



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
DIRECTOR

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Statement of
RICHARD C. LIM
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON JUDICIARY
Friday, March 28, 2014
2:00 p.m.
State Capitol, Conference Room 325
in consideration of
SB 2175, SD2, HD1
RELATING TO INDUSTRIAL HEMP.

Chair Rhoads, Vice Chair Har, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) supports SB 2175, SD2, HD1, which authorizes the Dean of the College of Tropical Agriculture and Human Resources at the University of Hawaii at Manoa to establish a two-year industrial hemp remediation and biofuel crop research program.

Our state Energy Policy seeks to leverage Hawaii's position in the Asia Pacific region as a test bed for clean energy innovation in order to create new jobs and opportunities for investment here in Hawaii. DBEDT supports this initiative to determine the potential of industrial hemp to serve as a feedstock for alternative renewable energy or fuel in furtherance of Hawaii's Renewable Portfolio Standards mandate and transportation goals.

Thank you for the opportunity to offer these comments in support of SB 2175, SD2, HD1.

NEIL ABERCROMBIE
Governor



SCOTT E. ENRIGHT
Chairperson, Board of Agriculture

KEN H. KAKESAKO
Deputy to the Chairperson

State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
Honolulu, Hawaii 96814-2512
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**TESTIMONY OF SCOTT E. ENRIGHT
CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE HOUSE COMMITTEES ON JUDICIARY AND CONSUMER
PROTECTION & COMMERCE
FRIDAY, MARCH 28, 2014
2:00 P.M.
ROOM 325**

**SENATE BILL NO. 2175 SD2 HD1
RELATING TO INDUSTRIAL HEMP**

Chairpersons Rhoads and McKelvey and Members of the Committees:

Thank you for the opportunity to testify on Senate Bill No. 2175 Senate Draft 2 House Draft 1. This bill authorizes the Dean of the College of Tropical Agriculture and Human Resources at the University of Hawaii at Manoa to establish a two-year industrial hemp remediation and biofuel research program, as prompted by Section 7606 of the Agricultural Act of 2014, also called Public Law 113-79. The Hawaii Department of Agriculture (HDOA) supports the intent of this bill with amendments.

The HDOA suggests amending Senate Bill 2175 by removing sections 2(c) and 2(d) from SB2175 SD2 HD1, both relating to Drug Enforcement Administration and State Department of Public Safety Narcotics Division registration and enforcement for the research program. The Federal Farm Act of 2014 specifically removes industrial hemp grown for research purposes from the Controlled Substances Act and "any Federal law" and places it under the control of state departments of agriculture and



institutions of higher education. Further, section 2(b) and section 4(b) mandate the HDOA to certify the industrial hemp seed stock and test and monitor the plants growing on the test site, thereby negating the need for further oversight. Lastly, because SB2175 SD2 HD1 section 2(e) distinguishes industrial hemp from marijuana in reference sections 329-1 and 712-1240 of the Hawaii Revised Statutes, industrial hemp is no longer held to the same enforcement standards as marijuana which formerly required DEA and Narcotics division oversight.

The Department would also request that the bill be amended by not limiting the industrial hemp project to only one site, as more than one site may be needed to study both the phytoremediation and biofuels benefits of industrial hemp.

Thank you for the opportunity to provide testimony on this bill.

NEIL ABERCROMBIE
GOVERNOR



STATE OF HAWAII
DEPARTMENT OF PUBLIC SAFETY

919 Ala Moana Boulevard, 4th Floor
Honolulu, Hawaii 96814

TED SAKAI
DIRECTOR

Martha Torney
Deputy Director
Administration

Max Otani
Deputy Director
Corrections

Shawn Tsuha
Deputy Director
Law Enforcement

No. _____

TESTIMONY ON SENATE BILL 2175, SENATE DRAFT (SD) 2, HOUSE DRAFT (HD) 1
A BILL RELATING TO PUBLIC SAFETY

by
Ted Sakai, Director
Department of Public Safety

House Committee on Judiciary
Representative Karl Rhoads, Chair
Representative Sharon E. Har, Vice Chair

House Committee on Consumer Protection and Commerce
Representative Angus L.K. McKelvey, Chair
Representative Derek S.K. Kawakami, Vice Chair

Friday, March 28, 2014, 2:00 p.m.
State Capitol, Conference Room 325

Chairs Rhoads and McKelvey, Vice Chairs Har and Kawakami, and Members of the
Committee:

The Department of Public Safety (PSD) is in **support** of Senate Bill 2175 SD 2, HD 1,
with amendments. We understand that hemp has for a long time, has been classified as a
controlled substance by the federal government and our state, as is a member of the
cannabis family. However, the federal position on hemp, at least on industrial hemp, has
shifted. This is reflected in the recently enacted Agricultural Act of 2014, or Public Law 113-
79. Pursuant to Section 7606 of that law and notwithstanding the Controlled Substances Act
or any other Federal laws, institutions of higher education and state departments of

agriculture may grow or cultivate industrial hemp for research purposes if state law authorizes such research.

Further Section 7606 of the Agricultural Act of 2014 holds that neither hemp research projects nor its participants are required to obtain permits from the Federal Drug Enforcement Administration or the Narcotics Enforcement Division, which is a subordinate division of my department. I therefore request that this Committee remove sections 2(c) and 2(d) from House Draft 1 which reference these unnecessary requirements. PSD will fully cooperate with the University of Hawaii College of Tropical Agriculture and Human Resources and the state Department of Agriculture on this project and encourages the committee to pass this legislation with amendments.

We thank you for the opportunity to testify and your support.

SB2175

Submitted on: 3/27/2014

Testimony for JUD on Mar 28, 2014 14:00PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Robert Bacher	Hawaiian Standard & Green Futures	Support	No

Comments: We need your help to make this a permanent job creating bill instead of just another 2 year expense for UH. Depending on the number of programs approved this bill could have the very needed impact of creating several thousand full-filling and well paying careers instead of just a few jobs. As your committees purview is legal issues, you must see that the easiest way to make sure people are following the law, is to give them a safe and economically viable way to do so. Please remove language that would restrict research to just 2 programs and consider adding the Department of Agriculture to this bill, so that private companies like ours can pursue other potential uses and job creating programs. Mahalos for your time and consideration, Robert Bacher Hawaiian Standard & Green Futures

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Written Comments to the
House Committee on Judiciary
Friday, March 28, 2014 at 2:00 pm

by
Maria Gallo, Dean
and

J. Kenneth Grace, Interim Associate Dean for Research
College of Tropical Agriculture and Human Resources
University of Hawai'i at Mānoa

SB 2175 SD2 HD1 – RELATING TO INDUSTRIAL HEMP

Chair Rhoads, Vice Chair Har, and members of the House Committee on Judiciary, thank you for this opportunity to testify in support of SB 2175 SD2 HD1, which would authorize the Dean of the College of Tropical Agriculture and Human Resources at the University of Hawai'i at Mānoa to establish a two-year industrial hemp remediation and biofuel research program.

It is our understanding that under Section 7606 of the Agricultural Act of 2014, also known as Public Law 113-79, institutions of higher education and state departments of agriculture may grow industrial hemp for research purposes, if state law authorizes such research.

So long as funding is available to do so, and such funding does not replace or adversely impact priorities as indicated in the University's Board of Regents' Approved Executive Biennium Budget, we are prepared to fully cooperate with the Hawai'i Department of Agriculture on this project, as described in SB 2175 SD2 HD1.

As friendly amendments, since it does not appear from Section 7606 of the Agricultural Act of 2014 that hemp research conducted as described in SB 2175 SD2 HD1 is subject to any permit requirements, we suggest removal of section 2(c), and the second sentence of section 2(d) which reference these unnecessary requirements.

Thank you again for the opportunity to express our support for SB 2175 SD2 HD1.

University of Hawaii at Manoa

College of Tropical Agriculture and Human Resources

Department of Molecular Biosciences and Bioengineering

To: Representative Karl Rhoads, Chair, Judiciary Committee
Representative Sharon Har, Vice Chair, Judiciary Committee

Hearing: Friday, March 28, 2014 at 2:00 p.m. in Conference Room 325

Re: Testimony in Support with Amendments for Senate Bill 2175 Senate Draft 2
House Draft 1 relating to Industrial Hemp

Chair Rhoads, Vice Chair Har, and Committee members,

I am Harry Ako, Ph.D., Professor at the Department of Molecular Biosciences and Bioengineering within the College of Tropical Agriculture and Human Resources at the University of Hawaii-Manoa, and I am writing in support **with amendments** for Senate Bill 2175 Senate Draft 2 House Draft 1. SB2175 SD2 HD1 authorizes the Dean of the College of Tropical Agriculture and Human Resources at the University of Hawaii at Manoa to establish a two-year industrial hemp remediation and biofuel crop research program. I am in full support of conducting this research program as I did in the past.

From 1999 to 2003, as a University of Hawaii biologist specializing Biochemistry and Biotechnology, I was deeply involved with the Hawaii Industrial Hemp Research Project. From that experience, I know that industrial hemp can be successfully cultivated here, and that it can be done inexpensively.

My proposed amendments include deleting Sections 2(c) and 2(d) from SB2175 SD2 HD1, both relating to Drug Enforcement Administration and State Department of Public Safety Narcotics Division registration and enforcement for the research program. The Federal Farm Act of 2014 specifically removes industrial hemp grown for research purposes under the control of state department of agriculture and institutions of higher education from the Controlled Substances Act and "any Federal law." Further, Section 2(b) and Section 4(b) mandate the State Department of Agriculture to certify the industrial hemp seed stock and test and monitor the plants growing on the test site, negating the need for further oversight. Lastly, because SB2175 SD2 HD1 Section 2(e) distinguishes industrial hemp from marijuana in reference Sections 329-1 and 712-1240 of the Hawaii Revised Statutes, industrial hemp is no longer held to the same enforcement standards as marijuana which formerly required DEA and Narcotics division oversight.

I also request that Section 5 be deleted from this bill. Section 5 appropriates \$72,600 for fiscal year 2014-2015 for the establishment of the project. However, an identical amount

University of Hawaii at Manoa

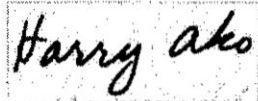
College of Tropical Agriculture and Human Resources

Department of Molecular Biosciences and Bioengineering

of \$72,600 has already been added as a proviso in the State Budget bill, House Bill 1700 House Draft 1 Section 21.3, for the explicit use of this exact project. Therefore, the appropriation added to this bill is unnecessary.

I am in full support of using industrial hemp for phytoremediation of contaminated sites and believe that these amendments must be included in SB2175 as a House Draft 2. As directed by Congress, removing DEA and State Narcotics Division enforcement is essential to implementing this important project.

Respectfully submitted as a private citizen,

A handwritten signature in black ink that reads "Harry Ako". The signature is written in a cursive style and is enclosed within a rectangular border.

Harry Ako, Ph.D.

Professor and former chairman

Enclosure: (1) Agricultural Act of 2014, Section 7606 relating to the legitimacy of industrial hemp research
(1) House Bill 1700 House Draft 1, Section 21.3 relating to an appropriation for the industrial hemp phytoremediation project

1 **SEC. 7606. LEGITIMACY OF INDUSTRIAL HEMP RESEARCH.**

2 (a) **IN GENERAL.**—Notwithstanding the Controlled
3 Substances Act (21 U.S.C. 801 et seq.), the Safe and
4 Drug-Free Schools and Communities Act (20 U.S.C. 7101
5 et seq.), chapter 81 of title 41, United States Code, or
6 any other Federal law, an institution of higher education
7 (as defined in section 101 of the Higher Education Act
8 of 1965 (20 U.S.C. 1001)) or a State department of agri-
9 culture may grow or cultivate industrial hemp if—

10 (1) the industrial hemp is grown or cultivated
11 for purposes of research conducted under an agricul-
12 tural pilot program or other agricultural or academic
13 research; and

14 (2) the growing or cultivating of industrial
15 hemp is allowed under the laws of the State in which
16 such institution of higher education or State depart-
17 ment of agriculture is located and such research oc-
18 curs.

19 (b) **DEFINITIONS.**—In this section:

20 (1) **AGRICULTURAL PILOT PROGRAM.**—The
21 term “agricultural pilot program” means a pilot pro-
22 gram to study the growth, cultivation, or marketing
23 of industrial hemp—

24 (A) in States that permit the growth or
25 cultivation of industrial hemp under the laws of
26 the State; and

- 1 (B) in a manner that—
- 2 (i) ensures that only institutions of
- 3 higher education and State departments of
- 4 agriculture are used to grow or cultivate
- 5 industrial hemp;
- 6 (ii) requires that sites used for grow-
- 7 ing or cultivating industrial hemp in a
- 8 State be certified by, and registered with,
- 9 the State department of agriculture; and
- 10 (iii) authorizes State departments of
- 11 agriculture to promulgate regulations to
- 12 carry out the pilot program in the States
- 13 in accordance with the purposes of this
- 14 section.
- 15 (2) INDUSTRIAL HEMP.—The term “industrial
- 16 hemp” means the plant *Cannabis sativa L.* and any
- 17 part of such plant, whether growing or not, with a
- 18 delta-9 tetrahydrocannabinol concentration of not
- 19 more than 0.3 percent on a dry weight basis.
- 20 (3) STATE DEPARTMENT OF AGRICULTURE.—
- 21 The term “State department of agriculture” means
- 22 the agency, commission, or department of a State
- 23 government responsible for agriculture within the
- 24 State.

1 "SECTION 21.3. Provided that of the general fund
2 appropriation to the University of Hawaii, Manoa (UOH100), the
3 sum of \$72,600 or so much thereof as may be necessary for fiscal
4 year 2014-2015 shall be expended for the purpose of an
5 industrial hemp phytoremediation project; and provided further
6 that any unexpended funds shall lapse to the general fund at the
7 end of the fiscal year for which the appropriation was made."

8 (13) By adding a new section to read as follows:

9 "SECTION 21.4. Provided that of the general fund
10 appropriation to the University of Hawaii, Community Colleges
11 (UOH800), the sum of \$149,870 or so much thereof as may be
12 necessary in fiscal year 2014-2015 shall be expended for the
13 purpose of establishing and conducting a shoreline monitoring
14 and educational program, "Monitoring Hawaii's Changing
15 Shorelines: Phase I-Key South and West Shore Beaches on Kauai";
16 and provided further that any unexpended funds shall lapse to
17 the general fund at the end of the fiscal year for which the
18 appropriation was made."

19 (14) By adding a new section to read as follows:

20 "SECTION 26.1. Provided that of the general fund
21 appropriation for amelioration of physical disaster (DEF110),
22 the sum of \$1,000,000 or so much thereof as may be necessary for





**PACIFIC
BIODIESEL**

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March 27, 2014

Representative Karl Rhoads, Chair
Representative Sharon E. Har, Vice Chair
COMMITTEE on JUDICIARY

HEARING: Friday, March 28, 2014, 2:00pm, Conference Room 325

Re: In support of SENATE BILL 2175, SD2, HD1 relating to Industrial Hemp, with concerns

Dear Chair Rhoads, Vice-Chair Har and Committee Members,

Pacific Biodiesel Technologies (PBT) supports Senate Bill 2175, SD2, HD1 which establishes a two-year industrial hemp remediation and biofuel crop pilot program. However, we respectfully request that the limit of “one test site” be amended to specify “one test site in each County: Oahu, Maui, Hawaii and Kauai”. The expansion to simultaneous plantings will allow Hawaii to glean the information it needs in various soil, elevation, rainfall, etc. climates within our state, rather than having to extend the project for years before we have the collective knowledge to forge a successful industrial hemp industry. It will also afford neighbor islands an equal opportunity to develop the expertise, interest and knowledge within their communities.

As a company with a sustainability mission that has led us to become the state’s most widely supported commercial biofuel production company, PBT has been exploring a wide range of potential new feedstocks beyond the state’s current supply of waste vegetable oil. We are currently engaged in a federally funded biofuel crop demonstration project, working with the U.S. Army Corps of Engineers as our sponsoring agency, to determine viable biofuel crops and develop production models that we can share with local farmers. The PBT farming team has used cover crops and such in the successful rehabilitation of previously mono-cropped agricultural lands for our current project. It was our desire to include hemp in our crop trials; however, we encountered the roadblock of severe requirements due to its designation as a narcotic, which is now known to be erroneous. And because this first step is limited to research, it is no more a policing concern than any other substance, legal or not, currently being researched.

Hawaii can and should be at the forefront of the hemp industry that offers such promise to the revitalization of rural America. If the legislature passes SB2175, SD2, Pacific Biodiesel would be interested in partnering with UH CTAHR and/or the Hawaii State Dept. of Agriculture to help reduce costs for the phytoremediation trials. We are currently seeking additional federal funding, with the help of Hawaii’s Congressional Delegation, to include fuel crop trials in Waimea on the island of Hawaii; the PBT team is happy to collaborate using our resources and farming experts.

We believe that when hemp is eventually legalized nationwide, Hawaii is the ideal place to develop this crop into its incredible potential for soil remediation, food, fuel, building materials, clothing, skin care products, etc. We appreciate your consideration of our suggested change and urge you to please pass SB2175, SD2, HD1 effective on the earliest possible date.

Sincerely,

Kelly T. King

Kelly King, Vice President
ktk@biodiesel.com

March 27, 2014

Testimony of Vote Hemp for SB 2175
Hemp in Hawaii
Testimony of Tom Murphy
Vote Hemp National Outreach Coordinator
in support of SB 2175

Rep. Karl Rhoads, Chair
Committee on Judiciary
House of Representatives
Hawaii State Legislature

Vote Hemp recommends that the Committees vote to pass SB 2175, which authorizes the growing of industrial hemp for certain purposes under specified conditions.

