



February 28, 2023

Education, Energy, and Environment Committee

Senator Brian J. Feldman, Chair

Senator Cheryl C. Kagan, Vice Chair

Subject: Favorable with Amendments - S.B. 0508 Hemp Farming Program

Dear Chair Feldman, Vice Chair Kagan, and Members of the Committee,

My name is Levi Sellers. I hold a seat on the MD Ag. Commission as a representative of the hemp industry, I am President of the Maryland Hemp Coalition and also an owner/operator of my family's farm South Mountain MicroFARM, a state licensed hemp farm located just outside the town of Boonsboro in Washington County. I am writing in favor of SB508 as amended and urge a favorable report.

SB0508 as written only supports a small portion of the hemp industry, but with the amendments attached to this letter it would support and is supported by all aspects of the hemp industry. The amendments will encourage individuals to explore different uses for hemp as a federally recognized agricultural commodity and provide more cost-effective forms of remediation for hemp farmers, allowing hemp farmers the ability to produce a profitable crop without the risk of severe financial loss through current remediation guidelines.

Hemp is a multifaceted agricultural crop that holds great potential for improving many critical aspects of the Maryland economy. Although its full potential is not currently utilized, hemp is providing greater opportunities to the vast agricultural community in Maryland, as well as the diverse community of small-business owners and entrepreneurs. Given Maryland's position within the Mid-Atlantic region, the network of interstate highways with access to most of the country within a 24 hour drive, strong agricultural foundation, and the close proximity to a national port, Marylanders have a unique opportunity to lead the national hemp industry.

In 2020, there were 100 licensed hemp producers in the state of Maryland with 1243 acres of outdoor production and 582,996 sq. ft of indoor greenhouse space registered, according to data received from the MDA. By the end of the 2022 growing season there were only 44 active licensed hemp producers in MD with 33.78 acres of outdoor production and 34,495 sq. ft of indoor greenhouse space registered. That equates to a 56% decrease in MD licensed hemp producers and approximately a 97.2% decrease in acres of outdoor production and a 94% decrease in sq. ft of indoor greenhouse production.

It has been stated that this decline is directly related to more restrictive state hemp regulations than other parts of the country. The Maryland Hemp Coalition has been working with the Maryland

Department of Agriculture in collaboration with the USDA to improve these regulations, but it has been brought to our attention that some of these issues must be addressed legislatively.

As amended, SB0508 addresses some of these issues by creating three hemp licenses to be managed by the Department of Agriculture: a producer license that allows a person to plant, cultivate, grow, harvest and dry hemp; a research license that allows a person to explore medical and public health benefits of hemp; and an industrial license that allows a person to utilize hemp as an agricultural crop for grain, fiber content, and bio-products. To receive an industrial license, a licensee must sign a declaration that they will not harvest or sell their product for consumption. This will encourage individuals to explore different uses for hemp as a federally recognized agricultural commodity.

Hemp products can only be created if hemp farmers are able to sell their product. Current law defines Hemp as the plant *Cannabis Sativa L.*, and any part of that plant, with a Delta-9 THC concentration below 0.3%. Before a producer can sell their hemp product, they must ensure that the THC concentration is below 0.3%. Often, it is difficult for hemp farmers to guarantee their product will be below 0.3% when it is harvested.

If a farmer harvests hemp that is above 0.3%, current remediation options are costly for farmers and do not reflect best practices. First, non-compliant hemp can be remediated by separating and destroying non-compliant flowers from the stalks, leaves, and seeds. Second, non-compliant hemp can be remediated through shredding the entire plant and creating what is called "biomass." This biomass may be sold if the THC concentration level is below 0.3%. If neither of these options are viable, which research by the University of Maryland in collaboration with the Maryland Department of Agriculture proved them unsuccessful, the farmer must burn or otherwise destroy their entire field. These remediation tactics can often result in severe financial losses for hemp farmers whose products is too degraded to sell due to the remediation process.

As amended, SB0508 would allow hemp farmers to take their non-compliant hemp to a registered facility which will allow them to bring their hemp below 0.3% without destroying or otherwise degrading their product. Alternative remediation processes have been used in states like North Dakota, Montana, Kansas, Kentucky, Indiana, and Tennessee to help farmers avoid severe financial loss.

SB0508 as amended takes a commonsense approach to increase the availability and adaptability of hemp while also protecting farmers who work diligently to produce and cultivate federally compliant hemp. I have attached, to this letter, amendments to address these issues in a way that is supportive of all aspects of the Maryland Hemp Industry. Promoting the Maryland Hemp Industry in this way can serve as a model for the rest of the country and place Maryland as a leader of the national hemp industry.

For these reasons I urge a favorable report of SB0508 with amendments, as laid out in the attached document. Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Matthew W. Sellers". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Matthew W. "Levi" Sellers

Hemp Industry Amendments to SB0508

Below are the amendments that the hemp industry is requesting to be added to the language of SB508. Amendments have been included to streamline and simplify certain aspects of the bill upon the requests by the MD Farm Bureau, Maryland Hemp Coalition, and the Maryland Healthy Alternatives Association.

