

Second Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO

REVISED

*This Version Includes All Amendments Adopted
on Second Reading in the Second House*

LLS NO. 14-0941.01 Kristen Forrestal x4217

SENATE BILL 14-184

SENATE SPONSORSHIP

Schwartz,

HOUSE SPONSORSHIP

Coram,

Senate Committees
Local Government

House Committees
Local Government

A BILL FOR AN ACT

101 CONCERNING OVERSIGHT OF THE INDUSTRIAL HEMP PROGRAM.

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>.)

Current law limits a person who holds a registration to grow industrial hemp for research and development purposes to growth outdoors and on not more than 10 acres. The bill removes these limitations. The bill also changes the time period during which a person who wishes to grow industrial hemp may apply to the department of agriculture (department) from May first of the year in which the person wishes to grow hemp to prior to planting.

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
*Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

HOUSE
Amended 2nd Reading
May 2, 2014

SENATE
3rd Reading Unamended
April 23, 2014

SENATE
Amended 2nd Reading
April 22, 2014

The bill requires the department to test at least 80% of the hemp crop in the industrial hemp registration program. The bill allows the general assembly to make general fund appropriations to support the program.

The bill exempts state-accredited research institutions that are engaged in research and development from the industrial hemp testing program. The bill allows a research and development registrant to use or destroy hemp that exceeds delta-9 tetrahydrocannabinol concentration limits established by the department in a manner approved and verified by the department.

The bill requires the department to administer an industrial hemp grant program that is funded through registration fees and moneys from the medical marijuana cash fund. The grants allow state institutions of higher education to conduct the research. The bill creates the industrial hemp research grant program fund.

The bill allows a person to process, sell, and distribute hemp cultivated by a registered person or to sell hemp products produced from the hemp.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **amend** 35-61-101 as
3 follows:

4 **35-61-101. Definitions.** As used in this article, unless the context
5 otherwise requires:

6 (1) "CERTIFIED SEED" MEANS INDUSTRIAL HEMP SEED, INCLUDING
7 COLORADO HERITAGE CANNABIS SEED, THAT HAS BEEN CERTIFIED BY AN
8 ORGANIZATION RECOGNIZED BY THE DEPARTMENT AS HAVING NO MORE
9 THAN A THREE-TENTHS OF ONE PERCENT OF DELTA-9
10 TETRAHYDROCANNIBINOL CONCENTRATION ON A DRY-WEIGHT BASIS.

11 (2) "COLORADO HERITAGE CANNABIS SEED" MEANS SEED FROM
12 THE PLANT CANNABIS SATIVA THAT POSSESSES CHARACTERISTICS OF A
13 UNIQUE AND SPECIALIZED CANNABIS SEED VARIETY THAT IS PRESENT IN
14 COLORADO OR HAS BEEN RECOGNIZED AS PRODUCED IN COLORADO.

15 (†) (3) "Commissioner" means the commissioner of agriculture.

1 (2) (4) "Committee" means the industrial hemp committee
2 established in section 35-61-103.

3 (3) (5) "Delta-9 tetrahydrocannabinols" has the same meaning as
4 "tetrahydrocannabinols" as set forth in section 27-80-203 (24), C.R.S.

5 (4) (6) "Department" means the department of agriculture.

6 (5) (7) "Industrial hemp" means a plant of the genus cannabis and
7 any part of the plant, whether growing or not, containing a delta-9
8 tetrahydrocannabinol concentration of no more than three-tenths of one
9 percent on a dry weight basis.

10 **SECTION 2.** In Colorado Revised Statutes, 35-61-102, **amend**
11 (1) as follows:

12 **35-61-102. Industrial hemp - permitted growth by registered**
13 **persons.** (1) Notwithstanding any other provision of law to the contrary,
14 a person who holds a registration issued pursuant to section 35-61-104
15 may:

16 (a) Engage in industrial hemp cultivation for commercial
17 purposes; or

18 (b) Grow industrial hemp ~~outdoors on not more than ten acres~~ for
19 research and development purposes.

