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AN ACT relating to industrial hemp.

*Be it enacted by the General Assembly of the Commonwealth of Kentucky:*

SECTION 1. A NEW SECTION OF KRS CHAPTER 260 IS CREATED TO READ AS FOLLOWS:

*As used in Sections 1 to 4 of this Act unless the context requires otherwise:*

- (1) "Commissioner" means the Commissioner of the Department of Agriculture, or the Commissioner's designee;*
- (2) "Department" means the Kentucky Department of Agriculture;*
- (3) "Hemp products" means all products made from industrial hemp, including, but not limited to, cloth, cordage, fiber, food, fuel, paint, paper, particleboard, plastics, seed, seed meal and seed oil for consumption, and certified seed for cultivation if the seeds originate from industrial hemp varieties;*
- (4) "Industrial hemp" means all parts and varieties of the plant cannabis sativa, cultivated or possessed by a licensed grower, whether growing or not, that contain a tetrahydrocannabinol concentration of one percent (1%) or less by weight, except that the THC concentration limit of one percent (1%) may be exceeded for licensed industrial hemp seed research. Industrial hemp, as defined and applied for the purposes of Sections 1 to 4 of this Act, shall be excluded from the definition of marijuana, as defined in KRS 218A.010;*
- (5) "Seed research" means research conducted to develop or recreate better strains of industrial hemp, particularly for the purposes of seed production. In conducting this research, higher THC concentration varieties of industrial hemp may be grown to provide breeding strains to revitalize the production of a Kentucky strain of industrial hemp. However, in no case shall the THC levels exceed three percent (3%); and*

(6) "Tetrahydrocannabinol" or "THC" means the natural or synthetic equivalents of the substances contained in the plant, or in the resinous extractives of, cannabis, or any synthetic substances, compounds, salts, or derivatives of the plant or chemicals and their isomers with similar chemical structure and pharmacological activity.

SECTION 2. A NEW SECTION OF KRS CHAPTER 260 IS CREATED TO READ AS FOLLOWS:

The department shall promulgate administrative regulations, in accordance with the provisions of KRS Chapter 13A, to license research on industrial hemp and hemp products.

SECTION 3. A NEW SECTION OF KRS CHAPTER 260 IS CREATED TO READ AS FOLLOWS:

(1) The Department of Agriculture shall promote the research and development of markets for Kentucky industrial hemp and hemp products. The department shall work cooperatively with selected Kentucky universities agricultural research programs utilizing their expertise in the area of agricultural research.

(2) The Council on Postsecondary Education shall select a university or universities where the industrial hemp research program is to be established, after proposals are considered from all interested universities with agriculture departments in Kentucky.

(3) The selected institutions' industrial hemp research program shall undertake research of industrial hemp production in the state. The department shall assist the industrial hemp research program in obtaining the necessary federal permits from the United States Drug Enforcement Agency or appropriate federal agency. In undertaking the industrial hemp research program, the university is authorized to:

(a) Grow industrial hemp to conduct research relating to the production of

- commercial products, including, but not limited to, paper, clothing, and oils;*
- (b) Study the economic feasibility of developing an industrial hemp market in the Commonwealth;*
- (c) Report on the estimated value-added benefit that Kentucky businesses would reap by having an industrial hemp market in the Commonwealth;*
- (d) Study the research being conducted worldwide relating to industrial hemp production and utilization;*
- (e) Market Kentucky industrial hemp on the world market that can be grown on farms in the Commonwealth; and*
- (f) Study the feasibility of attracting private funding for the Kentucky industrial hemp research program.*
- (4) The authorization granted in subsection (3) of this section shall not subject the industrial hemp research program or the selected university where it is located to any criminal liability under the controlled substances laws of the Commonwealth. This exemption from criminal liability is a limited exemption that shall be strictly construed, and that shall not apply to any activities of the industrial hemp research program or the selected university that are not expressly permitted in the authorization.*
- (5) The authorization granted in subsection (3) of this section shall not alter, amend, or repeal by implication any provision of the Kentucky Revised Statutes relating to controlled substances.*
- (6) The Commissioner and the university shall cooperatively seek funds from both public and private sources to implement this section. The funds shall be deposited into the industrial hemp program fund.*
- (7) By October 1, 2000, and annually thereafter, the university shall report on the status and progress of the industrial hemp research program authorized by this section to both the Commissioner and the Interim Joint Committee on*

Agriculture and Natural Resources. The Committee shall oversee the university research, with the advice of the Commissioner and the university, including progress in securing additional private or public funding for the industrial hemp research program.

SECTION 4. A NEW SECTION OF KRS CHAPTER 260 IS CREATED TO READ AS FOLLOWS:

Kentucky shall adopt the Federal rules and regulations that are currently enacted regarding industrial hemp and any subsequent changes thereto.

SECTION 5. A NEW SECTION OF KRS CHAPTER 260 IS CREATED TO READ AS FOLLOWS:

There is established and created in the State Treasury, a fund entitled the "Industrial Hemp Program Fund" to provide funds to offset the costs of the industrial hemp program. The fund may receive state appropriations, gifts, grants, federal funds, and any other funds both public and private. Money deposited in the fund shall be disbursed by the State Treasurer upon the warrant of the Commissioner of Agriculture or the Commissioner's representative. Any unallocated or unencumbered balances in the fund shall be invested as provided in KRS 42.500(9), and any income earned from the investments along with the unallotted or unencumbered balances in the fund shall not lapse, and shall be deemed a trust and agency account and made available solely for the purposes and benefits of the industrial hemp program.