

North Carolina Industrial Hemp Commission

MINUTES

July 28, 2017 10:00 AM

Martin Building, NC State Fairgrounds
Raleigh, NC

Table with 2 columns: Commission attendees, Other official attendees. Lists names like Guy Carpenter, Chief Tony Godwin, Billy McLawhorn, Tom Melton, PhD, Sheriff Sam Page, Fen Rascoe, Pat Short, Sandy Stewart, PhD, Guochen Yang, Phil Wilson, Tina Hlabse, Anne Brown, Lori Pfister.

Call to Order – Dr. Tom Melton, Chair

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

Recognition of Special Guests – Dr. Tom Melton, Chair

- Dr. Melton - asks if Phil Wilson, Division Director for Plant Industry Division for NCDA, is present that he could offer an update. Wilson – As of today, there are 99 licensed growers of Industrial Hemp in NC, of those approximately 1800 acres are field grown material. In addition to that we have 133,000 square feet of green house space that growers are producing industrial hemp.

Opening Statement – Dr. Tom Melton, Chair

Approval of Minutes from June 26, 2017 meeting – Dr. Tom Melton, Chair

- Melton calls for a motion to approve the minutes from the June 26th meeting? Godwin makes the motion, Carpenter seconds it. Unanimous vote.

Order of Business

To review and approve research pilot program applications.

- Melton – Begins the review of application explaining the materials submitted with their application packets. One application has a tax document with it, Roland Ransom. He wants to set that application aside to review after the review of the remaining group.
• Melton - reads the applicants in the first group: Kellie Jo Falk, Angela Rose Post pointing out this one is a research-only, Lina Quesada this one is a research-only as both are faculty at NC State, Jeffery Jack Darnell, Gary Hall Sikes, Jeffrey Robert Griffin, Derrick Maurice Johnson, Edward Merrion Brown III. Melton Call for questions or discussion, none. He calls for a motion: Carpenter makes the motion to approve. McLawhorn seconds. Vote: Unanimous, including Sherriff Page on telephone.
• Melton - makes a statement as to the review of the application for the Roland Everitt Ransom application and its tax document not fulfilling the requirement for a farm income in the previous year. Since there is zero farm income reported here technically it does not meet that rule. Carpenter – Would not requesting an income statement refer to profit or loss? Melton – the rule reads that there needs to be farm income and there is no farm income on here. Carpenter – this is a question for legal, so income has to mean a profit? Brown – from my review of the application there is no anything for income. Melton – there is no gross income. It

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is not about profit or loss, there is no income. **Rascoe** - no farm income. No expenses for fertilizer, lime, seed or anything. **Melton** – lists some of the expense listed. **Rascoe** – points out that applicants could not grow hemp last year because of the restrictions of the law. **Yang** – this was for 2016 and the principle crop is Industrial Hemp? That is confusing, no? **Melton** – agrees. Calls for motion to approve or deny, or requests any further discussion. *Carpenter states since the application is not correct makes the motion for a denial of the application. Rascoe seconds. Unanimous vote, including Page.*

#### Consideration of resolution concerning NC hemp products

- Discussion within commission about what some of the latest edits were on the document versions provided. Technical, legal wording adjustments were made.
- Marshall Hurley, an attorney from Greensboro, NC with Founder’s Hemp is invited to address the Commission regarding the Resolution. Mr. Hurley used the tomato as a reference of the controversial history of the tomato as it relates to the issue before the commission with industrial hemp. He promotes the idea of spreading the truth and education. He would like to clarify this resolution before the commission. This brief and straight forward resolution is meant to provide truth and education. What the resolution does not do is offer legal advice. It specifically directs folks to go get answers if they have legal questions. The resolution describes the changes made by Congress, and the resulting changes made by the NC General Assembly. If this resolution is adopted it will proved education and clarity to farmers, processors, retailers, professionals, and consumers. He refers to the final portion of the resolution. This gives guidance about sales and purchases of product within the pilot program. Restates that telling the truth is our job and educating is our job. The result will be a strong healthy new industry for our state that will help farmers and consumers to help grow a new industry to enrich many lives in many ways. This resolution will advance this industry in a positive direction and he urges its adoption.
- **Stewart** – opens the discussion by stating that he supports this resolution and thinks it is appropriate. Offers the suggested change on the final page: change the wording of the “finds and concludes as follows:...” to the wording “finds and supports as follows:...”. Stewart makes the motion to change that wording. **Melton**- calls for further discussion.
- **Carpenter** – examining the line item number two on the last page makes the suggestion to insert the wording of “and international” after the wording “out of state”. Further tweaking to make the paragraph correct is mentioned and Lori states it will get cleaned up. **Carpenter** – brings up definition of the term propagules. **Melton** – It can mean seed, but it usually refers to the cutting off of a plant, or a transplant. **Yang** – any living part of the plant that can be used. **Melton** – a root, a cut of a side stem off a root that. Anything that propagates the plant. **Carpenter** – any part of the plant? **Melton** – any part that could reproduce the plant.
- **Melton** – asks Dr. Stewart if he would accept all those changes into his motion for a change to this document. *Stewart agrees. Melton calls for a second. Rascoe seconds the motion.* **Godwin** – requests the clarification if the motion is for changes or to accept the resolution. **Stewart** – it was a motion to accept the changes and the resolution. **Godwin** – does have question then. His question pertains to the potential changes in the rules and how it might affect this resolution. The rules requires the licensee be a bona fide farmer, if that is changed will it impact this resolution? **Melton** – if we change the rule that the applicant does not have to be a bona fide farmer to be a licensed farmer than this resolution would include them with the wording as such. Godwin is contented. **Carpenter** – is it necessary to include processors who have added value to the product. There are processors who are processing for CBD, seed for food and also fiber. They will be possessing, buying and selling what is industrial hemp. Melton

