

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Agriculture to which was referred Senate Bill No. 58
3 entitled “An act relating to the State hemp program” respectfully reports that it
4 has considered the same and recommends that the House propose to the Senate
5 that the bill be amended by striking out all after the enacting clause and
6 inserting in lieu thereof the following:

7 Sec. 1. 6 V.S.A. chapter 34 is amended to read:

8 CHAPTER 34. HEMP

9 § 561. FINDINGS; INTENT

10 (a) Findings.

11 * * *

12 (5) ~~The federal Agricultural Act of 2014, Pub. L. No. 113-79 authorized~~
13 Section 10113 of the Agriculture Improvement Act of 2018, Pub. L. No. 115-
14 334 authorizes the growing, cultivation, and marketing of industrial hemp;
15 ~~notwithstanding restrictions under the federal Controlled Substances Act, if~~
16 ~~certain criteria are satisfied~~ under a U.S. Department of Agriculture approved
17 State program.

18 (b) Purpose. The intent of this chapter is to establish policy and procedures
19 for growing, processing, testing, and marketing hemp and hemp products in
20 Vermont that comply with federal law so that farmers and other businesses in

1 the Vermont agricultural industry can take advantage of this market
2 opportunity.

3 § 562. DEFINITIONS

4 As used in this chapter:

5 (1) “Agency” means the Agency of Agriculture, Food and Markets.

6 (2)(A) “Grow” means:

7 (i) planting, cultivating, harvesting, or drying of hemp; and

8 (ii) selling, storing, and transporting hemp grown by a grower.

9 (B) “Grow” may be used interchangeably with the word “produce.”

10 (3) “Grower” means a person who is registered with the Agency to
11 produce hemp crops.

12 (4) “Hemp products” or “hemp-infused products” means all products
13 made from hemp with the federally defined tetrahydrocannabinol
14 concentration level for hemp derived from, or made by, processing hemp
15 plants or plant parts, that are prepared in a form available for commercial sale,
16 including cosmetics, personal care products, food intended for animal or
17 human consumption, cloth, cordage, fiber, ~~food~~, fuel, paint, paper, construction
18 materials, plastics, ~~seed, seed meal, seed oil, and certified seed for cultivation~~
19 and any product containing one or more hemp-derived cannabinoids, such as
20 cannabidiol.

1 ~~(3)~~(5) “Hemp” or “industrial hemp” means the plant Cannabis sativa L.
2 and any part of the plant, ~~whether growing or not, with a delta-9~~
3 ~~tetrahydrocannabinol concentration of not more than 0.3 percent on a dry~~
4 ~~weight basis~~ including the seeds and all derivatives, extracts, cannabinoids,
5 acids, salts, isomers, and salts of isomers, whether growing or not, with the
6 federally defined tetrahydrocannabinol concentration level of hemp. “Hemp”
7 shall be considered an agricultural commodity.

8 (6) “Process” means the storing, drying, trimming, handling,
9 compounding, or converting of a hemp crop by a processor for a single grower
10 or multiple growers into hemp products or hemp-infused products. “Process”
11 includes transporting, aggregating, or packaging hemp from a single grower or
12 multiple growers.

13 (7) “Processor” means a person who is registered with the Agency to
14 process hemp crops. A retail establishment selling hemp products or hemp-
15 infused products is not a processor.

16 ~~(4)~~(8) “Secretary” means the Secretary of Agriculture, Food and
17 Markets.

18 § 563. HEMP; AN AGRICULTURAL PRODUCT

19 Industrial hemp is an agricultural product that may be grown as a crop
20 produced, possessed, marketed, and commercially traded in Vermont pursuant
21 to the provisions of this chapter and section 10113 of the Agriculture

1 Improvement Act of 2018, Pub. L. No. 115-334. The cultivation of industrial
2 hemp shall be subject to and comply with the required agricultural practices
3 adopted under section 4810 of this title.

4 § 564. STATE HEMP PROGRAM; REGISTRATION; APPLICATION;
5 ADMINISTRATION; PILOT PROJECT

6 (a) ~~The Secretary shall establish a pilot program to research the growth,~~
7 ~~cultivation, and marketing of industrial hemp. Under the pilot program, the~~
8 ~~Secretary shall register persons who will participate in the pilot program~~
9 ~~through growing or cultivating industrial hemp. The Secretary shall certify the~~
10 ~~site where industrial hemp will be cultivated by each person registered under~~
11 ~~this chapter. A person who intends to participate in the pilot program and~~
12 ~~grow industrial hemp shall register with the Secretary and submit on a form~~
13 ~~provided by the Secretary the following:~~

