SENATE BILL No. 516

DIGEST OF INTRODUCED BILL

Citations Affected: IC 15-11-15; IC 15-15-13; IC 24-4-21-1; IC 35-48-1-17.5; IC 35-48-1-19.

Synopsis: Regulation of hemp. Establishes the Indiana hemp advisory committee to provide advice to the office of the state seed commissioner and the Indiana state department of agriculture. Amends the definition of "industrial hemp" to conform with the federal definition. Changes references from "industrial hemp" to "hemp". Establishes requirements for negligent violations. Requires any civil penalties collected under the hemp law to be transferred to the Indiana state department of agriculture and used for hemp marketing and research purposes. Allows the state seed commissioner to adopt emergency rules to comply with federal requirements. Establishes procedures to apply for approval from the United States Department of Agriculture to receive approval to produce hemp. Requires a person who sells hemp to be licensed and provide certain information to the buyer. Makes conforming changes.

Effective: Upon passage.

Head

January 14, 2019, read first time and referred to Committee on Commerce and Technology.



First Regular Session of the 121st General Assembly (2019)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in this style type, and deletions will appear in this style type.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or *this style type* reconciles conflicts between statutes enacted by the 2018 Regular and Special Session of the General Assembly.

SENATE BILL No. 516

A BILL FOR AN ACT to amend the Indiana Code concerning agriculture and animals.

Be it enacted by the General Assembly of the State of Indiana:

1	SECTION 1. IC 15-11-15 IS ADDED TO THE INDIANA CODE
2	AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3	UPON PASSAGE]:
4	Chapter 15. Indiana Hemp Advisory Committee
5	Sec. 1. As used in this chapter, "advisory committee" refers to
6	the Indiana hemp advisory committee established by section 5 of
7	this chapter.
8	Sec. 2. As used in this chapter, "hemp" has the meaning set
9	forth in IC 15-15-13-6.
10	Sec. 3. As used in this chapter, "hemp products" means
11	products derived from, or made by, processing hemp plants or
12	plant parts that are prepared in a form available for sale, including
13	cosmetics, personal care products, food intended for consumption
14	by humans or animals, fiber, fuel, and products that contain one
15	(1) or more cannabidoids. However, the term does not include
16	products that contain a delta-9 tetrahydrocannabinol
17	concentration of more than three-tenths of one percent (0.3%) on



1	a dry weight basis.
2	Sec. 4. As used in this chapter, "marketing" means promoting
3	or selling hemp within Indiana, in another state, or outside of the
4	United States. The term includes efforts to advertise and gather
5	information about the needs or preferences of potential consumers
6	or suppliers.
7	Sec. 5. (a) The Indiana hemp advisory committee is established
8	for the purpose of providing advice to:
9	(1) the office of the state seed commissioner with respect to
10	plans, policies, rules, fees, and procedures applicable to the
11	administration of IC 15-15-13; and
12	(2) the department concerning marketing and promotion of
13	hemp and hemp products.
14	(b) The advisory committee consists of the following members:
15	(1) The dean of the college of agriculture of Purdue University
16	or the dean's designee.
17	(2) One (1) member of the largest Indiana organization
18	representing general farm interests in Indiana, who is
19	appointed by the secretary for a term of three (3) years.
20	(3) One (1) member of the largest Indiana organization
21	representing the interests of the hemp seed trade in Indiana,
22	who is appointed by the state seed commissioner for a term of
23	three (3) years.
24	(4) One (1) member of the largest Indiana organization
25	representing the interests of hemp industries in Indiana, who
26	is appointed by the secretary for a term of three (3) years.
27	(5) One (1) member who cultivates or processes hemp, who is
28	appointed by the state seed commissioner for a term of three
29	(3) years.
30	(6) One (1) member who manufactures products using hemp,
31	who is appointed by the secretary for a term of three (3)
32	years.
33	(7) One (1) member who represents the hemp retail industry,
34	who is appointed by the secretary for a term of three (3)
35	years.
36	(8) The director of the department or the director's designee,
37	as a nonvoting member.
38	(9) The state seed commissioner, or the state seed
39	commissioner's designee, as a nonvoting member.
40	(10) The superintendent of the state police department or the
41	superintendent's designee, as a nonvoting member.
42	(11) The commissioner of the state department of health or



