

CHAPTER 18K

INDUSTRIAL HEMP DEVELOPMENT

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18K.01 SHORT TITLE.

This chapter may be referred to as the "Industrial Hemp Development Act."

History: *1Sp2015 c 4 art 2 s 38*

18K.02 DEFINITIONS.

Subdivision 1. **Scope.** The definitions in this section apply to this chapter.

Subd. 1a. **Applicant.** "Applicant" means an individual who submits an application for a license as required under this chapter. If the applicant is an entity, applicant means the owner or most responsible individual in charge of the entity.

Subd. 1b. **Authorized representative.** "Authorized representative" means any individual authorized by the licensee to make changes to the license and share data on behalf of the licensee.

Subd. 2. **Commissioner.** "Commissioner" means the commissioner of agriculture.

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

Subd. 3. **Industrial hemp.** "Industrial hemp" means the plant *Cannabis sativa* L. and any part of the plant, whether growing or not, including the plant's seeds, and all the plant's derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis. Industrial hemp is not marijuana as defined in section 152.01, subdivision 9.

Subd. 4. **Marijuana.** "Marijuana" has the meaning given in section 152.01, subdivision 9.

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

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

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

History: *1Sp2015 c 4 art 2 s 39; 1Sp2019 c 1 art 2 s 10; 2020 c 89 art 4 s 7-12*

18K.03 AGRICULTURAL CROP; POSSESSION AUTHORIZED.

Subdivision 1. **Industrial hemp.** Industrial hemp is an agricultural crop in this state. A person may possess, transport, process, sell, or buy industrial hemp that is grown pursuant to this chapter or lawfully grown in another state.

Subd. 2. **Sale to medical cannabis manufacturers.** A licensee under this chapter may sell hemp products derived from industrial hemp grown in this state to medical cannabis manufacturers as authorized under sections 152.22 to 152.37.

History: *1Sp2015 c 4 art 2 s 40; 1Sp2019 c 1 art 2 s 11; 1Sp2019 c 9 art 11 s 1*

18K.04 LICENSING.

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

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

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

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

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

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

(g) A person licensed under paragraph (a) to grow industrial hemp is presumed to be growing industrial hemp for commercial or research purposes.

Subd. 2. **Background check; data classification.** The commissioner must require each first-time applicant for a license to submit to a background investigation conducted by the Bureau of Criminal Apprehension as a condition of licensure. As part of the background investigation, the Bureau of Criminal Apprehension must conduct criminal history checks of Minnesota records and is authorized to exchange fingerprints with the United States Department of Justice, Federal Bureau of Investigation for the purpose of a criminal background check of the national files. The cost of the investigation must be paid by the applicant. Criminal history records provided to the commissioner under this section must be treated as private data on individuals, as defined in section 13.02, subdivision 12.

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

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

(1) nondesignated addresses provided by licensees and applicants; and

(2) data that identify the specific locations where licensees and applicants grow or process, or will grow or process, industrial hemp, including but not limited to legal descriptions, street addresses, geospatial locations, maps, and property boundaries and dimensions.

(b) The commissioner may disclose data classified as private data or nonpublic data under this subdivision if the commissioner determines that there is a substantive threat to human health or safety or to the environment, or to aid in the law enforcement process.

Subd. 5. Industrial hemp licensing data security and auditing. (a) The commissioner must establish written procedures to ensure that only individuals authorized by law may access the private data and nonpublic data identified in subdivision 4. An authorized individual's ability to enter, update, or access data must correspond to the official duties or training level of the individual and to the statutory authorization granting access for that purpose. All queries and responses, including the specific purpose for which data is requested and, if applicable, disclosed, and all actions in which data are entered, updated, accessed, shared, or disseminated, must be recorded in the data audit trail. Data contained in the audit trail are public to the extent the data are not otherwise classified by law.

(b) The commissioner must immediately and permanently revoke the authorization of any individual who willfully entered, updated, accessed, shared, or disseminated data in violation of state or federal law. If an individual willfully gained access to data without authorization by law, the commissioner must forward the matter to the appropriate prosecuting authority for prosecution.

(c) By January 15 of each odd-numbered year, the commissioner must provide a copy of the data audit trail required under paragraph (a) to the commissioner of administration; the chairs and ranking members of the legislative committees and divisions with jurisdiction over agriculture policy and finance, public safety, and data practices; and the Legislative Commission on Data Practices and Personal Data Privacy or its successor commission.

History: *1Sp2015 c 4 art 2 s 41; 2020 c 89 art 4 s 13-16*

18K.05 ANNUAL REPORT; SALES NOTIFICATION.

(a) Annually, a licensee must file with the commissioner:

(1) documentation demonstrating to the commissioner's satisfaction that the seeds planted by the licensee are of a type and variety that contain no more than three-tenths of one percent delta-9 tetrahydrocannabinol; and

(2) a copy of any contract to grow industrial hemp.

(b) Within 30 days, a licensee must notify the commissioner of each sale or distribution of industrial hemp grown by the licensee including, but not limited to, the name and address of the person receiving the industrial hemp and the amount of industrial hemp sold or distributed.

History: *1Sp2015 c 4 art 2 s 42*

18K.06 RULEMAKING.

(a) The commissioner shall adopt rules governing the production, testing, processing, and licensing of industrial hemp. Notwithstanding section 14.125, the commissioner's authority to adopt these rules expires June 30, 2022.

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

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

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

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

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

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

History: *1Sp2015 c 4 art 2 s 43; 2020 c 89 art 4 s 17*

18K.07 FEES.

Fees collected under this chapter must be credited to the industrial hemp account, which is hereby established in the agricultural fund in the state treasury. Interest earned in the account accrues to the account. Funds in the industrial hemp account are annually appropriated to the commissioner to implement and enforce this chapter.

History: *1Sp2015 c 4 art 2 s 44*

18K.08 DEFENSE FOR POSSESSION OF MARIJUANA.

It is an affirmative defense to a prosecution for the possession of marijuana under chapter 152 if:

(1) the defendant possesses industrial hemp grown pursuant to this chapter; or

(2) the defendant has a valid controlled substance registration from the United States Department of Justice, Drug Enforcement Administration, if required under federal law.

History: *1Sp2015 c 4 art 2 s 45*

18K.09 PILOT PROGRAM; OTHER RESEARCH AUTHORIZED.

Subdivision 1. **Authorized activity.** The commissioner may grow or cultivate industrial hemp pursuant to a pilot program administered by the commissioner to study the growth, cultivation, or marketing of industrial hemp. The commissioner may: (1) authorize institutions of higher education to grow or cultivate industrial hemp as part of the commissioner's pilot program or as is necessary to perform other agricultural, renewable energy, or academic research; and (2) contract with public or private entities for testing or other activities authorized under this subdivision. Authorized activity under this section may include collecting seed from wild hemp sources.

Subd. 2. **Site registration.** Before growing or cultivating industrial hemp pursuant to this section, each site must be registered with and certified by the commissioner. A person must register each site annually in

the form prescribed by the commissioner and must pay the annual registration and certification fee established by the commissioner in accordance with section 16A.1285, subdivision 2.

Subd. 3. **Rulemaking.** The commissioner may adopt rules that govern the pilot program pursuant to this section and Public Law 113-79.

History: *1Sp2015 c 4 art 2 s 46*