First Regular Session Sixty-ninth General Assembly STATE OF COLORADO

REENGROSSED

This Version Includes All Amendments Adopted in the House of Introduction SENATE BILL 13-241

LLS NO. 13-0775.01 Christy Chase x2008

SENATE SPONSORSHIP

Schwartz and Crowder, Nicholson, Ulibarri

HOUSE SPONSORSHIP

Coram and Fischer,

Senate Committees Agriculture, Natural Resources, & Energy Appropriations

House Committees

A BILL FOR AN ACT

- 101 CONCERNING THE CREATION OF A PROGRAM IN THE DEPARTMENT OF
- 102 AGRICULTURE TO REGULATE INDUSTRIAL HEMP <u>PRODUCTION</u>,
- 103 AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at http://www.leg.state.co.us/billsummaries.)

The bill repeals the industrial hemp remediation pilot program in the department of public health and environment, enacted by House Bill 12-1099, and replaces the pilot program with a program in the department of agriculture (department) that requires a person seeking to engage in SENATE 3rd Reading Unamended April 19, 2013

Amended 2nd Reading

SENATE

April 18, 2013

industrial hemp cultivation for commercial purposes or to grow industrial hemp for research and development purposes to register with the department. The bill renames the industrial hemp remediation pilot program committee, established pursuant to House Bill 12-1099, as the industrial hemp committee, specifies the qualifications and terms of office of members serving on the committee, and tasks the committee with assisting the department and the commissioner of agriculture (commissioner) in the development of the registration program.

The commissioner is authorized to collect fees from registration applicants to cover the costs of the program. Each registrant authorized to cultivate industrial hemp for commercial purposes must submit reports to the department certifying that the crop it plants complies with the delta-9 THC limits, as well as documenting that the registrant has a purchase agreement with an in-state industrial hemp processor.

The commissioner is to develop rules requiring registrants to submit crop samplings for testing and verification of delta-9 THC levels and establishing a process for waiving delta-9 THC limits.

Upon finding that a registrant violated the requirements of the program, the commissioner may impose a civil penalty on the registrant or deny, revoke, or suspend the registration.

The registration program repeals upon the enactment of federal legislation establishing a federal regulatory system for industrial hemp and the economic and financial viability of the industrial hemp industry, as determined by the commissioner in consultation with the industrial hemp committee.

1	Be it enacted by the General Assembly of the State of Colorado:
2	SECTION 1. In Colorado Revised Statutes, add with amended
3	and relocated provisions article 61 to title 35 as follows:
4	ARTICLE 61
5	Industrial Hemp Regulatory Program
6	35-61-101. Definitions. As used in this article, unless the
7	CONTEXT OTHERWISE REQUIRES:
8	(1) "COMMISSIONER" MEANS THE COMMISSIONER OF
9	AGRICULTURE.
10	(2) [Formerly 25-18.7-101 (1)] "Committee" means the industrial
11	hemp remediation pilot program committee established in section

 $1 \qquad \frac{25-18.7-103}{35-61-103} 35-61-103.$

2 (3) [Formerly 25-18.7-101 (5)] "DELTA-9 tetrahydrocannabinols"
3 has the same meaning AS "TETRAHYDROCANNABINOLS" AS set forth in
4 section 12-22-303 (32) 27-80-203 (24), C.R.S.

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(4) "DEPARTMENT" MEANS THE DEPARTMENT OF AGRICULTURE.

6 (5) [Formerly 25-18.7-101 (3)] "Industrial hemp" means any 7 variety of the A plant OF THE GENUS cannabis sativa L. AND ANY PART OF 8 THE PLANT, WHETHER GROWING OR NOT, containing A DELTA-9 9 TETRAHYDROCANNABINOL CONCENTRATION OF no more than three-tenths 10 of one percent of tetrahydrocannabinols, whether growing or not ON A 11 DRY WEIGHT BASIS.

