

Regulating Industrial Hemp: The Colorado Experience



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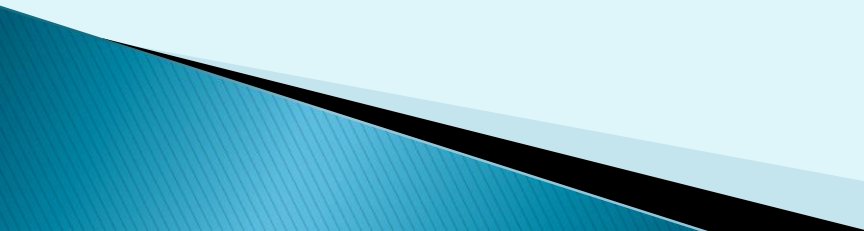
Amendment 64

- ▶ Ballot initiative to amend Colorado Constitution to permit sale and possession of recreational marijuana.
- ▶ Included directive to state legislature to enact legislation governing cultivation, processing and sale of industrial hemp.
- ▶ Approved by voters in November 2012

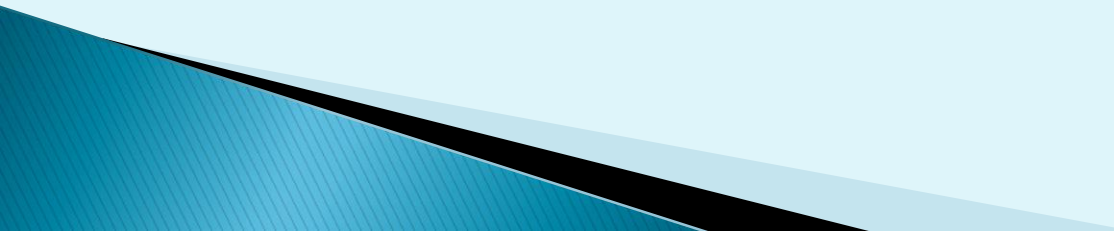
Colorado State Legislature

- ▶ Created a registration and inspection program for R&D and commercial cultivation
- ▶ Created Industrial Hemp Advisory Committee
- ▶ Delegated regulatory authority to CDA

Rule Making Process

- ▶ Discussion draft drew on the Canadian experience
 - ▶ Three meetings with Industrial Hemp Advisory Committee
 - ▶ Proposed rule published; public hearing held
 - ▶ Final rule published; rule effective Dec. 30
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Issues

- ▶ Registration and Inspection
 - Costs
 - Lab facilities
 - ▶ Sampling
 - ▶ Seed Availability
 - ▶ Disposition of non-complying plants
 - ▶ Law Enforcement Concerns
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Registration & Inspection

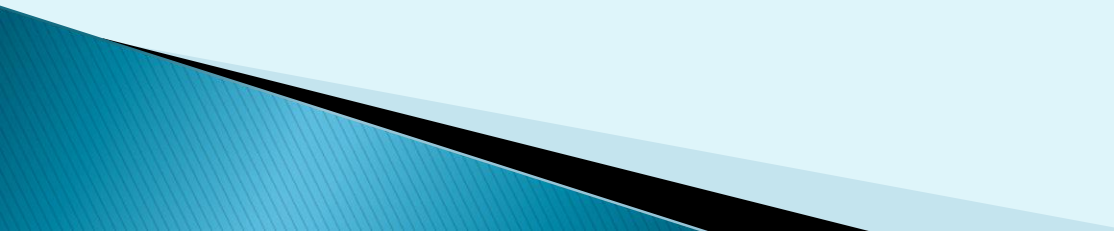
▶ Costs

- No funding from Legislature
- Fees have to cover costs of program
- Current fees are guesstimates – likely revised in the future

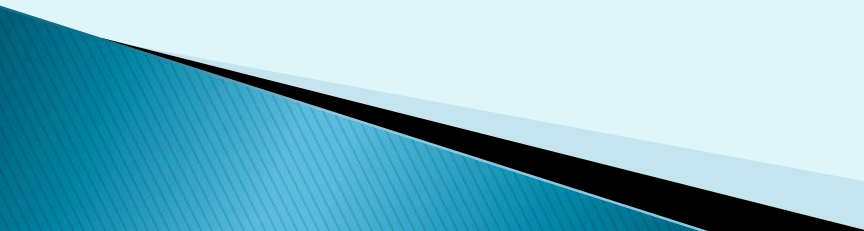
▶ Lab Facilities

- Few private labs
- Focus on marijuana testing
- Biochemistry Lab will do testing
- Grower pays costs of testing

Sampling

- ▶ Who would be sampled?
 - ▶ What would be sampled?
 - ▶ When would the sampling take place?
 - ▶ How would the samples be handled/tested?
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Seed Availability

- ▶ Illegal to import seed into Colorado
 - ▶ Limited seed source
 - ▶ No seed certification available
 - ▶ Source of seed will not be requested during registration
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Disposition of Non-Complying Plants

- ▶ Expectation that some samples will be in non-compliance; THC $>$.3%
- ▶ Concerns that thousands of dollars invested in the crop would be lost
- ▶ Waiver: If between .3% and 1%, then
 - Registration not revoked or suspended if crop disposed in manner approved by Commissioner.
 - Approved disposition TBD

Industrial Hemp Rule

- ▶ Registration program starting March 1, 2014
- ▶ Report verifying THC will be $\leq 0.3\%$
- ▶ Inspection program: up to 33% of registrants will have plants sampled and tested
- ▶ Fees: R&D – \$100 plus \$5/acre
Commercial – \$200 plus \$1/acre
- ▶ Enforcement

Law Enforcement Concerns

- ▶ Hemp fields will be used to hide marijuana
 - ▶ 100% inspection of all growers
 - ▶ Inspections should be unannounced
 - ▶ Law Enforcement could accompany inspectors
 - ▶ Information about registrants
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The Federal Response

- ▶ Aug. 29, 2013 – Department of Justice Memorandum – The Cole Memo
- ▶ Feb. 14, 2014 – Dept. of Justice/Dept. of the Treasury Memo on Financial Institutions
- ▶ Apr. 16, 2014 – USDA memo on taking acreage reports for hemp acreage
- ▶ May 13, 2014 – DEA seizes shipment of imported hemp seeds headed to KY.

The Farm Bill

- ▶ Industrial Hemp Research Provision – Title VII
- ▶ Institution of higher education or a state department of agriculture may cultivate if:
 - ❖ The industrial hemp is cultivated for research under an agriculture pilot program or academic research;
 - ❖ Hemp cultivation is allowed under the laws of the state in which the research is to be conducted.

Drug Enforcement Agency

- ▶ Open about opposition to hemp
- ▶ Availability of hemp seeds; some imports seized at the border
- ▶ Has issued registration to import controlled substances to CDA
- ▶ Import permit will be granted to import hemp seeds for use by Ag Dept. and universities

Remaining Challenges

- ▶ Seed Availability/Certification
 - ▶ Processing facilities
 - ▶ Financial services
 - ▶ Pesticides
 - ▶ Medical Research
 - ▶ Open Records
 - ▶ Uncertainty
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THE TWO STATES

THAT LEGALIZED POT

**ARE GETTING TOGETHER
FOR A**

"SUPER BOWL"





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