FIRST REGULAR SESSION [PERFECTED]

HOUSE BILL NO. 202

102ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE FRANCIS.

0933H.01P

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal sections 195.203, 195.207, 195.740, 195.743, 195.746, 195.749, 195.752, 195.756, 195.758, 195.764, 195.767, 195.773, and 261.265, RSMo, and to enact in lieu thereof one new section relating to industrial hemp.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 195.203, 195.207, 195.740, 195.743, 195.746, 195.749, 195.752,

- 2 195.756, 195.758, 195.764, 195.767, 195.773, and 261.265, RSMo, are repealed and one new
- 3 section enacted in lieu thereof, to be known as section 195.207, to read as follows:
 - 195.207. 1. As used in [sections] section 192.945[, 261.265, 261.267,] and this
- 2 section, the term "hemp extract" shall mean an extract from a cannabis plant or a mixture or
- 3 preparation containing cannabis plant material that:
- 4 (1) Is composed of no more than three-tenths percent tetrahydrocannabinol by 5 weight;
 - (2) Is composed of at least five percent cannabidiol by weight; and
 - (3) Contains no other psychoactive substance.
- 8 2. Notwithstanding any other provision of this chapter, an individual who has been
- 9 issued a valid hemp extract registration card under section 192.945, or is a minor under a
- 10 registrant's care, and possesses or uses hemp extract is not subject to the penalties described in
- 11 this chapter for possession or use of the hemp extract if the individual:
- 12 (1) Possesses or uses the hemp extract only to treat intractable epilepsy as defined in
- 13 section 192.945;

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EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

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14 (2) Originally obtained the hemp extract from a sealed container with a label 15 indicating the hemp extract's place of origin and a number that corresponds with a certificate 16 of analysis;

- (3) Possesses, in close proximity to the hemp extract, a certificate of analysis that:
- 18 (a) Has a number that corresponds with the number on the label described in 19 subdivision (2) of this subsection;
 - (b) Indicates the hemp extract's ingredients including its percentages of tetrahydrocannabinol and cannabidiol by weight;
 - (c) Is created by a laboratory that is not affiliated with the producer of the hemp extract and is licensed in the state where the hemp extract was produced; and
- 24 (d) Is transmitted by the laboratory to the department of health and senior services; 25 and
 - (4) Has a current hemp extract registration card issued by the department of health and senior services under section 192.945.
 - 3. Notwithstanding any other provision of this chapter, an individual who possesses hemp extract lawfully under subsection 2 of this section and administers hemp extract to a minor suffering from intractable epilepsy is not subject to the penalties described in this chapter for administering the hemp extract to the minor if:
 - (1) The individual is the minor's parent or legal guardian; and
 - (2) The individual is registered with the department of health and senior services as the minor's parent under section 192.945.
 - 4. An individual who has been issued a valid hemp extract registration card under section 192.945, or is a minor under a registrant's care, may possess up to twenty ounces of hemp extract pursuant to this section. Subject to any rules or regulations promulgated by the department of health and senior services, an individual may apply for a waiver if a physician provides a substantial medical basis in a signed, written statement asserting that, based on the patient's medical history, in the physician's professional judgment, twenty ounces is an insufficient amount to properly alleviate the patient's medical condition or symptoms associated with such medical condition.
 - [195.203. Notwithstanding any other provision of this chapter or chapter 579 to the contrary, any person who has a valid industrial hemp registration as provided under section 195.746 may grow, harvest, cultivate, and process industrial hemp, as defined in section 195.010, in accordance with the requirements of such sections.]
 - [195.740. For the purposes of sections 195.740 to 195.773, the following terms shall mean:

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3 (1) "Agricultural hemp propagule", any viable nonseed plant material 4 used to cultivate industrial hemp including, but not limited to, transplants, 5 cuttings, and clones; 6 (2) "Agricultural hemp seed", Cannabis sativa L. seed that meets any 7 labeling, quality, or other standards set by the department of agriculture and 8 that is intended for sale, is sold to, or is purchased by registered producers for 9 planting; 10 (3) "Crop", industrial hemp grown under a single registration; (4) "Department", the Missouri department of agriculture; 11 12 (5) "Indoor cultivation facility", any greenhouse or enclosed building 13 or structure capable of continuous cultivation throughout the year that is not a 14 residential building; 15 (6) "Industrial hemp plant monitoring system", a reporting system that 16 includes, but is not limited to, testing, transfer reports, and data collection 17 maintained by a producer or agricultural hemp propagule and seed permit 18 holder and available to the department for purposes of monitoring viable 19 industrial hemp cultivated as an agricultural product from planting to final sale 20 or transfer as a publicly marketable hemp product; 21 (7) "Nonviable", plant material or agricultural hemp seed that is not 22 capable of living or growing; 23 (8) "Produce", the cultivation and harvest of viable industrial hemp; 24 (9) "Producer", a person who is a Missouri resident, or an entity that is 25 domiciled in this state, who grows or produces viable industrial hemp; 26 (10) "Publicly marketable product", any nonviable hemp material, 27 including seed, stem, root, leaf, or floral material, that contains no material 28 with a delta-9 tetrahydrocannabinol concentration exceeding three-tenths of 29 one percent on a dry weight basis.] [195.743. Viable industrial hemp shall be an agricultural product that 2 is subject to regulation by the department, including compliance with an 3 industrial hemp plant monitoring system. 1. Any producer of industrial hemp shall obtain a 2 registration from the department. Any producer of agricultural hemp shall 3 ensure that all agricultural hemp propagules and agricultural hemp seed 4 comply with any standards established by the department. 5 2. Any person who sells, distributes, or offers for sale any agricultural 6 hemp propagule or agricultural hemp seed in the state shall obtain an 7 agricultural hemp propagule and seed permit from the department. An 8 agricultural hemp propagule and seed permit shall authorize a permit holder to 9 sell, distribute, or offer for sale agricultural hemp propagules or agricultural 10 hemp seed to registered producers or other permit holders. A permit holder is 11 exempt from requirements in chapter 266 if he or she only sells, distributes, or 12 offers for sale agricultural hemp propagules or agricultural hemp seed. 13 3. An application for an industrial hemp registration or agricultural

hemp propagule and seed permit shall include:

(1) The name and address of the applicant;

16 (2) The name and address of the industrial hemp or agricultural hemp 17 propagule or seed operation; 18 (3) For any industrial hemp registration, the global positioning system 19 coordinates and legal description for the property used for the industrial hemp 20 operation; 21 (4) The application fee, as determined by the department, in an amount 22 sufficient to cover the administration, regulation, and enforcement costs 23 associated with sections 195.740 to 195.773; and 24 (5) Any other information the department deems necessary. 25 4. The department shall issue a registration under this section to an 26 applicant who meets the requirements of this section and section 195.749 and 27 who satisfactorily completes a state and federal fingerprint criminal history 28 background check under section 43.543. The department may charge an 29 applicant an additional fee for the cost of the fingerprint criminal history 30 background check in addition to the registration fee. If required by federal 31 law, the department shall require an applicant for an agricultural hemp 32 propagule and seed permit to comply with the fingerprint criminal history 33 background check requirements of this subsection. 34 5. Upon issuance of a registration or permit, information regarding all 35 producers and permit holders shall be forwarded to the Missouri state highway 36 patrol. 37 6. An industrial hemp registration or agricultural hemp propagule and 38 seed permit is: 39 (1) Nontransferable, except such registration or permit may be 40 transferred to a person who otherwise meets the requirements of a registrant or 41 permit holder, and the person may operate under the existing registration or 42 permit until the registration or permit expires, at which time the renewal shall 43 reflect the change of the registrant or permit holder; 44 (2) Valid for a three-year term unless revoked by the department; and 45 (3) Renewable as determined by the department, if the registrant or 46 permit holder is found to be in good standing. 47 7. Each individual parcel of ground or indoor cultivation facility with a 48 separate legal description shall be required to obtain a separate registration 49 unless the parcels are contiguous and owned by the same person of record. [195.749. 1. The department may revoke, refuse to issue, or refuse to 2 renew an industrial hemp registration or agricultural hemp propagule and seed 3 permit and may impose a civil penalty of not less than five hundred dollars or 4 more than fifty thousand dollars for violation of: 5 (1) A registration or permit requirement, term, or condition; 6 (2) Department rules relating to the production of industrial hemp or 7 an agricultural hemp propagule and seed permit; 8 (3) Any industrial hemp plant monitoring system requirement; or 9 (4) A final order of the department that is specifically directed to the 10 producer or permit holder's industrial hemp operations or activities. 11 2. A registration or permit shall not be issued to a person who in the 12 ten years immediately preceding the application date has been found guilty of, or pled guilty to, a felony offense under any state or federal law regarding the 13

