

ARIZONA HEMP



THINGS TO KNOW ABOUT THE ARIZONA INDUSTRIAL HEMP AGRICULTURAL PILOT PROGRAM

Q: WHAT IS THE DEFINITION OF INDUSTRIAL HEMP?

A: INDUSTRIAL HEMP IS DEFINED AS THE PLANT *CANNABIS SATIVA* L. AND ANY PART OF SUCH PLANT, WHETHER GROWING OR NOT, WITH A DELTA-9 TETRAHYDROCANNABINOL (THC) CONCENTRATION OF NOT MORE THAN THREE-TENTHS PERCENT (0.3%) ON A DRY-WEIGHT BASIS.

Q: WHAT TYPES OF LICENSES WILL BE AVAILABLE?

A: THERE WILL BE FOUR TYPES OF LICENSES THAT CAN BE APPLIED FOR, INDIVIDUALLY OR AS A COMBINATION OF TWO OR MORE:

- GROWER LICENSE – for qualified applicants interested in the growth and propagation of industrial hemp.
- HARVESTER LICENSE – for qualified applicants interested in providing harvesting services to a licensed industrial hemp grower.
- TRANSPORTER LICENSE – for qualified applicants interested in providing shipping and transport services of harvested industrial hemp from a licensed grower to a licensed processor.
- PROCESSOR LICENSE – for qualified applicants interested in the processing of harvested industrial hemp into hemp products or hemp seed.

Q: WHO WILL BE ABLE TO APPLY FOR AN INDUSTRIAL HEMP LICENSE?

A: ANYONE WHO MEETS THE QUALIFICATIONS DEVELOPED IN THE APPLICATION PROCESS, WHICH WILL INCLUDE AN APPLICANT WHO:

- Completes an AZDA approved application (pending development) that could request:
 - The physical location of the applicants intended activity as a grower or processor;
 - Intended planting and harvesting date for a grower;
 - Intended end use of the harvested hemp product for a grower;
 - Intended product(s) manufactured for a processor license;
 - Knowledge and understanding of the state and federal requirements of propagating and processing industrial hemp; etc.
- Obtains a fingerprint clearance card through the Fingerprint Division of the AZ Dept. of Public Safety (DPS).
- Submits complete payment for the fee established in the rules developed by the AZDA.
- Other qualifying requirements will follow.

Q: HOW MUCH WILL AN INDUSTRIAL HEMP LICENSE COST?

A: FEES FOR PARTICIPATION IN THE INDUSTRIAL HEMP AGRICULTURAL PILOT PROGRAM AS A GROWER, HARVESTER, TRANSPORTER, AND/OR PROCESSOR HAVE NOT BEEN SET. FEES WILL BE SET ACCORDINGLY TO SUPPORT THE PROGRAM.



Q: CAN I APPLY FOR A LICENSE TO GROW, HARVEST, TRANSPORT, OR PROCESS INDUSTRIAL HEMP TODAY?

A: NOT AT THIS TIME. THE EFFECTIVE DATE OF THE BILL IS SET FOR AUGUST OF 2019. THIS WILL PROVIDE THE NEEDED TIME TO:

- Establish Rules
- Create an industrial hemp licensing program
- Appoint membership to the Industrial Hemp Advisory Council
- Develop an application and review process
- Develop a fee schedule

Q: WHAT WILL THE STEPS BE FOR PARTICIPATING IN THE INDUSTRIAL HEMP AGRICULTURAL PILOT PROGRAMS?

A: ONCE THE PROGRAM IS LAUNCHED IN AUGUST 2019, THESE WILL BE THE BASIC STEPS FOR PARTICIPATION IN THE PROGRAM (TENTATIVELY):

- Submit an official complete and accurate application;
- Submit proof of a valid fingerprint clearance card (Issued by the Fingerprint Division of DPS);
- Submit complete payment based on type of license and, for a grower, the area of planted industrial hemp and required THC testing.
- Submit pre-planting, pre-harvest, and post-harvest reports for licensed growers;
- Submit intake and output reports for licensed processors;
- Meet various conditions for signage, proximity requirements, notification, facility standards, etc.
- Properly notify the AZDA on issues of loss, theft, or other negative outcomes regarding planted or harvested hemp and/or hemp seed;
- Allow inspectors to collect samples for official analysis of THC content prior to harvesting; and
- Comply with any remediation requirements of industrial hemp, planted or harvested, that test above 0.3% THC content on a dry-weight basis.
- Steps may change, check back for updates.