Significant progress has been made on industrial hemp policy in 2014. On February 7th President Obama signed the Farm Bill, which contains an amendment to legalize hemp production for research purposes in the U.S. The amendment, Section 7606 - Legitimacy of Industrial Hemp Research, allows State Agriculture Departments, colleges and universities to grow hemp, defined as the non-drug oilseed and fiber varieties of *Cannabis*, for academic or agricultural research purposes, but it applies only to states where industrial hemp farming is already legal under state law. This is the first time in U.S. history that industrial hemp has been legally defined by the federal government as distinct from drug varieties of *Cannabis*. The full text of the bill may be found at: <http://www.votehemp.com/FarmBill>

Also, on January 14th the American Farm Bureau Federation adopted a new resolution on industrial hemp at its 95th annual meeting. The policy resolution urges the repeal of the classification of industrial hemp as a controlled substance. The effort was lead by the Indiana Farm Bureau. The resolution, which falls under the "we oppose" category, reads:

“The classification of industrial hemp as a controlled substance.”

The Farm Bureau previously passed a policy resolution supporting industrial hemp research in 1995, which read:

“We recommend that [the] American Farm Bureau Federation encourage research into the viability and economic potential of industrial hemp production in the United States. We further recommend that such research includes planting test plots in the United States using modern agricultural techniques.”

It is not necessary to do expensive and time consuming lab tests to differentiate between marijuana and hemp. There is an inexpensive hemp breeder's field test that is able to quickly and inexpensively distinguish between the different varieties of cannabis by their THC levels. The "DG Test" for THC was developed by the late Peter Dragla in Canada. It is similar to the development of a method to test individual hemp plants for

cannabinoid presence or absence in the field done in the Ukraine. You may learn more here:

A Discussion On Cannabis Cannabinoids-THC & CBD

By Gordon Scheifele & Peter Dragla

Hemp Commerce and Farming Report

<http://www.hempreport.com/issues/08/January2000.html>

I am working on getting a copy of Peter's article, which details the test further:

Peter Dragla. *Perceivable Differentiation Between Industrial Hemp and Marijuana Revealed by DG Test*. Ridgetown College/University of Guelph, Ridgetown and Industrial Hemp Seed Development Company, Pain Court, Ontario, Canada, 1999

- Industrial hemp is an agricultural crop.
- Industrial hemp is varieties of *Cannabis* that are low in THC and high in CBD.
- Oilseed and fiber varieties of *Cannabis* are also known as industrial hemp.
- You can not get drugs from oilseed or fiber varieties of *Cannabis*.
- Oilseed, fiber, and drug varieties of *Cannabis* are grown at different densities.
- Drug varieties of *Cannabis* can not be grown with oilseed or fiber varieties without being easily spotted.
- Drug varieties are grown much like a Christmas tree farm, with its spacing, pruning and early harvest, whereas the oilseed and fiber varieties are grown more like pulp wood trees.
- Drug varieties grown in the middle of a fiber hemp crop would become seeded. A fiber crop is harvested when the males shed their pollen, so the pot grower would be left with a seeded buds (the female flowers) in the middle of a field of stubble.
- Drug varieties grown in the middle of an oilseed hemp crop would become seeded as well. The female hemp plants would become pollinated, along with the pot, and the male hemp plants would die. As the seeds ripen in the hemp the pot would become more obvious because it's still green and a much lower density.

Learn more in our white paper “Different Varieties Of *Cannabis*” at:
<http://www.votehemp.com/different>

So far in the 2014 legislative season industrial hemp legislation has been introduced or carried over in Puerto Rico and twenty-four states: Alabama, Arizona, Connecticut, Hawaii, Illinois (carried over from 2013), Indiana, Kentucky, Maryland, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New Hampshire (carried over from 2013), New Jersey (carried over from 2013) and new bill introduction as well, New York, Oklahoma, South Carolina, South Dakota, Tennessee, Utah, Washington (two bills were carried over from 2013), West Virginia, and Wisconsin. The Indiana and Utah bills have been signed by their respective Governors and are now law. You can keep track of all state hemp legislation on Vote Hemp's State Hemp Legislation Page:

<http://www.votehemp.com/state.html>

Two industrial hemp bills have been introduced in the 113th Congress so far. H.R. 525, the "Industrial Hemp Farming Act of 2013," was introduced in the U.S. House on February 6, 2013 by Rep. Tom Massie. A companion bill, S. 359, was introduced in the U.S. Senate on February 14, 2013 by Senator Ron Wyden. Senate Republican Leader Mitch McConnell is an original cosponsor. The bills define industrial hemp, exclude it from the definition of "marihuana" in the Controlled Substances Act, and gives states the exclusive authority to regulate the growing and processing of industrial hemp under state law. Full details of both bills are here:

<http://www.votehemp.com/federal.html>

In early 2014 the Hemp Industries Association (HIA), a non-profit trade association consisting of hundreds of hemp businesses, released final estimates of the size of the U.S. retail market for hemp products. The HIA reviewed sales of clothing, auto parts, building materials and various other products, and it estimates that the total retail value of hemp products sold in the U.S. in 2013 to be at least \$581 million.

Steady growth in hemp product sales, combined with a substantial increase in acreage in Canadian hemp fields further validates U.S. farmers' concerns that they are being shut out of the lucrative hemp market that Canadian farmers have cashed in on for over a decade now. Canadian farmers grew a record 66,700 acres of hemp in 2013, which compares with about 54,000 acres the previous year, according to Health Canada data.

Industrial hemp would make a great addition to Hawaii's rural economy.

There is an international exemption for industrial hemp:

The United Nations Single Convention on Narcotic Drugs, 1961 as amended by the 1972 Protocol Amending the Single Convention on Narcotic Drugs, 1961 states in Article 28:

"2. This Convention shall not apply to the cultivation of the cannabis plant exclusively for industrial purposes (fibre and seed) or horticultural purposes."

The United States is a party to the Single Convention.

There are exemptions for hemp products in the U.S as well:

In the Controlled Substances Act, 21 USC Section 802 - Definition (16) states:

"The term "marihuana" means all parts of the plant *Cannabis sativa* L., whether growing or not; the seeds thereof; the resin extracted from any part of such plant; and every compound, manufacture, salt, derivative, mixture, or preparation of such plant, its seeds or resin. *Such term does not include the mature stalks of such plant, fiber produced from such stalks, oil or cake made from the seeds of such plant, any other compound,*

manufacture, salt, derivative, mixture, or preparation of such mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of such plant which is incapable of germination.” (Italics added.)

In writing the Controlled Substances Act, and its predecessor the Marihuana Tax Act, it was the clear intent of Congress to exempt the products stated. It was also the intention of Congress that hemp would continue to be grown in the U.S.

Hemp was grown in the United States until 1957, with the last crop being grown in Wisconsin for the Matt Rens Hemp Company as documented in Dennis Rens' self published book "America's Hemp King."

In December 1999 the first hemp seeds were planted in the Hawaii Industrial Hemp Project managed by Dr. Dave West of GamETec. Hemp was grown on a research basis in this project until 2003.

The National Farmers Union (NFU) passed a resolution in 2010 urging "the President, Attorney General and Congress to direct the U.S. Drug Enforcement Agency (DEA) to differentiate between industrial hemp and marijuana and adopt policy to allow American farmers to grow industrial hemp under state law without requiring DEA licenses."

The National Association of State Departments of Agriculture (NASDA) passed a resolution in 2003 urging the U.S. Department of Agriculture, the Drug Enforcement Administration and the White House Office of National Drug Control Policy (ONDCP or Drug Czar's office) to collaboratively develop and adopt an official definition of industrial hemp, and urged Congress to statutorily distinguish between industrial hemp and marijuana and to adopt policies which would allow U.S. farmers to grow industrial hemp.

The National Conference of State Legislatures (NCSL) adopted a resolution in 2000 strongly urging the U.S. Department of Agriculture, the Drug Enforcement Administration and the Office of National Drug Control Policy (Drug Czar's office) to collaboratively develop and adopt an official definition of industrial hemp. This is a strong statement for common sense as the NCSL is widely respected and regarded for its conservative and prudent approach on a variety of issues.

With its multiple growing seasons, Hawaii is in a unique position to do research on hemp for seed breeding purposes under Section 7606 of the 2014 Farm Bill. Varieties developed in Hawaii could be of benefit to clean up sites across the U.S. and the world.

Hawaii should be a leader in the research and development of industrial hemp. I hope that this legislation is passed for the good of all people in the state of Hawaii and to help bring back hemp farming to the U.S.

Vote Hemp recommends that the Committees vote to pass SB 2175.

Thank you very much for the opportunity to present my testimony to the Committee. If I may provide any other information to help in the passage of this bill please feel free to contact me and I will do what I can to help.

Sincerely,

Tom Murphy
National Outreach Coordinator
Vote Hemp
<http://www.votehemp.com/>
tom@votehemp.com
207-542-4998 cellular
207-236-3137 office

Additional resources:

Vote Hemp <http://www.votehemp.com>
Download Center http://www.votehemp.com/download_center.html
State Hemp Legislation <http://www.votehemp.com/state.html>
Hawaii State Page <http://www.votehemp.com/state/hawaii.html>
Resolutions Page <http://www.votehemp.com/resolution.html>
Canadian Federal Regulation & Legislation Information
<http://www.votehemp.com/canada.html>
State Hemp Study Bills <http://www.votehemp.com/study.html>
Farmers Introduction to Industrial Hemp Farming and Hemp Economics
<http://www.votehemp.com/farmers.html>

Hemp Industries Association
<http://thehia.org/>

TestPledge
<http://www.testpledge.com/>

Canadian Industrial Hemp regulations
<http://laws-lois.justice.gc.ca/eng/regulations/SOR-98-156/FullText.html>

Alberta Agriculture and Rural Development - Industrial Hemp Production in Canada
[http://www1.agric.gov.ab.ca/\\$department/deptdocs.nsf/all/econ9631](http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/econ9631)

Alberta Agriculture and Rural Development - Alberta Hemp Cost of Production and Market Assessment - Final Report
[http://www1.agric.gov.ab.ca/\\$department/deptdocs.nsf/all/econ14086](http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/econ14086)

Health Canada

List of Approved Cultivars for the 2013 Growing Season

http://www.hc-sc.gc.ca/hc-ps/pubs/precurs/list_cultivars-liste2013/index-eng.php

Hemp as an Agricultural Commodity

by Renée Johnson

Congressional Research Service (CRS)

order code RL32725

February 14, 2014

(PDF file 521k)

<http://votehemp.com/CRS>

President Obama Signs Farm Bill with Amendment to Allow Industrial Hemp Research

http://www.votehemp.com/PR/2014-02-07-vh_farm_bill_signed.html

Farm Bureau Passes Policy Urging Removal of Industrial Hemp Classification as
Controlled Substance

http://www.votehemp.com/PR/2014-01-22-vh_Farm_Bureau_hemp.html

2013 Annual Retail Sales for Hemp Products Exceeds \$581 Million

Hemp Industries Association

February 28, 2014

[http://thehia.org/PR/2014-02-28-hia_\\$581_million_annual_sales.html](http://thehia.org/PR/2014-02-28-hia_$581_million_annual_sales.html)

1 **SEC. 7606. LEGITIMACY OF INDUSTRIAL HEMP RESEARCH.**

2 (a) IN GENERAL.—Notwithstanding the Controlled
3 Substances Act (21 U.S.C. 801 et seq.), the Safe and
4 Drug-Free Schools and Communities Act (20 U.S.C. 7101
5 et seq.), chapter 81 of title 41, United States Code, or
6 any other Federal law, an institution of higher education
7 (as defined in section 101 of the Higher Education Act
8 of 1965 (20 U.S.C. 1001)) or a State department of agri-
9 culture may grow or cultivate industrial hemp if—

10 (1) the industrial hemp is grown or cultivated
11 for purposes of research conducted under an agricul-
12 tural pilot program or other agricultural or academic
13 research; and

14 (2) the growing or cultivating of industrial
15 hemp is allowed under the laws of the State in which
16 such institution of higher education or State depart-
17 ment of agriculture is located and such research oc-
18 curs.

19 (b) DEFINITIONS.—In this section:

20 (1) AGRICULTURAL PILOT PROGRAM.—The
21 term “agricultural pilot program” means a pilot pro-
22 gram to study the growth, cultivation, or marketing
23 of industrial hemp—

24 (A) in States that permit the growth or
25 cultivation of industrial hemp under the laws of
26 the State; and

1 (B) in a manner that—

2 (i) ensures that only institutions of
3 higher education and State departments of
4 agriculture are used to grow or cultivate
5 industrial hemp;

6 (ii) requires that sites used for grow-
7 ing or cultivating industrial hemp in a
8 State be certified by, and registered with,
9 the State department of agriculture; and

10 (iii) authorizes State departments of
11 agriculture to promulgate regulations to
12 carry out the pilot program in the States
13 in accordance with the purposes of this
14 section.

15 (2) INDUSTRIAL HEMP.—The term “industrial
16 hemp” means the plant *Cannabis sativa L.* and any
17 part of such plant, whether growing or not, with a
18 delta-9 tetrahydrocannabinol concentration of not
19 more than 0.3 percent on a dry weight basis.

20 (3) STATE DEPARTMENT OF AGRICULTURE.—
21 The term “State department of agriculture” means
22 the agency, commission, or department of a State
23 government responsible for agriculture within the
24 State.



Hemp as an Agricultural Commodity

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Summary

Industrial hemp is a variety of *Cannabis sativa* and is of the same plant species as marijuana. However, hemp is genetically different and distinguished by its use and chemical makeup. Hemp has long been cultivated for non-drug use in the production of industrial and other goods. Some estimate that the global market for hemp consists of more than 25,000 products. It can be grown as a fiber, seed, or other dual-purpose crop. Hemp fibers are used in a wide range of products, including fabrics and textiles, yarns and raw or processed spun fibers, paper, carpeting, home furnishings, construction and insulation materials, auto parts, and composites. The interior stalk (hurds) is used in various applications such as animal bedding, raw material inputs, low-quality papers, and composites. Hemp seed and oilcake are used in a range of foods and beverages, and can be an alternative food protein source. Oil from the crushed hemp seed is an ingredient in a range of body-care products and also nutritional supplements. Hemp seed is also used for industrial oils, cosmetics and personal care, and pharmaceuticals, among other composites.

Precise data are not available on the size of the U.S. market for hemp-based products. Current industry estimates report that U.S. retail sales of all hemp-based products may be nearly \$500 million per year. Because there is no commercial industrial hemp production in the United States, the U.S. market is largely dependent on imports, both as finished hemp-containing products and as ingredients for use in further processing. Under the current U.S. drug policy, all cannabis varieties, including hemp, are considered Schedule I controlled substances under the Controlled Substances Act (CSA, 21 U.S.C. §§801 *et seq.*; Title 21 CFR Part 1308.11). As such, while there are legitimate industrial uses, these are controlled and regulated by the U.S. Drug Enforcement Administration (DEA). Strictly speaking, the CSA does not make growing hemp illegal; rather, it places strict controls on its production and enforces standards governing the security conditions under which the crop must be grown, making it illegal to grow without a DEA permit. Currently, cannabis varieties may be legitimately grown for research purposes only. Among the concerns over changing current policies is how to allow for hemp production without undermining the agency's drug enforcement efforts and regulation of the production and distribution of marijuana.

In the early 1990s a sustained resurgence of interest in allowing commercial cultivation of industrial hemp began in the United States. Several states have conducted economic or market studies, and have initiated or passed legislation to expand state-level resources and production. Several states have legalized the cultivation and research of industrial hemp, including Colorado, Hawaii, Kentucky, Maine, Maryland, Montana, North Dakota, Oregon, Vermont, Washington, and West Virginia. However, because federal law still prohibits cultivation, a grower still must get permission from the DEA in order to grow hemp, or face the possibility of federal charges or property confiscation, despite having a state-issued permit.

The 113th Congress made changes to U.S. policies regarding industrial hemp during the omnibus farm bill debate. The Agricultural Act of 2014 (P.L. 113-79) includes a provision allowing certain research institutions and also state departments of agriculture to grow industrial hemp, if allowed under state laws where the institution or state department of agriculture is located. Other introduced legislation, such as the Industrial Hemp Farming Act of 2013 (H.R. 525; S. 359), could allow for possible commercial cultivation of industrial hemp in the United States. Those bills would amend the CSA to specify that the term "marijuana" does not include industrial hemp, which the bill would define based on its content of delta-9 tetrahydrocannabinol (THC), marijuana's primary psychoactive chemical. Such a change could remove low-THC hemp from being covered by the CSA as a controlled substance and subject to DEA regulation.

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Introduction

For centuries, industrial hemp (plant species *Cannabis sativa*) has been a source of fiber and oilseed used worldwide to produce a variety of industrial and consumer products. Currently, more than 30 nations grow industrial hemp as an agricultural commodity, which is sold on the world market. In the United States, however, production is strictly controlled under existing drug enforcement laws. There is no known commercial domestic production and the U.S. market depends on imports.

The 113th Congress made changes to U.S. policies regarding industrial hemp during the omnibus farm bill debate. The Agricultural Act of 2014 (P.L. 113-79) includes a provision allowing certain research institutions and also state departments of agriculture to grow industrial hemp, if allowed under state laws where the institution or state department of agriculture is located. Similar provisions were not included in the Senate-passed version of the bill, however. Other introduced legislation in the Industrial Hemp Farming Act of 2013 (H.R. 525; S. 359) could provide for even greater opportunities for commercial cultivation of industrial hemp in the United States.

Overview of *Cannabis* Varieties

Although marijuana is also a variety of cannabis, it is genetically distinct from industrial hemp and is further distinguished by its use and chemical makeup.

