

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

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SENATE BILL 315

Agriculture/Environment/Natural Resources Committee Substitute Adopted 6/6/19

Judiciary Committee Substitute Adopted 6/11/19

Finance Committee Substitute Adopted 6/12/19

Fifth Edition Engrossed 6/17/19

House Committee Substitute Favorable 7/1/19

House Committee Substitute #2 Favorable 7/17/19

House Committee Substitute #3 Favorable 7/25/19

PROPOSED HOUSE COMMITTEE SUBSTITUTE S315-PCS45355-TQf-37

Short Title: North Carolina Farm Act of 2019.

(Public)

Sponsors:

Referred to:

March 21, 2019

A BILL TO BE ENTITLED

AN ACT TO MAKE VARIOUS CHANGES TO THE AGRICULTURAL LAWS OF THE
STATE.

The General Assembly of North Carolina enacts:

**IMPLEMENT A STATE HEMP PROGRAM IN ACCORDANCE WITH SECTION
10113 OF THE FEDERAL AGRICULTURE IMPROVEMENT ACT OF 2018, TO BE
ADMINISTERED BY THE NORTH CAROLINA HEMP COMMISSION UNTIL JULY
1, 2021**

SECTION 1. Article 50E of Chapter 106 of the General Statutes reads as rewritten:

"Article 50E.

"Industrial Hemp-North Carolina Hemp Commission.

"§ 106-568.50. Legislative findings and purpose.

~~The General Assembly finds and declares that it is in the best interest of the citizens of North Carolina to promote and encourage the development of an industrial hemp industry in the State in order to expand employment, promote economic activity, and provide opportunities to small farmers for an environmentally sustainable and profitable use of crop lands that might otherwise be lost to agricultural production. The purposes of this Article are to establish an agricultural pilot program for the cultivation of industrial hemp in the State, to provide for reporting on the program by growers and processors for agricultural or other research, and to pursue any federal permits or waivers necessary to allow industrial hemp to be grown in the State.~~

The General Assembly finds and declares that hemp is a viable agriculture commodity in this State and that it is in the best interest of the citizens of North Carolina to:

- (1) Promote the cultivation and processing of hemp and open new commercial markets for farmers and businesses through the sale of hemp products.
- (2) Promote the expansion of the State's hemp industry to the maximum extent permitted by law, allowing farmers and businesses to cultivate, handle, and process hemp and sell hemp products for commercial purposes.



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1 (3) Encourage and empower research into hemp growth and hemp products at
2 State institutions of higher education and in the private sector.

3 (4) Move the State and its citizens to the forefront of the hemp industry.

4 "**§ 106-568.51. Definitions.**

5 The following definitions apply in this Article:

6 (1) ~~Repealed by Session Laws 2018-113, s. 4, effective June 27, 2018.~~

7 (1a) Cannabidiol or CBD. – The nonpsychoactive cannabinoid compound derived
8 from the hemp variety of the plant *Cannabis sativa* (L.) that is essentially free
9 of plant material and does not exceed the federally defined THC level for
10 hemp.

11 (1b) Cannabinoid. – Means any of the terpenophenolic compounds found within
12 the plant *Cannabis sativa* (L.) that are functionally or structurally similar,
13 biologically active, and are classified in subgroups such as Cannabigerols
14 (CBG), Cannabichromenes (CBC), Cannabidiols (CBD),
15 tetrahydrocannabinols (THC), Cannabinol (CBN), Cannabicyclol (CBDL),
16 and all other chemical cannabinoid constituents derived from hemp.

17 (1c) Commercial sale. – The sale of products in the stream of commerce, at retail,
18 wholesale, and online.

19 (2) ~~Commercial use. – The use of industrial hemp as a raw ingredient in the~~
20 ~~production of hemp products.~~

21 (3) ~~Commission. – The North Carolina Industrial Hemp Commission created by~~
22 ~~this Article.~~

23 (3a) Cultivating. – Planting, watering, growing, or harvesting a plant or crop.
24 "Cultivating" also includes possessing or storing hemp plants for any period
25 of time on the premises where the hemp was cultivated and transporting hemp
26 to the first point of sale by the cultivator.

27 (4) ~~Department. – The North Carolina Department of Agriculture.~~
28 ~~Agriculture and Consumer Services.~~

29 (4a) Federally defined THC level for hemp. – A delta-9 THC concentration of not
30 more than three-tenths percent (0.3%) on a dry weight basis.

31 (5) ~~Grower. – Any person licensed to grow industrial hemp by the Commission~~
32 ~~pursuant to this Article.~~

33 (5a) Handling. – Possessing or storing hemp plants for any period of time on
34 premises owned, operated, or controlled by a person licensed to handle hemp.
35 "Handling" also includes possessing or storing hemp plants in a vehicle for
36 any period of time other than during its actual transport from the premises of
37 a person licensed to cultivate, handle, or process hemp to the premises of
38 another licensed person or a person who is lawfully allowed to receive it in
39 that person's jurisdiction. "Handling" does not include possessing or storing
40 finished hemp products.

41 (5b) Hemp. – The plant *Cannabis sativa* (L.) and any part of that plant, including
42 the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids,
43 salts, and salts of isomers, whether growing or not, within the federally
44 defined THC level for hemp.

45 (6) ~~Hemp products. – All products made from industrial hemp, including, but not~~
46 ~~limited to, cloth, cordage, fiber, food, fuel, paint, paper, particleboard,~~
47 ~~plastics, seed, seed meal and seed oil for consumption, and verified propagules~~
48 ~~for cultivation if the seeds originate from industrial hemp varieties.~~
49 ~~product. –~~
50 ~~Any product within the federally defined THC level for hemp derived from,~~
51 ~~or made by, processing hemp plants or plant parts, that are prepared in a form~~
 available for commercial sale, including, but not limited to, cosmetics,

1 personal care products, food intended for animal or human consumption
 2 unless prohibited by the United States Food and Drug Administration or the
 3 United States Department of Agriculture, cloth, cordage, fiber, fuel, paint,
 4 paper, particleboard, plastics, oils, tinctures, vapor products, smokable hemp,
 5 and any product containing one or more hemp-derived cannabinoids, such as
 6 cannabidiol.

7 ~~(7) Industrial hemp. — All parts and varieties of the plant *Cannabis sativa* (L.),~~
 8 ~~cultivated or possessed by a grower licensed by the Commission, whether~~
 9 ~~growing or not, that contain a delta-9 tetrahydrocannabinol concentration of~~
 10 ~~not more than three-tenths of one percent (0.3%) on a dry weight basis.~~

11 ~~(7a) Industrial hemp research program. — The research program established~~
 12 ~~pursuant to G.S. 106-568.53(1).~~

13 ~~(7b) State land grant university. — North Carolina State University and North~~
 14 ~~Carolina A&T State University.~~

15 ~~(7c) Licensee. — An individual or business entity possessing a license issued by the~~
 16 ~~Commission under the authority of this Article to cultivate or handle hemp.~~

17 ~~(7d) Processing. — Converting an agricultural commodity into a marketable form.~~

18 ~~(7e) Smokable hemp. — Harvested raw or dried hemp plant material, including~~
 19 ~~hemp buds or hemp flowers, hemp cigars, and hemp cigarettes.~~

20 ~~(8) Tetrahydrocannabinol or THC. — The natural or synthetic equivalents of the~~
 21 ~~substances contained in the plant, or in the resinous extractives of, cannabis,~~
 22 ~~or any synthetic substances, compounds, salts, or derivatives of the plant or~~
 23 ~~chemicals and their isomers with similar chemical structure and~~
 24 ~~pharmacological activity. Any of the chemical analogues belonging to the~~
 25 ~~Cannabinoid subgroup Tetrahydrocannabinol. These compounds include the~~
 26 ~~chemical equivalents contained in the plant *Cannabis sativa* (L.) or in the~~
 27 ~~resinous extractive compounds, salts, or derivatives of the plant or chemicals~~
 28 ~~and their isomers with similar chemical structure and pharmacological~~
 29 ~~activity.~~

30 ~~(9) Verified propagule. — A seed or clone from an industrial hemp plant from~~
 31 ~~which THC concentration samples have been tested by a qualified laboratory~~
 32 ~~and confirmed as having a delta-9 tetrahydrocannabinol concentration less~~
 33 ~~than that adopted by federal law in the Controlled Substances Act, 21 U.S.C.~~
 34 ~~§ 801, et seq.~~

35 **"§ 106-568.52. North Carolina Industrial Hemp Commission.**

36 (a) Creation and Membership. — The North Carolina ~~Industrial~~ Hemp Commission is
 37 established and shall consist of ~~nine~~ 11 members as follows:

38 (1) The Commissioner of Agriculture or the Commissioner's designee, who shall
 39 serve as vice-chair.

40 (2) One appointed by the General Assembly upon recommendation of the
 41 President Pro Tempore of the Senate in accordance with G.S. 120-121, who
 42 shall at the time of appointment be a municipal chief of police.

43 (3) One appointed by the General Assembly upon recommendation of the Speaker
 44 of the House of Representatives in accordance with G.S. 120-121, who shall
 45 at the time of appointment be an elected sheriff or the sheriff's designee.

46 ~~Two~~ One appointed by the Governor who shall at the time of appointment be
 47 a full-time or Emeritus faculty member of ~~a State land grant university~~ North
 48 Carolina State University who regularly works in the field of agricultural
 49 science or research.

50 (5) One appointed by the Governor who shall at the time of appointment be a
 51 full-time or Emeritus faculty member of North Carolina Agricultural and

1 Technical State University who regularly works in the field of agricultural
2 science or research.

3 ~~(5)~~(6) Two appointed by the Commissioner of Agriculture, who shall be a full-time
4 farmer with at least 10 years of experience in agricultural production in the
5 State.

6 ~~(6)~~(7) One appointed by the Commissioner of Agriculture, who shall be a
7 professional agricultural consultant.

8 ~~(7)~~(8) One appointed by the Commissioner of Agriculture, who shall be an
9 agribusiness professional.

10 (9) One appointed by the Commissioner of Agriculture, as recommended by the
11 Office for the Small and Minority Farm Program.

12 (10) One appointed by the Commissioner of Agriculture, who shall be a full-time
13 farmer as recommended by North Carolina Agricultural and Technical State
14 University.

15 (b) Terms of Members. – Members of the Commission shall serve terms of four years,
16 beginning effective July 1 of the year of appointment, and may be reappointed to a second
17 four-year term. The terms of members designated by subdivisions (a)(1), (a)(2), (a)(4), and (a)(6)
18 of this section shall expire on June 30 of any year evenly divisible by four. The terms of the
19 remaining members shall expire on June 30 of any year that follows by two years a year evenly
20 divisible by four. However, the terms of all members of the Commission shall expire July 1,
21 2021.

22 (c) Chair. – The members of the Commission shall elect a chair. The chair shall serve a
23 two-year term and may be reelected.

24 (d) Vacancies. – Any appointment to fill a vacancy on the Commission created by the
25 resignation, dismissal, death, or disability of a member shall be made by the original appointing
26 authority and shall be for the balance of the unexpired term.

27 (e) Removal. – The appointing authority shall have the power to remove any member of
28 the Commission appointed by that authority from office for misfeasance, malfeasance, or
29 nonfeasance.

30 (f) Reimbursement. – The members of the Commission shall receive per diem and
31 necessary travel and subsistence expenses in accordance with the provisions of G.S. 138-5.

32 (g) Quorum. – Five members of the Commission shall constitute a quorum for the
33 transaction of business.

