

**North Carolina Industrial Hemp Commission**

**MINUTES**

**December 1, 2016**

**10:00 AM**

**Agronomics Building, 4300 Reedy Creek Road, Conference Room  
Raleigh, NC**

<b>Commission attendees</b>	<b>Other official attendees</b>
<b>Chief Tony Godwin</b>	<b>Jon Lanier, NCDA&amp;CS</b>
<b>Billy McLawhorn</b>	<b>Ann Brown, NCDOJ</b>
<b>Tom Melton, PhD</b>	<b>Lori Pfister, Research Stations Division</b>
<b>Sheriff Sam Page</b>	
<b>Fen Rascoe</b>	
<b>Pat Short</b>	
<b>Sandy Stewart, PhD</b>	
<b>Guochen Yang, PhD</b>	
<b>Guy Carpenter</b>	

Call to Order – *Dr. Tom Melton, Chair*

Statement Concerning Conflicts of Interest – *Dr. Tom Melton, Chair*

“Under the State Government Ethics Act, the chairman is required to remind all members of their duty to avoid conflicts of interest or appearances of conflicts of interest. If you have any conflict or appearance of conflict of interest with respect to any item on the agenda, please state this for the record and refrain from inappropriate participation on that item.”

Recognition of Special Guests – *Dr. Tom Melton, Chair*

- Acknowledges the size of the public and our drive to get a larger room
- Vernon Cox, Plant Industries

Opening Statement – *Dr. Tom Melton, Chair*

- Gratitude to the commission to attend
- Working meeting to work on this agenda
- No public comment necessary

Recognition of Minutes – *Dr. Tom Melton, Chair*

- Submitted regarding previous meeting, need any corrections?
- Approval of the Minutes from the November Meeting?

**Industrial Hemp Commission**

**Dr. Tom Melton, Chair**

**Dr. Sandy Stewart, Vice-Chair**

**Guy Carpenter Chief Tony Godwin Billy McLawhorn**

**Sheriff Sam Page Fen Rascoe Pat Short Dr. Guochen Yang**



6. Identifying the right lab. The seed, the bud, the crop tested? THC level, the seed? The seed head?
7. **Carpenter** - The element of potential illegal activity. Or is it about identifying of this variety? **Stewart** – think it’s the latter. **Melton** – this is if it above .3% THC, because then it is no longer industrial hemp and falls outside of the law.
8. **Godwin** – from a process standpoint, the sample is collected. Will the crop not be able to harvest until the testing is confirmed? **Stewart** – that’s what we need to address. **Carpenter** – discusses the timeline considerations. In the apparel industry there’s like 4 regulations and no laws. Until there’s an offense of gravity, it doesn’t become an issue. I just don’t want to overburden us and the state with a lot of laws and regulations that in fact aren’t done around the world. Not to discourage being careful, setting an example and becoming a leader nationwide. Hoping that law enforcement can help us not create more than necessary. **Melton** – I don’t’ think anyone here is trying to do that. Our goal is to what we need to do as we’ve been asked to do with the law. We don’t want to get anyone in trouble. Glad we can talk about this and I’m glad you are on this commission.
9. **Stewart** – Chief Godwin, let me try to paraphrase your original concern. If you have a THC test that is above .3% what do you with that? How do you pull that back out of the trade? **Godwin** - How do you destroy a product that’s already gone to market? How do we follow the rest of the rules if it goes above that percent? **Stewart** – Not getting into the fiber part, if we’re talking about seed production or CBD, an option is that crop may not be considered until we tackle after we have an accredited laboratory. **Rascoe** – there would have to be some protection for the farmer though. If that test comes back and it’s not good within the regulatory end they’d have to clean it and store. They’d be in it big time financially. **Yang**- What is our time to test for THC? Important for the farmer to know the time. If we could give them, like three weeks, and if they don’t have the results back, what could we be able to say? What’s the reasonable turnaround time on the testing? To be able to give the farmer the results? Could be stipulate the timeline to the farmer? Maybe we could get that in a contract with the lab. **Carpenter** – field testing kits?
10. **Melton** – tries to summarize the many different opinions on the sampling and testing. How do we want to proceed? **Godwin** – yes there is a definite concern that there needs to be some assurance that there is no THC in the field. As far as the product you wouldn’t want there to be THC found in the Industrial hemp product anyway, right? **Melton** – if we know where the seed comes from? If its certified, do we need to sample? Is that one of the questions we’re considering? **Carpenter** – if we know where the seed is coming from,... **Rascoe**- there is existing law there’s no need to compound law on top of law is there? **Godwin** – from a law enforcement perspective to go in and test whether it is legal or not we’d have to require search warrants and such. We cannot just go in and test. What would be required to go in and test is pretty difficult. **Melton** – that’s what

Industrial Hemp Commission

Dr. Tom Melton, Chair

Dr. Sandy Stewart, Vice-Chair

Guy Carpenter Chief Tony Godwin Billy McLawhorn

Sheriff Sam Page Fen Rascoe Pat Short Dr. Guochen Yang

we may need to do is write it in simple terms. **Carpenter** – there is a field test on the market. We will consult the legal staff. **Stewart** – the statute binds us as a commission to establish the rules for testing methods and protocols. I don't see us having a program with integrity without testing. Plus, we rebound by statute. **Rascoe**- we're going to need immediate lab results. We can't ignore the time constraint for the farmer. Waiting on lab results is not going to be good. We're going to need assurance that they aren't waiting on results. Lanier – at what point, what's the length of time, during the harvest will the farmer not have to lose money? When does the secondary phase begin that the testing could be done? **Rascoe**- it depends on the crop. Lanier- I'm trying to figure what's the latest that crop can still be harvested? I'm thinking of the logistical issue. We need to satisfy what we've been mandated to accomplish. **Melton** – maybe we could establish the testing rules for the first year and then the rules are temporary and we could change them or eliminate them later. Let's move on for now.