20 **SECTION 3.** In Colorado Revised Statutes, 35-61-103, **amend**
21 (2) introductory portion, (2) (b), and (3) as follows:

22 **35-61-103. Industrial hemp committee - appointments - duties**
23 **- coordination with department.** (2) The committee shall work with the
24 department to establish an industrial hemp registration program AND A
25 SEED CERTIFICATION PROGRAM pursuant to section 35-61-104, under
26 which a person may obtain authorization to:

27 (b) Grow industrial hemp ~~outdoors on not more than ten acres~~ for

1 purposes of research and development.

2 (3) The committee shall assist the department in determining the
3 qualifications and other criteria a person must satisfy to qualify for
4 registration under this article. THE COMMITTEE SHALL ASSIST THE
5 DEPARTMENT IN THE DEVELOPMENT OF A SEED CERTIFICATION PROGRAM.

6 **SECTION 4.** In Colorado Revised Statutes, 35-61-104, **amend**
7 (1) (a) and (2) as follows:

8 **35-61-104. Registration - cultivation of industrial hemp -**
9 **research and development growth - rules.** (1) (a) A person wishing to
10 engage in industrial hemp cultivation for commercial purposes or to grow
11 industrial hemp for research and development purposes ~~in any given year~~
12 shall apply to the department for a registration in a form and manner
13 determined by the commissioner, in consultation with the committee, ~~by~~
14 ~~May 1 of the year in which the applicant plans to grow~~ PRIOR TO
15 PLANTING THE industrial hemp for commercial or research and
16 development purposes. The application must include the name and
17 address of the applicant and the legal description, global positioning
18 system location, and map of the land area on which the applicant plans to
19 engage in industrial hemp cultivation or research and development
20 growth operations. The applicant shall also submit to the department the
21 fee required by section 35-61-106 (2). APPLICATION FOR REGISTRATION
22 PURSUANT TO THIS SECTION IS A MATTER OF STATEWIDE CONCERN.

23 (2) If a person applies for registration in accordance with
24 subsection (1) of this section and the commissioner determines that the
25 person has satisfied the requirements for registration pursuant to this
26 article, the commissioner shall issue a registration to the person. ~~A~~
27 ~~registration authorizing industrial hemp research and development growth~~

1 ~~must limit the industrial hemp growth area to not more than ten acres.~~

2 **SECTION 5.** In Colorado Revised Statutes, **add** 35-61-104.5 as
3 follows:

4 **35-61-104.5. Research - fees.** (1) (a) THE DEPARTMENT SHALL
5 ADMINISTER AN INDUSTRIAL HEMP GRANT RESEARCH PROGRAM SO THAT
6 STATE INSTITUTIONS OF HIGHER EDUCATION MAY CONDUCT RESEARCH TO
7 DEVELOP OR RECREATE STRAINS OF INDUSTRIAL HEMP BEST SUITED FOR
8 INDUSTRIAL APPLICATIONS. THE PURPOSE OF THE RESEARCH MAY INCLUDE
9 GROWING INDUSTRIAL HEMP TO PROVIDE BREEDING STRAINS TO AID
10 COLORADO'S INDUSTRIAL HEMP PROGRAM AND TO CREATE COLORADO
11 STRAINS OF INDUSTRIAL HEMP.

12 (b) AN INSTITUTION OF HIGHER EDUCATION THAT CONDUCTS
13 INDUSTRIAL HEMP SEED RESEARCH MAY ACCEPT SEED VARIETIES THAT ARE
14 APPROVED BY THE COMMITTEE OR THE DEPARTMENT. THE INSTITUTION OF
15 HIGHER EDUCATION MAY WORK WITH PRIVATE HEMP DEVELOPERS AND
16 OTHER STAKEHOLDERS TO DEVELOP A COLORADO HERITAGE SEED.