34 (h) Staff. – The Commission is authorized and empowered to employ no more than two
35 persons as staff to assist the Commission in the proper discharge of its duties and responsibilities.
36 The chair of the Commission shall organize and direct the work of the Commission staff. The
37 salaries and compensation of all such personnel shall be determined by the Commission;
38 provided, however, that the aggregate cost for salaries and benefits of the staff may not exceed
39 two hundred thousand dollars (\$200,000).

40 **"§ 106-568.53. Powers and duties of the Commission.**

41 The Commission shall have the following powers and duties:

42 (1) ~~To establish an industrial hemp research program~~ the North Carolina Hemp
43 Program to grow or cultivate industrial hemp in the State, to be directly
44 managed and coordinated by State land grant universities. The Commission
45 shall pursue any permits or waivers from the United States Drug Enforcement
46 Agency or any other federal agency that are necessary for the establishment
47 of the industrial hemp research program established by this Article. This
48 research program shall consist primarily of demonstration plots planted and
49 cultivated in North Carolina by selected growers. The growers shall be
50 licensed pursuant to subdivision (2) of this section prior to planting any
51 industrial hemp. ~~State.~~

- 1 (2) To issue licenses allowing a person, firm, or corporation to cultivate ~~industrial~~
2 ~~or handle~~ hemp ~~for research purposes~~ to the extent allowed by federal law,
3 upon proper application as the Commission may specify, and in accordance
4 with G.S. 106-568.53A. ~~Each licensee shall provide a complete and accurate~~
5 ~~legal description of the location of the industrial hemp farming operation,~~
6 ~~including GPS coordinates, and the license shall be issued for cultivation only~~
7 ~~in those locations identified in the application and shall include on its face the~~
8 ~~description of those areas.~~ The Commission may delegate approval of license
9 applications to Commission staff, but the Commission shall hear any appeals
10 of denial of a license. The Department shall provide administrative support to
11 the Commission for the processing of applications and issuance of licenses.
- 12 (3) ~~To support the Commission's activities, and to reimburse the Department for~~
13 ~~expenses associated with the issuance of cultivation licenses under~~
14 ~~subdivision (2) of this section, the Commission may charge the following fees:~~
15 a. ~~An initial, graduated license fee, to be paid by each cultivator, based~~
16 ~~upon the number of acres proposed for cultivation of industrial hemp,~~
17 ~~not to exceed ten thousand dollars (\$10,000), with incentive provisions~~
18 ~~to encourage the participation of small acreage farmers.~~
19 b. ~~An annual fee that is the sum of two hundred fifty dollars (\$250.00)~~
20 ~~and two dollars (\$2.00) per acre of industrial hemp cultivated.~~
21 ~~In setting fees under this subdivision, the Commission may create fair and~~
22 ~~reasonable licensing preferences for license applicants from North Carolina~~
23 ~~counties that have been recognized as economically depressed or~~
24 ~~disadvantaged. The Department shall collect and manage all fees charged by~~
25 ~~the Commission and shall remit all funds collected under this subdivision to~~
26 ~~the Commission at least monthly. The Department may retain its actual~~
27 ~~expenses associated with the issuance of cultivation licenses from the amount~~
28 ~~to be remitted to the Commission.~~
- 29 (4) To receive gifts, grants, federal funds, and any other funds both public and
30 private needed to support the Commission's duties and programs.
- 31 (5) ~~To establish procedures for reporting to the Commission by the growers and~~
32 ~~processors for agricultural or academic research and to collaborate and~~
33 ~~coordinate research efforts with the appropriate departments or programs of~~
34 ~~North Carolina State University and North Carolina A & T State University.~~
- 35 (6), (7) Repealed by Session Laws 2016-93, s. 3, effective July 11, 2016.
- 36 (8) To adopt rules necessary to carry out the purposes of this Article, which shall
37 include, but are not limited to, rules for all of the following:
38 a. ~~Testing of the industrial hemp during growth to determine~~
39 ~~tetrahydrocannabinol levels. Testing methods and protocols shall~~
40 ~~comply in all respects with any and all applicable federal~~
41 ~~requirements.~~ Prescribe sampling and testing procedures to ensure that
42 hemp cultivated or handled under the authority of this Article does not
43 exceed the federally defined THC level for hemp.
44 b. ~~Supervision of the industrial hemp during its growth and harvest,~~
45 ~~including rules for verification of the type of seeds and plants used and~~
46 ~~grown by licensees.~~
47 c. ~~The production and sale of industrial hemp, consistent with the rules~~
48 ~~of the United States Department of Justice and Drug Enforcement~~
49 ~~Administration for the production, distribution, and sale of industrial~~
50 ~~hemp.~~

- 1 d. ~~Means and methods for assisting law enforcement agencies to~~
2 efficiently ascertain information regarding the legitimate and lawful
3 ~~production of industrial hemp.~~
4 e. ~~Strategies and programs for the promotion of industrial hemp products~~
5 ~~and markets, in conjunction with the North Carolina Department of~~
6 ~~Agriculture, the North Carolina Department of Commerce, the~~
7 ~~University of North Carolina system, and the community college~~
8 ~~system.~~
9 f. ~~The fees authorized by subdivision (3) of this section.~~ Set and collect a
10 schedule of nonrefundable fees for administering the North Carolina
11 Hemp Program.

12 ~~The Commission shall adopt by reference or otherwise the federal regulations~~
13 ~~in effect regarding industrial hemp and any subsequent amendments to those~~
14 ~~regulations. No North Carolina rule, regulation, or statute shall be construed~~
15 ~~to authorize any person to violate any federal law or regulation.~~

- 16 (9) ~~To undertake any additional studies relating to the production, distribution, or~~
17 ~~use of industrial hemp as requested by the General Assembly, the Governor,~~
18 ~~or the Commissioner of Agriculture.~~
19 (10) ~~To notify the State Bureau of Investigation and all local law enforcement~~
20 ~~agencies of the duration, size, and location of all industrial hemp~~
21 ~~demonstration plots authorized pursuant to the industrial hemp research~~
22 ~~program.~~

23 **"§ 106-568.53A. Responsibilities-Qualification of licensees.**

24 ~~A person granted an industrial hemp license pursuant to this section shall:~~

- 25 (1) ~~Maintain records that demonstrate compliance with this Article and with all~~
26 ~~other State laws regulating the planting and cultivation of industrial hemp.~~
27 (2) ~~Retain all industrial hemp production records for a minimum of three years.~~
28 (3) ~~Allow industrial hemp crops, throughout sowing, growing, and harvesting, to~~
29 ~~be inspected by and at the discretion of the Commission, the State Bureau of~~
30 ~~Investigation, or the chief law enforcement officer of the unit or units of local~~
31 ~~government where the farm is located.~~
32 (4) ~~Maintain a current written agreement with a State land grant university that~~
33 ~~states that the grower is a participant in the industrial hemp research program~~
34 ~~managed by that institution.~~

35 (a) No person shall cultivate or handle hemp in this State unless the person holds a hemp
36 license issued by the North Carolina Hemp Commission.

37 (b) In order to obtain a license to cultivate hemp pursuant to this Article, a person must
38 be a qualifying farmer pursuant to G.S. 105-164.13E(a) or a conditional qualifying farmer
39 pursuant to G.S. 105-164.13E(b). The Commission may also grant a license to cultivate hemp to
40 a State agency or institution of higher learning or an employee of a State agency or institution of
41 higher learning for use in the scope of the employee's duties.

42 (c) An applicant for a license issued by the Commission shall submit to and pay for an
43 annual criminal background check conducted by the State Bureau of Investigation or another
44 State or federal law enforcement agency approved by the Commission.

45 (d) A person granted a license to cultivate hemp pursuant to this Article shall provide to
46 the Commission prior to issuance of the license:

- 47 (1) The legal description and global positioning coordinates sufficient for locating
48 the fields or greenhouses to be used to cultivate hemp.
49 (2) Written consent allowing representatives of the Department, the State Bureau
50 of Investigation, and the chief law enforcement officer of the unit or units of
51 local government where the farm is located to enter all premises where hemp

1 is cultivated or stored for the purpose of conducting physical inspections or
2 ensuring compliance with the requirements of this Article and rules adopted
3 by the Commission.

4 (e) Any person convicted of a felony relating to a controlled substance under State or
5 federal law shall be ineligible to obtain any hemp license for the 10-year period following the
6 date of the conviction.

7 (f) Any person who materially falsifies any information contained in an application for
8 a hemp license shall be ineligible to obtain a hemp license.

9 (g) A license issued by the North Carolina Industrial Hemp Commission shall be valid
10 for the term of the license. A person who holds a license issued by the North Carolina Industrial
11 Hemp Commission who wishes to modify the conditions of the license shall be required to apply
12 for a new license from the North Carolina Hemp Commission.

13 ~~"§ 106-568.54. Limitations.~~

14 ~~The Commission shall not meet or undertake any of its powers and duties under this Article~~
15 ~~until it has obtained funding from sources other than State funds of at least two hundred thousand~~
16 ~~dollars (\$200,000) to support operations of the Commission. Funding from non-State sources for~~
17 ~~the Commission's activities may be returned to the donor or funder if not spent or encumbered~~
18 ~~within 12 months, upon request of the donor or funder. Non-State funds donated and carried over~~
19 ~~at the end of the fiscal year in which they are donated shall be retained and remain eligible for~~
20 ~~expenditure in the following fiscal year.~~

21 ~~"§ 106-568.55. Authorized research purposes.~~

22 ~~As part of the industrial hemp research program directly managed by a State land grant~~
23 ~~university, a licensed grower may engage in any of the following research activities:~~

- 24 (1) ~~Studying and investigating marketplace opportunities for hemp products to~~
25 ~~increase the job base in the State by means of employment related to the~~
26 ~~production of industrial hemp.~~
- 27 (2) ~~Studying and investigating methods of industrial hemp cultivation that are~~
28 ~~best suited to soil conservation and restoration.~~
- 29 (3) ~~Overseeing and analyzing the growth of industrial hemp by licensed growers~~
30 ~~for agronomy research and analysis of required soils, growing conditions, and~~
31 ~~harvest methods relating to the production of various varieties of industrial~~
32 ~~hemp that may be suitable for various commercial hemp products.~~
- 33 (4) ~~Conducting seed research on various types of industrial hemp that are best~~
34 ~~suited to be grown in North Carolina, including seed availability, creation of~~
35 ~~North Carolina hybrid types, and in-the-ground variety trials and seed~~
36 ~~production. The Commission may establish a program to recognize certain~~
37 ~~industrial hemp seeds as being North Carolina varieties of hemp seed.~~
- 38 (5) ~~Studying the economic feasibility of developing an industrial hemp market in~~
39 ~~various types of industrial hemp that can be grown in the State, including by~~
40 ~~commercial marketing and sale of industrial hemp.~~
- 41 (6) ~~Reporting on the estimated value added benefits, including environmental~~
42 ~~benefits, to North Carolina businesses of an industrial hemp market of North~~
43 ~~Carolina grown industrial hemp varieties.~~
- 44 (7) ~~Studying the agronomy research being conducted worldwide relating to~~
45 ~~industrial hemp varieties, production, and use.~~
- 46 (8) ~~Researching and promoting on the world market industrial hemp and hemp~~
47 ~~seed that can be grown in the State.~~
- 48 (9) ~~Promoting research into the development of industrial hemp and commercial~~
49 ~~markets for North Carolina industrial hemp and hemp products.~~
- 50 (10) ~~Studying the feasibility of attracting federal or private funding for the North~~
51 ~~Carolina industrial hemp research program.~~

1 (11) ~~Studying the use of industrial hemp in new energy technologies, including~~
2 ~~electricity generation, biofuels, or other forms of energy resources; the growth~~
3 ~~of industrial hemp on reclaimed mine sites; the use of hemp seed oil in the~~
4 ~~production of fuels; and the production costs, environmental issues, and costs~~
5 ~~and benefits involved with the use of industrial hemp for energy.~~

6 **"§ 106-568.55A. Bonding requirement for hemp handlers.**

7 The Commission shall not issue a license to handle hemp to any person until the person has
8 furnished the Commissioner of Agriculture a bond satisfactory to the Commissioner in an amount
9 of not less than two hundred fifty thousand dollars (\$250,000). The Commissioner may require
10 a new bond or may require the amount of any bond to be increased if the Commissioner finds it
11 necessary for the protection of the cultivator. The bond shall be payable to the State and shall be
12 conditioned upon the fulfilling of all financial obligations incurred by the handler with all hemp
13 cultivators with whom the handler contracts. Any cultivator alleging any injury by the fraud,
14 deceit, willful injury, or failure to comply with the terms of any written contract by a handler
15 may bring suit on the bond against the principal and the principal's surety in any court of
16 competent jurisdiction and may recover the damages found to be caused by such acts complained
17 of.