35-61-102. [Formerly 25-18.7-102] Industrial hemp permitted growth by registered persons. (1) Growing and possessing
industrial hemp for the purposes of this article is permitted in this state
NOTWITHSTANDING ANY OTHER PROVISION OF LAW TO THE CONTRARY, A
PERSON WHO HOLDS A REGISTRATION ISSUED PURSUANT TO SECTION
35-61-104 MAY:

18 (a) ENGAGE IN INDUSTRIAL HEMP CULTIVATION FOR COMMERCIAL
19 PURPOSES; OR

20 (b) GROW INDUSTRIAL HEMP OUTDOORS ON NOT MORE THAN TEN
21 ACRES FOR RESEARCH AND DEVELOPMENT PURPOSES.

(2) Notwithstanding any other provision of law, an individual A
 PERSON REGISTERED PURSUANT TO SECTION 35-61-104 is not subject to
 any civil or criminal actions for growing industrial hemp or otherwise
 participating in the industrial hemp remediation pilot program ENGAGING
 IN THE ACTIVITIES DESCRIBED IN SUBSECTION (1) OF THIS SECTION if the
 individual's actions are PERSON IS ACTING in compliance with the pilot

1 program established in this article.

2 **35-61-103.** Industrial hemp committee - appointments - duties 3 - coordination with department. (1) (a) [Formerly 25-18.7-103 (1)] 4 THE INDUSTRIAL HEMP COMMITTEE IS HEREBY ESTABLISHED. The chair of the agriculture, livestock, and natural resources committee in the house 5 6 of representatives and the chair of the agriculture, natural resources, and 7 energy committee in the senate shall jointly appoint seven EIGHT members 8 to the industrial hemp remediation pilot program committee which is 9 hereby established AS FOLLOWS: 10 (I) ONE MEMBER WITH EXPERIENCE IN INDUSTRIAL HEMP 11 **REGULATION;** 12 (II) ONE MEMBER WHO IS A FARMER FROM A COOPERATIVE; 13 (III) ONE MEMBER WHO IS A COMMERCIAL FARMER; 14 (IV) ONE MEMBER WITH EXPERIENCE IN SEED DEVELOPMENT AND 15 GENETICS; 16 (V) ONE MEMBER REPRESENTING THE HEMP MANUFACTURING 17 INDUSTRY; 18 (VI) ONE MEMBER REPRESENTING SMALL HEMP BUSINESSES; 19 (VII) ONE MEMBER WHO IS A CITIZEN ADVOCATE FOR INDUSTRIAL 20 HEMP; AND 21 (VIII) ONE MEMBER WHO IS A REPRESENTATIVE FROM A RESEARCH 22 INSTITUTION OF HIGHER EDUCATION. 23 (b) THE TERM OF OFFICE OF MEMBERS OF THE COMMITTEE IS THREE 24 YEARS; EXCEPT THAT THE MEMBERS APPOINTED PURSUANT TO 25 SUBPARAGRAPHS (I), (V), (VI), AND (VII) OF PARAGRAPH (a) OF THIS 26 SUBSECTION (1) SHALL SERVE INITIAL TWO-YEAR TERMS TO ENSURE 27 STAGGERED TERMS OF OFFICE.

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(c) EACH COMMITTEE MEMBER HOLDS OFFICE UNTIL HIS OR HER
 TERM OF OFFICE EXPIRES OR UNTIL A SUCCESSOR IS DULY APPOINTED. IF A
 VACANCY OCCURS ON THE BOARD, THE APPOINTING AUTHORITIES SHALL
 APPOINT A NEW MEMBER MEETING THE QUALIFICATIONS OF THE MEMBER
 VACATING THE POSITION TO SERVE THE REMAINDER OF THE UNEXPIRED
 TERM OF THE MEMBER.

7 (d) MEMBERS OF THE COMMITTEE SHALL SERVE WITHOUT 8 COMPENSATION BUT ARE ENTITLED TO REIMBURSEMENT FOR ACTUAL AND 9 NECESSARY TRAVEL AND SUBSISTENCE EXPENSES INCURRED IN THE 10 PERFORMANCE OF THEIR OFFICIAL DUTIES AS MEMBERS OF THE 11 COMMITTEE.

