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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 3706

- 02/24/2020 Authored by Vang
- 03/09/2020 The bill was read for the first time and referred to the Agriculture and Food Finance and Policy Division
- 03/09/2020 Adoption of Report: Re-referred to the Judiciary Finance and Civil Law Division
- 04/28/2020 Adoption of Report: Re-referred to the Committee on Government Operations
- Pursuant to Joint Rule 2.03, re-referred to the Committee on Rules and Legislative Administration

1.1 A bill for an act

1.2 relating to agriculture; modifying industrial hemp provisions; providing definitions;

1.3 classifying industrial hemp data; amending Minnesota Statutes 2018, sections

1.4 13.6435, subdivision 4a; 18K.02, by adding subdivisions; 18K.04, subdivisions

1.5 1, 3, by adding a subdivision; 18K.06.

1.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.7 Section 1. Minnesota Statutes 2018, section 13.6435, subdivision 4a, is amended to read:

1.8 Subd. 4a. **Industrial hemp background check licensing data.** ~~Criminal history records~~

1.9 Certain data provided to the commissioner by a first-time licensee or applicant for a license

1.10 to grow or process industrial hemp for commercial purposes are is classified under section

1.11 18K.04, subdivision 2.

1.12 Sec. 2. Minnesota Statutes 2018, section 18K.02, is amended by adding a subdivision to

1.13 read:

1.14 Subd. 1a. **Applicant.** "Applicant" means an individual who submits an application for

1.15 a license as required under this chapter. If the applicant is an entity, applicant means the

1.16 owner or most responsible individual in charge of the entity.

1.17 Sec. 3. Minnesota Statutes 2018, section 18K.02, is amended by adding a subdivision to

1.18 read:

1.19 Subd. 1b. **Authorized representative.** "Authorized representative" means any individual

1.20 authorized by the licensee to make changes to the license and share data on behalf of the

1.21 licensee.

2.1 Sec. 4. Minnesota Statutes 2018, section 18K.02, is amended by adding a subdivision to
2.2 read:

2.3 Subd. 2a. **Entity.** "Entity" means a corporation, joint stock company, association, limited
2.4 partnership, limited liability partnership, limited liability company, irrevocable trust, estate,
2.5 charitable organization, or other similar organization, including any such organization
2.6 participating in hemp production as a partner in a general partnership, a participant in a joint
2.7 venture, or a participant in a similar organization.

2.8 Sec. 5. Minnesota Statutes 2018, section 18K.02, is amended by adding a subdivision to
2.9 read:

2.10 Subd. 5. **Processing.** "Processing" means rendering by refinement hemp plants or hemp
2.11 plant parts from their natural or original state after harvest. Processing includes but is not
2.12 limited to decortication, devitalization, chopping, crushing, extraction, and packaging.
2.13 Processing does not include typical farm operations such as sorting, grading, baling, and
2.14 harvesting.

2.15 Sec. 6. Minnesota Statutes 2018, section 18K.02, is amended by adding a subdivision to
2.16 read:

2.17 Subd. 6. **Processing location.** "Processing location" means any area, building, plant, or
2.18 facility registered with and approved by the commissioner in which a licensee converts raw
2.19 hemp into a marketable product.

2.20 Sec. 7. Minnesota Statutes 2018, section 18K.02, is amended by adding a subdivision to
2.21 read:

2.22 Subd. 7. **Processor.** "Processor" means a person or business that converts raw hemp
2.23 into a product.

2.24 Sec. 8. Minnesota Statutes 2018, section 18K.04, subdivision 1, is amended to read:

2.25 Subdivision 1. **Requirement; issuance; presumption.** (a) A person must obtain a license
2.26 from the commissioner before (1) growing industrial hemp for commercial or research
2.27 purposes, and (2) before processing industrial hemp for commercial purposes.

2.28 (b) To obtain a license under paragraph (a), a person must apply to the commissioner
2.29 in the form prescribed by the commissioner and must pay the annual registration and
2.30 inspection fee established by the commissioner in accordance with section 16A.1285,
2.31 subdivision 2.

3.1 (c) For a license to grow industrial hemp for commercial or research purposes, the license
 3.2 application must include the name and address of the applicant and the legal description of
 3.3 the land area or areas where industrial hemp will be grown by the applicant and any other
 3.4 information required under Code of Federal Regulations, title 7, part 990.

3.5 (d) For a license to process industrial hemp for commercial purposes, the license
 3.6 application must include the name and address of the applicant, the legal description of the
 3.7 processing location, and any other information required by the commissioner.

3.8 (e) A licensee is responsible for compliance with the license requirements irrespective
 3.9 of the acts or omissions of an authorized representative acting on behalf of the licensee.

3.10 ~~(b)~~ (f) When an applicant has paid the fee and completed the application process to the
 3.11 satisfaction of the commissioner, the commissioner must issue a license which is valid until
 3.12 December 31 of the year of application.

3.13 ~~(e)~~ (g) A person licensed under this section paragraph (a) to grow industrial hemp is
 3.14 presumed to be growing industrial hemp for commercial or research purposes.

3.15 Sec. 9. Minnesota Statutes 2018, section 18K.04, subdivision 3, is amended to read:

3.16 Subd. 3. **Federal requirements.** The applicant must demonstrate to the satisfaction of
 3.17 the commissioner that the applicant has complied with all applicable federal requirements
 3.18 pertaining to the processing, production, distribution, and sale of industrial hemp.

3.19 Sec. 10. Minnesota Statutes 2018, section 18K.04, is amended by adding a subdivision to
 3.20 read:

3.21 Subd. 4. **Industrial hemp licensing data classification.** (a) In addition to data classified
 3.22 pursuant to section 13.41, the following data collected, created, or maintained by the
 3.23 commissioner under this chapter is classified as private data, as defined in section 13.02,
 3.24 subdivision 12, or nonpublic data, as defined in section 13.02, subdivision 9:

3.25 (1) a nondesignated address provided by a licensee or applicant; and

3.26 (2) the legal description of the land area or areas where an individual or entity grows or
 3.27 will grow industrial hemp.

3.28 (b) The commissioner may make any data classified as private data or nonpublic data
 3.29 under this subdivision accessible to any person, agency, or the public if the commissioner
 3.30 determines that access may aid in the law enforcement process, promote public health or
 3.31 safety, or dispel widespread rumor or unrest.

4.1 Sec. 11. Minnesota Statutes 2018, section 18K.06, is amended to read:

4.2 **18K.06 RULEMAKING.**

4.3 (a) The commissioner shall adopt rules governing the production, testing, processing,
4.4 and licensing of industrial hemp.

4.5 (b) Rules adopted under paragraph (a) must include, but not be limited to, provisions
4.6 governing:

4.7 (1) the supervision and inspection of industrial hemp during its growth and harvest;

4.8 (2) the testing of industrial hemp to determine delta-9 tetrahydrocannabinol levels;

4.9 (3) the use of background check results required under section 18K.04 to approve or
4.10 deny a license application; and

4.11 (4) any other provision or procedure necessary to carry out the purposes of this chapter.

4.12 (c) Rules issued under this section must be consistent with federal law regarding the
4.13 production, distribution, and sale of industrial hemp.