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– processors is included in the beginning, but is not at the end here as pointed. We could include the processors in here, they are registered under the program and operating under the program. The retailers and wholesale are not operating under the program because we don't register or license them in any way. **Carpenter** – it encourages investment with those value-added levels to know there is some support. **Stewart** – adds this wording to his motion. **Melton** – any objections? *Calls for a confirmation of the second to still hold. Rascoe agrees. Vote is unanimous, including Page.*

#### Update on Program Manager position

- The search committee has selected an individual to be the Program Manager. The paperwork has all been submitted to the University, hopefully the opportunity to make the offer to the individual will happen soon. The search committee is extremely excited about this person. We want this to be the Industrial Hemp program in the country and we hope this person will help us with that.

#### Suggested changes for permanent rules.

- **Melton** – clarifies for the commission that the program has been operating under temporary rules since March and since they are temporary the commission needs to make permanent ones. Suggestion is to take the temporary rules, make the edits and changes and develop the permanent rules. Appreciates how much of it has worked well. Refers to the hand out that begins an outline to some of the observed rules that need to be addressed and possibly changed. Inquires if there are suggestions of rules for changes that are not on this list of suggestions.
- **Rascoe** – has a possible rule to suggest. It can be discussed today or can be contemplated for the next meeting. Along the lines of wanting this Industrial Hemp program to be the best in the US, whereas NY state gave 10 million dollars to fund their hemp program. In North Carolina, as he understands it, most of the funds have been from private funds, and most of the people that funded it have applied for licenses. Those that gave money weren't expecting anything, but feels like we need to consider if the state can't out right fund the commission in the meantime the people that gave their funds should be waived their fees up to the amount of money that they put in. **Melton** – will add it to the list of changes to the rules to discuss.
- **McLawhorn** – as we address these are we going to address only major changes, or even minor things that might need changed? **Melton** – states the commission will review the ones listed on the document now and will consider more later, and that the commission will review and address every major or minor issue that needs to be considered. **McLawhorn** – certainly the handling of samples, consultants, or anyone working on behalf of bona ide growers need to be covered. Melton – that is part of what we have here to discuss, as well as service people, extension representatives, NCDA and university employees.
- **Melton** – calls to begin the review of the rules by examining a list of suggested rules to review as a way to begin the review. Sandy prepared this document for the commission to review: reference to document Suggested Changes for Permanent Rules. The way this is structured is a rule with a possible issue and a suggested solution.
- **Melton** – the first rule to examine is the Handling of Samples and Plant Material. On the document is says by NCDA&CS and University Employees, but we should include growers as well. He reads and reviews the current rules and the listed issues. We need to provide some relief to the service industry that cod handle these products. Couple things to consider, does the IHC support this and are there legal issues around this. **McLawhorn** – this is critical; the service providers, handling of samples. **Carpenter** – proposes the complexity of Fedex workers etc. It is the permission of the product, beyond employees what if it is being mailed. **Melton** –

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we may need some legal help with this. **Brown** – she will look at it. **Melton** – suggest employees and contracted service providers. **Carpenter** – why name people, why not label the specific hemp as legal? **Melton** – anyone else offer input on that? **Stewart** – there are intents to have this crop and its regulated. Perhaps the law enforcement can give their input? **Godwin** - appreciates the intent of the blanket handling, but how would we track what was legitimate versus something grown in a stray basement. **Yang** – recommends the wording specify the employee of the licensee. **Stewart** - maybe there is a way to use the appropriate wording that would lend the providers to establish protocols to require documentation. Something to document: Who you are, what you have and why you have it? **Carpenter** – reluctant to create web of control to who can touch it hold it carry it. It's just hemp. **Melton** – look to get legal suggestion of what parameters the commission has. **Stewart** – we have a need to simply the normal functions that need to take pace, while not driving the law enforcement crazy. Let's work on that and communicate with the law enforcement and legal partners to develop the suggestion for the next meeting.

- **Melton** – the possibility to establish an affiliate system instead of individual growers licensed at the universities. **Yang** – agrees to create an umbrella or an affiliate designation. Especially with the possibility of the state contributing funds we would want the university members to be able to handle this. **Rascoe** – agrees he'd like to see us move toward the state funding this research, as he sees other states doing that. **Carpenter** – wants to clarify that the commission is over the growing of the industrial hemp and that the processors and study of hemp already exists in NC. There is fiber research already in NC that is successful. They are selling the hemp seeds in Walmart. We aren't trying to cover that too, are we? There are culinary institutions that want to include this product. Wants to make sure we are making it work better and not create more layers and levels. Wants to make sure we can encourage people to be able to do something with once it grows. We should be helping them develop the industry not inhibit it. **Page** – there is a concern for where the license is, where they are growing, and the law enforcement want to know where it is.

Information for publication of licensees' data online.

- Other Business

#### Adjourn

*Rascoe makes motion to adjourn. McLawhorn seconds. Vote is unanimous.*

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