12 (2) [Formerly 25-18.7-103 (2) (a)] The committee shall WORK 13 WITH THE DEPARTMENT TO establish an industrial hemp remediation pilot 14 REGISTRATION program referred to in this section as the "pilot program", 15 in order to determine how soils and water may be made more pristine and 16 healthy by phytoremediation, removal of contaminants, and rejuvenation 17 through the growth of industrial hemp. The committee shall choose a 18 secure, indoor growing site for the pilot program PURSUANT TO SECTION 19 35-61-104 UNDER WHICH A PERSON MAY OBTAIN AUTHORIZATION TO: 20 (a) ENGAGE IN INDUSTRIAL HEMP CULTIVATION ; OR

(b) GROW INDUSTRIAL HEMP OUTDOORS ON NOT MORE THAN TEN
ACRES FOR PURPOSES OF RESEARCH AND DEVELOPMENT.

(3) THE COMMITTEE SHALL ASSIST THE DEPARTMENT IN
DETERMINING THE QUALIFICATIONS AND OTHER CRITERIA A PERSON MUST
SATISFY TO QUALIFY FOR REGISTRATION UNDER THIS ARTICLE.

26 (4) THE COMMITTEE SHALL MEET AT LEAST ONCE A YEAR.

27 **35-61-104.** Registration - cultivation of industrial hemp -

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research and development growth - rules. (1) (a) A PERSON WISHING 1 2 TO ENGAGE IN INDUSTRIAL HEMP CULTIVATION FOR COMMERCIAL 3 PURPOSES OR TO GROW INDUSTRIAL HEMP FOR RESEARCH AND 4 DEVELOPMENT PURPOSES IN ANY GIVEN YEAR SHALL APPLY TO THE 5 DEPARTMENT FOR A REGISTRATION IN A FORM AND MANNER DETERMINED 6 BY THE COMMISSIONER, IN CONSULTATION WITH THE COMMITTEE, BY MAY 7 1 OF THE YEAR IN WHICH THE APPLICANT PLANS TO GROW INDUSTRIAL 8 HEMP FOR COMMERCIAL OR RESEARCH AND DEVELOPMENT PURPOSES. THE 9 APPLICATION MUST INCLUDE THE NAME AND ADDRESS OF THE APPLICANT 10 AND THE LEGAL DESCRIPTION, GLOBAL POSITIONING SYSTEM LOCATION, 11 AND MAP OF THE LAND AREA ON WHICH THE APPLICANT PLANS TO ENGAGE 12 IN INDUSTRIAL HEMP CULTIVATION OR RESEARCH AND DEVELOPMENT 13 GROWTH OPERATIONS. THE APPLICANT SHALL ALSO SUBMIT TO THE 14 DEPARTMENT THE FEE REQUIRED BY SECTION 35-61-106 (2).

15 (b) IF A PERSON REGISTERED UNDER THE INDUSTRIAL HEMP 16 REMEDIATION PILOT PROGRAM PRIOR TO THE EFFECTIVE DATE OF THIS 17 ARTICLE APPLIES FOR A REGISTRATION PURSUANT TO PARAGRAPH (a) OF 18 THIS SUBSECTION (1) WITHIN SIXTY DAYS AFTER THE APPLICATIONS ARE 19 MADE AVAILABLE, THE PERSON MAY CONTINUE TO ENGAGE IN INDUSTRIAL 20 HEMP ACTIVITIES AS AUTHORIZED UNDER THE PILOT PROGRAM UNTIL THE 21 COMMISSIONER MAKES A DETERMINATION ON THE PERSON'S APPLICATION. 22 (2) IF A PERSON APPLIES FOR REGISTRATION IN ACCORDANCE WITH 23 SUBSECTION (1) OF THIS SECTION AND THE COMMISSIONER DETERMINES 24 THAT THE PERSON HAS SATISFIED THE REQUIREMENTS FOR REGISTRATION 25 PURSUANT TO THIS ARTICLE, THE COMMISSIONER SHALL ISSUE A 26 REGISTRATION TO THE PERSON. A REGISTRATION AUTHORIZING 27 INDUSTRIAL HEMP RESEARCH AND DEVELOPMENT GROWTH MUST LIMIT

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1 THE INDUSTRIAL HEMP GROWTH AREA TO NOT MORE THAN TEN ACRES.