1	the commissioner's designee, as a nonvoting member.
2	(c) The director or the director's designee shall serve as
3	chairperson.
4	(d) A majority of the voting members of the advisory committee
5	shall constitute a quorum. The affirmative votes of four (4) voting
6	members are needed for the advisory committee to take any officia
7	action.
8	(e) The advisory committee shall meet at the call of the
9	chairperson or the state seed commissioner but not less than one
10	(1) time annually.
11	(f) A member may be appointed for consecutive terms.
12	(g) An appointing authority may replace a member at any time
13	during the member's term to serve the remainder of the member's
14	term.
15	(h) Any group entitled to representation on the advisory
16	committee may submit nominations to the appointing authority
17	The appointing authority shall select the advisory committee
18	members from the submitted nominations. If nominations are no
19	submitted, the appointing authority may appoint any person who
20	meets the requirements for the appointment.
21	Sec. 6. The department shall provide administrative and staff
22	support for the advisory committee.
23	Sec. 7. (a) Each member of the board who is not a state
24	employee is entitled to receive both:
25	(1) the minimum salary per diem; and
26	(2) reimbursement for travel expenses and other expenses
27	actually incurred in connection with the member's duties;
28	as provided in the Purdue University travel policies and
29	procedures established by the Purdue University department of
30	transportation and approved by the Purdue University vice
31	president of business services.
32	(b) Each member of the board who is a state employee is entitled
33	to reimbursement for travel expenses as provided under
34	IC 4-13-1-4 and other expenses actually incurred in connection
35	with the member's duties, as provided in the state travel policies
36	and procedures established by the Indiana department of
37	administration and approved by the budget agency.
38	SECTION 2. IC 15-15-13-3, AS ADDED BY P.L.165-2014
39	SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
40	UPON PASSAGE]: Sec. 3. As used in this chapter, "crop" means any
41	industrial hemp grown under a single license.

SECTION 3. IC 15-15-13-4, AS ADDED BY P.L.165-2014,



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1	SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
2	UPON PASSAGE]: Sec. 4. As used in this chapter, "grower" means:
3	(1) an individual, a partnership, a company, or a corporation that
4	produces industrial hemp for commercial purposes; or
5	(2) a person, as part of an industrial a hemp research program
6	conducted by a state educational institution (as defined by
7	IC 21-7-13-32).
8	SECTION 4. IC 15-15-13-5, AS ADDED BY P.L.165-2014
9	SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
10	UPON PASSAGE]: Sec. 5. As used in this chapter, "handler" means an
11	individual, a partnership, a company, or a corporation that receives
12	industrial hemp for scientific research, or for processing into
13	commodities, products, or agricultural hemp seed.
14	SECTION 5. IC 15-15-13-6, AS ADDED BY P.L.165-2014,
15	SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
16	UPON PASSAGE]: Sec. 6. As used in this chapter, "industrial "hemp"
17	means
18	(1) all nonseed parts and varieties of the plant Cannabis sativa
19	plant, L. and any part of that plant, including the seeds thereof
20	and all derivatives, extracts, cannabinoids, isomers, acids,
21	salts, and salts of isomers, whether growing or not, that contain
22	a crop wide average tetrahydrocannabinol (THC) concentration
23	that does not exceed the lesser of:
24	(A) with a delta-9 tetrahydrocannabinol concentration of
25	not more than three-tenths of one percent (0.3%) on a dry
26	weight basis. or
27	(B) the percent based on a dry weight basis determined by the
28	federal Controlled Substances Act (21 U.S.C. 801 et seq.); or
29	(2) any Cannabis sativa seed that is:
30	(A) part of a growing crop;
31	(B) retained by a grower for future planting; or
32	(C) for processing into, or use as, agricultural hemp seed.
33	The term does not include industrial hemp commodities or products.
34	SECTION 6. IC 15-15-13-7, AS ADDED BY P.L.165-2014,
35	SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
36	UPON PASSAGE]: Sec. 7. (a) Subject to section 15 of this chapter, the
37	production of, possession of, scientific study of, and commerce in
38	industrial hemp is authorized in Indiana. Industrial Hemp is an
39	agricultural product that is subject to regulation by the state seed
40	commissioner. The state seed commissioner shall adopt rules to
41	oversee the licensing, production, and management of:
42	(1) industrial hemp; and