In this report, “hemp” refers to industrial hemp, “marijuana” (or “marihuana” as it is spelled in the older statutes) refers to the psychotropic drug (whether used for medicinal or recreational purposes), and “cannabis” refers to the plant species that has industrial, medicinal, and recreational varieties.¹

Comparison of Hemp and Marijuana

There are many different varieties of cannabis plants. Marijuana and hemp come from the same species of plant, *Cannabis sativa*, but from different varieties or cultivars. However, hemp is genetically different and is distinguished by its use and chemical makeup, as well as by differing cultivation practices in its production.²

Hemp, also called “industrial hemp,”³ refers to cannabis varieties that are primarily grown as an agricultural crop (such as seeds and fiber, and byproducts such as oil, seed cake, hurds) and is characterized by plants that are low in THC (delta-9 tetrahydrocannabinol, marijuana’s primary psychoactive chemical). THC levels for hemp are generally less than 1%.

¹ This report does not cover issues pertaining to medical marijuana. For information on that subject, see CRS Report RL33211, *Medical Marijuana: Review and Analysis of Federal and State Policies*, or related CRS reports.

² See, for example, S. L. Datwyler and G. D. Weiblen, “Genetic variation in hemp and marijuana (*Cannabis sativa* L.) according to amplified fragment length polymorphisms,” *Journal of Forensic Sciences*, Vol. 51, No. 2 (2006).

³ Use of this term dates back to the 1960s; see L. Grlic, “A combined spectrophotometric differentiation of samples of cannabis,” United Nations Office On Drugs and Crime (UNODC), January 1968, <http://www.unodc.org/unodc>.

Marijuana refers to the flowering tops and leaves of psychoactive cannabis varieties, which are grown for their high content of THC. Marijuana's high THC content is primarily in the flowering tops and to a lesser extent in the leaves. THC levels for marijuana are much higher than for hemp, and are reported to average about 10%; some sample tests indicate THC levels reaching 20%-30%, or greater.⁴

A level of about 1% THC is considered the threshold for cannabis to have a psychotropic effect or an intoxicating potential.⁵ Current laws regulating hemp cultivation in the European Union (EU) and Canada use 0.3% THC as the dividing line between industrial and potentially drug-producing cannabis. Cultivars having less than 0.3% THC can be cultivated under license, while cultivars having more than that amount are considered to have too high a drug potential.⁶

Some also claim that industrial hemp has higher levels of cannabidiol (CBD), the non-psychoactive part of marijuana, which might mitigate some of the effects of THC.⁷ A high ratio of CBD to THC might also classify hemp as a fiber-type plant rather than a drug-type plant. Opinions remain mixed about how CBD levels might influence the psychoactive effects of THC.

Production Differences

Production differences depend on whether the cannabis plant is grown for fiber/oilseed or for medicinal/recreational uses. These differences involve the varieties being grown, the methods used to grow them, and the timing of their harvest (see discussion in "Hemp" and "Marijuana," below). Concerns about cross-pollination among the different varieties are critical. All cannabis plants are open, wind and/or insect pollinated, and thus cross-pollination is possible.

Because of the compositional differences between the drug and fiber varieties of cannabis, farmers growing either crop would necessarily want to separate production of the different varieties or cultivars. This is particularly true for growers of medicinal or recreational marijuana in an effort to avoid cross-pollination with industrial hemp, which would significantly lower the THC content and thus degrade the value of the marijuana crop. Likewise, growers of industrial hemp would seek to avoid cross-pollination with marijuana plants, especially given the illegal status of marijuana. Plants grown of oilseed are also marketed according to the purity of the product, and the mixing of off-type genotypes would degrade the value of the crop.⁸

⁴ National Institute of Drug Abuse, "Quarterly Report, Potency Monitoring project," Report 100, University of Mississippi, 2008. Based on sample tests of illegal cannabis seizures (December 16, 2007, through March 15, 2008).

⁵ E. Small and D. Marcus, "Hemp: A new crop with new uses for North America," In: *Trends in New Crops and New Uses*, J. Janick and A. Whipkey (eds.), American Society for Horticultural Science (ASHS) Press, 2002.

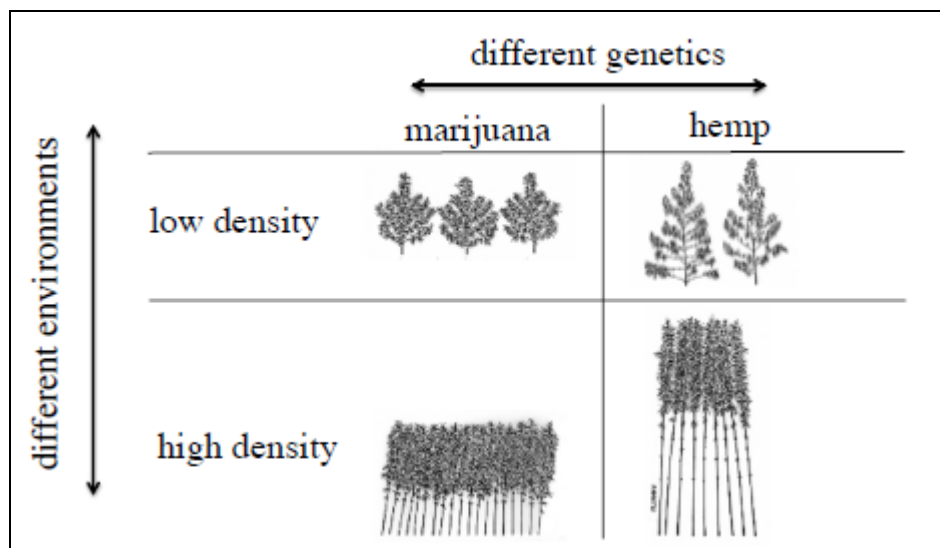
⁶ E. Small and D. Marcus, "Tetrahydrocannabinol levels in hemp (*Cannabis sativa*) germplasm resources," *Economic Botany*, vol. 57, no. 4 (October 2003); and G. Leson, "Evaluating Interference of THC Levels in Hemp Food Products with Employee Drug Testing" (prepared for the Province of Manitoba, Canada), July, 2000.

⁷ U. R. Avico, R. Pacifici, and P. Zuccaro, "Variations of tetrahydrocannabinol content in cannabis plants to distinguish the fibre-type from drug-type plants," *UNODC Bulletin on Narcotics*, January 1985; C. W. Waller, "Chemistry Of Marihuana," *Pharmacological Reviews*, vol. 23 (December 1971); K.W. Hillig and P. G. Mahlberg, "A chemotaxonomic analysis of cannabinoid variation in *Cannabis* (Cannabaceae)," *American Journal of Botany*, vol. 91, no. 6 (June 2004); and A. W. Zuardi et al., "Cannabidiol, a *Cannabis sativa* constituent, as an antipsychotic drug," *Brazilian Journal of Medical and Biological Research*, vol. 39 (2006).

⁸ CRS communication with Anndrea Hermann, Hemp Oil Canada Inc., December 2009. Pollen is present at a very early plant development stage.

The different cannabis varieties are also harvested at different times (depending on the growing area), increasing the chance of detection of illegal marijuana, if production is commingled. Because of these differences, many claim that drug varieties of cannabis cannot easily be grown with oilseed or fiber varieties without being easily detected.⁹ As discussed below (and illustrated in **Figure 1**), among the visual plant differences are **plant height** (hemp is encouraged to grow tall, whereas marijuana is selected to grow short and tightly clustered); **cultivation** (hemp is grown as a single main stalk with few leaves and branches, whereas marijuana is encouraged to become bushy with many leaves and branches to promote flowers and buds); and **planting density** (hemp is densely planted to discourage branching and flowering, whereas marijuana plants are well-spaced).

Figure 1. Trait Variation in Cannabis Phenotype
(marijuana and industrial hemp)



Source: George Weiblen, University of Minnesota, presentation at the 2013 Annual HIA Conference, Washington, DC, November 17, 2013.

Notes: Photographs contrasting marijuana and industrial hemp are available at Vote Hemp’s website (“Different Varieties of Cannabis,” http://www.votehemp.com/different_varieties.html).

Hemp

To maximize production of hemp fiber and/or seed, plants are encouraged to grow taller in height. Cultivated plants become a tall stalky crop that usually reaches between 6 and 15 feet, and generally consist of a single main stalk with few leaves and branches. Hemp plants grown for fiber or oilseed are planted densely (about 35-50 plants per square foot)¹⁰ to discourage branching and flowering. The period of seeding to harvest ranges from 70 to 140 days, depending on the purpose, cultivar or variety, and climatic conditions. The stalk and seed is the harvested product.

⁹ D. P. West, “Hemp and Marijuana: Myths & Realities,” February 1998, <http://www.gametec.com/hemp/hempandmj.html>. Also see information posted by Vote Hemp Inc., “Different Varieties of Cannabis” (no date), http://www.votehemp.com/different_varieties.html.

¹⁰ Innvista, “Hemp Biology” (no date), <http://www.innvista.com/health/foods/hemp/hempbiol.htm>.

The stalk of the plant provides two types of fibers: the outer portion of the stem contains the bast fibers, and the interior or core fiber (or hurds).

Industrial hemp production statistics for Canada indicate that one acre of hemp yields an average of about 700 pounds of grain, which can be pressed into about 50 gallons of oil and 530 pounds of meal.¹¹ That same acre will also produce an average of 5,300 pounds of straw, which can be transformed into about 1,300 pounds of fiber.

Marijuana

When cannabis is grown to produce marijuana, it is cultivated from varieties where the female flowers of dioecious drug strains are selected to prevent the return of separate male and female plants.¹² The female flowers are short and tightly clustered. In marijuana cultivation, growers remove all the male plants to prevent pollination and seed set. Some growers will hand-pollinate a female plant to get seed; this is done in isolation of the rest of the female plants. The incorporation and stabilization of monoecism in cannabis cultivation requires the skill of a competent plant breeder, and rarely occurs under non-cultivated conditions.

If marijuana is grown in or around industrial hemp varieties, the hemp would pollinate the female marijuana plant. Marijuana growers would not want to plant near a hemp field, since this would result in a harvest that is seedy and lower in THC, and degrade the value of their marijuana crop.

Marijuana is cultivated to encourage the plant to become bushy with many leaves, with wide branching to promote flowers and buds. This requires that plants be well-spaced, by as much as about 1-2 plants per square yard.¹³ The flower and leaves are the harvested products.

Hemp Production and Use

Commercial Uses of Hemp

Industrial hemp can be grown as a fiber, seed, or dual-purpose crop.¹⁴ The interior of the stalk has short woody fibers called hurds; the outer portion has long bast fibers. Hemp seed/grains are smooth and about one-eighth to one-fourth of an inch long.¹⁵

Although hemp is not grown in the United States, both finished hemp products and raw material inputs are imported and sold for use in manufacturing for a wide range of product categories (**Figure 2**). Hemp fibers are used in a wide range of products, including fabrics and textiles, yarns

¹¹ Agriculture and Agri-Food Canada, "Industrial Hemp" (no date), <http://www4.agr.gc.ca/>.

¹² H. van Bakel et al., "The draft genome and transcriptome of *Cannabis sativa*," *Genome Biology*, Vol. 12, Issue 10, 2011. In botany, dioecious is a term describing plant varieties that possess male and female flowers or other reproductive organs on separate, individual plants.

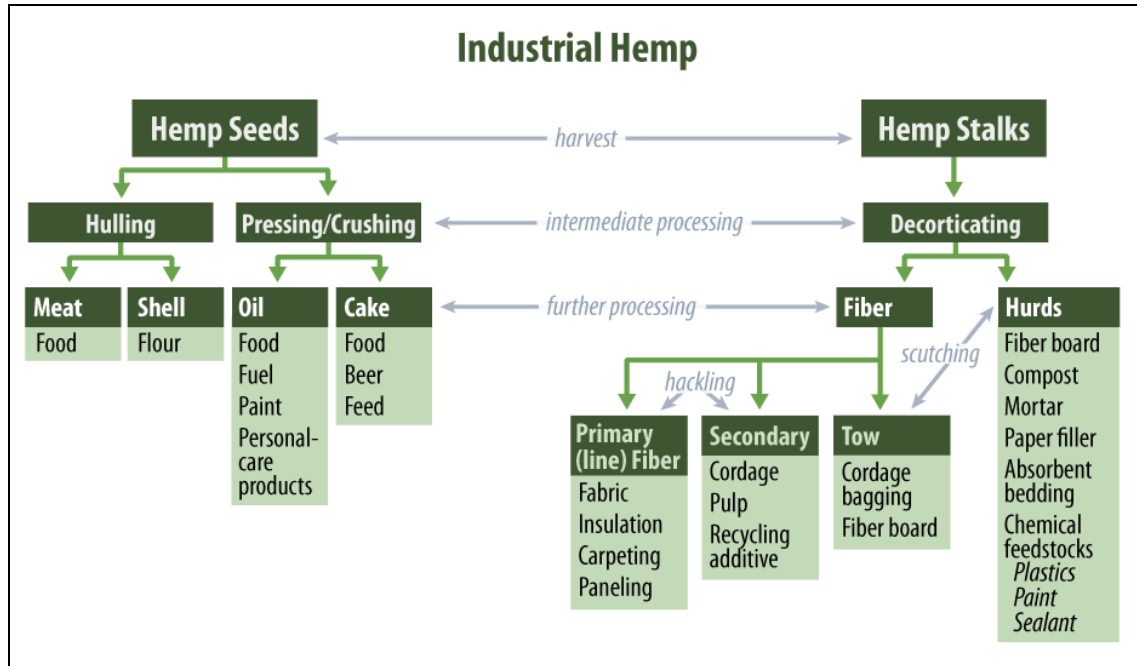
¹³ Innvista, "Hemp Biology" (no date), <http://www.innvista.com/health/foods/hemp/hempbiol.htm>.

¹⁴ Different varieties have been developed may be better suited for one use or the other. Cultivation practices also differ depending upon the variety planted.

¹⁵ For additional information, see U.S. Department of Agriculture, Economic Research Service, *Industrial Hemp in the United States: Status and Market Potential*, ERS Report AGES001E, January 2000.

and spun fibers, paper, carpeting, home furnishings, construction and insulation materials, auto parts, and composites. Hurds are used in various applications such as animal bedding, material inputs, papermaking, and composites. Hemp seed and oilcake are used in a range of foods and beverages, and can be an alternative food protein source. Oil from the crushed hemp seed is used as an ingredient in a range of body-care products and nutritional supplements.¹⁶ Hemp seed is also used for industrial oils, cosmetics and personal care products, and pharmaceuticals, among other composites.

Figure 2. Flowchart of Potential Hemp Products



Source: CRS, adapted from D. G. Kraenzel et al., "Industrial Hemp as an Alternative Crop in North Dakota," AER-402, North Dakota State University, July 23, 1998.

Some estimate that the global market for hemp consists of more than 25,000 products in nine submarkets: agriculture; textiles; recycling; automotive; furniture; food/nutrition/beverages; paper; construction materials; and personal care. For construction materials, such as hempcrete (a mixture of hemp hurds and lime products), hemp is used as a lightweight insulating material.¹⁷ Hemp has also been promoted as a potential biodiesel feedstock,¹⁸ although some analysts

¹⁶ Some have suggested similarities between hempseed oil and hash oil. However, there is evidence suggesting differences regarding initial feedstock or input ingredients (hash oil requires high THC marijuana whereas hempseed oil uses low THC industrial hemp); how they are produced (hash oil is extracted often using a flammable solvent whereas hempseed oil is expeller-pressed or extracted mechanically, generally without chemicals or additives); and how they are used (hash oil is used as a psychoactive drug whereas hempseed oil is used as an ingredient in hemp-based foods, supplements, and body care products). For more background information, contact the author of this report.

¹⁷ "Hemp Homes are Cutting Edge of Green Building," *USA Today*, September 12, 2010; and "Construction Plant," *Financial Times*, January 22, 2010.

¹⁸ Manitoba Agriculture, *National Industrial Hemp Strategy*, March 2008, p. 293; J. Lane, "Hemp Makes Comeback as Biofuels Feedstock in 43-acre California Trial," *Biofuels Digest*, August 24, 2009; and H. Jessen, "Hemp Biodiesel: (continued...)"

suggest that competing demands for other products might make it too costly to use as a feedstock.¹⁹

These types of commercial uses are widely documented in a range of feasibility and marketing studies conducted by researchers at the U.S. Department of Agriculture (USDA) and various land grant universities and state agencies. (A listing of these studies is in the **Appendix**.)

Estimated Retail Market

There is no official estimate of the value of U.S. sales of hemp-based products. The Hemp Industries Association (HIA) estimates that the total U.S. retail value of hemp products in 2012 was nearly \$500 million, which includes food and body products, clothing, auto parts, building materials and other products.²⁰ Of this, HIA reports that the value of hemp-based food, supplements, and body care sales in the United States is about \$156 million to \$171 million annually. Previous reports about the size of the U.S. market for hemp clothing and textiles is estimated at about \$100 million annually.²¹

The reported retail value of the U.S. hemp market is an estimate and is difficult to verify. Underlying data for this estimate are from SPINS survey data;²² however, because the data reportedly do not track retail sales for The Body Shop and Whole Foods Market—two major markets for hemp-based products—as well as for restaurants, hemp industry analysts have adjusted these upward to account for this gap in the reported survey data.²³

Available industry information indicates that sales of some hemp-based products, such as foods and body care products, is growing.²⁴ Growth in hemp specialty food products is driven, in part, by sales of hemp milk and related dairy alternatives, among other hemp-based foods.²⁵

Information is not available on other potential U.S. hemp-based sectors, such as for use in construction materials or biofuels, paper, and other manufacturing uses. Data are not available on existing businesses or processing facilities that may presently be engaged in such activities within the United States.

(...continued)

When the Smoke Clears,” *Biodiesel Magazine*, February 2007.

¹⁹ North Dakota State University (NSDU), “Biofuel Economics: Biocomposites—New Uses for North Dakota Agricultural Fibers and Oils” (no date).