14 (1) ~~the name and address of the person;~~

15 (2) ~~a statement that the seeds obtained for planting are of a type and~~
16 ~~variety that do not exceed the maximum concentration of tetrahydrocannabinol~~
17 ~~set forth in subdivision 562(3) of this title; and~~

18 (3) ~~the location and acreage of all parcels sown and other field reference~~
19 ~~information as may be required by the Secretary.~~

20 (b) ~~The form provided by the Secretary pursuant to subsection (a) of this~~
21 ~~section shall include a notice statement that:~~

1 ~~(1) cultivation and possession of industrial hemp in Vermont is a~~
2 ~~violation of the federal Controlled Substances Act unless the industrial hemp is~~
3 ~~grown, cultivated, or marketed under a pilot program authorized by section~~
4 ~~7606 of the federal Agricultural Act of 2014, Pub. L. No. 113-79;~~

5 ~~(2) federal prosecution for growing hemp in violation of federal law~~
6 ~~may include criminal penalties, forfeiture of property, and loss of access to~~
7 ~~federal agricultural benefits, including agricultural loans, conservation~~
8 ~~programs, and insurance programs; and~~

9 ~~(3) registrants may purchase or import hemp genetics from any state that~~
10 ~~complies with federal requirements for the cultivation of industrial hemp.~~

11 ~~(c) A person registered with the Secretary pursuant to this section shall~~
12 ~~allow industrial hemp crops, throughout sowing, growing season, harvest,~~
13 ~~storage, and processing, to be inspected and tested by and at the discretion of~~
14 ~~the Secretary or designee. The Secretary shall retain tests and inspection~~
15 ~~information collected under this section for the purposes of research of the~~
16 ~~growth and cultivation of industrial hemp.~~

17 ~~(d) The Secretary may assess an annual registration fee of \$25.00 for the~~
18 ~~performance of his or her duties under this chapter The Secretary shall~~
19 ~~establish and administer a State Hemp Program to regulate the growing,~~
20 ~~processing, testing, and marketing of industrial hemp and hemp products in the~~
21 ~~State.~~

1 (b)(1) A person shall register annually with the Secretary as part of the
2 State Hemp Program in order to grow, process, or test hemp or hemp products
3 in the State. A person shall apply for registration or renewal of a registration
4 on a form provided by the Secretary. The application shall be accompanied by
5 the fee required under section 569 of this title. The application or renewal
6 form shall include:

7 (A) the name and address of the person applying for or renewing a
8 registration;

9 (B) whether the person is applying to grow, process, or test hemp or
10 hemp products;

11 (C) for a person applying as a grower:

12 (i) the location and acreage of all parcels where hemp will be
13 grown;

14 (ii) a statement that the seeds obtained for planting are of a type
15 and variety that do not exceed the federally defined tetrahydrocannabinol
16 concentration level of hemp;

17 (D) for a person applying as a processor, the location of the
18 processing site;

19 (E) for a person applying to test hemp or hemp products, the location
20 of the site where testing will occur and any proof of certification required by
21 the Secretary; and

1 (F) any additional information that the Secretary may require by rule.

2 (2) The Secretary may verify the information provided in the application
3 or renewal form under subdivision (1) of this subsection and on any maps
4 accompanying the application or renewal form and may request additional
5 information in order to perform a review of an application for registration or
6 renewal.

7 (c) The Secretary may deny an application for registration or renewal if the
8 applicant:

9 (1) does not provide all the information requested on the application or
10 renewal form;

11 (2) fails to submit the fee required under section 569 of this title;

12 (3) fails to submit additional information requested by the Secretary
13 under subsection (a) of this section; or

14 (4) does not, as determined by the Secretary, satisfy the requirements of
15 section 10113 of the Agriculture Improvement Act of 2018, Pub. L. No. 115-
16 334 for participation in the Program.

17 (d) A person registered under this section may purchase or import hemp
18 genetics from any state that complies with the federal requirements for the
19 cultivation of industrial hemp.

20 (e) A person registered with the Secretary under this section to grow,
21 process, or test hemp crops or hemp products, shall allow the Secretary to

1 inspect hemp crops, processing sites, or laboratories registered under the State
2 Hemp Program. The Secretary shall retain tests and inspection information
3 collected under this section for the purposes of research of the growth and
4 cultivation of industrial hemp.

5 (f) The name and general location of a person registered under this section
6 shall be available for inspection and copying under the Public Records Act,
7 provided that all records produced or acquired by the Agency of Agriculture,
8 Food and Markets related to the location of parcels where hemp will be grown,
9 including coordinates, maps, and parcel identifiers, shall be confidential and
10 shall not be disclosed for inspection and copying under the Public Records Act.