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1	(2) agricultural hemp seed;
2	to ensure integrity of audits and security of field sites of each
3	commodity.
4	(b) All growers and handlers must have an industrial a hemp license
5	issued by the state seed commissioner. Growers and handlers engaged
6	in the production of agricultural hemp seed must also have an
7	agricultural hemp seed production license.
8	(c) An application for an industrial a hemp license or agricultural
9	hemp seed production license must include the following:
10	(1) The name and address of the applicant.
11	(2) The name and address of the industrial hemp operation of the
12	applicant.
13	(3) The global positioning system coordinates and legal
14	description of the property used for the industrial hemp operation.
15	(4) If the industrial hemp license or agricultural hemp seed
16	production license application is made by a grower, the acreage
17	size of the field where the industrial hemp will be grown.
18	(5) A statement signed by the applicant, under penalty of perjury,
19	that the person applying for the industrial hemp license or
20	agricultural hemp seed production license has not been convicted
21	of a drug related felony or misdemeanor in the previous ten (10)
22	years.
23	(6) A written consent allowing the state police department to
24	conduct a state or national criminal history background check.
25	(7) A written consent allowing the state police department, if a
26	license is issued to the applicant, to enter the premises on which
27	the industrial hemp is grown to conduct physical inspections of
28	industrial hemp planted and grown by the applicant, and to ensure
29	the plants meet the definition of industrial hemp as set forth in
30	section 6 of this chapter. Not more than two (2) physical
31	inspections may be conducted under this subdivision per year,
32	unless a valid search warrant for an inspection has been issued by
33	a court of competent jurisdiction.
34	(8) A nonrefundable application fee, which must include the
35	amount necessary to conduct a state or national criminal history
36	background check, in an amount determined by the state seed
37	commissioner.
38	(9) Any other information required by the state seed
39	commissioner.
40	SECTION 7. IC 15-15-13-8, AS ADDED BY P.L.165-2014,
41	SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
42	UPON PASSAGE]: Sec. 8. (a) Each license application received under



this chapter must be processed as follows:

2	(1) Upon receipt of a license application, the state seed
3	commissioner shall forward a copy of the application to the state
4	police department. The state police department shall do the
5	following:
6	(A) Perform a state or national criminal history background
7	check of the applicant.
8	(B) Determine if the requirements under section 7(c)(5) of this
9	chapter concerning prior criminal convictions have been met.
10	(C) Return the application to the state seed commissioner
11	along with the state police department's determinations and a
12	copy of the state or national criminal history background
13	check.
14	(2) The state seed commissioner shall review the license
15	application returned from the state police department.
16	(b) If the state seed commissioner determines that all the
17	requirements under this chapter have been met and that a license
18	should be granted to the applicant, the state seed commissioner shall
19	approve the application for issuance of a license.
20	(c) An industrial A hemp license or agricultural hemp seed
21	production license is valid for a one (1) year term unless revoked. An
22	industrial A hemp license or agricultural hemp seed production license
23	may be renewed in accordance with rules adopted by the state seed
24	commissioner and is nontransferable.
25	SECTION 8. IC 15-15-13-9, AS AMENDED BY P.L.139-2016,
26	SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
27	UPON PASSAGE]: Sec. 9. (a) An agricultural hemp seed production
28	license issued under this chapter authorizes a grower or handler to
29	produce and handle agricultural hemp seed for sale to licensed
30	industrial hemp growers and handlers. A seller of agricultural hemp
31	seed shall ensure that the seed complies with any standards set by the
32	state seed commissioner. The state seed commissioner shall make
33	available to growers information that identifies sellers of agricultural
34	hemp seed.
35	(b) All growers and handlers must keep records in accordance with
36	rules adopted by the state seed commissioner. Upon at least three (3)
37	days notice, the state seed commissioner may audit the required records
38	during normal business hours. The state seed commissioner may
39	conduct an audit for the purpose of ensuring compliance with:
40	(1) this chapter;
41	(2) rules adopted by the state seed commissioner; or