11. **Carpenter** - Can farmers import their own certified seed? **Melton** - DEA certified. **Cox** – his understanding that the growers identify the source of seed they want to produce. It has to be a certified seed source. It would be imported to the holder of the import permit from the DEA; in this case the DAG. **Carpenter** – will you assist farmers that want to get seed that is not on a list of providers. **Melton** - Vernon? **Cox** – we aren't providing any sources, that's up to the growing – to his knowledge. As long as it meets the criteria of established. Having just heard from DEA yesterday, we are setting up what we'll do. He believes what the DEA wants to see is the seed come into a central storage facility to be distributed to the farmer.
12. **Melton** – (reading the rules) permits shall be valid for 12 months after issue. **Rascoe** – I've got a problem with that. From the stand point of the farmer, standard leases are three years. Investment, equipment, permits, ..if the permit is only year to year it may deter a number of farmers. **McLawhorn** – agrees. A lot of good reasons to have it more than one year. The permit holder is just getting growing, committed, educating themselves of any kind. **Rascoe** – we're putting the burden on the farmer to be responsible for volunteers for three years but letting them have a permit for three years. **Melton** – points out aspect of research program. The people will have to comply with stipulations within a research program. If we did three years, the permit would have to be eligible to be pulled if they don't hold the research stipulations. We'd have to be able to pull it. Can we put it in that the rules? **Carpenter** – why not make it that they cannot buy any more seed? **Melton** - Vernon? **Cox**- In our division's experience a majority of permit holders are for only one year. It is a small operation that gets an exception for a longer permit or license. **Melton** – does legal know processes for pulling permits? **Brown** – have to look into that. **McLawhorn** – I think we need to see what can be done to be less onerous on the grower. Good production comes from repetitive growing. **Yang** – Supports that. Support the

Industrial Hemp Commission

Dr. Tom Melton, Chair

Dr. Sandy Stewart, Vice-Chair

Guy Carpenter Chief Tony Godwin Billy McLawhorn

Sheriff Sam Page Fen Rascoe Pat Short Dr. Guochen Yang

longer timeline, maybe three years. There can be legal language for the circumstance that automatically firmly revokes. **Melton** – take a raise of hands to quickly poll if anyone agrees. Changes in rules take place. **Stewart** – permits for more than one year the annual fees for life of the permit be paid up front. The grower has to have some incentive to follow the rules and participate. Short- the farmers shouldn't have a problem with that.

13. **McLawhorn** – will the permit define the number of acres? Can that go year to year without flexibility on that? **Stewart** – that's a good question. The annual acreage fee would have to be paid on an annual basis. **Melton** – how much flexibility? **Stewart** – comparison to cotton acres for the fee. **Melton** – the research program would probably stay consistent as an advantage for data collection.
14. **Godwin** – it's a relatively minor point, I do question whether or not we should address update requirement. Annually or as they change in the wording. Even for the last year of their permit if their still responsible for volunteer eradication we need to be able to hold them accountable. For the commission, for law enforcement purposes, if there's a problem we need to know who isn't doing it.
15. **Short** – so, citizens who file schedule F? **Stewart** – that's part of what Soil & Water uses, but entirely. **Melton** – do we like the idea of requiring that the permit holder be a farmer? **Carpenter** – Would those that grow artisan fibers be considered a legitimate farmer? **Stewart** – asks Jon Lanier if he recalls the criteria. **Lanier** – there's a number of different, and it doesn't mean that you aren't a bona fide farmer if you don't meet them. In general statute 106581.1 about five FSA number schedule F for farmers. **Stewart** – sales tax exemption is one of them. **Lanier** – there are other criteria that may make you eligible for present use. These are all thresholds that may make for a bona fide farm.
16. **Melton** - a small hobbyist operation could be left out of the pilot program, but as stated these are temporary rules and they can be looked at again next year if that's correct? **Brown** – It's in due course. I'll have to check the timeframe. They are very set.
17. **Stewart**- Our statute in NC covers the cultivation of industrial hemp but it falls short of permitting processors. The statute does task the IHC with processors reporting to the IHC. There's not a way to license processors, but to report what they do. **Melton** – do we have the authority to register processors? **Carpenter**- the results processed can be mixed with other fibers, foods, etc. that's going to make it hard to regulate. **Stewart** – reads from statute: in the powers and duties, #5,... to the growers and processors.

- Discussion and finalization of proposed position description for Program Manager of NC Industrial Hemp Program
  - The Commissioner mentioned this position at the first meeting.

Industrial Hemp Commission

Dr. Tom Melton, Chair

Dr. Sandy Stewart, Vice-Chair

Guy Carpenter Chief Tony Godwin Billy McLawhorn

Sheriff Sam Page Fen Rascoe Pat Short Dr. Guochen Yang