2 (3) A REGISTRATION ISSUED PURSUANT TO THIS SECTION IS VALID
3 FOR ONE YEAR. IN ORDER TO CONTINUE ENGAGING IN INDUSTRIAL HEMP
4 CULTIVATION OR RESEARCH AND DEVELOPMENT GROWTH OPERATIONS IN
5 THIS STATE, THE REGISTRANT MUST ANNUALLY APPLY FOR A
6 REGISTRATION IN ACCORDANCE WITH SUBSECTION (1) OF THIS SECTION.

7 (4) IF THE REGISTRANT WISHES TO ALTER THE LAND AREA ON
8 WHICH THE REGISTRANT WILL CONDUCT INDUSTRIAL HEMP CULTIVATION
9 OR RESEARCH AND DEVELOPMENT GROWTH OPERATIONS, BEFORE
10 ALTERING THE AREA, THE REGISTRANT SHALL SUBMIT TO THE
11 DEPARTMENT AN UPDATED LEGAL DESCRIPTION, GLOBAL POSITIONING
12 SYSTEM LOCATION, AND MAP SPECIFYING THE PROPOSED ALTERATIONS.

13 (5) THE COMMISSIONER SHALL ADOPT RULES BY MARCH 1, 2014,
14 AND AS NECESSARY THEREAFTER TO IMPLEMENT THE REGISTRATION
15 PROGRAM AND TO IMPLEMENT AND ADMINISTER THIS ARTICLE.

35-61-105. Report of growth and sales activities - verification
of crop content - testing - waiver of concentration limits - rules.
(1) AT LEAST ANNUALLY AND MORE OFTEN AS REQUIRED BY THE
COMMISSIONER, A PERSON WHO OBTAINS A REGISTRATION UNDER THIS
ARTICLE TO ENGAGE IN INDUSTRIAL HEMP CULTIVATION FOR COMMERCIAL
PURPOSES SHALL FILE WITH THE DEPARTMENT A REPORT THAT INCLUDES
THE FOLLOWING INFORMATION:

(a) PRIOR TO PLANTING, A VERIFICATION THAT THE CROP THE
REGISTRANT WILL PLANT IS OF A TYPE AND VARIETY OF HEMP THAT WILL
PRODUCE A DELTA-9 TETRAHYDROCANNABINOL CONCENTRATION OF NO
MORE THAN THREE-TENTHS OF ONE PERCENT ON A DRY WEIGHT BASIS;
(b) DOCUMENTATION DEMONSTRATING THAT THE REGISTRANT HAS

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1 ENTERED INTO A PURCHASE AGREEMENT WITH AN IN-STATE INDUSTRIAL

2 HEMP PROCESSOR; AND

3 (c) ANY OTHER INFORMATION REQUIRED BY THE COMMISSIONER
4 BY RULE.

5 (2) THE COMMISSIONER, IN CONSULTATION WITH THE COMMITTEE, 6 SHALL ADOPT RULES TO ESTABLISH A SYSTEM FOR REQUIRING 7 REGISTRANTS TO SUBMIT CROP SAMPLES TO AN APPROVED TESTING 8 FACILITY, AS DETERMINED BY THE COMMISSIONER, FOR TESTING AND 9 VERIFICATION OF COMPLIANCE WITH THE LIMITS ON DELTA-9 10 TETRAHYDROCANNABINOL CONCENTRATION. THE RULES SHALL ALSO 11 ESTABLISH A PROCESS BY WHICH A REGISTRANT MAY APPLY TO THE 12 COMMISSIONER FOR A WAIVER FROM THE DELTA-9 13 TETRAHYDROCANNABINOL CONCENTRATION LIMITS UNDER 14 CIRCUMSTANCES SPECIFIED IN THE RULES.

