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S.119

Introduced by Senator Maynard of Rutland County, Senator Lyons of
Chittenden County and Senator Rivers of Windsor County
Referred to Committee on
Date:
Subject: Agriculture; industrial hemp
Statement of purpose: This bill proposes to permit the development in
Vermont of an industrial hemp industry.

AN ACT RELATING TO INDUSTRIAL HEMP

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 6 V.S.A. chapter 38 is added to read:

CHAPTER 38. INDUSTRIAL HEMP

§ 690. PURPOSE

The purpose of this chapter is to permit the development in Vermont of an industrial hemp industry, and to assure that production of industrial hemp is in compliance with state and federal laws and United States obligations under international treaties, conventions, and protocols.

§ 690a. DEFINITIONS

As used in this chapter:

1 (1) “Commissioner” means the commissioner of agriculture, food and
2 markets.

3 (2) “Grower” means any person or business entity licensed under this
4 chapter by the commissioner as an industrial hemp grower.

5 (3) “Hemp products” means all products made from industrial hemp,
6 including, but not limited to, cloth, cordage, fiber, food, fuel, paint, paper,
7 particle board, plastics, seed, seed meal and seed oil for consumption, and
8 certified seed for cultivation if such seeds originate from industrial hemp
9 varieties.

10 (4) “Industrial hemp” means all parts and varieties of the plant cannabis
11 sativa, whether growing or not, that contain a tetrahydrocannabinol
12 concentration of one percent or less by weight and are cultivated or possessed
13 by a licensed grower in compliance with this chapter.

14 (5) “Records” means all commercial documents related to the
15 production of industrial hemp, including accounts, correspondence,
16 declarations, purchase orders, registers, seed invoices and
17 tetrahydrocannabinol concentration analysis reports, including all
18 documentation required under this chapter and by any other state law or by
19 federal law regarding the growing and cultivation of industrial hemp.

20 (6) “Tetrahydrocannabinol” or “THC” means synthetic equivalents of
21 the substances contained in the plant, or in the resinous extractives of,

1 cannabis, or synthetic substances, derivatives, and their isomers with similar
2 chemical structure and pharmacological activity.

3 (7) "USDEA" means the Drug Enforcement Administration of the
4 United States Department of Justice.

5 § 690b. INDUSTRIAL HEMP AN AGRICULTURAL PRODUCT

6 Industrial hemp is an agricultural product which may be grown, produced,
7 possessed and commercially traded in Vermont pursuant to the provisions of
8 this chapter.

9 § 690c. LICENSING; APPLICATION

10 (a) Any person or business entity wishing to engage in the production of
11 industrial hemp must be licensed as an industrial hemp grower both by the
12 commissioner and by the USDEA. A license from the commissioner shall
13 authorize industrial hemp production only at a site or sites as specified by the
14 license.

15 (b) A license from the commissioner shall be valid for 24 months and may
16 be renewed, but shall not be transferable. An application for a license shall be
17 filed with the commissioner by January 1, and a license granted by the
18 commissioner shall be issued by February 1 of the same calendar year.

19 (c) To qualify for a license from the commissioner, an applicant shall
20 demonstrate to the satisfaction of the commissioner, in a manner prescribed by
21 the commissioner, that the applicant intends to and is capable of growing

1 industrial hemp, and has adopted methods to ensure its safe production, which
2 at a minimum shall include:

3 (1) Furnishing the commissioner with evidence of a license from the
4 USDEA to grow industrial hemp in the state of Vermont, and with an
5 affirmation that the grower is now and will continue to be in compliance with
6 all federal and state law regulating the planting and cultivation of hemp.

7 (2) Furnishing the commissioner with a guaranteed irrevocable letter of
8 credit or a surety bond executed by a surety company authorized to transact
9 business in this state, in the sum of not less than \$2,000.00. Any resident of
10 this state injured by a harmful act of the licensee, his or her agents, servants or
11 operators shall have a cause of action in his or her own name, on the bond of
12 the licensee, for the damage sustained; provided, however, that the aggregate
13 liability of the surety to all residents of this state shall in no event exceed the
14 principal amount of the bond.

15 (3) Securing the supply of all industrial hemp seed obtained for planting
16 in compliance with this chapter.

17 (4) Ensuring the integrity of the industrial hemp crop while it is in the
18 field, which shall include filing with the commissioner the location and
19 acreage of all parcels sown and other field reference information as may be
20 required by the commissioner.

1 (5) Ensuring that all parts of the industrial hemp plant not entering the
2 stream of commerce as hemp products, such as flowers and leaves, are
3 destroyed or recycled where the industrial hemp is grown.

4 (6) Agreeing to the provisions of subsections (b) and (c) of section 690e
5 of this title regarding inspections by the commissioner.

6 (7) Maintaining records that reflect compliance with the provisions of
7 this chapter and with all other state and federal law regulating the planting and
8 cultivation of hemp.

9 (d) Every grower shall maintain all production records for at least three
10 years at the production site.