Q: WILL I BE ABLE TO SELL HARVESTED HEMP FOR COMMERCIAL PURPOSES?

A: CURRENTLY, IT IS NOT LEGAL TO SELL HARVESTED INDUSTRIAL HEMP FOR COMMERCIAL PURPOSES DUE TO FEDERAL RESTRICTIONS. HOWEVER, A GROWER WILL BE ABLE TO SELL HARVESTED INDUSTRIAL HEMP, WITHIN THE STATE, TO A PROCESSOR AS PART OF THE INDUSTRIAL HEMP AGRICULTURAL PILOT PROGRAM. THE INTERSTATE MOVEMENT OF VIABLE HEMP SEED AND HEMP PLANTS IS ALSO PROHIBITED. ONLY PROCESSED PRODUCTS CAN BE SOLD TO OTHER STATES THAT ALLOW HEMP PRODUCTS.

Q: I HAVE MORE QUESTIONS, WHO CAN I CONTACT?

A: CONTACT BRIAN MCGREW BY EMAILING: bmcgrew@azda.gov OR CALL (602) 542-3228



Arizona Department of Agriculture

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INDUSTRIAL HEMP PROGRAM RULES COMMITTEE CHARTER

The Industrial Hemp Program Rules Committee (the "Committee") is an advisory committee to the Director of the Arizona Department of Agriculture (the "Department") as authorized under A.R.S. § 3-106.

Purpose

The purpose of the Committee is to provide input and advise the Director of the Department, or the Director's designee, on the development of administrative rules used to license and regulate the industrial hemp program applicants and licensees.

Duties and Responsibilities

As a public body, the Committee is required to follow Arizona's Open Meeting Law, A.R.S. §§ 3-431 to 3-431.09. The members of the Committee shall review Chapter 7 of the *Arizona Agency Handbook* issued by the Arizona Attorney General's Office.

The Committee shall work with the Department to provide feedback on administrative rules developed by Department staff and the Department assigned Assistant Attorney General.

The Committee shall select a Chairperson and Co-chairperson and replace any vacancies during the term of the Committee.

The Committee's primary responsibilities include:

- Comprehensively review draft administrative rules as provided by Department staff.
- Provide input and comments, in a manner as recommended by Department staff, to utilize in the development of draft administrative rule language.
- Coordinate with Department staff on the recommendation of program fees and terms of applicant eligibility.
- Upon the completion of the development of draft administrative rules, and other feedback items, provide a summary of comments to the Director for consideration.

Members of the Committee may be asked to provide stakeholder perspective feedback during public outreach events (no more than three per event) to engage prospective stakeholders and the public at locations to be determined.

Appointment Term

The term of the Committee will be from August 3, 2018 until August 3, 2019. The Committee serves at the discretion and pleasure of the Director. The Director may choose to terminate the Committee prior to August 3, 2019, if necessary.

Liaison

The Director had assigned Brian McGrew, Industrial Hemp Program Manager, as the primary point of contact for the Committee. Please call, 602-542-3228 or email bmcgrew@azda.gov for questions or requests.

INDUSTRIAL HEMP PROGRAM

On May 14th Senate Bill 1098 was signed by Governor Ducey that will authorize the Arizona Department of Agriculture to approve agricultural pilot programs for propagation, processing, manufacturing, distribution, and market research of industrial hemp starting in August of 2019.

The time between the general effective date (August 2018) and the delayed effective date (August 2019) will allow the Department the time needed to:

- Establish Rules
- Create an industrial hemp licensing program
- Appoint membership to the Industrial Hemp Advisory Council
- Develop an application and review process
- Develop a fee schedule



More information can be found here:

Things to Know About the Arizona Industrial Hemp Agricultural Pilot Program (IHAPP)

NEW!!!