²⁰ R. Fletcher, “As Momentum Builds for Policy Change, U.S. Market for Products Made from Industrial Hemp Continues to Thrive: 2012 Annual Retail Sales for Hemp Products Hit \$500 Million,” February 25, 2013.

²¹ HIA, “Hemp Fabric goes High Fashion,” February 11, 2008. Estimate reflects best available current information based on personal communication between CRS and HIA.

²² SPINS tracks data and market trends on the Natural Product Industry sales (<http://www.spins.com/>).

²³ CRS communication with representatives of Vote Hemp, Inc., May 2010. See also HIA’s press release, “Growing Hemp Food and Body Care Sales is Good News for Canadian Hemp Seed and Oil Producers,” April 29, 2009.

²⁴ H. Fastre, CEO of Living Harvest Foods, based on his comments and presentation, “The Future of Hemp,” HIA Convention, Washington DC, October 2009; and HIA, “Growing Hemp Food and Body Care Sales is Good News for Canadian Hemp Seed and Oil Producers,” April 29, 2009.

²⁵ HIA, “Hemp Milk Products Boosted Growth of Hemp Food Market in 2007,” March 14, 2008.

U.S. Hemp Imports

The import value of hemp-based products imported and sold in the United States is difficult to estimate accurately. For some traded products, available statistics have only limited breakouts or have been expanded only recently to capture hemp subcategories within the broader trade categories for oilseeds and fibers. Reporting errors are evident in some of the trade data, since reported export data for hemp from Canada do not consistently match reported U.S. import data for the same products (especially for hemp seeds).

Given these data limitations, available trade statistics indicate that the value of U.S. imports under categories actually labeled “hemp,” such as hemp seeds and fibers, which are more often used as inputs for use in further manufacturing, was nearly \$36.9 million in 2013. Compared to available data for 2005, the value of imported hemp products for use as inputs and ingredients has increased more than sixfold. However, import volumes for other products such as hemp oil and fabrics are lower (**Table 1**). Trade data are not available for finished products, such as hemp-based clothing or other products including construction materials, carpets, or hemp-based paper products.

The single largest supplier of U.S. imports of raw and processed hemp fiber is China. Other leading country suppliers include Romania, Hungary, India, and other European countries. The single largest source of U.S. imports of hemp seed and oilcake is Canada. The total value of Canada’s exports of hemp seed to the United States has grown significantly in recent years following resolution of a long-standing legal dispute over U.S. imports of hemp foods in late 2004 (see “Dispute over Hemp Food Imports (1999-2004)”). European countries such as the United Kingdom and Switzerland also have supplied hemp seed and oilcake to the United States.

U.S. Market Potential

In the past two decades, several feasibility and marketing studies have been conducted by researchers at the USDA and various land grant universities and state agencies (for example, Arkansas, Kentucky, Maine, Minnesota, North Dakota, Oregon, and Vermont; see **Appendix**).

Studies by researchers in Canada and various state agencies provide a mostly positive market outlook for growing hemp, citing rising consumer demand and the potential range of product uses for hemp. Some state reports claim that if current restrictions on growing hemp in the United States were removed, agricultural producers in their states could benefit. A 2008 study reported that acreage under cultivation in Canada, “while still showing significant annual fluctuations, is now regarded as being on a strong upward trend.” Most studies generally note that “hemp ... has such a diversity of possible uses, [and] is being promoted by extremely enthusiastic market developers.” Other studies highlight certain production advantages associated with hemp or acknowledge hemp’s benefits as a rotational crop or further claim that hemp may be less environmentally degrading than other agricultural crops. Some studies also claim certain production advantages to hemp growers, such as relatively low input and management requirements for the crop.

Other studies focused on the total U.S. market differ from the various state reports and provide a less favorable aggregate view of the potential market for hemp growers in the United States. Two studies, conducted by researchers at USDA and University of Wisconsin-Madison (UW-M), highlight some of the continued challenges facing U.S. hemp producers.

Table I. Value and Quantity of U.S. Imports of Selected Hemp Products, Selected Years, 1996-2013

	units	1996	2000	2005	2009	2010	2011	2012	2013
Hemp Seeds (HS 1207990220) ^a	\$1000	—	—	271	3,320	5,154	6,054	13,057	26,710
Hemp Oil and Fractions (HS 1515908010)	\$1000	—	—	3,027	1,042	1,833	1,146	1,098	2,264
Hemp Seed Oilcake and Other Solids (HS 2306900130)	\$1000	—	—	—	1,811	2,369	2,947	4,388	6,279
True Hemp, raw/processed not spun (HS 5302)	\$1000	100	577	228	114	94	181	157	78
True Hemp Yarn (HS 5308200000)	\$1000	25	640	904	568	296	580	496	478
True Hemp Woven Fabrics (HS 5311004010)	\$1000	1,291	2,258	1,232	894	1,180	1,363	1,363	1,057
	Total	1,416	3,475	5,662	7,749	10,926	12,271	20,559	36,866
Hemp Seeds (HS 1207990220) ^a	metric ton	—	—	92	602	711	623	1,237	2,272
Hemp Oil and Fractions (HS 1515908010)	metric ton	—	—	287	128	215	157	208	450
Hemp Seed Oilcake and Other Solids (HS 2306900130)	metric ton	—	—	—	201	240	298	441	601
True Hemp, raw/processed not spun (HS 5302)	metric ton	53	678	181	83	42	89	66	72
True Hemp Yarn (HS 5308200000)	metric ton	6	89	113	76	42	86	88	70
	Subtotal	59	767	673	1,090	1,250	1,253	2,040	3,465
True Hemp Woven Fabrics (HS 5311004010)	m2 (1000)	435	920	478	263	284	270	319	224

Source: Compiled by CRS using data from the U.S. International Trade Commission (USITC), <http://dataweb.usitc.gov>. Data are by Harmonized System (HS) code. Data shown as “—” indicate data are not available as breakout categories for some product subcategories were established only recently.

- a. Data for 2007-2011 were supplemented by reported Canadian export data for hemp seeds (HS 12079910, Hemp seeds, whether or not broken) as reported by Global Trade Atlas, <http://www.gtis.com/gta/>. Official U.S. trade data reported no imports during these years for these HS subcategories. The Canadian export data as reported by Global Trade Atlas also differ for hemp seed oilcake (15159020, Hemp oil and its fractions, whether or not refined but not chemically modified) but were not similarly substituted since other countries exported product to the United States.

For example, USDA’s study projected that U.S. hemp markets “are, and will likely remain, small, thin markets” and also cited “uncertainty about long-run demand for hemp products and the potential for oversupply” among possible downsides of potential future hemp production.

Similarly, the UW-M study concluded that hemp production “is not likely to generate sizeable profits” and although hemp may be “slightly more profitable than traditional row crops” it is likely “less profitable than other specialty crops” due to the “current state of harvesting and processing technologies, which are quite labor intensive, and result in relatively high per unit costs.”²⁶ The study highlights that U.S. hemp growers could be affected by competition from other world producers as well as by certain production limitations in the United States, including yield variability and lack of harvesting innovations and processing facilities in the United States, as well as difficulty transporting bulk hemp. The study further claims that most estimates of profitability from hemp production are highly speculative, and often do not include additional costs of growing hemp in a regulated market, such as the cost associated with “licensing, monitoring, and verification of commercial hemp.”²⁷

A 2013 study by researchers at the University of Kentucky highlights some of the issues and challenges for that state’s growers, processors, and industry. The study predicts that in Kentucky, despite “showing some positive returns, under current market conditions, it does not appear that anticipated hemp returns will be large enough to entice Kentucky grain growers to shift out of grain production,” under most circumstances; also, “short run employment opportunities evolving from a new Kentucky hemp industry appear limited (perhaps dozens of new jobs, not 100s),” because of continued uncertainty in the industry.²⁸ Overall, the study concludes there are many remaining unknowns and further analysis and production research is needed.

Given the absence since the 1950s of any commercial and unrestricted hemp production in the United States, it is not possible to predict the potential market and employment effects of relaxing current restrictions on U.S. hemp production. While expanded market opportunities might exist in some states or localities if current restrictions on production are lifted, it is not possible to predict the potential for future retail sales or employment gains in the United States, either nationally or within certain states or regions. Limited information is available from previous market analyses that have been conducted by researchers at USDA and land grant universities and state agencies.²⁹

Global Production

International Production

Approximately 30 countries in Europe, Asia, and North and South America currently permit farmers to grow hemp. Some of these countries never outlawed production, while some countries

²⁶ T. R. Fortenbery and M. Bennett, “Opportunities for Commercial Hemp Production,” *Review of Agricultural Economics*, 26(1): 97-117, 2004.

²⁷ Ibid.

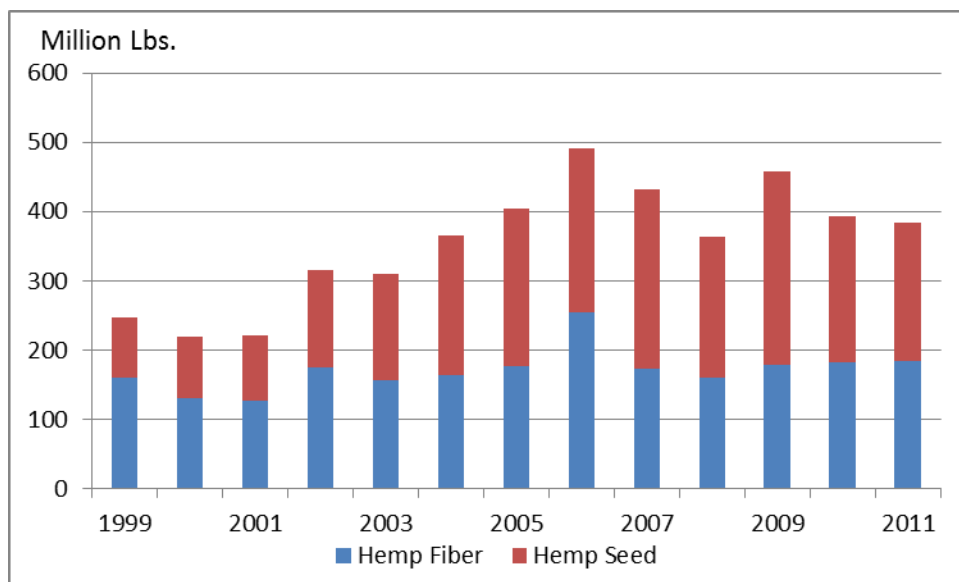
²⁸ University of Kentucky, Department of Agricultural Economics, *Economic Considerations for Growing Industrial Hemp: Implications for Kentucky’s Farmers and Agricultural Economy*, July 2013.

²⁹ For more information, see CRS Congressional Distribution Memorandum, “Potential U.S. Market Effects of Removing Restrictions on Growing Industrial Hemp,” March 4, 2013), available from Renée Johnson (7-9588).

banned production for certain periods in the past. China is among the largest producing and exporting countries of hemp textiles and related products, as well as a major supplier of these products to the United States. The European Union (EU) has an active hemp market, with production in most member nations. Production is centered in France, the United Kingdom, Romania, and Hungary.³⁰

Acreage in hemp cultivation worldwide has been mostly flat to decreasing, reported at about 200,000 acres globally in 2011.³¹ Although variable year-to-year, global production has increased overall from about 250 million pounds in 1999 to more than 380 million pounds in 2011, mostly due to increasing production of hemp seed (**Figure 3**). Upward trends in global hemp seed production roughly track similar upward trends in U.S. imports of hemp seed and oil, mostly for use in hemp-based foods, supplements, and body care products (**Table 1**).

Figure 3. Hemp Fiber and Seed, Global Production (1999-2011)



Source: FAOSTAT, <http://faostat.fao.org/site/567/default.aspx#ancor>.

Many EU countries lifted their bans on hemp production in the 1990s and, until recently, also subsidized the production of “flax and hemp” under the EU’s Common Agricultural Policy.³² EU hemp acreage was reported at about 26,000 acres in 2010, which was below previous years, when more than 50,000 acres of hemp were under production.³³ Most EU production is of hurds, seeds, and fibers. Other non-EU European countries with reported hemp production include Russia, Ukraine, and Switzerland. Other countries with active hemp grower and/or consumer markets are Australia, New Zealand, India, Japan, Korea, Turkey, Egypt, Chile, and Thailand.

³⁰ Other EU producing countries include Austria, Denmark, Finland, Germany, Italy, Netherlands, Poland, Portugal, Slovenia, and Spain.

³¹ Food and Agriculture Organization (FAO) of the United Nations, FAOSTAT crop data, <http://faostat.fao.org/>.

³² For information on the EU’s prior agricultural support for industrial hemp, see the EU’s notification to the World Trade Organization regarding its domestic support for agricultural producers (G/AG/N/EEC/68; January 24, 2011).

³³ M. Carus et al., “The European Hemp Industry,” May 2013. Also see European Industrial Hemp Association, “European Commission: Hemp and Flax, AGRI C5, 2009,” February 2009.

Canada is another major supplier of U.S. imports, particularly of hemp-based foods and related imported products. Canada's commercial hemp industry is fairly new: Canada began to issue licenses for research crops in 1994, followed by commercial licenses starting in 1998.

The development of Canada's hemp market followed a 60-year prohibition and is strictly regulated.³⁴ Its program is administered by the Office of Controlled Substances of Health Canada, which issues licenses for all activities involving hemp. Under the regulation, all industrial hemp grown, processed, and sold in Canada may contain THC levels no more than 0.3% of the weight of leaves and flowering parts. Canada also has set a maximum level of 10 parts per million (ppm) for THC residues in products derived from hemp grain, such as flour and oil.³⁵ To obtain a license to grow hemp, Canadian farmers must submit extensive documentation, including background criminal record checks, the Global Positioning System (GPS) coordinates of their fields, and supporting documents (from the Canadian Seed Growers' Association or the Canadian Food Inspection Agency) regarding their use of low-THC hemp seeds and approved cultivars; and they must allow government testing of their crop for THC levels.³⁶ Since hemp cultivation was legalized in Canada, production has been variable year-to-year (**Figure 4**), ranging from a high of 48,000 acres planted in 2006, to about 4,000 acres in 2001-2002, to a reported nearly 39,000 acres in 2011. Canada's hemp cultivation still accounts for less than 1% of the country's available farmland. The number of cultivation licenses has also varied from year to year, reaching a high of 560 licenses in 2006, followed by a low of 77 licenses in 2008 (with 340 licenses in 2011).³⁷

Historical U.S. Production

Hemp was widely grown in the United States from the colonial period into the mid-1800s; fine and coarse fabrics, twine, and paper from hemp were in common use. By the 1890s, labor-saving machinery for harvesting cotton made the latter more competitive as a source of fabric for clothing, and the demand for coarse natural fibers was met increasingly by imports. Industrial hemp was handled in the same way as any other farm commodity, in that USDA compiled statistics and published crop reports,³⁸ and provided assistance to farmers promoting production and distribution.³⁹ In the early 1900s, hemp continued to be grown and researchers at USDA continued to publish information related to hemp production and also reported on hemp's potential for use in textiles and in paper manufacturing.⁴⁰ Several hemp advocacy groups, including the Hemp Industries Association (HIA) and Vote Hemp Inc., have compiled other historical information and have copies of original source documents.⁴¹

³⁴ Industrial Hemp Regulations (SOR/98-156), as part of the Controlled Drugs and Substances Act.

³⁵ Agriculture Canada, "Canada's Industrial Hemp Industry," March 2007, <http://www4.agr.gc.ca>.

³⁶ See Health Canada's FAQs on its hemp regulations and its application for obtaining permits (<http://www.hc-sc.gc.ca/>). Other information is at the Canadian Food Inspection Agency website (<http://www.inspection.gc.ca/>).

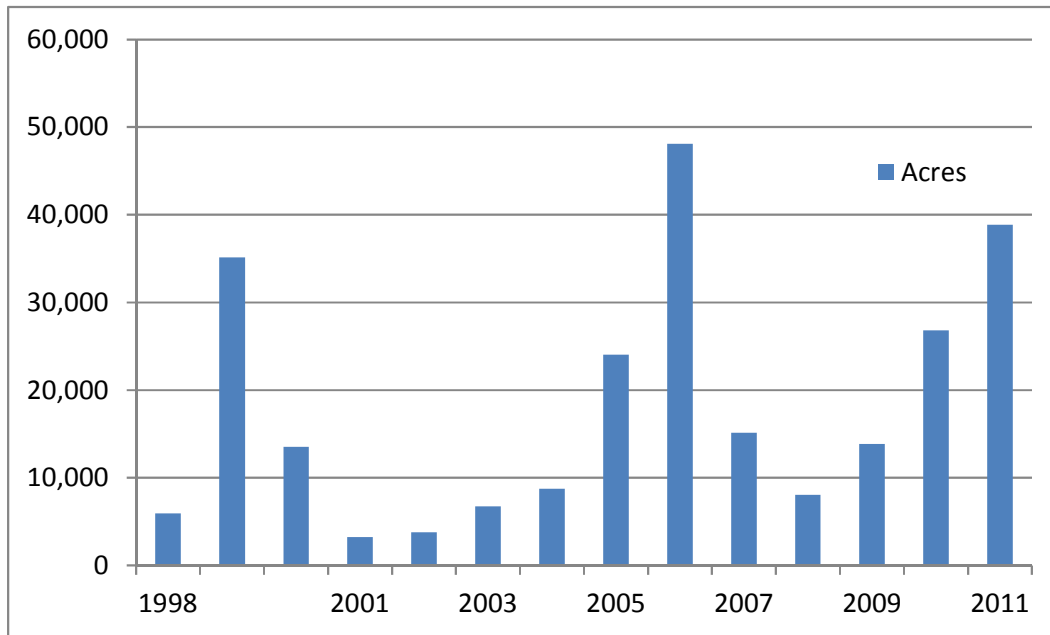
³⁷ Health Canada, Industrial Hemp Section, "Cultivation Licenses," October 25, 2011.

