



Steve Troxler
Commissioner

**North Carolina Department of Agriculture
and Consumer Services**
Legal Affairs

Tina L. Hlabse
General Counsel

To: Members of the Joint Legislative Commission on Governmental Operations

From: North Carolina Department of Agriculture and Consumer Services/NC Industrial Hemp Commission

Date: February 24 2017

Subject: Report to Gov Ops

Pursuant to G.S. 12-3.1, the North Carolina Department of Agriculture and Consumer Services is reporting to the Joint Legislative Commission on Governmental Operations for an Industrial Hemp Commission Rule, 02 NCAC 62 .0106, establishing fees for licenses to grow industrial hemp.

Background

S.L. 2015-299 and S.L. 2016-93 created the Industrial Hemp Commission and gave the Commission the authority to adopt temporary rules to implement the Industrial Hemp Pilot Program. Section 3 of S.L. 2016-93 states:

(3) To support the Commission's activities, and to reimburse the Department for expenses associated with the issuance of cultivation licenses under subdivision (2) of this section, the Commission may charge the following fees:

- a. An initial, graduated license fee, to be paid by each cultivator, based upon the number of acres proposed for cultivation of industrial hemp, to exceed ten thousand dollars (\$10,000), with incentive provisions to encourage the participation of small acreage farmers.**
- b. An annual fee that is the sum of two hundred fifty dollars (\$250.00) and two dollars (\$2.00) per acre of industrial hemp cultivated.**

In setting fees under this subdivision, the Commission may create fair and reasonable licensing preferences for license applicants from North Carolina counties that have been recognized as economically depressed or disadvantaged. The Department shall collect and manage all fees charged by the Commission and shall remit all funds collected under this sub division to the Commission at least monthly. The Department may retain its actual expenses associated with the issuance of cultivation licenses from the amount to be remitted to the Commission.

Explanation

The temporary rule, 02 NCAC 62 .0106 establishes the fees in accordance with the legislation.