14 possession, distribution, manufacturing, cultivation, or use of a controlled 15 substance. 16 3. The department may revoke, refuse to issue, or refuse to renew an 17 industrial hemp registration or agricultural hemp propagule and seed permit for failing to comply with any provision of this chapter, or for a violation of 18 19 any department rule relating to agricultural operations or activities other than 20 industrial hemp production. [195.752. 1. Any person producing industrial hemp who does not 2 have a valid industrial hemp registration issued under section 195.746 may be 3 subject to an administrative fine of five hundred dollars and may be fined one 4 thousand dollars per day until such person destroys the industrial hemp crop. 5 The Missouri state highway patrol shall certify such destruction to the 6 department. 7 2. Any person selling, distributing, or offering for sale any agricultural 8 hemp propagule or agricultural hemp seed in the state who does not have a 9 valid agricultural hemp propagule and seed permit issued under section 10 195.746 may be subject to an administrative fine of five hundred dollars and 11 may be fined one thousand dollars per day until such person obtains a valid 12 permit. [195.756. Notwithstanding sections 281.050 and 281.101 to the 2 contrary, in the production of industrial hemp consistent with sections 195.740 3 to 195.773, no retailer of pesticides as defined in 7 U.S.C. Section 136, or 4 agricultural chemicals shall be liable for the sale, application, or handling of 5 such products by a producer or applicator in any manner or for any purpose not 6 approved by applicable state and federal agencies. No producer or applicator 7 may use or apply pesticides or agricultural chemicals in the growing or 8 handling of industrial hemp except as approved by state and federal law. [195.758. 1. Every producer or permit holder shall be subject to an 2 industrial hemp plant monitoring system and shall keep industrial hemp crop 3 and agricultural hemp propagule and seed records as required by the 4 department. The department may require an inspection or audit during any 5 normal business hours for the purpose of ensuring compliance with: 6 (1) Any provision of sections 195.740 to 195.773; 7 (2) Department rules and regulations; 8 (3) Industrial hemp registration or agricultural hemp propagule and 9 seed permit requirements, terms, or conditions; 10 (4) Any industrial hemp plant monitoring system requirement; or 11 (5) A final department order directed to the producer's or permit 12 holder's industrial hemp or agricultural hemp propagule and seed operations or 13 activities. 14 2. In addition to any inspection conducted under subsection 1 of this 15 section, the department may inspect any industrial hemp crop during the crop's 16 growth phase and take a representative sample for field analysis. If a crop 17 contains an average delta-9 tetrahydrocannabinol concentration exceeding

three tenths of one percent or the maximum concentration allowed under

federal law, whichever is greater, on a dry weight basis, the department may retest the crop. If the second test indicates that a crop contains an average delta-9 tetrahydrocannabinol concentration exceeding three-tenths of one percent or the maximum concentration allowed under federal law, whichever is greater, on a dry weight basis, the department may order any producer to destroy the crop.

