An act to add Division 26 (commencing with Section 81100) to the Food and Agricultural Code, relating to industrial hemp.

LEGISLATIVE COUNSEL’S DIGEST
AB 1147, as introduced, Leno. Industrial hemp: license for commercial purposes.

(1) Existing law contained in the Food and Agricultural Code does not authorize the production or utilization of industrial hemp in this state. The Food and Agricultural Code provides that a violation of any of its provisions is, in general, a misdemeanor.

This bill would provide that any person desiring to grow industrial hemp for commercial purposes or operate as a primary processor of viable hemp seed into commercial, nonviable seed derivatives shall apply to the Department of Food and Agriculture for a license; the bill would require any licensee to meet specified conditions. The bill would provide for the assessment of a fee on license applicants and for research by the University of California on industrial hemp, as specified. By creating new crimes, this bill would impose a state-mandated local program upon local governments.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.
The people of the State of California do enact as follows:

SECTION 1. Division 26 (commencing with Section 81100) is added to the Food and Agricultural Code, to read:

DIVISION 26. INDUSTRIAL HEMP

81100. Unless otherwise provided or the context otherwise requires, the definitions in this section shall govern the construction of this division:

(a) “Secretary” means the Secretary of Food and Agriculture, or the secretary’s designee.

(b) “Department” means the Department of Food and Agriculture.

(c) “Industrial hemp” is generally an oilseed and fiber crop that includes all parts and varieties of the plant Cannabis Sativa L, having no more than three-tenths of one percent tetrahydrocannabinol contained in its dried flowering tops; and that is grown wholly within this state from indigenous instate seed stock exclusively for the purpose of producing sterilized stalk, fiber, and seed elements and products thereof.

(d) “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.

81102. (a) Any person desiring to (1) grow industrial hemp for commercial purposes; or (2) operate as a primary processor of viable hemp seed into commercial nonviable seed derivatives shall apply to the Department of Food and Agriculture for a license on a form prescribed by the department.

(b) The department shall adopt regulations establishing criteria for the issuance of licenses, which criteria shall include, but need not be limited to, the following:

(1) Permitholders are not authorized to sell or trade viable hemp seed outside of California.
(2) Licenses shall be subject to renewal after two years.
(3) Background and qualifications of the applicant must be submitted, which shall include a complete state and federal summary criminal history check, at the applicant’s expense.
(4) No person with a prior criminal conviction shall be eligible for a license.

81104. Every licensee under this division shall be subject to the following conditions:

(a) (1) Each licensee shall file with the Department of Food and Agriculture documentation indicating that the seeds planted were of a type and variety certified to have no more than three-tenths of one percent tetrahydrocannabinol and a copy of any contract to grow industrial hemp.

(2) The department shall adopt rules that provide for testing industrial hemp during growth for tetrahydrocannabinol levels and for supervision of the crop during growth and harvest.

(b) No licensee may remove from its operation any item or element other than mature stalks, fiber, or viable seed for sale, distribution, or introduction into the commerce of this state.

(c) A licensee may sell or distribute mature stalks, fiber, or viable seed only to a primary processor licensed under this division.

(d) Each person licensed to grow industrial hemp shall notify the Department of Food and Agriculture of the sale or distribution of any industrial hemp seed or stalk grown by the licensee, and of the names of the licensed persons to whom any viable hemp seed was sold or distributed.

(e) Each person licensed as a primary processor shall render each seed into a nonviable seed derivative, including, but not limited to, oil, nut, or powder.

(f) Each person licensed as a primary processor shall test the tetrahydrocannabinol (THC) levels of any derivative product using a laboratory registered with the federal Drug Enforcement Administration and shall report the results of those tests to the Department of Food and Agriculture, in a form and on a schedule set forth in regulations adopted by the department.

(1) In every case, for hemp oil products grown in this state, the trace tetrahydrocannabinol content shall not exceed more than five parts per million (ppm) of tetrahydrocannabinol.
(2) In every case, for hemp nut products grown in this state, the trace tetrahydrocannabinol content shall not exceed more than 1.5 parts per million (ppm) of tetrahydrocannabinol.

81108. To provide sufficient funds to pay all costs associated with monitoring and testing in the state, the Department of Food and Agriculture shall assess each applicant a fee in an amount determined by the department to cover those costs.

81110. The University of California shall be authorized to conduct research relating to the production and processing of industrial hemp, as follows:

(a) One of the purposes of the research shall be the development and dissemination of technology important to the production and utilization of commercial crop and livestock enterprises.

(b) The research shall provide for the enhancement of the quality of life, sustainability of production, and protection of the environment.

(c) As a part of this research, the university may collect feral hemp seed stock and develop appropriate adapted strains of industrial hemp which contain less than three-tenths of one percent tetrahydrocannabinol in the dried flowering tops.

(d) The university shall report its findings to the Department of Food and Agriculture.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.