15 35-61-106. [Formerly 25-18.7-104] Industrial hemp 16 registration program cash fund - fees. (1) The committee is authorized 17 to seek and accept gifts, grants, or donations from private or public 18 sources for the purposes of this article; except that the committee shall not 19 accept a gift, grant, or donation that is subject to conditions that are 20 inconsistent with this article or any other law of the state. The committee 21 shall transmit all private and public moneys received through gifts, grants, 22 or donations to the state treasurer, who shall credit the same to THERE IS 23 HEREBY CREATED IN THE STATE TREASURY the INDUSTRIAL hemp 24 remediation pilot REGISTRATION program cash fund, which fund is hereby 25 created and referred to in this article as the "fund". THE FUND CONSISTS 26 OF FEES COLLECTED BY THE COMMISSIONER PURSUANT TO SUBSECTION (2) 27 OF THIS SECTION. The moneys in the fund are subject to annual

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appropriation by the general assembly to the department of public health
 and environment for appropriation to the committee for the direct and
 indirect costs associated with implementing this article.

4 (2) (a) In seeking or accepting a gift, grant, or donation, the 5 committee shall notify the legislative council staff when it has received 6 adequate funding through gifts, grants, or donations for the industrial 7 hemp remediation pilot program and shall include in the notification the 8 information specified in section 24-75-1303 (3), C.R.S. THE 9 COMMISSIONER SHALL COLLECT A FEE FROM PERSONS APPLYING FOR A 10 REGISTRATION PURSUANT TO THIS ARTICLE. THE COMMISSIONER SHALL 11 SET THE FEE BASED ON THE SIZE OF THE LAND AREA ON WHICH THE PERSON 12 WILL CONDUCT INDUSTRIAL HEMP OPERATIONS AND SHALL SET THE FEE AT 13 A LEVEL SUFFICIENT TO GENERATE THE AMOUNT OF MONEYS NECESSARY 14 TO COVER THE DEPARTMENT'S DIRECT AND INDIRECT COSTS IN 15 IMPLEMENTING THIS ARTICLE. THE COMMISSIONER SHALL TRANSMIT THE 16 FEES COLLECTED PURSUANT TO THIS SECTION TO THE STATE TREASURER 17 FOR DEPOSIT IN THE FUND.

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(b) This subsection (2) is repealed, effective July 1, 2015.

19 35-61-107. Violations - penalties. (1) THE COMMISSIONER MAY
20 DENY, REVOKE, OR SUSPEND A REGISTRATION IF THE APPLICANT OR
21 REGISTRANT:

(a) VIOLATES ANY PROVISION OF THIS ARTICLE OR RULES ADOPTED
 PURSUANT TO THIS ARTICLE;

(b) ENGAGES IN FRAUD OR DECEPTION IN THE PROCUREMENT OR
ATTEMPT TO PROCURE A REGISTRATION UNDER THIS ARTICLE OR PROVIDES
FALSE INFORMATION ON A REGISTRATION APPLICATION; OR

27 (c) FAILS TO COMPLY WITH ANY LAWFUL ORDER OF THE

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1 COMMISSIONER.

2 (2) THE COMMISSIONER MAY IMPOSE A CIVIL PENALTY, NOT TO
3 EXCEED TWO THOUSAND FIVE HUNDRED DOLLARS PER VIOLATION, ON ANY
4 PERSON WHO VIOLATES THIS ARTICLE OR ANY RULE ADOPTED UNDER THIS
5 ARTICLE.

6 (3) THE COMMISSIONER SHALL NOT IMPOSE A PENALTY AGAINST A
7 PERSON ALLEGED TO HAVE VIOLATED THIS ARTICLE OR A RULE ADOPTED
8 UNDER THIS ARTICLE UNTIL THE COMMISSIONER HAS NOTIFIED THE PERSON
9 OF THE CHARGE AND HAS GIVEN THE PERSON AN OPPORTUNITY FOR A
10 HEARING PURSUANT TO ARTICLE 4 OF TITLE 24, C.R.S.