17 (2) IN ADDITION TO THE FEES COLLECTED PURSUANT TO SECTION
18 35-61-106, THE COMMISSIONER MAY COLLECT AN ADDITIONAL FEE,
19 ESTABLISHED BY THE COMMITTEE, FROM EACH REGISTRANT FOR THE
20 PURPOSE OF FUNDING INDUSTRIAL HEMP RESEARCH AND CERTIFICATION
21 PROGRAMS, INCLUDING BY MAKING GRANTS TO INSTITUTIONS OF HIGHER
22 EDUCATION AS SPECIFIED IN SUBSECTION (1) OF THIS SECTION. THE FEES
23 COLLECTED SHALL BE DEPOSITED IN THE INDUSTRIAL HEMP REGISTRATION
24 PROGRAM CASH FUND CREATED IN SECTION 35-61-106 (3). THE
25 DEPARTMENT MAY SOLICIT, APPLY FOR, AND ACCEPT MONEYS FROM OTHER
26 SOURCES FOR THE GRANT PROGRAM.

27 **SECTION 6.** In Colorado Revised Statutes, 35-61-106, **amend**

1 (1); and **add** (3) as follows:

2 **35-61-106. Industrial hemp registration program cash fund -**
3 **industrial hemp research grant cash fund - fees.** (1) There is hereby
4 created in the state treasury the industrial hemp registration program cash
5 fund, referred to in this article as the "fund". The fund consists of fees
6 collected by the commissioner pursuant to subsection (2) of this section
7 AND ANY GENERAL FUND MONEYS APPROPRIATED TO THE FUND BY THE
8 GENERAL ASSEMBLY. The moneys in the fund are subject to annual
9 appropriation by the general assembly to the department for the direct and
10 indirect costs associated with implementing this article.

11 (3) (a) THERE IS HEREBY CREATED IN THE STATE TREASURY THE
12 INDUSTRIAL HEMP RESEARCH GRANT FUND. THE FUND CONSISTS OF:

13 (I) FEES COLLECTED BY THE COMMISSIONER PURSUANT TO SECTION
14 35-61-104.5 (2);

15 (II) ANY MONEYS FROM FOUNDATIONS, PRIVATE INDIVIDUALS, OR
16 ANY OTHER FUNDING SOURCES THAT CAN BE USED TO EXPAND THE SCOPE
17 OR TIME FRAME OF ANY HEMP RESEARCH AUTHORIZED PURSUANT TO THIS
18 ARTICLE 1;

19 (III) ON AND AFTER JULY 1, 2015, UP TO TEN MILLION DOLLARS
20 APPROPRIATED BY THE GENERAL ASSEMBLY FROM THE MARIJUANA CASH
21 FUND, ESTABLISHED IN SECTION 12-43.3-501, C.R.S.; AND

22 (IV) ON AND AFTER JULY 1, 2015, UP TO TEN MILLION DOLLARS
23 FROM THE MARIJUANA TAX CASH FUND CREATED IN SECTION 39-28.8-501,
24 C.R.S., AS ENACTED BY SENATE BILL 14-215. THE MONEYS IN THE FUND
25 ARE SUBJECT TO ANNUAL APPROPRIATIONS BY THE GENERAL ASSEMBLY TO
26 THE DEPARTMENT TO ESTABLISH AND ADMINISTER AN INDUSTRIAL HEMP
27 RESEARCH GRANT PROGRAM AND TO CONDUCT HEMP RESEARCH.

1 **SECTION 7.** In Colorado Revised Statutes, 35-61-107, **add** (5)
2 as follows:

3 **35-61-107. Violations - penalties.** (5) THE COMMISSIONER SHALL
4 NEITHER REVOKE NOR SUSPEND AN INSTITUTION OF HIGHER EDUCATION'S
5 REGISTRATION OR A RESEARCH-AND-DEVELOPMENT REGISTRANT'S
6 REGISTRATION WHEN A SAMPLE OF THE REGISTRANT'S INDUSTRIAL HEMP
7 TESTS HIGHER THAN THE LIMITS ESTABLISHED BY RULE OF THE
8 COMMISSIONER IF THE CROP IS DESTROYED OR UTILIZED IN A MANNER
9 APPROVED OF AND VERIFIED BY THE COMMISSIONER.