Help Us Plan

The AZDA and the Industrial Hemp Program Rules Committee would like to hear about your knowledge and interest in the Industrial Hemp Agricultural Pilot Program.

Please complete this voluntary questionnaire to help us plan and make preparations to meet the demands of our future customers.



Instructions: Click on the document, [HempPrgmQues.pdf](#) to open the file. Save the file to your local computer. Open the file from your computer and complete the questionnaire. Once finished, save the file and email a copy to bmcgrew@azda.gov. This questionnaire will also be available during Committee meetings and outreach events.

HempPrgmQues.pdf

<https://agriculture.az.gov/plantsproduce/industrial-hemp-program>

Industrial Hemp Program Rules Committee

The Department has appointed a seven member advisory committee tasked in providing input on the development of rules to license and regulate Industrial Hemp Growers, Harvesters, Transporters and Processors.

The Committee's primary responsibilities include:

- Review draft administrative rule language as provided by Department staff.
- Provide input and comments on the draft administrative rule language.
- Coordinate with the Department staff on recommendations for program fees and terms of applicant eligibility.
- Upon the completion of the development of draft administrative rules, and other feedback items, provide a summary of comments.

For more information regarding the **Industrial Hemp Program Rules Committee** and upcoming events, please click here: [Industrial Hemp Program Rules Committee](#)

If you have questions regarding the Industrial Hemp Program please contact Brian McGrew, at 602-542-3228 or bmcgrew@azda.gov

Information, and the full context of the bill, can be found on the Arizona State Legislature's website at: www.azleg.gov

Arizona Revised Statutes for the Industrial Hemp Program will be under Title 3. Agriculture, Ch. 2, Art. 4.1

The Arizona Department of Agriculture will not be issuing pilot program licenses until the Summer of 2019.

Check back to this page for periodic updates and information.

3-311. Definitions

(Eff. 8/4/19)

In this article, unless the context otherwise requires:

1. "Agricultural pilot program" means the industrial hemp program that is designed to research the growth, cultivation and marketing of industrial hemp, hemp seeds and hemp products as authorized by this article and rules and orders adopted by the director pursuant to this article.
2. "Crop" means any industrial hemp that is grown under a single industrial hemp license issued by the department.
3. "Grower" means an individual, partnership, company or corporation that propagates industrial hemp under this article and rules and orders adopted by the director pursuant to this article.
4. "Harvester" means an individual, partnership, company or corporation that is licensed by the department to harvest industrial hemp for a licensed grower.
5. "Hemp products" means all products made from industrial hemp, including cloth, cordage, fiber, fuel, grain, paint, paper, construction materials, plastics and by-products derived from sterile hemp seed or hemp seed oil. Hemp products excludes any product made to be ingested except food made from sterile hemp seed or hemp seed oil.
6. "Hemp seed" means any viable cannabis sativa L. seed that produces an industrial hemp plant that is subject to this article and rules and orders adopted by the director pursuant to this article.
7. "Industrial hemp" means the plant cannabis sativa L. and any part of such a plant, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than three-tenths percent on a dry-weight basis.
8. "Industrial hemp site" means the location in which a grower, harvester, transporter or processor possesses a crop, a harvested crop or hemp seed.
9. "License" means the authorization that is granted by the department to propagate, harvest, transport or process industrial hemp in this state under this article and rules and orders adopted by the director pursuant to this article.
10. "Licensee" means a grower, harvester, transporter or processor with a valid license.
11. "Processor" means an individual, partnership, company or corporation that is licensed by the department to receive industrial hemp for processing into hemp products or hemp seed.
12. "Transporter" means an individual, partnership, company or corporation that is licensed by the department to transport industrial hemp for a licensed grower to a processor.

3-312. Legislative findings; purpose; authorization

(Eff. 8/4/19)

A. The legislature finds and determines that developing and using industrial hemp can improve the economy and agricultural vitality of this state and that the production of industrial hemp can be regulated so as not to interfere with strict regulation of marijuana in this state.

B. The purposes of this article are:

1. To promote the economy and agriculture in this state by allowing institutions of higher learning and the department to develop and regulate industrial hemp as part of an agricultural pilot program for the purpose of research into the growth, cultivation and marketing of industrial hemp as authorized by the agricultural act of 2014 (P.L. 113-79; 128 Stat. 649; 7 United States Code section 5940).