- 3. If such crop is not destroyed within fifteen days of the producer being notified by the department by certified mail that the crop contains concentrations exceeding those set forth in subsection 2 of this section, and directing the producer to destroy the crop, such producer shall be subject to a fine of five thousand dollars per day until such crop is destroyed. No such penalty or fine shall be imposed prior to the expiration of the fifteen day notification period.
- 4. The Missouri state highway patrol may, at its own expense, perform aerial surveillance to ensure illegal industrial hemp plants are not being cultivated on or near legal, registered industrial hemp plantings.
- 5. The Missouri state highway patrol may coordinate with local law enforcement agencies to certify the destruction of illegal industrial hemp plants.
- 6. The department shall notify the Missouri state highway patrol and local law enforcement agencies of the need to certify that a crop of industrial hemp deemed illegal through field analysis has been destroyed.
- 7. Unless required by federal law, the department shall not regulate the sale or transfer of nonviable hemp including, but not limited to, stripped stalks, fiber, dried roots, nonviable leaf material, nonviable floral material, nonviable seeds, seed oils, floral and plant extracts, unadulterated forage, and other marketable agricultural hemp products to members of the general public both within and outside the state.]
- [195.764. 1. The department may charge producers and permit holders reasonable fees as determined by the department for the purposes of administering sections 195.740 to 195.773. Fees charged for purposes of administering sections 195.740 to 195.773 shall only be used to administer such sections, and shall not provide additional revenue for the department to use to administer any other program or provide staff to the department for any other program. All fees collected under sections 195.740 to 195.773 shall be deposited in the industrial hemp fund created under this section for use by the department to administer sections 195.740 to 195.773.
- 2. There is hereby created in the state treasury the "Industrial Hemp Fund", which shall consist of any grants, gifts, donations, bequests, or money collected under sections 195.740 to 195.773. The state treasurer shall be custodian of the fund. In accordance with sections 30.170 and 30.180, the state treasurer may approve disbursements. The fund shall be a dedicated fund and money in the fund shall be used solely by the department of agriculture for the purpose of administering such sections, including reimbursing the Missouri state highway patrol for the enforcement of such sections. Notwithstanding the provisions of section 33.080 to the contrary, any moneys remaining in the fund at the end of the biennium shall not revert to

the credit of the general revenue fund. The state treasurer shall invest moneys in the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund.

[195.767. An institution of higher education may engage in the research and study of the growth, cultivation, or marketing of industrial hemp as authorized by Section 7606 of the federal Agricultural Act of 2014, Pub. L. 113 79, or any successor law. Institutions of higher education shall not be required to obtain a registration for the production of industrial hemp from the department as set forth in sections 195.746 and 195.749.]

[195.773. 1. The department of agriculture shall execute its responsibilities relating to the cultivation of industrial hemp in the most cost-efficient manner possible, including in establishing permit and registration fees. For the purpose of testing industrial hemp for pesticides, the department shall explore the option of transporting samples from Missouri to departments of agriculture or testing laboratories in contiguous states, which participate in an agricultural pilot program authorized by the federal Agricultural Act of 2014, or any state program authorized by successor federal law. All transport between states shall be in compliance with the federal Agricultural Act of 2014, or any successor federal law, as well as any other applicable state and federal law.

2. The department shall promulgate rules necessary to administer the provisions of sections 195.740 to 195.773. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable, and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2018, shall be invalid and void.]

[261.265. 1. For purposes of this section, the following terms shall mean:

- (1) "Cannabidiol oil care center", the premises specified in an application for a cultivation and production facility license in which the licensee is authorized to distribute processed hemp extract to persons possessing a hemp extract registration card issued under section 192.945;
- (2) "Cultivation and production facility", the land and premises specified in an application for a cultivation and production facility license on which the licensee is authorized to grow, cultivate, process, and possess hemp and hemp extract;
- (3) "Cultivation and production facility license", a license that authorizes the licensee to grow, cultivate, process, and possess hemp and hemp extract, and distribute hemp extract to its cannabidiol oil care centers;
 - (4) "Department", the department of agriculture;