³⁸ See, for example, editions of USDA *Agricultural Statistics*. A compilation of U.S. government publications is available from the Hemp Industries Association (HIA) at <http://www.hempology.org/ALLARTICLES.html>.

³⁹ See, for example, USDA's 1942 short film "Hemp for Victory," and University of Wisconsin's Extension Service Special Circular, "What about Growing Hemp," November 1942.

⁴⁰ Regarding papermaking, see L. H. Dewey and J. L. Merrill, "Hemp Hurds as Paper-Making Material," USDA Bulletin No. 404, October 14, 1916. A copy of this document is available, as posted by Vote Hemp Inc., at <http://www.votehemp.com/17855-h/17855-h.htm>. Other USDA and state documents from this period are available at <http://www.hempology.org/ALLARTICLES.html>.

⁴¹ See links at <http://www.thehia.org/history.html> and <http://www.hemphistoryweek.com/timeline.html>.

Figure 4. Canadian Hemp Acreage, 1998-2011

Source: Agriculture and Agri-Food Canada, “Industrial Hemp Statistics,” <http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1174420265572&lang=eng>.

Note: The downturn in 2007 is viewed as a correction of overproduction in 2006, following the “success of the court case against the DEA in 2004, and continued improvements in breeding, production, and processing,” which resulted in part in a “dramatic reduction in hemp acreage planted” in 2007. The 2007 downturn is also attributed to “increasingly positive economics of growing other crops” (Manitoba Agriculture, National Industrial Hemp Strategy, March 2008, prepared for Food and Rural Initiative Agriculture and Agri-Food Canada).

Between 1914 and 1933, in an effort to stem the use of *Cannabis* flowers and leaves for their psychotropic effects, 33 states passed laws restricting legal production to medicinal and industrial purposes only.⁴² The 1937 Marihuana Tax Act defined hemp as a narcotic drug, requiring that farmers growing hemp hold a federal registration and special tax stamp, effectively limiting further production expansion.

In 1943, U.S. hemp production reached more than 150 million pounds (140.7 million pounds hemp fiber; 10.7 million pound hemp seed) on 146,200 harvested acres. This compared to pre-war production levels of about 1 million pounds. After reaching a peak in 1943, production started to decline. By 1948, production had dropped back to 3 million pounds on 2,800 harvested acres, with no recorded production after the late 1950s.⁴³

Currently, industrial hemp is not grown commercially in the United States. No active federal licenses allow U.S. commercial cultivation at this time.

⁴² R. J. Bonnie and C. H. Whitebread, *The Marihuana Conviction: A History of Marihuana Prohibition in the United States* (Charlottesville: University Press of Virginia, 1974), p. 51.

⁴³ USDA *Agricultural Statistics*, various years through 1949. A summary of data spanning 1931-1945 is available in the 1946 edition. See “Table 391—Hemp Fiber and hempseed: Acreage, Yield, and Production, United States.”

Legal Status in the United States

Federal Law

In 1937, Congress passed the first federal law to discourage Cannabis production for marijuana while still permitting industrial uses of the crop (the Marihuana Tax Act; 50 Stat. 551). Under this statute, the government actively encouraged farmers to grow hemp for fiber and oil during World War II. After the war, competition from synthetic fibers, the Marihuana Tax Act, and increasing public anti-drug sentiment resulted in fewer and fewer acres of hemp being planted, and none at all after 1958.

Strictly speaking, the Controlled Substances Act of 1970 (CSA, 21 U.S.C. §801 et. seq.) does not make growing hemp illegal; rather, it places strict controls on the production of hemp, making it illegal to grow the crop without a DEA permit.

The CSA adopted the same definition of *Cannabis sativa* that appeared in the 1937 Marihuana Tax Act. The definition of “marihuana” (21 U.S.C. §802(16) reads:

The term marihuana means all parts of the plant *Cannabis sativa* L., whether growing or not; the seeds thereof; the resin extracted from any part of such plant; and every compound, manufacture, salt, derivative, mixture, or preparation of such plant, its seeds or resin. Such term does not include the mature stalks of such plant, fiber produced from such stalks, oil or cake made from the seeds of such plant, any other compound ... or preparation of such mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of such plant which is incapable of germination.

The statute thus retains control over all varieties of the cannabis plant by virtue of including them under the term “marijuana” and does not distinguish between low- and high-THC varieties. The language exempts from control the parts of mature plants—stalks, fiber, oil, cake, etc.—intended for industrial uses. Some have argued that the CSA definition exempts industrial hemp under its term exclusions for stalks, fiber, oil and cake, and seeds.⁴⁴ DEA refutes this interpretation.⁴⁵

Since federal law prohibits cultivation without a permit, DEA determines whether any industrial hemp production authorized under a state statute is permitted, and it enforces standards governing the security conditions under which the crop must be grown. In other words, a grower needs to get permission from the DEA to grow hemp or faces the possibility of federal charges or property confiscation, regardless of whether the grower has a state-issued permit.⁴⁶

DEA issued a permit for an experimental quarter-acre plot at the Hawaii Industrial Hemp Research Program during the period from 1999 to 2003 (now expired).⁴⁷ Most reports indicate that the DEA has not granted any current licenses to grow hemp, even for research purposes.⁴⁸ To

⁴⁴ See, for example, *Hemp Industries Association v. Drug Enforcement Administration*, 357 F.2d (9th Circuit 2004).

⁴⁵ 66 *Federal Register* 51530.

⁴⁶ Registration requirements are at 21 CFR 823. See also DEA’s registration procedures and applications at <http://www.dea.gov/division/registration/registration-process.htm>.

⁴⁷ See, for example, DEA, “Statement from the Drug Enforcement Administration on the Industrial Use of Hemp,” March 12, 1998, <http://www.justice.gov/dea/pubs/pressrel/pr980312.htm>.

⁴⁸ S. Raabe, “First major Hemp Crop in 60 Years is Planted in Southeast Colorado,” *Denverpost.com*, May 13, 2013.

date, all commercial hemp products sold in the United States are imported or manufactured from imported hemp materials. In May 2013, it was reported that hemp is being cultivated in Colorado, following changes to that state's laws in November 2012.⁴⁹

Even if DEA were to approve a permit, it could be argued that production might be limited or discouraged because of the perceived difficulties of working through DEA licensing requirements and installing the types of structures necessary to obtain a permit. Obtaining a DEA permit to produce hemp requires that the applicant demonstrate that an effective security protocol will be in place at the production site, such as security fencing around the planting area, a 24-hour monitoring system, controlled access, and possibly armed guard(s) to prevent public access.⁵⁰ DEA application requirements also include a nonrefundable fee, FBI background checks, and extensive documentation. It could also be argued that, because of the necessary time-consuming steps involved in obtaining and operating under a DEA permit, the additional management and production costs from installing structures, as well as other business and regulatory requirements, could ultimately limit the operation's profitability.

The United States is a signatory of the United Nations Single Convention on Narcotic Drugs, 1961 (as amended by the 1972 Protocol Amending the Single Convention on Narcotic Drugs, 1961).⁵¹ The principal objectives of the convention are to "limit the possession, use, trade in, distribution, import, export, manufacture and production of drugs exclusively to medical and scientific purposes and to address drug trafficking through international cooperation to deter and discourage drug traffickers."⁵² The convention requires that each party control cannabis cultivation within its borders; however, Article 28.2 of the convention states: "This Convention shall not apply to the cultivation of the cannabis plant exclusively for industrial purposes (fibre and seed) or horticultural purposes."⁵³ Thus the convention need not present an impediment to the development of a regulated hemp farming sector in the United States.

Previous DEA Actions

DEA's 2003 Rules

In March 2003, DEA issued two final rules addressing the legal status of hemp products derived from the cannabis plant. The DEA found that hemp products "often contain the hallucinogenic substance tetrahydrocannabinols (THC) ... the primary psychoactive chemical found in the cannabis (marijuana) plant."⁵⁴ Although the DEA acknowledged that "in some cases, a Schedule I controlled substance may have a legitimate industrial use," such use would only be allowed under highly controlled circumstances. These rules set forth what products may contain "hemp" and also prohibit "cannabis products containing THC that are intended or used for human

⁴⁹ S. Raabe, "First major Hemp Crop in 60 Years is Planted in Southeast Colorado," *Denverpost.com*, May 13, 2013.

⁵⁰ University of Kentucky Cooperative Extension Service, "Industrial Hemp—Legal Issues, September 2012.

⁵¹ United Nations Single Convention on Narcotic Drugs, 1961 (as amended by the 1972 Protocol Amending the Single Convention on Narcotic Drugs, 1961), Article 28.

⁵² Information posted on International Narcotics Control Board (INCB) website.

⁵³ *Ibid.*

⁵⁴ DEA, "DEA History in Depth," 1999-2003, and other DEA published resources.

consumption (foods and beverages).⁵⁵ Development of the 2003 rule sparked a fierce battle over the permissibility of imported hemp-based food products that lasted from 1999 until 2004.

Dispute over Hemp Food Imports (1999-2004)

In late 1999, during the development of the 2003 rules (described in the previous section), the DEA acted administratively to demand that the U.S. Customs Service enforce a zero-tolerance standard for the THC content of all forms of imported hemp, and hemp foods in particular.

The DEA followed up, in October 2001, with publication of an interpretive rule in the *Federal Register* explaining the basis of its zero-tolerance standard.⁵⁶ It held that when Congress wrote the statutory definition of marijuana in 1937, it “exempted certain portions of the *Cannabis* plant from the definition of marijuana based on the assumption (now refuted) that such portions of the plant contain none of the psychoactive component now known as THC.” Both the proposed rule (which was published concurrently with the interpretive rule) and the final 2003 rule gave retailers of hemp foods a date after which the DEA could seize all such products remaining on shelves. On both rules, hemp trade associations requested and received court-ordered stays blocking enforcement of that provision. The DEA’s interpretation made hemp with any THC content subject to enforcement as a controlled substance.

Hemp industry trade groups, retailers, and a major Canadian exporter filed suit against the DEA, arguing that congressional intent was to exempt plant parts containing naturally occurring THC at non-psychoactive levels, the same way it exempts poppy seeds containing trace amounts of naturally occurring opiates.⁵⁷ Industry groups maintain that (1) naturally occurring THC in the leaves and flowers of cannabis varieties grown for fiber and food is already at below-psychoactive levels (compared with drug varieties); (2) the parts used for food purposes (seeds and oil) contain even less; and (3) after processing, the THC content is at or close to zero. U.S. and Canadian hemp seed and food manufacturers have in place a voluntary program for certifying low, industry-determined standards in hemp-containing foods. Background information on the TestPledge Program is available at <http://www.TestPledge.com>. The intent of the program is to assure that consumption of hemp foods will not interfere with workplace drug testing programs or produce undesirable mental or physical health effects.

On February 6, 2004, the U.S. Court of Appeals for the Ninth Circuit permanently enjoined the enforcement of the final rule.⁵⁸ The court stated that “the DEA’s definition of ‘THC’ contravenes the unambiguously expressed intent of Congress in the CSA and cannot be upheld.”⁵⁹ In late September 2004 the Bush Administration let the final deadline pass without filing an appeal.

⁵⁵ Ibid.

⁵⁶ 66 *Federal Register* 51530.

⁵⁷ 21 U.S.C. §802 (19) and (20).

⁵⁸ 68 *Federal Register* 14113.

⁵⁹ *Hemp Industries Association v. Drug Enforcement Administration*, 357 F.2d (9th Circuit 2004).

Other Policy Statements

In a recent DEA report, the agency acknowledged that it has been reviewing inquiries about the legal status of hemp-based products (such as those shown in **Figure 2**), including inquiries from U.S. Customs inspectors regarding the need for guidance regarding imported hemp products:⁶⁰

DEA took the position that it would follow the plain language of the Controlled Substances Act (CSA), which expressly states that anything that contains “any quantity” of marijuana or THC is a schedule I controlled substance. However, as a reasonable accommodation, DEA exempted from control legitimate industrial products that contained THC but were not intended for human consumption (such as clothing, paper, and animal feed).

DEA’s position that “anything that contains ‘any quantity’ of marijuana or THC” should be regarded as a controlled substance is further supported by reports published by the National Institute on Drug Abuse (NIDA), which is part of the National Institutes of Health. Although NIDA does not have a formal position about industrial hemp, NIDA’s research tends to conflate all cannabis varieties, including marijuana and hemp. For example, NIDA reports: “All forms of marijuana are mind-altering (psychoactive)” and “they all contain THC (delta-9-tetrahydrocannabinol), the main active chemical in marijuana.”⁶¹ The DEA further maintains that the CSA does not differentiate between different varieties of cannabis based on THC content.⁶²

Regarding DEA’s issuance of its 2003 rules and the import dispute that followed (discussed in the previous report sections), the agency continues to maintain that the courts have expressed conflicting opinions on these issues.⁶³

Despite the plain language of the statute supporting DEA’s position, the ninth circuit ruled in 2004 that the DEA rules were impermissible under the statute and therefore ordered DEA to refrain from enforcing them. Subsequently, in 2006, another federal court of appeals (the eight circuit) took a different view, stating, as DEA had said in its rules: “The plain language of the CSA states that schedule I(c) includes ‘any material ... which contains any quantity of THC’ and thus such material is regulated.”...⁶⁴ Thus, the federal courts have expressed conflicting views regarding the legal status of cannabis derivatives.

Regarding interest among growers in some states to cultivate hemp for industrial use, DEA claims that the courts have supported the agency’s current policy that all hemp growers—regardless of whether a state permit has been issued and of the THC content—are subject to the CSA and must obtain a federal permit.⁶⁵

Under the CSA, anyone who seeks to grow marijuana for any purpose must first obtain a DEA registration authorizing such activity. However, several persons have claimed that growing marijuana to produce so-called “hemp” (which purportedly contains a relatively low percentage of THC) is not subject to CSA control and requires no DEA registration. All such claims have

⁶⁰ DEA, “DEA History in Depth,” 1999-2003, and other DEA published resources.

⁶¹ NIDA, “Marijuana: Facts for Teens” (no date), <http://www.drugabuse.gov/MarijBroch/teenpg1-2.html>.

⁶² DEA, “DEA History in Depth,” 1999-2003, and other DEA published resources.

⁶³ Ibid.

⁶⁴ DEA-cited court case: *United States v. White Plume*, 447 F.3d 1067, 1073 (8th Cir. 2006).

⁶⁵ DEA, “DEA History in Depth,” 1999-2003, and other DEA published resources. DEA-cited court cases: *New Hampshire Hemp Council, Inc. v. Marshall*, 203 F.3d 1 (1st Cir 2000); *United States v. White Plume*, supra; *Monson v. DEA*, 522 F.Supp.2d 1188 (D. N.D. 2007), No. 07-3837 (8th Cir. 2007).

thus far failed, as every federal court that has addressed the issue has ruled that any person who seeks to grow any form of marijuana (no matter the THC content or the purpose for which it is grown) must obtain a DEA registration.

Regarding states that have enacted laws legalizing cannabis grown for industrial purposes, “these laws conflict with the CSA, which does not differentiate, for control purposes, between marijuana of relatively low THC content and marijuana of greater THC content.”⁶⁶

2013 Guidance Outlined in “Cole Memo”

In August 2013, DOJ updated its federal marijuana enforcement policy following 2012 state ballot initiatives in Washington and Colorado that “legalized, under state law, the possession of small amounts of marijuana and provide for the regulation of marijuana production, processing, and sale.”⁶⁷ The guidance—commonly referred to as the “Cole memo”—outlines DOJ’s policy, clarifying that “marijuana remains an illegal drug under the Controlled Substances Act and that federal prosecutors will continue to aggressively enforce this statute.” DOJ identified eight enforcement areas that federal prosecutors should prioritize. These include:⁶⁸

- preventing the distribution of marijuana to minors;
- preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels;
- preventing the diversion of marijuana from states where it is legal under state law in some form to other states;
- preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
- preventing violence and the use of firearms in the cultivation and distribution of marijuana;
- preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
- preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and
- preventing marijuana possession or use on federal property.

Although the Cole memo does not specifically address industrial hemp, because DOJ regards all varieties of the cannabis plant as “marijuana” and does not distinguish between low- and high-THC varieties, the August 2013 guidance appears to cover industrial hemp production as well. Accordingly, some are interpreting the guidance as allowing states to proceed to implement their laws regulating and authorizing the cultivation of hemp.⁶⁹

⁶⁶ DEA, “DEA History in Depth,” 1999-2003, and other DEA published resources.

⁶⁷ Letter providing guidance regarding marijuana enforcement from Deputy U.S. Attorney General James Cole to all U.S. States Attorneys, August 29, 2013, <http://www.justice.gov/opa/pr/2013/August/13-opa-974.html>.

⁶⁸ Ibid.

⁶⁹ Letter to interested parties from Joe Sandler, Counsel for Vote Hemp, November 13, 2013.

In November 2013, in response to a letter to Representative Earl Blumenauer, DOJ officials in Oregon clarified that since “ ‘industrial hemp’ is marijuana, under the CSA, these eight enforcement priorities apply to hemp just as they do for all forms of cannabis” and that “federal prosecutors will remain aggressive” when it comes to protecting these eight priorities.⁷⁰

Other Federal Actions

In 1994, President Clinton issued Executive Order 12919, entitled “National Defense Industrial Resources Preparedness,” which was intended to strengthen the U.S. industrial and technology base for meeting national defense requirements. The order included hemp among the essential agricultural products that should be stocked for defense preparedness purposes.⁷¹ Some hemp supporters have argued that the executive order gives hemp a renewed value as a strategic crop for national security purposes, in line with its role in World War II.⁷²

USDA has supported research on alternative crops and industrial uses of common commodities since the late 1930s. Some alternative crops have become established in certain parts of the United States—kenaf (for fiber) in Texas, jojoba (for oil) in Arizona and California, and amaranth (for nutritious grain) in the Great Plains states. Many have benefits similar to those ascribed to hemp, but are not complicated by having a psychotropic variety within the same species.

