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SECOND SUBSTITUTE HOUSE BILL 1888

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State of Washington

63rd Legislature

2014 Regular Session

By House Appropriations Subcommittee on General Government & Information Technology (originally sponsored by Representatives Shea, Hurst, Condotta, Holy, Taylor, and Overstreet)

READ FIRST TIME 02/11/14.

1 AN ACT Relating to industrial hemp; adding a new chapter to Title  
2 15 RCW; and prescribing penalties.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** The purpose of this chapter is to permit the  
5 development in Washington of an industrial hemp industry and to ensure  
6 that production of industrial hemp is in compliance with state law.

7 NEW SECTION. **Sec. 2.** The definitions in this section apply  
8 throughout this chapter unless the context clearly requires otherwise.

9 (1) "Director" means the director of the department of agriculture.

10 (2) "Grower" means any person or business entity licensed under  
11 this chapter by the director as an industrial hemp grower.

12 (3) "Hemp products" includes all products made from industrial hemp  
13 including, but not limited to, cloth, cordage, fiber, food, fuel,  
14 paint, paper, particle board, plastics, seed, seed meal and seed oil  
15 for consumption, and certified seed for cultivation if the seeds  
16 originate from industrial hemp varieties.

17 (4) "Industrial hemp" means all parts and varieties of the plant  
18 cannabis sativa, whether growing or not, that contain a

1 tetrahydrocannabinol concentration of one percent or less by weight and  
2 are cultivated or possessed by a licensed grower in compliance with  
3 this chapter.

4 (5) "Records" means all commercial documents related to the  
5 production of industrial hemp, including accounts, correspondence,  
6 declarations, purchase orders, registers, seed invoices, and  
7 tetrahydrocannabinol concentration analysis reports, including all  
8 documentation required under this chapter and by any other state law  
9 regarding the growing and cultivation of industrial hemp.

10 (6) "Tetrahydrocannabinol" or "THC" means synthetic equivalents of  
11 the substances contained in the plant, or in the resinous extractives  
12 of, cannabis, or synthetic substances, derivatives, and their isomers  
13 with similar chemical structure and pharmacological activity.

14 NEW SECTION. **Sec. 3.** Industrial hemp is an agricultural product  
15 which may be grown, produced, possessed, and commercially traded in the  
16 state pursuant to the provisions of this chapter.

17 NEW SECTION. **Sec. 4.** (1) Any person or business entity wishing to  
18 engage in the production of industrial hemp must be licensed as an  
19 industrial hemp grower by the director. A license from the director  
20 authorizes industrial hemp production only at a site or sites as  
21 specified by the license.

22 (2) A license from the director is valid for twenty-four months and  
23 may be renewed, but may not be transferred. An application for a  
24 license must be filed with the director by January 1st, and a license  
25 granted by the director must be issued by April 1st of the same  
26 calendar year.

27 (3) To qualify for a license from the director, an applicant shall  
28 demonstrate to the satisfaction of the director, in a manner prescribed  
29 by the director, that the applicant intends to and is capable of  
30 growing industrial hemp and has adopted methods to ensure its safe  
31 production, which at a minimum include:

32 (a) Furnishing the director with an affirmation that the grower is  
33 now and will continue to be in compliance with all state law regulating  
34 the planting and cultivation of hemp;

35 (b) Furnishing the director with a guaranteed irrevocable letter of  
36 credit or a surety bond executed by a surety company authorized to

1 transact business in this state, in the sum of not less than two  
2 thousand dollars. Any resident of this state injured by a harmful act  
3 of the licensee, the licensee's agents, servants, or operators has a  
4 cause of action in his or her own name, on the bond of the licensee,  
5 for the damage sustained. However, the aggregate liability of the  
6 surety to all residents of this state may in no event exceed the  
7 principal amount of the bond;

8 (c) Securing the supply of all industrial hemp seed obtained for  
9 planting in compliance with this chapter;

10 (d) Ensuring the integrity of the industrial hemp crop while it is  
11 in the field, which includes filing with the director the location and  
12 acreage of all parcels sown and other field reference information as  
13 may be required by the director;

14 (e) Ensuring that all parts of the industrial hemp plant not  
15 entering the stream of commerce as hemp products, such as flowers and  
16 leaves, are destroyed or recycled where the industrial hemp is grown;

17 (f) Agreeing to the provisions of section 6 (2) and (3) of this act  
18 regarding inspections by the director; and

19 (g) Maintaining records that reflect compliance with the provisions  
20 of this chapter and with all other state law regulating the planting  
21 and cultivation of hemp.

22 (4) Every grower shall maintain all production records for at least  
23 three years at the production site.

24 (5) Every grower shall place signs at the natural access points of  
25 industrial hemp fields that communicate, at a minimum, that the crop is  
26 industrial hemp and that the THC content is insignificant. The minimum  
27 length of the signs is twenty-four inches and the minimum height is  
28 eighteen inches.