11 § 566. RULEMAKING AUTHORITY

12 (a) The Secretary may adopt rules to provide for the implementation of this
13 chapter and the ~~pilot project~~ program authorized under this chapter, which may
14 include rules to:

15 (1) require hemp to be tested during growth for tetrahydrocannabinol
16 levels;

17 (2) authorize or specify the method or methods of testing hemp,
18 including, where appropriate, the ratio of cannabidiol to tetrahydrocannabinol
19 levels or a taxonomic determination using genetic testing; and

20 (3) ~~to~~ require inspection and supervision of hemp during sowing,
21 growing season, harvest, storage, and processing. ~~The Secretary shall not~~

1 ~~adopt under this or any other section a rule that would prohibit a person to~~
2 ~~grow hemp based on the legal status of hemp under federal law.; and~~

3 (4) require labels or label information for hemp products in order to
4 provide consumers with product content or source information or to conform
5 with federal requirements.

6 (b) The Secretary shall adopt rules establishing how the Agency of
7 Agriculture, Food and Markets will conduct research within the ~~pilot~~ program
8 for industrial hemp.

9 (c) The Secretary shall adopt rules establishing requirements for the
10 registration of processors of hemp and hemp-infused products.

11 * * *

12 § 569. REGISTRATION FEES

13 (a) A person applying for a registration or renewal under section 564 of this
14 title annually shall pay the following fees:

15 (1) for an application to grow less than 0.5 acres of hemp for personal
16 use: \$25.00;

17 (2) for an application or renewal of registration to grow or process hemp
18 seed for food oil production, grain crop, fiber, or textile: \$100.00;

19 (3) except as provided for in subdivision (4) of this subsection, for an
20 application or renewal of registration to grow, process, or grow and process
21 hemp commercially for floral material production, viable seed, or

1 cannabinoids, including cannabidiolic acid (CBDA), cannabidiol (CBD),
2 cannabinol (CBN), cannabigerol (CBG), cannabichromene (CBC), or
3 tetrahydrocannabivarin (THCV), the following fee based on the greater of the
4 number of acres planted or the weight of hemp or viable seed processed:

5	<u>Acres of Hemp Grown or</u>	<u>Fee</u>
6	<u>Pounds of Hemp Processed or</u>	
7	<u>Viable Seed Cultivated</u>	
8	<u>Annually for Floral Material or</u>	
9	<u>Cannabinoids</u>	
10	<u>Less than 0.5 acres or less than 500 pounds</u>	<u>\$100.00</u>
11	<u>0.5 to 9.9 acres or less than 10,000 pounds</u>	<u>\$500.00</u>
12	<u>10 to 50 acres or less than 50,000 pounds</u>	<u>\$1,000.00</u>
13	<u>Greater than 50 acres or greater than</u>	
14	<u>50,000 pounds</u>	<u>\$3,000.00</u>

15 (4) for an application or renewal of registration to operate exclusively
16 within an indoor facility in order to grow, process, or grow and process hemp
17 commercially for floral material production, viable seed, or cannabinoids,
18 including cannabidiolic acid (CBDA), cannabidiol (CBD), cannabinol (CBN),
19 cannabigerol (CBG), cannabichromene (CBC), or tetrahydrocannabivarin
20 (THCV): \$2,000.00; and

1 (5) for an application or renewal of registration as a laboratory certified
2 to conduct testing of hemp and hemp products as part of the Agency’s cannabis
3 control program: \$1,500.00.

4 (b) A person registered to grow, process, or grow and process hemp for
5 floral material production, viable seed, or cannabinoids shall not grow more
6 acres of hemp per year than the amount identified in a registration without first
7 notifying the Secretary and paying an additional registration fee if necessary
8 under subsection (a) of this section.

9 § 570. STATE HEMP PROGRAM SPECIAL FUND

10 (a) There is created the State Hemp Program Special Fund to be
11 administered by the Secretary of Agriculture, Food and Markets. The Fund
12 shall consist of:

13 (1) appropriations or revenues dedicated for deposit into the Fund by the
14 General Assembly;

15 (2) registration fees collected under this chapter; and

16 (3) gifts, donations, or other funds received from any source, public or
17 private, dedicated for deposit into the Fund and approved by the Secretary of
18 Administration.

19 (b) The Secretary of Agriculture, Food and Markets may use monies
20 deposited in the Fund for the costs of personnel, program administration,
21 testing, and other costs incurred by the Agency of Agriculture, Food and

1 Markets in administration and implementation of the requirements of this
2 chapter and in conducting industrial hemp research under this chapter.