The Critical Agricultural Materials Act of 1984 (P.L. 98-284, 7 U.S.C. §178) supports the supplemental and alternative crops provisions of the 1985 and 1990 omnibus farm acts and other authorities, and funds research and development on alternative crops at USDA and state laboratories. In 2010, USDA recommended \$1.083 million for programs under the act.⁷³ In addition, Section 1473D of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (NARETPA, 7 U.S.C. §3319d(c)) authorizes USDA to make competitive grants toward the development of new commercial products derived from natural plant material for industrial, medical, and agricultural applications.⁷⁴ In 2010, USDA recommended \$835,000 for the program.⁷⁵ To date, these authorities have not been used to develop hemp cultivation and use.

State Laws

The past decade has witnessed a resurgence of interest in the United States in producing industrial hemp. Farmers in regions of the country that are highly dependent upon a single crop, such as tobacco or wheat, have shown interest in hemp’s potential as a high-value alternative crop, although the economic studies conducted so far paint a mixed profitability picture.

⁷⁰ Letter to Representative Earl Blumenauer, from S. Amanda Marshall, U.S. Attorney, District of Oregon, November 7, 2013.

⁷¹ Hemp is included under the category of “food resources,” which it defined to mean, in part, “all starches, sugars, vegetable and animal or marine fats and oils, cotton, tobacco, wool, mohair, hemp, flax, fiber and other materials, but not any such material after it loses its identity as an agricultural commodity or product.”

⁷² J. B. Kahn, “Hemp ... Why Not?” Berkeley Electronic Press (bepress) Legal Series, Paper 1930, 2007.

⁷³ USDA’s 2011 Explanatory Notes, <http://www.obpa.usda.gov/17nifa2011notes.pdf>.

⁷⁴ For information, see USDA, http://www.csrees.usda.gov/funding/rfas/pdfs/10_alt_crops.pdf.

⁷⁵ See USDA’s 2011 Explanatory Notes, <http://www.obpa.usda.gov/17nifa2011notes.pdf>.

Beginning around 1995, an increasing number of state legislatures began to consider a variety of initiatives related to industrial hemp. Most of these have been resolutions calling for scientific, economic, or environmental studies, and some are laws authorizing planting experimental plots under state statutes. Nonetheless, the actual planting of hemp, even for state-authorized experimental purposes, remains regulated by the DEA under the Controlled Substances Act.

According to the advocacy organization Vote Hemp, as of early 2014, more than 30 states have introduced legislation favorable to hemp cultivation, and 20 states have already passed such legislation.⁷⁶ A summary of current state legislative actions regarding industrial hemp is as follows (also see text box):

- Several states have defined industrial hemp as distinct and removed barriers to its production (California, Colorado, Kentucky, Maine, Montana, North Dakota, Oregon, Vermont, Washington, and West Virginia).
- Several states have passed bills creating commissions or authorizing research (Hawaii, Kentucky, and Maryland).
- Several states have passed hemp resolutions (California, Colorado, Illinois, Montana, New Hampshire, New Mexico, North Dakota, Vermont, and Virginia).
- Several states have passed hemp study bills (Arkansas, Illinois, Maine, Minnesota, New Mexico, North Carolina, North Dakota, and Vermont). (Some states have done studies without legislative directive.)

Although several states have established programs under which a farmer may be able to grow industrial hemp under certain circumstances, a grower would still need to obtain a DEA permit and abide by the DEA's strict production controls. This relationship has resulted in some high-profile cases, wherein growers have applied for a permit but DEA has not approved (or denied) a permit to grow hemp, even in states that authorize cultivation under state laws. Ongoing cases involve attempts to grow hemp under state law in North Dakota, Montana, Vermont, and other states. DEA permits to grow hemp have been issued to some university researchers and to the Hawaii Industrial Hemp Research Program.⁷⁷

Changes to Colorado's and Washington's state laws in November 2012 now allow for industrial hemp cultivation. Industrial hemp was reported as being grown in Colorado in 2013.⁷⁸ Challenges facing growers and state authorities regarding implementing the Colorado's law include sampling, registration and inspection, seed availability and sourcing, disposition of non-complying plants, and law enforcement concerns, as well as production issues such as hemp agronomics, costly equipment and limited manufacturing capacity, among other grower and processor concerns.⁷⁹

⁷⁶ Vote Hemp, "U.S. Federal Industrial Hemp Legislation," <http://www.votehemp.com/legislation.html>.

⁷⁷ CRS communication with Vote Hemp representatives, July 24, 2013.

⁷⁸ S. Raabe, "First major Hemp Crop in 60 Years is Planted in Southeast Colorado," *Denverpost.com*, May 13, 2013; also see E. Hunter, "Industrial Hemp in Colorado," November 17 (presentation at the 2013 HIA conference).

⁷⁹ R. Carleton, "Regulating Industrial Hemp: The Colorado Experience," February 3, 2013 (presentation at the 2014 National Association of State Department of Agriculture (NASDA) winter meeting); and E. Hunter, "Industrial Hemp in Colorado," November 17, 2013 (presentation at the 2013 HIA conference).

Selected State Laws Providing for Hemp Cultivation and Research

California (2013): SB566 would establish a framework for state and county agricultural commissioners to oversee registration of hemp cultivation and to allow farmers to sell seed, oil, and fiber to manufacturers. Previous efforts in 2011 to allow for a hemp pilot program in selected counties in California were vetoed by the state's governor.

Colorado (2012): Ballot initiative (Amd. 64) defined "Industrial Hemp" as the plant of the genus *Cannabis* and any part of such plant, whether growing or not, with a delta-9 tetrahydrocannabinol concentration that does not exceed 0.3% on a dry weight basis. Instructed the state legislature to enact legislation governing the cultivation, processing and sale of industrial hemp.

Hawaii (2002, 2001, 1996): Provided an extension of previous legislation allowing for privately funded industrial hemp research to be conducted in Hawaii under certain conditions (HB57 and HB32). Defined industrial hemp as containing "0.3 percent or less of THC." Provided for the cultivation of an initial test plot of industrial hemp. Previous action in 1996 provided for "a study on the economic potential, problems, and other related matters of growing nonpsychoactive industrial cannabis hemp as an agricultural product in Hawaii" (completed in 1997). Newly introduced legislation in 2013 would set-up an advisory board to oversee registration among producers.

Kentucky (2013, 2001): SB50 provided for the creation of a regulated framework to allow for the production and marketing of industrial hemp if it is legalized at the federal level. Previously, provided for an industrial hemp research program to conduct research on industrial hemp as an agricultural product in Kentucky.

Maine (2009, 2003): Provided for the growing of industrial hemp if a person holds a license issued by the Commissioner of Agriculture, Food and Rural Resources and the hemp is grown under a federal permit in compliance with the conditions of that permit (LD 1159). A previous 2003 law authorized the Maine Agricultural Experiment Station to study cultivation of industrial hemp and defined industrial hemp as any variety of *Cannabis sativa* L. with a THC concentration that "does not exceed 0.3% on a dry weight basis" and that is "grown under a federal permit in compliance with the conditions of that permit" (LD 53).

Maryland (2000): Established a pilot program to study the growth and marketing of industrial hemp under certain conditions and in consultation with specified state and federal agencies; also established licensing procedures for researchers who wish to grow hemp for research purposes (HB 1250).

Montana (2001): Authorized the production of industrial hemp as an agricultural crop under certain conditions; recognized hemp with no more than 0.3% THC as an "agricultural crop" (SB 261).

North Dakota (2007, 2005, 1999, 1997): Authorized the production of industrial hemp, and established licensing procedures to allow local farmers to grow hemp commercially. Other subsequent bills allowed for feral hemp seed collection and breeding at North Dakota State University (2005, HB 1492), and related to the sale of industrial hemp seed (2007, HB 1490), among other actions (including resolution related to federal policies and appropriations). Previous action in 1997 provided for a study of industrial hemp production in the state (completed in 1998).

Oregon (2009): Permitted production and possession of industrial hemp and trade in industrial hemp commodities and products. Authorized the State Department of Agriculture to administer licensing, permitting and inspection program for growers and handlers of industrial hemp. Allowed the department to charge fees to growers and handlers, and to impose civil penalty not exceeding \$2,500 for violation of license or permit requirements.

Vermont (2013, 2008, 1996): SB50 provided for creation of a state-sanctioned process to grow hemp, despite federal regulations prohibiting cultivation. Previous actions provided for the development of an industrial hemp industry in Vermont and also provided for a study of industrial hemp production in the state (completed in 1997).

Washington (2012): Provided for the following definition of "marijuana" to mean all parts of the plant *Cannabis*, whether growing or not, with a THC concentration greater than 0.3 percent on a dry weight basis."

West Virginia (2002): Provided for licensing procedures to allow local farmers to plant, grow, harvest, possess, process and sell hemp commercially. Newly introduced legislation in 2013 would create a licensing system to allow for hemp production.

Other states: States considering removing barriers to growing hemp, according to press reports, include: Indiana, Nebraska, New Hampshire, New Jersey, New York, South Carolina, Tennessee, and Wisconsin.

Source: Compiled by CRS from legislation information at various state website and summary information posted by Vote Hemp (<http://www.votehemp.com/state.html>) and NORML (http://norml.org/index.cfm?Group_ID=3395). Other information is from "State Hemp Cultivation Bills Sprout," *Politico*, January 27, 2014.

It remains unclear how federal authorities will respond to production in states where state laws permit growing and cultivating hemp.

In November 2012, following the passage of Colorado's state law legalizing marijuana in some cases and also allowing for the cultivation of hemp, state authorities wrote a letter to DOJ requesting clarification about how federal enforcement authorities might respond to its newly enacted laws and forthcoming regulations.⁸⁰ Since federal law regards all varieties of the cannabis plant as "marijuana," many regard DOJ's August 2013 guidance ("Cole memo") as also likely applicable to the regulation of industrial hemp.⁸¹ Nevertheless, in November 2013, Colorado's State Department of Agriculture officials wrote to the U.S. Department of Agriculture requesting clarification regarding the cultivation for industrial hemp specifically.⁸²

In September 2013, Representative Blumenauer sent a letter to Oregon state officials urging them to implement that state's hemp laws.⁸³ In response, DOJ officials in Oregon indicated that they do not intend to interfere with their state's hemp production as long as it is well-regulated and subject to enforcement.⁸⁴ Some now regard that correspondence as further indicative of how federal authorities might respond to production in states where state laws permit growing and cultivating hemp.⁸⁵

Despite these developments, in the past there has been ongoing tension between federal and state authorities over state hemp policies. After passing its own state law authorizing industrial hemp production in 1999,⁸⁶ researchers at North Dakota repeatedly applied for, but did not receive, a DEA permit to cultivate hemp for research purposes in the state.⁸⁷ Also in 2007, two North Dakota farmers were granted state hemp farming licenses and, in June 2007, filed a lawsuit in U.S. District Court (North Dakota) seeking "a declaratory judgment" that the CSA "does not prohibit their cultivation of industrial hemp pursuant to their state licenses."⁸⁸ The case was dismissed in November 2007.⁸⁹ The case was appealed to the U.S. Court of Appeals (Eighth Circuit), but was again dismissed in December 2009.⁹⁰ They filed an appeal in May 2010.⁹¹

⁸⁰ Letter to Eric Holder, Jr., U.S. Attorney General, from the Governor and Attorney General of the State of Colorado, November 13, 2012.

⁸¹ See discussion in "2013 Guidance Outlined in "Cole Memo"." Letter to interested parties from Joe Sandler, Counsel for Vote Hemp, November 13, 2013.

⁸² Letter to Tom Vilsack, Secretary of Agriculture, from the Commissioner of the Colorado Department of Agriculture, November 13, 2013.

⁸³ Letter from Representative Earl Blumenauer to Oregon Department of Agriculture and State Board of Agriculture officials, September 17, 2013.

⁸⁴ Letter to Representative Earl Blumenauer, from S. Amanda Marshall, U.S. Attorney, District of Oregon, November 7, 2013. See also N. Crombie, "U.E. Rep. Earl Blumenauer urges Oregon to implement industrial hemp law," *The Oregonian*, September 18, 2013.

⁸⁵ CRS communication with representatives of Vote Hemp, Inc., January 2014.

⁸⁶ The North Dakota Department of Agriculture issued final regulations in 2007 on licensing hemp production. For information on the state's requirements, see <http://www.agdepartment.com/Programs/Plant/HempFarming.htm>.

⁸⁷ See, for example, letter from North Dakota State University to the DEA, July 27, 2007.

⁸⁸ *David Monson and Wayne Hauge v. Drug Enforcement Administration and United States Department of Justice*, Complaint for Declaratory Judgment, U.S. District Court for the District of North Dakota, June 18, 2007. For an overview, see Vote Hemp Inc. website: http://www.votehemp.com/legal_cases_ND.html#overview

⁸⁹ *Monson v. DEA*, 522 F. Supp. 2d 1188 (D.N.D. 2007).

⁹⁰ *Monson v. DEA*, 589 F.3d 952 (8th Cir. 2009).

⁹¹ S. Roesler, "ND farmers file another industrial hemp appeal in district court," *Farm & Ranch Guide*, June 4, 2010.

Similarly, Montana passed its state law authorizing hemp production in 2001. In October 2009, Montana's Agriculture Department issued its first state license for an industrial hemp-growing operation in the state. Media reports indicate that the grower does not intend to request a federal permit, which would make the grower's attempt to grow hemp technically illegal. Some argue that this case could pose a potential challenge to DEA of whether it is willing to override the state's authority to allow for hemp production in the state, as well as a test of state's rights.⁹²

Legislative Activity

2014 Farm Bill

The 113th Congress considered various changes to U.S. policies regarding industrial hemp during the omnibus farm bill debate.⁹³ In the Senate, Senators Wyden, McConnell, Paul, and Merkley introduced an amendment to the Senate version of the farm bill (S. 954, the Agriculture Reform, Food and Jobs Act of 2013). The amendment (S.Amdt. 952) would have amended the CSA to exclude industrial hemp from the definition of marijuana. The amendment was not adopted as part of the Senate-passed farm bill.

In the House, Representatives Polis, Massie, and Blumenauer introduced an amendment to the House version of the farm bill (H.R. 1947, the Federal Agriculture Reform and Risk Management Act of 2013) during floor debate on the bill. The amendment (H.Amdt. 208) would allow institutions of higher education to grow or cultivate industrial hemp for the purpose of agricultural or academic research, and would apply to states that already permit industrial hemp growth and cultivation under state law. The amendment was adopted by the House of Representatives. However, the full House ultimately voted to reject H.R. 1947. Similar language was included as part of a subsequent revised version of the House bill (H.R. 2642), which was passed by the full House.

During conference on the House and Senate bills, the House provision was adopted with additional changes. The enacted law, Agricultural Act of 2014 (P.L. 113-79), expands the House bill provision to allow both certain research institutions and also state departments of agriculture to grow industrial hemp, as part of an agricultural pilot program, if allowed under state laws where the institution or state departments of agriculture is located. The provision also provides a statutory definition of "industrial hemp" as "the plant *Cannabis sativa L.* and any part of such plant, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis."⁹⁴ The provision was included as part of the research title of the enacted 2014 farm bill. The provision did not include an enactment date that would suggest any kind of program rollout, and there appears to be nothing in the conference report or bill language to suggest that the states might not be able to immediately begin initiate action on this provision.

⁹² M. Brown, "First license issued to Montana hemp grower," *Missoulian*, October 27, 2009.

⁹³ For information on the farm bill, see CRS Report R43076, *The 2014 Farm Bill (P.L. 113-79): Summary and Side-by-Side*.

⁹⁴ P.L. 113-79 (§ 7606).

Other Legislation

Other introduced legislation would provide for even greater opportunities for commercial cultivation of industrial hemp in the United States.

The Industrial Hemp Farming Act was first introduced in the 109th Congress by former Representative Ron Paul, and was reintroduced in subsequent legislative sessions (H.R. 1831, 112th Congress; H.R. 1866, 111th Congress; H.R. 1009, 110th Congress; H.R. 3037, 109th Congress). In the 112th Congress, Senator Ron Wyden introduced S. 3501 in the Senate.⁹⁵

In the 113th Congress, the Industrial Hemp Farming Act of 2013 (Massie/H.R. 525; Wyden/S. 359) is intended to facilitate the possible commercial cultivation of industrial hemp in the United States. The bill would amend Section 102 of the Controlled Substances Act (21 U.S.C. 802(16)) to specify that the term “marijuana” does not include industrial hemp, which the bill would define based on its content of delta-9 tetrahydrocannabinol (THC), marijuana’s primary psychoactive chemical. Such a change could remove low-THC hemp from being covered by the CSA as a controlled substance and subject to DEA regulation, thus allowing for industrial hemp to be grown and processed under some state laws. If enacted, these bills could remove low-THC hemp from being covered by the CSA as a controlled substance and subject to DEA regulation. The bill could grant authority to any state permitting industrial hemp production and processing to determine whether any such cannabis plants met the limit on THC concentration as set forth in the CSA. In any criminal or civil action or administrative proceeding, the state’s determination may be conclusive and binding. Some in Congress believe that industrial hemp production could result in economic and employment gains in some states and regions.⁹⁶

Groups Supporting/Opposing Further Legislation

In addition to groups such as HIA and Vote Hemp Inc. that are actively promoting reintroducing hemp as a commodity crop in the United States, some key agricultural groups also support U.S. policy changes regarding industrial hemp. For example:

- The National Farmers Union (NFU) updated its 2013 farm policy regarding hemp to urge the President, Attorney General, and Congress to “direct the U.S. Drug Enforcement Administration (DEA) to reclassify industrial hemp as a non-controlled substance and adopt policy to allow American farmers to grow industrial hemp under state law without affecting eligibility for USDA benefits.”⁹⁷ Previously NFU’s policy advocated that the DEA “differentiate

⁹⁵ Previous versions of the bill differ. Section 3 of the 2009 bill would apply when a state has an industrial hemp regulatory scheme, whereas the 2011 bills would apply whenever state law permits “making industrial hemp,” which a state might do by exempting hemp making from its controlled substance regulatory scheme. Section 3 of the 2009 bill would have afforded state officials “exclusive authority” to construe the proposed hemp exclusion from the definition of marijuana (amending 21 U.S.C. §802(16)(B)), whereas the 2011 bills would include within the proposed industrial hemp exclusion (amending 21 U.S.C. §802(57)) any industrial hemp grown or possessed in accordance with state law relating to making industrial hemp. For more information, contact Charles Doyle, CRS attorney, 7-6968.