Additions and Amendments to Hemp Industry Bill-SB0508

14-301.

- AMEND Page 3, lines 20-21: **(II) ACIDIC FORMS OF CANNABINOIDS EXTRACTED PROCESSED IN A COMMERCIAL KITCHEN FROM THE PLANT CANNABIS SATIVA L., INCLUDING:**
- ADD Page 3, below line 23:
 - (III) HEMP-DERIVED FIBER, GRAIN, OR TOPICAL PRODUCTS;**
 - (IV) HEMP-DERIVED FEED PRODUCTS; AND**
 - (V) HEMP-DERIVED BIO-FUELS AND BIO-PLASTICS**

Add into the bill this section with **RED-BOLD** additions:

14-306.

(a) The Department shall establish a procedure for licensing the production of hemp in accordance with the plan established under § 14-305 of this subtitle.

(B) IN ACCORDANCE WITH SUBSECTION (A) OF THIS SECTION, THE DEPARTMENT SHALL ESTABLISH THE FOLLOWING LICENSES:

(1) A PRODUCER LICENSE THAT ALLOWS A PERSON TO PLANT, CULTIVATE, GROW, HARVEST, AND DRY HEMP;

(2) A RESEARCH LICENSE THAT ALLOWS A PERSON TO RESEARCH HEMP FOR THE PURPOSE OF BENEFITING THE HEMP INDUSTRY IN THE STATE, MEDICAL RESEARCH, OR PUBLIC HEALTH AND SAFETY; AND

(3) AN INDUSTRIAL LICENSE THAT ALLOWS A PERSON TO PLANT, CULTIVATE, GROW, HARVEST, DRY, AND PROCESS HEMP GROWN AS AN AGRICULTURAL CROP FOR GRAIN, FIBER CONTENT, AND BIO-PRODUCTS.

(C) THE DEPARTMENT SHALL REQUIRE AS A CONDITION TO RECEIVE AN INDUSTRIAL LICENSE UNDER THIS SECTION THAT A PERSON:

(1) SIGN A DECLARATION STATING THAT THE LICENSEE WILL HARVEST ONLY GRAIN, FIBER, BY-PRODUCT OF FIBER AND WILL NOT HARVEST OR DISTRIBUTE ANY FLORAL MATERIAL, EXTRACT, OR RESIN FROM A CROP; AND

(2) CONSENT TO PERIODIC VISUAL INSPECTIONS OF THE CROP BY THE DEPARTMENT TO ENSURE COMPLIANCE WITH THE REQUIREMENTS UNDER PARAGRAPH (1) OF THIS SUBSECTION.

(D) (1) THE DEPARTMENT MAY NOT:

(I) REQUIRE A PERSON TO UNDERGO A BACKGROUND CHECK AS A CONDITION TO RECEIVE AN INDUSTRIAL LICENSE; OR

(II) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, TEST OR SAMPLE THE CROP OF A HOLDER OF AN INDUSTRIAL LICENSE.

(2) THE DEPARTMENT MAY REQUIRE AN INSPECTION OF THE CROP OF AN INDUSTRIAL LICENSE HOLDER IF A VISUAL INSPECTION REVEALS CROP PRODUCTION THAT IS INCONSISTENT WITH THE LICENSE REQUIREMENTS UNDER THIS SECTION.

(3) (I) AN INDUSTRIAL LICENSE HOLDER, IF FOUND IN VIOLATION OF THE SIGNED DECLARATION, MAY NOT DESTROY THE HEMP CROP WITHOUT DEPARTMENT NOTIFICATION.

(II) IF AN INDUSTRIAL LICENSE HOLDER DESTROYS THE HEMP CROP IN VIOLATION OF SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE PERSON IS NO LONGER ELIGIBLE TO HOLD AN INDUSTRIAL LICENSE AND MAY BE SUBJECT TO PENALTIES UNDER § 14-309 OF THIS SUBTITLE.

[(b)] (e) The Department may set reasonable fees for the issuance and renewal of licenses and other services the Department provides under this subtitle.

[(c)] (f) The Department shall pay all funds collected under this section into the Fund.

14-309.

- AMEND Page 4, lines 21-22: (iv) Produce plants, or any part of a plant, that exceeds a delta-9-tetrahydrocannabinol concentration [~~of 0.3%~~] **1%** on a dry weight basis.
- ADD Page 5, below line 6: **(C) A PERSON TRANSPORTING HEMP THAT CONTAINS A DELTA-9-TETRAHYDROCANNABINOL CONCENTRATION THAT EXCEEDS 0.3% ON A DRY WEIGHT BASIS IS NOT IN VIOLATION OF THIS SUBTITLE IF THE PERSON IS TRANSPORTING THE HEMP FROM A CULTIVATOR, A PRODUCER, OR AN EXTRACTOR TO A FACILITY FOR REMEDIATION.**