18 **"§ 106-568.55B. Corrective action plans authorized.**

19 (a) The Commission shall require any person who is required to obtain a hemp license
20 issued by the Commission to comply with a corrective action plan if the Commission determines
21 that the person has negligently violated any provision of this Article or any rule adopted by the
22 Commission, including by negligently failing to obtain a proper license or other required
23 authorization from the Commission, negligently failing to provide an accurate legal description
24 of land on which the person produces hemp, or negligently producing *Cannabis sativa* (L.) with
25 more than the federally defined THC level for hemp.

26 (b) A corrective action plan required by the Commission shall include at least the date by
27 which the person shall correct the violation and a requirement that the person shall periodically
28 report to the Commission on the person's compliance with this Article and all rules adopted by
29 the Commission for a period of not less than the next two calendar years.

30 (c) Notwithstanding any other provision of law, the penalty for a negligent violation of
31 any provision of this Article or any rule adopted by the Commission shall be compliance with a
32 corrective action plan pursuant to subsection (b) of this section. However, a person who
33 negligently violates this Article or any rule adopted by the Commission three times in a five-year
34 period shall be ineligible to obtain a hemp license for a period of five years beginning on the date
35 of the third violation and shall be subject to criminal and civil penalties for additional violations
36 during that period.

37 (d) If the Commission determines that a person has violated this Article or any rule
38 adopted by the Commission recklessly, willfully, knowingly, or intentionally, the Commission
39 shall immediately report the person to the Commissioner, Attorney General, and the appropriate
40 law enforcement authority.

41 **"§ 106-568.56. Civil penalty.**

42 (a) In addition to any other liability or penalty provided by law, the Commissioner may
43 assess a civil penalty of not more than two thousand five hundred dollars (\$2,500) per violation
44 against any person who:

- 45 (1) Violates any provision of this Article or a rule adopted by the Commission, or
46 conditions of any license, permit, or order issued by the Commission.
47 (2) Manufactures, distributes, dispenses, delivers, purchases, aids, abets,
48 attempts, or conspires to manufacture, distribute, dispense, deliver, purchase,
49 or possesses with the intent to manufacture, distribute, dispense, deliver, or
50 purchase marijuana on property used for industrial hemp production, or in a
51 manner intended to disguise the marijuana due to its proximity to industrial

1 hemp. This penalty may be imposed in addition to any other penalties
2 provided by law.

3 (3) Provides the Commission with false or misleading information in relation to
4 a license application or renewal, inspection, or investigation authorized by this
5 Article.

6 (4) Tamper with or adulterates ~~an industrial~~ a hemp crop lawfully planted
7 pursuant to this Article.

8 (b) The Commissioner shall remit the clear proceeds of civil penalties assessed pursuant
9 to this section to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

10 **"§ 106-568.57. Criminal penalties.**

11 (a) Any person that manufactures, distributes, dispenses, delivers, purchases, aids, abets,
12 attempts, or conspires to manufacture, distribute, dispense, deliver, purchase, or possesses with
13 the intent to manufacture, distribute, dispense, deliver, or purchase marijuana on property used
14 for ~~industrial~~ hemp production, or in a manner intended to disguise the marijuana due to its
15 proximity to ~~industrial~~ hemp, shall be deemed guilty of a Class I felony. This penalty may be
16 imposed in addition to any other penalties provided by law.

17 (b) Any person that provides the Commission with false or misleading information in
18 relation to a license application or renewal, inspection, or investigation authorized by this Article
19 shall be deemed guilty of a Class 1 misdemeanor.

20 (c) Any person that tampers with or adulterates ~~an industrial~~ a hemp crop lawfully planted
21 pursuant to this Article shall be deemed guilty of a Class 1 misdemeanor.

22 **"§ 106-568.58. Transportation of hemp products.**

23 (a) Except as provided in G.S. 106-139(g), no license shall be required to possess, handle,
24 transport, or sell hemp products.

25 (b) Hemp products may be legally transported to other states and exported to foreign
26 nations, consistent with the laws of the receiving jurisdiction.

27 **"§ 106-568.59. North Carolina Hemp Program Fund.**

28 (a) The North Carolina Hemp Program Fund is established as a special fund in the
29 Department of Agriculture and Consumer Services. The fund shall consist of amounts received
30 from appropriations and any other proceeds from gifts, grants, federal funds, application fees,
31 license fees, and any other funds, both public and private, made available for purposes of this
32 Article. Any interest received and accruing from the fund shall be paid into the State's General
33 Fund.

34 (b) The Fund shall be used by the Commission and the Department for the costs of
35 personnel, program administration, testing, and any other costs incurred in administering this
36 Article, including promotion, marketing, and branding of North Carolina grown and processed
37 hemp."

38 **SECTION 2.(a)** G.S. 90-87 reads as rewritten:

39 **"§ 90-87. Definitions.**

40 As used in this Article:

41 ...

42 (13a) "Hemp" means the plant *Cannabis sativa* (L.) and any part of that plant,
43 including the seeds thereof and all derivatives, extracts, cannabinoids,
44 isomers, acids, salts, and salts of isomers, whether growing or not, within a
45 delta-9 THC concentration of three-tenths percent (0.3%) on a dry weight
46 basis.

47 (13b) "Hemp product" means any product within a delta-9 THC concentration of
48 three-tenths percent (0.3%) on a dry weight basis derived from, or made by,
49 processing hemp plants or plant parts that are prepared in a form available for
50 commercial sale, including, but not limited to, cosmetics, personal care
51 products, food intended for animal or human consumption unless prohibited

by the United States Food and Drug Administration or the United States Department of Agriculture, cloth, cordage, fiber, fuel, paint, paper, particleboard, plastics, oils, tinctures, vapor products, and any product containing one or more hemp-derived cannabinoids, such as cannabidiol. "Hemp product" does not include smokable hemp.

...

(16) "Marijuana" means all parts of the plant of the genus Cannabis, 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, but shall 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. The term "marijuana" includes smokable hemp, but does not include industrial hemp as defined in G.S. 106-568.51, when the industrial hemp is produced and used in compliance with rules issued by the North Carolina Industrial Hemp Commission. hemp products.

...

(25a) "Smokable hemp" means harvested raw or dried hemp plant material, including hemp buds or hemp flowers, hemp cigars, and hemp cigarettes.

...."

SECTION 2.(b) G.S. 90-94 reads as rewritten:

"§ 90-94. Schedule VI controlled substances.

This schedule includes the controlled substances listed or to be listed by whatever official name, common or usual name, chemical name, or trade name designated. In determining that such substance comes within this schedule, the Commission shall find: no currently accepted medical use in the United States, or a relatively low potential for abuse in terms of risk to public health and potential to produce psychic or physiological dependence liability based upon present medical knowledge, or a need for further and continuing study to develop scientific evidence of its pharmacological effects.

The following controlled substances are included in this schedule:

- (1) Marijuana.
- (2) ~~Tetrahydrocannabinols.~~ Tetrahydrocannabinols, _____ except _____ for tetrahydrocannabinols in hemp or hemp products, as defined in G.S. 106-568.51.
- (3) Repealed by Session Laws 2017-115, s. 8, effective December 1, 2017, and applicable to offenses committed on or after that date."

SECTION 2.(c) G.S. 106-568.51(6), as amended by Section 1 of this act, reads as rewritten:

"(6) Hemp product. – Any product within the federally defined THC level for hemp derived from, or made by, processing hemp plants or plant parts, that are prepared in a form available for commercial sale, including, but not limited to, cosmetics, personal care products, food intended for animal or human consumption as approved by the United States Food and Drug Administration or the United States Department of Agriculture, cloth, cordage, fiber, fuel, paint, paper, particleboard, plastics, oils, tinctures, vapor products, ~~smokable hemp,~~ and any product containing one or more hemp-derived cannabinoids, such as cannabidiol. "Hemp product" does not include smokable hemp."

SECTION 2.1. Article 5 of Chapter 90 of the General Statutes is amended by adding a new section to read:

"§ 90-94.5. Immunity for hemp licensees.

(a) Immunity. – Notwithstanding any other provision of this Chapter, it is not a violation of G.S. 90-95(a)(1) or (a)(3) for an individual who possesses a valid hemp license from the North Carolina Hemp Commission or a valid written authorization from another state or the United States Department of Agriculture to possess, manufacture, sell or deliver, or possess with intent to manufacture or sell or deliver hemp or smokable hemp, provided any sale or delivery of hemp or smokable hemp is made to one of the following:

(1) An individual who possesses a valid hemp license from the North Carolina Hemp Commission.

(2) A person outside the State who is allowed to receive it under the laws of that jurisdiction.

(b) Negligent Violation. – Notwithstanding any other provision of this Chapter, it shall not be a violation of G.S. 90-95(a)(1) or (a)(3) for an individual who possesses a valid hemp license from the North Carolina Hemp Commission to possess, manufacture, sell or deliver, or possess with intent to manufacture or sell or deliver, a commodity cultivated by the licensee containing a THC level that exceeds a delta-9 THC concentration of three-tenths percent (0.3%) on a dry weight basis, unless the licensee committed the violation willfully, knowingly, or intentionally. The penalty for a licensee's negligent violation shall be determined by the North Carolina Hemp Commission pursuant to G.S. 106-568.55B."

SECTION 2.2. G.S. 106-568.57, as amended by Section 1(a) of this act, is amended by adding a new subsection to read:

"(d) Any person who sells smokable hemp or vapor products that contain hemp to a person less than 18 years old shall be guilty of a Class 2 misdemeanor."

SECTION 2.3. G.S. 106-568.57(d), as enacted by Section 2.2 of this act, reads as rewritten:

"(d) Any person who sells ~~smokable hemp or~~ vapor products containing hemp to a person less than 18 years old shall be guilty of a Class 2 misdemeanor."

SECTION 3.(a) G.S. 105-113.106 is amended by adding a new subdivision to read:

"(3a) Hemp. – Any of the following:

a. Hemp as defined in G.S. 106-568.51(5b).

b. Hemp products as defined in G.S. 106-568.51(6)."

SECTION 3.(b) G.S. 105-113.107A reads as rewritten:

"§ 105-113.107A. Exemptions.