(3) industrial hemp license or agricultural hemp seed production



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1	license requirements, terms, and conditions.
2	(c) In addition to an audit conducted in accordance with subsection
3	(b), the state seed commissioner may inspect independently, or in
4	cooperation with the state police department, a federal law enforcement
5	agency, or a local law enforcement agency, any industrial hemp crop
6	during the crop's growth phase and take a representative composite
7	sample for field analysis. If a crop contains an average
8	tetrahydrocannabinol (THC) concentration exceeding the lesser of:
9	(1) three-tenths of one percent (0.3%) on a dry weight basis; or
10	(2) the percent based on a dry weight basis determined by the
11	federal Controlled Substance Act (21 U.S.C. 801 et seq.);
12	the state seed commissioner may detain, seize, or embargo the crop.
13	SECTION 9. IC 15-15-13-11, AS ADDED BY P.L.165-2014,
14	SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
15	UPON PASSAGE]: Sec. 11. Only an industrial a hemp licensee, the
16	licensee's designee, or the licensee's agents may be permitted to
17	transport industrial hemp off a production site. When transporting
18	industrial hemp off the production site, the industrial hemp licensee,
19	designee, or agent shall have in the licensee's, designee's, or agent's
20	possession the licensing documents from the state seed commissioner
21	evidencing that the industrial hemp is from certified seed produced by
22	a licensed grower.
23	SECTION 10. IC 15-15-13-12, AS ADDED BY P.L.165-2014,
24	SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
25	UPON PASSAGE]: Sec. 12. The state seed commissioner is
26	responsible for the following:
27	(1) Monitoring the industrial hemp grown by any license holder.
28	(2) Conducting random testing of the industrial hemp for
29	compliance with tetrahydrocannabinol (THC) levels.
30	(3) Establishing necessary testing criteria and protocols,
31	including a procedure for testing, using post decarboxylation
32	or other similarly reliable methods, delta-9
33	tetrahydrocannabinol concentration levels of the hemp
34	produced.
35	(4) Establishing the minimum number of acres to be planted
36	under each license issued under this chapter.
37	(5) Regulating any propagative material of a hemp plant.
38	SECTION 11. IC 15-15-13-13, AS ADDED BY P.L.165-2014,
39	SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
40	UPON PASSAGE]: Sec. 13. (a) Subject to section 13.5 of this
41	chapter , in addition to any other liability or penalty provided by law,
42	the state seed commissioner may revoke or refuse to issue or renew an



industrial hemp license or an agricultural hemp seed production license and may impose a civil penalty for a violation of:

(1) a license requirement;

- (2) license terms or conditions; or
- (3) a rule relating to growing or handling industrial hemp.
- (b) The state seed commissioner may not impose a civil penalty under this section that exceeds two thousand five hundred dollars (\$2,500).
- (c) The state seed commissioner may revoke or refuse to issue or renew an industrial hemp license or an agricultural hemp seed production license for a violation of any rule of the state seed commissioner that pertains to agricultural operations or activities other than industrial hemp growing or handling.
- (d) Any civil penalties collected under this section shall be transferred to the Indiana state department of agriculture and used for hemp marketing and research purposes.

SECTION 12. IC 15-15-13-13.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13.5. (a) Except as provided in subsection (b), the state seed commissioner shall give a person who negligently violates this section a reasonable time, determined by the state seed commissioner, to correct the violation without imposing a penalty. However, the state seed commissioner may require the person who committed the violation to comply with a corrective action plan determined by the state seed commissioner and report to the state seed commissioner on compliance with the corrective action plan.

- (b) A person who commits a negligent violation of this section three (3) times in a five (5) year period shall immediately be ineligible to produce hemp for five (5) years.
- (c) If the state seed commissioner believes that a person has knowingly or intentionally violated this chapter, the state seed commissioner shall notify the superintendent of the state police department and the attorney general of the violation.

SECTION 13. IC 15-15-13-14, AS ADDED BY P.L.165-2014, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 14. (a) The state seed commissioner shall adopt rules under IC 4-22-2 to implement and administer this chapter.

(b) The state seed commissioner may adopt emergency rules in the manner provided under IC 4-22-2-37.1 to comply with any federal requirement under the Agriculture Improvement Act of 2018 to implement and administer this chapter. This subsection



expires December 31, 2021.

SECTION 14. IC 15-15-13-15, AS ADDED BY P.L.165-2014, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 15. (a) Notwithstanding any other law, the state seed commissioner may not grant any license until the state seed commissioner has secured any necessary permissions, waivers, or other form of legal status by the United States Drug Enforcement Agency or other appropriate federal agency concerning industrial hemp.