11 § 690d. SEED; IMPORTATION

12 (a) The commissioner shall be the sole source and supplier of seed for use
13 in industrial hemp production in the state. The commissioner shall by rule
14 adopt measures to secure all hemp seed under the control of the commissioner,
15 and to ensure that all hemp seed supplied to and used by growers is of only
16 those varieties which meet the THC limitations of this chapter.

17 (b) A grower shall use hemp seed obtained exclusively from the
18 commissioner.

19 (c) The commissioner shall for the purpose of this section seek licensure by
20 the USDEA as an importer of industrial hemp seed.

1 § 690e. ADMINISTRATION; INSPECTION; RULES

2 (a) The commissioner shall administer and enforce the provisions of this
3 chapter.

4 (b) The commissioner is authorized to investigate compliance with this
5 chapter, and shall have access, subject to the provisions of subsection (c) of
6 this section, to all land, buildings or places where industrial hemp is grown,
7 kept, stored, or handled, and to all records relating to hemp production. The
8 commissioner may take samples of up to one-tenth of one percent of the
9 industrial hemp crop of a grower, to test the crop THC content to ensure
10 compliance with this chapter and to provide a basis for sanctions or suspension
11 of a grower out of compliance. The commissioner may make copies of any
12 records.

13 (c) The commissioner shall have access to the properties and records
14 specified in subsection (b) of this section during regular business hours upon
15 the consent of the grower, or when the commissioner has substantial
16 justification to believe that any grower who is licensed under this chapter is
17 otherwise in violation of this chapter or rules adopted under it.

18 (d) The commissioner shall adopt rules to implement this chapter.

1 § 690f. REVOCATION AND SUSPENSION OF LICENSE;

2 ENFORCEMENT

3 (a) The commissioner may deny, suspend, revoke, or refuse to renew the
4 license of any grower that:

5 (1) Makes a false statement or misrepresentation on an application for a
6 license or renewal of a license.

7 (2) Fails to comply with or violates any provision of this chapter or any
8 rule adopted under it.

9 (3) Fails to take any action required by the commissioner under the
10 provisions of this chapter.

11 (b) Revocation or suspension of a license may be in addition to any
12 criminal penalties or fines imposed on a grower under other state law or federal
13 law.

14 § 690g. FEE; COST OF SEED; SPECIAL FUND

15 (a) A fee shall be charged by the commissioner for each license granted to
16 a grower under this chapter. The fee amount charged for the first growing
17 season shall be \$10.00 per acre of land under cultivation. After the first
18 growing season, the commissioner shall recommend a fee amount to the
19 general assembly for its approval, to be used beginning with the growing
20 season following the first growing season. All fee revenue shall be deposited
21 in the special program fund established by subsection (c) of this section.

1 (b) The commissioner shall by rule establish hemp seed prices to be
2 charged growers under provisions of section 690d of this title. All proceeds of
3 seed sales shall be deposited in the special program fund established by
4 subsection (c) of this section.

5 (c) An industrial hemp special program fund is established in the office of
6 the state treasurer, and shall be administered in accordance with subchapter 5
7 of chapter 7 of Title 32. All monies in the fund shall be used only to defray the
8 cost of implementing this chapter.

9 § 690h. RESEARCH; UNIVERSITY OF VERMONT

10 (a) The University of Vermont is authorized to undertake research of
11 industrial hemp production in the state, after receiving a license to grow hemp
12 both from the commissioner and from the USDEA. The commissioner may
13 waive fee requirements. The commissioner shall oversee the university
14 research, which shall be mutually agreed upon by the commissioner and the
15 university, and which shall include:

16 (1) Industrial hemp test plots, to assess optimum Vermont soils and
17 other growing conditions.

18 (2) Analysis of minimum THC levels obtainable in industrial hemp
19 production.

20 (3) Analysis of market economic conditions affecting the development
21 of an industrial hemp industry in the state of Vermont.

1 (b) The commissioner and the university shall cooperatively seek funds
2 from both public and private sources to implement this section.

3 (c) By January 15, 2002 and annually thereafter, the university shall report
4 on the status of research authorized by this section, including progress in
5 securing funding for it, to the house and senate committees on agriculture.

6 § 690i. STATE-FEDERAL MEMORANDUM OF UNDERSTANDING

7 The commissioner is authorized to collaborate with the USDEA on the
8 development of a memorandum of understanding between the Vermont
9 department of agriculture, food and markets and the USDEA regarding the
10 implementation of this act. One objective of the memorandum of
11 understanding which the commissioner shall seek to achieve, is an expeditious
12 process for obtaining federal licensing of individual hemp growers, of the
13 commissioner as an importer of hemp seed, and of the University of Vermont
14 as a hemp producer for research purposes.

15 § 690j. REPORT

16 The commissioner shall by January 15 of each year report to the house and
17 senate committees on agriculture on implementation of this chapter and on the
18 commercialization of industrial hemp in this state and elsewhere in the world,
19 and recommend any changes to this chapter deemed appropriate.

20 Sec. 2. EFFECTIVE DATE

21 This act shall take effect on passage.