp, particularly for the purposes of seed production. In conducting this research, higher THC concentration varieties of industrial hemp may be grown to provide breeding strains to revitalize the production of a Kentucky strain of industrial hemp. However, in no case shall the THC levels exceed three percent (3%); and*

(7) "Tetrahydrocannabinol" or "THC" means the natural or synthetic equivalents of the substances contained in the plant, or in the resinous extractives of, cannabis, or any synthetic substances, compounds, salts, or derivatives of the plant or chemicals and their isomers with similar chemical structure and pharmacological activity.

SECTION 2. A NEW SECTION OF KRS CHAPTER 260 IS CREATED TO READ AS FOLLOWS:

The department shall promulgate administrative regulations, in accordance with the provisions of KRS Chapter 13A, to license research on industrial hemp and hemp products.

SECTION 3. A NEW SECTION OF KRS CHAPTER 260 IS CREATED TO READ AS FOLLOWS:

(1) The Department of Agriculture shall promote the research and development of markets for Kentucky industrial hemp and hemp products after the selection and establishment of the industrial hemp research program and the Industrial Hemp Commission, and provided that adequate funds are available for these purposes from the industrial hemp program fund. The department shall work cooperatively with selected Kentucky university or universities' agricultural research programs utilizing the expertise of the university or universities in the area of agricultural research.

(2) The Council on Postsecondary Education shall select a university or universities where the industrial hemp research program is to be established, after proposals are considered from all interested universities with agriculture departments in Kentucky.

(3) The selected institutions' industrial hemp research program shall undertake research of industrial hemp production in the state. The department shall assist the industrial hemp research program in obtaining the necessary federal permits

from the United States Drug Enforcement Agency or appropriate federal agency. In undertaking the industrial hemp research program, the university or universities are authorized to:

- (a) Grow industrial hemp to conduct agronomy research and analysis of required soils, growing conditions, and harvest methods relating to the production of industrial hemp for commercial products, including, but not limited to, hemp seed, paper, clothing, and oils;
- (b) Conduct seed research on various types of industrial hemp that are best suited to be grown in Kentucky, including but not limited to seed availability, creation of Kentucky hybrid types, in-the-ground variety trials and seed production;
- (c) Study the economic feasibility of developing an industrial hemp market in various types of industrial hemp that can be grown in the Commonwealth;
- (d) Report on the estimated value-added benefits, including environmental benefits, that Kentucky businesses would reap by having an industrial hemp market of Kentucky-grown industrial hemp varieties in the Commonwealth;
- (e) Study the agronomy research being conducted worldwide relating to industrial hemp varieties, production, and utilization;
- (f) Research and promote Kentucky industrial hemp and hemp seed on the world market that can be grown on farms in the Commonwealth; and
- (g) Study the feasibility of attracting private funding for the Kentucky industrial hemp research program.

(4) The authorization granted in subsection (3) of this section shall not subject the industrial hemp research program or the selected university or universities where it is located to any criminal liability under the controlled substances laws of the Commonwealth. This exemption from criminal liability is a limited exemption that shall be strictly construed and that shall not apply to any activities of the

industrial hemp research program or the selected university or universities that are not expressly permitted in the authorization.

(5) The authorization granted in subsection (3) of this section shall not alter, amend, or repeal by implication any provision of the Kentucky Revised Statutes relating to controlled substances.

(6) The selected university or universities of the industrial hemp research program shall notify the headquarters of the Department of State Police, the local barracks of the Kentucky State Police, and all other local law enforcement agencies of the duration, size, and location of all industrial hemp plots.

(7) The Commissioner and the university or universities may cooperatively seek funds from both public and private sources to implement this section. The funds shall be deposited into the industrial hemp program fund.

(8) By October 1, 2001, and annually thereafter, the university or universities shall report on the status and progress of the industrial hemp research program authorized by this section to the Commissioner, the Industrial Hemp Commission, and the Interim Joint Committee on Agriculture and Natural Resources.