2. To allow the commercial growth, cultivation and marketing of industrial hemp if the commercial growth, cultivation and marketing of industrial hemp is authorized by federal law, while maintaining strict control of marijuana.

C. Industrial hemp is an agricultural product that is subject to regulation by the department.

D. Industrial hemp propagation, processing, manufacturing, distribution and market research are authorized in this state under a preapproved agricultural pilot program. Hemp seed that is authorized for an agricultural pilot program shall be certified solely through the department. Unauthorized hemp seed may not be planted. Hemp seed that is derived from previously authorized hemp seed is considered authorized hemp seed for the purposes of this article.

E. If authorized under federal law, the commercial production, processing, manufacturing, distribution and commerce of industrial hemp in this state is allowed outside of the agricultural pilot program.

3-313. Rulemaking; fees; intent

(Eff. 8/4/19)

A. For the purposes of carrying out this article, the director shall:

1. Adopt rules pursuant to title 41, chapter 6 to oversee the licensing, production and management of industrial hemp and hemp seed in this state pursuant to this article.
2. Adopt fees by rule.
3. Authorize qualified applicants to propagate, harvest, transport or process, or any combination thereof, industrial hemp according to rules adopted by the director.

B. The legislature intends that the fees adopted pursuant to subsection A, paragraph 2 of this section be used to fund the department's activities in licensing, testing, inspecting and supervising industrial hemp production.

3-314. Industrial hemp licenses; applications; fees; fingerprinting requirements; renewal; revocation

(Eff. 8/4/19)

A. A grower, harvester, transporter or processor shall obtain an industrial hemp license from the department.

B. A grower, harvester, transporter or processor shall apply for a license pursuant to rules and orders adopted by the director.

C. An application for an original or renewal industrial hemp license shall comply with all of the following:

1. Be on a form that is provided by the department.
2. Include complete and accurate information.
3. Be accompanied by the license fee prescribed by the director. The director shall deposit, pursuant to sections 35-146 and 35-147, fees collected under this paragraph in the industrial hemp trust fund established by section 3-315.

D. An applicant shall provide proof to the department of having a valid fingerprint clearance card issued pursuant to section 41-1758.07 for the purpose of validating applicant eligibility.

E. A license issued pursuant to this section is valid for one year, unless revoked, and may be renewed as provided by the department. Rather than renewing a licensee's license every year, a licensee may renew the licensee's license every two years by paying a license fee that is twice the amount designated by the fee schedule in rule that is adopted by the director and other applicable fees. Licensees that renew every two years shall comply with any annual reporting requirements.

F. The department may revoke or refuse to issue or renew a license for a violation of any law of this state, any federal law or any rule or order adopted by the director.

G. A member of an Indian tribe may apply for a license pursuant to this section. If a member of an Indian tribe is issued a license pursuant to this section, the member is subject to the requirements prescribed in this article.

3-315 - Industrial hemp trust fund

3-315. Industrial hemp trust fund

(Eff. 8/4/19)

A. The industrial hemp trust fund is established for the exclusive purpose of implementing, continuing and supporting industrial hemp licensing. The trust fund consists of monies received from legislative appropriations, licensing fees and all other sources under this article. The monies collected constitute a separate and permanent fund for use by the director in administering and enforcing this article.

B. The director shall administer the trust fund as trustee. The state treasurer shall accept, separately account for and hold in trust any monies deposited in the state treasury, which are considered to be trust monies as defined in section 35-310 and may not be commingled with any other monies in the state treasury except for investment purposes. On notice from the director, the state treasurer shall invest and divest any trust fund monies deposited in the state treasury as provided by sections 35-313 and 35-314.03, and monies earned from investment shall be credited to the trust fund.

C. The director may accept and spend federal monies and private grants, gifts, contributions and devises to assist in carrying out the purposes of this article.

D. The beneficiary of the trust is the industrial hemp program established pursuant to this article, including salaries, fees and office, administrative, bonding and travel expenses that are incurred as a result of the industrial hemp program.

E. Any monies remaining unexpended in the trust fund on June 30 of each year shall be carried forward to the following year and do not revert to the state general fund.