⁹⁶ See, for example, B. Schreiner, “Senate Committee Approves Hemp Legislation,” *Associated Press*, February 11, 2013; also press release of Senate Minority Leader, Mitch McConnell, “Industrialized Hemp Will Help Spur Economic Growth and Create Jobs in Kentucky,” January 31, 2013.

⁹⁷ NFU, “Policy of the National Farmers Union,” March 2-5, 2013.

between industrial hemp and marijuana and adopt policy to allow American farmers to grow industrial hemp under state law without requiring DEA licenses.”⁹⁸

- The National Association of State Departments of Agriculture (NASDA) “supports revisions to the federal rules and regulations authorizing commercial production of industrial hemp,” and has urged USDA, DEA, and the Office of National Drug Control Policy to “collaboratively develop and adopt an official definition of industrial hemp that comports with definitions currently used by countries producing hemp.” NASDA also “urges Congress to statutorily distinguish between industrial hemp and marijuana and to direct the DEA to revise its policies to allow USDA to establish a regulatory program that allows the development of domestic industrial hemp production by American farmers and manufacturers.”⁹⁹
- The National Grange voted in 2009 to support “research, production, processing and marketing of industrial hemp as a viable agricultural activity.”¹⁰⁰
- Regional farmers’ organizations also have policies regarding hemp. For example, the North Dakota Farmers Union (NDFU), as part of its federal agricultural policy recommendations, has urged “Congress to legalize the production of industrial hemp.”¹⁰¹ The Rocky Mountain Farmers Union (RMFU) has urged “Congress and the USDA to re-commit and fully fund research into alternative crops and uses for crops” including industrial hemp; also, they “support the decoupling of industrial hemp from the definition of marijuana” under the CSA and “demand the President and the Attorney General direct the U.S. Drug Enforcement Agency (DEA) to differentiate between industrial hemp and marijuana and adopt a policy to allow American farmers to grow industrial hemp under state law without requiring DEA licenses,” to “legalize the production of industrial hemp as an alternative crop for agricultural producers.”¹⁰²
- In California, ongoing efforts to revise the definition of marijuana to exclude “industrial hemp” (SB 566) is supported by the State’s Sheriffs’ Association.¹⁰³ Previous efforts in 2011 to establish a pilot program to grow industrial hemp in selected counties were supported by the county farm bureau and two sheriff’s offices (although the bill, SB 676, was later vetoed by the state’s governor).¹⁰⁴

Despite support by some, other groups continue to oppose policy changes regarding cannabis. For example, the National Alliance for Health and Safety, as part of Drug Watch International, claims

⁹⁸ NFU, “National Farmers Union Adopts New Policy on Industrial Hemp,” March 22, 2010. Also see NFU, “Policy of the National Farmers Union,” enacted by delegates to the 108th annual convention, Rapid City, SD, March 14-16, 2010.

⁹⁹ NASDA, “New Uses of Agricultural Products,” 2010, <http://www.nasda.org/cms/7196/9017/9350/7945.aspx>.

¹⁰⁰ The National Grange, “Legislative Policies,” http://www.nationalgrange.org/legislation/policy/policy_ag.htm; also see The National Grange, “Hemp Policy,” <http://www.grangehemppolicy.info/>.

¹⁰¹ NDFU, “2010 Program of Policy & Action,” p. 8; also see <http://www.ndfu.org>.

¹⁰² RMFU, “Policy 2010,” <http://www.rmfu.org/pdfs/RMFUPolicy10.pdf>, p. 6, pp. 15-16, and p. 24.

¹⁰³ Letter from the California State Sheriff’s Association to Chairwoman Cathleen Galgiani of the State Senate Agriculture Committee, March 21, 2013.

¹⁰⁴ Letters of support for SB 678 to California State Senator, Mark Leno, from the Imperial County Farm Bureau (June 16, 2011), Office of Sheriff, Kings County (July 19, 2011), and Office of Sheriff, Kern County (July 21, 2011).

that proposals to reintroduce hemp as an agricultural crop are merely a strategy by “the international pro-drug lobby to legalize cannabis and other illicit substances.”¹⁰⁵ The California Narcotic Officer’s Association claims that allowing for industrial hemp production would undermine state and federal enforcement efforts to regulate marijuana production, since they claim the two crops are not distinguishable through ground or aerial surveillance, but would require costly and time-consuming lab work to be conducted.¹⁰⁶ This group also claims that these similarities would create an incentive to use hemp crops to mask illicit marijuana production, since marijuana is such a lucrative cash crop.¹⁰⁷ Concerns about the potential linkages to the growing and use of illegal drugs are also expressed by some parent and community organizations, such as Drug Free America Foundation, Inc. and PRIDE Inc.¹⁰⁸

Given the DEA’s current policy positions (see section titled “Previous DEA Actions”) and perceived DEA opposition to changing its current policies because of concerns over how to allow for hemp production without undermining the agency’s drug enforcement efforts and regulation of the production and distribution of marijuana, further policy changes regarding industrial hemp are likely not forthcoming absent congressional legislative action.

Concluding Remarks

Hemp production in the United States faces a number of obstacles in the foreseeable future. The main obstacles facing this potential market are U.S. government drug policies and DEA concerns about the ramifications of U.S. commercial hemp production. These concerns are that commercial cultivation could increase the likelihood of covert production of high-THC marijuana, significantly complicating DEA’s surveillance and enforcement activities and sending the wrong message to the American public concerning the government’s position on drugs. DEA officials and a variety of other observers also express the concern that efforts to legalize hemp—as well as those to legalize medical marijuana—are a front for individuals and organizations whose real aim is to see marijuana decriminalized.¹⁰⁹

Hemp production in the United States also faces competition from other global suppliers. The world market for hemp products remains relatively small, and China, as the world’s largest hemp fiber and seed producer, has had and likely will continue to have major influence on market prices and thus on the year-to-year profits of producers and processors in other countries.¹¹⁰ Canada’s head start in the North American market for hemp seed and oil also would likely affect the profitability of a start-up industry in the United States.

¹⁰⁵ See, for example, Drug Watch International, “Position Statement on Hemp (*Cannabis sativa* L.),” November 2002.

¹⁰⁶ Letter from the California Narcotic Officer’s Association to Governor Arnold Schwarzenegger, September 18, 2007.

¹⁰⁷ CRS conversation with John Coleman, August 22, 2011.

¹⁰⁸ Information provided to CRS by Jeanette McDougal, National Alliance for Health and Safety, August 22, 2011.

¹⁰⁹ For more information on legislative and executive branch actions concerning illegal drugs, see CRS Report RL32352, *War on Drugs: Reauthorization and Oversight of the Office of National Drug Control Policy*. For information on issues pertaining to medical marijuana, see CRS Report RL33211, *Medical Marijuana: Review and Analysis of Federal and State Policies*.

¹¹⁰ T. R. Fortenbery and M. Bennett, “Opportunities for Commercial Hemp Production,” *Review of Agricultural Economics*, vol. 26, no. 1, Spring 2004, pp. 97-117. The time period covered in this study ends with the year 2000.

Nevertheless, the U.S. market for hemp-based products has a highly dedicated and growing demand base, as indicated by recent U.S. market and import data for hemp products and ingredients, as well as market trends for some natural foods and body care products. Given the existence of these small-scale, but profitable, niche markets for a wide array of industrial and consumer products, commercial hemp industry in the United States could provide opportunities as an economically viable alternative crop for some U.S. growers.

Appendix. Listing of Selected Hemp Studies

Below is a listing of reports and studies, ranked by date (beginning with the most recent).

- University of Kentucky, Department of Agricultural Economics, *Economic Considerations for Growing Industrial Hemp: Implications for Kentucky's Farmers and Agricultural Economy*, July 2013, <http://www2.ca.uky.edu/cmspubsclass/files/EconomicConsiderationsforGrowingIndustrialHemp.pdf>.
- C. A. Kolosov, "Regulation of Industrial Hemp under the Controlled Substances Act" *UCLA Law Review*, vol. 57, no. 237, October 2009, <http://uclalawreview.org/pdf/57-1-5.pdf>.
- Manitoba Agriculture, *National Industrial Hemp Strategy*, March 2008 (prepared for Food and Rural Initiative Agriculture and Agri-Food Canada).
- Reason Foundation, "Illegally Green: Environmental Costs of Hemp Prohibition," Policy Study 367, March 2008, <http://www.reason.org/ps367.pdf>.
- Agriculture and Agri-Food Canada, *Canada's Industrial Hemp Industry*, March 2007, http://www.agr.gc.ca/misb/spcrops/sc-cs_e.php?page+hemp-chanvre.
- Maine Agricultural Center, *An Assessment of Industrial Hemp Production in Maine*, January 2007, <http://www.mac.umaine.edu/>.
- N. Cherrett et al., "Ecological Footprint and Water Analysis of Cotton, Hemp and Polyester," Stockholm Environment Institute, 2005, <http://www.sei-international.org/mediamanager/documents/Publications/Future/cotton%20hemp%20polyester%20study%20sei%20and%20bioregional%20and%20wwf%20wales.pdf>.
- T. R. Fortenbery and M. Bennett, "Opportunities for Commercial Hemp Production," *Applied Economics Perspectives and Policy*, 26(1): 97-117, 2004.
- E. Small and D. Marcus, "Hemp: A New Crop with New Uses for North America," In: *Trends in New Crops and New Uses*, 2002, <http://www.hort.purdue.edu/newcrop/ncnu02/v5-284.html>.
- T. R. Fortenbery and M. Bennett, "Is Industrial Hemp Worth Further Study in the U.S.? A Survey of the Literature," Staff Paper No. 443, July 2001, <http://ageconsearch.umn.edu/bitstream/12680/1/stpap443.pdf>.
- J. Bowyer, "Industrial Hemp (*Cannabis sativa* L.) as a Papermaking Raw Material in Minnesota: Technical, Economic and Environmental Considerations," Department of Wood & Paper Science Report Series, May 2001.
- K. Hill, N. Boshard-Blackey, and J. Simson, "Legislative Research Shop: Hemp," University of Vermont, April 2000, <http://www.uvm.edu/~vlrs/doc/hemp.htm>
- USDA, Economic Research Service, *Industrial Hemp in the United States: Status and Market Potential*, AGES001E, January 2000, <http://www.ers.usda.gov/publications/ages001e/ages001em.pdf>.

- M. J. Cochran, T. E. Windham, and B. Moore, “Feasibility of Industrial Hemp Production in Arkansas,” University of Arkansas, SP102000, May 2000.
- D. G. Kraenzel et al. “Industrial Hemp as an Alternative Crop in North Dakota,” AER 402, North Dakota State University, Fargo, July 1998, <http://ageconsearch.umn.edu/handle/23264>.
- E. C. Thompson et al., *Economic Impact of Industrial Hemp in Kentucky*, University of Kentucky, July 1998.
- D. T. Ehrensing, *Feasibility of Industrial Hemp Production in the United States Pacific Northwest*, SB 681, Oregon State University, May 1998, <http://extension.oregonstate.edu/catalog/html/sb/sb681/>.

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SB2175

Submitted on: 3/25/2014

Testimony for JUD on Mar 28, 2014 14:00PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Shannon Rudolph	Individual	Support	No

Comments: Strongly support. Jobs, many new products, and especially soil remediation, let's give it a try.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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SB2175

Submitted on: 3/25/2014

Testimony for JUD on Mar 28, 2014 14:00PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Michael Reed Gach	Individual	Support	No

Comments: Respected Representative - I support SB2175. Industrial hemp has been used successfully for food, pest and mold resistant building supplies, fuel, paper and clothing. The Declaration of Independence was drafted on hemp paper. Drought and pest resistant hemp revitalizes and detoxes soil. SUSTAINABILITY IN HAWAII: Hemp produces 4 times the raw material than trees for paper making. Hemp can be planted between 1-3 times a season, depending on location and can be recycled up to 10 times, compared to 3 or 4 for wood pulp paper. The same fibre products that the hemp harvest produces also provides raw-materials for a host of other sustainable products. This law would effectively prohibit growing marijuana. Industrial hemp is completely different in this composition, structure, and chemistry to marijuana and the two are difficult to cultivate together. It's not possible to use hemp as a drug or grow marijuana in hemp fields as the hemp grows faster and suffocates the marijuana while degrading it through cross pollination. Industrial Hemp is a healthy alternative to reduce or eliminate the need for Pesticides on our islands and to save water. This hardy, healthy crop benefits the well being of our Ohana and Aina. In Hawaii, 80% of our resources are shipped in. I believe Industrial Hemp can be one of our major answers to self-sustainability. It can now make Hawaii more independent from imports and vital economically. Michael Reed Gach, Ph.D.

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SB2175

Submitted on: 3/26/2014

Testimony for JUD on Mar 28, 2014 14:00PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Ann Evans	Individual	Support	No

Comments:

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SB2175

Submitted on: 3/26/2014

Testimony for JUD on Mar 28, 2014 14:00PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Larry John	Individual	Support	No

Comments:

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Submitted on: 3/26/2014

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Submitted By	Organization	Testifier Position	Present at Hearing
sarah smith	Individual	Support	No

Comments:

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Submitted on: 3/26/2014

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Submitted By	Organization	Testifier Position	Present at Hearing
Tracy E Mills	Individual	Support	No

Comments:

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SB2175

Submitted on: 3/26/2014

Testimony for JUD on Mar 28, 2014 14:00PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Christine Walinch	Individual	Support	No

Comments: I support industrialized hemp. Strongest fiber in the world! Eradicate sugar ag pesticides, stop GMO growing and experimentation in the US. Grow hemp for sustainable agriculture and viable materials. Mahalo

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SB2175

Submitted on: 3/25/2014

Testimony for JUD on Mar 28, 2014 14:00PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Shannon Rudolph	Individual	Support	No

Comments: Strongly support. Jobs, many new products, and especially soil remediation, let's give it a try.

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SB2175

Submitted on: 3/26/2014

Testimony for JUD on Mar 28, 2014 14:00PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
jw nalda	Individual	Support	No

Comments: Please pass this bill.

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SB2175

Submitted on: 3/25/2014

Testimony for JUD on Mar 28, 2014 14:00PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Mike Moran	Individual	Support	No

Comments: Please pass this measure. It is a manini effort to help explore the issue. It is foolish to have continuous growth of hemp products in HI- just look at hempcrete and all its advantages over concrete- and not be cultivating it in HI. We need diversified economy. We need more AG. Please pass this bill. Mahalo, Mike Moran, Maui

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SB2175

Submitted on: 3/26/2014

Testimony for JUD on Mar 28, 2014 14:00PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Wilson Angel	Individual	Support	No

Comments:

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SB2175

Submitted on: 3/26/2014

Testimony for JUD on Mar 28, 2014 14:00PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Kimokeo Kapahulehua	Individual	Support	No

Comments:

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SB2175

Submitted on: 3/26/2014

Testimony for JUD on Mar 28, 2014 14:00PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Alan Yoshimoto	Individual	Support	No

Comments: I support SB2175 establishing an industrial hemp research program at the UH College of Tropical Ag and Human Resources. Phytoremediation, biofuels, construction materials, clothing, and nutrition are among the potential uses for this versatile plant. I applaud the lawmakers and other supporters for making this important crop a research project that may have huge impacts to our local economy. Mahalo.

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SB2175

Submitted on: 3/26/2014

Testimony for JUD on Mar 28, 2014 14:00PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Harriet Witt	Individual	Support	No

Comments: We need this bill so we can research methods of regenerating soils left barren and toxic my poor industrial farming practices. We also need this bill so we can find ways to declare our economic independence of the mainland.

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SB2175

Submitted on: 3/26/2014

Testimony for JUD on Mar 28, 2014 14:00PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
daniel uppendahl	Individual	Support	No

Comments: As a farmer on Kauai I strongly support industrial hemp in Hawaii, we need this wonderful cash crop.

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SB2175

Submitted on: 3/27/2014

Testimony for JUD on Mar 28, 2014 14:00PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Joy Nelson	Individual	Support	No

Comments: Please support test projects for the growth of industrial hemp on all the islands. Mahalo.

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SB2175

Submitted on: 3/27/2014

Testimony for JUD on Mar 28, 2014 14:00PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
chris kobayashi	Individual	Support	No

Comments: please support SB2175. it will be the beginning of making our state more sustainable. remediation of soils is vip with the heavy use of pesticides in conventional agriculture. please know that industrial hemp is also an excellent source of nutritious food - its seeds, use in textile industry and for remarkable building materials which could also be termite resistant. mahalo nui.