(a) Authorized Possession. – The tax levied in this Article does not apply to a substance in the possession of a dealer who is authorized by law to possess the substance. This exemption applies only during the time the dealer's possession of the substance is authorized by law.

(b) Certain Marijuana Parts. – The tax levied in this Article does not apply to the following marijuana:

(1) Harvested mature marijuana stalks when separated from and not mixed with any other parts of the marijuana plant.

(2) Fiber or any other product of marijuana stalks described in subdivision (1) of this subsection, except resin extracted from the stalks.

(3) Marijuana seeds that have been sterilized and are incapable of germination.

(4) Roots of the marijuana plant.

(c) Hemp. – The tax levied in this Article shall not apply to hemp when lawfully possessed in accordance with Article 50E of Chapter 106 of the General Statutes."

SECTION 4.(a) The Commissioner of Agriculture, in consultation with the Governor and Attorney General, shall submit to the Secretary of the United States Department of Agriculture a State plan for the regulation of hemp production, which shall include:

(1) A procedure to maintain relevant information regarding land on which hemp is produced in the State, including a legal description of the land. The

1 procedure shall ensure the information is maintained for a period of not less
2 than three calendar years.

- 3 (2) A procedure for testing, using post-decarboxylation or other similarly reliable
4 methods, delta-9 THC concentration levels of hemp produced in the State.
5 (3) A procedure for the effective disposal of products that are produced in
6 violation of Article 50E of Chapter 106 of the General Statutes or any rule
7 adopted by the North Carolina Hemp Commission.
8 (4) A procedure to comply with the enforcement process set forth in
9 G.S. 106-568.64.
10 (5) A procedure for conducting annual inspections of, at a minimum, a random
11 sample of hemp producers to verify that hemp is not produced in violation of
12 this Article or rules adopted by the North Carolina Hemp Commission.
13 (6) A procedure for submitting (i) contact information for each hemp producer in
14 the State, (ii) a legal description of the land on which hemp is produced, and
15 (iii) the licensing status of each hemp producer in the State to the Secretary of
16 the United States Department of Agriculture not more than 30 days after the
17 date on which the information is received.

18 **SECTION 4.(b)** If the Secretary of the United States Department of Agriculture
19 disapproves the State plan submitted pursuant to subsection (a) of this section, the Commissioner
20 of Agriculture, in consultation with the Governor and Attorney General, shall submit to the
21 Secretary an amended State plan.

22 **SECTION 5.** Section 4 of S.L. 2015-299, as amended by S.L. 2016-93, reads as
23 rewritten:

24 "**SECTION 4.** Section 2 of this act becomes effective on the first day of the month following
25 the adoption of temporary rules pursuant to Section 3 of this act and applies to acts involving the
26 production, possession, or use of industrial hemp occurring on or after that date. The remainder
27 of this act is effective when it becomes law. ~~This Section 2 of this act shall expire on June 30 of~~
28 ~~the fiscal year in which the North Carolina Industrial Hemp Commission adopts and submits to~~
29 ~~the Governor and to the Revisor of Statutes a resolution that a State pilot program allowing~~
30 ~~farmers to lawfully grow industrial hemp is no longer necessary because (i) the United States~~
31 ~~Congress has enacted legislation that removes industrial hemp from the federal Controlled~~
32 ~~Substances Act and (ii) the legislation has taken effect. May 1, 2020. The remainder of this act~~
33 shall expire on the later of December 1, 2019, or 30 days after the effective date of regulations
34 adopted by the United States Department of Agriculture pursuant to Section 297D of the
35 Agriculture Marketing Act of 1946, as amended by the Agriculture Improvement Act of 2018."

36 **SECTION 6.** The North Carolina Hemp Commission shall adopt temporary rules to
37 implement Section 1 of this act. The temporary rules shall remain in effect until permanent rules
38 that replace the temporary rules become effective.

39 **SECTION 6.1.** Article 50E of Chapter 106 of the General Statutes is repealed.

40 **SECTION 7.** Section 1 of this act becomes effective on the later of the following
41 dates:

- 42 (1) December 1, 2019.
43 (2) Thirty days after the effective date of regulations adopted by the United States
44 Department of Agriculture pursuant to Section 297D of the Agriculture
45 Marketing Act of 1946, as amended by the Agriculture Improvement Act of
46 2018.

47 Sections 2 and 2.3 of this act become effective May 1, 2020, and apply to offenses
48 committed on or after that date. Sections 2.1 and 2.2 of this act become effective December 1,
49 2019, and apply to violations or offenses committed on or after that date. Section 3 of this act is
50 effective for taxes imposed for taxable years beginning on or after July 1, 2019. Sections 4, 5, 6,

1 and 7 of this act are effective when they become law. Section 6.1 of this act becomes effective
2 July 1, 2021. Sections 2.2 and 3 of this act expire July 1, 2021.

3
4 **TRANSFER HEMP PROGRAM AUTHORITY TO THE DEPARTMENT OF**
5 **AGRICULTURE AND CONSUMER SERVICES ON JULY 1, 2021**

6 **SECTION 8.(a)** Chapter 106 of the General Statutes is amended by adding a new
7 Article to read:

8 "Article 50F.

9 "North Carolina Hemp Program.

10 **"§ 106-568.60. Legislative findings and purpose.**

11 The General Assembly finds and declares that hemp is a viable agriculture commodity in this
12 State and that it is in the best interest of the citizens of North Carolina to:

- 13 (1) Promote the cultivation and processing of hemp, and open new commercial
14 markets for farmers and businesses through the sale of hemp products.
- 15 (2) Promote the expansion of the State's hemp industry to the maximum extent
16 permitted by law, allowing farmers and businesses to cultivate, handle, and
17 process hemp and sell hemp products for commercial purposes.
- 18 (3) Encourage and empower research into industrial hemp growth and hemp
19 products at State institutions of higher education and in the private sector.
- 20 (4) Move the State and its citizens to the forefront of the hemp industry.

21 **"§ 106-568.61. Definitions.**

22 The following definitions apply in this Article:

- 23 (1) "Cannabidiol" or "CBD" means the nonpsychoactive cannabinoid compound
24 derived from the hemp variety of the plant *Cannabis sativa* (L.) that is
25 essentially free of plant material and does not exceed the federally defined
26 THC level for hemp.
- 27 (2) "Cannabinoid" means any of the terpenophenolic compounds found within the
28 plant *Cannabis sativa* (L.) that are functionally or structurally similar,
29 biologically active, and are classified in subgroups such as Cannabigerols
30 (CBG), Cannabichromenes (CBC), Cannabidiols (CBD),
31 tetrahydrocannabinols (THC), Cannabinol (CBN), Cannabicyclol (CBDL),
32 and all other chemical cannabinoid constituents derived from hemp.
- 33 (3) "Commercial sale" means the sale of products in the stream of commerce, at
34 retail, wholesale, and online.
- 35 (4) "Commissioner" means the Commissioner of the Department of Agriculture
36 and Consumer Services.
- 37 (5) "Cultivating" means planting, watering, growing, and harvesting a plant or
38 crop. "Cultivating" also includes possessing or storing hemp plants for any
39 period of time on the premises where the hemp was cultivated and transporting
40 hemp to the first point of sale by the cultivator.
- 41 (6) "Department" means the Department of Agriculture and Consumer Services.
- 42 (7) "Federally defined THC level for hemp" means a delta-9 THC concentration
43 of not more than three-tenths percent (0.3%) on a dry weight basis.
- 44 (8) "Handling" means possessing or storing hemp plants for any period of time
45 on premises owned, operated, or controlled by a person licensed to handle
46 hemp. "Handling" also includes possessing or storing hemp plants in a vehicle
47 for any period of time other than during its actual transport from the premises
48 of a person licensed to cultivate, handle, or process hemp to the premises of
49 another licensed person or a person who is lawfully allowed to receive it in
50 that person's jurisdiction. "Handling" does not include possessing or storing
51 finished hemp products.

- 1 (9) "Hemp" means the plant *Cannabis sativa* (L.) and any part of that plant,
2 including the seeds thereof and all derivatives, extracts, cannabinoids,
3 isomers, acids, salts, and salts of isomers, whether growing or not, within the
4 federally defined THC level for hemp.
- 5 (10) "Hemp product" means any product within the federally defined THC level
6 for hemp derived from, or made by, processing hemp plants or plant parts that
7 are prepared in a form available for commercial sale, including, but not limited
8 to, cosmetics, personal care products, food intended for animal or human
9 consumption unless prohibited by the United States Food and Drug
10 Administration or the United States Department of Agriculture, cloth,
11 cordage, fiber, fuel, paint, paper, particleboard, plastics, oils, tinctures, vapor
12 products, and any product containing one or more hemp-derived
13 cannabinoids, such as cannabidiol. "Hemp product" does not include
14 smokable hemp.
- 15 (11) "Licensee" means an individual or business entity possessing a license issued
16 by the Department under the authority of this Article to cultivate or handle
17 hemp.
- 18 (12) "Processing" means converting an agricultural commodity into a marketable
19 form.
- 20 (13) "Smokable hemp" means harvested raw or dried hemp plant material,
21 including hemp buds or hemp flowers, hemp cigars, and hemp cigarettes.
- 22 (14) "Tetrahydrocannabinol" or "THC" means any of the chemical analogues
23 belonging to the Cannabinoid subgroup Tetrahydrocannabinol. These
24 compounds include the chemical equivalents contained in the plant *Cannabis*
25 *sativa* (L.) or in the resinous extractive compounds, salts, or derivatives of the
26 plant or chemicals and their isomers with similar chemical structure and
27 pharmacological activity.

28 **"§ 106-568.62. Powers and duties of the Department.**

29 The Department shall have the following powers and duties:

- 30 (1) To issue licenses allowing a person, firm, or corporation to cultivate or handle
31 hemp, upon proper application as the Commissioner may specify and in
32 accordance with G.S. 106-568.63. The Commissioner may delegate approval
33 of license applications to Department staff, but the Commissioner shall hear
34 all appeals of denial of a license.
- 35 (2) To receive gifts, grants, federal funds, and any other funds, both public and
36 private, needed to support the North Carolina Hemp Program.
- 37 (3) To adopt rules necessary to carry out the purposes of this Article, which shall
38 include, but are not limited to, rules to do all of the following:
- 39 a. Prescribe sampling and testing procedures to ensure that hemp
40 cultivated or handled under the authority of this Article does not
41 exceed the federally defined THC level for hemp.
- 42 b. Set and collect a schedule of nonrefundable fees for administering the
43 North Carolina Hemp Program.

44 **"§ 106-568.63. Qualification of licensees.**

45 (a) No person shall cultivate or handle hemp in this State unless the person holds a hemp
46 license issued by the Department.

47 (b) In order to obtain a license to cultivate hemp pursuant to this Article, a person must
48 be a qualifying farmer pursuant to G.S. 105-164.13E(a) or a conditional qualifying farmer
49 pursuant to G.S. 105-164.13E(b).

50 (c) A person granted a license to cultivate hemp pursuant to this Article shall provide to
51 the Department prior to issuance of the license:

1 (1) The legal description and global positioning coordinates sufficient for locating
2 the fields or greenhouses to be used to cultivate hemp.

3 (2) Written consent allowing representatives of the Department, the State Bureau
4 of Investigation, and the chief law enforcement officer of the unit or units of
5 local government where the farm is located to enter all premises where hemp
6 is cultivated or stored for the purpose of conducting physical inspections or
7 ensuring compliance with the requirements of this Article and rules adopted
8 by the Department.

9 (d) Any person convicted of a felony relating to a controlled substance under State or
10 federal law shall be ineligible to obtain any hemp license for the 10-year period following the
11 date of the conviction.