3-316. Recordkeeping, inspection, transportation and distribution requirements

(Eff. 8/4/19)

A. A grower, harvester, transporter or processor of industrial hemp that is licensed pursuant to this article shall keep and maintain records as required by rule or order. The director or the director's designee may inspect or audit the records during normal business hours to ensure compliance with this article or any department rule or order.

B. The director or the director's designee may physically inspect an industrial hemp site to ensure compliance with this article or any department rule or order. During any physical inspection of an industrial hemp site, the director or the director's designee may take a representative sample for analysis by the state agricultural laboratory or a laboratory that is certified by the state agricultural laboratory. If a crop contains an average carboxylated delta-9 tetrahydrocannabinol concentration that exceeds three-tenths percent on a dry-weight basis or violates any other pesticide law, the department may take corrective action pursuant to section 3-317.

C. Notwithstanding section 13-3405, the director or the director's designee may possess and transport samples of *cannabis sativa* L. collected for testing to determine delta-9 tetrahydrocannabinol concentration for eligibility as industrial hemp.

D. Only a licensed grower, harvester, processor or transporter or the director or the director's designee may transport industrial hemp off the industrial hemp site. When transporting industrial hemp off the industrial hemp site, the licensed grower, processor or transporter shall carry the licensing documents as evidence that the industrial hemp was grown by a licensed grower. This subsection does not apply to the transportation of hemp products.

E. A licensed grower shall notify the department of all of the following:

1. The sale or distribution of any industrial hemp grown under the grower's license.
2. The name and address of the person or entity receiving the industrial hemp.
3. The amount of the industrial hemp sold or distributed.

3-317. Corrective actions; hearing

(Eff. 8/4/19)

A. The director shall adopt rules to address, correct and remediate violations of this article and rules or orders adopted pursuant to this article.

B. The director may:

1. Issue and enforce a written cease and desist order against a grower, harvester, transporter or processor of any industrial hemp that the director finds is in violation of this article. The order shall prohibit the further sale, processing or transportation of the industrial hemp except on approval of the director.

2. Issue a stop sale order.

3. Seize and destroy any crop, harvested crop or hemp seed that does not comply with this article or any rule or order adopted pursuant to this article.

4. Take any other action to enforce this article and the rules and orders adopted pursuant to this article.

C. A person who violates this article or any rule or order adopted pursuant to this article may request a hearing before an administrative law judge pursuant to title 41, chapter 6, article 10. The decision of the administrative law judge is subject to review by the director as provided by title 41, chapter 6, article 10. A request pursuant to this subsection does not stay a cease and desist order issued pursuant to this section.

3-318. Industrial hemp advisory council; members; duties

(Eff. 8/4/19)

A. The director shall establish by rule or order an industrial hemp advisory council to assist and make recommendations to the director regarding the administration and implementation of this article. The director shall appoint five members to the council, including one public member.

B. The industrial hemp advisory council shall:

1. Advise the director regarding expenditures from the industrial hemp trust fund.
2. Provide additional assistance as the director deems necessary.

3-319. Violations; classification; civil penalties

(Eff. 8/4/19)

A. In addition to any liability established by this article or any penalty provided by law, the director may impose a civil penalty of not more than five thousand dollars for each violation of any of the following:

1. A licensing requirement.
2. A license term or condition.
3. A rule or order adopted by the director that relates to propagating, harvesting, transporting or processing industrial hemp.

B. A person who intentionally violates this article or any rule or order related to this article is guilty of a class 1 misdemeanor.

C. A person who does not hold a license issued by the department or who is not a designee or agent of a person who holds a license issued by the department may not propagate, harvest, transport or process industrial hemp. A person who violates this subsection is subject to section 13-3405.

3-320. Affirmative defense

(Eff. 8/4/19)

A. It is an affirmative defense to any prosecution for the possession or cultivation of marijuana pursuant to title 13, chapter 34 that the defendant is a licensee, or a designee or agent of a licensee, who is in compliance with this article.

B. This section is not a defense to a charge of possession, sale, transportation or distribution of marijuana pursuant to title 13, chapter 34 that is not industrial hemp.