29 NEW SECTION. **Sec. 5.** (1) The director shall be the sole source  
30 and supplier of seed for use in industrial hemp production in the  
31 state. The director shall by rule adopt measures to secure all hemp  
32 seed under the control of the director and to ensure that all hemp seed  
33 supplied to and used by growers is of only those varieties that meet  
34 the THC limitations of this chapter.

35 (2) A grower may only use hemp seed obtained exclusively from the  
36 director.

1 (3) The director shall coordinate with the liquor control board as  
2 needed regarding the location of land under industrial hemp or  
3 recreational marijuana cultivation in order to prevent cross-  
4 pollination of the two crops.

5 NEW SECTION. **Sec. 6.** (1) The director shall administer and  
6 enforce the provisions of this chapter.

7 (2) The director is authorized to investigate compliance with this  
8 chapter, and shall have access, subject to the provisions of subsection  
9 (3) of this section, to all land, buildings, or places where industrial  
10 hemp is grown, kept, stored, or handled, and to all records relating to  
11 hemp production. The director may take samples of up to one-tenth of  
12 one percent of the industrial hemp crop of a grower, to test the crop  
13 THC content to ensure compliance with this chapter and to provide a  
14 basis for sanctions or suspension of a grower out of compliance. The  
15 director may make copies of any records.

16 (3) The director shall have access to the properties and records  
17 specified in subsection (2) of this section during regular business  
18 hours upon the consent of the grower, or when the director has  
19 substantial justification to believe that any grower who is licensed  
20 under this chapter is otherwise in violation of this chapter or rules  
21 adopted under it.

22 (4) The director shall adopt rules to implement this chapter.

23 NEW SECTION. **Sec. 7.** (1) The director may deny, suspend, revoke,  
24 or refuse to renew the license of any grower that:

25 (a) Makes a false statement or misrepresentation on an application  
26 for a license or renewal of a license;

27 (b) Fails to comply with or violates any provision of this chapter  
28 or any rule adopted under it;

29 (c) Fails to take any action required by the director under the  
30 provisions of this chapter; or

31 (d) Is a responsible parent whose name is certified by the  
32 department of social and health services under RCW 74.20A.320 as a  
33 licensee who is not in compliance with a child support order.

34 (2) Revocation or suspension of a license may be in addition to any  
35 criminal penalties or fines imposed on a grower under other state law.

1        NEW SECTION.    **Sec. 8.**    (1) A fee shall be charged by the director  
2 for each license granted to a grower under this chapter. The fee  
3 amount charged for the first growing season shall be ten dollars per  
4 acre of land under cultivation. After the first growing season, the  
5 director shall establish by rule a fee to fund and administer the  
6 program, to be used beginning with the growing season following the  
7 first growing season. All fee revenue must be deposited in the  
8 industrial hemp account created in section 9 of this act.

9        (2) The director shall by rule establish hemp seed prices to be  
10 charged growers under provisions of section 5 of this act. All  
11 proceeds of seed sales must be deposited in the industrial hemp account  
12 created in section 9 of this act.

13        (3) After the third growing season, the director shall report to  
14 the legislature on the fee amount, the acres of industrial hemp in  
15 production, and the revenue generated from industrial hemp.

16        NEW SECTION.    **Sec. 9.**    The industrial hemp account is created in  
17 the state treasury. All receipts from fees from section 8 of this act  
18 must be deposited into the account. Moneys in the account may be spent  
19 only after appropriation. Expenditures from the account may be used  
20 only for the purposes of defraying the cost of implementing this  
21 chapter.

22        NEW SECTION.    **Sec. 10.**    (1) Washington State University is  
23 authorized to undertake research of industrial hemp production in the  
24 state, after receiving a license to grow hemp from the director. The  
25 director may waive fee requirements. The director shall oversee the  
26 university research, which shall be mutually agreed upon by the  
27 director and the university, and which must include:

28        (a) Industrial hemp test plots, to assess optimum soils and other  
29 growing conditions;

30        (b) Analysis of minimum THC levels obtainable in industrial hemp  
31 production; and

32        (c) Analysis of market economic conditions affecting the  
33 development of an industrial hemp industry in the state.

34        (2) The director and Washington State University shall  
35 cooperatively seek funds from both public and private sources to  
36 implement this section.

1 (3) By January 15, 2015, and annually thereafter, Washington State  
2 University shall report on the status of research authorized by this  
3 section, including progress in securing funding for it, to the relevant  
4 committees of the legislature with jurisdiction over agricultural  
5 activities.

6 NEW SECTION. **Sec. 11.** By January 15th of each year, the director  
7 must report to the relevant committees of the legislature with  
8 jurisdiction over agricultural activities regarding implementation of  
9 this chapter and on the commercialization of industrial hemp in this  
10 state and elsewhere in the world, and recommend any changes to this  
11 chapter deemed appropriate.

12 NEW SECTION. **Sec. 12.** Sections 1 through 11 of this act  
13 constitute a new chapter in Title 15 RCW.

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