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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 2946

03/16/2023

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The bill was read for the first time and referred to the Committee on Agriculture Finance and Policy

1.1 A bill for an act

1.2 relating to agriculture; amending hemp provisions; amending Minnesota Statutes

1.3 2022, sections 18K.04, subdivisions 1, 2; 18K.06; repealing Minnesota Statutes

1.4 2022, sections 18K.05; 18K.09.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2022, section 18K.04, subdivision 1, is amended to read:

1.7 Subdivision 1. **Requirement; issuance; presumption.** (a) A person must obtain a license

1.8 from the commissioner before (1) growing industrial hemp ~~for commercial or research~~

1.9 ~~purposes, and (2) before processing industrial hemp for commercial purposes, or (3)~~

1.10 researching industrial hemp.

1.11 (b) To obtain a license under paragraph (a), a person must apply to the commissioner

1.12 in the form prescribed by the commissioner and must pay the annual registration and

1.13 inspection fee established by the commissioner in accordance with section 16A.1285,

1.14 subdivision 2.

1.15 (c) For a license to grow industrial hemp ~~for commercial or research purposes,~~ the license

1.16 application must include the name and address of the applicant and the legal description of

1.17 the land area or areas where industrial hemp will be grown by the applicant and any other

1.18 information required under Code of Federal Regulations, title 7, part 990.

1.19 (d) For a license to process industrial hemp ~~for commercial purposes,~~ the license

1.20 application must include the name and address of the applicant, the legal description of the

1.21 processing location, and any other information required by the commissioner.

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

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

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

2.8 Sec. 2. Minnesota Statutes 2022, section 18K.04, subdivision 2, is amended to read:

2.9 Subd. 2. **Background check; data classification.** The commissioner must require each  
2.10 first-time applicant for a license to submit to a background investigation conducted by the  
2.11 Bureau of Criminal Apprehension as a condition of licensure. Any first-time authorized  
2.12 representatives designated by the applicant must also submit to a background investigation.  
2.13 As part of the background investigation, the Bureau of Criminal Apprehension must conduct  
2.14 criminal history checks of Minnesota records and is authorized to exchange fingerprints  
2.15 with the United States Department of Justice, Federal Bureau of Investigation for the purpose  
2.16 of a criminal background check of the national files. The cost of the investigation must be  
2.17 paid by the applicant. Criminal history records provided to the commissioner under this  
2.18 section must be treated as private data on individuals, as defined in section 13.02, subdivision  
2.19 12.

2.20 Sec. 3. Minnesota Statutes 2022, section 18K.06, is amended to read:

2.21 **18K.06 RULEMAKING.**

2.22 (a) The commissioner shall adopt rules governing the production, testing, processing,  
2.23 and licensing of industrial hemp. ~~Notwithstanding section 14.125, the commissioner's~~  
2.24 ~~authority to adopt these rules expires June 30, 2022.~~ Notwithstanding the two-year limitation  
2.25 for exempt rules under section 14.388, subdivision 1, Minnesota Rules, chapter 1565,  
2.26 published in the State Register August 16, 2021, is effective until August 16, 2025, or until  
2.27 permanent rules implementing chapter 18K are adopted, whichever occurs first.

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

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

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

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

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

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

3.6 Sec. 4. **REPEALER.**

3.7 Minnesota Statutes 2022, sections 18K.05; and 18K.09, are repealed.

**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.

**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.