SECTION 4. A NEW SECTION OF KRS CHAPTER 260 IS CREATED TO READ AS FOLLOWS:

The Kentucky Industrial Hemp Commission is created and is attached to the Department of Agriculture for administrative purposes. The membership of the commission shall consist of at least seventeen (17) members as follows:

(1) The Speaker of the House of Representatives or the Speaker's designee;

(2) The President of the Senate or the President's designee;

(3) The chair of the Senate Agriculture and Natural Resources Committee;

(4) The chair of the House Agriculture and Small Business Committee;

(5) The Commissioner of the Department of Agriculture or the Commissioner's

designee;

(6) The commissioner of the Department of State Police or the commissioner's

designee;

(7) The executive director of the Governor's Office of Agricultural Policy or the

executive director's designee;

(8) The chairs of the agriculture departments at the Kentucky university or

universities where the industrial hemp research program is to be established;

(9) The president of the Kentucky Hemp Growers Cooperative Association;

(10) The president of the Kentucky Sheriffs' Association;

(11) The president of the Kentucky Association of Chiefs of Police; and

(12) Six (6) members, three (3) appointed by the Speaker of the House and three (3) by

the President of the Senate, representing the following interests:

(a) Kentucky farmers with an interest in growing industrial hemp;

(b) Retailers of industrial hemp products;

(c) Wholesalers of industrial hemp products; and

(d) Manufacturers of industrial hemp products.

SECTION 5. A NEW SECTION OF KRS CHAPTER 260 IS CREATED TO READ AS FOLLOWS:

A majority of the members of the commission shall constitute a quorum. The members shall elect one (1) member to serve as chair.

SECTION 6. A NEW SECTION OF KRS CHAPTER 260 IS CREATED TO READ AS FOLLOWS:

(1) The commission shall meet quarterly and may meet more often upon the call of the chair or by a majority of the members.

(2) The commission shall be appointed and conduct the first meeting by July 1, 2001.

(3) Except as provided in KRS 18A.200, members of the commission shall receive actual traveling expenses while attending meetings of the commission.

(4) Staff services for the commission shall be provided by the Department of Agriculture.

SECTION 7. A NEW SECTION OF KRS CHAPTER 260 IS CREATED TO READ AS FOLLOWS:

(1) The commission shall develop recommendations on industrial hemp legislation by December 15, 2001, and annually thereafter, shall report on the recommendations to the Governor, the Interim Joint Committee on Agriculture and Natural Resources, and to the Legislative Research Commission with respect to industrial hemp policies and practices that will result in the proper legal growing, management, use, and marketing of the state's potential industrial hemp industry. These policies and practices shall, at a minimum, address the following:

(a) Federal laws and regulatory constraints;

(b) The economic and financial feasibility of an industrial hemp market in Kentucky;

(c) Kentucky businesses that utilize industrial hemp;

(d) Examination of research on industrial hemp production and utilization;

(e) The potential for globally marketing Kentucky industrial hemp;

(f) Feasibility study of private funding for the Kentucky industrial hemp research program;

(g) Law enforcement concerns;

(h) Statutory and regulatory schemes for growing of industrial hemp by private producers; and

(i) Technical support and education about industrial hemp.

(2) The commission shall also continue to monitor the research and development of industrial hemp in the United States and the Kentucky industrial hemp research program.

SECTION 8. A NEW SECTION OF KRS CHAPTER 260 IS CREATED TO

READ AS FOLLOWS:

*Kentucky shall adopt the federal rules and regulations that are currently enacted regarding industrial hemp and any subsequent changes thereto.*

SECTION 9. A NEW SECTION OF KRS CHAPTER 260 IS CREATED TO READ AS FOLLOWS:

*There is established and created in the State Treasury a fund entitled the "Industrial Hemp Program Fund" to provide funds to offset the costs of the industrial hemp program and the Kentucky Industrial Hemp Commission. The fund may receive state appropriations, gifts, grants, federal funds, and any other funds both public and private. Money deposited in the fund shall be disbursed by the State Treasurer upon the warrant of the Commissioner of Agriculture or the Commissioner's representative. Any unallocated or unencumbered balances in the fund shall be invested as provided in KRS 42.500(9), and any income earned from the investments along with the unallotted or unencumbered balances in the fund shall not lapse, and shall be deemed a trust and agency account and made available solely for the purposes and benefits of the industrial hemp program.*