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SB2175

Submitted on: 3/27/2014

Testimony for JUD on Mar 28, 2014 14:00PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Denise Key	Individual	Support	No

Comments: Respected Representative - I support SB2175. SUSTAINABILITY IN HAWAII: Industrial Hemp is a healthy alternative to reduce or eliminate the need for Pesticides on our islands and to save water. This hardy, healthy crop benefits the well being of our Ohana and Aina. In Hawaii, 80% of our resources are shipped in. I believe Industrial Hemp can be one of our major answers to self-sustainability. It would make Hawaii more independent from imports and vital economically. 1) Hemp is a quick-growing, sustainable, soil fixing crop that can be grown with few inputs. 10 other states have already enacted legislation to move ahead with hemp trials. Hemp grows well in a variety of climates and soil types. It is naturally resistant to most pests, precluding the need for pesticides. It grows tightly spaced, out-competing any weeds, so herbicides are not necessary. It also leaves a weed-free field for a following crop. 2) Hemp has incredible commercial potential (up to 25,000 products can be made from the hemp plant) including food products to help meet state self-sufficiency goals, fiber products, renewable fuel to help meet state clean energy goals, building products, cosmetics and natural pharmaceuticals. 3) Industrial hemp is a completely different variety of cannabis than marijuana and is not a narcotic. And, while industrial hemp and marijuana may look somewhat alike to an untrained eye, a trained eye can easily distinguish the difference. There is an inexpensive hemp breeder's field test that is able to quickly and inexpensively distinguish between the different varieties of cannabis by their THC levels. The "DG Test" for THC was developed by the late Peter Dragla in Canada. It is similar to the development of a method to test individual hemp plants for C8H11Oid presence or absence in the field done in the Ukraine Mahalo for your support of SB2175
Denise Key

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SB2175

Submitted on: 3/27/2014

Testimony for JUD on Mar 28, 2014 14:00PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Richard Billman	Individual	Support	No

Comments:

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LATE

DEPARTMENT OF THE PROSECUTING ATTORNEY
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FIRST DEPUTY PROSECUTING ATTORNEY

**THE HONORABLE KARL RHOADS, CHAIR
HOUSE COMMITTEE ON JUDICIARY**

**THE HONORABLE ANGUS L.K. MCKELVEY, CHAIR
HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE**

**Twenty-seventh State Legislature
Regular Session of 2013
State of Hawai'i**

March 28, 2013

RE: S.B. 2175; RELATING TO INDUSTRIAL HEMP.

Chair Rhoads, Chair McKelvey, Vice-Chair Har, Vice-Chair Kawakami, members of the House Committee on Judiciary, and members of the House Committee on Consumer Protection & Commerce, the Department of the Prosecuting Attorney of the City and County of Honolulu submits the following testimony in opposition to proposed language under Section 2, subsection (f), of S.B. 2175, S.D. 2, H.D. 1, with a suggested amendment.

The Department believes that the language currently in this subsection—which is found at page 5, line 17, through page 6, line 2—may lead to abuse of the term "industrial hemp," for purposes of growing or cultivating marijuana outside of the delineated research program.

Because marijuana continues to be a Schedule 1 drug on both State and Federal schedules, the Department believes strict regulations must be maintained to facilitate effective enforcement and control of this highly controlled substance. The Department also opposes the legalization of marijuana, regardless of THC levels. In light of this, the Department is greatly concerned that the language proposed in Section 2, subsection (f) of this bill, has significant potential for abuse or attempts to violate the State's marijuana laws. As an alternative, we would suggest the following:

Industrial hemp" means the plant *Cannibis sativa* L. and any part of that plant, whether growing or not, that is grown or cultivated for the research program established under this section, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 per cent on a dry weight basis. Any plant that is grown or cultivated for the research program established under this section, which meets the definition of "industrial hemp" under this section, shall not constitute "marijuana" as defined in section 329-1 or 712-1240, Hawaii Revised Statutes.

Thank you for the opportunity to testify on this matter.

LATE

SB2175

Submitted on: 3/27/2014

Testimony for JUD on Mar 28, 2014 14:00PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Daniel Mizner	Individual	Support	No

Comments: This bill is extremely important to agriculture in Hawaii. Hemp has many uses and byproducts that can be used, such as nutritional food, clothing, fuel, and building materials to name but a few. Please pass this bill as it will benefit very many people in Hawaii.

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March 27, 2014
SB2175 Legalizing the growing of Industrial Hemp
Hearing March 28, 2014 02:00 PM
TO: Committee on Consumer Protection & Commerce



I, Amber Long support SB2175 to legalize the growing of industrial hemp in Hawaii.

Being human means being reliant on 3 main things, food, clothing, and shelter. Fortunately we have a plant that can provide all these things and more. In a state that has 80% of its resources shipped in, I believe Hemp can be one of our major answers in being a sustainable Hawaii.

It only seems fair to understand this immense little plant for what it's really worth instead of by its misjudged history. That history goes back thousands of years and even held an elevated status with Emperors and priest like those in Japan. What many might not know is that our founding fathers, George Washington, Thomas Jefferson, and John Adams all grew hemp and believed it should be grown everywhere in the United States. They even drafted the Declaration of Independence on hemp paper and stated many times how hemp is a crucial crop in keeping our country strong.

Let's explore how Hemp can preserve our beautiful Hawaii for the present and future generations. Today we see an increasing number of local farmers. Hemp can support the local food industry by providing better soil since it can remove toxins like those used in the sugar cane and pineapple fields. It is also used as a rotational crop to replenish nutrients, nitrogen's, and oxygen. It can be grown organically with no herbicides or pesticides. With our water table depletion being a problem, hemp uses 1/3 the amount that cotton requires. Hemp seed is also nutritious and contains more essential fatty acids than most other sources.

Trash has become an ever-growing problem for Hawaii and the landfills have been maxed out. Most petrochemical products can be replaced with hemp. If we start to use biodegradable products (i.e. Plastic bags, packaging, etc) we would enormously decrease our trash issues and lessen our horrific contribution to our backyard dumping grounds we call the Pacific Ocean.

As a nation our focus has been on fuel and doubly so for Hawaii. We can lessen our dependency on petroleum by producing our own biofuel. The city, state, and military are already using biodiesel in Hawaii from a locally run company. In reality, the diesel engine was originally invented to run on agriculture waste. Henry Ford even built a car body with cellulose plastic, one of those being hemp fiber. It was ten times stronger than steel and much cheaper to make.

With cutting edge technologies in building materials, hemp has been revamped and made into a superb product called hempcrete. It is carbon negative, fire resistant, waterproof, self-insulating, & bacteria proof. Fiberboard made with hemp is twice as strong as wood based fiberboard.

Historically hemp is well known for its use in textiles and paper. Hemp is stronger, softer, more absorbent and more insulated than cotton fiber. 1 acre of hemp fiber equals 2 acres of cotton. Cotton uses large amounts of pesticides and high volumes of water while hemp does not. In 1853, the first Levi jeans were made with hemp cloth. Even the word canvas comes from the word cannabis (Latin). One acre of hemp can produce as much paper as 4 to 10 acres of trees over a 20-year cycle, but hemp stalks only take four months to mature, whereas trees take 20 to 80 years. This information was known in 1916, according to a USDA report. Hemp paper can also be recycled more often.

Lastly, I would like to address the issue of hemp vs marijuana. The difference in appearance and growing methods is comparable to the difference between growing corn and roses. Industrial hemp is grown closely together (rows are as close as 4 inches apart), it is grown in large multi-acre plots, it grows thin and tall, as tall as 20 feet high in many cases, has few branches or leaves below the tops, and is grown 108-120 days. Contrast that with medicinal cannabis: grown 6 feet apart, it is a shorter fatter bush with many branches, smaller plots with fewer plants, and is grown for 60-90 days. When ready to harvest, the corn vs. rose's analogy is even more striking when you compare pictures of the two very different plants. THC content in feral hemp is around 0-2 percent. Industrial hemp in Canada is 0.3 percent or less, and better commercial varieties of medicinal cannabis are up to 25 percent. Don't buy the argument that 1 percent THC in hemp is enough to get high, because industrial hemp also has high CBD (cannabidiol, a cannabinoid in hemp) that is essentially a THC antagonist. More CBD means the THC is less effective, and hemp is highest in CBD and medicinal is lowest. So even if there is 1 percent THC in hemp, the CBD makes it useless to smoke. And remember, industrial hemp pollens will make the sinsemilla (seedless, highest potency, requires an absence of cannabis pollen) downwind for many miles less potent. If every other police force in the industrialized world can tell the difference, I'm sure that when the time is appropriate DEA or USDA or Hawaii AG or someone to whom it is important will provide the necessary information to show the difference between the two (naihc.org).

Being born and raised in Hawaii I feel it is my duty, like the rest of the citizens, to keep the land and water preserved. People are starting to wake up to the inconsistency with in our system and I see the current generation wanting to change that. We are now a more educated and more informed society. We yearn for the truth and have found it. I believe the government needs to acknowledge these truths and see how this colossal plant could help us as a state, country, and world!

Only when the last tree has died and the last river has been poisoned and the last fish has been caught will we realize we cannot eat money ~Cree proverb

Reference

- A. www.votehemp.com
- B. www.hemphistoryweek.com
- C. www.hempplastic.com
- D. www.hempcar.org
- E. www.bringingithomemovie.com
- F. www.voteindustrialhemp.com
- G. www.naihc.org

Amber Long

808 265 4632

POLICE DEPARTMENT
CITY AND COUNTY OF HONOLULU

801 SOUTH BERETANIA STREET · HONOLULU, HAWAII 96813
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KIRK CALDWELL
MAYOR



LOUIS M. KEALOHA
CHIEF

DAVE M. KAJIHIRO
MARIE A. McCAULEY
DEPUTY CHIEFS

OUR REFERENCE JK-TA

March 28, 2014

The Honorable Karl Rhoads, Chair
and Members
Committee on Judiciary
State House of Representatives
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

Dear Chair Rhoads and Members:

Subject: Senate Bill No. 2175, S.D. 2, H.D. 1, Relating to Industrial Hemp

I am Jason Kawabata, Acting Major of the Narcotics/Vice Division of the Honolulu Police Department, City and County of Honolulu.

The Honolulu Police Department opposes Senate Bill No. 2175, S.D. 2, H.D. 1, Relating to Industrial Hemp.

This bill seeks to establish the regulated cultivation of industrial hemp.

We are specifically opposed to the wording used in Section 2, Subsection (f), which states, "For purposes of this Act, the term 'industrial hemp' means the plant *Cannabis Sativa L.* (sic) and any part of that plant, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 per cent on a dry weight basis. Any plant that meets the definition of 'industrial hemp' under this Act shall not constitute 'marijuana' as defined in Section 329-1 or 712-1240, Hawaii Revised Statutes."

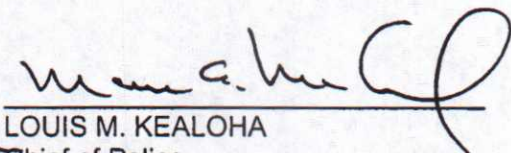
As currently written, this section allows individuals who are not involved in the industrial hemp research program to grow hemp. We recommend that Subsection (f) be amended to read, "For purposes of this Act, the term 'industrial hemp' means the plant *Cannabis Sativa L.* and any part of that plant, whether growing or not, that is grown or cultivated for the research program established under this section, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 per cent on a dry weight basis. Any plant that is grown or cultivated for the research program established under this section, which meets the definition of 'industrial hemp' under this Section shall not constitute marijuana as defined in Section 329-1 or 712-1240, Hawaii Revised Statutes."

The Honorable Karl Rhoads, Chair
And Members
Page 2
March 28, 2014

The Honolulu Police Department urges you to oppose Senate Bill No. 2175, S.D. 2, H.D. 1,
Relating to Industrial Hemp.

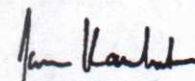
Thank you for the opportunity to testify.

APPROVED:



LOUIS M. KEALOHA
Chief of Police

Sincerely,


JASON KAWABATA, Acting Major
Narcotics/Vice Division

TESTIMONY
OF **LATE TESTIMONY**
UNMANI CYNTHIA GROVES
PRACTICE MANAGEMENT CONSULTANT ON HEALTH AND ENVIRONMENT
BEFORE
THE HOUSE JUDICIARY COMMITTEE
Friday, 03-28-14 2:00PM in House conference room 325.

BILL NO. SB2175 SD2 SD1
RELATING TO INDUSTRIAL HEMP

Aloha Representative Roads, Rep Har and Committee,

The bill has improved substantially. A couple of salient points that would make for far less encumbrances and move things along legally.

A. Give consideration please to removing the requirement that it meet Dept of Safety and Drug Enforcement provision when crops meet the Section 7606 definition. The best legal arguments I have found are these: in regard to the fact that industrial hemp for research purposes should not be preempted by requirements of the Controlled Substances Act due to major unjustifiable encumbrances.

Evaluating The Public Interest: Regulation Of Industrial Hemp Under The Controlled Substances Act <http://uclalawreview.org/pdf/57-1-5.pdf>

Christine A. Kolosov

UCLA Law Review

Volume 57, Number 1 - October 2009

(PDF file 248 K)

My further comments:

1. Note that Law enforcement in their HI testimony thus far does not recognize the difference between THC amount, nor does the Dept of Safety, which doesn't not appear to take into consideration the new US Farm Bill provision Section 7606 which delineates the difference. This is significant and should not be overlooked.
2. Note that the US Farm Bill Section 7606 delineates the difference in THC Amount as does the definition of industrial hemp in the SB2175 SD1 HD1 bill.
3. Note the DEA letter enclosed which exempts industrial hemp crops "other than for consumption (ingestion). Remediation and bio fuels are other.
4. While nut and seed hemp production is for consumption which makes sense for greater DEA involvement due to ingesting THC content, that type of production is **not** addressed in the consideration of this bill. Bio fuels and remediation concern for testing purposes seems to **not** be applicable for DEA involvement other than registering for location, and violation of .3% not 0 amount Further

Dept of Ag is given the task in the bill of testing and certifying the seed.

5. Request that you not give DEA so much power over the research sites when legally the college can do certain research legally without further DEA cumbersome requirements--particularly when hemp is not consumed.
6. It seems that we should be able to get registration of an industrial hemp crop for location **without** having to get approval from DEA / law enforcement to grow the crop-- and the two should not be confused and treated as such by their actions of delay.
7. Remember, law enforcement in testimony has opposed to the industrial hemp project, has already in the past, and could cause unreasonable delays by their stance. David West. in testimony on HB154 stated that he lost his entire crop due to the fact that to renew his research permit, it took 4 months of delays on permitter part, and it was considered "political interference." He stated this delay caused the project to halt since the seed ordered and stored during that time went bad due to unreasonable delays for the DEA permit renewal, was quite expensive and unreasonable. If we want to support farmers to farm or research, it is important to not set them up to fail and put road blocks in the way.
8. I also understand there was some kind of requirement for a 6 foot fence around the site for industrial hemp for a plant this is not the same appearance or as the high THC marijuana plants. That limitation makes it far more cost prohibitive for researchers or farmers to grow industrial hemp.
9. Further, if the federal does not require industrial hemp to be registered under the Controlled Substance Act under Section 7606 of the US Farm Bill for research projects, why add Controlled Substance Act requirements?
10. If you put into perspective that getting industrial hemp into the The Controlled Substance Act was more an act of lobbying by timber companies and rayon manufacturer lobbying efforts due to competition, and industrial hemp is not the same as marijuana, industrial hemp should be decriminalized. There is legislation currently proposed at the federal level to exclude industrial hemp from the Controlled Substance Act.
11. Testing provision in the bill is under Dept of Agriculture and certified.
12. That being said, it makes sense to support registering a crop for location and a letter from DOA re: seed certification with inspection requirements to law enforcement.
13. Registration allows for law enforcement to know where the industrial hemp crops are, particularly from helicopters and site view. If you know the legal locations, everything else can be assumed to be "other."

B Consider allowing at least one test site "per island." Pacific Diesel for one has an agreement with the University as well as others named in the document. CTHAR if

funded as noted by their testimonies on the industrial hemp bills.

For research purposes, the following discoveries are important and beg for more experimental research locations.

1. The islands have varied microclimates and soil conditions that should be researched for the type of seed that does well for the varied microclimates and soil conditions whether for remediation or bio fuel.

2. For example, David West who do research 1999-2003 found according to past testimony that seed from China did better for the soil and weather conditions to grow taller industrial hemp successfully for fiber and fuel than other varieties of seed. Industrial Hemp for seeds and oil can be grown faster and be produced with 18" plants that go to seed sooner I understand and better suited to climates with hotter climates at different elevations than taller varieties. For the former, we need to discover those sites which could occur in this bill with more site allocations.

3. The congressional report, "Industrial Hemp as an Agricultural Commodity" lines out the legalities as well as the benefits, and a number of states are truly benefiting.

It took a lot to get this bill through all the committees. Please give the industrial hemp research project your blessing and more latitude and consider limiting the encumbrances and opening up the project to more sites.

Mahalo for the opportunity to testify. **DEA LETTER attached**

Unmani Cynthia Groves
Practice Mgmt. Consultant to Professionals since 1985 on Health and
Environment. Long time biodynamic gardener and member of Farmers Union United
Maui Chapter
unmanib@maui.net
808 214-9324

QuickTime™ and a
decompressor
are needed to see this picture.

LATE TESTIMONY

SB2175

Submitted on: 3/27/2014

Testimony for JUD on Mar 28, 2014 14:00PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Simon Russell	Hawaii Farmers Union United	Support	No

Comments: Mahalo for supporting this measure

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LATE TESTIMONY

SB2175

Submitted on: 3/27/2014

Testimony for JUD on Mar 28, 2014 14:00PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Stacy Vosberg	Individual	Support	No

Comments:

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LATE TESTIMONY

SB2175

Submitted on: 3/27/2014

Testimony for JUD on Mar 28, 2014 14:00PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Simon Russell	Hawaii Farmers Union United	Support	No

Comments: Mahalo for supporting this measure

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Submitted By	Organization	Testifier Position	Present at Hearing
Stacy Vosberg	Individual	Support	No

Comments:

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