12 (e) Any person who materially falsifies any information contained in an application for
13 a hemp license shall be ineligible to obtain a hemp license.

14 (f) A license issued by the North Carolina Industrial Hemp Commission shall be valid
15 for the term of the license. A person who holds a license issued by the North Carolina Industrial
16 Hemp Commission who wishes to modify the conditions of the license shall be required to apply
17 for a new license from the Department.

18 **"§ 106-568.64. Bonding requirement for hemp handlers.**

19 The Department shall not issue a license to handle hemp to any person until the person has
20 furnished the Commissioner a bond satisfactory to the Commissioner in an amount of not less
21 than two hundred fifty thousand dollars (\$250,000). The Commissioner may require a new bond
22 or may require the amount of any bond to be increased if the Commissioner finds it necessary
23 for the protection of the cultivator. The bond shall be payable to the State and shall be conditioned
24 upon the fulfilling of all financial obligations incurred by the handler with all hemp cultivators
25 with whom the handler contracts. Any cultivator alleging any injury by the fraud, deceit, willful
26 injury, or failure to comply with the terms of any written contract by a handler may bring suit on
27 the bond against the principal and the principal's surety in any court of competent jurisdiction
28 and may recover the damages found to be caused by such acts complained of.

29 **"§ 106-568.65. Corrective action plans authorized.**

30 (a) The Department shall require any person who is required to obtain a hemp license
31 issued by the Department to comply with a corrective action plan if the Commissioner determines
32 that the person has negligently violated any provision of this Article or any rule adopted by the
33 Department, including by negligently failing to obtain a proper license or other required
34 authorization from the Department, negligently failing to provide an accurate legal description
35 of land on which the person produces hemp, or negligently producing *Cannabis sativa* (L.) with
36 more than the federally defined THC level for hemp.

37 (b) A corrective action plan required by the Department shall include at least the date by
38 which the person shall correct the violation and a requirement that the person shall periodically
39 report to the Department on the person's compliance with this Article and all rules adopted by
40 the Department for a period of not less than the next two calendar years.

41 (c) Notwithstanding any other provision of law, the penalty for a negligent violation of
42 any provision of this Article or any rule adopted by the Department shall be compliance with a
43 corrective action plan pursuant to subsection (b) of this section. However, a person who
44 negligently violates this Article or any rule adopted by the Department three times in a five-year
45 period shall be ineligible to obtain a hemp license for a period of five years beginning on the date
46 of the third violation and shall be subject to criminal and civil penalties for additional violations
47 during that period.

48 (d) If the Commissioner determines that a person has violated this Article or any rule
49 adopted by the Department recklessly, willfully, knowingly, or intentionally, the Department
50 shall immediately report the person to the Attorney General and the appropriate law enforcement
51 authority.

"§ 106-568.66. Civil penalties.

(a) The Commissioner may assess a civil penalty of not more than two thousand five hundred dollars (\$2,500) per violation against any person who:

(1) Violates any provision of this Article or a rule adopted by the Commission, or conditions of any license, permit, or order issued by the Commission.

(2) Manufactures, distributes, dispenses, delivers, purchases, aids, abets, attempts, or conspires to manufacture, distribute, dispense, deliver, purchase, or possesses with the intent to manufacture, distribute, dispense, deliver, or purchase marijuana on property used for hemp production, or in a manner intended to disguise the marijuana due to its proximity to hemp. This penalty may be imposed in addition to any other penalties provided by law.

(3) Provides the Department with false or misleading information in relation to a license application or renewal, inspection, or investigation authorized by this Article.

(4) Tampers with or adulterates a hemp crop lawfully planted pursuant to this Article.

(b) The Commissioner shall remit the clear proceeds of civil penalties assessed pursuant to this section to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

"§ 106-568.67. Criminal penalties.

(a) Any person who willfully, knowingly, or intentionally manufactures, distributes, dispenses, delivers, purchases, aids, abets, attempts, or conspires to manufacture, distribute, dispense, deliver, purchase, or possesses with the intent to manufacture, distribute, dispense, deliver, or purchase marijuana on property used for hemp production, or in a manner intended to disguise the marijuana due to its proximity to hemp, shall be guilty of a Class I felony. This penalty may be imposed in addition to any other penalties provided by law.

(b) Any person who willfully, knowingly, or intentionally provides the Department with false or misleading information in relation to a license application or renewal, inspection, or investigation authorized by this Article shall be guilty of a Class 1 misdemeanor.

(c) Any person who willfully, knowingly, or intentionally tampers with or adulterates a hemp crop lawfully planted pursuant to this Article shall be guilty of a Class 1 misdemeanor.

(d) Any person who sells vapor products that contain hemp to a person less than 18 years old shall be guilty of a Class 2 misdemeanor.

"§ 106-568.68. Transportation of hemp products.

(a) Except as provided in G.S. 106-139(g), no license shall be required to possess, handle, transport, or sell hemp products.

(b) Hemp products may be legally transported to other states and exported to foreign nations, consistent with the laws of the receiving jurisdiction.

"§ 106-568.69. North Carolina Hemp Program Fund.

(a) The North Carolina Hemp Program Fund is established as a special fund in the Department of Agriculture and Consumer Services. The fund shall consist of amounts received from appropriations and any other proceeds from gifts, grants, federal funds, application fees, license fees, and any other funds, both public and private, made available for purposes of this Article. Any interest received and accruing from the fund shall be paid into the State's General Fund.

(b) The Fund shall be used by the Department for the costs of personnel, program administration, testing, and any other costs incurred in administering this Article, including promotion, marketing, and branding of North Carolina grown and processed hemp."

SECTION 8.(b) The Department of Agriculture and Consumer Services shall have the authority to enforce the rules adopted by the North Carolina Hemp Commission to implement Section 1 of this act until the Department amends or repeals the rules, pursuant to G.S. 150B-21.7.

1 **SECTION 9.** G.S. 90-94.5, as enacted by Section 2(c) of this act, reads as rewritten:

2 "**§ 90-94.5. Immunity for hemp licensees.**

3 (a) Immunity. – Notwithstanding any other provision of this Chapter, it is not a violation
4 of G.S. 90-95(a)(1) or (a)(3) for an individual who possesses a valid hemp license from the ~~North~~
5 ~~Carolina Hemp Commission~~ Department of Agriculture and Consumer Services or a valid
6 written authorization from another state or the United States Department of Agriculture to
7 possess, manufacture, sell or deliver, or possess with intent to manufacture, sell or deliver hemp
8 or smokable hemp, provided any sale or delivery of hemp or smokable hemp is made to one of
9 the following:

10 (1) An individual who possesses a valid hemp license from the ~~North Carolina~~
11 ~~Hemp Commission~~ Department of Agriculture and Consumer Services.

12 (2) A person outside the State who is allowed to receive it under the laws of that
13 jurisdiction.

14 (b) Negligent violation. – Notwithstanding any other provision of this Chapter, it shall
15 not be a violation of G.S. 90-95(a)(1) or (a)(3) for an individual who possesses a valid hemp
16 license from the ~~North Carolina Hemp Commission~~ Department of Agriculture and Consumer
17 Services to possess, manufacture, sell or deliver, or possess with intent to manufacture, sell or
18 deliver, a commodity cultivated by the licensee containing a THC level that exceeds a delta-9
19 THC concentration of three-tenths percent (0.3%) on a dry weight basis, unless the licensee
20 committed the violation willfully, knowingly, or intentionally. The penalty for a licensee's
21 negligent violation shall be determined by the ~~North Carolina Hemp Commission~~ Department of
22 Agriculture and Consumer Services pursuant to ~~G.S. 106-568.55B~~ G.S. 106-568.65."

23 **SECTION 10.(a)** G.S. 105-113.106(3a) reads as rewritten:

24 "(3a) Hemp. – Any of the following:

25 a. Hemp as defined in G.S. 106-568.61(9).

26 b. Hemp products as defined in G.S. 106-568.61(10)."

27 **SECTION 10.(b)** G.S. 105-113.107A reads as rewritten:

28 "**§ 105-113.107A. Exemptions.**

29 (a) Authorized Possession. – The tax levied in this Article does not apply to a substance
30 in the possession of a dealer who is authorized by law to possess the substance. This exemption
31 applies only during the time the dealer's possession of the substance is authorized by law.

32 (b) Certain Marijuana Parts. – The tax levied in this Article does not apply to the
33 following marijuana:

34 (1) Harvested mature marijuana stalks when separated from and not mixed with
35 any other parts of the marijuana plant.

36 (2) Fiber or any other product of marijuana stalks described in subdivision (1) of
37 this subsection, except resin extracted from the stalks.

38 (3) Marijuana seeds that have been sterilized and are incapable of germination.

39 (4) Roots of the marijuana plant.

40 (c) Hemp. – The tax levied in this Article shall not apply to hemp when lawfully
41 possessed in accordance with Article 50F of Chapter 106 of the General Statutes."

42 **SECTION 11.** Sections 8 through 11 of this act become effective July 1, 2021.

43
44 **DIRECT DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES TO**
45 **REGULATE CANNABINOID-RELATED COMPOUNDS**

46 **SECTION 12.(a)** G.S. 106-121 reads as rewritten:

47 "**§ 106-121. Definitions and general consideration.**

48 For the purpose of this Article:

49 (1) The term "advertisement" means all representations disseminated in any
50 manner or by any means, other than by labeling, for the purposes of inducing,

1 or which are likely to induce, directly or indirectly, the purchase of food,
2 drugs, devices or cosmetics.

3 (1a) The term "cannabinoid-related compounds" means chemical compounds and
4 constituents found within the hemp plant that are biologically active and are
5 classified in subgroups such as cannabinoids, terpenes, flavonoids, and all
6 other related compounds derived from hemp. "Cannabinoid-related
7 compounds" shall not include smokable hemp, as defined in
8 G.S. 106-568.51(7e).

9 ~~(1a)~~(1b) The term "color" includes black, white, and intermediate grays.

10 ~~(1b)~~(1c) The term "color additive" means a material which:

11"

12 **SECTION 12.(b)** G.S. 106-139 is amended by adding two new subsections to read:

13 "(f) The Board may adopt rules to establish current good manufacturing practices in
14 manufacturing, packaging, labeling, or holding operations for cannabinoid-related compounds
15 derived from hemp, as defined in G.S. 106-568.51(5b). The manufacture, sale, delivery, holding,
16 or offering for sale of any cannabinoid-related compounds that does not comply with rules
17 adopted by the Board shall be prohibited under this Article and shall also be subject to
18 G.S. 106-123 and G.S. 106-125.

19 (g) No person, including individuals, partnerships, firms, associations, or corporations,
20 that are subject to rules adopted by the Board shall engage in manufacturing, packaging, labeling,
21 processing, holding, or sale of cannabinoid-related compounds without a valid license issued by
22 the Commissioner. Application for a license shall be made to the Commissioner on forms
23 provided by the Department. The application shall set forth the name and address of the applicant,
24 the applicant's principal place of business, and such other information as the Commissioner may
25 require. The Board shall develop a schedule of license fees, including fees for out-of-state and
26 online retailers. Fees collected pursuant to this subsection shall be used by the Department to
27 cover all reasonable costs of administering the licensing program. Failure to comply with this
28 Article or rules adopted thereunder shall be cause for suspension or revocation of a license."