(4) IF THE COMMISSIONER IS UNABLE TO COLLECT A CIVIL PENALTY
OR IF A PERSON FAILS TO PAY ALL OR A PORTION OF A CIVIL PENALTY
IMPOSED PURSUANT TO THIS SECTION, THE COMMISSIONER MAY BRING AN
ACTION IN A COURT OF COMPETENT JURISDICTION TO RECOVER THE CIVIL
PENALTY PLUS ATTORNEY FEES AND COSTS.

16 35-61-108. Exportation of industrial hemp. Nothing in this
17 ARTICLE LIMITS OR PRECLUDES THE EXPORTATION OF INDUSTRIAL HEMP IN
18 ACCORDANCE WITH THE FEDERAL "CONTROLLED SUBSTANCES ACT", AS
19 AMENDED, 21 U.S.C. SEC. 801 ET SEQ., FEDERAL REGULATIONS ADOPTED
20 UNDER THE ACT, AND CASE LAW INTERPRETING THE ACT.

35-61-109. [Formerly 25-18.7-105] Repeal of article. (1) This
article is repealed effective July 1, 2022. IF ONE OF THE FOLLOWING
OCCURS:

(a) THE UNITED STATES CONGRESS ENACTS, THE PRESIDENT SIGNS,
AND THE FEDERAL GOVERNMENT IMPLEMENTS FEDERAL LAW
AUTHORIZING THE UNITED STATES DEPARTMENT OF AGRICULTURE TO
REGULATE THE CULTIVATION AND RESEARCH AND DEVELOPMENT OF

1 INDUSTRIAL HEMP; OR

2 (b) THE COMMISSIONER DETERMINES, IN CONSULTATION WITH THE 3 COMMITTEE, THAT INDUSTRIAL HEMP, AS A COMMODITY IN THE MARKET, 4 IS FINANCIALLY AND ECONOMICALLY STABLE, AND STATE REGULATION OF 5 INDUSTRIAL HEMP CULTIVATION IS NO LONGER NECESSARY. 6 (2)UPON THE OCCURRENCE OF ONE OF THE CONDITIONS 7 DESCRIBED IN SUBSECTION (1) OF THIS SECTION, THE COMMISSIONER SHALL 8 NOTIFY THE REVISOR OF STATUTES, IN WRITING, THAT ONE OF THE 9 CONDITIONS HAS OCCURRED. 10 **SECTION 2.** Repeal of relocated and nonrelocated provisions 11 in this act. In Colorado Revised Statutes, repeal article 18.7 of title 25; 12 except that 25-18.7-101 (2) and (4) and 25-18.7-103 (2) (b) and (2) (c) are 13 not relocated. **SECTION 3.** Appropriation. (1) In addition to any other 14 15 appropriation, there is hereby appropriated, out of any moneys in the 16 general fund, not otherwise appropriated, to the department of agriculture, 17 for the fiscal year beginning July 1, 2013, the sum of \$21,205, or so much 18 thereof as may be necessary, to be allocated for the implementation of this 19 act as follows: 20 (a) \$7,300 for personal services and operating expenditures; 21 (b) \$13,905 for the purchase of legal services. (2) In addition to any other appropriation, there is hereby 22 23 appropriated to the department of law, for the fiscal year beginning July 24 1, 2013, the sum of \$13,905, or so much thereof as may be necessary, for the provision of legal services for the department of agriculture related to 25 26 the implementation of this act. Said sum is from reappropriated funds

27 received from the department of agriculture out of the appropriation made

- 1 <u>in paragraph (b) of subsection (1) of this section.</u>
- 2 SECTION <u>4.</u> Safety clause. The general assembly hereby finds,
- 3 determines, and declares that this act is necessary for the immediate
- 4 preservation of the public peace, health, and safety.