3 (c) Notwithstanding the requirements of 32 V.S.A. § 588(3), interest earned
4 by the Fund shall be retained in the Fund from year to year.

5 Sec. 2. TRANSITION; COLLECTION OF REGISTRATION FEE

6 Beginning on January 1, 2020, the Secretary of Agriculture, Food and
7 Markets shall initiate collection under 6 V.S.A. § 569 of the registration fees to
8 grow hemp, process hemp, grow and process hemp, or operate a certified
9 laboratory to test hemp in the State. Prior to January 1, 2020, the Secretary of
10 Agriculture, Food and Markets shall collect a registration fee of \$25.00 for any
11 registration under 6 V.S.A. chapter 34 (State Hemp Program).

12 Sec. 3. 20 V.S.A. § 2730 is amended to read:

13 § 2730. DEFINITIONS

14 (a) As used in this subchapter, “public building” means:

15 (1)(A) a building owned or occupied by a public utility, hospital, school,
16 house of worship, convalescent center or home for elders or persons who have
17 an infirmity or a disability, nursery, kindergarten, or child care;

18 (B) a building in which two or more persons are employed, or
19 occasionally enter as part of their employment or are entertained, including
20 private clubs and societies;

21 (C) a cooperative or condominium;

1 (D) a building in which people rent accommodations, whether
2 overnight or for a longer term;

3 (E) a restaurant, retail outlet, office or office building, hotel, tent, or
4 other structure for public assembly, including outdoor assembly, such as a
5 grandstand;

6 (F) a building owned or occupied by the State of Vermont, a county,
7 a municipality, a village, or any public entity, including a school or fire
8 district; or

9 (G)(i) a building in which two or more persons are employed, or
10 occasionally enter as part of their employment, and where the associated
11 extraction of plant botanicals utilizing flammable, volatile, or otherwise
12 unstable liquids, pressurized gases, or other substances capable of combusting
13 or whose properties would readily support combustion or pose a deflagration
14 hazard.

15 (ii) Notwithstanding subdivision (b)(3) of this section, a building
16 on a working farm or farms that meets the criteria of subdivision (G)(i) of this
17 subsection is a “public building.”

18 (2) Use of any portion of a building in a manner described in this
19 subsection shall make the entire building a “public building” for purposes of
20 this subsection. For purposes of this subsection, a “person” does not include

1 an individual who is directly related to the employer and who resides in the
2 employment-related building.

3 (b) The term “public building” does not include:

4 * * *

5 (3) Farm buildings on a working farm or farms. For purposes of this
6 subchapter and subchapter 3 of this chapter, the term “working farm or farms”
7 means farms with fewer than the equivalent of 10 full-time employees who are
8 not family members and who do not work more than 26 weeks a year. In
9 addition, the term means a farm or farms:

10 (A) Whose owner is actively engaged in farming.

11 (B) If the farm or farms are owned by a partnership or a corporation,
12 one that includes at least one partner or principal of the corporation who is
13 actively engaged in farming.

14 (C) Where the farm or farms are leased, the lessee is actively
15 engaged in farming. The term “farming” means:

16 (i) the cultivation or other use of land for growing food, fiber,
17 Christmas trees, maple sap, or horticultural and orchard crops;

18 (ii) the raising, feeding, or management of livestock, poultry,
19 equines, fish, or bees;

20 (iii) the production of maple syrup;

21 (iv) the operation of greenhouses;

1 (v) the on-site storage, preparation, and sale of agricultural
2 products principally produced on the farm. Notwithstanding this definition of
3 farming, housing provided to farm employees other than family members shall
4 be treated as rental housing and shall be subject to the provisions of this
5 chapter. In addition, any farm building that is open for public tours and for
6 which a fee is charged for those tours shall be considered a public building.

7 (4) A single family residence with an accessory dwelling unit as
8 permitted under 24 V.S.A. § 4406(4)(D).

9 * * *

10 Sec. 4. POSITIONS; STATE HEMP PROGRAM

11 The establishment of the following new classified, full-time positions is
12 authorized in fiscal year 2020 for purposes of implementing and administering
13 the State Hemp Program under 6 V.S.A. chapter 34:

14 (1) In the Agency of Agriculture, Food and Markets—attorney counsel
15 position.

16 (2) In the Agency of Agriculture, Food and Markets—laboratory and
17 certification analyst.

18 (3) In the Agency of Agriculture, Food and Markets—enforcement
19 specialist.

20 Sec. 5. EFFECTIVE DATE

21 This act shall take effect on passage.

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7 (Committee vote: _____)

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Representative _____

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FOR THE COMMITTEE