29 **SECTION 12.(c)** G.S. 106-121 reads as rewritten:

30 **"§ 106-121. Definitions and general consideration.**

31 For the purpose of this Article:

32 (1) The term "advertisement" means all representations disseminated in any
33 manner or by any means, other than by labeling, for the purposes of inducing,
34 or which are likely to induce, directly or indirectly, the purchase of food,
35 drugs, devices or cosmetics.

36 (1a) The term "cannabinoid-related compounds" means chemical compounds and
37 constituents found within the hemp plant that are biologically active and are
38 classified in subgroups such as cannabinoids, terpenes, flavonoids, and all
39 other related compounds derived from hemp. "Cannabinoid-related
40 compounds" shall not include smokable hemp, as defined in
41 G.S. 106-568.61(13).

42 ~~(1a)~~(1b) The term "color" includes black, white, and intermediate grays.

43 ~~(1b)~~(1c) The term "color additive" means a material which:

44"

45 **SECTION 12.(d)** G.S. 106-139 is amended by adding two new subsections to read:

46 "(f) The Board may adopt rules to establish current good manufacturing practices in
47 manufacturing, packaging, labeling, or holding operations for cannabinoid-related compounds
48 derived from hemp, as defined in G.S. 106-568.61(9). The manufacture, sale, delivery, holding,
49 or offering for sale of any cannabinoid-related compounds that does not comply with rules
50 adopted by the Board shall be prohibited under this Article and shall also be subject to
51 G.S. 106-123 and G.S. 106-125.

1 (g) No person, including individuals, partnerships, firms, associations, or corporations,
2 that are subject to rules adopted by the Board shall engage in manufacturing, packaging, labeling,
3 processing, holding, or sale of cannabinoid-related compounds without a valid license issued by
4 the Commissioner. Application for a license shall be made to the Commissioner on forms
5 provided by the Department. The application shall set forth the name and address of the applicant,
6 the applicant's principal place of business, and such other information as the Commissioner may
7 require. The Board shall develop a schedule of license fees, including fees for out-of-state and
8 online retailers. Fees collected pursuant to this subsection shall be used by the Department to
9 cover all reasonable costs of administering the licensing program. Failure to comply with this
10 Article or rules adopted thereunder shall be cause for suspension or revocation of a license."

11 **SECTION 12.(e)** The Board of Agriculture shall adopt temporary rules to implement
12 this section no later than November 1, 2019. The temporary rules shall remain in effect until
13 permanent rules that replace the temporary rules become effective.

14 **SECTION 12.(f)** Subsection (a) of this section is effective when it becomes law and
15 expires July 1, 2021. Subsection (b) of this section becomes effective January 1, 2020, and
16 expires July 1, 2021. Subsections (c) and (d) of this section become effective July 1, 2021. The
17 remainder of this section is effective when it becomes law.

18 **ALLOW DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES TO** 19 **MARKET HEMP**

20 **SECTION 13.(a)** G.S. 106-550 reads as rewritten:

21 **"§ 106-550. Policy as to promotion of use of, and markets for, farm products; official**
22 **marketing campaign.**

23 (a) It is declared to be in the interest of the public welfare that the North Carolina farmers
24 who are producers of livestock, poultry, seafood, field crops and other agricultural products,
25 including cattle, sheep, broilers, turkeys, commercial eggs, peanuts, cotton, hemp, potatoes,
26 ~~sweet potatoes, sweetpotatoes,~~ peaches, apples, berries, vegetables and other fruits of all kinds,
27 as well as bulbs and flowers and other agricultural products having a domestic or foreign market,
28 shall be permitted and encouraged to act jointly and in cooperation with growers, handlers,
29 dealers and processors of such products in promoting and stimulating, by advertising and other
30 methods, the increased production, use and sale, domestic and foreign, of any and all of such
31 agricultural commodities. The provisions of this Article, however, shall not include the
32 agricultural products of tobacco, strawberries, strawberry plants, porcine animals, or equines,
33 with respect to which separate provisions have been made.

34 (b) The "Got to be NC" marketing campaign of the Department of Agriculture and
35 Consumer Services shall be the official agricultural marketing campaign for the State."

36 **SECTION 13.(b)** Article 50 of Chapter 106 of the General Statutes is amended by
37 adding a new section to read:

38 **"§ 106-554.1. Application to North Carolina Hemp Commission for authorization of hemp**
39 **referendum.**

40 Notwithstanding G.S. 106-554, the North Carolina Hemp Commission shall be the entity that
41 provides certification and approval for the purpose of conducting a referendum among the
42 growers or producers of hemp. The North Carolina Hemp Commission shall perform the same
43 function as the Board of Agriculture in all other respects for cultivators of hemp for the purposes
44 of this Article."

45 **SECTION 13.(c)** This section is effective when it becomes law. Subsection (b) of
46 this section expires July 1, 2021.

47 **SMOKABLE HEMP STUDY**

48 **SECTION 14.(a)** At least quarterly, the Department of Agriculture and Consumer
49 Services, the North Carolina Industrial Hemp Association, the North Carolina Hemp
50
51

1 Commission, the State Bureau of Investigation, and other law enforcement agencies and district
2 attorneys as requested by the State Bureau of Investigation shall meet to discuss best practices
3 for the hemp industry. The Department of Agriculture and Consumer Services shall report any
4 findings and legislative recommendations from these meetings to the Agriculture and Forestry
5 Awareness Study Commission within 30 days of each meeting.

6 **SECTION 14.(b)** The State Bureau of Investigation shall notify the Agriculture and
7 Forestry Awareness Study Commission in writing when a field test with an analytical capability
8 to distinguish between hemp and marijuana has been evaluated and approved by a national
9 accreditation body. Upon the receipt of notification from the State Bureau of Investigation, the
10 Agriculture and Forestry Awareness Study Commission shall study whether the prohibition on
11 the sale of smokable hemp should be repealed and make legislative recommendations.

12 **SECTION 14.(c)** This section is effective when it becomes law.
13

14 **REQUIRE UTILITY COMPANIES TO DISPOSE OF CERTAIN UNUSED**
15 **EASEMENTS UNDER CERTAIN CIRCUMSTANCES, AS RECOMMENDED BY THE**
16 **AGRICULTURE AND FORESTRY AWARENESS STUDY COMMISSION**

17 **SECTION 15.(a)** Article 9 of Chapter 62 of the General Statutes is amended by
18 adding a new section to read:

19 **"§ 62-193. Disposition of certain unused easements.**

20 (a) The underlying fee owner of land encumbered by any easement acquired by a utility
21 company, whether acquired by purchase or by condemnation, on which construction has not been
22 commenced by the utility company for the purpose for which the easement was acquired within
23 20 years of the date of acquisition, may file a complaint with the Commission for an order
24 requiring the utility company to terminate the easement in exchange for payment by the
25 underlying fee owner of the current fair market value of the easement.

26 (b) Upon receipt of the complaint, the Commission shall serve a copy of the complaint
27 on each utility company named in the complaint, together with an order directing that the utility
28 company file an answer to the complaint within 90 days after service.

29 (c) If the utility company agrees to terminate the easement, the utility company shall
30 submit to the Commission, within the time allowed for answer, an original plus four copies of a
31 statement of the utility company's agreement to terminate the easement.

32 (d) If the utility company does not agree that the easement should be terminated, the
33 utility company may request a determination from the Commission as to whether the easement
34 is necessary or advisable for the utility company's long-range needs for the provision of utilities
35 to serve its service area, and whether termination of the easement would be contrary to the
36 interests of the using and consuming public. The Commission may conduct a hearing on the
37 matter, which shall be conducted in accordance with Article 4 of this Chapter. Either party may
38 appeal the Commission's decision in accordance with Article 5 of this Chapter. The burden of
39 proof shall be on the utility company to show that the easement is necessary or advisable for the
40 utility company's long-range needs for the provision of utilities to serve its service area and that
41 termination of the easement would be contrary to the interests of the using and consuming public.

42 (e) If the underlying fee owner and the utility company cannot reach a mutually agreed
43 upon fair market value of the easement, whether terminated voluntarily or by order of the
44 Commission, the Commission shall make a request to the clerk of superior court in the county
45 where the easement is located for the appointment of commissioners to determine the fair market
46 value of the easement in accordance with the process set forth in G.S. 40A-48.

47 (f) If the Commission decides that the easement should not be terminated, the underlying
48 fee owner may not file a complaint with the Commission under this section regarding the same
49 easement for a period of five years from the date of the decision.

50 (g) For purposes of this section, the term "utility company" means a public utility as
51 defined in G.S. 62-3(23), a municipality providing utility services, an authority organized under

1 the North Carolina Water and Sewer Authorities Act, a sanitary district, a metropolitan water
2 district, a metropolitan sewerage district, a metropolitan water and sewerage district, a county
3 water and sewer district, or an electric or telephone membership corporation."

4 **SECTION 15.(b)** This section becomes effective October 1, 2019, and applies to
5 easements acquired on or after that date.

6 7 **RIGHT-OF-WAY FOR LEFT-TURNING FARM EQUIPMENT**

8 **SECTION 16.(a)** G.S. 20-150 is amended by adding a new subsection to read:

9 "(e1) The driver of a vehicle shall not overtake and pass self-propelled farm equipment
10 proceeding in the same direction when the farm equipment is (i) making a left turn or (ii)
11 signaling that it intends to make a left turn."

12 **SECTION 16.(b)** This section becomes effective December 1, 2019, and applies to
13 offenses committed on or after that date.

14 15 **EXPAND AGRICULTURAL OUTDOOR ADVERTISING**

16 **SECTION 17.** G.S. 136-129 reads as rewritten:

17 **"§ 136-129. Limitations of outdoor advertising devices.**

18 No outdoor advertising shall be erected or maintained within 660 feet of the nearest edge of
19 the right-of-way of the interstate or primary highway systems in this State so as to be visible from
20 the main-traveled way thereof after the effective date of this Article as determined by
21 G.S. 136-140, except the following:

22 ...

23 (2a) ~~Outdoor advertising which advertises the sale of any fruit or vegetable crop~~
24 ~~by the grower at a roadside stand or by having the purchaser pick the crop on~~
25 ~~the property on which the crop is grown provided: (i) to promote a bona fide~~
26 ~~farm that is exempt from zoning regulations pursuant to G.S. 153-340(b),~~
27 ~~provided the sign is no more than two-three feet long on any side; (ii) side and~~
28 ~~the sign is located on property owned or leased by the grower where the crop~~
29 ~~is grown; (iii) the grower is also the seller; and (iv) the sign is kept in place by~~
30 ~~the grower for no more than 30 days.~~ any bona fide farm property owned or
31 leased by the owner or lessee of the bona fide farm.

32"

33 34 **AGRICULTURE AND FORESTRY AWARENESS STUDY COMMISSION COCHAIR** 35 **HOLDOVER**

36 **SECTION 18.** G.S. 120-150 reads as rewritten:

37 **"§ 120-150. Creation; appointment of members.**

38 (a) There is created an Agriculture and Forestry Awareness Study Commission. Members
39 of the Commission shall be citizens of North Carolina who are interested in the vitality of the
40 agriculture and forestry sectors of the State's economy. Members shall be as follows:

- 41 (1) Three appointed by the Governor.
- 42 (2) Three appointed by the President Pro Tempore of the Senate.
- 43 (3) Three appointed by the Speaker of the House.
- 44 (4) The chairs of the House Agriculture Committee.
- 45 (5) The chairs of the Senate Committee on Agriculture, Environment, and Natural
46 Resources.
- 47 (6) The Commissioner of Agriculture or the Commissioner's designee.
- 48 (7) A member of the Board of Agriculture designated by the chair of the Board of
49 Agriculture.
- 50 (8) The President of the North Carolina Farm Bureau Federation, Inc., or the
51 President's designee.