- (b) Before July 1, 2019, the state seed commissioner, shall apply for any necessary permissions, waivers, or other forms of legal status by the United States Drug Enforcement Agency or other appropriate federal agency that are necessary to implement this chapter before January 1, 2015. after consultation with the governor and the superintendent of the state police department, shall submit a plan that monitors and regulates the production of hemp to the United States Department of Agriculture. If the United States Department of Agriculture disapproves the plan, the state seed commissioner shall submit an amended plan to the United States Department of Agriculture.
- (c) The state seed commissioner may not implement a waiver under this section until the state seed commissioner files an affidavit with the governor attesting that the federal permission or waiver applied for under this section is in effect. The state seed commissioner shall file the affidavit under this subsection not later than five (5) days after the state seed commissioner is notified that the waiver is approved.
- (d) If the state seed commissioner receives a waiver permission under this section from all the appropriate federal agencies and the governor receives the affidavit filed under subsection (c), the state seed commissioner shall implement this chapter, subject to the terms and conditions of the permission or waiver received, not more than sixty (60) days after the governor receives the affidavit.

SECTION 15. IC 15-15-13-17, AS ADDED BY P.L.134-2015, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17. (a) The seed commissioner may keep the:

- (1) names of growers and handlers who are licensed under this chapter; and
- (2) locations of licensed industrial hemp crops; confidential for purposes of IC 5-14-3.
- (b) The seed commissioner may share confidential information under subsection (a) with the state police department and law enforcement officers.

SECTION 16. IC 15-15-13-18 IS ADDED TO THE INDIANA



1	CODE AS A NEW SECTION TO READ AS FOLLOWS
2	[EFFECTIVE UPON PASSAGE]: Sec. 18. (a) A person who sells
3	hemp in Indiana:
4	(1) must be licensed in Indiana or in the jurisdiction where the
5	hemp was grown; and
6	(2) provide the buyer with a receipt that contains the seller's
7	name, place of business, and license number and quantity of
8	hemp sold.
9	(b) A person who buys hemp in Indiana must retain the receipt
10	described in subsection (a)(2) for a period of two (2) years.
11	SECTION 17. IC 24-4-21-1, AS ADDED BY P.L.153-2018,
12	SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
13	UPON PASSAGE]: Sec. 1. The following definitions apply throughout
14	this chapter:
15	(1) "Certificate of analysis" means a certificate from an
16	independent testing laboratory describing the results of the
17	laboratory's testing of a sample.
18	(2) "Independent testing laboratory" means a laboratory:
19	(A) with respect to which no person having a direct or indirect
20	interest in the laboratory also has a direct or indirect interest
21	in a facility that:
22	(i) processes, distributes, or sells low THC hemp extract, or
23	a substantially similar substance in another jurisdiction;
24	(ii) cultivates, processes, distributes, dispenses, or sells
25	marijuana; or
26	(iii) cultivates, processes, or distributes industrial hemp; and
27	(B) that is accredited as a testing laboratory to International
28	Organization for Standardization (ISO) 17025 by a third party
29	accrediting body such as the American Association for
30	Laboratory Accreditation (A2LA) or Assured Calibration and
31	Laboratory Accreditation Select Services (ACLASS).
32	(3) "Low THC hemp extract" has the meaning set forth in
33	IC 35-48-1-17.5.
34	SECTION 18. IC 35-48-1-17.5, AS ADDED BY P.L.153-2018,
35	SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
36	UPON PASSAGE]: Sec. 17.5. "Low THC hemp extract" means a
37	substance or compound that:
38	(1) is derived from or contains any part of the plant Cannabis
39	sativa L. that meets the definition of industrial hemp under
40	IC 15-15-13-6;
41	(2) contains not more than three-tenths percent (0.3%) total
42	delta-9-tetrahydrocannabinol (THC), including precursors, by



1	weight; and
2	(3) contains no other controlled substances.
3	SECTION 19. IC 35-48-1-19, AS AMENDED BY P.L.153-2018.
4	SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
5	UPON PASSAGE]: Sec. 19. (a) "Marijuana" means any part of the
6	plant genus Cannabis whether growing or not; the seeds thereof; the
7	resin extracted from any part of the plant, including hashish and hash
8	oil; any compound, manufacture, salt, derivative, mixture, or
9	preparation of the plant, its seeds or resin.
0	(b) The term does not include:
1	(1) the mature stalks of the plant;
2	(2) fiber produced from the stalks;
3	(3) oil or cake made from the seeds of the plant;
4	(4) any other compound, manufacture, salt, derivative, mixture
5	or preparation of the mature stalks (except the resin extracted
6	therefrom);
7	(5) the sterilized seed of the plant which is incapable of
8	germination;
9	(6) industrial hemp (as defined by IC 15-15-13-6); or
0.0	(7) low THC hemp extract.
1	SECTION 20. An amorgancy is declared for this act

