

ARIZONA STATE SENATE

RESEARCH STAFF



TO: MEMBERS OF THE SENATE
JUDICIARY COMMITTEE

DATE: February 13, 2014

SUBJECT: Strike everything amendment to S.B. 1122,
relating to industrial hemp; registration; trust fund

JAKE AGRON
LEGISLATIVE RESEARCH ANALYST
ALEXANDRA EVANS
LEGISLATIVE INTERN
JUDICIARY COMMITTEE
Telephone: (602) 926 -3171

Purpose

Creates the Industrial Hemp Trust Fund (Fund) and allows a person registered with the Department of Agriculture to participate in activities relating to industrial hemp.

Background

Statute defines *marijuana* as all parts of any plant of the genus Cannabis, growing or not, from which the resin has not been extracted, and the seeds of such plant. Furthermore, statute excludes the mature stalks of such plant or the sterilized seeds of such plant incapable of germination from the definition of *marijuana*. Industrial hemp is one variety of Cannabis sativa L. and is distinguished by its low level of the psychoactive chemical delta-9 tetrahydrocannabinol (THC). Federal law categorizes hemp as a species of Cannabis sativa L. and as a Schedule I controlled substance. Industrial hemp production requires a permit from the Drug Enforcement Administration (DEA). Permits are issued at the sole discretion of the DEA.

There may be a fiscal impact to the state General Fund associated with this legislation due to costs incurred by the Department of Agriculture in order to initiate and administer the proposed program.

Provisions

1. Defines *industrial hemp* as the plant Cannabis sativa L. and any part of the plant, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of less than .3 percent on a dry weight basis.
2. Requires the Director of the Department of Agriculture (Director) to adopt rules as necessary to administer and enforce industrial hemp regulations, including:
 - a) the registration and renewal processes;
 - b) the registration fee; and
 - c) monitoring guidelines for the growth and harvest of industrial hemp.
3. Allows a person registered with the Department of Agriculture to plant, grow, harvest, possess, process, sell and buy industrial hemp.

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4. Grants the Director the authority to revoke the registration of, or refuse to register, a person for the industrial hemp program if the person has violated or failed to comply with the industrial hemp statutes or rules.
5. Grants the Director the authority to assess a civil penalty of \$500 or less against a person who is in violation of industrial hemp laws or rules.
6. Establishes the Industrial Hemp Trust Fund (Fund), consisting of monies received from fees and all other sources under the industrial hemp article, for the exclusive purpose of implementing, continuing and supporting industrial hemp registration.
7. Requires monies collected in the Fund to constitute a separate and permanent fund for use by the Director in administering and enforcing the industrial hemp program.
8. Requires the Director to administer the Fund as trustee, and requires the state treasurer to accept, separately account for and hold in trust any monies deposited in the state treasury.
9. Prohibits trust monies from being comingled with any other monies in the state treasury except for investment purposes and establishes the industrial hemp program as the beneficiary of the trust.
10. Requires the state treasurer to invest and divest any Fund monies deposited in the state treasury and requires investment earnings be credited to the Fund.
11. Requires any monies remaining unexpended in the Fund at the end of each fiscal year carry to the following year and do not revert to the General Fund.
12. Exempts a person who is registered to plant, grow, harvest, possess, process, sell and buy industrial hemp from criminal penalties for possession, use, production, sale or transportation of marijuana.
13. Becomes effective on the general effective date.

JA/AE/tf