- 1 (9) The President of the North Carolina State Grange or the President's designee.
 2 (10) The Secretary of Environmental Quality or the Secretary's designee.
 3 (11) The President of the North Carolina Forestry Association, Inc., or the
 4 President's designee.

5 (b) Members shall be appointed for two-year terms beginning October 1 of each
 6 odd-numbered year. The Chairs of the House Agriculture Committee and the Chairs of the Senate
 7 Committee on Agriculture, Environment, and Natural Resources shall serve as cochairs. The
 8 President Pro Tempore of the Senate and the Speaker of the House of Representatives may each
 9 appoint an additional member of the Senate and House, respectively, to serve as cochair. If
 10 appointed, these cochairs shall be voting members of the Commission. A quorum of the
 11 Commission is nine members.

12 (c) Cochairs' terms on the Commission are for two years and begin on the convening of
 13 the General Assembly in each odd-numbered year. Except as otherwise provided in this
 14 subsection, a cochair of the Commission shall continue to serve for so long as the cochair remains
 15 a member of the General Assembly and no successor has been appointed. A cochair of the
 16 Commission who does not seek reelection or is not reelected to the General Assembly may
 17 complete a term of service on the Commission until the day on which a new General Assembly
 18 convenes. A member of the Commission who resigns or is removed from service in the General
 19 Assembly shall be deemed to have resigned or been removed from service on the Commission."
 20

21 **ADD HUNTING, FISHING, SHOOTING SPORTS, AND EQUESTRIAN ACTIVITIES**
 22 **TO THE DEFINITION OF AGRITOURISM, AND LIMIT REGULATION OF**
 23 **CATERING BY BONA FIDE FARMS**

24 **SECTION 20.(a)** G.S. 99E-30 reads as rewritten:

25 **"§ 99E-30. Definitions.**

26 As used in this Article, the following terms mean:

- 27 (1) Agritourism activity. – Any activity carried out on a farm or ranch that allows
 28 members of the general public, for recreational, entertainment, or educational
 29 purposes, to view or enjoy rural activities, including farming, ranching,
 30 historic, cultural, harvest-your-own activities, hunting, fishing, shooting
 31 sports, equestrian activities, or natural activities and attractions. An activity is
 32 an agritourism activity whether or not the participant paid to participate in the
 33 activity. For purposes of this section, properties used for shooting sports shall
 34 comply with guidelines for design and site evaluation as established by the
 35 Wildlife Resources Commission. "Agritourism activity" includes an activity
 36 involving any animal exhibition at an agricultural fair licensed by the
 37 Commissioner of Agriculture pursuant to G.S. 106-520.3.
 38 (2) Agritourism professional. – Any person who is engaged in the business of
 39 providing one or more agritourism activities, whether or not for compensation.
 40 (3) Inherent risks of agritourism activity. – Those dangers or conditions that are
 41 an integral part of an agritourism activity including certain hazards, including
 42 surface and subsurface conditions, natural conditions of land, vegetation, and
 43 waters, the behavior of wild or domestic animals, and ordinary dangers of
 44 structures or equipment ordinarily used in farming and ranching operations.
 45 Inherent risks of agritourism activity also include the potential of a participant
 46 to act in a negligent manner that may contribute to injury to the participant or
 47 others, including failing to follow instructions given by the agritourism
 48 professional or failing to exercise reasonable caution while engaging in the
 49 agritourism activity.
 50 (4) Participant. – Any person, other than the agritourism professional, who
 51 engages in an agritourism activity.

1 (5) Person. – An individual, fiduciary, firm, association, partnership, limited
2 liability company, corporation, unit of government, or any other group acting
3 as a unit."

4 **SECTION 20.(b)** G.S. 153A-340(b)(2a) reads as rewritten:

5 "(2a) A building or structure that is used for agritourism is a bona fide farm purpose
6 if the building or structure is located on a property that (i) is owned by a person
7 who holds a qualifying farmer sales tax exemption certificate from the
8 Department of Revenue pursuant to G.S. 105-164.13E(a) or (ii) is enrolled in
9 the present-use value program pursuant to G.S. 105-277.3. Failure to maintain
10 the requirements of this subsection for a period of three years after the date
11 the building or structure was originally classified as a bona fide purpose
12 pursuant to this subdivision shall subject the building or structure to applicable
13 zoning and development regulation ordinances adopted by a county pursuant
14 to subsection (a) of this section in effect on the date the property no longer
15 meets the requirements of this subsection. For purposes of this section,
16 "agritourism" means any activity carried out on a farm or ranch that allows
17 members of the general public, for recreational, entertainment, or educational
18 purposes, to view or enjoy rural activities, including farming, ranching,
19 historic, cultural, harvest-your-own activities, hunting, fishing, equestrian
20 activities, or natural activities and attractions. For purposes of this section,
21 "agritourism" also includes shooting sports in a county with a population of
22 fewer than 110,000 people according to the most recent decennial census. A
23 building or structure used for public or private events, including, but not
24 limited to, weddings, receptions, meetings, demonstrations of farm activities,
25 meals, and other events that are taking place on the farm because of its farm
26 or rural setting."

27 **SECTION 20.(c)** Article 6 of Chapter 153A of the General Statutes is amended by
28 adding a new section to read:

29 **"§ 153A-145.8. Limitations on regulation of catering by bona fide farms.**

30 Notwithstanding any other provision of law, no county may require a business located on a
31 property used for bona fide farm purposes, as provided in G.S. 153A-340(b), that provides
32 catering services on- and off-site from the bona fide farm property, to obtain a permit to provide
33 catering services within the county. This section shall not be construed to exempt the business
34 from any health and safety rules adopted by a local health department, the Department of Health
35 and Human Services, or the Commission for Public Health."

36 **SECTION 20.(d)** Article 8 of Chapter 160A of the General Statutes is amended by
37 adding a new section to read:

38 **"§ 160A-203.2. Limitations on regulation of catering by bona fide farms.**

39 Notwithstanding any other provision of law, no city may require a business located on a
40 property used for bona fide farm purposes, as provided in G.S. 153A-340(b), that provides
41 catering services on- and off-site from the bona fide farm property, to obtain a permit to provide
42 catering services within the city. This section shall not be construed to exempt the business from
43 any health and safety rules adopted by a local health department, the Department of Health and
44 Human Services, or the Commission for Public Health."

45
46 **ENACT THE NORTH CAROLINA SWEETPOTATO ACT FOR THE PROMOTION OF**
47 **NORTH CAROLINA SWEETPOTATOES**

48 **SECTION 21.** Chapter 106 of the General Statutes is amended by adding a new
49 Article to read:

50 "Article 87.

51 "North Carolina Sweetpotato Act.

1 **"§ 106-1065. Title.**

2 This Article shall be known and may be cited as the "North Carolina Sweetpotato Act of
3 2019."

4 **"§ 106-1066. Definitions.**

5 As used in this Article:

- 6 (1) "Commissioner" means the Commissioner of the Department of Agriculture
7 and Consumer Services.
8 (2) "Department" means the Department of Agriculture and Consumer Services.
9 (3) "Person" means an individual, partnership, corporation, association, or any
10 other legal entity.
11 (4) "North Carolina Sweetpotato Advisory Council" means the advisory council
12 established pursuant to G.S. 106-1070.

13 **"§ 106-1067. North Carolina sweetpotato brand.**

14 Only sweetpotatoes that are grown in the State of North Carolina may be identified, classified,
15 packaged, labeled, or otherwise designated for sale inside or outside the State as North Carolina
16 sweetpotatoes.

17 **"§ 106-1068. Powers of Commissioner to regulate and promote North Carolina**
18 **sweetpotatoes.**

19 (a) The Commissioner of Agriculture may take all actions necessary and appropriate to
20 create, register, license, promote, and protect a trademark for use on or in connection with the
21 sale or promotion of North Carolina sweetpotatoes and products containing North Carolina
22 sweetpotatoes. The Commissioner may impose and collect a reasonable royalty or license fee per
23 hundredweight of sweetpotatoes for the use of such trademark on products containing North
24 Carolina sweetpotatoes or the packaging containing such sweetpotato products. The
25 Commissioner shall determine the fee in consultation with representatives of the sweetpotato
26 industry and the Marketing Division of the Department of Agriculture and Consumer Services.
27 The Commissioner shall remit all royalties and license fees received from this Article, less any
28 costs associated with monitoring the use of the trademark, prohibiting the unlawful or
29 unauthorized use of the trademark, and enforcing rights in the trademark, to the North Carolina
30 SweetPotato Commission for the promotion of North Carolina sweetpotatoes.

31 (b) The Board of Agriculture may adopt rules that may include, but are not limited to,
32 quality standards, grades, packing, handling, labeling, and marketing practices for the marketing
33 of sweetpotatoes in this State, and such other rules as are necessary to administer this Article.
34 The Board of Agriculture may also adopt rules establishing a registration, inspection, and
35 verification program for the production and marketing of North Carolina sweetpotatoes in this
36 State. All North Carolina sweetpotatoes sold shall conform to the prescribed standards and grades
37 and shall be labeled accordingly.

38 (c) The Commissioner and the Commissioner's agents and employees may enter any
39 premises or other property where sweetpotatoes are produced, stored, sold, offered for sale,
40 packaged for sale, transported, or delivered to inspect the sweetpotatoes for the purpose of
41 enforcing the provisions of this Article and the rules adopted under this Article.

42 **"§ 106-1069. Standards for grades.**

43 The most recent standards for grades adopted by the United States Department of Agriculture,
44 Agricultural Marketing Service, United States Standards for Grades of Sweet Potatoes are
45 adopted by reference and shall be the standards for grades in this State, except that the
46 Commissioner may establish tolerances or allowable percentages of United States standards each
47 season upon the recommendation of the North Carolina Sweetpotato Advisory Council.

48 **"§ 106-1070. North Carolina Sweetpotato Advisory Council.**

49 The Commissioner shall appoint a North Carolina Sweetpotato Advisory Council, to consist
50 of individuals involved in growing, packing, or growing and packing North Carolina
51 sweetpotatoes; at least one sweetpotato processor; at least one sweetpotato retailer; at least one

1 county cooperative extension agent familiar with the production of North Carolina
 2 sweetpotatoes; and any other person or persons selected by the Commissioner, for the purpose
 3 of rendering advice upon his or her request regarding the exercise of the Commissioner's
 4 authority pursuant to G.S. 106-1068. Members of the North Carolina Sweetpotato Advisory
 5 Council shall receive no compensation for their service."

6
 7 **SOIL AND WATER CONSERVATION JOB APPROVAL AUTHORITY**

8 **SECTION 22.(a)** G.S. 89C-25 reads as rewritten:

9 **"§ 89C-25. Limitations on application of Chapter.**

10 This Chapter shall not prevent the following activities:

11 ...

- 12 (6) Practice by members of the Armed Forces of the United States; employees of
 13 the government of the United States while engaged in the practice of
 14 engineering or land surveying solely for the government on
 15 government-owned works and projects; or practice by those employees of the
 16 Natural Resources Conservation Service, county employees, ~~or~~ employees of
 17 the Soil and Water Conservation ~~Districts~~ Districts, or employees of the
 18 Division of Soil and Water Conservation of the Department of Agriculture
 19 and Consumer Services who have ~~federal~~ engineering job approval authority
 20 issued by the Natural Resources Conservation Service or the Soil and Water
 21 Conservation Commission that involves the planning, designing, or
 22 implementation of best management practices on agricultural ~~lands~~ lands, or
 23 for the planning, designing, or implementation of best management practices
 24 approved for cost-share funding pursuant to programs identified in
 25 G.S. 139-4(d)(9).

