
SENATE BILL 5954

State of Washington

63rd Legislature

2014 Regular Session

By Senators Hasegawa and Chase

Read first time 01/13/14. Referred to Committee on Agriculture, Water & Rural Economic Development.

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 and
7 federal guidelines concerning the implementation of Initiative Measure
8 No. 502.

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

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

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

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

1 (4) "Industrial hemp" means all parts and varieties of the plant
2 cannabis sativa, whether growing or not, that contain a
3 tetrahydrocannabinol concentration of one percent or less by weight and
4 are cultivated or possessed by a licensed grower in compliance with
5 this chapter.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10 (3) The director shall have access to the properties and records
11 specified in subsection (2) of this section during regular business
12 hours upon the consent of the grower, or when the director has
13 substantial justification to believe that any grower who is licensed
14 under this chapter is otherwise in violation of this chapter or rules
15 adopted under it.

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

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

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

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

23 (c) Fails to take any action required by the director under the
24 provisions of this chapter.

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

27 NEW SECTION. **Sec. 8.** (1) A fee shall be charged by the director
28 for each license granted to a grower under this chapter. The fee
29 amount charged for the first growing season shall be ten dollars per
30 acre of land under cultivation. After the first growing season, the
31 director shall recommend a fee amount to the legislature for its
32 approval, to be used beginning with the growing season following the
33 first growing season. All fee revenue must be deposited in the
34 industrial hemp account created in section 9 of this act.

35 (2) The director shall by rule establish hemp seed prices to be

1 charged growers under provisions of section 5 of this act. All
2 proceeds of seed sales must be deposited in the industrial hemp account
3 created in section 9 of this act.

4 NEW SECTION. **Sec. 9.** (1) The industrial hemp account is created
5 in the Washington publicly owned trust created in RCW 43.--.-- (section
6 3, chapter . . . (Senate Bill No. . . . (S-3179/14), Laws of 2013 3rd
7 sp. sess.). All receipts from fees from section 8 of this act must be
8 deposited into the account. Revenues generated from the account may be
9 reinvested into the Washington publicly owned trust as equity capital
10 as determined by the Washington publicly owned trust commission. Other
11 funds in the account, the amount of which shall be determined by the
12 commission as not necessary for the growth and operations of the
13 Washington publicly owned trust, may be spent only after appropriation.

14 (2) If the Washington publicly owned trust is not established by
15 July 1, 2014, the industrial hemp account is created in the state
16 treasury. All receipts from fees from section 8 of this act must be
17 deposited into the account. Moneys in the account may be spent only
18 after appropriation. Expenditures from the account may be used only
19 for the purposes of defraying the cost of implementing this chapter.

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

- 26 (a) Industrial hemp test plots, to assess optimum soils and other
27 growing conditions;
- 28 (b) Analysis of minimum THC levels obtainable in industrial hemp
29 production; and
- 30 (c) Analysis of market economic conditions affecting the
31 development of an industrial hemp industry in the state.

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

35 (3) By January 15, 2015, and annually thereafter, Washington State
36 University shall report on the status of research authorized by this

1 section, including progress in securing funding for it, to the relevant
2 committees of the legislature with jurisdiction over agricultural
3 activities.

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

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

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