10 **SECTION 8.** In Colorado Revised Statutes, **amend** 35-61-108 as
11 follows:

12 **35-61-108. Exportation of industrial hemp - processing, sale,**
13 **and distribution.** (1) Nothing in this article limits or precludes the
14 exportation of industrial hemp in accordance with the federal "Controlled
15 Substances Act", as amended, 21 U.S.C. sec. 801 et seq., federal
16 regulations adopted under the act, and case law interpreting the act.

17 (2) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, A PERSON
18 ENGAGED IN PROCESSING, SELLING, OR OTHERWISE DISTRIBUTING
19 INDUSTRIAL HEMP CULTIVATED BY A PERSON REGISTERED UNDER THIS
20 ARTICLE, OR SELLING INDUSTRIAL HEMP PRODUCTS PRODUCED
21 THEREFROM, IS NOT SUBJECT TO ANY CIVIL OR CRIMINAL ACTIONS UNDER
22 COLORADO LAW FOR ENGAGING IN SUCH ACTIVITIES.

23 **SECTION 9.** In Colorado Revised Statutes, 12-43.3-501, **amend**
24 (1) (b) (IV) and (1) (b) (V); and **add** (1) (b) (VI) as follows:

25 **12-43.3-501. Marijuana cash fund - repeal.** (1) (b) Moneys in
26 the fund shall be subject to annual appropriation by the general assembly
27 to:

1 (IV) The department of law for the training described in section
2 24-31-313, C.R.S.; and

3 (V) The general fund to repay two million dollars to the general
4 fund for the transfers required by section 39-26-123 (6), C.R.S.; AND

5 (VI) THE DEPARTMENT OF AGRICULTURE TO ADMINISTER AN
6 INDUSTRIAL HEMP RESEARCH PROGRAM PURSUANT TO SECTION 35-61-106,
7 C.R.S.

8 **SECTION 10.** In Colorado Revised Statutes, 39-28.8-501,
9 **amend as amended by Senate Bill 14-215 (2) (b) (XI) and (2) (b) (XII);**
10 **and add (2) (b) (XIII) as follows:**

11 **39-28.8-501. Marijuana tax cash fund - creation - distribution.**

12 (2) (b) Subject to the limitations in subsection (5) of this section, any
13 moneys in the fund that are not appropriated to the department of revenue
14 pursuant to paragraph (a) of this subsection (2) are subject to annual
15 appropriation by the general assembly for any fiscal year following the
16 fiscal year in which they were received by the state. The general assembly
17 shall initially appropriate moneys in the fund based on the most recent
18 estimate of revenue prepared by the staff of the legislative council or the
19 department of revenue for the applicable fiscal year. The general
20 assembly may appropriate moneys in the fund for the following purposes:

21 (XI) To expand the provision of jail-based behavioral health
22 services in underserved counties and to enhance the provision of
23 jail-based behavioral health services to offenders transitioning from jail
24 to the community to ensure continuity of care; and

25 (XII) For the provision of substance use disorder treatment
26 services for adolescents and pregnant women; AND

27 (XIII) THE INDUSTRIAL HEMP GRANT RESEARCH PROGRAM

1 CREATED IN SECTION 35-61-1-4.5, C.R.S.

2 **SECTION 11. Effective date.** This act takes effect upon passage;
3 except that section 35-61-106 (3) (a) (III), Colorado Revised Statutes, as
4 enacted by section 6 of this act and section 9 of this act only take effect
5 if Senate Bill 14-215 does not pass, and section 35-61-106 (3) (a) (IV) as
6 enacted by section 6 of this act and section 10 of this act only take effect
7 if Senate Bill 14-215 is enacted and becomes law.

8 **SECTION 12. Safety clause.** The general assembly hereby finds,
9 determines, and declares that this act is necessary for the immediate
10 preservation of the public peace, health, and safety.