



Senate Bill 186 (Substitute S-1 as reported)
Sponsor: Senator Dan Lauwers
Committee: Agriculture

CONTENT

The bill would amend the Industrial Hemp Growers Act to do the following:

- Modify, add, or delete various terms and definitions.
- Modify the dates during which an annual grower registration would be valid.
- Require certain information to be reported to the United State Department of Agriculture after a grower was granted a registration and not more than 60 days before the grower planted industrial hemp, instead of immediately after the grower is granted a registration.
- Require a grower to harvest an industrial hemp lot within 30 days after an official hemp sample was collected, instead of within 15 days after receiving a certified report of acceptable delta-9-tetrahydrocannabinol (delta-9-THC) test results.
- Modify certain grower prohibitions, and prohibit a grower from selling an intermediary, in-process, or finished industrial hemp product or smokable hemp flower, unless the grower was licensed as a processor-handler under the Industrial Hemp Research and Development Act or as a processor under the Medical Marihuana Facilities Licensing Act.
- Modify the Industrial Hemp Growers Act's signage and record of sale requirements.
- Require a grower that intended to harvest an industrial hemp lot to contact the Michigan Department of Agriculture and Rural Development (MDARD) not more than 30 days or less than 20 days before the grower's anticipated harvest to collect an official hemp sample of each lot of hemp.
- Specify that a requirement for regulatory testing and compliance monitoring facilities to be registered with the Drug Enforcement Administration would take effect on December 31, 2022.
- Require a grower to harvest an industrial hemp crop lot within 30 days after an official hemp sample was collected and allow a grower to request a second test if the harvest were delayed for certain reasons.
- Require a grower that received a certified report disclosing a greater-than-acceptable THC level to dispose of the noncompliant hemp lot (as is generally required currently) or remediate it within 30 days after receiving the report.
- Require MDARD to develop an enforcement response policy that provided for consideration of certain factors, such as the severity of a violation or whether the grower had previously violated the Act.
- Require a grower to pay fees charged for testing or sampling purposes within 15 days after receiving an invoice.
- Require MDARD to issue a grower that negligently violated the Act a corrective action plan and require the grower to comply with it.
- Specify that, except for a negligent violation, a person who violated or attempted to violate the Act would be guilty of a misdemeanor punishable by up to 90 days' imprisonment or a maximum fine of \$5,000, or both.

-- Allow the Attorney General to file a civil action to impose on a person who violated or attempted to violate certain prohibitions under the Act a civil fine of up to \$5,000 for each violation or attempted violation, and to recover costs.

The bill also would create Chapter 8 (Colleges and Universities) of the Act to require a college or university that grew industrial hemp to conduct research to register as a grower, collect samples and complete a delta-9-THC test, and dispose of noncompliant industrial hemp.

Chapter 8 would not take effect unless the Industrial Hemp Research and Development Act was repealed. The bill would repeal Section 701 of the Industrial Hemp Growers Act (which codified emergency rules pertaining to growers registered under the Industrial Hemp Research and Development Act).

MCL 333.29103 et al.

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill would have a minor fiscal impact on the Michigan Department of Agriculture and Rural Development. The bill would modify current requirements for growing industrial hemp, as required under Federal regulations, and would require MDARD to perform some additional regulatory duties, but not to an extent that it could not be covered by existing resources. The fiscal year 2020-21 budget for MDARD's Industrial Hemp Regulatory Program within the Pesticide and Plant Pest Management Division is \$921,900 in restricted industrial hemp fee revenue. The bill also would add a civil fine for violations of the Act (other than for negligent violations or administrative fines) of \$5,000, which could be deposited in the Industrial Hemp Fund to support the Program.

Otherwise, the bill would have a negative fiscal impact on State and local government. New misdemeanor arrests and convictions under the bill could increase resource demands on law enforcement, court systems, community supervision, and jails. However, it is unknown how many people would be prosecuted under the bill's provisions. Additional revenue from imposed fines, other than those the bill would direct to the Industrial Hemp Fund, would go to local libraries.

Date Completed: 3-4-21

Fiscal Analyst: Bruce Baker