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S.169

Introduced by Senator MacDonald of Orange County, Senator Dunne of  
Windsor County, Senator Maynard of Rutland County and  
Senator White of Windham 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.

1     § 690a. DEFINITIONS

2         As used in this chapter:

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

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

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

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

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

1           (6) “Tetrahydrocannabinol” or “THC” means synthetic equivalents of  
2           the substances contained in the plant, or in the resinous extractives of cannabis,  
3           or synthetic substances, derivatives, and their isomers with similar chemical  
4           structure and pharmacological activity.

5           (7) “USDEA” means the Drug Enforcement Administration of the  
6           United States Department of Justice.

7           § 690b. INDUSTRIAL HEMP: AN AGRICULTURAL PRODUCT

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

11          § 690c. LICENSING; APPLICATION

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

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

1        (c) To qualify for a license from the commissioner, an applicant shall  
2        demonstrate to the satisfaction of the commissioner, in a manner prescribed by  
3        the commissioner, that the applicant intends to grow and is capable of growing  
4        industrial hemp and has adopted methods to ensure its safe production, which  
5        at a minimum shall include:

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

10           (2) Furnishing the commissioner with a guaranteed irrevocable letter of  
11           credit or a surety bond executed by a surety company authorized to transact  
12           business in this state, in the sum of not less than \$2,000.00, obtained for the  
13           sole benefit of any person suffering loss or damage from violations of this  
14           chapter, or of the state of Vermont to cover the cost of destroying any  
15           industrial hemp crop not in compliance with this chapter.

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

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

4           (6) Agreeing to the provisions of subsections 690e(b) and (c) of this title  
5           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's 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 of  
7        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, 2004 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.