26"

27 **SECTION 22.(b)** G.S. 139-3 is amended by adding a new subdivision to read:

- 28 "(19) "Job approval authority" means the authority granted by the Commission to
 29 Soil and Water Conservation District staff or employees of the Division of
 30 Soil and Water Conservation of the Department of Agriculture and Consumer
 31 Services who have demonstrated the appropriate knowledge, skill, and ability
 32 to plan, design, and certify the installation of best management practices
 33 approved for cost-share funding pursuant to programs identified in
 34 G.S. 139-4(d)(9)."

35 **SECTION 22.(c)** G.S. 139-4 reads as rewritten:

36 **"§ 139-4. Powers and duties of Soil and Water Conservation Commission generally.**

37 (a) through (c) Repealed by Session Laws 1973, c. 1262, s. 38.

38 (d) In addition to the duties and powers hereinafter conferred upon the Soil and Water
 39 Conservation Commission, it shall have the following duties and powers:

40 ...

- 41 (14) To develop and implement a program for granting job approval authority to
 42 Soil and Water Conservation District staff and employees of the Division of
 43 Soil and Water Conservation of the Department of Agriculture and Consumer
 44 Services to plan, design, and certify the installation of best management
 45 practices approved for cost-share funding pursuant to programs identified in
 46 G.S. 139-4(d)(9).

47"

48
 49 **PRESENT-USE VALUE DISQUALIFICATION EVENT NOTIFICATION**

50 **SECTION 23.(a)** G.S. 105-277.4 reads as rewritten:

1 "§ 105-277.4. Agricultural, horticultural and forestland – Application; appraisal at use
2 value; notice and appeal; deferred taxes.

3 ...

4 (b1) Notice and Appeal. – If the assessor determines that the property loses its eligibility
5 for present-use value classification for a reason other than failure to file a timely application
6 required due to transfer of the land, the assessor shall provide written notice of the decision as
7 required by G.S. 105-296(i). The notice shall include the property's tax identification number,
8 the specific reason for the disqualification, and the date of the decision. Decisions of the assessor
9 regarding the qualification or appraisal of property under this section may be appealed to the
10 county board of equalization and review or, if that board is not in session, to the board of county
11 commissioners. An appeal must be made within 60 days after date of the written notice of the
12 decision of the assessor. If an owner submits additional information to the assessor pursuant to
13 G.S. 105-296(j), the appeal must be made within 60 days after the assessor's decision based on
14 the additional information. Decisions of the county board may be appealed to the Property Tax
15 Commission.

16 A new appeal to a decision of the assessor regarding the disqualification of property for which
17 notice was received is not required to be submitted for subsequent tax years while the appeal of
18 that disqualifying event is outstanding. When a property's present-use value classification is
19 reinstated upon appeal of the disqualifying event, it is reinstated retroactive to the date the
20 classification was revoked, as provided under G.S. 105-296(j).

21 If, while an assessor's decision that a property has lost its eligibility for present-use value
22 classification is under appeal to the county board or to the Property Tax Commission, the assessor
23 determines that the property is no longer eligible for present-use value classification because of
24 an additional disqualifying event independent of the one that is the basis of the disqualification
25 under appeal, the assessor shall follow the notice and appeal procedure set forth in this subsection
26 with regard to the subsequent disqualification.

27"

28 **SECTION 23.(b)** This section is effective when it becomes law.

30 CHANGE NAME OF FOOD PROCESSING INNOVATION CENTER COMMITTEE

31 **SECTION 24.(a)** Section 10.24(a) of S.L. 2017-57 reads as rewritten:

32 "**SECTION 10.24.(a)** There is created the ~~Food Processing Innovation Center~~ North
33 Carolina Food Innovation Lab Committee (Committee), which shall be located administratively
34 in the Department of Agriculture and Consumer Services. The Committee shall consist of 14
35 members, including:

36"

37 **SECTION 24.(b)** Section 10.24(h) of S.L. 2017-57 reads as rewritten:

38 "**SECTION 10.24.(h)** This section expires January 1, ~~2025~~ 2020."

40 SOIL AND WATER CONSERVATION CONFIDENTIALITY CHANGE

41 **SECTION 25.(a)** Article 1 of Chapter 139 of the General Statutes is amended by
42 adding a new section to read:

43 "**§ 139-8.2. Certain information confidential.**

44 (a) All information that is collected by soil and water conservation districts from farm
45 owners, animal owners, agricultural producers or owners of agricultural land that is confidential
46 under federal or State law shall be held confidential by the soil and water conservation districts,
47 including:

48 (1) Information provided by an agricultural producer or owner of agricultural land
49 concerning the agricultural operation, farming or conservation practices, or
50 the land itself, in order to participate in soil and water conservation programs.

(2) Geospatial information otherwise maintained by the district about agricultural lands or operations for which information described in subdivision (1) of this subsection is provided.

(b) This section shall not include applications for cost-share assistance and associated contract documents that require the approval of the soil and water conservation district or the Soil and Water Conservation Commission."

SECTION 25.(b) This section becomes effective October 1, 2019.

CLARIFY PERMITTING FOR CERTAIN SWINE FARM MODIFICATIONS

SECTION 27. G.S. 143-215.10I reads as rewritten:

"§ 143-215.10I. Performance standards for animal waste management systems that serve swine farms; lagoon and sprayfield systems prohibited.

(a) As used in this section:

(1) "Anaerobic lagoon" means a lagoon that treats waste by converting it into carbon dioxide, methane, ammonia, and other gaseous compounds; organic acids; and cell tissue through an anaerobic process.

(2) "Anaerobic process" means a biological treatment process that occurs in the absence of dissolved oxygen.

(3) "Lagoon" has the same meaning as in G.S. 106-802.

(4) "Swine farm" has the same meaning as in G.S. 106-802.

(b) The Commission shall not issue or modify a permit to authorize the construction, operation, or expansion of an animal waste management system that serves a swine farm that employs an anaerobic lagoon as the primary method of treatment and land application of waste by means of a sprayfield as the primary method of waste disposal. ~~The Commission may issue a permit for the construction, operation, or expansion of an animal waste management system that serves a swine farm under this Article only if the Commission determines that the animal waste management system will meet or exceed all of the following performance standards: disposal unless:~~

(1) The permitting action does not result in an increase in the permitted capacity of the swine farm, as measured by the annual steady state live weight capacity of the swine farm; or

(2) The Commission determines that the animal waste management system will meet or exceed all of the following performance standards:

~~(1)~~a. Eliminate the discharge of animal waste to surface water and groundwater through direct discharge, seepage, or runoff.

~~(2)~~b. Substantially eliminate atmospheric emission of ammonia.

~~(3)~~c. Substantially eliminate the emission of odor that is detectable beyond the boundaries of the parcel or tract of land on which the swine farm is located.

~~(4)~~d. Substantially eliminate the release of disease-transmitting vectors and airborne pathogens.

~~(5)~~e. Substantially eliminate nutrient and heavy metal contamination of soil and groundwater."

PREVENT GRANT FUNDING DUPLICATION

SECTION 28.(a) G.S. 143-215.71 reads as rewritten:

"§ 143-215.71. Purposes for which grants may be requested.

(a) Applications for grants may be made for the nonfederal share of water resources development projects for the following purposes in amounts not to exceed the percentage of the nonfederal costs indicated:

...

1 (8) Projects that are part of the Environmental Quality Incentives Program – one
2 hundred percent (100%).

3 (b) Notwithstanding subdivision (8) of subsection (a) of this section, projects that are part
4 of the Environmental Quality Incentives Program are ineligible for funding under this Part if they
5 receive funding from the Clean Water Management Trust Fund established in
6 G.S. 143B-135.234."

7 **SECTION 28.(b)** G.S. 143B-135.238(d) reads as rewritten:

8 "(d) Restriction. – No grant shall be awarded under this Part for any of the following
9 purposes:

10 (1) ~~to~~ To satisfy compensatory mitigation requirements under 33 USC § 1344 or
11 G.S. 143-214.11.

12 (2) To any project receiving State funds authorized by G.S. 143-215.71 for the
13 nonfederal share of a grant under the Environmental Quality Incentives
14 Program."

15 **SECTION 28.(c)** The Department of Environmental Quality and the Department of
16 Natural and Cultural Resources shall jointly report to the Joint Legislative Oversight Committee
17 on Agriculture and Natural and Economic Resources no later than September 30, 2019, regarding
18 funding overlaps between water resources development grant funding and Clean Water
19 Management Trust Fund grants for Environmental Quality Incentives Program funding for the
20 Western Stream Initiative and the efforts of both Departments to improve administration of State
21 grants for that program.

22 **IMPROVE PERFORMANCE MANAGEMENT OF STATE GRANT FUNDS**

23 **SECTION 29.(a)** The Department of Environmental Quality shall develop
24 performance management procedures for projects funded as part of the Western Stream Initiative.
25 These procedures shall include, at a minimum, the collection and reporting of the following
26 measures for all projects receiving grant funding:
27

28 (1) Time to issue and act upon grant applications.

29 (2) Time to process requests for payment.

30 (3) Cost per grant administered.

31 (4) Number of applicants reviewed, approved, and denied.

32 (5) Number of grants administered.

33 (6) Total grant dollars administered.

34 (7) Total project cost for each project, including all funding sources, broken out
35 into the following categories:

36 a. Permitting cost.

37 b. Site assessment, design, and engineering.

38 c. Management and engineering.

39 (8) Total linear feet of stream restored in each year.

40 (9) Cost per linear foot of restored stream.

41 (10) Reduction in sediment loading achieved.

42 **SECTION 29.(b)** The Department of Natural and Cultural Resources shall provide
43 to the Department of Environmental Quality all of the measures set forth in subsection (a) of this
44 section that are relevant to funding for the Western Stream Initiative provided by the Clean Water
45 Management Trust Fund.

46 **SECTION 29.(c)** G.S. 143-215.72(d) is amended by adding a new subdivision to
47 read:

48 "(3) The Department shall annually report no later than November 1 to the Joint
49 Legislative Oversight Committee on Agriculture and Natural and Economic
50 Resources and the Fiscal Research Division regarding grants for projects
51 funded through the Western Stream Initiative. The report shall include

1 measures of grant administration and grant implementation efficiency and
2 effectiveness. For purposes of this subdivision, the "Western Stream
3 Initiative" refers to the portion of federal Environmental Quality Incentives
4 Program funding provided to the Western North Carolina Stream Initiative for
5 the counties of Alexander, Alleghany, Ashe, Avery, Buncombe, Burke,
6 Caldwell, Catawba, Cherokee, Clay, Cleveland, Graham, Haywood,
7 Henderson, Iredell, Jackson, Lincoln, Macon, Madison, McDowell, Mitchell,
8 Polk, Rutherford, Stokes, Surry, Swain, Transylvania, Watauga, Wilkes,
9 Yadkin, and Yancey."

10
11 **SEVERABILITY CLAUSE AND EFFECTIVE DATE**

12 **SECTION 31.(a)** If any provision of this act or the application thereof to any person
13 or circumstances is held invalid, such invalidity shall not affect other provisions or applications
14 of this act that can be given effect without the invalid provision or application, and, to this end,
15 the provisions of this act are declared to be severable.

16 **SECTION 31.(b)** Except as otherwise provided, this act is effective when it becomes
17 law.