15 (5) "Grower", a nonprofit entity issued a cultivation and production 16 facility license by the department of agriculture that produces hemp extract for 17 the treatment of intractable epilepsy; 18 (6) "Hemp": 19 (a) All nonseed parts and varieties of the cannabis sativa plant, 20 whether growing or not, that contain a crop-wide average 21 tetrahydrocannabinol (THC) concentration that does not exceed the lesser of: 22 a. Three tenths of one percent on a dry weight basis; or 23 b. The percent based on a dry weight basis determined by the federal 24 Controlled Substances Act under 21 U.S.C. Section 801, et seq.; 25 (b) Any cannabis sativa seed that is: 26 a. Part of a growing crop; b. Retained by a grower for future planting; or 27 28 e. For processing into or use as agricultural hemp seed. 29 30 This term shall not include industrial hemp commodities or products; 31 (7) "Hemp monitoring system", an electronic tracking system that 32 includes, but is not limited to, testing and data collection established and 33 maintained by the cultivation and production facility and is available to the 34 department for the purposes of documenting the hemp extract production and 35 retail sale of the hemp extract. 36 2. The department shall issue a cultivation and production facility 37 license to a nonprofit entity to grow or cultivate the cannabis plant used to 38 make hemp extract as defined in subsection 1 of section 195.207 or hemp on 39 the entity's property if the entity has submitted to the department an 40 application as required by the department under subsection 7 of this section, 41 the entity meets all requirements of this section and the department's rules, and 42 there are fewer than two licensed cultivation and production facilities 43 operating in the state. 44 3. A grower may produce and manufacture hemp and hemp extract, 45 and distribute hemp extract as defined in section 195.207 for the treatment of 46 persons suffering from intractable epilepsy as defined in section 192.945 47 consistent with any and all state or federal regulations regarding the 48 production, manufacture, or distribution of such product. The department 49 shall not issue more than two cultivation and production facility licenses for 50 the operation of such facilities at any one time. 51 4. The department shall maintain a list of growers. 52 5. All growers shall keep records in accordance with rules adopted by 53 the department. Upon at least three days' notice, the director of the department 54 may audit the required records during normal business hours. The director 55 may conduct an audit for the purpose of ensuring compliance with this section. 56 6. In addition to an audit conducted in accordance with subsection 5 of 57 this section, the director may inspect independently, or in cooperation with the 58 state highway patrol or a local law enforcement agency, any hemp crop during 59 the crop's growth phase and take a representative composite sample for field 60 analysis. If a crop contains an average tetrahydrocannabinol (THC) 61 concentration exceeding the lesser of:

(1) Three tenths of one percent on a dry weight basis; or

63 (2) The percent based on a dry weight basis determined by the federal 64 Controlled Substances Act under 21 U.S.C. Section 801, et seq., 65 66 the director may detain, seize, or embargo the crop. 7. The department shall promulgate rules including, but not limited to: 67 68 (1) Application requirements for licensing, including requirements for 69 the submission of fingerprints and the completion of a criminal background 70 check: 71 (2) Security requirements for cultivation and production facility 72 premises, including, at a minimum, lighting, physical security, video and alarm 73 requirements; 74 (3) Rules relating to hemp monitoring systems as defined in this 75 section: 76 (4) Other procedures for internal control as deemed necessary by the 77 department to properly administer and enforce the provisions of this section, 78 including reporting requirements for changes, alterations, or modifications of 79 the premises; 80 (5) Requirements that any hemp extract received from a legal source 81 be submitted to a testing facility designated by the department to ensure that 82 such hemp extract complies with the provisions of section 195.207 and to 83 ensure that the hemp extract does not contain any pesticides. Any hemp 84 extract that is not submitted for testing or which after testing is found not to 85 comply with the provisions of section 195.207 shall not be distributed or used 86 and shall be submitted to the department for destruction; and 87 (6) Rules regarding the manufacture, storage, and transportation of 88 hemp and hemp extract, which shall be in addition to any other state or federal 89 regulations. 90 8. Any rule or portion of a rule, as that term is defined in section 91 536.010, that is created under the authority delegated in this section shall 92 become effective only if it complies with and is subject to all of the provisions 93 of chapter 536 and, if applicable, section 536.028. This section and chapter 94 536 are nonseverable, and if any of the powers vested with the general 95 assembly under chapter 536 to review, to delay the effective date, or to 96 disapprove and annul a rule are subsequently held unconstitutional, then the 97 grant of rulemaking authority and any rule proposed or adopted after July 14, 98 2014. 99 9. All hemp waste from the production of hemp extract shall either be 100 destroyed, recycled by the licensee at the hemp cultivation and production 101 facility, or donated to the department or an institution of higher education for 102 research purposes, and shall not be used for commercial purposes. 103 10. In addition to any other liability or penalty provided by law, the 104 director may revoke or refuse to issue or renew a cultivation and production 105 facility license and may impose a civil penalty on a grower for any violation of this section, or section 192.945 or 195.207. The director may not impose a 106 107 civil penalty under this section that exceeds two thousand five hundred

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dollars.